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THE AGREEMENT SIGNED BY AND BETWEEN CONCYTEG**

AND

**THE RENEWABLE ENERGY AND ENERGY EFFICIENCY
PARTNERSHIP (REEEP)**

**FUNDED BY: THE RENEWABLE ENERGY AND ENERGY EFFICIENCY
PARTNERSHIP**

**LAW MODEL FOR THE PROMOTION OF
RENEWABLE ENERGY SOURCES
IN THE STATES AND COUNTIES
OF MEXICO**

I.- INTRODUCTION

This document is intended to serve as a guide for the preparation of a Bill for the Promotion of Renewable Energy Sources in Mexico's States and Municipalities, and therefore its contents seek to be merely informative for the areas of government in charge of drafting the definitive bill in each of Mexico's 31 States.

II.- PREFACE.-

I, _____, Constitutional Governor of the Free and Sovereign State of _____, exercising the power conferred on me by Article _____ Subsection _____ of the Political Constitution of the State of _____, hereby submit for the consideration of the Hon. Congress, the present **Bill for the Promotion of Renewable Energy Sources in the State and Municipalities** of _____, pursuant to the following:

III.- STATEMENT OF LEGISLATIVE INTENT

(Note: In this statement each State of the Mexican Republic shall specify the political, economic and social reasons justifying the present Bill.)

On the basis of the above stated and grounded, I hereby submit for the approval of the Honorable Congress of the State of _____, the following:

LAW FOR THE PROMOTION AND DEVELOPMENT OF RENEWABLE ENERGY SOURCES IN THE STATES AND MUNICIPALITIES OF _____

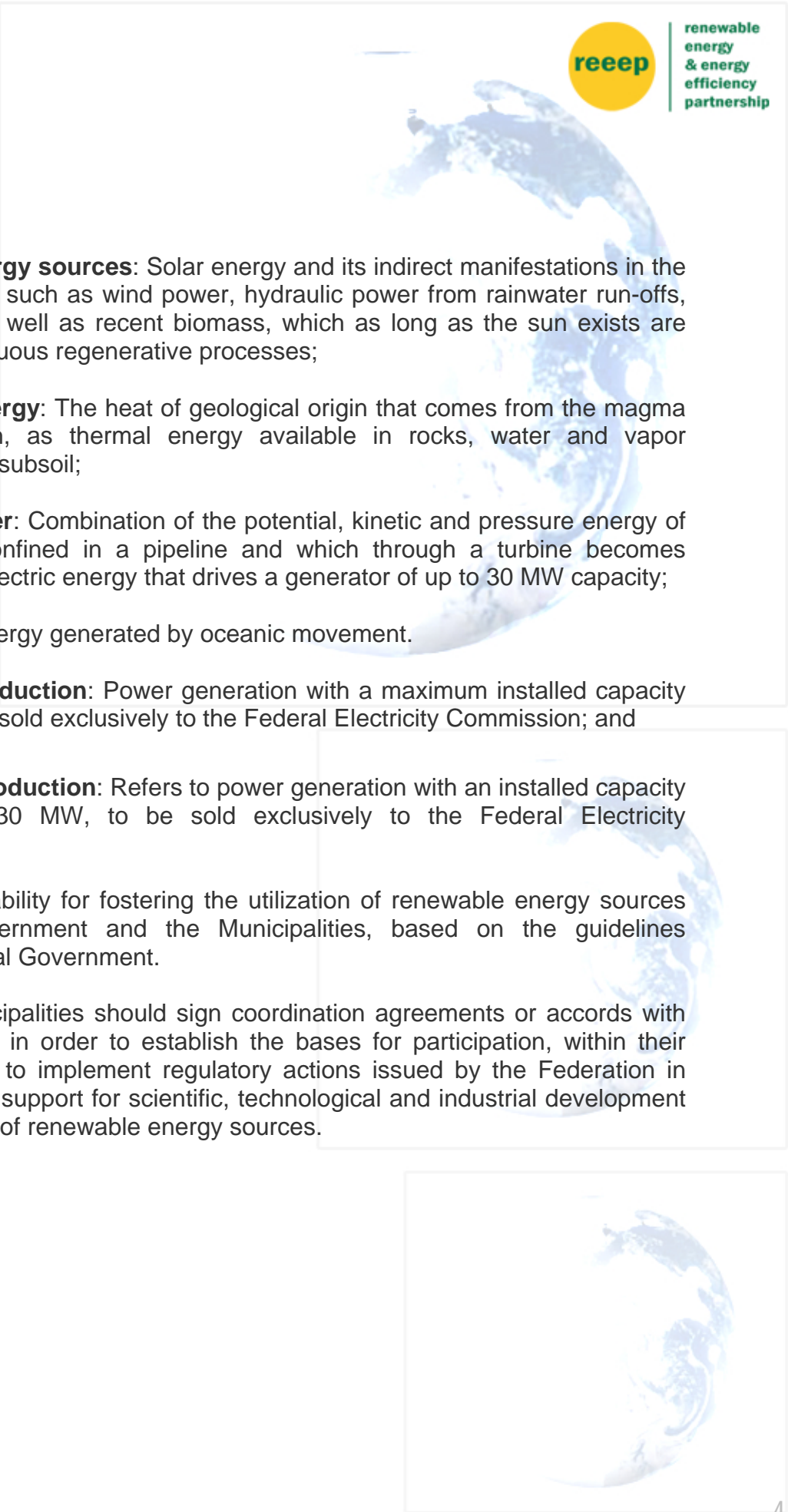
TITLE ONE General Provisions and Authorities

CHAPTER ONE General Provisions

Article 1.- This Law is of public policy and social interest, and its purpose is to foster the development of renewable energy sources in the States and Municipalities as an instrument for the promotion of sustainable development, economic competitiveness, quality of life improvement, and environmental protection and preservation to achieve energy efficiency and diversification.

Article 2.- For the purposes of this Law, the following terms shall have the meanings ascribed to them below:

- I. **Energy saving:** Streamlining of energy processes and consumption to increase its efficiency and avoid unnecessary consumption;
- II. **Self-supply:** An action that does not constitute a public service, in which an individual or corporation generates electricity for personal consumption, in either an isolated manner or interconnected to the electric grid;
- III. **Biomass:** As an energy resource, the organic material from plants and animals that originates in photosynthesis processes and releases heat when it reacts with oxygen;
- IV. **Cogeneration:** Double utilization of a fuel to provide process heat and electricity generation;
- V. **Commission:** The State Energy Commission;
- VI. **Energy diversification:** Overall exploitation of available primary energy sources, with emphasis on the use of renewable energy sources;
- VII. **Energy efficiency:** The ratio between the energy utilized in useful work and the amount supplied;

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- VIII. Renewable energy sources:** Solar energy and its indirect manifestations in the earth biosphere, such as wind power, hydraulic power from rainwater run-offs, wave energy as well as recent biomass, which as long as the sun exists are subject to continuous regenerative processes;
- IX. Geothermal energy:** The heat of geological origin that comes from the magma within the earth, as thermal energy available in rocks, water and vapor contained in the subsoil;
- X. Mini-hydropower:** Combination of the potential, kinetic and pressure energy of a water flow confined in a pipeline and which through a turbine becomes mechanical or electric energy that drives a generator of up to 30 MW capacity;
- XI. Tidal power:** Energy generated by oceanic movement.
- XII. Small-scale production:** Power generation with a maximum installed capacity of 30 MW, to be sold exclusively to the Federal Electricity Commission; and
- XIII. Independent production:** Refers to power generation with an installed capacity of more than 30 MW, to be sold exclusively to the Federal Electricity Commission.

Article 3.- The responsibility for fostering the utilization of renewable energy sources falls to the State Government and the Municipalities, based on the guidelines established by the Federal Government.

The State and the Municipalities should sign coordination agreements or accords with the Federal Government in order to establish the bases for participation, within their spheres of competence, to implement regulatory actions issued by the Federation in addition to financing and support for scientific, technological and industrial development focused on the utilization of renewable energy sources.

CHAPTER TWO Authorities

Article 4.- The following are competent authorities to enforce this Law:

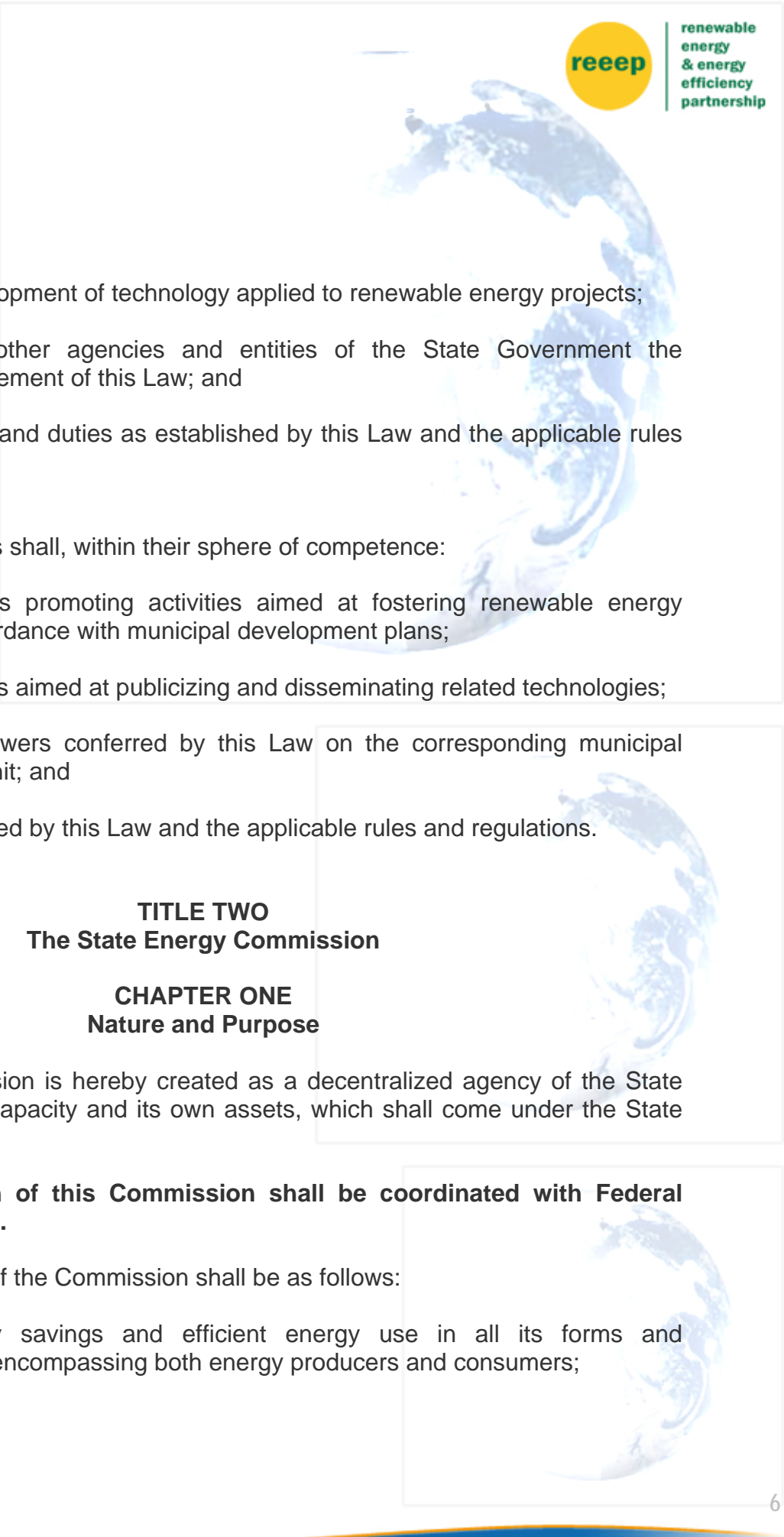
- I. The State Governor;
- II. Town Councils;
- III. (The Administrative Unit in charge of coordinating the sector, hereinafter AU);
- IV. The Commission; and
- V. Any other applicable agencies and entities of the State or Municipal Government as provided in this Law.

Article 5.- The State Governor shall have the following powers and duties:

- I. Establish, in Development and Government Plans, policies and programs relative to promotion and utilization of renewable energy sources as well as energy efficiency and diversification, in accordance with the provisions of this Law and other applicable rules and regulations;
- II. Consider as part of the projects, programs and budgets, the actions and necessary resources for the application of renewable energy sources;
- III. Propose to the State Congress direct incentives for the development of projects in connection with renewable energy;
- IV. Execute any kind of legal acts necessary for compliance with the objectives of this Law; and
- V. Any others indicated in the applicable legal provisions.

Article 6.- The AU shall have the following powers and duties:

- I. Foster utilization of solar, wind, geothermal, mini-hydropower and biomass resources as well as, if applicable, tidal power resources (**Note: this latter energy source only in case of States that have maritime territory**) in the State's industrial and commercial activities;

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- II. Promote the development of technology applied to renewable energy projects;
 - III. Coordinate with other agencies and entities of the State Government the appropriate enforcement of this Law; and
 - IV. Any other powers and duties as established by this Law and the applicable rules and regulations.

Article 7.- Town Councils shall, within their sphere of competence:

- I. Establish policies promoting activities aimed at fostering renewable energy sources, in accordance with municipal development plans;
- II. Promote activities aimed at publicizing and disseminating related technologies;
- III. Delegate the powers conferred by this Law on the corresponding municipal administrative unit; and
- IV. Any others granted by this Law and the applicable rules and regulations.

TITLE TWO The State Energy Commission

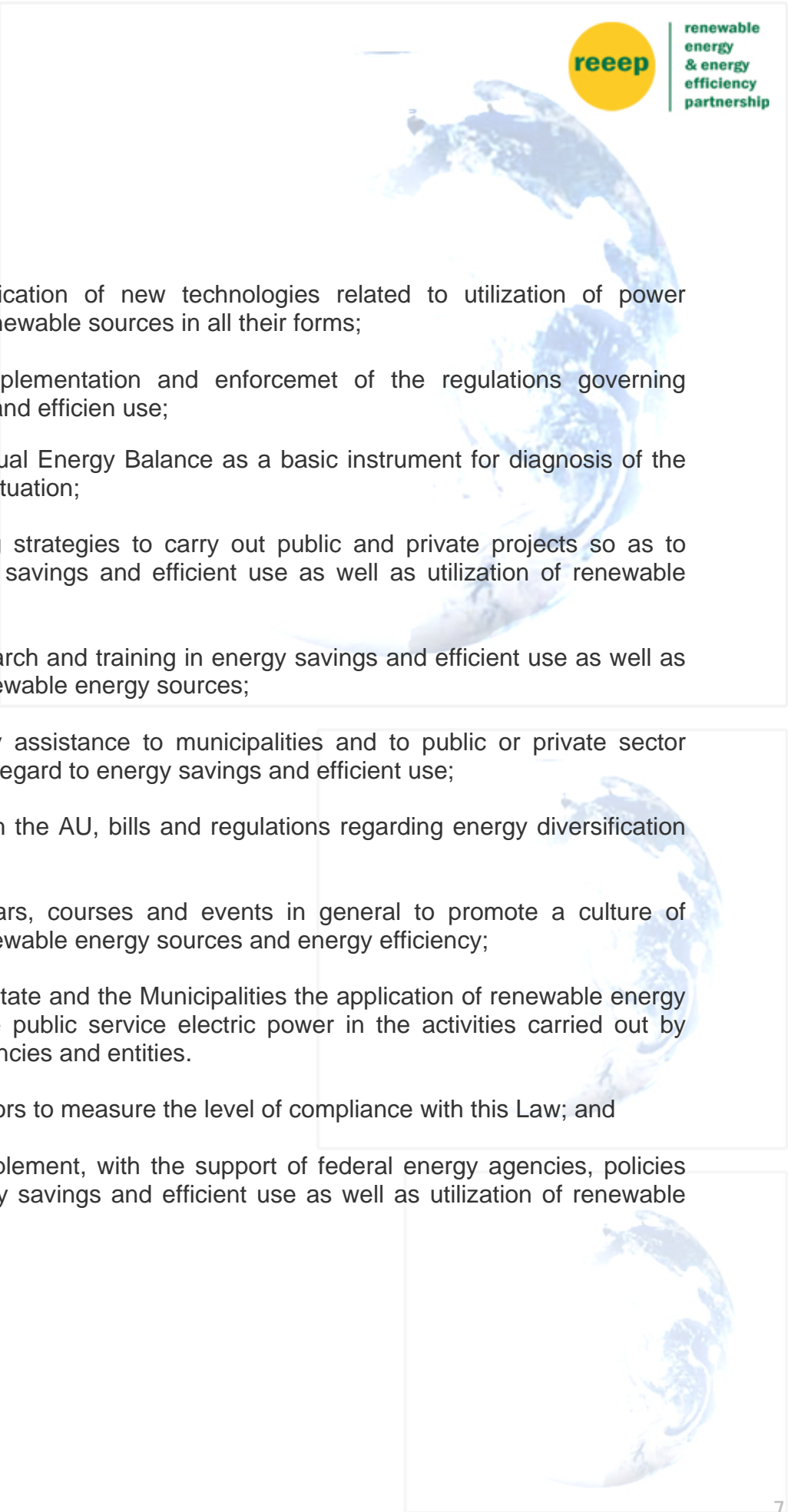
CHAPTER ONE Nature and Purpose

Article 8.- The Commission is hereby created as a decentralized agency of the State Government, with legal capacity and its own assets, which shall come under the State **AU** as a sector.

Note: The organization of this Commission shall be coordinated with Federal Government authorities.

Article 9.- The purpose of the Commission shall be as follows:

- I. Promote energy savings and efficient energy use in all its forms and manifestations, encompassing both energy producers and consumers;

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- A large, semi-transparent image of the Earth as seen from space, showing the Western Hemisphere, serves as the background for the list. The image is oriented vertically, with the top of the page showing the top of the globe and the bottom showing the bottom of the globe.
- II. Foster the application of new technologies related to utilization of power generated by renewable sources in all their forms;
 - III. Promote the implementation and enforcement of the regulations governing energy savings and efficient use;
 - IV. Draw up an annual Energy Balance as a basic instrument for diagnosis of the State's energy situation;
 - V. Design financing strategies to carry out public and private projects so as to promote energy savings and efficient use as well as utilization of renewable energy sources;
 - VI. Coordinate research and training in energy savings and efficient use as well as utilization of renewable energy sources;
 - VII. Provide advisory assistance to municipalities and to public or private sector institutions with regard to energy savings and efficient use;
 - VIII. Propose, through the AU, bills and regulations regarding energy diversification and efficiency;
 - IX. Organize seminars, courses and events in general to promote a culture of utilization of renewable energy sources and energy efficiency;
 - X. Propose to the State and the Municipalities the application of renewable energy in order to save public service electric power in the activities carried out by government agencies and entities.
 - XI. Establish indicators to measure the level of compliance with this Law; and
 - XII. Develop and implement, with the support of federal energy agencies, policies related to energy savings and efficient use as well as utilization of renewable energy sources.

CHAPTER TWO

Seat and Assets of the Commission

Article 10.- The Commission shall have its seat in the City of _____ and may establish the offices, representations and any other promotion schemes necessary for the fulfillment of its object in the State, in the country and abroad, with the approval of its Governing Board and in keeping with its budget.

Article 11.- The assets of the Commission shall be made up of:

- I. The real estate it owns;
- II. The budgetary resources established in its favor by the General Expense Budget of the State;
- III. The contributions, inheritances, donations, legacies and any other resources in money or in kind it receives from individuals or corporations by any legal title;
- IV. The contributions and subsidies made in its favor by the Federation, the State and its Municipalities as well as by other public or private organizations, whether national or foreign;
- V. Own income generated by the agency, whether or not for providing its services; and
- VI. Any other movables, real estate and income it acquires or receives by any legal title or that are allocated to it by the State Government or by the Municipality of León.

Any additional income received by the Commission over and above those provided for in the General Expense Budget of the State Government shall be applied to projects directly related to its objective.

CHAPTER THREE Governance and Administration

Article 12.- The governance and administration of the Commission shall be in charge of the following organs:

- I. The Governing Board;
- II. The President;
- III. The Technical Secretary;
- IV. The Technical Committee; and
- V. The Coordination Offices.

SECTION ONE Governing Board

Article 13.- The Governing Board shall be the Commission's highest authority and shall be composed of:

(Note: This is a proposal for organization which shall be adapted to each type of administrative state legislation):

- I. The Head of the Executive Branch;
- II. The Head of the **AU**;
- III. The Head of the Administrative Unit in charge of Sustainable Economic Development;
- IV. The Head of the Administrative Unit in charge of Finance and Administration;
- V. The Head of the Administrative Unit in charge of Agribusiness Development;
- VI. The Head of the Administrative Unit in charge of Social and Human Development;
- VII. The Head of the Administrative Unit in charge of Health Care;
- VIII. The Head of the Administrative Unit in charge of Ecology of the State;
- IX. One representative of the business sector;
- X. One representative of the academic sector;
- XI. One representative of the social sector;
- XII. The Technical Secretary of the Commission; and
- XIII. The Head of the Administrative Unit in charge of the Public Comptroller's Office.

Article 14.- The Commission shall be presided by the State Governor and have a Technical Secretary appointed by the latter.

Article 15.- The President of the Commission may invite recognized researchers or scientists to take part in the meetings or those who belong to some energy research center, as well as social organizations and federal, state and municipal public servants who, based on the functions they carry out, may contribute their knowledge and experience regarding energy savings and efficient use as well as utilization of renewable energy sources.

Article 16.- The members of the Commission shall have the right to vote, with the exception of the Technical Secretary. Each member of the Commission shall designate their respective alternate.

Article 17.- The posts of the members of the Commission shall be honorific and shall therefore receive no retribution, emolument or compensation of any kind for their performance.

Article 18.- The members referred to in subsections IX, X and XI of Article 13 shall be designated by the Head of the Administrative Unit in charge of Sustainable Economic Development and shall remain in their post for three years, with the possibility of ratification for a period of the same length.

Article 19.- The Commission shall meet in a regular manner at least four times a year and in special sessions when convened by the President of the Commission. For the sessions of the Commission to be valid, the attendance of more than half of its members shall be required, and decisions shall be taken by majority vote of those present. In case of a tie, the President shall have the casting vote.

Article 20.- The Governing Board shall have the following powers and duties:

- I. Submit for the consideration of the President of the Governing Board the State Program for Energy Diversification and Savings, to be approved by the State Governor;
- II. Approve the annual preliminary draft budget of the Commission;
- III. Review the annual work report submitted by the President of the Commission;
- IV. Approve the Internal Regulations of the Commission establishing its organization;

- V. Establish the guidelines to foster power self-supply in the States and Municipalities;
- VI. Establish technical criteria for the use of renewable energy sources in the State's protected or reserved natural areas;
- VII. Propose the execution of coordination and collaboration agreements and accords regarding energy, and
- VIII. Any others conferred on it by this Law and the applicable statutes.

SECTION TWO

The President

Article 21.- The President of the Commission shall have the following powers and duties:

- I. Preside over the meetings of the Governing Board;
- II. Oversee due performance and development of the Commission's activities;
- III. Represent the Commission before any federal, state or municipal agency or entity;
- IV. Propose to the Governing Board the Internal Regulations that will govern the Commission, which shall set forth its bases for administrative organization;
- V. Supervise due observance of this Law and any other applicable legal provisions, and
- VI. Any others granted by this Law and any other applicable legal provisions.

SECTION THREE **The Technical Secretary**

Article 22.- The Technical Secretary shall be appointed by the President of the Governing Board.

Article 23.- The Technical Secretary of the Commission shall have the following powers and duties:

- I. Direct and coordinate the Commission's technical work, as well as carry out the direct administrative responsibilities in connection with its operation.
- II. Submit for the consideration of the Governing Board the work plan and the draft expenditures budget of the Commission;
- III. Organize the sessions of the Governing Board and preside over those of the Technical Committee;
- IV. Take the minutes of the sessions held by the Governing Board and by the Technical Committee;
- V. Execute and supervise compliance with the actions agreed on and the agreements arising from the Governing Board and Technical Committee, and
- VI. Any others granted by this Law and the applicable rules and regulations.

SECTION FOUR **The Technical Committee**

Article 24.- The Technical Committee shall act as the Commission's technical body for linkage and consultation, shall be composed of public, social and private sectors representatives in the field of renewable energy and energy efficiency, and shall aid the Commission in the performance of its functions.

Article 25.- The membership and functioning of this organ shall be regulated by the Commission's Internal Regulations.

SECTION FIVE The Coordination Offices

Article 26.- The Commission shall have the necessary Coordination Offices to carry out its operative and technical functions for compliance with its objective. The Internal Regulations of the Commission shall establish the specific functions that fall to each Coordination Office, the composition of which shall be adapted to the Commission's functions and activities.

Article 27.- The organization of the Coordination Offices shall include administrative simplification criteria to make the functioning of the Commission operational and efficient.

SECTION SIX Control and Supervision

Article 28.- Control and supervision of the Commission shall be in the charge of of an Internal Comptroller's Office, responsible for controlling, watching over, inspecting and evaluating proper use of the Commission's material and financial resources, in order to determine its due performance.

Article 29.- The Internal Comptrollers' Office shall depend organically and functionally on the *Administrative Unit in charge of the General Accounting Office of the State* and on the Commission as regards budget.

Article 30.- The Internal Comptrollers Office shall be composed of a Head designated by the Administrative Unit in charge of the General Accounting Office of the State and by the operative staff the budget permits.

Article 31.- The Internal Comptrollers Office shall have the following powers and duties:

- I. Supervise correct application of the expense budget;
- II. Verify that the registry and inventory of movables and real estate is kept up to date;
- III. Take part in the Commission's internal delivery-reception processes in accordance with the applicable statutes;
- IV. Check the Commission's financial statements;

- V. Observe the guidelines issued by the *Administrative Unit in charge of the General Accounting Office of the State*; and
- VI. Any others indicated by the Internal Regulations and the applicable laws and regulations.

TITLE THREE Common Provisions on Renewable Energy Sources

CHAPTER ONE Application of Renewable Energy Sources in Economic Activities

Article 32.- In applying renewable energy sources in economic activities, the Commission, in coordination with the *Administrative Unit in charge of Economic Development* may:

- I. Establish programs of specific support for the development of the industry, related to power generation through renewable sources;
- II. Promote the application of renewable energy in the agricultural or livestock sector; and
- III. Prepare a catalogue listing the main enterprises in the renewable energy sources market at national and international levels, and specifically in the State, with the aim of promoting the supply of products and services in this field.

CHAPTER TWO Renewable Energy Sources in Scientific and Technological Research

Article 33.- In applying renewable energy sources in the field of scientific and technological research, the Commission, in coordination with the *Administrative Unit in charge of Science and Technology* may:

- I. Establish a Program for technological development and utilization of renewable energy sources in projects with high social and economic impact;

- II. Establish a Program for Technological Innovation in areas related to renewable energy and
- III. Establish a Program for the training of human resources on the application of renewable energy sources.

CHAPTER THREE Renewable Energy Sources in Environmental Protection and Conservation

Article 34.- In applying renewable energy sources in environmental protection and conservation, the Commission, in coordination with the *Administrative Unit in charge of Ecology* may:

- I. Establish, by means of official standards, the guidelines for the utilization of renewable energy sources in industrial activities, for the purpose of mitigating polluting emissions and their harmful effects on the environment.
- II. Establish official standards for energy savings and efficient use in water utilization for domestic, agricultural and industrial purposes. Such administrative provisions shall be published in the State Official Gazette so that they are obligatory for individuals.
- III. Set the technical criteria for the use of renewable energy sources in natural protected areas or areas reserved for the State; and
- IV. Design programs for the use of renewable energy sources to reduce pollution levels in population centers.

CHAPTER FOUR Renewable Energy Sources in Social Development

Article 35.- In applying renewable energy sources in social development, the Commission, in coordination with the *Administrative Unit in charge of Social Development* may:

- I. Provide advisory services to the State and the Municipalities in the planning and design of population, industrial development, trade and services centers

considering the use of renewable energy sources, to allow harmonious coexistence between human beings and the environment.

- II. Propose to the competent authorities the design of territorial management plans focusen on the use of renewable energy sources, mainly in areas in isolated rural regions excluded from the power grid;
- III. Propose to the State and the Municipalities the application of renewable energy in public lighting, pumping of drinking water and sewage management, among other public services;
- IV. Propose to the municipalities adapting their regulations on zoning and land use and construction to foster the utilization of renewable energy sources, and
- V. Propose to the State and the Municipalities the application of renewable energy in monuments, urban parks, rural communities and other elements that condition ecological balance.

Article 36.- The States and the Municipalities, through the Commission, shall ensure the participation of regional and local communities, potentially affected groups and individuals interested in monitoring projects involving the use of renewable energy sources, by means of meetings and public consultations called by the competent authorities, as well as any other method that guarantees compliance with the project's commitments to society; in any case the aim is to achieve the greatest social benefit.

TITLE FOUR Solar and Wind Power

CHAPTER ONE Equal Rights to Solar Energy

Article 37.- In order to foster mass use of solar energy, the right of access to solar radiation is established as a right which shall be governed by the provisions of this Law.

Article 38.- If proprietors or holders vouch for continuous and useful utilization of solar energy, the proprietors or holders of the adjacent lots should comply with the obligations provided in this chapter.

Article 39.- Proprietors or holders of servant tenements shall be obliged to abstain from erecting buildings or perform any other activity on their lots that partly or totally hinder utilization of solar energy by other proprietors and holders.

Article 40.- In order to make the most of solar energy, the easement foreseen in this chapter is of a permanent nature and the rights granted herein may be an object of transaction.

Article 41.- In the title deeds of lots with installations to use solar energy, notaries public shall insert a clause relative to the rights hereunder. Special note shall be taken of said clause in the real estate folio in the corresponding Public Registry of Real Estate Property.

Article 42.- The rights referred to in this article may be exercised provided that proprietors or holders of the dominant tenement have given written notice to the Municipality and the Public Registry of Real Estate Property of the conclusion of equipping works to use solar energy.

Article 43.- Such rights shall expire in any of the following cases:

- I. If within a period of one year the building or remodeling to have access to solar radiation is not completed;
- II. If within a period of one year the facilities for solar utilization have ceased to be used;
- III. If such facilities have been demolished or dismantled; and
- IV. By the will of the holder of the right.

Article 44.- The proprietors or holders of dominant tenements deemed affected by the start of constructions or buildings that hinder continuance of solar energy utilization, may bring suit against the owners of servant tenements before a competent judge, who upon admission of complaint shall, without further proceedings, order suspension of the corresponding construction or building works in the servant tenements.

Article 45.- The proprietors or holders of dominant tenements may request before a competent judge total or partial demolition of constructions and buildings on servant tenements that hinder solar energy utilization.

Article 46.- In case of emergency, upon complaint admission the Judge shall order total or partial demolition of the pertinent works, for which purpose the owner of the dominant tenement shall grant sufficient guarantee should a favorable decision not be obtained in the suit.

Article 47.- In no case shall compliance with the obligations provided for in this chapter be imposed on public or private institutions holding buildings or constructions of the public domain or that possess historical or archeological value in the opinion of the competent authorities.

CHAPTER TWO

Application of Solar Energy in Households

Article 48.- The Commission, having heard the opinion of the **Administrative Unit in charge of the promotion of Housing of the State Government**, shall draw up the technical standards for housing construction focused on the use of environmental engineering eco-techniques, as well as the utilization of alternative energy sources, for which purpose it should consider the following aspects:

- I. Utilization of solar energy in water heaters;
- II. Application of solar energy in the generation of electric power for partial self-supply;
- III. Application of systems to efficiently use and recycle water as well as organic and inorganic wastes;
- IV. Application of techniques that allow to take advantage of natural lighting conditions;
- V. Architectural design that takes into account acoustic conditions and solar radiation in all its variants, natural lighting, thermal gains, ultraviolet and infrared radiation, solar protection and natural ventilation;
- VI. Application of official standards on energy efficiency and diversification; and
- VII. Publicizing of successful cases in applying these new energy sources.

CHAPTER THREE

Solar Energy in Urban Developments

Article 49.- In the construction of new urban developments, the competent authorities may authorize projects involving the application of solar energy, for which purpose they should count on the Commission's opinion.

The guidelines for authorizing utilization of solar energy within urban developments shall be subject to the following:

- I. The competent authority granting authorization shall specify that the Subdivision is to utilize solar energy, so that the owners and holders of the lots respect the rights and obligations inherent to this type of utilization;
- II. The municipalities shall establish a registry of urban developments using solar energy, in order to identify areas of utilization of this type of energy and protect the rights of persons in their utilization, and
- III. In urban development construction, the application of solar energy in the pertinent public and private services shall be considered.

Article 50.- Urban developments that will use solar energy shall submit the following:

- I. A technical report explaining the extent of solar utilization;
- II. A proposal to use lights with photovoltaic cells in public lighting;
- III. A proposal to take advantage of natural lighting conditions;
- IV. A draft construction project with provisions for pre-installation for the use of solar energy;
- V. A draft water heater application project for sanitary use water;
- VI. A proposal to establish water or organic solid wastes recycling systems;
- VII. A study on installation and maintenance costs for technologies to utilize renewable energy sources, and
- VIII. A draft deed containing provisions on the right to solar utilization, if applicable.

Article 51.- When developers request only partial application of solar energy, they shall specify the thermal axes, as well as the lots and the precise orientation of the same in which said energy is to be used.

In any event, the builders shall prepare the project taking into account that constructions are to use solar energy.

Article 52.- All proprietors or holders of the lots within the urban developments referred to in the preceding article, shall respect the solar energy utilization rights of any other holders in accordance with this Law.

Article 53.- In the delivery process of urban developments, the Municipality shall carry out of tests to verify the effective functioning of technologies related to solar energy, for which purpose it may count on the Commission's advisory services.

CHAPTER FOUR Equal Rights to Wind Power Utilization

Article 54.- Individuals or corporations that utilize wind power shall be subject, if pertinent, to the regulations related to the right to utilize solar energy where applicable according to this Law.

The Commission shall develop a promotion program to install Wind Electric Parks in the State, which shall provide for agreements between developers and proprietors or holders of lots.

The State and the Municipalities may establish joint ventures between public and private enterprises to foster utilization of this resource. In any event, such joint ventures shall be in effect as long as necessary to ensure the appropriate return on investment and gains to make projects profitable.

Similarly, the Municipalities shall establish simplified procedures for the granting of Wind Power Parks building permits and licenses, in order to facilitate project management.

Once issued, permits shall not be revoked without prior hearings with the interested parties. In any case the construction, operation and abandonment of installations in Wind Electric Parks shall be subject to the applicable official standards.

TITLE FIVE Biomass Energy

CHAPTER ONE Legal Regime for Utilization of Municipal Biomass as a Source of Energy

Article 55.- As one way of reusing municipal organic residues, the Commission shall establish a Municipal Biomass Utilization for Energy Purposes Program,

taking the following into account:

- I. Utilization of biomass from energy crops, residues from agricultural activities or residues from forestry development;
- II. Utilization of manure from agricultural activities; and
- III. Utilization of biomass from industrial activities.

Article 56.- With advisory assistance from the Commission, the State and the Municipalities may form enterprises with private investment in order to use biomass for energy purposes with the following applications:

- I. Power generation for utilities;
- II. Cogeneration to provide power and heat to public facilities that so require;
- III. Preparation of solid biofuels and biocarburants;
- IV. Installation of biodigestors for the promotion of productive activities;
- V. Establishment of large-scale sanitary landfills or biodigestors to process organic wastes for the production of biogas for power generation or to be injected into the urban natural gas distribution system.

In the organization of the above-mentioned public enterprises, private-sector individuals or corporations may become associated in project execution. In any event, such enterprises shall be in effect as long as necessary to ensure the appropriate return on investment and gains to make projects profitable, even after a change of municipal administration.

Likewise, the Municipality shall be authorized to grant for utilization of public-domain lands with sanitary landfills so as to facilitate project execution, and similarly both the State and the Municipalities shall establish a simplified procedure for granting the corresponding permits.

CHAPTER TWO Biomass Energy Exploitation in Agricultural and Livestock Activities

Article 57.- In order to comply with the provisions of this chapter, slash and burn practices shall be subject to the applicable rules and regulations, seeking to submit crops to recycling with the aim of energy recovery and restitution to the soil of organic matter and nutrients.

The Municipalities could promote the establishment of collection centers for agricultural wastes to be used for energy purposes. To this end, the Commission shall draw up a catalogue of plant species apt for utilization for energy purposes with the aim of fostering agricultural activities related to energy.

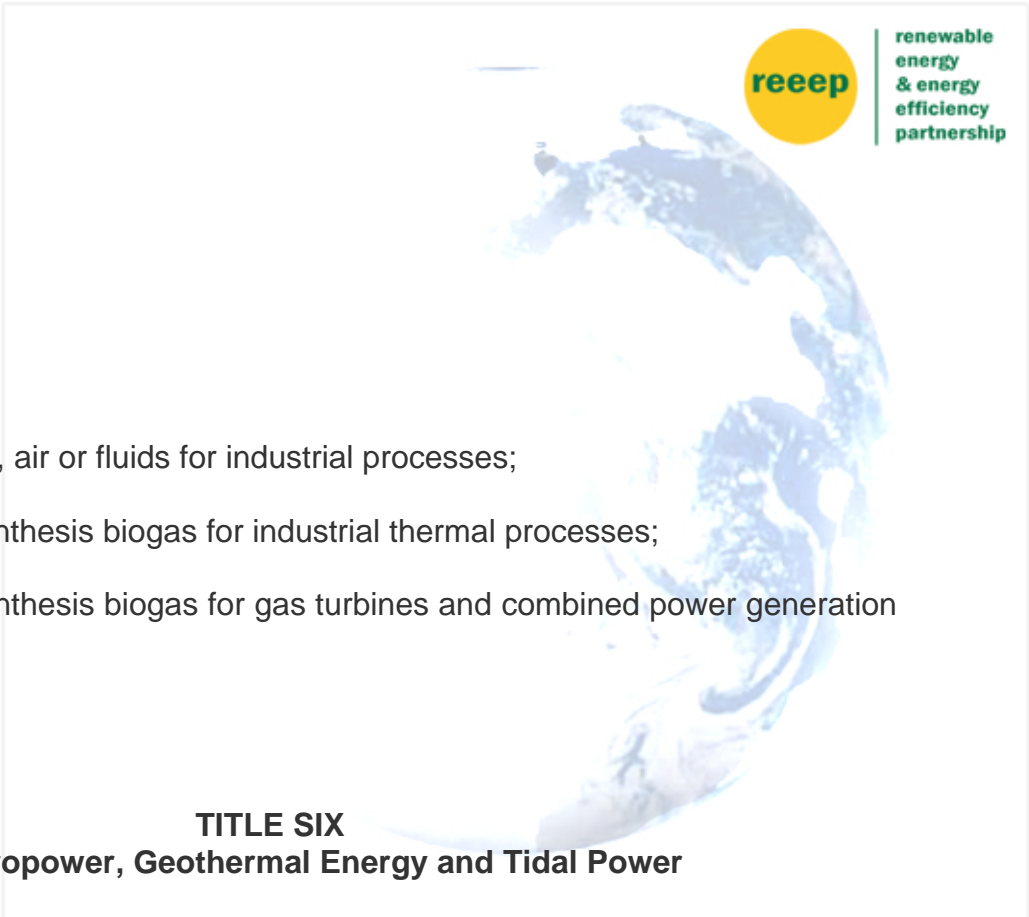
In this case, the Commission may establish model contracts between farmers and commercial biofuels transformation companies, regulating energy utilization in agricultural production.

Article 58.- With regard to management of biomass from livestock activities, the Municipalities may utilize it in power generation, as provided by federal legislation.

CHAPTER THREE Biomass Energy Utilization in Industrial Activities

Article 59.- The Commission may make recommendations to industries for organic waste energy utilization in several ways:

- I. Steam generation for industrial use;

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- II. Cogeneration;
 - III. Heating of water, air or fluids for industrial processes;
 - IV. Production of synthesis biogas for industrial thermal processes;
 - V. Production of synthesis biogas for gas turbines and combined power generation cycles; and
 - VI. Heating.

TITLE SIX Mini-hydropower, Geothermal Energy and Tidal Power

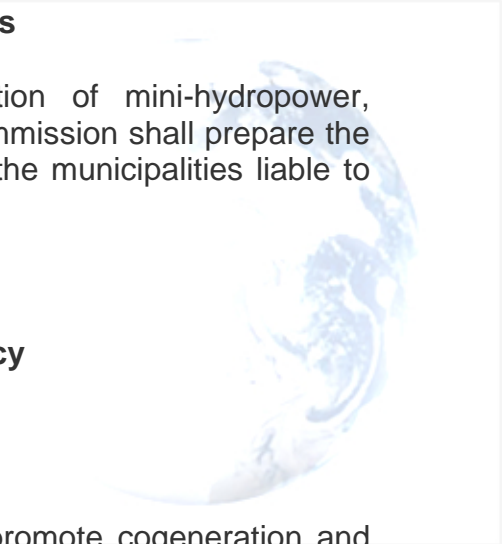
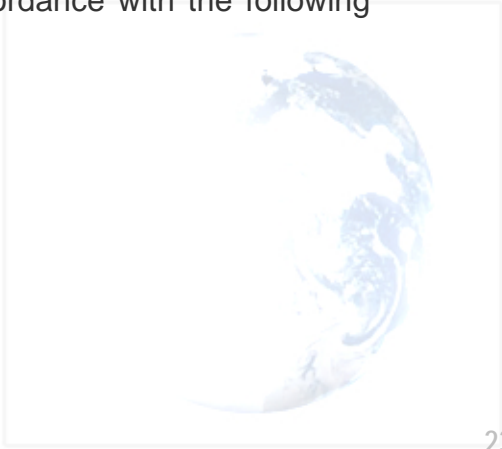
SOLE CHAPTER Utilization of These Energy Sources

Article 60.- The Commission shall promote the utilization of mini-hydropower, geothermal energy and tidal power. For this purpose, the Commission shall prepare the necessary studies to locate the places within the State and the municipalities liable to this type of energy utilization.

TITLE SEVEN Energy Diversification and Efficiency

CHAPTER ONE Fostering Energy Diversification

Article 61.- The Commission shall establish a program to promote cogeneration and self-supply systems in the private sector in the State in accordance with the following modalities:

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- I. On-site generation and consumption;
 - II. Generation separate from the point of consumption;
 - III. Disperse generation, concentrated consumption;

- IV. Concentrated generation, disperse concentration; and
- V. Disperse generation and disperse consumption.

ARTICLE 62.- The State and the Municipalities may carry out power consumption or generation by means of the various modalities provided for in federal legislation, and for such purpose they may set up enterprises with public and private investment.

CHAPTER TWO Energy Savings

Article 63.- In order to raise competitiveness, the corporations established in the State may certify their energy savings processes with advisory assistance from the Commission. Certified corporations shall have preference in receiving institutional support for their development.

Article 64.- In the certification process, the Commission shall have the authority to verify that corporations comply with the rules and regulations on energy savings.

Article 65.- The State's Municipalities shall prepare an Energy Saving Manual that technically describes the following:

- I. Systems for water management, rainwater storage and catchment, and sewage saving and recycling techniques.
- II. Acoustic conditions, urban and architectural acoustic protection systems;
- III. Solar radiation utilization and protection systems;
- IV. Systems for utilization of natural lighting, and design of architectural geometries for making the most of natural light.
- V. Comprehensive management of thermal gains with heat evacuation and storage.
- VI. Wind utilization systems, comprehensive management of natural ventilation;

- VII. Sustainable utilization of municipal solid wastes;
- VIII. Definition of general and technical criteria for an urban morphology; and
- IX. Definition of general and technical criteria for an architectural typology of buildings.

CHAPTER THREE Municipal Regulations

Article 66.- The Municipalities, within their sphere of duties and to duly enforce this Law, may establish the following regulations:

- I. Energy use in constructions;
- II. Energy use of wastes; and
- III. Establishment of Wind Electric Parks.

The drafting of these regulations shall establish simplified, streamlined procedures with the aim of facilitating project management.

TITLE EIGHT Incentives and Law Enforcement

CHAPTER ONE Investment Incentives

Article 67.- The State Congress shall annually establish specific incentives for productive investment in the area of renewable energy and energy diversification and efficiency, for the purpose of encouraging the development of this technology and enforcement of this Law.

Such incentives shall include creating a public trust to which resources shall be allocated in the amount proposed by the State Governor in accordance with the regulations issued, in order to carry out integral promotion of utilization of renewable energy sources and energy efficiency.

Likewise, the State Congress may establish the appropriate fiscal incentives.

CHAPTER TWO Supervision

Article 68.- The Commission shall submit to the Governor an annual report on the level of compliance with this Law on the part of state and municipal authorities, as well as the social and private sectors.

Article 69.- The Commission may notify the federal authorities on failure to comply with the official standards regarding energy diversification and efficiency on the part of private parties so that the corresponding sanctions are applied.

Article 70.- The Commission may notify the *Administrative Unit in charge of the State Comptroller's Office* on failure to comply with the obligations established in this Law, so that the corresponding sanctions are applied in legal terms.

TRANSITORY PROVISIONS

ONE.- This Law will come into effect on the fourth day following its publication in the State Official Gazette.

TWO.- Any legal provisions being in conflict with this Law are hereby abrogated.

THREE.- The set of rules and regulations related to the right to utilize solar and wind power provided for in this Law may not be retroactively applied to the detriment of any person.

FOUR.- The State Governor shall issue the Regulations hereto within a period not exceeding one hundred and twenty days from the effective date of this Executive Order.

FIVE.- The Commission shall issue the operating rules of the public trust referred to above within a period not exceeding six months from the effective date of this Law.

SIX.- The Commission shall issue the State Diversification and Efficiency Program within a period not exceeding sixty days from the effective date of this Executive Order.

SEVEN.- The Municipalities shall issue the regulations hereto within a period not exceeding six months from the publication date of this Executive Order.