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## Mexico's AMLO seeks constitutional change to electricity laws

By Max de Haldevang, Maya Averbuch and Amy Stillman / Bloomberg News

MEXICO CITY

Petroleumworld 10 01 2021

Mexican President Andres Manuel Lopez Obrador has sought to clamp down on private competition to state-owned companies, saying in October he intends to protect the interests of state oil producer Petroleos Mexicanos and electricity firm Comision Federal de Electricidad. At the time, he accused foreign companies of ransacking the country.

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Andres Manuel Lopez Obrador has presented a constitutional amendment favoring the state-owned power utility over private companies after a similar reform was partially suspended by the courts.

The bill will give 54% of the power market to Comision Federal de Electricidad, which will also absorb the regulator that manages the power grid. In addition, lithium extraction will be limited to the government, except for a few contracts that have already been signed.

“We have to have control of energy prices so that people’s finances aren’t affected and this means strengthening public companies,” Lopez Obrador said at his daily press briefing on Friday. “The previous policy was to strengthen private companies which had the goal of profit, especially foreign companies which were taking possession of the whole market.”

Changing the constitution is seen as a major blow to the nascent private energy sector after Mexico’s historic 2013-2014 energy opening, which ended more than 75 years of oil nationalism in the country. Since taking power in late 2018, the president has vowed to dial back the reforms of his predecessor and prioritize the country’s embattled state-run companies Petroleos Mexicanos and CFE, as the state utility is known.

Self-Supply Contracts

The president's bill eliminates self-supply contracts that allow companies to generate electricity for the grid, and prohibits new contracts to explore or produce lithium. The regulator that will be absorbed into the state utility is known as Cenace and was created under AMLO's predecessor's energy reform to manage the wholesale electricity market.

Once the bill is voted on by the lower house, it would be taken up by the senate and would need to pass a majority of state legislatures to go into effect. The president's Morena party and its allies have a majority in both houses, but they would need to gather support from outside the coalition to gain two-thirds of the vote in order to pass a constitutional amendment.

### Mexico's AMLO Reiterates He'll Present Power Reform This Month

AMLO, as the president is known, passed a similar bill into law without changing the constitution earlier this year but it has faced several court battles since its approval in March, and some injunctions filed by private companies remain in effect. It has also come under criticism from the competition watchdog Cofece, which said that the measures were anti-competitive.

### Heal the Damage

"Under neoliberalism they started a policy of pillage, of plunder, and foreigners came and thought Mexico was a land of conquest and they plundered us like in the colonial era," Lopez Obrador said. "All that has now ended, and we are seeking to heal the damage that was caused by the so-called energy reform."

The March electricity law gives priority to CFE's hydroelectric plants and other government facilities in dispatching electricity, at the expense of privately-owned solar and wind farms. It also removes CFE's obligation to buy electricity through auctions and calls on the energy regulator to revoke self-supply permits that don't meet certain conditions.

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