
Mandatory compliance with the Energy Regulatory Commission's Network Code initiates for all medium and high voltage users connected to the grid

This past April 8, 2016, the Energy Regulatory Commission (“CRE”) issued the Network Code (*Criteria for efficiency, quality, reliability, continuity, security and sustainability of the National Electrical System*), which establishes the minimum technical requirements that all members of the electrical industry must meet so the National Electrical System (“SEN”) can reach the technical condition in which it operates without violating operative limits and with sufficient reserve margins to support any kind of contingency.

In this regard, on April 9, 2019, mandatory compliance with the Regulatory Manual of Technical Requirements for the Connection of Load Centers of the Network Code (“*Technical Requirements*”) initiated for all users that received electricity in medium and high voltage prior to the publication of the Network Code. This is to say, now all the medium and high voltage Load Centers connected to the SEN are obligated to comply.

Most relevant aspects of the Technical Requirements:

1. In the case of failure to comply with the Technical Requirements, the Electrical Industry Law provides for the possible imposition of economic sanctions such as fines of 2% to 10% of the gross income received in the prior year by the head of the Load Center and/or fines from MXN\$5,134,000.00 (USD\$270,000.00) to MXN\$25,670,000.00 (USD\$1,350,000.00).
2. The Load Centers that were connected before the publication of the Network Code had a period of 3 years to comply with the Technical Requirements and present to the CRE a work plan detailing the action to ensure compliance with the Technical Requirements, which period expired on April 8, 2019.
3. The work plan must contain, among other aspects: (i) Basic information on the Load Center, (ii) Results of the electrical studies, (iii) Strategies established for ensuring compliance with the Technical Requirements.
4. Among the principal obligations of the Load Center under the Technical Requirements is compliance with the parameters of (i) Voltage, (ii) Frequency, (iii) Short circuit; (iv) Quality of the energy, among others.
5. The CRE has the authority to carry out verification and inspection visits for the purpose of verifying compliance with the Technical Requirements by the Load Centers.

It is important to mention that even though the CRE has not defined the policy it will follow to verify compliance with the Technical Requirements, all the Load Centers that are required to comply with such provisions must take the steps necessary to present their work plan and ensure compliance with the Technical Requirements, in order to avoid the imposition of the above indicated economic sanctions.

Finally, compliance with the Technical Requirements is mandatory for all Load Centers that are connected or in process of connection to the SEN, and therefore the oversight authority of the CRE may be exercised over any Load Center connected after the entrance into force of the Network Code.

To obtain additional information contact our experts:

Edmond Grieger, Partner:

+52 (55) 5258 1048, egrieger@vwys.com.mx

Ariel Garfio, Associate:

+52 (55) 5258 1048, agarfio@vwys.com.mx

Rebeca Marquez, Associate:

+52 (55) 5258 1048, rmarquez@vwys.com.mx

Roberto Flores, Associate:

+52 (55) 5258 1048, rflores@vwys.com.mx

Sincerely,

Von Wobeser & Sierra, S.C.

Mexico City, April 9, 2019.