

Amendment to the Ruling No. A/049/2017 regarding the construction of the “own needs” concept provided under article 22 of the Power Industry Law

Mexico City, January 3, 2022

RULING FROM THE MEXICAN ENERGY REGULATORY COMMISSION THAT MODIFIES THE RULING NO. A/049/2017 PURSUANT TO WHICH THE CONSTRUCTION CRITERIA OF THE TERM OF “OWN NEEDS”, PROVIDED UNDER ARTICLE 22 OF THE POWER INDUSTRY LAW IS ISSUED, AND WHEREBY THE GENERAL CONSIDERATIONS APPLICABLE TO THE ISOLATED SUPPLY ACTIVITY ARE DESCRIBED

On December 31, 2021, the Energy Regulatory Commission (*Comisión Reguladora de Energía*, “CRE”) published on the Federal Official Gazette (*Diario Oficial de la Federación*) the Ruling No. A/037/2021 (the “New Criteria”) which amends the Ruling no. A/049/2017 pursuant to which the construction criteria of the concept of “own needs”, provided under article 22 of the Power Industry Law (“LIE”) is updated, and whereby the general considerations applicable to the isolated supply activity are described (the “Original Criteria”), substantially amending some of the items regulated by the Original Criteria, including the following items *(i)* amending the definition of the term “Economic Interest Group” (*Grupo de Interés Económico*); *(ii)* establishing a limit to the installed capacity of the Power Plant operating under the isolated supply regime based on the demand of the Load Points served by such Power Plants; *(iii)* eliminating the “local generation” scheme; *(iv)* amending the conditions applicable for the injection and sale of surplus; *(v)* prohibiting the Power Plants and/or Load Points operating under the isolated supply scheme, with or without interconnection to the National Electric System (*Sistema Eléctrico Nacional*) to coexist with Power Plants included in Grandfathered Interconnection Agreements (*Contratos de Interconexión Legados*); and *(vi)* eliminating the examples of business schemes for isolated supply set forth in the Original Criteria, including the possibility for the holders of the applicable power generation permits under the isolated supply regime, to enter into agreements for the financing, installation, operation and/or maintenance of the generation facilities of the relevant Power Plants.

Attached hereto as Exhibit 1 please find a comparative table between the Original Criteria and the New Criteria.

1. GENERAL BACKGROUND

Pursuant to article 22 of the LIE, isolated supply (*abasto aislado*) is defined as the generation or import of power for the satisfaction of “own needs” or for its exportation, without transmitting power through the National Transmission Grid (*Red Nacional de Transmisión*, “RNT”) or the General Distributions Grids (*Redes Generales de Distribución*, “RGD”) (that is, through Private Transmission Lines (*Redes Particulares*)), in the understanding that, the Power Plants may allocate all or a portion of their energy production to isolated supply.

Additionally, article 23 of the LIE provides that the Power Plants that allocate some of their production to isolated supply may be interconnected to the RNT or the RGD for the sale of surplus and purchase of any shortfalls that may result from their operation in their capacity as Generator or Exempt Generator (*Generador Exento*), as long as, among others, they comply with the Market Rules (*Reglas del Mercado*) and other applicable provisions.

Given that the concept of “Own Needs” was not fully developed under the LIE nor under its Regulations, CRE issued the Original Criteria, which included, among others, the following concepts:

- Economic Interest Group. A group of people, either individuals or corporations, which have associated commercial and financial interests, and that coordinate their activities to achieve a determined common purpose. Likewise, some criteria were clarified in order to determine that a Group of Economic Interest existed for purposes of “own needs” and, accordingly, for purposes of isolated supply.
- Local Generation. The concept of Local Generation was introduced, which refers to the generation or import of power for the satisfaction of the demand of one or several End Users (*Usuarios Finales*), regardless of whether they belong or not to the same Economic Interest Group, either directly as Qualified Users Participating in the Market (*Usuarios Calificados Participantes del Mercado*) or by means of the representation of a Qualified Supplier (*Suministrador de Servicios Calificados*); expanding the concept utilized by the isolated supply scheme.
- Sale of Surplus. Continuing with the terms provided under article 23 of the LIE, the Original Criteria establishes that Power Plants that allocate some of their production to isolated supply may be interconnected to the RNT or the RGD for the sale of surplus or the purchase of shortfalls through the Wholesale Energy Market (*Mercado Eléctrico Mayorista*).



- Coexistence. Establishes a scenario of coexistence between schemes under the LIE and the Power Public Service Law (*Ley del Servicio Público de Energía Eléctrica*), providing that when certain Load Points connected through a Private Transmission Line to a Power Plant with capacity included in both a Grandfathered Interconnection Agreement and registered with a Generator (under the LIE), such Load Points shall have independent metering so that the power consumptions may be registered separately.
- Business Schemes. The Original Criteria includes several business schemes that may be implemented by the holders of the power generation permits under the isolated supply regime and the End Users, which included the execution of different agreements for the financing, installing, maintenance and operation, among others, of the required infrastructure to generate power and delivering such power to the Load Points.

2. NEW CRITERIA

The purpose of the New Criteria, pursuant to the text thereunder, is to amend the Original Criteria to avoid the consequences of a broader interpretation that affects the equitable allocation of costs, to protect the interests of the End Users and to address the reliability, stability and security of the supply and the rendering of services.

The New Criteria, mainly, sets forth the following modifications:

- a. The definition of Economic Interest Group is amended in order to provide that such concept shall refer to the group of people, either individuals or corporations, organized under schemes of direct or indirect participation in the capital stock (i) **as long as the corporations qualify as entities that produce and/or market goods or provide services**, and (ii) under which a same company retains the control of such entities, therefore, eliminating schemes under which a joint venture could be arranged or whereby a consortium could be created in order to structure isolated supply schemes, discouraging the financing and development of isolated supply projects.
- b. The scheme of Local Generation introduced by the Original Criteria is eliminated given that it was not originally included in the LIE nor in its Regulations. Consequently, only isolated supply projects may be structured for the satisfaction of the own needs, that is, that the energy shall be consumed, essentially, by the Load Points of the same person, either an individual or a corporation, or by a group of entities that belong to the same Economic Interest Group (as amended pursuant to the terms described in section a. above).

- c. Section 4.1 of the Original Criteria is amended in order to limit the sale of the surplus power generated by the Power Plants that allocate some of their production to isolated supply. As per the New Criteria, the Installed Capacity of a Power Plant designed under the isolated supply scheme shall be limited so that the such capacity is equal to or less than the maximum demand of the Load Points included in the isolated supply scheme, that is, the installed capacity of the Power Plant shall not be higher than the maximum demand of the supplied Load Points. Additionally, the New Criteria provides that when a Power Plant does not allocate some of its capacity to supply the demand of the Load Points or such demand equals zero, the Power Plant may not inject energy to the National Electric System.
- d. The possibility of the Load Points to receive power from both Power Plants with capacity included in a Grandfathered Interconnection Agreement as well as from a Power Plant of a Generator under the isolated supply scheme under the LIE is eliminated.
- e. The business schemes pursuant to which the execution of agreements with one or several third parties for the conduction of activities such as the financing, installing, maintenance, management and operation of the required infrastructure to generate power and delivering such power to the Load Points, are eliminated. Such business schemes included the possibility of creating of a generation company that may or may not be the owner of the plant, which operated the assets.

In such regard, it is important to highlight that the third Resolution of the New Criteria, provides that such criteria will come into force the day after its publication in the Federal Official Gazette and, therefore, "***it shall be applicable to the power generation permit requests that are filed after such date***". The later seems to imply that the changes set forth in the New Criteria will not be retroactively enforced in prejudice of the individuals/entities that have already obtained power generation permits for Power Plants under isolated supply regime and that have invested in such projects considering such permits.

3. LEGAL ACTIONS

We consider that, among others, the following arguments may be presented against the New Criteria through legal actions and within the terms set forth below:

1. Violation of the principles of law-reservation (*reserva de ley*) and hierarchic subordination (*subordinación jerárquica*), that are derived from article 133 of the Mexican Federal Constitution, as the New Criteria constitutes an administrative resolution of a lower hierarchy than the laws it arose from, and as such, it shall not establish more limits or

prohibitions to the individuals/entities that are not expressly included in the norms of higher hierarchy.

2. The New Criteria contravenes the following articles of the LIE:

- a. Violates the content of article 19, which provides that the Generators may conduct the marketing activities provided in article 45 of the LIE (that is, to sell their products in the Wholesale Energy Market), except for the provision of Power Supply (*Suministro Eléctrico*), as it unlawfully limits the sale of surplus in the Wholesale Energy Market.
 - b. Contravenes the content of articles 22 and 23, which provide that the Power Plants may allocate all or a portion of its production to isolated supply, that is, allow Power Plants to have a higher installed capacity than the Load Points served by a Private Transmission Line and to sell such surplus through agreements or transactions in the Wholesale Energy Market.
3. Infringement of the free competition principle set forth in the Mexican Federal Constitution and the LIE regarding the power generation activities, considering that, if an individual/entity may obtain a power generation permit from the CRE and be interconnected to the RNT or the RGD to sell its complete energy production in the Wholesale Energy Market, then, there should not be a limit for an individual/entity to obtain a power generation permit, build a Power Plant with an installed capacity that it deemed convenient and allocated only some of its output (given that the LIE does not provide a limit to such capacity) to serve the own needs of an End User that belongs to the same Economic Interest Group by means of isolated supply.

Furthermore, limiting the possibility of the Power Plants operating under the isolated supply scheme and interconnected to the National Electric System to sell their surplus, prevents new participants from offering their energy production and associated products in the Wholesale Energy Market (consolidating the position of the Federal Electricity Commission (*Comisión Federal de Electricidad*) in the market of other generators).

4. Violation of the free competition principle set forth in the Mexican Federal Constitution and the LIE regarding the power supply activities given that the amendments to the Economic Interest Group, the establishment of limits of the installed capacity of the Power Plants under the isolated supply regime and the elimination of the applicable business schemes intend to, implicitly, prevent the End Users to have access to more economic or a more environmental-friendly power supply through contracts with third parties who

finance, install and/or operate power generation facilities that serve the Load Points of such End Users (in the understanding that CRE does not have the legal authority to restrain any individual/entity's right to enter into agreements of civil or mercantile nature for the construction or operation of facilities, much less throughout an "interpretation criteria"). The later, clearly intends to, *de facto*, keep the End Users captive with the Basic Service Supplier (*Suministrador de Servicios Básicos*); and

5. Violation of the open and not unduly discriminatory access to the grid principle set forth in the Mexican Federal Constitution (provided in the transitory articles of the Energy Constitutional Reform of 2013) and the LIE, given that the limitations in the sale of power surplus set forth in the New Criteria constitute, materially, an unlawful restriction for the Power Plants in isolated supply scheme that intend to allocate their surplus to the sale thereof to the Wholesale Energy Market, specially given that such Generators in isolated supply scheme with interconnection to the RNT or the RGD, opposite to the recitals included in the New Criteria, already pay regulated tariffs and any other applicable regulated costs within and outside of the market, and they are already obliged to comply with the applicable dispositions in matters of reliability of the National Electric System as a result of their interconnection to such system.

4. DEFENSE MECHANISMS

We consider that the New Criteria may be challenged through any of the following defense mechanisms:

A. Indirect amparo proceeding

Before the District Courts for Administrative Matters Specialized in Antitrust, Broadcasting and Telecommunications, as some of the legal arguments relate to the contravention of the rights of free competition and free concurrence, within the **30 business days** following the date in which the New Criteria becomes enforceable, if the New Criteria is considered as self-enforcing norm (*norma autoaplicativa*, that is, that it affects the individuals and companies that request isolated supply generation permits after the date in which it comes into force), or else, within **15 business days** after the notice or after the date in which the plaintiff knew of the first enforcement action of the New Criteria in its prejudice if it is considered as *heteroaplicativo* (that is, that requires for a concrete enforcement action that affects the interest of the applicant and/or permit holder).

We suggest filing the *amparo* proceeding as if the New Criteria was self-enforcing, especially for those applicants that file their isolated supply permits request after the entry into force of the

New Criteria, that is, the day after the publication of the New Criteria in the Federal Official Gazette. The aforementioned considering that, the Third Resolution of the New Criteria, expressly provides that the same will be applicable to the Generation Permit requests filed after the New Criteria.

In such proceeding, the plaintiff may request a suspension in order to prevent the New Criteria to be applied to the plaintiff during the course of the *amparo* proceeding. However, given that such suspension would be requested in the context of “new” Generation Permit requests, it seems complicated for the applicable judge to grant such suspension as it would have constitutive effects (*efectos constitutivos*).

B. Federal Administrative Dispute (Juicio contencioso administrativo)

Before the Specialized Chamber for Environmental and Regulatory Matters of the Federal Administrative Justice Tribunal (*Sala Especializada en Materia Ambiental y de Regulación del Tribunal Federal de Justicia Administrativa*), within the 30 business days after the date in which the New Criteria came into force or after which a concrete enforcement action against the plaintiff has been notified.

In such proceeding, the plaintiff may also request a suspension for the purposes described above and the same arguments described above would be presented with a legality approach, as well as other constitutional arguments requesting the Tribunal to exercise the constitutional review (*control difuso de constitucionalidad*) regarding the New Criteria.

5. CONCLUSIONS

The New Criteria represents a material change in the interpretation of the current regulations that will adversely and substantially affect the rights of the new isolated supply permit holders. In such regard, the effects and technical, financial and legal consequences of the enforcement of such resolution, as well as the possible arguments and possible defenses for the affected parties will require an individualized and detailed assessment for each specific project.

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Exhibit 1

Reference / Mater	Original Criteria	New Criteria
1.1 Purpose	This document intends to clarify the scope of the concept of “own needs” established in article 22 of the Power Industry Law (LIE), as well as to describe the general applicable considerations to the activity of Isolated Supply.	This document intends to clarify the scope of the concept of “own needs” established in article 22 of the Power Industry Law (LIE), to describe the general applicable considerations to the activity of Isolated Supply, <u>as well as the conditions for the sale of surplus and the purchase of shortfalls that result from the operation of the Power Plants in the Isolated Supply scheme pursuant to article 23 of the LIE and for the purchase of power and Associated Products, in the modality of Basic User (<i>Usuario de Suministro Básico</i>), Qualified User (<i>Usuario de Suministro Calificado</i>) or Qualified Users Participating in the Market pursuant to article 24 of the LIE.</u>
1.3 Definition of Local Charge of the Grandfathered Interconnection Agreement	Local Charge of the Grandfathered Interconnection Agreement: Each of the facilities included in a Grandfathered Interconnection Agreement (<i>Contrato de Interconexión Legado</i> , CIL), owned by the Permit Holder or any of its Shareholders, that receives power directly from the Power Plant included in that same CIL, without transmitting power to the National Transmission Grid (<i>Red Nacional de Transmisión</i> , RNT) or the General Distribution Grids (<i>Redes Generales de</i>	Local Charge of the Grandfathered Interconnection Agreement: Repealed.



Reference / Mater	Original Criteria	New Criteria
	<i>Distribución, RGD), and that may receive power from the National Electric System (Sistema Eléctrico Nacional, SEN) through the interconnection point.</i>	
1.3 Definition of Net Installed Capacity	N/A	Net Installed Capacity (<i>Capacidad Instalada Neta</i>): [The] capacity that results from subtracting from the Installed Capacity of a Power Plant, the capacity allocated to own needs, and that the Applicant shall represent and warrant to deliver in the applicable Request to the National Transmission Grid and to the General Distribution Grids; for Isolated Supply projects it shall be considered the Installed Capacity of a Power Plant subtracting the capacity allocated to own needs without considering the supplied local charge; such capacity shall be less than the Installed Capacity.
1.3 Definition of Installed Capacity	N/A	Installed Capacity (<i>Capacidad Instalada</i>): The amount of power that a Power Plant or Demand Response Resource (<i>Recurso de Demanda Controlable</i>) are designed to produce or to stop consuming, also known as nameplate capacity, which shall be backed by the defined capacity set forth in the Generation Permit of the CRE.
1.3. Definition of Economic Interest Group	Economic Interest Group: Group of people, either individuals or corporations, <u>which have associated commercial and financial interests, and that coordinate their activities to achieve a determined common purpose.</u>	Economic Interest Group: Group of people, either individuals or corporations, <u>organized under schemes of direct or indirect participation in the capital stock, as long as in such group, all the corporations qualify as entities that produce and/or market goods or render</u>



Reference / Mater	Original Criteria	New Criteria
		<p><u>services, in which a same company retain the control of such entities.</u></p> <p><u>It is deemed to exist control if an individual or entity has direct or indirect ownership of the majority of the shares, equity interest, contributions or titles in circulation with voting rights of the controlled company(ies).</u></p>
1.3 Definition of Generation Company (<i>Empresa de Generación</i>)	Generation Company: Individual or company that has an agreement with the holder of a power generation permit to conduct, including but not limited to, the financing, construction, maintenance, management, operation and expansion of the infrastructure of the Power Plant.	Generation Company: Repealed.
2.1 Own Needs	<p>By "own needs" it is understood the power generation consumed by the Load Points of one individual or Company, or, by the Load Points of a group thereof that belong to the same Group of Economic Interest.</p> <p>For purposes of the previous paragraph, it is deemed that the <i>de iure</i> control, as well as the associated interests and the coordination of</p>	<p>By "own needs" it is understood the generation <u>or the import</u> of power, consumed by the Load Points of one individual or Company, or, by the Load Points of a group thereof that belong to the same Group of Economic Interest, <u>or for its export, without transmitting such power through the National Transmission Grid or the General Distribution Grids.</u></p> <p>For purposes of the previous paragraph, it is deemed that the <i>de iure</i> control, as well as the associated interests and the coordination of activities can be demonstrated, and</p>



Reference / Mater	Original Criteria	New Criteria
	activities can be demonstrated, and therefore, an Economic Interest Group and <u>a single economic direction exist</u> , when one of the following criteria or combined thereof are met: (...)	therefore, an Economic Interest Group exists, when one of the following criteria or combined thereof are met: (...)
2.2. Isolated Supply (third paragraph)	In such cases, the power generation permit holder shall be: a) the individual or the company that consumes the power; b) one of the persons that comprise the economic interest group; or, <u>c) the generator, when it belongs to the same economic interest group.</u> <u>In the Isolated Supply, the holder of the generation permit may enter into agreements with one or several third parties to conduct, among others, the financing, construction, maintenance, management, operation, expansion, update, surveillance, and conservation of the required infrastructure to generate power and delivering such power to the Load Points.</u>	In such cases, the power generation permit holder shall be: a) the individual or the company that consumes the power; <u>or</u> b) one of the persons that comprise the economic interest group; <u>or c) Repealed.</u> [...] Repealed
2.3 [Local Generation]	2.3. Local Generation	2.3. [Repealed]



Reference / Mater	Original Criteria	New Criteria
	<p>Local Generation refers to the generation or import of power for the demand satisfaction of one or several End Users, which may or may not belong to the same Economic Interest Group, or for its export, without transmitting such power through the RNT or the RGD.</p> <p>Similarly to Isolated Supply, the Local Generation facilities may or may not be interconnected or connected, as applicable, either temporarily or permanently, to the RNT or the RGD for the sale of surplus or the purchase of shortfalls of power and Associated Products through the interconnection or connection point.</p> <p>Local Generation does not constitute a new modality in the holding of power generation permits granted by the Commission [CRE], or else, in the ownership of a Market Participant agreement that represents power plants in the Wholesale Energy Market.</p>	
3. General Considerations for the Isolated Supply [and Local Generation] set	3. General considerations for the Isolated Supply and Local Generation set forth in the applicable current provisions that require clarification.	3. General considerations for the Isolated Supply set forth in the applicable current provisions that require clarification.



Reference / Mater	Original Criteria	New Criteria
forth in the applicable current provisions that require clarification.	<p>The Power Plants <u>that allocate some of their production to Isolated Supply may be interconnected to the RNT or the RGD</u> for the sale of surplus or the purchase of shortfalls and shall be subject to the Market Rules and other applicable provisions.</p> <p>When in the Isolated Supply or the Local Generation with interconnection to the SEN, the Power Plants included in the generation permit have the possibility to inject power in the interconnection point, they may file Financial Bilateral Transactions to CENACE through the applicable Market Participant, within the terms applicable to the first issuance of the market's statements, so that the power injected is included in the calculations of the power billed through the Wholesale Energy Market.</p> <p>Except as otherwise provided herein, Local Generation shall be subject to the same Market Rules and other applicable provisions to which Isolated Supply is subject, regarding the following:</p> <p>Interconnection and connection agreements;</p>	<p>The Power Plants <u>and Load Points</u> in Isolated Supply <u>with interconnection or connection to the National Electric System</u> for the sale of surplus or the purchase of shortfalls <u>and the Market Participants who represent them</u> shall be subject to the Market Rules and other applicable provisions.</p> <p>[...] Repealed</p> <p>[...] Repealed</p>

Reference / Mater	Original Criteria	New Criteria
	<p>Representation of Power Plants; Representation of Load Points; Participation in the WEM; Settlements and re-settlements; Register and Certification as Market Participants; Metering; Debts and credits, and Guarantees.</p> <p>Except as otherwise provided herein, the clarifications set forth in this document regarding the applicable provisions of Isolated Supply shall be equally applied to Local Generation.</p>	<p>[...] Repealed</p>
3.1. Debts and credits within the Energy Market	<p>The debts and credits of power and the services in Isolated Supply <u>and Local Generation,</u> within the Wholesale Energy Market, shall be billed to the Market Participant regarding the total generation or the total demand measured in the active interconnection or connection point in the RNT or the RGD, excluding the generation and demand within the Private Transmission Line which is not deemed a transaction in the Wholesale Energy Market <u>and including in the load points the losses in the Private Transmission Line.</u></p>	<p>The debts and credits of power and the services in Isolated Supply, within the Wholesale Energy Market, shall be billed to the Market Participant regarding the total generation or the total demand measured in the active interconnection or connection point in the National Transmission Grid and to the General Distribution Grids, excluding the generation and demand within the Private Transmission Line which is not deemed a transaction in the Wholesale Energy Market.</p>



Reference / Mater	Original Criteria	New Criteria
		<p><u>The Market Participants that represent assets of Isolated Supply that operate with interconnection or connection to the National Electric System shall pay all the services based on the Wholesale Energy Market and out of said market that may be applicable, based on the individual injections and withdrawals of each Power Plant and Load Point.</u></p>
3.2. Guarantees	<p>3.2 Guarantees.</p> <p>The Market Participants that represent both the Power Plant and the Load Point in Isolated Supply, shall file the guarantees for the payment obligation that they assume regarding their participation and the transactions that they carry out in the Wholesale Energy Market in accordance with the provisions set forth in the <u>applicable Market Practice Manual</u>, based on the total generation or demand metered at the active interconnection or connection point to the RGT or the RGD, excluding the generation and demand within the Private Transmission Line which is not deemed a transaction in the Wholesale Energy Market.</p> <p>The applicants for interconnection of the Power Plants or connection of the Load Points in</p>	<p>3.2. Guarantees <u>and other applicable provisions</u></p> <p>The Market Participants that represent both the Power Plant and the Load Point in Isolated Supply, shall present the guarantees for the payment obligation that they assume regarding their participation and the transactions that they carry out in the Wholesale Energy Market in accordance with the provisions set forth in the <u>Guarantee Compliance Manual</u> (<i>Manual de Garantías de Cumplimiento</i>) <u>or the instrument that supersedes it</u>, based on the total generation or the total demand metered at the active interconnection or connection point to the RNT or the RGD, excluding the generation and demand within the Private Transmission Line which is not deemed a transaction in the Wholesale Energy Market.</p> <p>The applicants for interconnection of the Power Plants or connection of the Load Points in Isolated Supply <u>shall</u></p>



Reference / Mater	Original Criteria	New Criteria
	<p>Isolated Supply, <u>regarding the filing of the guarantees established in the Criteria by means of which the specific characteristics of the required infrastructure</u> for the Interconnection of the Power Plants and Connection of the Load <u>Point or the Market Practice Manual or the general administrative rules that supersedes them, shall only file the guarantee that corresponds to the higher capacity between the Power Plant and the Load Point, regardless if it is an interconnection or connection request.</u></p>	<p><u>comply with the provisions set forth in the Manual for the Interconnection of Power Plants and Connection of Load Points</u> (<i>Manual para la Interconexión de Centrales Eléctricas y Conexión de Centros de Carga</i>) <u>or the instruments that supersedes it.</u></p>
<p>3.3 Power Plants with capacity included in a Grandfathered Interconnection Agreement and with capacity registered with a Generator</p>	<p>When several Load Points are connected through a Private Transmission Line to a Power Plant with capacity included in a CIL as well as with a Generator, the Load Points shall have independent metering, or, comply with the provisions set forth in section 4.4.4 of the Manual for Registration and Certification as Market Participants (<i>Manual de Registro y Acreditación de Participantes del Mercado</i>), so that the power consumptions may be registered separately and, therefore, determined both the Load Points allocated to the capacity of the</p>	<p>The Power Plants and Load Points in Isolated Supply, with or without interconnection or connection to the National Electric System, <u>may not coexist with Power Plants included in a Grandfathered Interconnection Agreement.</u></p>



Reference / Mater	Original Criteria	New Criteria
	Power Plant included in a CIL, as well as the Load Points allocated to the Supplier, corresponding to the capacity of the Generator.	
4.1	<p><u>4.1. Representation of Load Points and participation in the Wholesale Energy Market.</u></p> <p>In the Local Generation cases, the power delivered by the Power Plant to the Load Points may be acquired by them when they are Qualified Users Participating in the Market or, in other cases, through the representation of a Qualified Services Supplier. Such delivery of power is not deemed a transaction in the Wholesale Energy Market.</p>	<p><u>4.1 Capacity of the Power Plants in Isolated Supply and participation in the Wholesale Energy Market</u></p> <p>The Power Plants in Isolated Supply shall comply with the following:</p> <ol style="list-style-type: none"> 1. The Net Installed Capacity of the Power Plant shall be equal or less than de maximum demand of the Load Points that are included in the Isolated Supply scheme for the satisfaction of their own needs. 2. When the Power Plant does not allocate some of its Capacity to satisfy the demand of the Load Points, or if the Demand of the Load Points equals zero, the Power Plant may not inject power to the National Electric System as no surplus exist derived from its operation pursuant to the provisions set forth in article 23 of the Power Industry Law. In order to ensure that no power will be injected in the interconnection point, it will be required to install a protection device of inverse power or low consumption device. In such scenario, when power is injected, such power will not be accounted to the Market Participant that represents the Power Plant in Isolated Supply, for which the



Reference / Mater	Original Criteria	New Criteria
		interconnection agreements will foresee that the permit holder expressly waives to the compensation for such injected power.
4.2. Debts and credits outside of the Wholesale Energy Market	The power in Isolated Supply <u>or Local Generation</u> and services outside of the Wholesale Energy Market, including the transmission and distribution tariffs, shall be charged or accounted based on the injections and withdrawals in the interconnection point, <u>for which it shall include, in addition to the measure of the generation and demand, the measure in the interconnection point.</u>	The power in Isolated Supply and services outside of the Wholesale Energy Market, including the transmission and distribution tariffs, shall be charged or accounted based on the injections and withdrawals in the interconnection <u>and connection</u> point.
4.3 Isolated Supply [or Local Generation] without power injection	<p>4.3 Isolated Supply <u>or Local Generation</u> without power injection</p> <p>N/A</p> <p>When in the Isolated Supply <u>or Local Generation</u> with interconnection to the SEN, the Power Plants <u>that are included in the generation permit</u> have the required infrastructure to ensure that no power will be injected, the representation by a Market</p>	<p>4.3 Isolated Supply without power injection</p> <p><u>The Power Plants and Load Points in Isolated Supply are except of the register and representation by Market Participants only if the Private Transmission Line does not have interconnection or connection to the National Electric System.</u></p> <p>When in the Isolated Supply with interconnection to the National Electric System, the Power Plants have the required infrastructure to ensure that no power will be injected, the representation by a Market Participant in the modality of Generator <u>will still be required, as well as the</u></p>

Reference / Mater	Original Criteria	New Criteria
	Participant in the modality of Generator <u>will not be required.</u> (...)	<u>compliance with the Market Rules and other applicable provisions.</u> (...)
4.4. Isolated Supply [or Local Generation] with limited power injection	4.4. Isolated Supply <u>or Local Generation</u> with limited power injection When in the Isolated Supply <u>or Local Generation</u> with interconnection to the SEN, the Power Plants <u>that are included in the generation permit</u> that have the possibility to limit the injection of power, will require the representation of a Market Participant. (...)	4.4. Isolated Supply with limited power injection When in the Isolated Supply with interconnection to the SEN, the Power Plants have the possibility to limit the injection of power, will require the representation of a Market Participant. (...)
5. Business Schemes	5. Business Schemes When the Private Transmission Line operates with interconnection or connection the SEN, the power generation permit holders and the End Users that are served by the Isolated Supply or Local Generation may, among others, implement the business schemes, that are schematically described in Exhibit 1, in the understanding that the provisions set forth in this Criteria, the	5. Repealed



Reference / Mater	Original Criteria	New Criteria
	Market Rules, the Power Industry Law and other applicable provisions shall at all times apply.	