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# FEDERAL ENERGY REGULATORY COMMISSION



WASHINGTON, D.C. 20426

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## NEWS RELEASE

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### COMMISSION, MEXICO'S FEDERAL ENERGY COMMISSION SIGN AGREEMENT ON ENERGY PROJECT COOPERATION

Top officials with the Federal Energy Regulatory Commission (FERC) and Mexico's Comisión Reguladora de Energía (CRE) have signed a Letter of Intent to enhance interagency coordination on cross-border energy projects.

FERC Chairman Pat Wood, III and CRE President Dionisio Pérez-Jácome signed the agreement late Thursday at FERC headquarters in Washington, D.C.

"The United States and Mexico have a thriving cross-border trade in energy, and our interdependency will only increase in the years to come. This agreement will reinforce that relationship and allow us to better meet the needs of energy customers through improved coordination of our respective regulatory responsibilities," said Chairman Wood.

"The Letter of Intent will strengthen even more the excellent relations that FERC and CRE have by providing the means for more effective and expedited coordination, analysis and regulation of mutually beneficial cross-border energy projects," said President Pérez-Jácome.

The agreement addresses the sharing of information between FERC and the CRE, and calls for the two agencies to coordinate the timing of regulatory decisions to the extent possible.

Mexico's CRE regulates natural gas and electricity imports, sales, transmission and distribution.

FERC is an independent agency that regulates the interstate transmission of natural gas and oil, and sales and transmission of electricity at wholesale. FERC also licenses hydropower projects.

On May 10, 2004, Chairman Wood signed a similar agreement with Chairman Ken Vollman of the National Energy Board of Canada.

## LETTER OF INTENT BETWEEN THE SECRETARIAT OF ENERGY OF THE UNITED MEXICAN STATES AND THE FEDERAL ENERGY REGULATORY COMMISSION OF THE UNITED STATES OF AMERICA

The Secretariat of Energy of the United Mexican States, through the Energy Regulatory Commission (ERC) and the Federal Energy Regulatory Commission of the United States of America (FERC), hereinafter referred to as “the Parties”;

**HAVING REGARD** to their close economic relations and noting that the effective enforcement of their regulatory frameworks is a matter of crucial importance to the efficient operation of energy markets and to the economic welfare of the citizens of their respective countries;

**RECOGNIZING** that the conduct of their responsibilities has and will in the future require them to examine, regulate, or otherwise oversee interconnecting facilities or activities;

**CONSIDERING** that the ERC regulates aspects of the gas and electricity industries in the United Mexican States, including the supply of electricity for public service; the generation, export and import of electricity; the acquisition of electricity for the provision of public service; the transmission, transformation, and delivery of electricity between entities that provide electric public service, and between those entities and the holders of permits for generation, export and import of electricity; the first hand sale of natural gas and liquefied petroleum gas; the transportation and storage of natural gas that is not indispensable or necessary for its exploitation and refining; the distribution of natural gas; and, the transportation and distribution of liquefied petroleum gas by pipelines;

**CONSIDERING** that the FERC regulates aspects of the energy industry in the United States, including the transportation and sale of natural gas for resale in interstate commerce, the transmission of oil by pipeline in interstate commerce, and the transmission and sale of electricity for resale in interstate commerce. It also certifies the construction and abandonment of interstate natural gas pipelines and facilities for the import and export of natural gas; licenses and inspects private, municipal and state hydroelectric projects; and administers accounting and financial reporting regulation and conduct of jurisdictional companies;

Have declared their intention as follows:

1. It is their common interest to cooperate and to share information that will facilitate the effective application of their respective regulatory frameworks and to learn about each other's regulatory enforcement policies and activities, within their reasonably available resources.

2. Appropriate coordination of their efforts could promote the public interest through increased efficiency, expedited and coordinated action on significant energy infrastructure projects, and cost savings to both the public and regulated entities.
3. They may benefit from increasing communication and cooperation concerning the timing and other procedural aspects of related matters that may be pending before both agencies.
4. For the cooperation under this Letter of Intent, coordinated reviews may be considered in cases where related matters are pending before both agencies. Also, they may coordinate the timing of related decision making in common interest matters.
5. When either Party becomes aware that a proceeding before it involves matters that may also be pending before the other party, it will promptly notify the other party accordingly. For this purpose, such notification to the ERC should be directed to the ERC Chairman and to FERC should be directed to the Chairman with a copy to the FERC Secretary.
6. Under the cooperation referred to in the present Letter of Intent, neither Party is required to communicate information to the other Party if such communication is prohibited by law of the providing Party or such information may prejudice its sovereignty, security, public order or other essential interests of that Party.

Signed in Washington, D.C., United States of America, the fourth day of November of the year two thousand and four, in the Spanish and English languages, being both texts equally authentic.

**FOR THE SECRETARIAT OF ENERGY  
OF THE UNITED MEXICAN STATES**

**Dionisio Pérez-Jácome Friscione**  
**Chairman of the Mexican Energy  
Regulatory Commission**

**FOR FEDERAL ENERGY  
REGULATORY COMMISSION OF  
THE UNITED STATES OF AMERICA**

**Patrick Henry Wood, III**  
**Chairman of the Federal Energy  
Regulatory Commission**