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Belgian, French Companies Win Concessions in Energy Sector

by LADB Staff

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In early November, the government awarded concessions for two energy projects to a French and a Belgian company. The Belgian company, Tractebel, won the right to construct pipelines and other infrastructure to supply natural gas to the central state of Queretaro, while Electricite de France obtained the concession to build an electrical power plant in Tamaulipas.

In the gas concession, announced Nov. 5, Tractebel committed to invest about US\$47.2 million in exchange for an exclusive five-year distribution contract. The Belgian company agreed to acquire the existing gas company, Distribuidora de Gas de Queretaro (Digaqro), for US\$31 million and install several hundred kilometers of new pipelines. Tractebel, which won the concession over the consortium formed by Gaz de France and Mexican engineering company Bufete Industrial, is expected to provide service to 50,000 commercial and industrial users in the corridor linking Queretaro city and San Juan del Rio.

Hector Olea, director of the Comision Reguladora de Energia (CRE), said the project was among the most competitive thus far, since Tractebel and the Gaz de France-Bufete consortium submitted very similar offers. Tractebel won the concession because its plan offered lower costs to consumers and a slightly larger service area, Olea said.

The Tractebel concession was announced just a day after the government awarded a contract to Electricite de France to construct a 450-megawatt combined-cycle thermoelectric plant near the US-Mexico border. The Comision Federal de Electricidad (CFE) said the French company agreed to invest US\$220 million in the Rio Bravo project, just outside the city of Reynosa in the community of Valle Hermoso. Electricite de France won the 25-year concession over such prominent companies and consortia as Intergen Aztec Energy, Enron, Texaco-Sumitomo-Congentrix, Mitsubishi-Calpine, and ABB Energy ventures.

The concession was awarded under the government's program to finance construction of new power plants with private capital. Similar concessions already awarded include the 450- MW Merida III plant in Yucatan state, and the 225-MW Hermosillo project in Sonora state. The first project completed under this scheme, Samalayuca II in Chihuahua state, was inaugurated in August of this year (see SourceMex, 08/19/98). [Sources: Spanish news service EFE, 11/05/98; El Economista, El Universal, 11/06/98; El Financiero International, 11/09/98]

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