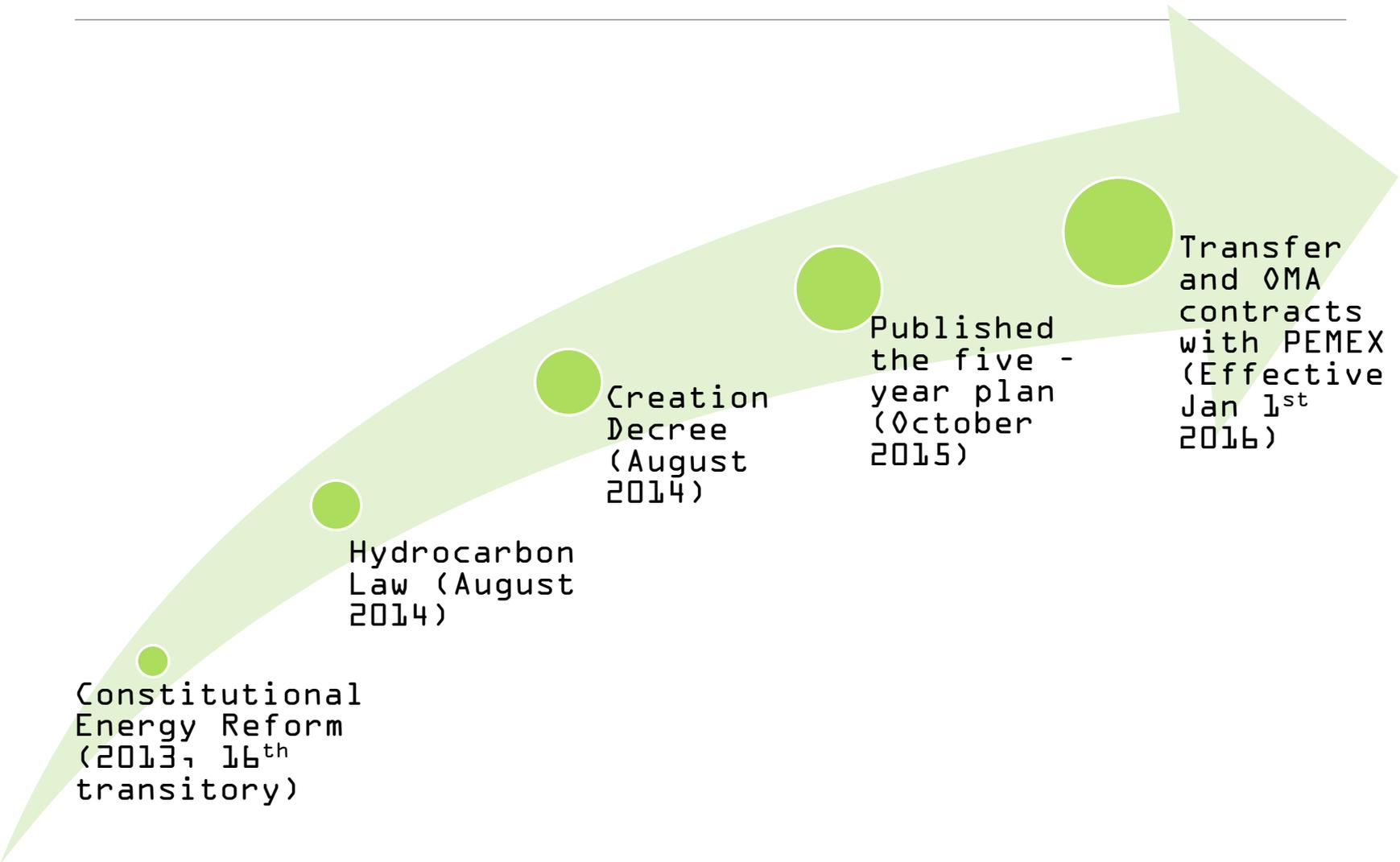




Mexico's Expansion of the Natural Gas Transportation System

February 2016

A new SOE to transport gas and act as TSO



Constitutional Energy Reform (2013, 16th transitory)

Hydrocarbon Law (August 2014)

Creation Decree (August 2014)

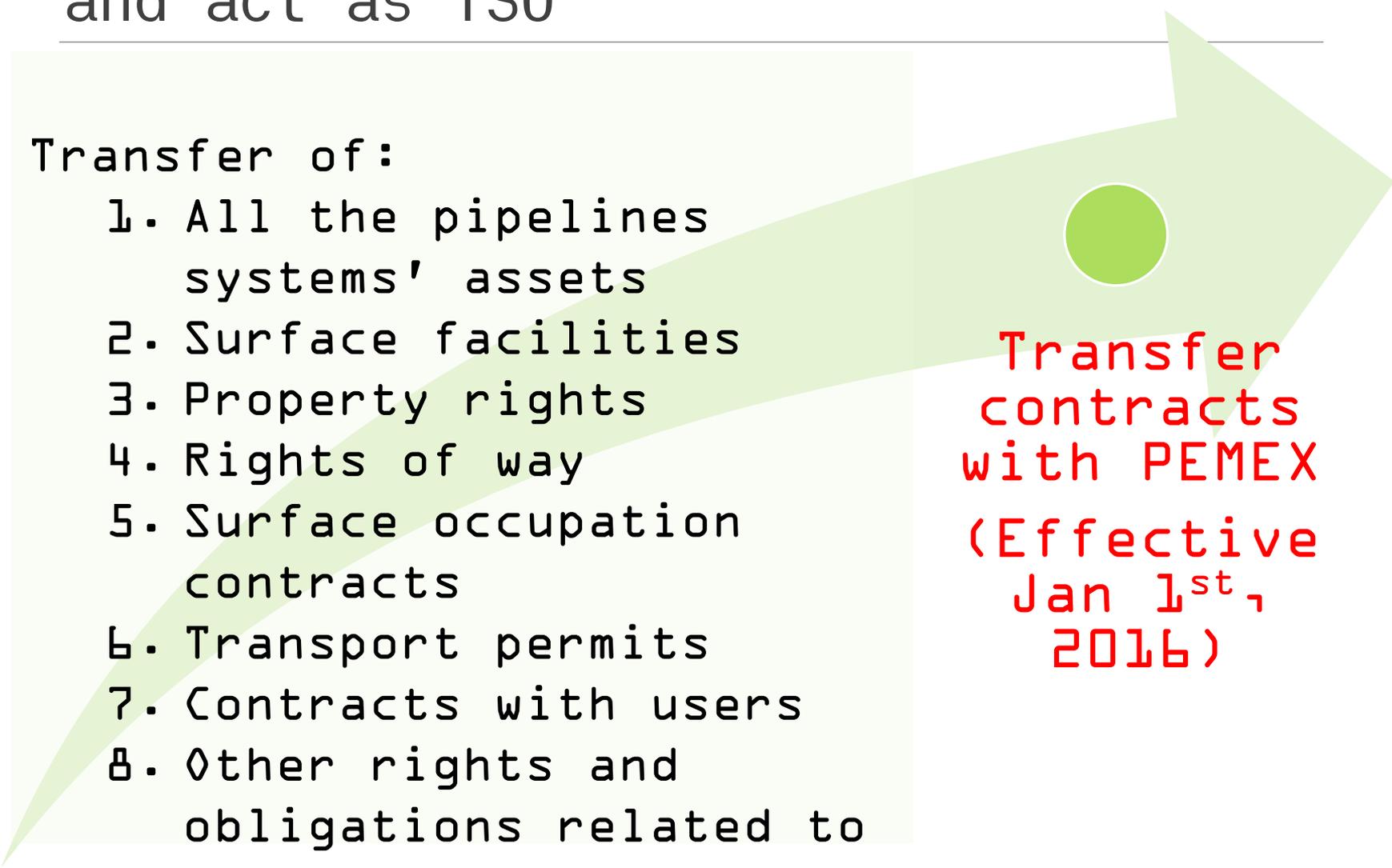
Published the five - year plan (October 2015)

Transfer and OMA contracts with PEMEX (Effective Jan 1st 2016)

A new SOE to transport gas and act as TSO

Transfer of:

1. All the pipelines systems' assets
2. Surface facilities
3. Property rights
4. Rights of way
5. Surface occupation contracts
6. Transport permits
7. Contracts with users
8. Other rights and obligations related to such systems.

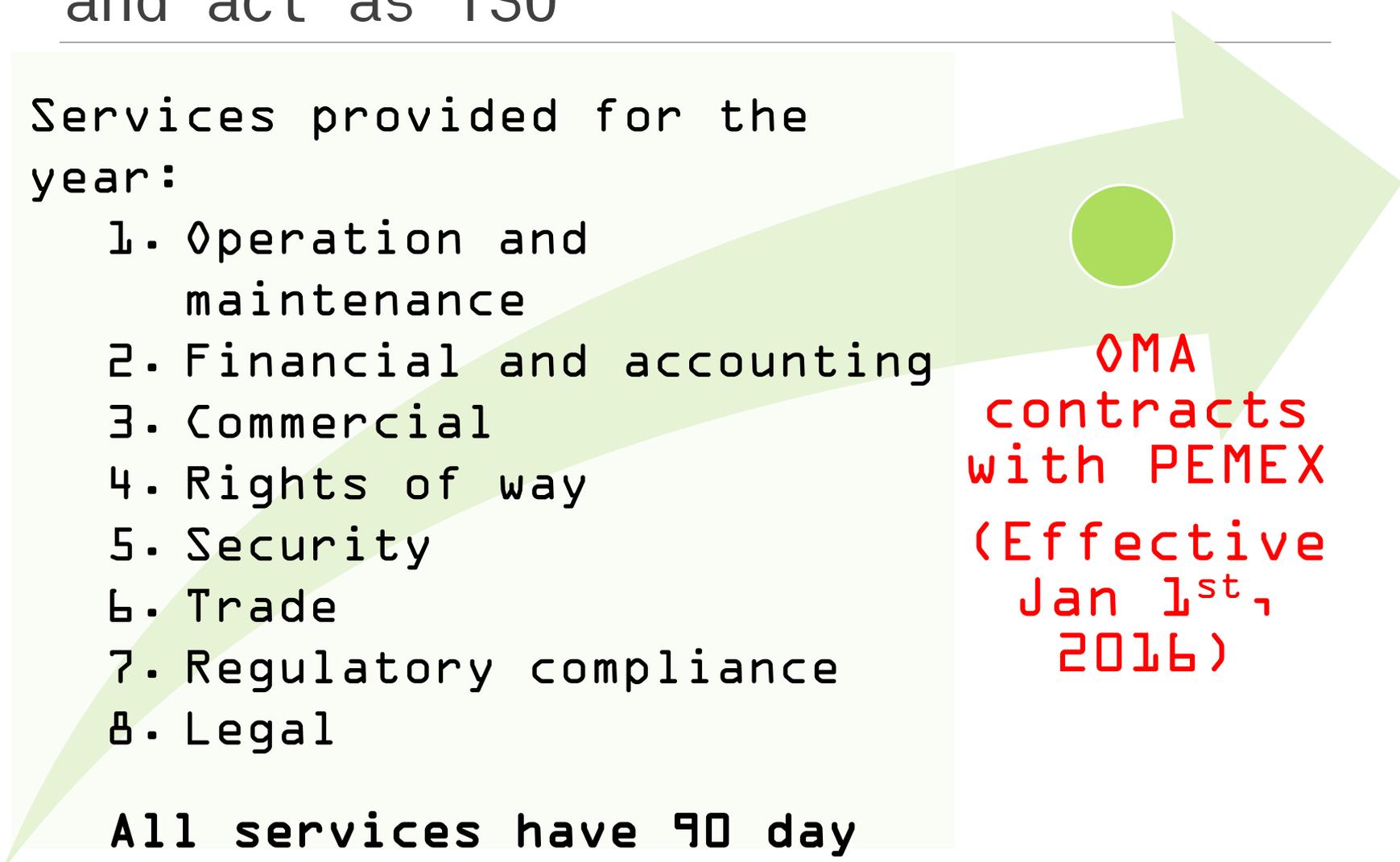


Transfer contracts with PEMEX (Effective Jan 1st, 2016)

A new SOE to transport gas and act as TSO

Services provided for the year:

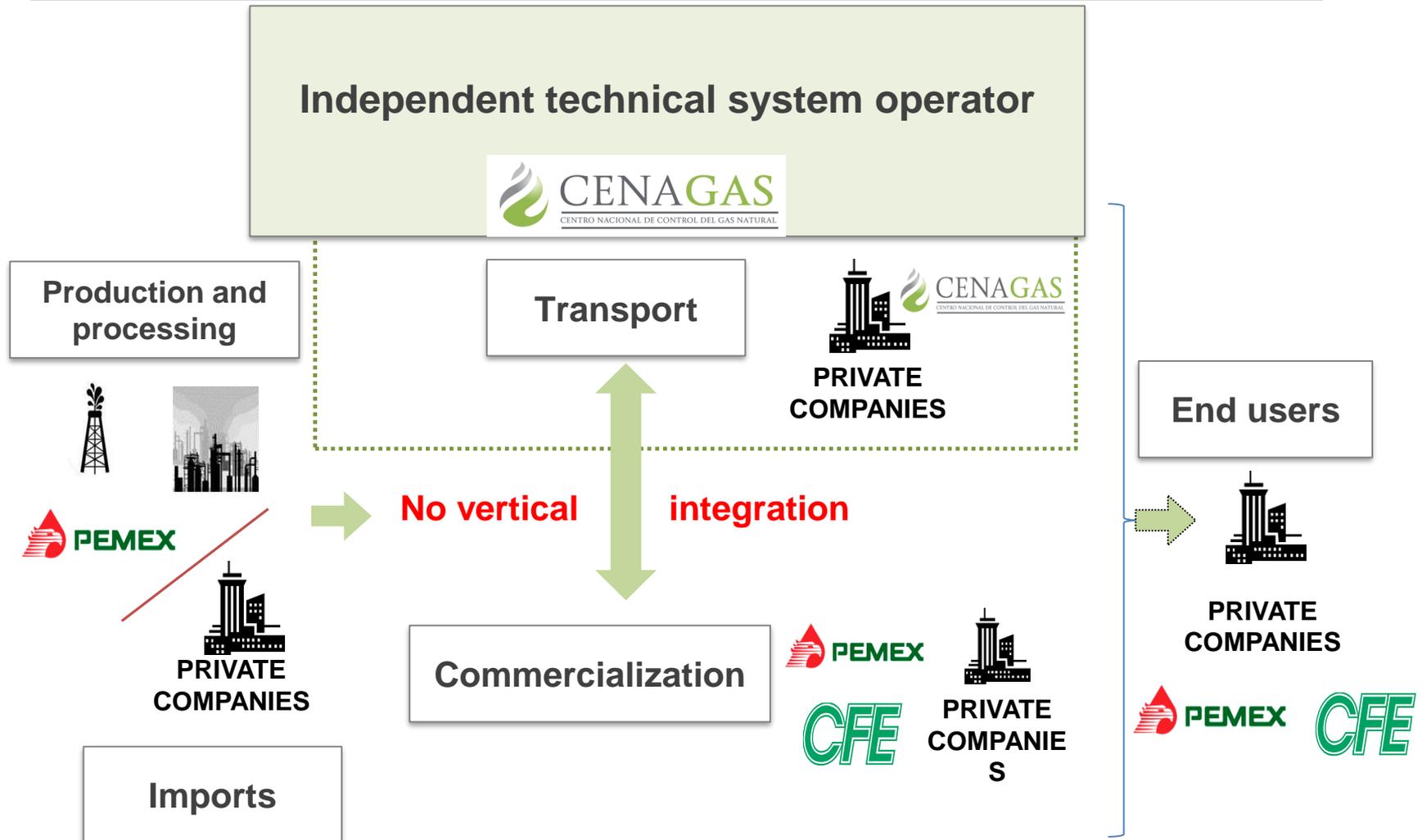
1. Operation and maintenance
2. Financial and accounting
3. Commercial
4. Rights of way
5. Security
6. Trade
7. Regulatory compliance
8. Legal



OMA
contracts
with PEMEX
(Effective
Jan 1st,
2016)

All services have 90 day
early termination clauses,
except for O&M

New market model



Objectives:



Gas security

1. Better planning
2. Bidding projects transparently
3. A system's approach to day to day operations

Objectives:



Efficiency

1. Reliable
2. Low Cost
3. Safe

Designing a future state operating model and standards in all O&M aspects.

Main Responsibilities

Planning for the mid-term

Rendering natural gas infrastructure

Technical operation of the System

Natural gas transportation



Gas Security: Then, Now, and Future



Pre Reform

- No formal mandate to PEMEX
- Unable to fulfill demand on occasions
- No reliability, shortages and alarms



NOW

- Explicit mandate to CENAGAS
- Formal framework for TSO
- Mid-term Planning
- Strategic project bidding
- Day to day operations



Future

- Reliable, efficient, and safe gas supply
- Natural gas storage will be available
- Redundancies in the infrastructure

Midterm planning



The objective is to achieve natural gas security in the most safe and efficient manner

BASE SCENARIO:

- **Today's system plus everything in construction**

ALTERNATE SCENARIOS:

- **Several combinations of new pipelines.**

Strategic Projects

	Project	Bid status	Winning company	Bidder	Planned or actual investment (MMUSD)
1	Pipeline Tuxpan-Tula	Awarded	TransCanada	CFE	400
2	Pipeline La Laguna-Centro	In process	-	CFE	1,000
3	Pipeline Tula-Villa de Reyes	In process	-	CFE	948
4	Pipeline Villa de Reyes-Guadalajara	In process	-	CFE	962
5	Pipeline San Isidro-Samalayuca	Awarded	IEnova	CFE	109
6	Pipeline Samalayuca-Sásabe	Awarded	Carso Electric	CFE	571
7	Pipeline Jáltipan-Salina Cruz	Planning	-	PEMEX	643
8	Pipeline Sur de Texas-Tuxpan	In process	-	CFE	3,100
9	Pipeline Colombia-Escobedo	Planning	-	CENAGAS	Not available
10	Pipeline Los Ramones-Cempoala	Planning	-	CENAGAS	1,980
11	Compression station "El Cabrito"	Planning	-	CENAGAS	60

Strategic Projects

Under bidding process:

	2016					2018	
	Jan	Feb	Mar	Apr	May		
1 La Laguna-Centro	Deadline	◆		Award	◆	Start Operations ◆	
2 Tula-Villa de Reyes		Deadline	◆	Award	◆	Start Operations ◆	
3 Villa de Reyes-Aguascalientes-Guadalajara	Deadline	◆	Award	◆		Start Operations ◆	
4 Sur de Texas-Tuxpan			Deadline	◆	Award	◆	Start Operations ◆

Social Coverage Projects

- The social projects are considered necessary in order to provide social benefits and as mechanisms to promote the economic development (social coverage).

Pipeline	Length (km)	Estimated bidding date	Start of operation date	Bidding status	Bidder
1 Lazaro Cardenas-Acapulco	331	2016	2018	Planning	To be defined
2 Salina Cruz-Tapachula	440	2016	2018	Planning	To be defined

- In 2014, SENER determined Salina-Cruz - Tapachula and Lazaro Cardenas - Acapulco, as projects of social coverage.
- The favorable opinion of the Finance Ministry is currently in process.

Thank you
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