México: The new regulations of the Electricity Sector Law have been published

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The purpose of this new legal system is to regulate the provisions of the Electricity Sector Law that regulate the planning and operational control of the National Electric System (SEN), the generation, storage and commercialization of electricity, the public service of transmission and distribution of electricity and other activities in the electricity sector.

On October 3, 2025, the Regulations of the Electricity Sector Law (the Regulations) were published in the Official Gazette of the Federation (DOF). Among its main provisions are the following.

Binding planning

The planning of the electricity sector will be developed in the Electricity Sector Development Plan, in accordance with the Energy Planning and Transition Law and its regulations. Therefore, the Ministry of Energy (SENER) shall publish the Electricity Sector Development Plan in May of each year.

Prevalence of the State

In order to assess the non-prevalence of private parties in the generation activity in the electricity sector, SENER, no later than the last business day of February of each year, shall calculate the State's participation in said activity in accordance with the methodology issued by SENER itself.

Based on the results, SENER shall identify needs for additional generation, transmission and other electrical infrastructure capacity to be developed by the State and include them in the Electricity Sector Development Plan, as well as carry out the necessary actions for the execution of the projects contemplated, which shall not affect the economic dispatch of load, curb the attention of demand or increase the cost of the system.

Electric power generation

1. Distributed generation

Distributed Generation is a form of electricity generation in power plants with a capacity of less than 0.7 MW. For the purposes of the above, the capacity of the power plant in Distributed Generation refers to the installed capacity, that is, to the amount of power that a power plant has, also identified as board capacity.

2. Self-consumption

Self-consumption is considered to be the production of a power plant with a capacity equal to or greater than 0.7 MW that is intended to meet the needs of the person holding the current generation permit on site. On-site or local needs are understood to be the demand for electricity required by the consumption centers associated with self-consumption users and, where appropriate, the person holding the permit for the generation of electricity in self-consumption mode, which is satisfied

without transporting or distributing electricity through the National Transmission Network (RNT) or the General Distribution Networks (RGD).

When more than one self-consumption user, other than the applicant for the permit and owner of the power plant, intends to meet their needs through a self-consumption group, it is necessary to inform the self-consumption user or users who belong to the self-consumption group in order to obtain the permit. Therefore, the generation permit for self-consumption shall indicate the users of self-consumption who can receive and use, through a particular network, the electricity generated under the protection of said permit. Such users shall be part of a registry of self-consumption users in charge of the National Energy Commission (CNE). During the first quarter of each year, the permit holders of generation in self-consumption mode shall submit to the CNE the updated registry of the self-consumption users associated with the particular network of their self-consumption group, or whenever there is a modification to their registry.

The generation of electricity under the figure of self-consumption can be: isolated or interconnected.

a. **Isolated self-consumption:**

- Infrastructure projects for the generation of electricity through self-consumption in an isolated mode are exempt from the presentation of the Social Impact Statement of the Energy Sector, provided that their generation capacity does not exceed 20 MW.

- Consumption centers associated with an isolated self-consumption permit that do not meet their electricity needs through their power plant can be connected to the RNT or the RGD to acquire electricity and associated products, as a basic supply user or qualified user. The connection of consumption centers, for the purposes of the above, does not modify the modality of the isolated self-consumption permit.

b. **Interconnected self-consumption:**

- In the event that there is an injection of electricity, it shall not be commercialized, except for the sale of surplus electricity and associated products exclusively to the Federal Electricity Commission (CFE), which has the power to acquire them through contracts.

- In case of an intermittent generator and injecting energy, it shall have its own backup through Electric Energy Storage Systems or pay it to the CFE. For the purposes of the above, self-support is understood to mean that the power plant has capacity in electric energy storage systems or with the contracting of coverage to cover the requirements of ramp management, intermittency and variability with CFE, when technically feasible or, where appropriate, with a third party; the above is to mitigate the intermittency that occurs in the SEN.

3. Generation for the wholesale electricity market (MEM)

Generation projects for the MEM are subject to binding planning criteria.

Within 20 business days as of the publication of the Electricity Sector Development Plan, the National Energy Control Center (CENACE) shall publish the maximum interconnection capacities without reinforcements to the RNT, for the SEN, in order to receive interconnection requests from private parties interested in developing a new power plant.

Before the start of construction, the projects shall have the final authorization of the Social Impact Statement of the Energy Sector and accredit the beginning of the procedures related to the interconnection studies before CENACE, as well as have the other authorizations, permits and corresponding procedures.

4. Schemes for mixed development

Schemes for mixed development refer to the development of power plants jointly between the State and private parties. The development of projects through such schemes shall be subject to the applicable energy sector planning instruments.

CFE's participation in projects to be carried out under schemes for mixed development shall be approved by its board of directors. Once the project has been approved by its board of directors, CFE shall carry out the procedure for the selection of private parties in accordance with the principles of transparency, rationality, efficiency, timeliness and accountability.

Private parties who participate jointly with the State in projects under schemes for mixed development shall be individuals, entities or trusts, constituted in accordance with Mexican laws and domiciled in the national territory.

Projects under schemes for mixed development shall have a fixed term. The validity of the projects shall allow the financial amortization of the total investments that have been made and shall not exceed 30 years.

Power plants that are developed jointly between the State and private parties shall do so through the following schemes: long-term production, mixed investment and others.

a. **Long-term production:**

- The power plants developed under this scheme cannot be subject to another permit, contracted in another modality, or commercialize with third parties, any surplus capacity that may arise. They shall also be represented in the MEM by CFE.
- In this scheme, the private party shall build, finance, operate and maintain the power plant, its associated infrastructure and accessory works, therefore, CFE does not contribute capital for the development of the project.
- CFE shall make the payments corresponding to the electricity produced, as well as for the associated products as of the entry into commercial operation of the power plant.
- The transfer of assets is optional for CFE, which shall be free of charge and subject to the agreed technical conditions.

b. **Mixed investment:**

- Under this scheme, CFE shall have direct participation (i.e. contribution/association of CFE) or indirect participation (i.e. contribution/association of CFE through its subsidiaries, through trusts or special purpose vehicles) in the project, of at least 54% of the common share capital or similar or comparable figure, of the legal or financial vehicle used for such purposes. This participation shall be formalized no later than within 180 business days as of the start of the commercial operation of the mixed investment project.
- CFE's participation in the mixed investment may be made through liquid, in-kind or intangible contributions or any other modality agreed between the parties.
- CFE's participation may be through (i) contribution: it may contribute to a legal or financial vehicle, capital, rights of use, exploitation and exploitation of the assets of its property, permits, authorizations and any other right or tangible or intangible asset; or, (ii) association:

it can associate with private parties and determine its rights and obligations in the corresponding legal or financial vehicle.

c. **Other schemes:**

- The other mixed development schemes referred to in the Electricity Sector Law (LESE) shall be regulated by general administrative provisions issued by SENER, only in the event that it is necessary for the best development of the electricity sector and that the principles established in the LESE are met.

5. Cogeneration

Cogeneration is a way of producing electricity and heat sequentially, from a single energy source with the aim of substantially increasing the efficiency of the first process, in addition to reducing the combined consumption of fuels and their associated emissions, and the production costs and sale prices of electricity. This way of producing electricity can occur in the figures of distributed generation, self-consumption and generation for the MEM.

Other activities in the electricity sector

1. Qualified users and non-supplying marketers

Load centers that prove to comply with the required levels of consumption or demand set by SENER in the guidelines issued for this purpose may be included in the registry of qualified users. Load centers that belong to the same economic interest group can add their load centers in order to reach the level of demand referred for registration as a qualified user. A qualified user may request one or more records in their qualified user record to differentiate the load centers associated with that record. The holder of each certificate can contract the electricity supply with a qualified service provider independently. In no case can the same load center receive the electricity supply from more than one supplier.

2. Small electrical systems

A small electrical system is understood to be one that is not permanently interconnected to the RNT, or to the RGD, with a demand from 5 MW and not exceeding 100 MW.

The proposals prepared by CENACE in coordination with CFE for the Electricity Sector Development Plan may include proposals for the integration of small electricity systems.

3. Small electrical systems in micro-grid regime

A small electrical system in a micro-grid regime is considered to be a system that supplies a demand of no more than 5 MW, with clearly defined electrical boundaries and that behaves as a single entity. It is subject to obtaining the permit for generation of electricity for self-consumption in the isolated modality. When the total generation capacity of the small electrical system in the micro-grid regime is equal to or less than 0.7 MW, it is exempt from a generation permit.

4. Energy storage

Electric energy storage systems may participate jointly in generation and commercialization activities, associated or not, with load centers or power plants, or be integrated as part of the infrastructure for the public service of transmission and distribution of electricity, as well as in the

services considered by the CNE and SENER to maintain the accessibility, quality, reliability, continuity, efficiency, safety and sustainability of the SEN, and to contribute to energy justice.

Electric energy storage systems not associated with a power plant or load center with a capacity greater than or equal to 0.7 MW, require a storage permit granted by the CNE. Electric energy storage systems that are part of a power plant with a generation permit do not require a storage permit. The electric energy storage systems that participate in the MEM shall have a permit granted by the CNE or with authorization from SENER, as applicable, and shall be represented by a storage company, generator or supplier that is a Market Participant.

Electric energy storage systems cannot receive Clean Energy Certificates and the requirements in this area are not applicable to them, since the accreditation and requirement of such certificates originate from the generation and consumption of electrical energy and not from its storage.

5. Infrastructure and electricity supply in electromobility

In terms of electromobility, electric charging includes those installations from the point of connection with the grid and up to the point of electrical energy supply to the charging equipment.

The deployment of charging infrastructure shall be aligned with the binding planning instruments established in the LESE, the Energy Planning and Transition Law and its regulations, as well as consider the priority areas, strategic nodes and technical criteria defined by SENER, in coordination with CENACE.

Main transitory articles

1. The regulations entered into force on 4 October 2025.

2. The regulations of the Electricity Industry Law are repealed.

3. The regulations of the Law on the Public Service of Electric Energy on Contributions remain in force, insofar as they do not conflict with the Regulations, while the CNE issues the general administrative provisions on the matter.

4. The legal provisions issued prior to the entry into force of the Regulations remain in force until the entry into force of those that replace them, insofar as they do not conflict with the LESE and the Regulations.

5. On a one-time basis, SENER shall coordinate the updating of the Market Rules to align them with the purposes of the LESE and the Regulations, with the participation of the CNE, CENACE, CFE and, where appropriate, representatives of the private sector. Once SENER determines that the updating of the Market Rules has been completed, the CNE and CENACE, within the scope of their powers, shall carry out the revisions, modifications and issuance of such rules.

6. Holders of permits in force, granted under the Public Electric Energy Service Law, who at the entry into force of the Regulations are in an administrative procedure for revocation or in any of the cases of revocation of the permit, at the discretion of SENER or the CNE, as appropriate, may be subject to the imposition of a fine. The purpose of this fine will be to avoid that the permit is revoked, as long as, prior to the issuance of the resolution of the administrative revocation procedure, migration to one of the figures established in the LESE is requested.

7. Prior to the issuance of the first Electricity Sector Development Plan, during the last four months of 2025, SENER may receive proposals for generation, industrial, productive and infrastructure projects in the electricity sector from any interested party to be considered in binding planning.

8. The guidelines that regulate the expedited procedure for the migration to LESE figures, of the permits for self-supply, cogeneration, small production, independent production, import, export and continuous own uses granted under the Public Electric Energy Service Law, and the contracts and agreements related to them, shall be issued by SENER, no later than 120 calendar days as of the publication of the Regulations.

9. As of the entry into force of the Regulations, the CNE shall publish within 180 business days the general administrative provisions on Electric Energy Storage Systems.

10. SENER, with the support of the CNE, within a period of no more than 60 business days from the entry into force of the Regulations, shall publish a call in the DOF addressed to private parties, for the submission of applications for generation permits for the development of power plants that are strategic and priority in the binding planning of the electricity sector until 2030. The CNE shall give priority to the resolution of the permit applications entered based on the call for proposals because they are strategic projects in the binding planning. Likewise, CENACE shall give priority to requests for interconnection studies of the power plants associated with such permit applications. In the aforementioned calls, the figures of distributed generation, self-consumption in its different modalities, cogeneration and schemes for mixed development should not be considered.

11. Until the format authorized by SENER or the CNE for the submission of each application referred to in the Regulations is determined and these are published, the previous formats, the free writings and the authorized electronic versions are valid to submit the corresponding application.

12. Applications for modification of generation permits granted under the Public Electric Energy Service Law or the Electricity Industry Law that seek to migrate to the LESE, including those that have been submitted up to March 18, 2025, before the extinct Energy Regulatory Commission (CRE) and ratified before the CNE, shall be resolved under the framework of the LESE.

13. Applications for electricity generation and supply permits that have been submitted up to March 18, 2025, under the extinct CRE, that have been ratified before the CNE and are still under evaluation at the entry into force of the Regulations, shall be resolved under the framework of the LESE.

14. While SENER sets the required levels of consumption or demand for a load center to be registered as a qualified user, those load centers that have a demand equal to or greater than 1 MW may be included in the registry of qualified users. The required level of demand for qualified users to participate in the MEM referred to in Article 76 of the LESE (i.e. Qualified Users Market Participants) shall be equal to or greater than 5 MW.

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