

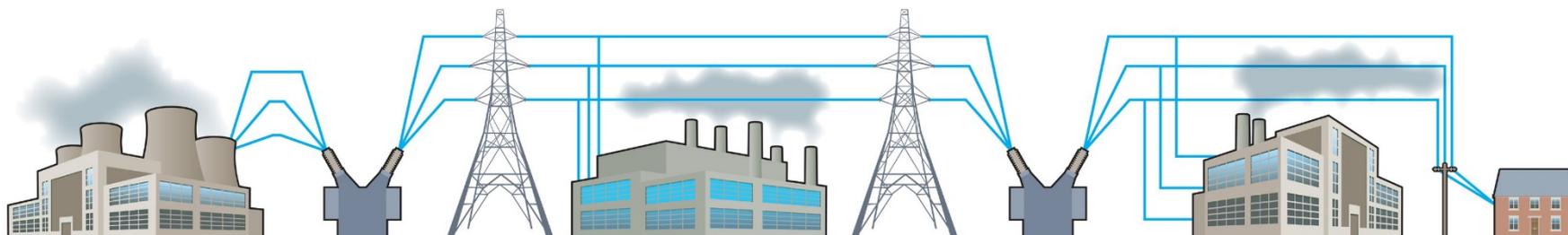


# Energy Constitutional Reform

Transmission  
July 8, 2014



# Market structure before 1992



**Generation**

CFE  
State owned  
utility

Local self-supply

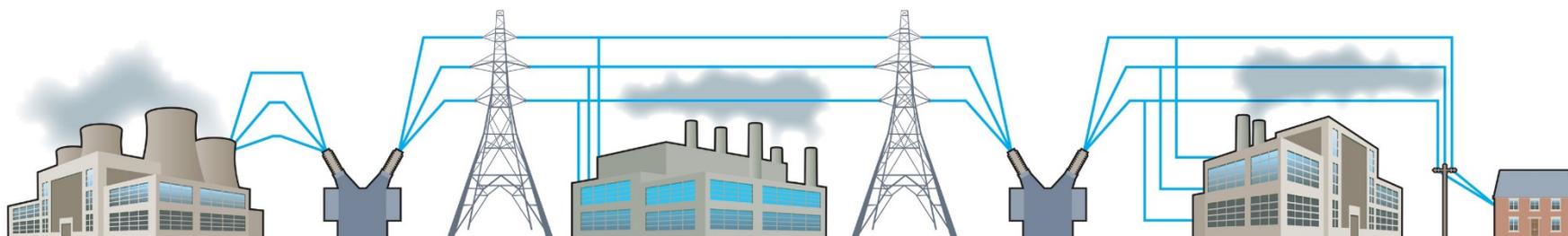
**Dispatch, transmission, distribution & selling**

CFE

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



# Market structure after 1992



**Generation**

**Dispatch, transmission, distribution & selling**

CFE  
(public service)

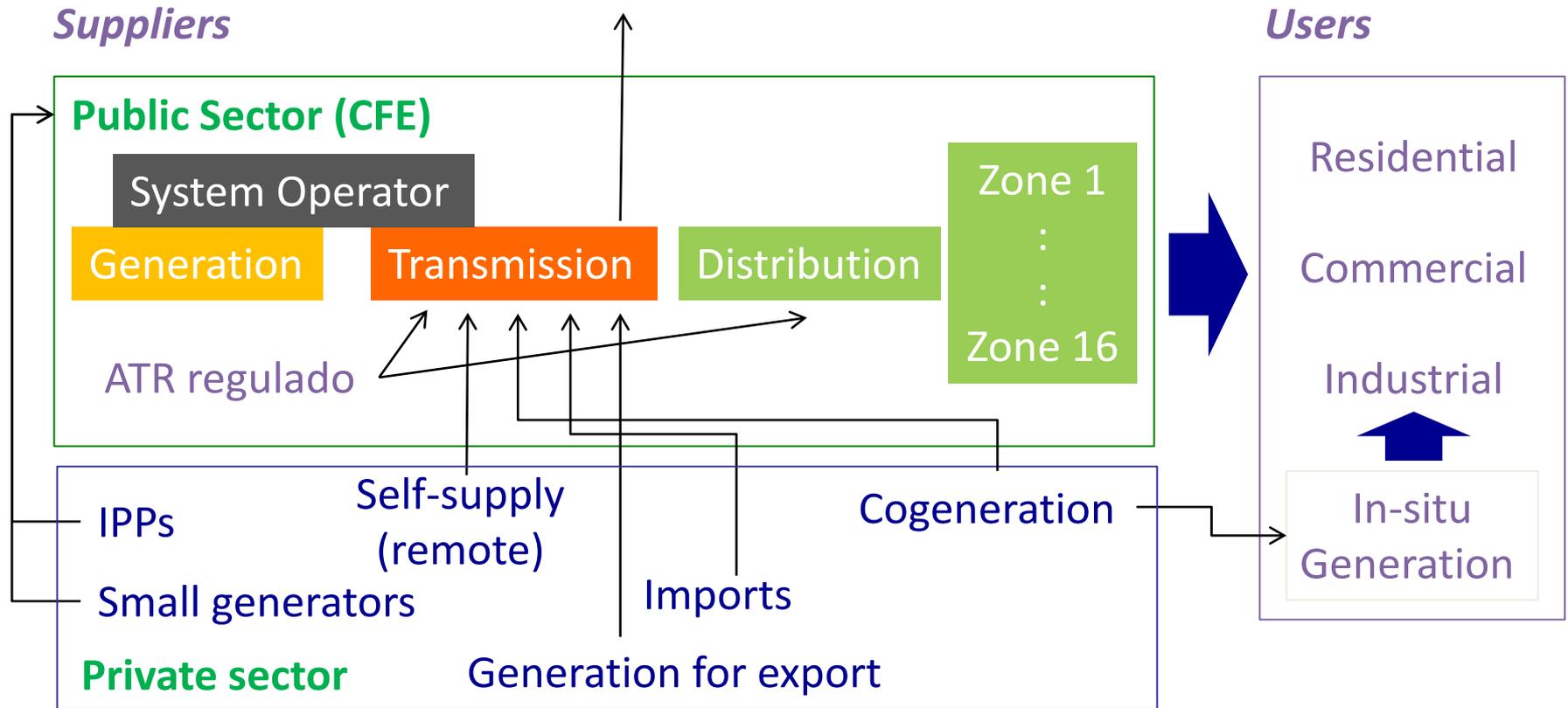
CFE

IPPs  
Remote selfsupply  
Cogeneration  
Exports  
Imports

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

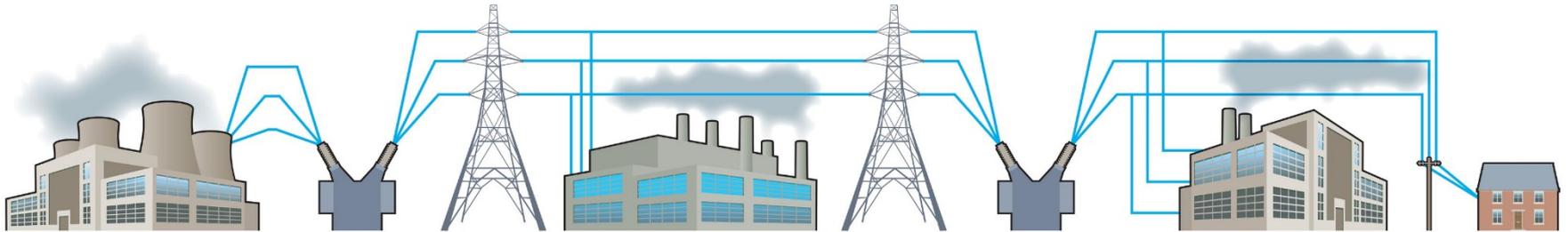


# Market structure after 1992

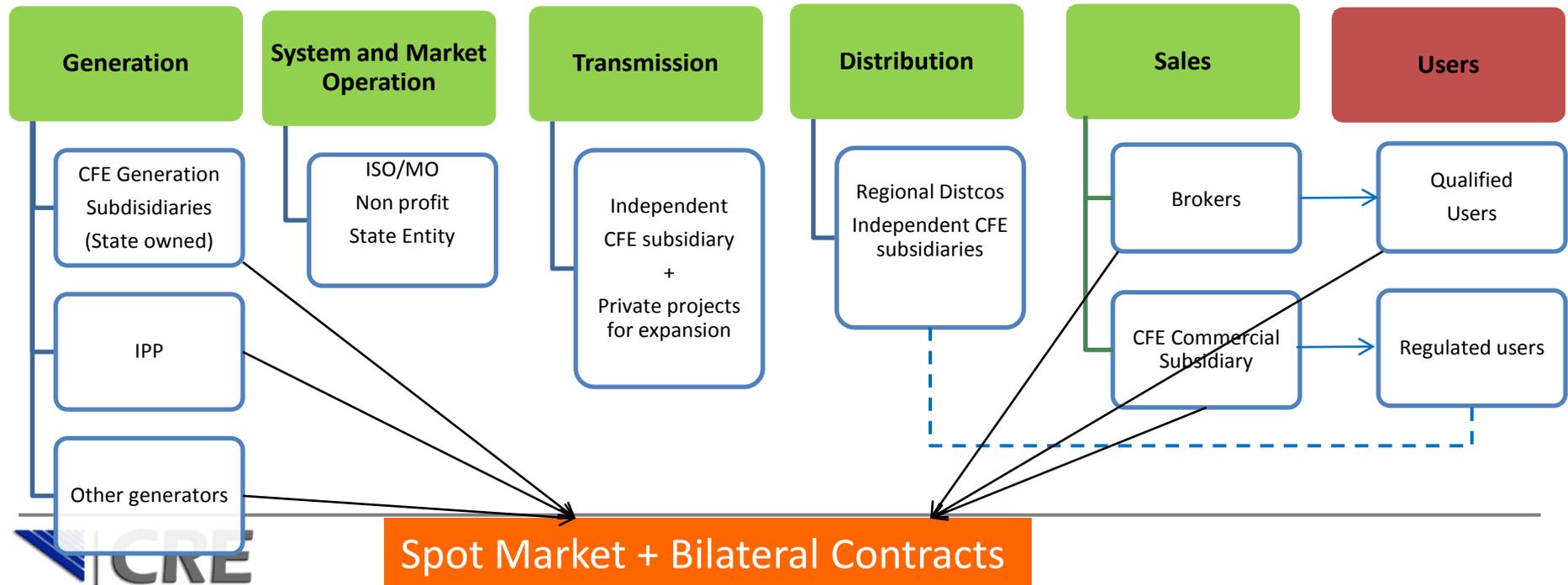




# Intended industrial organization



## 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  
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### **Perspectives**

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# 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)

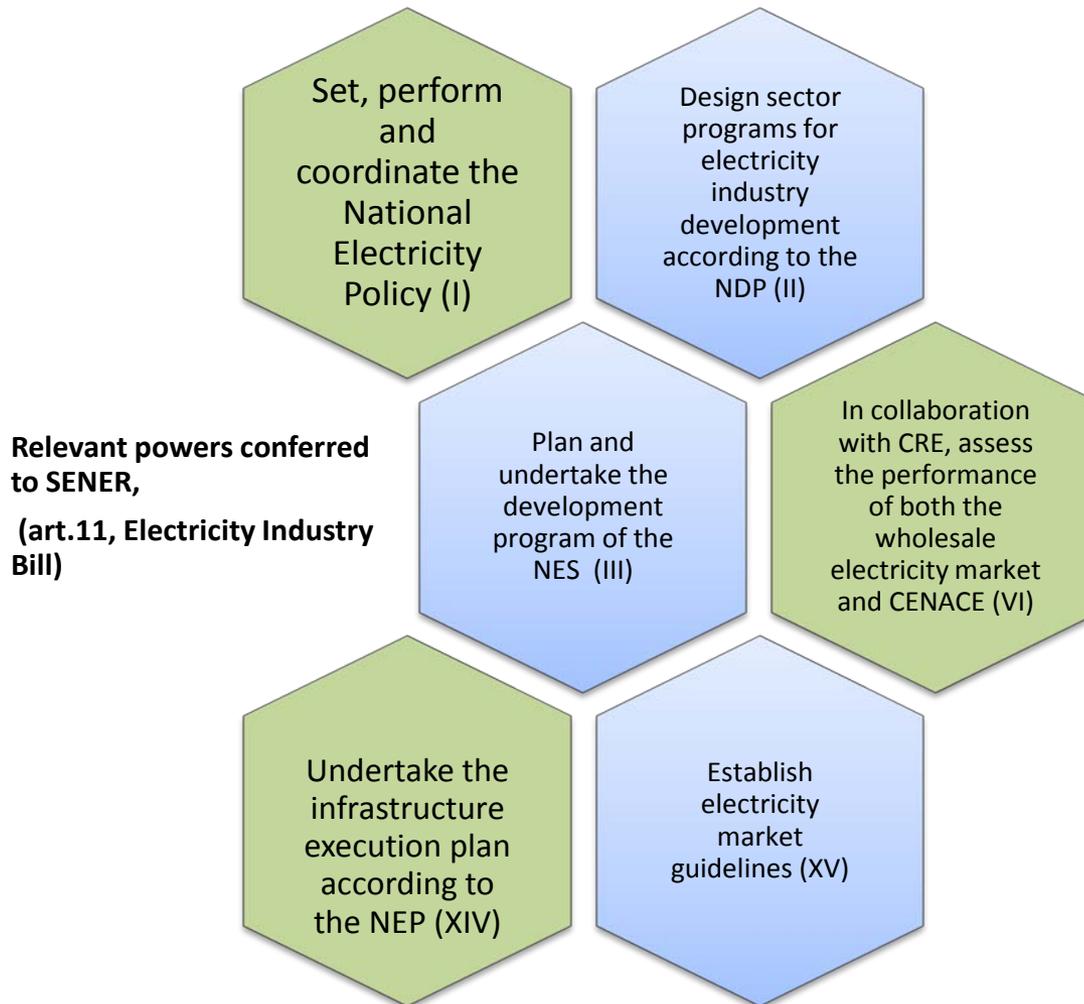
Design and implement regulatory guidelines (art.12.XXX)

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



# Constitutional Reform

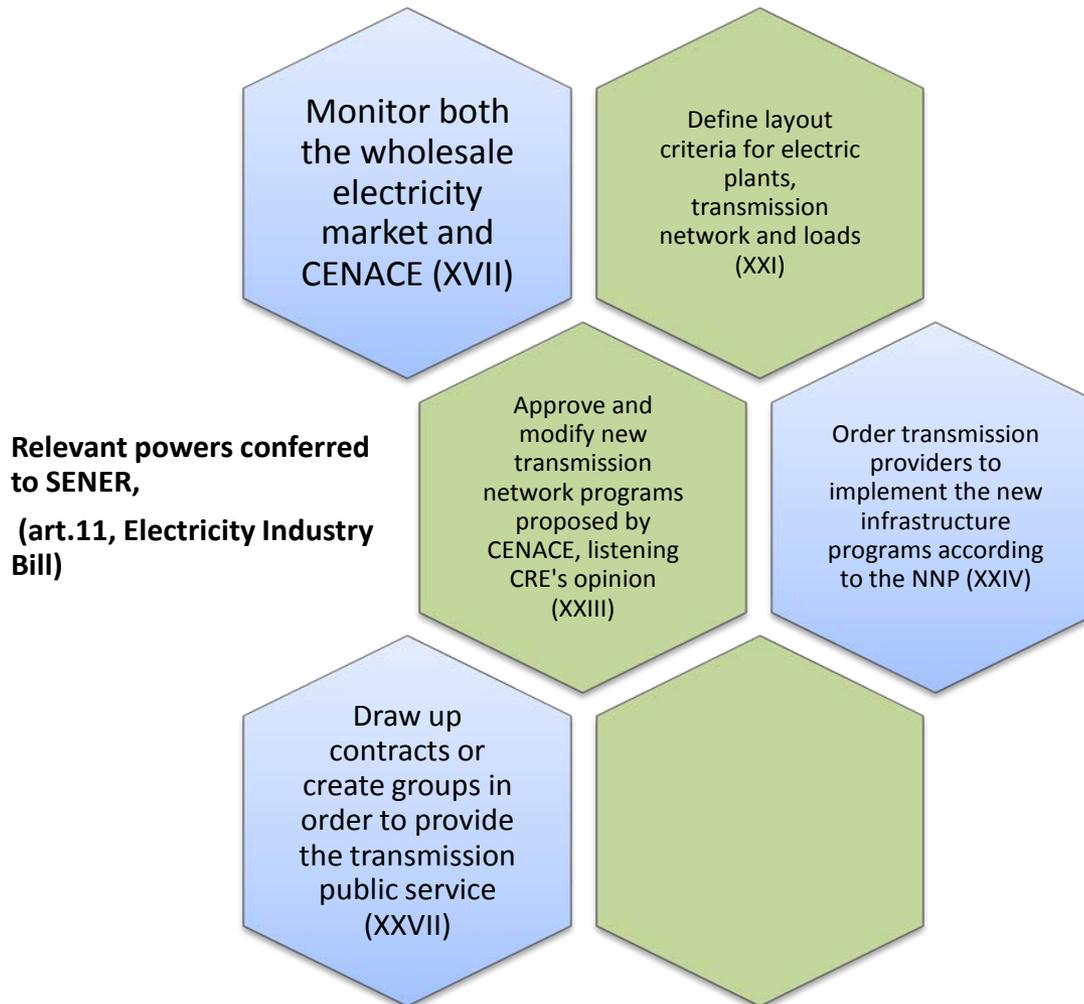
## Secondary Legislation (IV)





# Constitutional Reform

## Secondary Legislation (IV)





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To improve  
competitiveness of the  
whole economy