
CFE publishes the tendering rules to build natural gas-fueled power plants in Mexico

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On late April 2021, Comisión Federal de Electricidad (“CFE”), Mexico’s Productive Company of the State in the electricity sector, published the tendering rules for the construction of the following natural gas-fueled power plants: CCC González Ortega (Baja California), CCC Mérida (Yucatán), CCC Tuxpan (Veracruz) and CCC San Luis Rio Colorado (Sonora). The tendering rules contemplate a lump sum turnkey contractual scheme to undertake these projects.

These public tenders are part of the six priority projects announced earlier this year by CFE, with the purpose of adding 4,322MW of generation installed capacity. According to CFE, the performance of the projects will result in an investment of approximately 3 billion dollars.

This document contains some general information of the four public tenders and a quick overview of the contractual scheme devised by CFE for their implementation.



General information of the public tenders

On April 23, 2021, CFE published the tendering rules for the construction of four natural gas-fueled power plants located in the States of Baja California, Yucatán, Veracruz and Sonora. Among the most relevant contractual aspects of the projects, we would like to highlight the following:

- The works shall be performed under a lump sum turnkey basis and include the construction, design, engineering, procurement, erection, completion, testing, start-up and commercial operation of the power plant.
- Following the common practices for this type of projects and tenders, the participating bidders shall provide within their offers a guaranteed capacity and a guaranteed heat rate, among other technical specifications.
- Companies may participate in the tendering process through a consortium, in which case, they shall be held jointly and severally liable for the performance of the contract.
- Contractors shall comply with certain national content rate, which shall be offered together with the bid.
- The contractor shall undertake the interconnection process of the power plants.
- Unlike the previous projects known as PIDIREGAS, CFE shall pay the works upon the completion of the milestones set forth in the contract.
- Contractors shall provide the guarantees to secure the down payment, the performance of the works and latent defects.
- The tendering rules contemplate the term of each contract, which shall in turn correspond to the maximum period granted to perform the works.
- Failing to perform the works within the specified term shall accrue liquidated damages, which are capped to 10% of the contract price. The liquidated damages accrued in the event of default of the guaranteed values are capped to 20% of the contract price.
- The fuel to undertake the performance tests shall be supplied by CFE, provided that the contractor gives a prior notice within the term set forth in the contract.
- The contracts shall be governed by Mexican Law and disputes shall be submitted to arbitration conducted by the International Chamber of Commerce.



The schedule of each tendering process is as follows:

	Gonzalez Ortega	Merida	Tuxpan	San Luis Rio Colorado
Tendering process No.	CFE-0001-CASAA-0002-2021	CFE-0001-CASAA-0003-2021	CFE-0001-CASAA-0004-2021	CFE-0001-CASAA-0005-2021
Site visit	April 27, 2021	May 4, 2021	May 6, 2021	May 13, 2021
1 st Q&A	May 6, 2021	May 25, 2021	June 4, 2021	June 15, 2021
2 nd Q&A	May 18, 2021	June 22, 2021	June 29, 2021	July 20, 2021
Submission of bids	June 23, 2021	July 14, 2021	August 4, 2021	August 25, 2021
Award	July 13, 2021	August 3, 2021	August 24, 2021	September 14, 2021
Execution of the Contract	July 28, 2021	August 18, 2021	September 8, 2021	September 29, 2021
Contract term	24 months	31 months	30 months	29 months

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