

Energy Cluster in Puebla



M O C / H B S



Agenda

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- ▶ **Five competitive forces**
- ▶ **Puebla energy sector diamond**
- ▶ **Value chain**
- ▶ **Sector map**
- ▶ **Sector strategy**
- ▶ **Strategic projects and shared value**



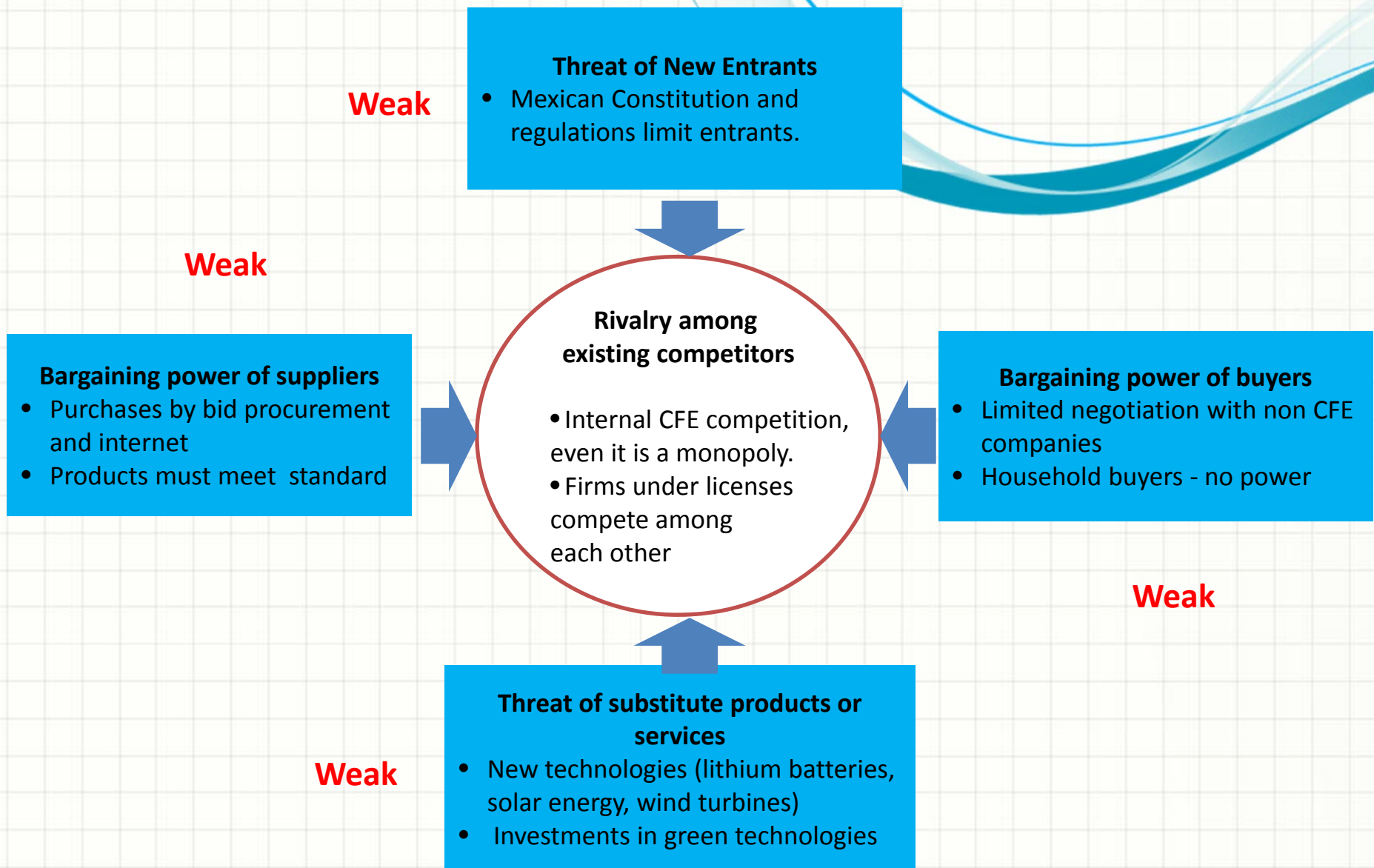
World sector information

Utility company in Mexico is called "CFE"

Mexico has a competitive position in energy

INDICATOR	COUNTRY	Unit	PUEBLA	Mexico	France	Spain
Operation						
Average annual-interruption time per user	↓	minutes	32.213	46.03		52.50
Average time to install a new contract	↓	days	0.57	0.83		
Price						
Household rate under 500 KWH	↓	Cents \$/Kwh	1.0247	1.0920	2.68	3.90
OM rate	↓	Cents \$/Kwh	1.8547	1.8419	2.41	3.57
Financial						
EBITDA	↑	%	40.18		61.5	
Workforce						
Frequency of accidents	↓	%	2.72	2.59		
Number of death accidents	↓	#	0	9.00		
Satisfaction and company environment	↑	%	85.9	83.30		

Five competitive forces analysis



Puebla energy sector diamond

Chance

- **Natural disasters:** seismic area, volcanoes

Geographic location

- Transportation (roads and airport)
- Electrification reaches 97.81% (2010)
- Main sector: manufacturing.

Factor conditions



Context for firm strategy and rivalry

- **Competition by legal means**
- Power generation coming from southeast.
- Private firms involved in production.
- Industry (manufacturing, retail and services)



Demand conditions



Government

- **Effective government**
- State ranks 2 in business environment in Mexico
- CFE without autonomy

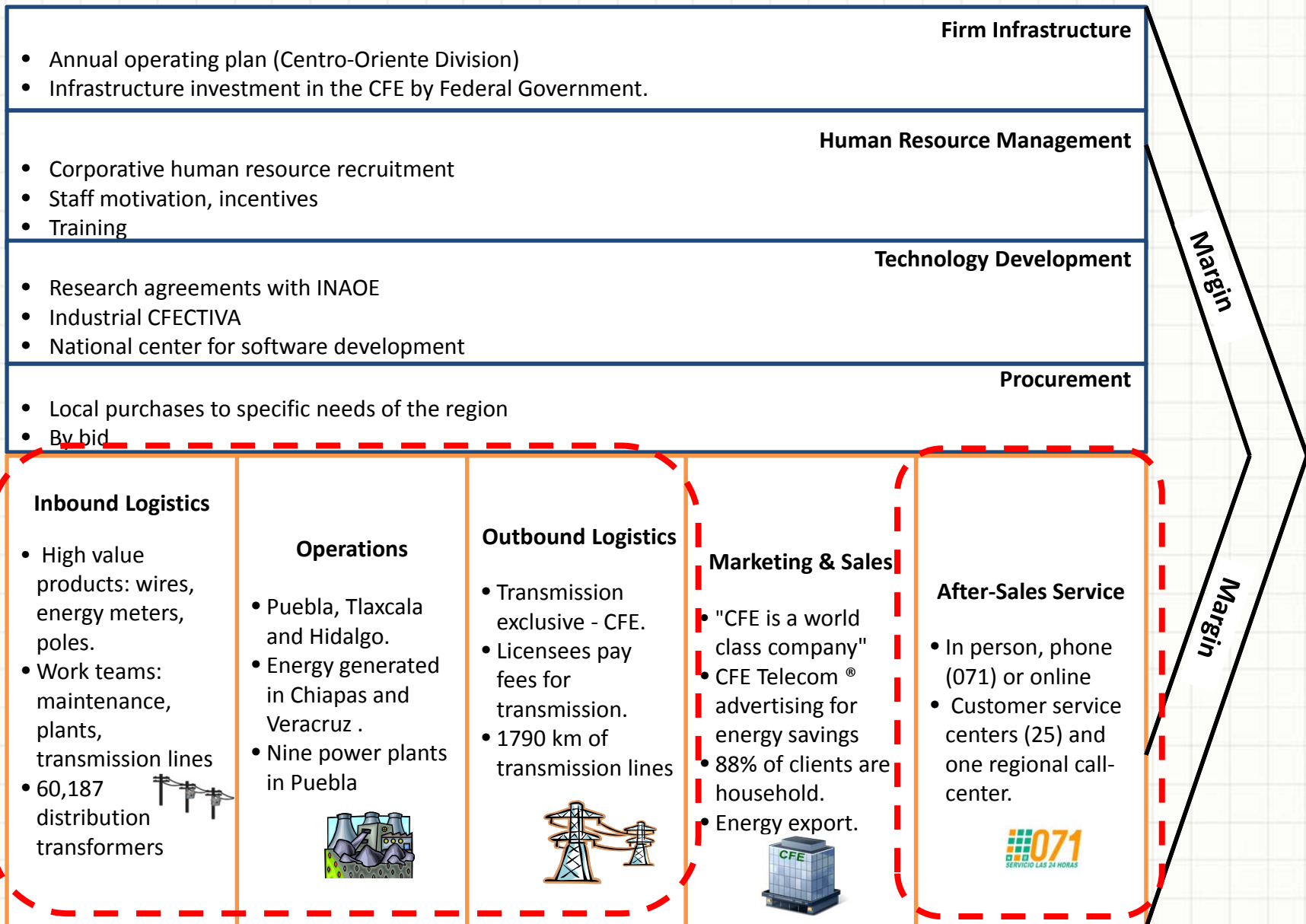
Related and supporting industries

- **20,207 firms demanding energy**
- **Ranks 5 as population in Mexico.**
- High-quality energy
- Annual growth of 3.6%
- Energy Efficiency

- **Qualified suppliers and support industries.**
- CFE integrates local suppliers.
- Relevant universities and related degrees



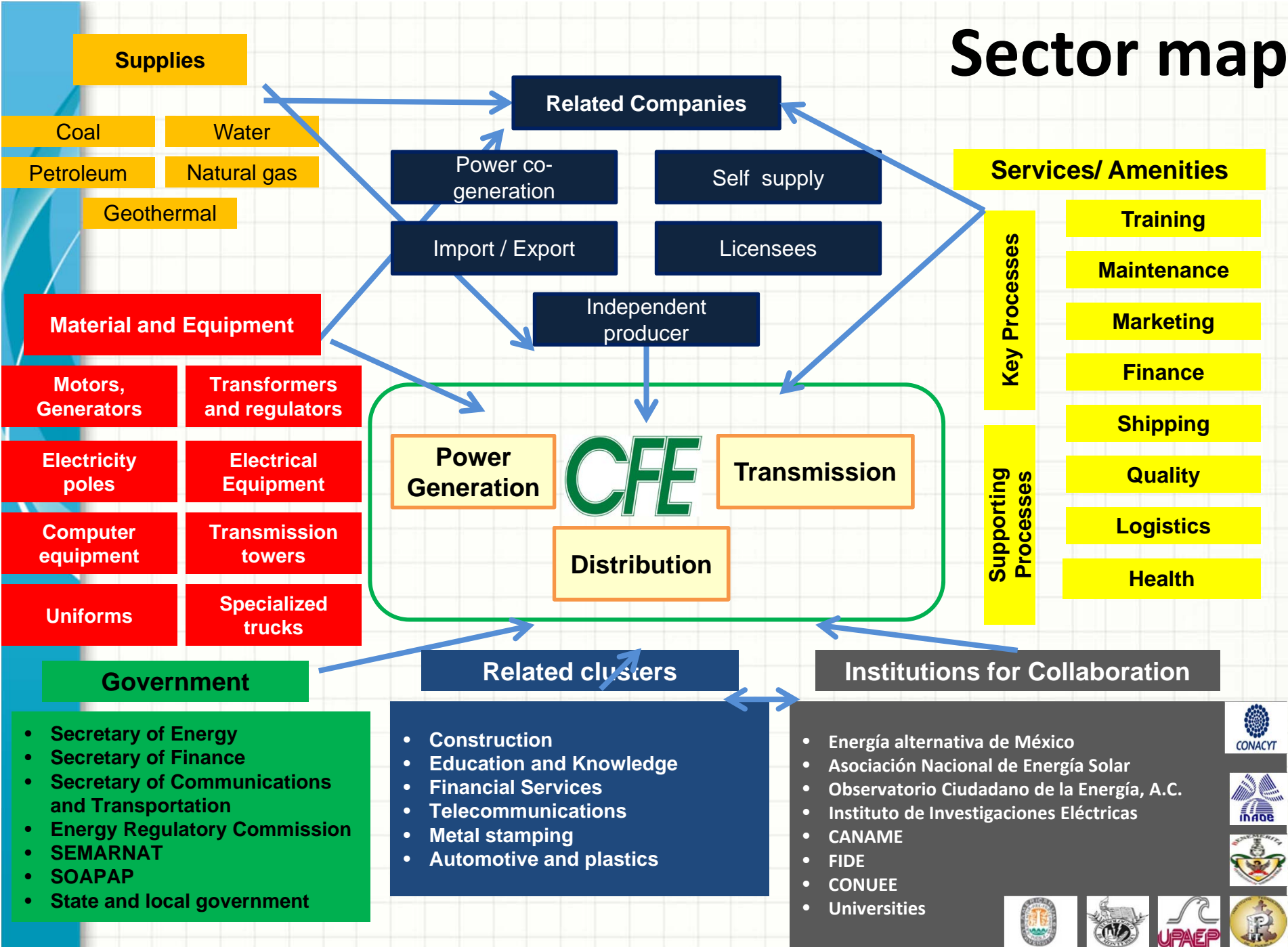
Value Chain



Margin

Margin

Sector map



Sector strategy

Sector is focused on generation, transmission and distribution of electricity

Justification

- Presence of a world-class company, **Comisión Federal de Electricidad (CFE)**.
- Specific advantages in the diamond cluster (energy sources, sophisticated clients).

Unique Value proposition

- CFE is a government owned company as efficient as any private firm, surpassing international standards.
- Internal competition among CFE business units.
- **Division Centro-Oriente (Puebla) ranks first among CFE units.**
- Local universities provide technical, undergraduate and graduate programs supporting energy cluster.

Strategic projects and share value proposition



Premium Industrial Park.

Focused on specialized firms requiring high quality energy service



National Training Institute.

Promoted and certified by CFE



Power Supply Plant.

Providing energy for hybrid-cars



Wind Power Park.

Joint project with State government.



Shared value

Solar farms in extreme-low-income and/or suburban areas with at least 100 inhabitants (**LUZ PLENA project**)

Feedback by Michael Porter

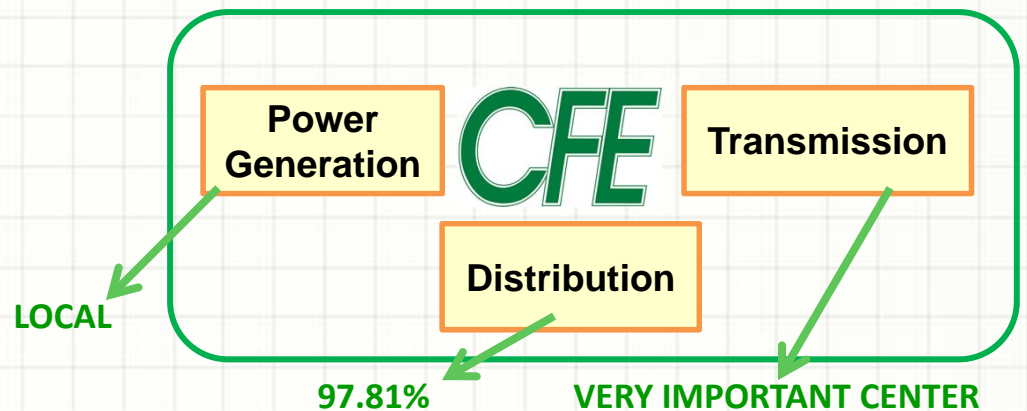
- Currently, There is not an Energy Cluster
- Analyze to export energy from this region



Management
Autonomy



New
Legislation



THANK YOU

