

# RITCH MUELLER

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## ENERGY AND INFRASTRUCTURE NEWSFLASH

### CNE Issues Provisions for Electricity Generation under the Cogeneration Modality

On April 16, 2026, the National Energy Commission (*Comisión Nacional de Energía* “CNE”) published in the Federal Official Gazette (“DOF”) the Resolution issuing the General Administrative Provisions for electricity generation under the Cogeneration modality (the “Provisions”).

The Provisions aim to establish, among other matters, the activities that may be carried out by power plants operating under an electricity generation permit for the Cogeneration modality provided in the Electric Sector Law (*Ley del Sector Eléctrico*, the “LSE”), as well as the criteria to determine the permitted generation capacity based on the thermal demand of the industrial process associated with Cogeneration.

The Provisions address, among other matters, the following:

## **I. Overview**

Article 41 of the LSE provides that an electricity generation permit may include the Cogeneration modality when electric power is produced jointly with steam or another type of thermal energy, secondary energy, or both; when thermal energy not used in the permit holder's industrial processes is used for the direct or indirect production of electricity; or when fuels produced in the permit holder's own industrial processes are used for the direct or indirect generation of electricity.

## **II. General Conditions for Cogeneration Systems**

The Provisions establish the criteria applicable to Cogeneration systems under the following schemes: (i) Self-Consumption; and (ii) generation for the Wholesale Electricity Market (*Mercado Eléctrico Mayorista* "MEM").

### **A. Electricity Generation under the Self-Consumption Scheme in the Cogeneration Modality**

Applies when electricity generated through Cogeneration is used to meet on-site needs, through a Private Network for Self-Consumption Users, in isolation or interconnected mode.

### **B. Electricity Generation for the MEM under the Cogeneration Modality**

Applies when, in addition to supplying the Electrical Load Associated with Cogeneration through a Private Network, electricity is injected into the National Transmission Grid ("RNT") or the General Distribution Networks ("RGD").

Power plants with Installed Capacity below 0.7 MW do not require a permit and must comply with the exempt generation provisions issued by the CNE.

## **III. Cogeneration Systems**

Cogeneration systems may be structured as follows:

A. Electricity generation jointly produced with steam or another type of thermal energy, secondary energy, or both.

B. Direct or indirect electricity production through thermal energy not used in the permit holder's industrial processes.

C. Direct or indirect electricity generation using fuels produced in the permit holder's industrial processes.

## **IV. Granting of Permits**

Electricity generation under the cogeneration modality requires the corresponding permit pursuant to applicable law. For purposes of obtaining such permit, applicants must evidence the cogeneration system configuration and its operation in accordance with the schemes set forth in the Provisions.



Specifically, the information to be submitted must include: (i) the thermal demand values of the industrial process; (ii) the associated electrical loads; (iii) the maximum and minimum values of committed and dispatchable electricity; and (iv) the corresponding technical documentation, including piping and instrumentation diagrams and the system energy balance.

Likewise, Installed Capacity must be determined based on the thermal demand and thermal energy needs of the associated industrial process.

Regarding termination of permits, the purpose of the permit will be deemed to have ceased when, for six consecutive months, the Committed Electricity offered into the market exceeds the electricity associated with the Thermal Demand of the industrial process, unless a technical justification has been filed and approved by the CNE.

## **V. Additional Obligations**

Permit holders and the Market Participant representing the power plant are subject to reporting obligations.

Before the National Energy Control Center ( *Nacional de Control de Energía “CENACE”*), information must be filed for Physical Asset registration regarding system operation, including demand associated with auxiliary uses, consumption of electrical loads associated with the cogeneration system, and total electricity production (segregated into committed and dispatchable energy, with maximum and minimum values), determined under stable operating conditions and considering maximum, minimum, and expected thermal demand scenarios.

Additionally, permit holders must file before the CNE their annual thermal demand profile for the previous year no later than January 31 of each year.

## **VI. Generation for the MEM under the Cogeneration Modality**

Power plants operating under this scheme must comply with the obligations applicable to market participants, including execution of the relevant agreement with CENACE and compliance with metering, registration, and energy settlement requirements.

With respect to interconnection, the corresponding studies must be carried out pursuant to applicable regulation, considering operating scenarios that include the interaction between the plant and the associated load.

## VII Entry into Force

The Provisions became effective on April 17, 2026. However, the CNE must publish the approved forms for requesting electricity generation permits under the Cogeneration modality within thirty calendar days following the effective date.

Power plants with Cogeneration systems operating under valid permits granted pursuant to the Public Electricity Service Law or the Electricity Industry Law, and that migrate to the generation-for-the-MEM scheme under the Cogeneration modality provided in the LSE, will retain their dispatch conditions until expiration of the permit resulting from such migration.

We invite you to contact your usual Ritch Mueller contacts to discuss any matters related to the issues described in this note. For such purposes, you may reach out through our general email address, through which we will direct your inquiry to the appropriate members of our team.

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