

# GPA TO AUTHORIZE INSPECTION UNITS THAT WILL VERIFY REGULATORY COMPLIANCE IN THE AREAS OF ELECTRICITY GENERATION, TRANSMISSION, AND DISTRIBUTION

MAY 2024

## Executive Summary:

- In an ordinary session held on March 26, 2024, the Governing Body of the Energy Regulatory Commission approved the Agreement No. A/054/2024. This agreement establishes General Administrative Provisions that outline the regulatory framework for authorizing inspection units for load center requirement and the electricity industry in the areas of generation, transmission and distribution. It also details the procedure applicable to inspections and the operating conditions of the inspection units.
- Article 2 of the Electric Industry Law (LIE), amended by a decree published in the Official Gazette of the Federation (DOF) on November 6, 2020, defines the electric industry as encompassing, among others, the generation, transmission and distribution of electric energy, as well as the control of the National Electric System. These activities are of public interest.
- Article 8 of the Electric Industry Law (LIE) mandates that activities such as generation, transmission, distribution, commercialization, and supply of primary inputs for the electricity industry must be conducted independently and under conditions of strict legal separation.
- Article 12, sections XXXVII, XL, XLVII and XLIX of the Electric Industry Law (LIE) grant that Energy Regulatory Commission (CRE) the following authorities:
  - (I) Issue and enforce regulations concerning the efficiency, quality, reliability, continuity, safety and sustainability of the National Electric System (SEN).
  - (II) Define the requirements for approving verification and inspection units as outlined in Section IV of Article 33 of the LIE, and issue the corresponding forms.
  - (III) Verify compliance with the LIE, its regulations and other applicable administrative provisions. This includes the power to order and conduct verification visits, request information submission, and summon members of the electricity industry to appear before the CRE. These actions are undertaken to supervise and oversee compliance within the scope of the CRE's authority.

This Agreement establishes the General Administrative Provisions that govern the authorization of inspection units. The provisions cover requirements for load centers and the electric industry in the areas of generation, transmission, and distribution of electric energy, as well as the procedure applicable to inspections and the operating conditions of the inspection units.

These general Administrative Provisions aim to establish processes for authorization, modification, renewal and updating of the Inspection Units.

Define the requirements for authorization and operation of Inspection Units that:

- Certify satisfactory performance commissioning Power Plants and Load Centers upon commissioning, as verified through the required performance tests.
- Verify compliance with the required performance tests for Power Plants and Connection of Load Centers, as outlined in the Manual for Interconnection and Connection and the procedure for declaring Power Plant operation.



- Evaluate Load Centers connected to the National Electric System for compliance with the technical requirements established in the Grid Code.

Understanding the requirements for Inspection Units is crucial. These units assist the Energy Regulatory Commission (CRE) in validating the start and completion schedule for works associated with CRE-granted electric power generation permits. Additionally, they monitor compliance with other regulated activities for those facilities. This monitoring considers the facilities' design, construction, operation, and maintenance specifications, as well as their authorized activities in the areas of: I) generation, II) transmission and III) distribution.

One of the key instruments outlined in the Provisions are the Certificate of Compliance. This document, issued by the corresponding Inspection Unit through the Electronic Official Office of Parties (OPE) portal, certifies the compliance infrastructure, works and facilities for Generators, Transporters and Distributors of Electric Energy. The Certificate of Compliance can also be used for interconnection of Power Plants or connection of Load Centers to the National Transmission Network or the General Distribution Networks. Performance testing of Power Plants or Load Centers.

The Provisions detail the complete evaluation process conducted by the Energy Regulatory Commission to assess whether Inspection Units and their inspectors meet the requirements and pass the evaluation. Candidates are granted two opportunities.

If an inspector fails the evaluation under the terms outlined in the Provisions, they may retake the evaluation process after twelve months from the notification date of the Commission's resolution containing the denial. However, they must demonstrate completion of relevant training and education before retaking the evaluation.

The Provisions establish a three-year authorization period for Inspection Units.

This period begins on the notification date of the Authorization Resolution and can be renewed. Additionally, the Provisions require Inspection Units to maintain a valid civil liability insurance policy.

Non-compliance with any obligation by an inspection Unit will lead to sanctions ranging from a suspension of authorization to revocation and a three-year bar on operating as an Inspection Unit.

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