

CFE publishes Guidelines for Mixed Development Schemes

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On January 28, 2026, the Federal Electricity Commission (*Comisión Federal de Electricidad*, "CFE") published in the Federal Official Gazette (*Diario Oficial de Federación*) the "Guidelines for Mixed Development Schemes" (the "Guidelines"), in accordance with the provisions of the Electricity Sector Law (*Ley del Sector Eléctrico*, the "LSE") and the Law of the State Public Company, Federal Electricity Commission (*Ley de la Empresa Pública del Estado, Comisión Federal de Electricidad*)¹.

The Guidelines establish the regulatory framework applicable to the planning, structuring, approval and implementation of electric power generation projects developed under mixed development schemes (the "Mixed Projects") - Long-Term Production (*Producción de Largo Plazo*) and Mixed Investment (*Inversión Mixta*) - as well as the procedures for the selection of private parties participating in such projects.

Set forth below is a summary of the most relevant operational aspects of the Guidelines:

I. Governance of the Mixed Projects

- The approval of Mixed Projects rests with the CFE Board of Directors ("CACFE") and is subject, as a prior requirement, to the preparation of a "Support Document" by a newly created CFE body designated as the Mixed Development Group (*Grupo de Desarrollo Mixto*, "GDM"). The Support Document must consolidate the technical, economic, financial, environmental, social and legal elements required to assess the viability of the project.

Among the principal powers of the GDM are: determining the viability of Mixed Projects; submitting them for approval to CACFE; authorizing and recognizing certain preliminary expenditures incurred by CFE prior to project development that may be treated as part

¹ https://www.dof.gob.mx/nota_detalle.php?codigo=5778994&fecha=28/01/2026#gsc.tab=0.

of CFE's contribution to the project; defining the applicable mixed development scheme; and approving, prior to execution, the terms of the definitive contract or legal instrument.

- CFE's technical and operational areas will be responsible for preparing the relevant studies, the economic and financial model, and the Support Document, as well as for monitoring and verifying contractual compliance during the execution of Mixed Projects.

II. General rules for the structuring of Mixed Projects

a. *Project viability*

The Guidelines establish a series of general conditions that must be satisfied for the structuring and pre-approval of Mixed Projects, including the following:

- Mixed Projects must be aligned with the principles, criteria and binding planning instruments issued by the Ministry of Energy (*Secretaría de Energía, "SENER"*) and, where applicable, with the CFE Development Program (*Programa de Desarrollo de la CFE*), as well as comply with the guidelines, priorities and general policies issued by CACFE.
- Mixed Projects must be supported by a comprehensive economic-financial model demonstrating their viability and positive returns. In practical terms, such model must include, among other elements, economic assumptions, revenues, CAPEX, OPEX, taxes, financing costs (when applicable), cash flows, and profitability indicators such as NPV and IRR.
- Project costs and expenses may only be recovered through project revenues, while structuring costs must be covered through the financial scheme resulting from the Mixed Project itself. Payment structures must be based on performance or availability.
- Mixed Projects must demonstrate economic, environmental and social benefits, and contemplate the generation of operational synergies aimed at maximizing production, optimizing resources, reducing costs and improving financial profitability. Such synergies are intended to enhance efficiency and cost structures by maximizing electricity generation and associated products in regions sharing intermediate infrastructure, achieving performance levels superior to those of individual projects.
- Pursuant to the LSE, in Mixed Projects developed under the Mixed Investment scheme, CFE's participation may not be less than 54% of the common equity, and may be

implemented through capital and/or asset contributions, either directly or through CFE subsidiaries or trusts.

b. Structural, technical, operational and economic aspects

- The technical and operational evaluation of Mixed Projects must evidence their feasibility from a technical, operational and efficiency standpoint, ensuring compliance with the principles of Accessibility, Quality, Reliability, Continuity, Efficiency, Safety and Sustainability of the National Electric System (*Sistema Eléctrico Nacional*) and the Wholesale Electricity Market (*Mercado Eléctrico Mayorista*), as mandated by the LSE.
- The economic and financial evaluation of the Mixed Projects must be modeled based on available information, expected electricity generation and associated products, and available economic resources, using discounted cash flow methodologies or other applicable financial methods to identify indicators such as NPV, IRR and payback period.
- Payments under Mixed Projects may be structured through trusts, joint ventures, commercial companies or other legal or financial vehicles.
- The model contracts or legal instruments documenting Mixed Projects must be prepared by the relevant CFE contracting area with the support of competent internal areas and must receive approval from CFE's legal directorate.

III. Selection and award procedure

- As a general rule, the selection of private parties to develop Mixed Projects must be carried out through public bidding processes, and exceptionally through restricted invitations, competitive award processes (allowing technical interaction with participants), or direct awards.
- Selection procedures will be governed exclusively by the Guidelines and private law. The general CFE regulations applicable to acquisitions, leases, services and public works will not apply.
- The selection process will be conducted in accordance with the tender rules or request for proposal and may include, among other stages, the publication of the call and tender rules, site visits, clarifications and amendments, pre-qualification, submission and evaluation of proposals, award decision and execution of the definitive contract or legal instrument.



- The selection procedure for a Mixed Project may be carried out in connection with:
 - A specific project determined by CFE;
 - A requirement for generation capacity or technology in one or more regions;
 - A requirement for electricity storage capacity or associated products in one or more regions; or
 - A project originally developed under the Public Electric Energy Service Law that migrates to the LSE to operate as a Mixed Project.

- Notably, the Guidelines allow for subsequent proposals or, where applicable, a negotiation stage:
 - **Subsequent proposals:** bidders may improve their economic terms up to two times, without modifying technical, operational, execution or financial terms.
 - **Negotiation stage:** after proposal opening, CFE may request solvent bidders, on a single occasion and within no more than three business days, to improve economic terms without modifying tender specifications.

Negotiations are confidential, and participants may not disclose any technical, economic or other information related to the original proposals or the negotiation process.

- Finally, the Guidelines require that the selection procedure and contractual documentation be subject to the final testimony of a social witness (*Testigo Social*), who must participate throughout the process for transparency purposes.

IV. Contractual content and asset destination

- Mixed Projects must be implemented through a contract or legal instrument subject to prior approval by the GDM and the CFE Attorney General.
- Contracts for Mixed Projects developed under the Mixed Investment scheme must regulate, among other matters, the project purpose and term, legal structure and vehicle, capital contributions and financing mechanisms, rights and obligations of the parties, corporate governance regime, events of default, termination and early termination, and the allocation of risks during construction and operation.



- Contracts for Mixed Projects developed under the Long-Term Production scheme must comply with article 81 of the LSE Regulations, which, although framed as minimum content requirements, introduces substantive constraints on contractual and economic design, including, among others: the requirement that capacity payments be uniform and non-escalating; exclusivity obligations with respect to committed capacity and energy; the limitation of the contractual term to the validity of the generation permit; and specific rules regarding payment updates, termination, asset valuation and risk allocation upon early termination.
- In addition, the Guidelines require that contracts under both schemes address the destination of project assets upon contract expiration and the mechanism for their transfer. This is particularly relevant given that, under the LSE, only Long-Term Production projects are expressly contemplated as transferable to CFE upon contract expiration, unlike Mixed Investment projects.

V. Monitoring and termination of mixed projects

- The Guidelines establish a formal monitoring process overseen by the GDM, including the designation of a project supervisor (a CFE public servant with at least managerial rank), standardized monitoring formats (physical, financial and operational/economic), and periodic reporting to CFE's strategy and investment committees.
- In the event of deviations from originally committed indicators, CFE must identify and document root causes, their technical, operational, economic, financial and legal impacts, and corresponding mitigation, correction or prevention measures. For Mixed Investment projects, the economic and financial model must be kept updated throughout the project term as a monitoring tool.
- If, during the term of a Mixed Investment project, a termination or rescission event arises, a technical and economic-financial assessment must be conducted of at least the following alternatives:
 - Conducting a new selection procedure, preferably through restricted invitation or direct award, justifying the convenience for CFE or the State;
 - Direct execution or operation by CFE itself; or
 - Any other alternative determined by the GDM.

- For Long-Term Production projects, termination or rescission events will be addressed in accordance with the relevant contract, as the Guidelines do not provide a substitution or operational regime.

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