

Regulations to the New Power Sector Law A New Regulatory Framework for Mexico's Power Industry

GENERAL OVERVIEW

On October 3, 2025, the Regulations of the new Electric Industry Law were published, complementing Mexico's transition toward a State-led electricity model centered on the Federal Electricity Commission (CFE).

The new provisions introduce a redefined framework for State participation, private sector collaboration, and newly regulated activities such as energy storage.

This regulatory update reinforces SENER's binding planning authority, strengthens CFE's role in generation and mixed-development projects, and establishes streamlined permitting procedures for self-supply and distributed generation.

KEY LEGAL HIGHLIGHTS

1. State Participation

- (a) A formal methodology will be issued annually (each February) to calculate State participation in generation:
State Participation = (Electricity injected by CFE and State entities / Total generation) × 100.
- (b) The definition of "State-injected Energy" includes CFE, State-owned, and subnational generation and plants where the State has participation — a broad scope enabling CFE to reach its 54% threshold in generation activities.
- (c) Final methodology to be detailed through SENER administrative guidelines.

2. Binding Planning and Strategic Projects

- (a) The Power Sector Development Plan, to be published each May (first edition: Q4 2025), becomes binding.
- (b) Private developers may submit projects for inclusion until publication of the plan.
- (c) Strategic projects designated by SENER will benefit from expedited permitting and potential financial support.

- (d) CENACE will publish maximum interconnection capacities to facilitate planning and investment transparency.

Key opportunity: Early engagement with SENER's planning cycle allows private players to position projects for inclusion in priority or strategic categories through 2030.

3. Self-Supply (*Autoconsumo*)

- (a) Energy may be supplied to the permit holder and members of a self-supply group within a private grid.
- (b) Simplified procedure for plants between 0.7 MW and 20 MW.
- (c) Projects under 20 MW are exempt from social-impact assessments.
- (d) CENACE to issue reliability criteria governing injection limits for interconnected self-supply projects.

This regime is more flexible than the prior isolated-supply structure, removing the former "Economic Interest Group" requirement and expediting small-scale renewable and captive-use projects.

4. Mixed-Development Structures

- (a) Project term capped at 30 years, allowing for full investment amortization.
- (b) Must ensure optimal economic, technical, and operational conditions for the National Electric System.
- (c) CFE participation of at least 54%, either through capital contributions, asset use, or joint-venture vehicles.
- (d) Infrastructure may be pledged as collateral, enhancing bankability.
- (e) CFE payments for energy and associated products commence only upon commercial operation, requiring lenders to carefully assess construction-phase risk.

This structure combines State participation with private efficiency, opening space for shared-control arrangements and long-term production contracts.

5. Energy Storage

- (a) Recognized as a new regulated activity.

- (b) Storage systems may participate in generation, commercialization, and grid services.
- (c) Standalone systems ≥ 0.7 MW require a storage permit from CNE.
- (d) In emergencies, CENACE may require full dispatch availability.
- (e) Storage modalities and service models will be detailed in forthcoming guidelines.

This provides long-awaited regulatory certainty for stand-alone and hybrid storage projects, supporting renewable integration and system reliability.

WHY IT MATTERS

The new regulatory landscape emphasizes State coordination with targeted private participation, reshaping investment dynamics in Mexico's power sector.

Investors and developers now face both challenges and new entry points — particularly in strategic projects, self-supply, and energy storage, where clear legal structuring will be key to long-term success.

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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 regime.

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