

MODIFICATIONS TO THE ORGANIC BYLAWS OF CFE GENERACIÓN

JULY 2023

EXECUTIVE SUMMARY:

- On June 19, 2023, the Federal Electricity Commission (for its acronym in Spanish "CFE") published in the Federal Official Gazette (for its acronym in Spanish "DOF") the Amendments to the Organic Bylaws of CFE Generación I, II, IV and VI (the "Bylaws").
- The purpose of these amendments is to add the Market Intelligence and Analysis Department figure to the Operating Areas, establishing its functions in the Bylaws.
- Likewise, on June 21, 2023, CFE published in the DOF the Modification to the Organic Statute of CFE Generación V, in which the functions are grouped according to the structure and organization that conforms CFE Generación V, within which is the addition to issue certified copies of documents and regulate the delegation or substitution of functions.



CONTEXT AND BACKGROUND

On December 12, 2017, the Organic Statute of CFE Generación I was published and in the 14th ordinary session of May 3, 2022, the Board of Directors-G1 approved the amendments to the Organic Statute of CFE Generación I. On December 22, 2017, the Organic Statute of CFE Generación II was published in the DOF.

On December 15, 2017, the Organic Statute of CFE Generación IV was published in the DOF.

On December 22, 2017, the Organic Statute of CFE Generation VI was published in the Official Gazette of

the Federation. As well as the Organic Statute of CFE Generación V that was published on that same date, same that was added on November 5, 2018, and subsequently amended on June 12, 2020, and January 16, 2023.

PURPOSE OF CFE GENERACIÓN

The purpose of CFE Generación is to generate electricity by means of any technology within the national territory and conduct the commercialization activities referred to in Article 45 of the Electricity Industry Law (for its acronym in Spanish "LIE"), except for the provision of electricity supply.

To this effect, Article 45 of the LIE states that commercialization includes one or more of the following activities: providing Electricity Supply to End Users, representing Exempt Generators in the Wholesale Electricity Market, entering contracts with Generators, Marketers and Qualified Market Participant Users, and others determined by the CRE.

■ STRUCTURE OF CFE GENERACIÓN

The structure of CFE Generación has Superior Bodies and Operative and Administrative Areas for the attention of the matters within its competence, which are composed as follows:

- I. Director General of the Commission.
- II. A director appointed by the Board of Directors.
- III. A director appointed by the SENER's head of department.
- IV. A director appointed by the Minister of Finance and Public Credit, with the prior approval of the Board of Directors.
- V. An independent director appointed by the Board of Directors.

A representative of the Workers shall participate in each meeting of the Council, with the right to speak but not to vote.

■ RELEVANT ASPECTS

The purpose of the Bylaws is to establish the structure and organization, as well as the powers of the different areas that make up the Subsidiary Productive Enterprise of the CFE, as well as each of its directors or personnel.

To this effect, in addition to the generic functions, the Market Intelligence and Analysis Department is granted the following functions:

1. Preparation of needs studies related to unconsolidated goods and services required for registration in the Annual Procurement Program for acquisitions, leases, and services of CFE Generación.
2. Review the information registered by CFE Generación requesting areas in the electronic system

before it is reported to the Commission's Market Intelligence and Analysis Management.

3. Follow-up on the execution of the Annual Procurement Program for acquisitions, leasing, and services.
4. Review and prepare market conditions research corresponding to the needs of non-consolidated goods and services required by CFE Generación.
5. Review the updates of market conditions related to the procurement of goods and services to be performed by CFE Generación to obtain information on market behavior.
6. Analysis of the convenience of modifying contracts derived from CFE Generación's contracting procedures in the case of replacement of goods to obtain better conditions.
7. Identify the risks associated with the contracting procedures developed by the contracting area and sub-areas of CFE Generación.
8. Design contracting strategies based on market conditions and risks detected to obtain the best conditions in contracting procedures.
9. Report to the authorities on the general results of the market intelligence processes conducted within the scope of CFE Generación competence.
10. Select and propose to the CFE's Market Intelligence and Analysis Management the public servants assigned to the Market Intelligence and Analysis Department and to the CFE Generación's requesting areas.
11. Collaborate with the CFE's Market Intelligence and Analysis Management in the verifications of compliance with applicable regulations.

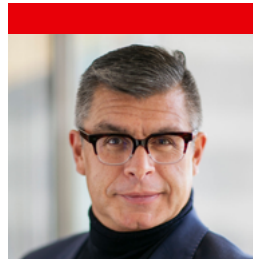
It is important to mention that this Department oversees the support of CFE and Subsidiary Productive Enterprise requesting areas, as well as the corporate contracting area, by providing strategic information on market studies, technical and economic conditions of the contracting procedures, as well as costs of goods, leases, and services to be contracted, required for a productive, efficient, and competitive operation.

In the amendment to the Bylaws of CFE Generación V, several sections are added to Article 12, which establishes the functions of the Chief Executive Officer, among which the following are added:

1. Delegate powers to the heads of Administrative and Operating Units.
2. Establish control systems and adopt the necessary preventive and corrective measures.
3. Appoint trust personnel; therefore, this will not be reserved solely for the Board.
4. Issue certified copies of files and documents in charge of the Administrative and Operative Units.
5. Provide the information and documentation requested by the competent authorities to the Units in accordance with the Federal Law of Transparency and Access to Public Governmental Information.
6. Designate the temporary or permanent representatives of CFE Generación V that will participate in the Coordination Committees with the External Energy Producers.

On the other hand, the Technical Supervision Sub-Management will be in charge of coordinating the elaboration and execution of the program of the Committee meetings related to the operation of the Legacy Power Plants, as well as the supervision and execution of the audits of said programs.

These amendments will become effective on the next business day following their publication in the DOF and will therefore be effective as of June 20, 2023.



Juan Carlos Machorro

Partner
Mexico City
+52 55 5279 5463
jmachorro@s-s.mx



Norma Álvarez

Associate
Mexico City
+52 55 5279 5415
norma.alvarez@s-s.mx



Pablo Ortiz Mena

Associate
Mexico City
+52 55 5279 5499
pablo.ortizmena@s-s.mx

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