



PLENARY SESSION

Mexican Perspectives on Legal-regulatory frameworks and issues for Energy Development



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1. The Mexican Model
2. E&P
3. Downstream
4. Electricity
5. Conclusions



1.- The Mexican Model

- **State monopoly**
- The government:
 - ▶ Is the owner
 - ▶ Makes the investments
 - ▶ Is the only operator
 - ▶ Is the regulator.
- Sufficient energy and infrastructure to meet demand but
 - ▶ Aging infrastructure and several inefficiencies
 - ▶ Large debt and need for investments
- Need for adaptations
 - ▶ Maintaining the state ownership but getting support from private investors
 - ▶ Redefinition of the state role in energy regulation



- Low investments from 1980 to 2000
 - ▶ Declining production and reserves
 - ▶ Large debt
- New challenges
 - ▶ The replacement will consist of smaller fields with complex geology
 - ▶ Large potentials in the deep waters
 - ▶ More heavy oil
 - ▶ Need to find and to develop more natural gas
- Solutions
 - ▶ Fiscal reform
 - ▶ Strengthening the Energy Ministry
 - ▶ Alliances with private companies

3.- Downstream



- Refining
 - ▶ Increasing imports: gasoline, LPG, natural gas
 - ▶ The Transportation, storage and distribution need expansion and modernization
- New challenges
 - ▶ Overhauls and new configurations + Two new refineries
 - ▶ Expansions in the transportation capacity, new pipelines to replace the wheels, storage facilities, efficient distribution
 - ▶ Competitive prices
- Solutions
 - ▶ Refining: State investments plus alliances
 - ▶ Other: Deregulation
 - ▶ Strengthening of the CRE



5.- Conclusions

- It is a difficult political debate
 - ▶ The parties agree on the problems but not on the solutions
 - ▶ Costly fiscal reform, but insufficient to meet the challenges
- Redefining the roles played by the authorities
 - ▶ Congress wants to have more control on energy policy
 - ▶ Strengthening of the Energy Ministry
 - ▶ Strengthening of the CRE
 - ▶ Downstream deregulation and alliances with suppliers
- Short term vs long term
 - ▶ The reforms will be debated this year
 - ▶ The viability will depend on the financing of the new infrastructure



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