

New Logistics Centre for the Distribution and Transportation of Refined Products

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Today, Mexico's Ministry of Energy (*Secretaría de Energía*) ("SENER") published at the website of the National Commission of Regulatory Improvement ("CONAMER", per its Spanish acronym) the draft of organizational decree of the so-called Logistics Centre for the Distribution and Transportation of Refined Products (*Centro de Logística para la Distribución y Transporte de Petrolíferos*) (the "Logistics Centre").

As part of the widely known strategy of the current administration to fight fuel theft and pipeline tampering, the Logistics Centre would be created as a decentralized agency (*órgano desconcentrado*) of SENER, with technical, operational and management autonomy.

The draft provides that the purpose of the Logistics Centre will be to establish, implement and carry out the strategies and actions to promote participation in refined products distribution, transportation and storage activities and related services, in order to ensure and surveil the supply of the same within the national territory.

Among the main authorities granted to the Logistics Centre, the following stand out:

- a. Establish, coordinate, supervise, direct and carry out operational and logistics strategies for the efficient provision of services related to its purpose.
- b. Implement and surveil metering systems of flow, quality and automated control.
- c. Surveil and assess the performance in the management and operation of storage facilities and control of inventories.
- d. Establish strategies and guidelines of operational reliability of storage and dispatch infrastructure and the management of the relevant maintenance.

The draft of decree provides that the Logistics Centre will be in charge of a General Director appointed by the President.

For the management of the Logistics Centre, SENER will issue an Organization Manual in order to determine its organizational structure. The Logistics Centre will be subordinated to SENER and will depend on its annual budget. The saving provisions of the draft of decree provide that the Logistics Centre shall be operational within 30 calendar days after its entry into force.

The proposed draft is not clear on the role, if any, that both the Energy Regulatory Commission (responsible for midstream regulation in Mexico) and *Petróleos Mexicanos* (Pemex) will play once this Logistics Centre is created, and whether they will coordinate with the Logistics Centre for its day to day operations.

The draft of organizational decree of the Logistics Centre will be available for public consultation at the website of CONAMER; however, SENER has requested that this decree is exempted from the regulatory impact process, which means that it can be published in the Federal Register (*Diario Oficial de la Federación*) as soon as CONAMER grants the exception.

Your Key Contacts



Rogelio Lopez-Velarde

Partner, Mexico City

D +52 55 3685 3334

rogelio.lopezvelarde@dentons.com