

### CNE Publishes Guidelines for the Voluntary Migration of Independent Power Production Permits

Mexico City, April 16, 2026

Today, the National Energy Commission (*Comisión Nacional de Energía*, "CNE") published in the Federal Official Gazette (*Diario Oficial de la Federación*) the "Guidelines for the Voluntary Migration of Independent Power Production Permits" (the "Guidelines")<sup>1</sup>, which define the conditions and deadlines for the voluntary migration of these permits ("IPP") and their associated contracts to the modalities provided for in the Electricity Sector Law (*Ley del Sector Eléctrico*, "LSE"), with the aim of promoting administrative simplification, agility in technical processes, and operational continuity of power plants operating under these permits.

#### I. Key Aspects of the Migration Regime

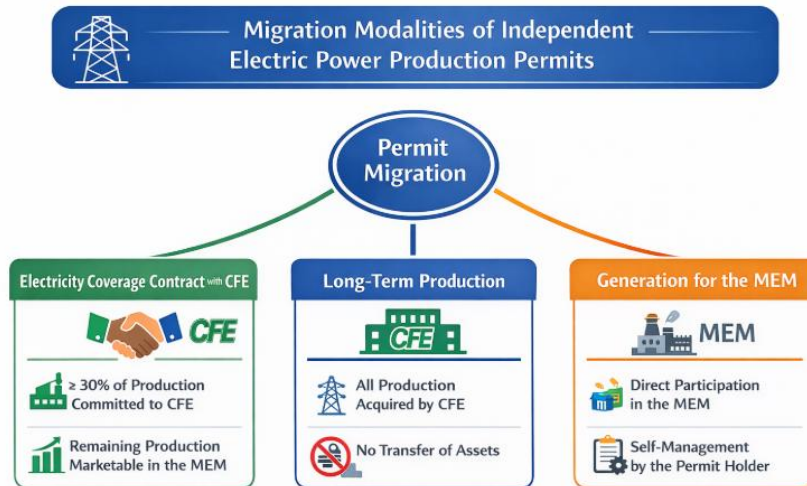
Among the main points of the Guidelines, the following stand out:

- Migration modalities. IPP permits may only migrate to three of the modalities provided for in the LSE:
  - i. *Generation for the Wholesale Electricity Market* ("MEM"), linked to one or more electricity coverage contracts ("PPA") to be entered into with the *Comisión Federal de Electricidad* ("CFE") for at least 30% of the total production of electricity and associated products of the plant. The remaining electricity and associated products may be marketed in the MEM.
  - ii. *Long-term Production* (*Producción de Largo Plazo*, "PLP"), linked to a PPA (or its equivalent) with CFE for 100% of the production of electricity and associated products of the plant, without granting CFE the right to acquire the plant; and

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<sup>1</sup> *Lineamientos para la Migración Voluntaria de Permisos de Producción Independiente de Energía Eléctrica.*

- iii. *Free generation for the MEM* that is, without the need to be linked to a PPA with CFE, the generator being able to market in the MEM the total production of electricity and associated products of the plant.



The selection of the migration modality under the LSE must be indicated in the respective application and may not be changed subsequently.

- General conditions. For the submission of a migration application, the IPP permit must be valid and the generator must be up to date in compliance with the obligations of information and payment of rights derived from the IPP permit, and there must be no debts or defaults of the generator with CFE derived from the Commitment Agreement for Electric Power Generation Capacity and Purchase and Sale of Associated Electric Energy entered into between said parties. Additionally, increases in the installed capacity of the respective plant may not be included as part of the migration procedure.
- Content of the application. The migration application must be submitted through a form that is annexed to the Guidelines and must include, among others, the following relevant points:
  - i. The generation modality under the LSE to which the IPP permit is intended to be migrated; and
  - ii. A business plan describing the modernization or rehabilitation program for the plant subject to the permit, which must include, among others, the actions and

expenditures that are intended to be made to the generation equipment of the plant and must indicate the expected return on investment. In addition, in the case of migration to the MEM modalities associated with a PPA with CFE, the validity of the Electricity Coverage Contract must be included.

- Anticipation of the application. The migration application may be submitted at any time prior to the end of the validity of the IPP permit, provided that it is submitted at least one year prior to the expiration date of said permit. This notice period does not apply to generators who have requested the migration of their IPP permit prior to the entry into force of the Guidelines or whose IPP permit expires in less than one year. In such cases, it is allowed to apply for migration at any time as long as it is prior to the expiration of the IPP permit.
- Resolution period. One year must be considered as the maximum period for the granting of the permit under the LSE.
- Validity. Permits under the LSE may be valid for up to 15 years from the expiration of the IPP permit, in accordance with the modernization or rehabilitation program approved by the CNE for this purpose. Once issued, the new permits may not be extended upon expiry.
- Comprehensive scope. The migration must cover all the capacity authorized under the IPP permit and any other permit associated with the plant, without the possibility of segmentation. In other words, plants that operate under an IPP permit in conjunction with another permit for the generation of electricity in any of the modalities allowed by the now-repealed Public Electric Power Service Law and the Electricity Industry Law must relinquish these other permits and migrate to the LSE all the capacity under the IPP permit.
- Interconnection. For the execution of the interconnection contract with CFE, interconnection studies of the National Energy Control Center ("CENACE") will not be required, nor will the execution of reinforcement works or payments associated with these works.
- Technical and regulatory conditions. In order to grant the permit under the LSE modalities, the generator must demonstrate that the modernization or rehabilitation actions requested by the CNE have been carried out to guarantee the reliable operation



of the plant. Compliance with technical tests (Reduced POC<sup>2</sup>) and measurement systems is required.

The migration does not allow for increases in the installed capacity of the plant, being limited to the originally authorized capacity.

- Consequence of non-compliance. If the migration of an IPP permit is not requested in accordance with the deadlines provided in the Guidelines, the holder of said permit will lose the right to migrate it to any of the permitted schemes. In such case, the IPP permit will remain in effect until its expiration, and the continued operation of the plant will require a new permit granted by the CNE under the ordinary regime of the LSE.

It should be clarified that the permits derived from migration will not be subject to the binding planning criteria provided for in the LSE.

Generators holding IPP permits that, prior to the issuance of the Guidelines, have already migrated their permit to the modalities allowed under the LSE may, on a one-time basis, participate in the migration procedure provided for in the Guidelines, provided they submit the corresponding application to the CNE within 20 business days following the entry into force of the Guidelines.

## **II. Migration Procedure for MEM Modalities with PPA or PLP**

In the modalities that contemplate a contractual relationship with CFE, the procedure is structured and coordinated with the authorities of the sector, and incorporates both regulatory and commercial elements.

- i. The process begins with the submission of the migration application, after which the CNE establishes an *ad hoc* schedule to implement the migration.
- ii. Subsequently, working groups are convened with CFE, the CNE, CENACE, and CENAGAS in order to agree on the terms and conditions of the so-called "Agreement on Migration Conditions", which in practical terms would appear to function as a *term sheet* for the PPA.

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<sup>2</sup> These are minimum technical operation tests that CENACE must carry out to verify that the power plant complies with the operational requirements of the electrical system. These tests include, but are not limited to, the verification of: (i) voltage range at the interconnection point, (ii) reactive power capability, (iii) frequency control, and (iv) power quality.

- iii. Once the Migration Conditions Agreement has been defined, the CNE evaluates the application and, where appropriate, grants the permit under the LSE.
- iv. The PPA is formalized with CFE, the interconnection contract is entered into, and the plant is authorized for operation in the MEM (this stage must be completed within a period of no more than 20 business days).

It should be noted that, according to the Guidelines, the authorization to operate in the MEM could be granted prior to the conclusion of the technical tests (Reduced POC) and the complete implementation of the measurement systems, provided that these requirements are met within a period of up to 24 months.

However, it is not entirely clear whether this period formally operates as a grace period during which the commercial operation of the plant is permitted, or whether the authorization is subject to additional conditions or operational limitations during that period.

As a relevant element, these modalities allow, in principle, coordination with CFE and CENAGAS the gas supply reserve for the committed capacity, which can represent an advantage in terms of operational certainty.

### **III. Migration Procedure for the Free MEM Modality**

In contrast, the modality of direct participation in the MEM without a PPA with CFE implies a greater operational burden for the permittee.

Although the procedure also begins with the submission of the migration application, the applicant is responsible for directly managing all the regulatory, technical and operational procedures required for its authorization in the market.

Likewise, unlike the CFE-linked modalities, there is no grace period for compliance with technical requirements. Accordingly, the Reduced POC tests and measurement systems must be fully implemented from the outset in order to operate in the MEM.

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