Galicia

Energy Update

Regulations of the Electric Sector Law

Mexico City, October 9, 2025

On October 3, 2025, the Regulations to the Electric Sector Law (the "Regulations") were published in the Federal Official Gazette. Their purpose is to clarify and detail provisions of the Electric Sector Law (*Ley del Sector Eléctrico*, "LSE") that mainly regulate the planning and operational control of the National Electric System (*Sistema Eléctrico Nacional*, "SEN"), as well as the generation, storage, and commercialization of electric power, and the public service of transmission and distribution of electric power. The Regulations took effect on October 4, 2025.

The Regulations develop concepts generally established in the LSE and address some of the questions that arose after the LSE became effective on March 19, 2025. Positively, unlike what occurred in the previous administration, in drafting the Regulations the Ministry of Energy (*Secretaría de Energía*, "SENER") maintained an open communication process with various participants in the electric sector in Mexico, including representatives of the private sector. As a result, the provisions of the Regulations reflect some of the concerns that had been raised regarding the LSE's content. However, there remains a considerable number of matters that the Regulations provide will be further regulated by administrative provisions, criteria, and guidelines to be issued by both SENER and the new National Energy Commission (*Comisión Nacional de Energía*, "CNE").

EXECUTIVE SUMMARY

- **Prevalence of the State**. The Regulations delegate to SENER the obligation to issue a methodology to calculate the volume of electric power generation that the State injects annually into the SEN to measure the "prevalence" (*prevalencia*) of 54% introduced by the Federal Constitution and the LSE. In general terms, the Regulations provide that the State's annual participation in electric power generation will be calculated as the percentage represented by the sum of the net electric power injected annually into the SEN by power plants owned by the Federal Electricity Commission (*Comisión Federal de Electricidad*, "CFE"), Petróleos Mexicanos, state governments and political and administrative bodies of Mexico City, and by power plants in which the State has any type

of participation (this sum defined in the Regulations as "Electricity Generation Injected by the State") (*Generación de Electricidad Inyectada por el Estado*) relative to the total net electricity injected into the SEN by all power plants, regardless of ownership (this total defined in the Regulations as "Total Injected Electricity Generation") (*Generación de Electricidad Inyectada Total*). The Regulations provide that if the annual calculation results in a State participation below the required 54% "prevalence," then SENER will be responsible for identifying additional generation capacity and other electrical infrastructure to be developed by the State, presumably to reach the 54% in subsequent years, and to include such needs in the Electric Sector Development Plan (*Plan de Desarrollo del Sector Eléctrico*, "PLADESE"). The percentage resulting from SENER's calculation will determine the space for the private sector to develop electric power generation projects while complying with the "prevalence" percentage established in the LSE. Notably, the Regulations do not specify how prevalence in the electric power commercialization activity will be calculated as provided in the LSE.

- **Permits and authorizations**. To obtain generation, supply, or electric power storage permits, the relevant project must align with the binding planning for the electric sector contained in the PLADESE. SENER is responsible for publishing this plan annually during May. The PLADESE is expected to be the principal criterion to determine whether new projects are viable. Before the first PLADESE is published in May 2026, SENER may receive proposals for generation, industrial, productive, and electrical infrastructure projects from any interested party for consideration in the binding planning. Moreover, to obtain electric power generation permits, the Regulations require obtaining (or having filed the application to obtain) a Social Impact Statement of the Energy Sector (*Manifestación de Impacto Social del Sector Energético*, "MIS"), which must be issued by SENER. The MIS is mandatory to begin construction of electrical infrastructure associated with a permit or authorization. Additionally, projects that affect indigenous or Afro-Mexican communities must undergo a "prior consultation" process.

- **Self-supply**. The Regulations introduce the concept of "Self-Supply Group" (*Grupo de Autoconsumo*), which allows a power plant with a self-supply generation permit to supply energy to consumers other than the permit holder (defined in the Regulations as "Self-Supply Users") (*Usuarias de Autoconsumo*), provided this is done through the same private network. To obtain the generation permit in this modality, the applicant must identify before the CNE the Self-Supply Users that are part of the Self-Supply Group. Self-Supply Users do not need to meet any formalities but must register their participation in the Self-Supply Group with the new CNE, which will maintain a specific registry for this purpose.

ANALYSIS OF THE REGULATIONS

A. Specific administrative provisions, criteria, and guidelines

While the Regulations establish a more detailed framework for electric sector activities, their implementation requires multiple administrative provisions, criteria, and specific guidelines to be issued by SENER and the CNE. This means that key aspects for interpreting and complying with the new regulatory framework will be subject to secondary provisions yet to be issued. Among the key topics to be regulated by these secondary provisions are, among others, those related to binding planning, for which SENER will establish criteria to evaluate if projects align with said planning for the electric sector; issuance of permits and authorizations; determination of electricity tariffs, prices, costs and regulatory accounting guidelines; operation of the Wholesale Electricity Market (*Mercado Eléctrico Mayorista*, "MEM") with participation by the CNE, the National Center for Energy Control (*Centro Nacional de Control de Energía*, "CENACE"), CFE and, where applicable, private sector representatives; coordination and transactions among companies within the same economic group; accounting, operational and functional separation of sector companies (except for CFE activities), and services that energy storage systems may provide, their participation modalities and parameters for aggregated installations.

B. Prevalence of the State

The constitutional reform on strategic areas and companies, in force since late 2024, established that private participation in electric power generation and commercialization must not have "prevalence", over State participation in those activities. In regulating the concept of "prevalence", the LSE interpreted this as the Mexican State's right to maintain at least 54% of the electric power injected annually into the SEN. The Regulations seek to clarify how this "prevalence" in electric power generation is calculated. SENER will be responsible for making this calculation, by the last business day of February each year. The calculation corresponds to the percentage of Electricity Generation Injected by the State relative to Total Injected Electricity Generation. For forward-looking evaluations, SENER must use a similar methodology, considering demand scenarios and expansion plans, including project progress and an adjustment factor for execution risk and delays in the project's commercial operation due to force majeure or acts of God. The Regulations do not specify how "prevalence" in commercialization activity will be calculated as provided in the LSE. However, it does establish that, based on SENER's annual calculation, SENER must identify if more generation capacity or electrical infrastructure is needed in the system. In such cases, it may instruct the execution of "Strategic Projects" (*Proyectos Estratégicos*) to strengthen the SEN.

C. Permits and authorizations

SENER and the CNE are the authorities responsible for granting permits and authorizations in the electric sector within their respective competences. The CNE is responsible for granting permits for regulated activities, except for the import and export of electric power, which will be handled by SENER.

- By the CNE: for electric power generation, including self-supply (isolated or interconnected) and generation for the MEM, both may include cogeneration; electricity supply, and electric power storage.

- By SENER: authorizations for the import and export of electric power, and MIS.

The Regulations clarify certain issues for these permits:

- ✓ **Exempt Generator**. For an exempt generator (defined in the LSE as the person that owns or possesses one or more power plants that do not require and do not have a permit to generate electric power under same) to sell energy in the MEM, it must obtain a generation permit, which converts it into a regular generator.

- ✓ **Self-Supply**. An isolated self-supply permit may be modified to interconnected if the power plant intends to interconnect to inject excess electric power into the SEN, or to generation for the MEM. In this case, the applicant must conduct the applicable interconnection studies and enter into an interconnection agreement with CFE.

  Unfortunately, the Regulations do not clarify the concept of excess electric power as it refers to self-supply generation for injection into the SEN and its exclusive sale to CFE under the LSE. Ideally, the CNE, within its powers, will issue the models for excess power offtake contracts.

- ✓ **Key requirements to obtain permits**. To obtain a generation permit, in addition to the LSE's requirements, the application must include evidence of filing receipt for the MIS (or definitive authorization) and environmental impact authorization; evidence of ownership, possession, or use of the land; and compliance with the binding planning for the electric sector provisions that guarantee the "non-prevalence" of private parties over the State. This means the project must align with the PLADESE.

- ✓ **Procedure and timing**. Permit applications must be resolved within a maximum of 60 business days. If information modifying the original application is submitted, a new process must be initiated.

- ✓ **Interconnection**. Obtaining a permit does not guarantee interconnection to the SEN. CENACE, in coordination with CFE, must conduct interconnection studies requested by private parties. Criteria for allowing interconnection of power plants and connection of load centers will be established in administrative provisions issued by the CNE.

- ✓ **Term**. The Regulations do not specify the term for the permits, which will be established in administrative provisions issued by SENER or the CNE within their powers.

D. Planning and control

1. *Electric Sector Development Plan*

The PLADESE governs the binding planning for the electric sector. Its objective is to ensure efficient operation and development of the electric sector and the MEM. The PLADESE seeks for projects to be executed in a coordinated manner, within established timeframes, aligned with medium- and long-term objectives. The PLADESE must be consistent with the National Development Plan (*Plan Nacional de Desarrollo*) and other energy planning instruments.

In preparing it, SENER must consider various factors such as electric demand forecasts and prices for primary inputs (to be prepared by CENACE); the "minimum long-term cost of electric power generation and supply" (giving preference to domestic goods); programs for installation and retirement of power plants; and projects to be developed by private parties, the State, or under mixed-development schemes, including self-supply.

SENER must publish the PLADESE in May of each year.

2. *Strategic Projects*

SENER may designate projects as "Strategic Projects" to comply with the national electricity policy. These projects benefit from administrative streamlining to accelerate their execution. Projects that are relevant or indispensable to strengthen or maintain SEN stability are considered strategic.

In this regard, the twenty-first transitory article of the Regulations establishes an extraordinary and priority mechanism for submitting generation permit applications focused on strategic and priority projects for the binding planning of the electric sector through 2030.

- Publication and deadline. SENER, with the support of the CNE, must publish the call in the Federal Official Gazette within a period not exceeding 60 business days from the Regulations' entry into force.

- Content of the call. It must specify, at least, the capacity requirements, zones and technologies for the development of power plants, as well as requirements and deadlines for submitting new permit applications and, as applicable, for migrating permits granted under the repealed Public Electric Power Service Law (LSPEE) and the Electric Industry Law (LIE).

- Exclusions. The call must not consider distributed generation, self-supply (in its various modalities), cogeneration, and mixed-development schemes.

- Priority in processing. The CNE must prioritize resolution of permit applications submitted under this call. CENACE must prioritize interconnection study requests associated with these permits. Interconnection study requests, including those already in process, must be resolved in the terms set out in the call itself.

- Option to withdraw. Parties that ratified a generation permit application (under the CNE's June 5, 2025 resolution) may choose to withdraw their original application and submit a new one under this call.

3. Competitive mechanisms for SEN Reliability

CENACE can use "competitive processes" to buy capacity, energy, ancillary services, and other related products that are needed to ensure the reliability of the SEN. The CNE, working with SENER, must establish the criteria that CENACE has to follow when using these competitive processes. CENACE can only use these competitive processes with prior authorization from SENER. The criteria must be flexible regarding the technology used (meaning they shouldn't favor one type of power generation over another). In emergency situations that threaten the reliability of the SEN, the CNE, with prior authorization from SENER, will issue an emergency protocol. This protocol allows CENACE to contract and purchase these products without needing to go through a competitive process.

E. Electric power generation

The Regulations incorporate specific provisions for the different generation modalities:

- **Distributed Generation**. Distributed generation refers to electric power produced by power plants with a capacity equal to or less than 0.7 MW that are interconnected to the Distribution General Networks (*Redes Generales de Distribución*, "RGD"). The capacity of these plants refers to their installed capacity, also known as nameplate capacity. Sale of this electric power must follow the provisions issued by SENER and the CNE, including contract models and methodologies for calculating compensation. For exempt generators to sell energy in the MEM, they must obtain a generation permit from the CNE, which converts them into generators. Distributed generation plants may receive Clean Energy Certificates (*Certificados de Energías Limpias*, "CELs") if they are represented by a supplier.

- **Self-supply**. Under the LSE, self-supply refers to production by a power plant with capacity equal to or greater than 0.7 MW intended to satisfy the on-site needs of the holder of a valid generation permit. Self-supply may be isolated (when all energy is consumed on site through a private network) or interconnected to the National Transmission Network (*Red Nacional de Transmisión*, "RNT") or the RGD.

  The Regulations broaden the scope of LSE's self-supply definition, which previously seemed to focus the benefit to a single entity—the holder of the respective permit—by introducing the concept of a "Self-Supply Group." This concept allows a power plant to supply energy to multiple people, called "Self-Supply Users," as long as the supply occurs through a private network. To obtain the permit, the applicant must identify the Self-Supply Users that will be part of the Self-Supply Group to the CNE, which will maintain the corresponding registry; any change to the group requires a modification to the permit.

  Isolated self-supply projects of up to 20 MW are exempt from having to submit the MIS. In compliance with the LSE, on August 6, 2025, the CNE issued a resolution that establishes a simplified process for obtaining generation permits for interconnected self-supply modality for power plants with an installed capacity between 0.7 and 20 MW, which will come into effect simultaneously with the Regulations.

  Power plants with self-supply generation permits may receive CELs in accordance with the administrative provisions to be issued by the CNE. The holder of the self-supply generation permit is responsible for the CELs associated with the electric power consumed by the load centers that does not come from clean energies.

- **Generation for the MEM**. This modality refers to production of electric power and associated products by a power plant with capacity equal to or greater than 0.7 MW for its commercialization in the MEM. These projects may be developed by the State, by private companies, or through mixed investment schemes.

  - **Projects developed by private parties**. Private parties may develop these plants if they do not conflict with binding planning. They must complete the relevant procedures with CENACE, have definitive MIS authorization, and evidence initiation of interconnection studies and obtain other relevant permits before starting construction. Within 20 business days after publication of the PLADESE, CENACE will publish maximum interconnection capacities without reinforcements to the RNT to receive applications.

  - **Projects developed by the State**. The State, through CFE and other government entities, as well as state, municipal and Mexico City territorial divisions, may develop projects for expansion, modernization, maintenance, and rehabilitation of power plants. These projects must be subject to binding planning and "non-prevalence." CFE may acquire electric power and associated products from these plants on a preferential basis.

- **Mixed-Development Schemes**. The State and private parties may jointly develop electric power generation projects through long-term production, mixed investment, or others schemes defined by SENER through general administrative provisions. Private parties participating jointly with the State in mixed-development projects must be individuals, legal entities, or trusts formed under Mexican laws and domiciled in Mexico.

  Mixed-development projects must be subject to SENER's binding planning and prior approval by CFE's board based on an analysis of economic and financial profitability that ensures the best conditions for the State; have a fixed term allowing full amortization of total investments, not exceeding 30 years; and be developed with private parties selected through transparent and competitive processes.

  For execution of mixed-development projects, special-purpose legal or financial instruments or vehicles may be formed under applicable law. These instruments or vehicles must establish, among other things, terms for the parties' exit at any time and conditions for transfer of assets upon expiration or termination of the project, which is always preferential and optional for the State. This last requirement appears to exceed

the LSE regarding mixed investment projects, since the LSE only recognizes the State's preference to acquire projects developed under the long-term production modality.

- **Long-Term Production**. A scheme in which a private party builds and operates a power plant to sell all energy exclusively to CFE or its subsidiaries. CFE does not contribute capital, and payments are made once the plant enters commercial operation. Plants under this scheme cannot sell energy to third parties and must be represented in the MEM by CFE. At the end of the contract, the transfer of assets to CFE is optional and at no cost.

- **Mixed Investment**. A scheme in which CFE must hold a direct or indirect participation (through subsidiaries, trusts, or special purpose vehicles) in the relevant project of at least 54% of the common share capital of the company acting as the vehicle or an equivalent percentage regarding other legal or financial vehicles used to develop the project.

  As to CFE's participation, the Regulations provide that it will be formalized up to 180 business days after the project begins commercial operation and that it may be made through cash, in-kind, intangible contributions, or any other modality agreed by the parties. In practical terms, this could imply that the private partner assumes all investment, financing, development, construction, and operation risks of the relevant project, which seems excessively burdensome and inequitable, particularly if the certification of the project's commercial operation will be the responsibility of CENACE, a governmental body that could operate in line with CFE's interests. By way of example, if CFE and its partners intend to finance the project's development costs, which is normal for this type of operation, lenders will likely require equity contributions (to be disbursed or guaranteed prior to financing) for an amount equivalent to a percentage of the total development costs (commonly between 15% and 20%, though it could be higher). In this example, given that CFE's investment is conditioned on the project's commercial operation, required equity contributions by the lenders (or their guarantee) would appear to fall exclusively to the private partner, at least until the project reaches commercial operation.

  Another relevant observation is that the Regulations require that, if the legal vehicle used for the project is a commercial company, CFE's participation in that company must be at least 54% of its "common share capital." This condition could pose problems for the development of projects under this modality because, first, the concept of "common" share capital does not exist in Mexican law (in other jurisdictions, such as the U.S., "common stock" refers to shares with standard voting

rights to distinguish them from other shares with limited or preferred voting). Classifying "common" share capital could limit, for example, CFE's participation through limited-vote shares, preferred dividends or other types, unnecessarily constraining its actions.

Finally, the Regulations provide that mixed investment projects may be executed through trusts, joint ventures, commercial companies or any other legal or financial vehicle that ensures the best conditions for CFE and the SEN. This is consistent with article 61 of the Law of the State Public Company, Federal Electricity Commission (*Ley de la Empresa Pública del Estado, Comisión Federal de Electricidad*). However, that article provides that CFE may carry out electric power generation projects directly or, as in the case of mixed investment projects, through subsidiaries, companies in which it holds a minority interest, or through any other partnership or alliance not contrary to law. By requiring in the Regulations that in mixed investment projects CFE must hold a participation in the share capital of at least 54% of the capital stock of the company or relevant vehicle, the Regulations disregard the forms permitted by the CFE law itself, unnecessarily limiting CFE's options to develop such projects. Lastly, the Regulations clarify that assets and rights relating to mixed investment projects may be pledged as collateral to obtain financing.

- **Cogeneration**. Under the LSE, cogeneration means (i) electric power produced jointly with steam or other secondary thermal energy, or both; (ii) electric power produced directly or indirectly from thermal energy not utilized in the permit holder's industrial processes; or (iii) electric power produced directly or indirectly using fuels produced in the permit holder's industrial processes.

  The Regulations clarify that cogeneration is a form to generate electric power and heat sequentially from a single energy source. Its objective is to substantially improve the efficiency of the process, reduce fuel consumption and associated emissions, and lower production costs and electricity sales prices. It is a generation modality that may operate under Distributed Generation, Self-Supply, or Generation for the MEM. Efficient cogeneration plants may receive CELs for the percentage of energy generated without fossil fuels.

F. Energy Storage. The Regulations incorporate a regulatory framework for electric power energy storage systems (*Sistemas de Almacenamiento de Energía Eléctrica*, "SAE"). These systems may participate in generation and commercialization activities, whether associated with power plants or load centers, or independently. They may also be integrated into the public transmission and distribution infrastructure. In the latter case,

they must be at CENACE's disposal to maintain quality, reliability, continuity and dispatch security of the SEN.

SAEs not associated with a power plant or a load center with capacity equal to or greater than 0.7 MW require a CNE permit. SAEs that are part of a power plant with a generation permit do not require a storage permit. All SAEs participating in the MEM must have a permit and be represented by a storage operator, generator, or supplier that is a market participant. In emergencies, they are obliged to place all their resources at CENACE's disposal. SAEs cannot receive CELs, and CELs requirements do not apply to them because accreditation and requirement of CELs arise from generation and consumption of electric power, not from its storage.

G. Transmission and distribution of electricity

1. *General conditions; access to the RNT and RGD*. The public transmission and distribution service, which corresponds exclusively to CFE, will be subject to provisions issued by the CNE. These provisions must detail the criteria for allowing interconnection to the SEN of power plants and connection of load centers, which must comply with CENACE's operational instructions. They must also cover quality and metering criteria, billing, and procedures for dispute resolution. As transporter and distributor, CFE is obliged to interconnect power plants and connect load centers whenever it is technically feasible and does not affect the reliability of the SEN. If CFE denies the service, the affected party may request SENER and the CNE's intervention.

2. *Regulated tariffs, prices, and consideration*. The CNE, in coordination with SENER, will issue methodologies to determine tariffs, consideration, and costs. This includes the public transmission and distribution service, electricity supply in its basic and last-resort modalities, and CENACE's service costs. Approved tariffs will always be maximums, allowing CFE and suppliers to offer discounts, provided they are registered with the CNE. The CNE must publish on its website relevant information on the tariff determination process.

3. *Expansion and modernization*. Expansion and modernization of the RNT and RGD are the exclusive responsibility of CFE. With SENER's prior authorization, CFE may explore and formalize financing schemes with third parties to undertake expansion and modernization projects for the RNT and the Distribution General Networks through open, competitive, transparent, and non-discriminatory processes. Ownership of the assets must remain with the State. To cover financing costs, the CNE may allocate portions of regulated tariffs.

H. Qualified users and non-supplier marketers

1. *Qualified users*. Qualified user status is granted to load centers that prove they meet consumption or demand levels set by SENER in the corresponding guidelines. Until SENER sets definitive levels, load centers with demand equal to or greater than 1 MW may register as qualified users. Load centers belonging to the same Economic Interest Group may aggregate their demand to reach the level required for registration. To do so, they must demonstrate that the group's common interests prevail over individual action and consider, among other elements, economic activity, control, autonomy and unity of behavior, regardless of the legal form of the group companies. A qualified user may request one or more certificates in its registration to differentiate its load centers, allowing each certificate holder to contract electricity supply with a qualified services supplier, which offers supply to qualified users independently. However, the same load center may not receive supply from more than one supplier. Qualified Users who wish to participate directly in the MEM (called market-participant qualified users) must have demand equal to or greater than 5 MW. They must notify the CNE by electronic means if they procure supply directly as market participants or if they decide to cancel their contract with a qualified services supplier to become a market participant.

2. *Non-supplier marketers*. A Non-supplier marketer (defined in the Regulations as an individual or legal entity that performs commercialization activities except electricity supply) does not require a permit, but must register with the CNE.

I. Clean Energy Certificates

The CNE will grant CELs according to criteria issued by SENER. The CNE must publish provisions for their issuance and commercialization. CELs commercialization is free among MEM participants, but all purchase-sale, settlement, and voluntary cancellation transactions must be carried out through the electronic system enabled for that purpose. SENER will have the authority to execute agreements to harmonize Mexican CELs with those of other jurisdictions, provided that the traceability, verifiability, and certification criteria defined by SENER are met. SENER, with the support of the CNE, will determine annually the number of CELs that will be required, based on total electric power consumption at load centers, taking into account binding planning and the reliability of the SEN. CELs are valid for 30 months from their issuance. However, a transitory article of the Regulations mentions that the start of CELs validity is subject to a CNE notice indicating that the electronic system for their registration and management has been updated according to the LSE and the Regulations.

J. Social Impact Statement of the Energy Sector; Prior Consultation

1. *Social impact statement*. The Regulations establish a new definition of "Significant Social Impacts" (*Impactos Sociales Significativos*) to include impacts that affect involuntary resettlement, expropriation of land, or the livelihoods or rights of indigenous and Afro-Mexican peoples. For these purposes, they establish the obligation to submit a "Social Impact Statement of the Energy Sector" (MIS). The MIS is a mandatory requirement to begin construction of a project. SENER has 90 calendar days to issue an authorization, which may be conditioned if a Prior Consultation is required. The MIS must include a social management plan, an abandonment, closure or dismantling plan, a resettlement plan (if applicable), monitoring indicators, a shared social benefits strategy, and the estimated total annual investment amount. If there are "substantial" modifications to the project, the MIS will lose its validity. The Regulations do not clearly define what constitutes a substantial modification and delegate this to SENER to define in applicable regulation.

   The Regulations add grounds to deny the MIS: when indigenous or Afro-Mexican communities deny their consent during Prior Consultation; when the project endangers the survival of a community; when the project is to be implemented in restricted areas; when the project generates negative Significant Social Impacts; and any other cause SENER specifies in general administrative provisions. It is important to note that while these grounds aim to avoid negative social impacts, they are not set out in the LSE, which could be seen as the Regulations potentially overstepping principles of hierarchical subordination and statutory reservation.

2. *Prior consultation*. SENER is responsible for carrying out "Prior Consultation" (*Consulta Previa*), which is defined as a "prior, free and informed procedure through which the collective right of indigenous and Afro-Mexican peoples and communities to be consulted is exercised when the development of electric sector projects is foreseen that could directly affect their interests and rights".

   Prior Consultation must be carried out in accordance with the principles in article 2 of the Political Constitution and other applicable regulations. It must be informed, in good faith, culturally appropriate, flexible, inclusive, transparent, with a duty of accommodation and reasonableness, with the aim of reaching agreements or, where applicable, consent, and with a view to indigenous and Afro-Mexican peoples and communities having fair and equitable access to and participation in project-related benefits, under applicable regulations and in compliance with the objectives of "Energy Justice" (*Justicia Energética*).

The stages of the Prior Consultation are:

- Consultation Plan: which is the planning of the Prior Consultation by SENER;
- Preliminary Agreements: where SENER and community authorities mutually agree on how the consultation will be carried out through the signing of a protocol;
- Informational: in which sufficient, culturally appropriate information on the project is provided to the community until it determines that it needs no more information;
- Deliberative: where the community discusses the project internally and informs SENER that it has reached a decision; and
- Consultative: the stage of building agreements and obtaining the community's consent through signing a consultative record

Once the Prior Consultation concludes, compliance with the agreements reached must be monitored according to the mechanism defined for that purpose by the consulted indigenous or Afro-Mexican people or community in the consultative stage. The timelines for the informational and deliberative stages may be indefinite, as their completion depends on the community. This could generate uncertainty regarding the duration of the consultation process. The agreements reached must be incorporated into the social management plan that forms part of the project's MIS.

K. Legacy Regime

1. *Contracts prior to the LSE*. Contracts entered into with CFE and its subsidiaries under the LIE and its regulations will be transferred to CFE. These contracts will remain in force until their termination date, provided they do not conflict with the LSE and the Regulations. These contracts may not be extended.

2. *General Administrative Provisions prior to the LSE*. Administrative provisions issued before the Regulations took effect will remain valid as long as they do not conflict with the LSE and the Regulations. These provisions will remain in effect until replaced by new provisions.

   Administrative provisions issued before the Regulation's entry into force will remain valid, as long as they do not oppose the Law and the Regulation. These provisions will remain in force until they are replaced by the new provisions.

3. *Clean Energy Certificates*. CELs issued before the Regulations took effect will retain their validity until they are settled or voluntarily cancelled. As a one-time measure, SENER

must publish clean energy requirements for the years 2025, 2026, 2027, and 2028 within 120 calendar days following the Regulations' entry into force.

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