CNE Issues New Administrative Provisions of General Application on Cogeneration and Electric Energy Storage Systems

Category: Legal Alerts
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Key Takeaways

- Cogeneration. The National Energy Commission (CNE) has issued new Administrative Provisions of General Application (DACGs) governing electricity generation under the cogeneration modality, applicable to both self-consumption and participation in the Wholesale Electricity Market (MEM).
- Energy Storage. On the same date, the CNE issued DACGs regulating the integration of Electric Energy Storage Systems (EESS) into the National Electric System (SEN). These provisions repeal Resolution A/113/2024, published on March 7, 2025.
- Effective Date. Both instruments will enter into force on the business day following their publication in the Federal Official Gazette (DOF).
- Key Obligations. Permit holders will be required to adjust their technical configurations, interconnection requests, and market participation structures before CENACE. In the case of storage projects, participants must also assess the applicable model (EESS-CE, EESS-CC, EESS Self-Supply, EESS RNT/RGD, or Standalone EESS).

Background

On April 16, 2026, the CNE issued two DACGs, completing key elements of the secondary regulatory framework of the Electric Power Sector Law (LSE) and its Regulations (RLSE).

1. Cogeneration DACGs

Scope and applicability

The Cogeneration DACGs establish the general conditions, requirements and procedures applicable to electricity generation under the cogeneration modality, both under self-consumption) and participation in the MEM. Systems with an installed capacity below 0.7 MW do not require a generation permit and are subject to the exempt generation regime to be issued by the CNE.

Cogeneration typologies

The DACGs recognize three typologies: (i) electricity generation produced jointly with steam or other useful thermal energy (topping cycle); (ii) direct or indirect electricity generation from thermal energy not used in industrial processes (bottoming cycle); and (iii) direct or indirect generation from residual fuels produced within the permit holder’s own industrial processes, in which case Clean Technology must be used.

Installed capacity and mandatory dispatch

The installed capacity approved under the permit must be determined based on Thermal Demand and the direct or indirect thermal energy requirements of the associated industrial processes. The DACGs introduce the concepts of Committed Electric Energy (linked to Thermal Demand and subject to mandatory dispatch) and Dispatchable Energy (subject to economic dispatch), and require permit holders to register with CENACE, through their Market Participant, the maximum and minimum values of both blocks at maximum Thermal Demand, minimum Thermal Demand, and at 80% of annual operating time.

Loss of permit purpose and Clean Energy Certificates (CELs)

The purpose of a cogeneration permit for participation in the MEM is deemed to cease when the Committed Electric Energy offered in the short-term energy market exceeds the energy associated with the Thermal Demand of the industrial process for six consecutive months, without technical justification accepted by the CNE. Cogeneration facilities (both self-consumption and MEM) may obtain Clean Energy Certificates (CELs) when they meet the criteria for efficient cogeneration.

Key transitory provisions

The DACGs will enter into force on the day following their publication in the Official Gazette (DOF). Pending the issuance by the CNE of the Technical Criteria for Cogeneration, the existing applicable regulation will remain in effect. Cogeneration facilities operating under permits granted pursuant to prior legal frameworks that migrate to a generation permit for participation in the MEM under the cogeneration modality will keep their dispatch conditions until the expiration of the migrated permit. Within 30 calendar days following their entry into force, the CNE will publish the authorized application forms.

2. Storage Systems DACGs (SAEE)

Scope and repeal

The Storage DACGs establish the requirements for the integration of SAEE into the SEN, as well as the guidelines governing the services they may provide and their participation modalities, including aggregation mechanisms.

Five participation models

SAEE-CE — associated with Renewable Power Plants and sharing their Interconnection Point; SAEE-CC — associated with Load Centers; SAEE-Autoconsumo — associated with self-consumption; SAEE-RNT/RGD — associated with public transmission and distribution infrastructure; and non-associated SAEE. Only non-associated SAEE with an installed capacity equal to or greater than 0.7 MW require a storage permit; SAEE associated with Power Plants or Load Centers do not.

Technical and market rules

SAEE whose technology relies on power electronics to inject energy into the grid must implement grid-forming capabilities. All SAEE must comply with the Grid Code (*Código de Red*), NOM-001-SEDE-2012, and applicable international or foreign standards (IEC 62619, IEC 62933-5-1/-5-2, UL 1973, UL 9540) until the corresponding Mexican Official Standard is issued. SAEE with a storage duration equal to or greater than 3 hours may qualify as capacity for the Power Balance Market. Tariff treatment varies by modality: non-associated SAEE are subject to 50% of the transmission tariff for both withdrawal and injection, while SAEE-CE are subject to such tariff only upon injection.

Variability, back-up and aggregation

Power Plants with variable primary energy sources may be required to mitigate variability through their own SAEE, aggregation with other plants, or a back-up agreement with CFE or a third party. The DACGs expressly allow aggregation among participants of the same nature (Generators, Load Centers, Self-consumption Users or interconnection applicants), subject to binding planning criteria and studies conducted by CENACE.

Key transitory provisions

The instrument will enter into force on the business day following its publication in the DOF. Pending updates to the Market Rules and the Interconnection Manual, SAEE will be treated as Load Centers when withdrawing energy from the SEN and as Power Plants when injecting it. CENACE must publish the Variability Analysis methodology within 90 calendar days, and the CNE must issue the authorized permit application forms within 30 calendar days.

What this means for you

- Permit holders and developers should review their current or planned configurations against the new definitions (including installed capacity, Thermal Demand, mandatory dispatch, grid-forming requirements and participation models) to determine whether permit amendments or new interconnection studies may be required.
- Projects incorporating storage should confirm which of the five EESS participation models applies, as well as the implications for permitting, metering, tariff treatment and capacity accreditation.
- Generators operating under self-consumption with variable primary energy sources should assess whether they meet the back-up requirement through dedicated EESS, aggregation schemes, or back-up arrangements with CFE or third parties.
- Cogeneration permit holders under prior legal frameworks should plan their transition to the LSE regime, taking into account the preservation of dispatch conditions and the requirement to demonstrate continuous compliance over a six-month period.

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