
CRE Simplifies Rules for Open Seasons and Capacity Assignments in Natural Gas Transportation and Storage.

by Carlos A. Chavez.

The Mexican Energy Regulatory Commission (“CRE”), published in the Federal Official Gazette on August 28, 2018, amendments to the General Administrative Regulations on Natural Gas Open Access and Pipeline Transportation and Storage Services (the “Natural Gas Open Access Rules”).

Through this amendments, the CRE simplified the Natural Gas Open Access Rules, which are mandatory for all permit-holders for natural gas transportation and storage activities, by: (i) reducing the procedures, periods, costs and requirements for carrying out the open seasons required as a part of the open access obligation; and (ii) clarifying the applicable rules for the secondary capacity market. These changes are being enacted with the intention of nurturing a more efficient and competitive natural gas market.

By listening to the comments shared by the natural gas transportation and storage permit-holders, the integrated systems’ agents, as well as by the users of such systems and infrastructure, the CRE decreed relevant changes to the regulations, standing out the following:

- The scenarios where an open season process shall be mandatory have been reduced;
- The CRE shall review, as a part of the General Terms and Conditions of Service (TCPS) that all permit-holders must submit, a model of an open season process, which may be replicated each time that available capacity will be offered by the permit-holder;
- An open season shall not be required in order to allocate capacity remaining from a previous one;
- The publicity of the open season process is considerably increased, requiring local and national newspapers’ listings, as well as a publication in the CRE’s website, with a special focus on bringing transparency to the relevant tariffs and methodologies of the process;
- Two types of capacity assignments or releases are defined and regulated: permanent and temporary, abolishing the former distinction and set of rules for temporary assignments lasting less or more than six months;
- Users may now freely and bilaterally agree upon the conditions that shall apply for the capacity assignments executed between themselves, but the agreed rate shall continue to be paid to the permit-holder;
- Certain information related to the capacity assignment shall be published in the Electronic Bulletin by the transportation or storage permit-holders.

These changes are now effective and will certainly be welcomed by the still-young Mexican natural gas market, as they will remove bureaucratic and legal hurdles that will allow the market to function in accordance with international best practices, which may lead to a better exploitation and development of the growing Mexican midstream infrastructure.

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