

# Mexico Energy Report

## GAS

### Mexico's CENAGAS to soon tender for key gas pipeline interconnection

- Mexico's TSO prepares to launch interconnect between Sistrangas, Mayakan system
- Details of pipeline tender still in the works
- Interconnection would boost supply to southeast region

Mexico's TSO is preparing to launch a tender for a much-anticipated interconnection between national gas grid Sistrangas and the Mayakan system serving the gas-starved southeast, which has the potential to increase gas supply to power plants and industry on the Yucatan peninsula.

One government official said the 16km interconnect project has been approved by CENAGAS' administrative council. It is currently unclear, however, what type of tender it could be.

The official said the new infrastructure would connect at the Cactus metering station at the of the principal Sistrangas pipeline, Cactus-San Fernando, and the administration would seek to have the interconnect operational by the third quarter of 2020.

The details of the tender are still being determined, according to two government officials, so it is currently unclear whether it will be open to

international participants. CENAGAS declined to comment on the details of the tender or what, if any role, Mayakan pipeline owner ENGIE would have in the process. Sources have previously said the Mayakan pipeline is flowing as little as 90m cubic feet (mcf)/day due to a lack of supply, but the situation has likely improved now that the Sur de Texas-Tuxpan has come online.

The interconnection project has the potential to substantially boost much-needed gas supply to the Yucatan peninsula where power locational marginal prices (LMPs) are among regularly the among the highest in the country due to a lack of gas from domestic production and the private sector is constrained to the types of industrial activities it can develop without accessible gas and power prices.

Yucatan has extraordinary potential for growth and the region will not do more if not given accessible energy prices, according to Daniela Flores, a former official in energy ministry SENER's natural gas unit and a consultant at Mexico-based Talanza Energy, during a 12 November panel at the US-Mexico Natural Gas Forum held in San Antonio.

Flores also discussed the importance of supply for state-run utility CFE's proposed power plants. Among these are a 510MW gas

combined cycle plant in the Yucatan scheduled to be tendered in December, which would require significantly more gas than the Yucatan can currently access.

Rosanety Barrios, another former SENER official who is now an independent energy analyst, said on a separate US-Mexico Natural Gas Forum panel that she advises companies wanting to participate in potential infrastructure projects to ensure they are aligned with the objectives of Mexico's state-run companies.

She also highlighted the importance of presenting to Mexican authorities in Spanish and outlining ideas in a constructive and collaborative manner.

#### CFE BUYS CARGOES

Mexico's state-run utility CFE has closed a tender for the purchase of two spot cargoes for December delivery to its Pacific coast terminal of Manzanillo. Market sources said that sellers Total, Shell or possibly BP were the likely winners for the two-cargo buy tender, which closed on 15 November.

Pricing was heard close to the December TTF price, which was assessed at \$5.10/MMBtu on 15 November.

**Claudia Espinosa and Ruth Liao**

#### RECENT AND EXPECTED LNG ARRIVALS

Name of Ship	Vessel size (cubic metres)	Contract/Spot	Seller	Port	Date of Arrival
Bilbao Knutsen	138,000	Contract	Shell	Manzanillo	25/11/2019
Neo Energy	150,000	Spot	Shell	Manzanillo	16/11/2019

#### WEEKLY ICIS FUEL SPOT PRICES

Type	Unit	Mid	High	Low	Date assessed
Propane, In Store, 10-30 days, Mt. Belvieu	\$USD, CTS/ US gal	55	55.25	54.75	15/11/2019

#### LNG DES CONTRACT ESTIMATES

\$/MMBtu

Period	Altamira	Manzanillo
January '20	2.756	2.890
February '20	2.709	2.271

LNG contract information can be found on our global contract database. For more information see [our LNG home page](#)

SOURCE: ICIS