

December 18, 2019

Energy Industry Group Newsletter



CRE allows Pemex TRI to freely determine gasoline prices of first hand sales and discounts.

On December 16, 2019, the governing body of the Energy Regulatory Commission ("CRE"), by ordinary session, terminated Document A/057/2018 that established Pemex Transformación Industrial ("Pemex TRI"), the methodology for determining the prices of First Hand Sales ("VPM") and at the storage terminals (the "Document").

The Document essentially established the following: (i) that Pemex TRI would determine, according to a certain methodology, the maximum price of VPM and the corresponding price in the storage terminals. Once the CRE determined that economic agents other than Pemex TRI supply at least 30% of the combined supply of gasoline and diesel in the country, Pemex TRI would be able to freely determine these prices; and (ii) that Pemex TRI would establish a single price for each VPM point and a single list price in each storage terminal. On these it could grant discounts based on volume, term and payment conditions, and it must submit to CRE criteria for granting discounts.

With the resolution of the governing body of the CRE, all of the above is abrogated. Therefore, Pemex TRI may, at its discretion, determine VPM prices and those that

apply to its storage terminals (without the intervention of the CRE), as well as grant or not, discounts on its sales. Given this situation, a clear disadvantage could be created for the other competitors in the fuel market, since they do not have the substantial power in the market, the volumes, infrastructure and points of sale that Pemex TRI has. In addition, given the change, Pemex TRI could decide to whom and to how many to sell the product at its discretion. Pemex TRI being the preponderant competitor, this could trigger a series of behaviors with anti-competitive effects that could affect the market.

Given this, the Document could injure various members of the industry. If you require more information regarding this subject or a legal strategy for the defense of your interests, please contact us. It would be a pleasure to provide you advice.

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Energy Industry Group

Our Energy Industry Practice Group is a multidisciplinary group of lawyers who, for more than 20 years, have provided practical and effective advice in the key legal areas for clients in the energy sector.

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