##### March 19, 2018

**TO:** All Interested Parties

**FROM:** Elizabeth Mallett, NAESB Deputy Director

**RE: Update on Activities Related to Mexican Energy Market Reform**

On February 10, 2018, NAESB held its annual Advisory Council meeting in Washington, D.C. During the meeting, there was discussion regarding several projects underway at NAESB, including the ongoing relationship with Mexico’s Comisión Reguladora de Energía (CRE) to support efforts in the reformed Mexican gas market. This conversation gave rise to encouragement from the Advisory Council to further develop its relationship with Centro Nacional de Control de Energía (CENACE) in the electric industry. CENACE is the new regulatory body introduced by the Mexican energy reform to manage the wholesale electricity market and power grid. NAESB staff looks forward to an ongoing relationship with the organization.

On March 26, 2018, Minor Correction MC18001 will be applied to the NAESB WGQ Business Practice Standards. During a review of the Mexican Addendum for the NAESB Base Contract for Sale and Purchase of Natural Gas (Mexican Addendum), it was noted that Section 6.3 was missing the end of the last sentence. The missing language was previously included in the redlined version of the late formal comments on the Mexican Addendum that were submitted by the WGQ Contracts Subcommittee and approved by the WGQ Executive Committee on October 26, 2017. However, the language was omitted from the clean version of the document. The corrections in MC18001 add the missing language back into the Mexican Addendum. On February 22, 2018, the WGQ Executive Committee approved the minor correction via a notational ballot that was distributed on February 8, 2018. Pursuant to NAESB’s procedures for adopting minor corrections, the public comment period for the minor correction began on February 23, 2018 and concluded on March 8, 2018. No comments were submitted.

As you may remember, last November, the NAESB membership ratified the recommendation containing the Mexican Addendum for the WGQ 6.3.1 – NAESB Base Contract for Sale and Purchase of Natural Gas. In mid-2016, NAESB and Mexico’s Comisión Reguladora de Energía (CRE) began a dialogue regarding how NAESB could be supportive of the activities underway at the CRE and the newly reformed Mexican market. In response to this coordination effort, the NAESB Board of Directors added an item to the NAESB annual plan to consider and determine whether there is a need for a Mexican Addendum to the NAESB Base Contract for Sale and Purchase of Natural Gas or a Base Contract developed specifically for Mexico.

Driven by requests from several entities interested in the newly reformed Mexican environment, NAESB has attained a verbatim Spanish translation of three of its WGQ Contracts. The NAESB WGQ 6.3.1 - NAESB Base Contract for Sale and Purchase of Natural Gas; the NAESB WGQ 6.3.1.CA - Canadian Addendum; the NAESB WGQ 6.5.3 - NAESB WGQ Model Credit Support Addendum; and the NAESB WGQ 6.3.1.MA - Mexican Addendum are now available to NAESB members and for nonmember purchase. These contracts may be accessed on the NAESB website or through the NAESB Order Material Form. As always, NAESB looks forward to supporting future standardization efforts within the Mexican market.