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Mexico to Allow Three Private Firms to Build Electricity Generating Plants

by LADB Staff

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In early June, the Energy Secretariat (SE) announced that it will award permits to the Mexican-based companies PEGI, Termoelectrica del Golfo, and Alpek to construct and operate three separate electricity-generating complexes in Mexico. The three projects, which are scheduled for completion by the year 2000, will together increase Mexico's electricity generation capacity by 1,000 megawatts.

The SE said it authorized the new facilities to create more sources of electricity for more than 100 manufacturing and industrial companies in eight states in Mexico. Any excess electricity produced at the facilities will be sold to the federal electricity commission (Comision Federal de Electricidad, CFE). That, in turn, will allow the CFE to concentrate on allocating power to other higher priority projects. One of the new facilities to be constructed by the engineering company PEGI at a cost of US\$620 million will include four separate power plants in Nuevo Leon state. The complex, which will be powered by natural gas, will supply electricity to 47 industrial users in Monterrey and the cities of San Nicolas de los Garza and Villa de Garcia.

A second facility, to be constructed and operated by Termoelectrica del Golfo in central Mexico, will supply energy to 10 cement plants in the states of San Luis Potosi, Guanajuato, Hidalgo, Jalisco, Mexico. Termoelectrica del Golfo, a wholly owned subsidiary of the giant cement manufacturer CEMEX, expects the facility to be operational by the year 1999. The plant is expected to use 650,000 metric tons of petroleum coke annually to generate 250 megawatts of power.

Finally, the company Enertek, a subsidiary of Grupo Alfa's Alpek division, will construct an electricity-generating complex near the port of Altamira, Tamaulipas state. The plant will provide power primarily for users in Tamaulipas, but will also extend service to parts of Nuevo Leon and Guanajuato. The project will be constructed at a cost of US\$700 million, using both domestic and foreign capital. The complex will be powered by natural gas and will produce thermal energy for use by the petrochemical industry.

In a press conference in early June, the SE said these are the first large-scale projects approved since the Mexican congress passed legislation allowing private entities to supply electricity for private businesses. The legislation is intended to encourage the private sector to pick up the slack in electricity generation, since the government is unable to meet the country's growing demand for electrical power (see SourceMex, 06/16/93). According to SE sources, President Ernesto Zedillo's administration hopes to attract about US\$9 billion in private investment to expand Mexico's electricity-generating capacity. In addition, the administration is also moving ahead with several large-scale, publicly financed electricity projects (see SourceMex, 05/22/96). [Source: Reforma, 06/07/96]

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