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LADB Staff

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## **Government Awards Concession for Merida III Thermoelectric Plant**

*by LADB Staff*

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In late January, the Energy Secretariat (SE) awarded a concession for the Merida III hydroelectric power plant to a consortium formed by companies from three countries. The consortium composed of Mexico's Grupo Hermes, US-based AES Corp., and Japan's Nichimen Corp. is expected to spend US\$450 million to US\$500 million to construct the Merida III power plant, which will consist of two separate units of 220 megawatts each. Grupo Hermes is owned by former agriculture secretary Carlos Hank Gonzalez and his son Carlos Hank Rhon. Under terms of the concession, the consortium will construct and operate the power plant and sell electricity to the Federal Electricity Commission (Comision Federal de Electricidad, CFE).

According to CFE director Rogelio Gasca Neri, construction of the plant will begin by September of this year. The facility is expected to become fully operational by the year 2000. Gasca said the Merida III plant is the largest energy project in Mexico to be wholly built and operated by the private sector. The Hermes-AES-Nichimen consortium won the bid for Merida III over such prominent firms as the General Electric Co., Mitsubishi Electric Corp., Itochu Corp., Enron Corp., Marubeni Corp., Empresas ICA, and Grupo Tribasa. Gasca said President Ernesto Zedillo plans to award concessions for 14 other projects during the remainder of his administration.

In late 1996, the SE opened bids to private investors to construct four major power plants and several smaller facilities throughout Mexico, which are expected to increase the country's electricity-generating capacity by about 1,450 megawatts (see SourceMex, 01/08/97). Natural gas pipeline concession to be announced in March. On a related matter, the Zedillo administration is scheduled to announce the winning bidder to construct the 600-km natural gas pipeline from Tabasco to Yucatan state on March 25. The pipeline will supply natural gas to the Merida III complex. Among the firms that placed initial bids are US-based companies Amoco, Enron, and the San Diego Gas and Electric Co., plus Gaz de France (see SourceMex, 05/22/96). [Sources: Reuter, 01/23/97; Novedades, Excelsior, La Jornada, El Universal, 01/24/97]

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