

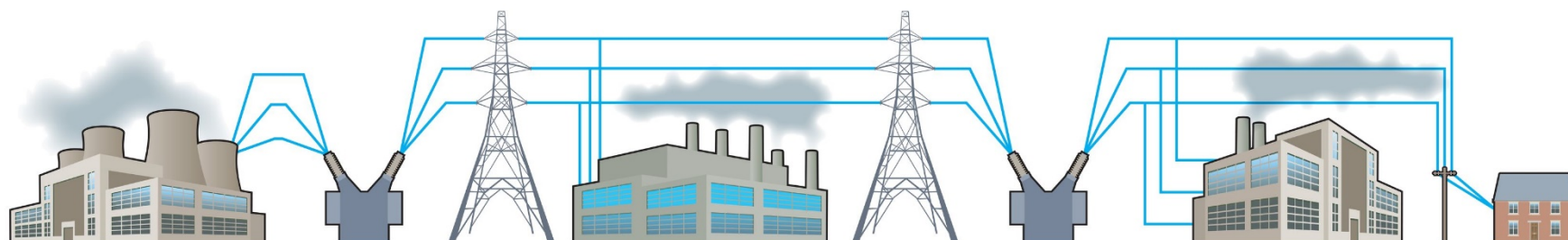


Energy Constitutional Reform

Transmission
July 8, 2014



Market structure before 1992



Generation

CFE
State owned
utility

Local self-supply

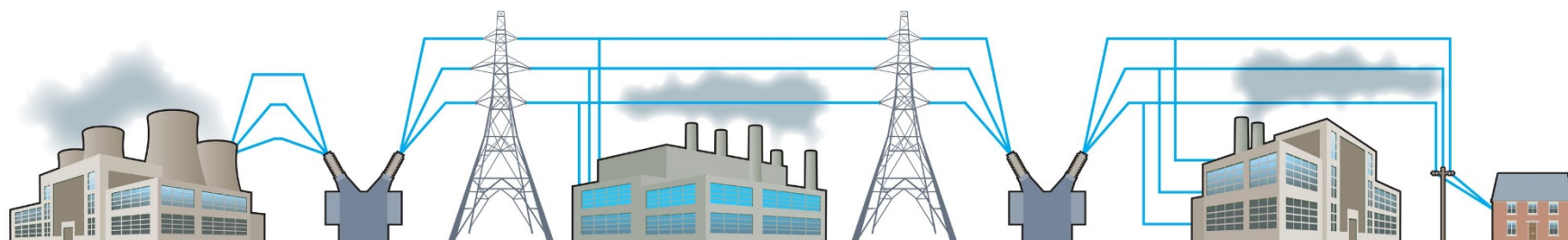
Dispatch, transmission, distribution & selling

CFE

**A traditional vertically integrated,
state owned monopoly**



Market structure after 1992



Generation

CFE
(public service)

IPPs
Remote
selfsupply
Cogeneration
Exports
Imports

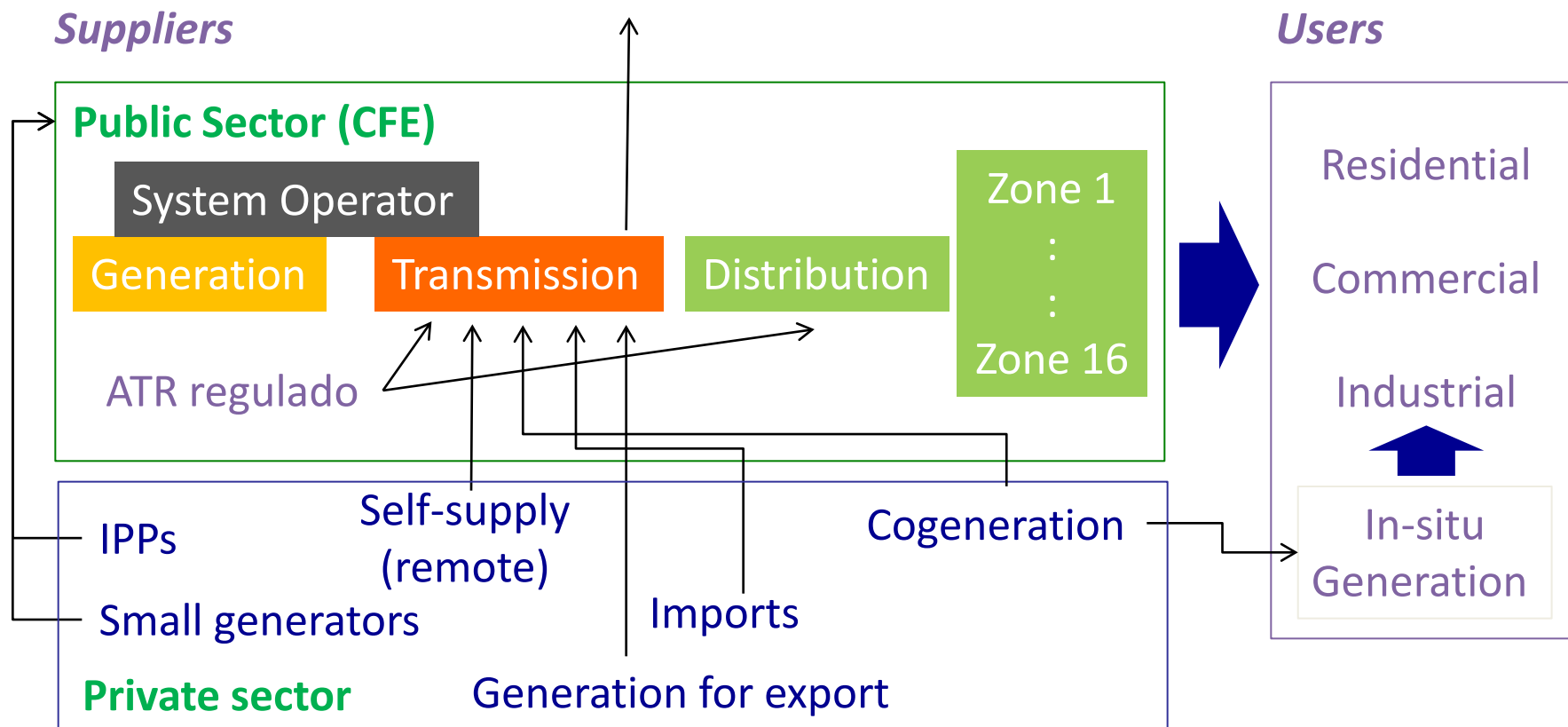
Dispatch, transmission, distribution & selling

CFE

**A vertically integrated state owned
utility
+
Private generation for self-supply and/or
for sale to CFE**

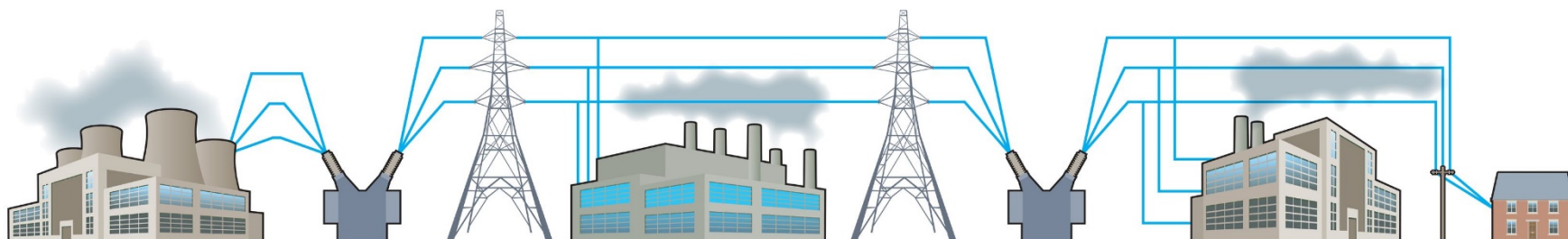


Market structure after 1992

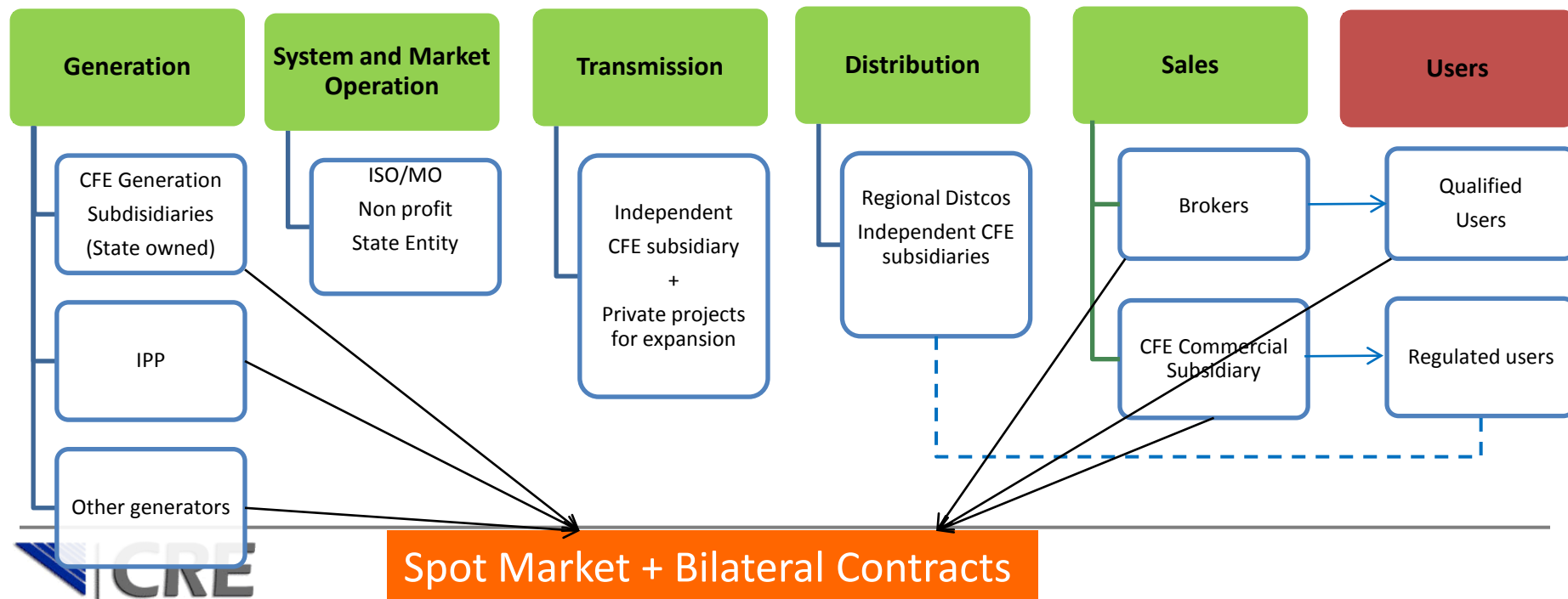




Intended industrial organization



Regulated Tariffs





Index

**New
jurisdiction
and
responsibilities**

**Secondary
Legislation
(Bill) and the
role of CRE and
SENER**

Perspectives

- Introduce full competition
- Promote efficiency
- Reduce costs
- Diminish tariffs



Transmission Constitutional Reform

New jurisdiction and responsibilities (I)

Issued December 20, 2013

- The planning and control of the National Electric System (SEN), and the transmission and distribution of public services are exclusively reserved to the authority. No concessions are allowed. However, private participation is enabled in the way of contracts. (Art. 27.6)
- No monopolies in electricity transmission and distribution. (Art. 27.6)
- The new regulatory figure called “coordinated regulators” is introduced.
- The concept of state's productive firms (EPE) is created. CFE will become an EPE.
- CENACE, the new state-owned figure for operational control of the system, is created.
- Private participation is allowed in generation and retail.



Transmission constitutional reform

New jurisdiction and responsibilities (II)

❖ Reform issued on December 20, 2013

New assignments for CRE

- Regulates and approves electricity generation
- Licenses generation projects
- Regulates the transmission and distribution of electricity.
- Sets tariffs.

New assignments for SENER

- Sets out legal separation in order to enhance open access and efficient performance of the electricity sector.
- Monitors energy markets



Index

**New
jurisdiction
and
responsibilities**

**Secondary
Legislation
(Bill) and the
role of CRE and
SENER**

Perspectives

- Introduce full competition
- Promote efficiency
- Reduce costs
- Diminish tariffs



Constitutional Reform

Secondary Legislation (I)

Transmission Powers
conferred to CRE
(art.12, Electricity
Industry Bill)

- Approve transmission licenses (I)
- Set general conditions (III)
- Establish and implement tariff regulation (IV)
- Design guidelines for the electricity operation market (VIII)
- Approve the contracts for CENACE and market participants, (IX)
- Set and monitor the information rules among regulated stakeholders (XI)
- Set requirements for power acquisition and contract firm coverage (XV)
- Express opinions on new infrastructure and on improvements to the national transmission net suggested by the CENACE (XVII)



Constitutional Reform

Secondary Legislation (I)

Transmission Powers
conferred to CRE
(art.12, Electricity
Industry Bill)

- Resolve disputes over refused supply and delayed connections (XIX)
- Define terms and conditions. Set assessment and assignment criteria for uncovered regulated costs of new infrastructure. Approve contracts (XX)
- Set tariffs both lease and right-of-way of the NES (XXVII)
- Design assessment criteria for new infrastructure and improvements to the national transmission net on the NES (XXVIII)
- Solve disputes over transfer of rights to transmission providers (XXIX)
- Design and implement regulatory guidelines (XXX)
- Regulate and monitor the regulation of confidential information (XXXIV)
- Award penalties (XL)



Constitutional Reform

Secondary Legislation (III)

❖ New rule-making for CRE

Establish tariff regulation for transmission (art.12.IV)

Design contracts for connections to electricity plants (art.12.X)

Establish procedures for power acquisition by CENACE in emergency situations (art.12.XVI)

Define terms and conditions.
Set assessment and assignment criteria for uncovered regulated costs of new infrastructure. Approve contracts (XX)

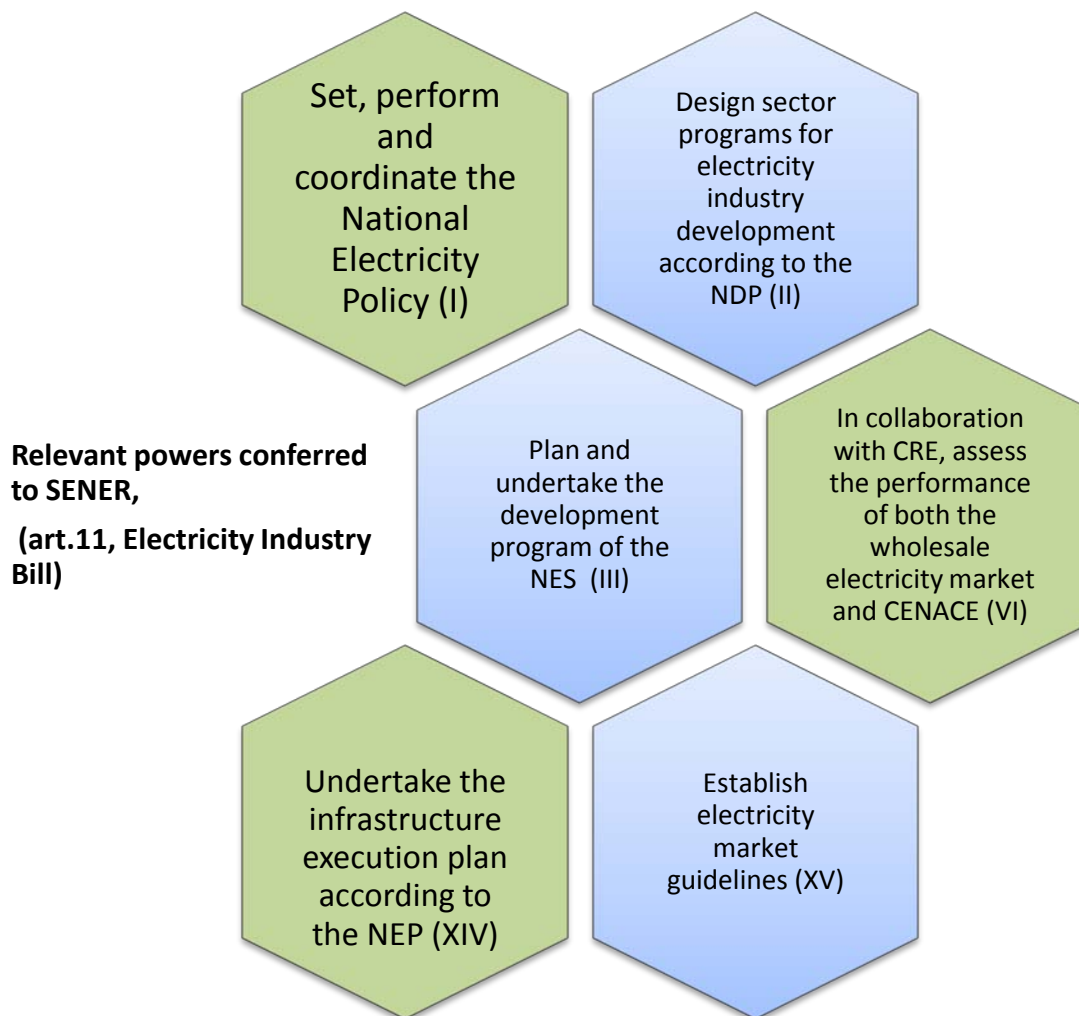
Design and implement regulatory guidelines (art.12.XXX)

Establish management requirements related to the Secondary Legislation (art.12.XXXIX)



Constitutional Reform

Secondary Legislation (IV)

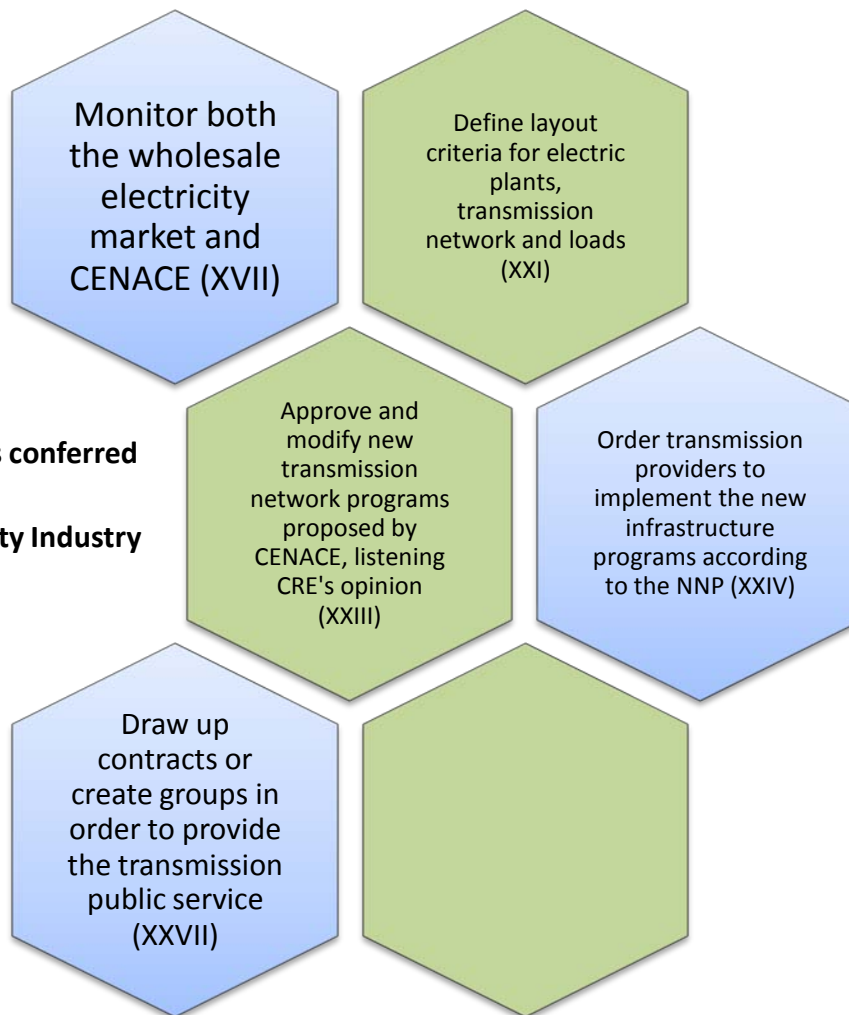




Constitutional Reform

Secondary Legislation (IV)

**Relevant powers conferred to SENER,
(art.11, Electricity Industry Bill)**





Index

New
jurisdiction
and
responsibilities

Secondary
Legislation
(Bill) and the
role of CRE and
SENER

Perspectives

- Introduce full competition
- Promote efficiency
- Reduce costs
- Diminish tariffs

To improve
competitiveness of the
whole economy