**CFE Mixed Investment Structures**
**Joint Development Opportunities in Mexico's Power Sector**

## *GENERAL OVERVIEW*

Mixed investment structure allow public–private collaborations between the Federal Electricity Commission (CFE) and private investors for the joint development of electric generation projects.

These structures provide a unique way for private participation in strategic energy infrastructure while maintaining the State oversight and alignment with SENER's binding planning of the energy sector.

## *KEY LEGAL HIGHLIGHTS*

**(a)** Minimum 54% CFE Participation – either directly or indirectly through subsidiaries, trusts, or special-purpose vehicles.

**(b)** Mexican Entity Requirement – generation permit applicants must be incorporated in Mexico.

**(c)** CFE Right of First Refusal – applies if the private partner intends to sell its participation.

**(d)** Self-Financing Principle – projects must generate sufficient revenue to cover operating, maintenance, and financing costs.

**(e)** Board Approval – all mixed-investment projects require CFE Board of Directors' approval on structure, participants, and financial model.

**(f)** Timeline – CFE must formalize its investment within 180 business days from the project's commercial operation date.

## *CONTRACTUAL & OPERATIONAL ESSENTIALS*

Each project must define:

**(a)** Operator (CFE or private partner).

**(b)** Ownership and asset transfer mechanisms ensuring CFE's rights.

**(c)** Construction and operation schedule.

**(d)** Energy allocation for CFE's preferential purchase and wholesale commercialization.

**(e)** Risk and performance allocation, including financing, construction, and force majeure.

**(f)** Dispute resolution mechanisms, including arbitration or alternative procedures.

***GOVERNANCE & CORPORATE STRUCTURE***

A typical model could potentially include:

**(a)** CFE (54%) / Private Partner (46%) joint vehicle, structured as a company or through a trust.

**(b)** Shared control with parity-based board representation and minority protections

**(c)** Separate vehicles possible for asset ownership and operation to optimize financing and risk segregation.

**(d)** Pro rata profit distribution or preferred dividends

**(e)** Audit and governance oversight ensuring compliance with CFE policies.

***WHY IT MATTERS***

Mixed investment structures could represent a strategic path for investors seeking to enter Mexico's power sector under transparent, regulated, and bankable frameworks.

They align public goals with private efficiency — bridging public policy and private capital to deliver sustainable infrastructure and long-term energy security.

***NHG EXPERTISE IN ENERGY & INFRASTRUCTURE***

Nader, Hayaux & Goebel (NHG) is a Tier-1 transactional firm with deep expertise in energy, infrastructure, and project development and finance.

Our multidisciplinary team regularly advises on complex regulatory frameworks, CFE and PEMEX joint ventures, IPP and self-supply, restructurings, and project financing involving both commercial and development banks and private lending.

NHG combines regulatory insight with sophisticated corporate and financial structuring, assisting clients in designing bankable mixed-investment structures and PPP frameworks, negotiating joint venture and EPC/O&M agreements, managing regulatory approvals with SENER and CNE, structuring project financing and security packages compatible with the CFE and PEMEX regimes.

***For further information, please contact our Energy & Infrastructure team at***
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