

## MEXICAN SUPREME COURT PROTECTS THE ENERGY REFORM



Mexico's Second Chamber of the Supreme Court favored the actions and resolutions of the Energy Regulatory Commission ("CRE") and the National Hydrocarbons Commission ("CNH") by confirming that they regulate matters of public order and general interest.

The Mexican legal system provides the possibility to appeal unconstitutional acts of authority, through an Amparo Trial (*juicio de amparo*), entitling the individual or entity who suffered a violation of human and constitutional rights to claim before the Federal Courts' constitutional protection. The Amparo Trial proceeding, enables the plaintiff to request the suspension of the allegedly unconstitutional action, except when such suspension can cause damages to third parties or prejudice to public interest.

Bearing in mind the above, the judgement [approved last August 24<sup>th</sup> by 4 votes and 1 abstention in the Supreme Court] resolved a constitutional procedure (*Amparo Trial*), filed by a steel enterprise against CRE's faculty to establish first-hand sale prices of natural gas, arguing that the Law of the Regulatory Bodies in Energy Matters breached the Constitutional provisions of the Amparo Trial by preventing federal judges to grant a suspension of actions and resolutions by CRE or CNH that could breach human rights or constitutional rights.

Although the Second Chamber of the Supreme Court considered that only the Amparo Law (*Ley de Amparo*) shall regulate the proceedings of said constitutional relief, concluded that the provisions and resolutions issued by CRE and CNH shall not be suspended during the Amparo Trial proceedings, because such ruling may cause damages or prejudices to the collectivity, as:

*"The exploitation and marketing of hydrocarbons is a basic condition for the development of the country, being necessary for all types of economic activity.*

*The executive action [by CRE] seeks to meet the needs of the general interest of the community, whose implementation does not admit delay"*

This sentence represents one of the first judgments towards the Energy Reform, and it consequently protects CRE and CNH's authorities granted by the new framework.

### Contact

Should you have any questions or queries regarding the above or any energy related matter, please feel free to contact us.

Enrique González Calvillo  
[egonzalez@gcsc.com.mx](mailto:egonzalez@gcsc.com.mx)

Jorge Cervantes  
[jcervantes@gcsc.com.mx](mailto:jcervantes@gcsc.com.mx)

Diana M. Pineda Esteban  
[dpineda@gcsc.com.mx](mailto:dpineda@gcsc.com.mx)

Sarah Espinoza Ulloa  
[sespinoza@gcsc.com.mx](mailto:sespinoza@gcsc.com.mx)

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