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Decree enacting the Internal Regulations of the National Energy Commission

On May 8, 2025, the Decree enacting the Internal Regulations of the National Energy Commission (*Comisión Nacional de Energía*) (the “**CNE**” or the “**Commission**”) (the “**Regulations**”) was published in the Official Federal Gazette (*Diario Oficial de la Federación*) (“**DOF**”).

The publication of the Decree arises from the recent regulatory changes in the energy sector established by the amendments to the secondary legislation of this sector published in the DOF on March 18 of this year. These amendments created the CNE as a replacement for the former Energy Regulatory Commission (*Comisión Reguladora de Energía*) (“**CRE**”).

The purpose of the Regulations is to establish the structure and govern the organization and operation of the CNE, which is a decentralized administrative body of the Ministry of Energy (*Secretaría de Energía*) (“**SENER**”). The CNE is a body with technical, operational, administrative, and decision-making autonomy, and its own budget.

Purpose and powers of the CNE

The purpose of the CNE is to regulate, supervise, and impose sanctions on energy activities within its competence to promote the orderly, ongoing, and safe development of activities in the energy sector in accordance with binding legislation within the scope of its competence.

I. Main differences from previous legislation

Organizational and governance structure

The replacement of the CRE by the CNE represents a fundamental change to the regulatory framework of the Mexican energy sector. The CRE operated as a coordinated regulatory body in energy matters (*órgano regulador coordinado en materia energética*), a unit of the centralized Federal Public Administration which had its own legal personality. It had full technical, operational, and administrative autonomy, including the capacity to generate its own revenues from its regulatory services. Its governing body comprised 7 commissioners, including the President Commissioner, and functioned as a collegiate decision-making structure supported by an Executive Secretariat.

In contrast, the new CNE is a decentralized administrative body (*órgano administrativo desconcentrado*) of SENER, with no autonomous constitutional status or legal personality of its own, and which operates as an integral part of SENER. Although it maintains technical, operative, administrative, and decision-making autonomy, it is part of SENER. Its management structure includes a Directorate-General headed by a Director General, and a Technical Committee which functions as a collegiate decision-making body that replaces the CRE’s governing body.

The CNE’s internal structure comprises 5 administrative units (the Administration and Finance Unit, the Legal Affairs Unit, the Electricity Unit, the Hydrocarbons Unit, and the Verification Unit) plus the Executive Secretariat

and the Directorate-General of Strategy and Engagement for specific procedures. This structure contrasts with that of the CRE, which had a President, a governing body with seven members (six commissioners and the President Commissioner), the Executive Secretariat, and multiple administrative units organized by sector. In this regard, we recommend that market participants review the specific functions of each of these units in detail to better understand the new functional and operational structure of the CNE under the Regulations.

Differences in powers and functions

The CNE's Technical Committee is responsible for issuing, modifying, and updating permits, as well as revoking and suspending permits. The Technical Committee makes technical-administrative decisions on the basis of a majority vote by its members. In contrast, the 7 commissioners of the CRE's former governing body made collegiate decisions with full decision-making autonomy and were independent of sectors. In addition, it had the power to approve regulations and administrative provisions, as well as the ability to interpret laws and regulations for administrative purposes.

The appointment regime also differs substantially. In contrast to the CRE, the CNE is not protected under Article 28 of Mexico's Constitution. This represents a substantial loss of its constitutional autonomy due to the removal of institutional guarantees that used to support its regulatory independence. Moreover, the CNE's budget is now part of SENER's general budget, which entails budgetary dependence on the executive branch. The Director General of the CNE is appointed directly by the Federal Executive, with the appointment being ratified by the Senate of the Republic, and occupies a position without a fixed term and with hierarchical dependence on SENER. However, as a temporary exception, the first Director General will be appointed directly and the appointment will not be ratified by the Senate of the Republic under the Fifth Transitory Provision of the CNE Law (*Ley de la Comisión Nacional de Energía*). In contrast, the President Commissioner of the CRE, who was appointed by the Federal Executive, with the appointment being ratified by the Senate of the Republic, had a fixed term of seven years, was prohibited from re-election, and enjoyed functional independence during his term of office.

Regulatory scope and relations with key institutions

The CNE consolidates powers that were previously distributed among different entities, including the absorption of the CRE's functions in the power and natural gas sectors. The CRE's previous powers were limited to the regulation of the power sector (generation, transmission, distribution), natural gas and liquefied petroleum gas, petroleum products, and some aspects of basic petrochemicals.

The CNE's relationship with the Federal Executive marks another fundamental change. The CNE, as a decentralized body of SENER, operates under binding legislation with direct supervision by SENER and mandatory alignment with the Executive's energy policies, as well as a budget which is part of SENER's overall budget. The CRE had constitutionally recognized technical and operational autonomy, independence in regulatory decision-making, legal personality, and its own assets, with a specific budget which was directly authorized by the Congress of the Union.

II. Relevant deadlines and transitory provisions

Manuals and rules of operation

The CNE must issue its general organizational manual, as well as the Technical Committee's operating rules, within 90 business days of the effective date of the publication of the Regulations. Therefore, the deadline for issuing the general organizational manual and the Technical Committee's operating rules is October 2, 2025.

Establishment of registered office and procedures

Under the Eighth Transitory Provision of the Regulations, which refers to the Eighth Transitory Provision of the CNE Law, the CNE must issue a resolution which states its registered office, working hours, as well as programs, strategies and guidelines for handling procedures within its scope of competence within 90 calendar days of the entry into force of the CNE Law. Therefore, the deadline for the publication of this resolution is August 7, 2025.

Continuity of procedures

Any outstanding matters being processed by the CRE before its replacement by the CNE must be resolved by the head of the Directorate-General, the Technical Committee, or the administrative units of the new CNE, as appropriate, under the powers established in the Regulations.

Suspension of deadlines

It must be noted that, under the Fourth Transitory Provision of the CNE Law, a 90-day suspension period of deadlines and procedures has been established (from March 19 to June 17, 2025) to give legal certainty to the transfer of functions to the CNE.

Regional offices

The CNE may have State or regional offices that it deems necessary for the performance of its duties, in accordance with the assigned budget.

III. Implications for the energy sector

Regulatory consolidation

The publication of the CNE's Internal Regulations represents a fundamental step in the consolidation of Mexico's new energy regulatory framework, completing the institutional transition which was initiated with the reforms of March 2025.

Operational continuity

The Regulations ensure continuity in the provision of essential regulatory services for the sector, establishing clear mechanisms to resolve outstanding matters and transfer responsibilities.

Centralization of decisions

The replacement of the CRE's collegiate body by a Technical Committee under the direction of SENER suggests a greater centralization of regulatory decision-making, in line with the Government's objective of strengthening state planning in the energy sector.

Next steps for the energy sector

Participants from the energy sector must:

- 1) Monitor the issuance of the Technical Committee's organizational manuals and operating rules;
- 2) Prepare for possible adjustments to procedures and formalities once the CNE issues its operational guidelines;
- 3) Continuously monitor future orders, rulings, and the technical criteria that the different administrative units may publish, as these may substantially modify the application and interpretation of the regulatory requirements; and
- 4) Closely follow the development of the secondary regulations that will stem from the new legal framework.

Regulatory implications

The CNE's new structure maintains its essential regulatory functions while adapting to the new paradigm of state prevalence in the energy sector. This could result in adjustments to regulatory approaches and decision-making criteria.

The private sector should continue to monitor the practical implementation of this new regulatory framework to identify opportunities and manage the risks arising from the institutional transition.

Pérez-Llorca Mexico remains at your disposal to expand on our comments regarding the content, implementation, and impact of the Regulation and its complementary regulatory framework.

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