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Energy Industry Group Newsletter



SENER urges the CRE to issue an emergency regulation including fixed price methodology for LP gas

By means of an emergency directive published today in the Federal Official Gazette (the "Directive"), the Ministry of Energy ("SENER") urged the Energy Regulatory Commission ("CRE") to issue, within three days, an emergency regulation aimed to guarantee Mexican families' affordable access to liquefied petroleum gas ("LP Gas").

The aforementioned emergency regulation will include the development of a fixed price methodology for final consumers of LP Gas, which will be effective for a period of 6 months following its publication.

Pursuant to the Directive, such measure aims to reduce the "irreversible damage suffered by LP Gas consumers as a result of the high prices they pay" for such fuel, arising out of the "continuity in the economic concentration and simulated competition in LP Gas distribution activities," as indicated in the analysis done by the SENER.

The rapid issuance of the Directive, after Mexican President Andrés Manuel López Obrador announced the incorporation of Gas Bienestar as a State Company focused on commercializing "affordable LP Gas to the public", which, he declared, will sell 20 to 30 kg LP Gas cylinders.

You can read the full Directive on the following link: http://www.dof.gob.mx/nota_detalle.php?codigo=5625053&fecha=28/07/2021

The LP Gas industry has expressed its concerns about such a Directive based on the antitrust consequences that the same may generate to the Mexican market. In addition, private distributors argue that the main distributor of LP Gas in Mexico by far is PEMEX, and that the recent increases affecting the price of such fuel are impacted by international prices and the high dependency of our country on LP Gas imports.

We will continue following up on the issuance of the corresponding regulation. Our teams specialized in energy regulatory matters, as well as in administrative litigation, arbitration and ADR, have extensive experience assisting clients being affected by governmental actions such as the Directive and resulting regulations, including, as the case may be, implementing national and international means of defense. We remain at your service to assist you regarding the legal alternatives that best protect your commercial interests.

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