

3-25-1998

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### Recommended Citation

LADB Staff. "Mexican-Spanish Consortium Awarded Rights to Distribute Gas in Monterrey." (1998).  
<https://digitalrepository.unm.edu/sourcemex/3887>

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## **Mexican-Spanish Consortium Awarded Rights to Distribute Gas in Monterrey**

*by LADB Staff*

*Category/Department: Mexico*

*Published: 1998-03-25*

In mid-March, the Comision Reguladora de Energia (CRE) awarded a 30-year concession to Gas Natural Mexico (GNM) and its Spanish parent company Grupo Repsol to distribute natural gas to residential and business users in Monterrey. The GNM-Repsol partnership was selected over two other groups, the Mexican-French consortium of Bufete Industrial and Gaz de France and the US-Mexican joint venture of Enova International, Union FENOSA Desarrollo, and Accion Exterior. The CRE opened the concession to private bidders in October 1997 after removing the Comision Federal de Electricidad (CFE) from operation of the system (see SourceMex, 10/15/97).

The CRE said GNM-Repsol and Bufete Industrial Gaz de France submitted similar financial bids, but the Spanish-Mexican consortium won the concession by committing to serve a greater number of customers. The GNM-Repsol partnership, which pledged to spend US\$220 million on the project, plans to distribute 3.5 million cubic meters of gas per day in the Monterrey metropolitan area by 2002. Pemex-Gas y Petroquimica Basica, a subsidiary of the state-run oil company PEMEX, estimates demand for natural gas in Monterrey at about 4.37 million cubic meters daily.

GNM-Repsol's expenditures on infrastructure in Monterrey will be small compared with other cities in Mexico, since this is one of the few cities with direct distribution lines to residential areas. "People in Monterrey already understand the benefits of natural gas," said CRE President Hector Olea. "In some cases, the value of a home can decline by about 30% if it is not hooked up to natural-gas lines."

Three other companies, including Compania Mexicana de Gas, have already obtained permits to supply natural gas to small groups of industrial users in Monterrey. Compania Mexicana de Gas, a joint venture formed by Texas-based Enserch Corp. and Mexico's Grupo Divaz, received a concession in September 1997 to supply 50,000 industrial users in the area. Company becomes largest gas distributor in Mexico With the latest concession, GNM-Repsol became the largest natural-gas distributor in Mexico. The company has won four of the 11 natural-gas concessions awarded by the government thus far.

In July 1997, GNM-Repsol won the rights to distribute natural gas in the states of Mexico and Coahuila, which include the industrial centers of Toluca and Saltillo- Ramos Arizpe (see SourceMex, 07/23/98). The company also supplies natural gas in Nuevo Laredo in Tamaulipas state. "Our investment in natural gas in Mexico will total US\$330 million for the next five years," said Adrian Lladen, Gas Natural's corporate director of international development. Grupo Repsol also has won concessions to distribute natural gas in major Latin American cities, including Buenos Aires, Bogota, and Rio de Janeiro. (Sources: El Universal, 03/13/98, Reuter, Notimex, 03/17/98; El Economista, 03/18/98; El Financiero International, 03/23/98)

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