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Mexican Government Launches Two Energy-Related Projects

by LADB Staff

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In late May, the government launched two major energy-related projects: the construction of a natural-gas pipeline in Toluca and the renovation and expansion of the Cadereyta petrochemical complex in Nuevo Leon state. According to the Energy Secretariat (SE), both projects attracted strong interest from Mexican and foreign companies.

The concession for the Toluca pipeline which will also supply natural gas to adjacent communities in Mexico and Queretaro states is expected to cost about US\$100 million. The winning bidder will receive a 30-year concession. Six bids submitted for construction of Toluca gas pipeline By the May deadline, a total of six Mexican-foreign consortia had submitted bids to the Comision Reguladora de Energia (CRE) to construct the Toluca pipeline. Two of the six bids include three-way partnerships formed by US, Mexican, and Canadian companies. One of these partnerships was formed by Mexico's Centra Gas de Toluca, Canada's WestCoast Energy Inc., and US-based Coastal Gas. The other three-way partnership includes Grupo Mexicano de Desarrollo (GMD), Canada's Gas International, and US-based Shell Oil Co. USA.

Two US-Mexican partnerships also submitted bids. One of these involves Mexican companies Consorcio Sistema Automatico de Gas and Toluca Disco Holding, plus US-based Enova Corp. The second was formed by Mexico's Gutsa Construcciones and US-based Noram Energy Corp. Two European companies are also seeking the concession. One company Gaz de France has submitted a joint bid with the Mexican private company Mexigas. The other European participant, Spain's Repsol, submitted a lone bid. The Toluca project will be the fourth such concession awarded by the government.

In early May, the government announced a concession to a US-Mexican partnership to supply gas to Guaymas and Hermosillo in Sonora state (see SourceMex, 05/14/97). The government has also awarded similar concessions in Mexicali, Baja California state, and central Chihuahua state. According to CRE spokespersons, the government will closely monitor the construction and operation of the Toluca pipeline, since this concession could serve as a model for similar infrastructure in the Mexico City metropolitan area and 28 nearby communities.

Expansion of Nuevo Leon refinery attracts strong interest

Separately, the government announced that several Mexican and foreign companies had submitted applications for a concession to expand and upgrade the Cadereyta complex. The three-year project involves the construction of nine or 10 new plants at the complex, the expansion and/or renovation of nine other plants, and the construction of four new sales terminals. According to the state-run oil company PEMEX, the expansion of production capacity at Cadereyta will allow Mexico to reduce reliance on gasoline imports and make more efficient use of the country's large supply of heavy crude-oil grades (Maya).

PEMEX sources said they expected some of the companies to form affiliations with others that had submitted bids. Three Mexican companies had entered the process, with Grupo Protexa and Bufete Industrial submitting lone bids, while Empresas ICA entered a joint bid with US-based Fluor Daniel. As of late May, Raytheon was the only other US company that had submitted an application to participate in the process. Other foreign firms that submitted applications include the two Italian companies SNAM Progetti and Technipetrol, Germany's Siemens AG, Japanese-based Chiyoda Corp., and Brazilian company Constructora Norbeto Odebrecht SA. PEMEX is expected to announce a winner by late August. (Sources: El Economista, 04/24/97, 05/23/97; Reuter, 05/22/97, 05/23/97; El Universal, 05/23/97)

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