

Methodology and Specifications Guide

Mexico Natural Gas

Latest update: August 2024

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Introduction

Platts, part of S&P Global Commodity Insights, methodologies are designed to produce price assessments and indices that are representative of market value, and of the particular markets to which they relate. Methodology documents describe the specifications for various products reflected by Platts assessments and indices, the processes and standards Platts adheres to in collecting data, and the methods by which Platts arrives at final values for publication.

Platts discloses publicly the days of publication for its price assessments and indices, and the times during each trading day in which Platts considers transactions in determining its assessments and index levels. This schedule of publication is available on the Platts website, at the following link: <https://www.spglobal.com/commodityinsights/en/our-methodology/holiday>.

The dates of publication and the assessment periods are subject to change in the event of circumstances that affect Platts ability to adhere to its normal publication schedule. Such circumstances include network outages, power failures, acts of terrorism and other situations that result in an interruption in Platts operations at one or more of its worldwide offices. In the event that any such circumstance occurs, Platts will endeavor, whenever feasible, to communicate publicly any changes to its publication schedule and assessment periods, with as much advance notice as possible.

Platts methodologies have evolved to reflect changing market conditions through time, and will continue to evolve as markets change. A revision history, a cumulative summary of changes to this and previous updates, is included at the end of the methodology and specification documents. Methodology is reviewed regularly to ensure it reflects current market activity.

Such reviews are carried out by Platts reporters and their managers, supplemented and supported by price methodology specialists who operate separately from other teams. Platts

follows a clearly defined process for public consultation on material changes to its methodologies. This process is based on full transparency and communication with industry stakeholders aimed at gaining market acceptance for any proposed introduction or changes to methodology. For more information on the review and approval procedures, please visit: <https://www.spglobal.com/commodityinsights/en/our-methodology/methodology-review-change>.

All Platts methodologies reflect Platts commitment to maintaining best practices in price reporting.

Part I: Data quality and data submission

Platts objective is to ensure that the submission of transactional information and other data inputs that editors use as the basis for their price assessments is of the highest quality. This is crucial to maintaining the integrity of Platts pricing processes.

Transparency underpins Platts data publishing processes in commodity markets. For the Mexican natural gas market, Platts publishes net forward daily natural gas prices derived by adding estimated transportation costs to existing daily natural gas prices that Platts publishes for certain US locations. For details on the methodology for existing daily natural gas prices, please see the US and Canada Natural Gas methodology guide located at: <https://www.spglobal.com/commodityinsights/en/our-methodology/methodology-specifications/natural-gas/us-and-canada-natural-gas-methodology>.

Part II: Security and confidentiality

Data is stored in a secure network, in accordance with Platts policies and procedures. Transaction level price data is used only for constructing indices and assessments. Platts does not use price data from an individual source for news reporting or

analytics purposes, and Platts news reporters and analysts do not have access to individual entities' transaction data. Data aggregated from all reporting sources e.g., changes in prices and trading volumes over time, may be used as the basis for news stories and analysis.

Part III: Calculating indices and making assessments

As a publisher, Platts places independence and impartiality at the heart of its pricing process. Platts has no financial interest in the price of products or commodities on which it reports. Platts overall objective is to reflect the transactable value of the commodity assessed.

For the Mexican natural gas market, Platts publishes a daily fully loaded price and a daily variable price for 16 locations. The daily fully loaded price is calculated by adding estimated fixed and variable transportation costs to the Platts daily natural gas indices for certain US locations, while the daily variable price includes only the variable transportation cost. The transportation costs are reviewed on a quarterly basis.

At any time, should market data, such as bids, offers or transactions, as well as other relevant means of determining price, such as location spreads, be available and meet Platts editorial standards, they may be used as the primary data in the assessment process for a particular location.

Platts prices are available to any party who subscribes to the news or data services in which those prices are published. Platts prices are copyrighted and may not be distributed or used for commercial gain by any third party without an explicit agreement with Platts.

To ensure the published data is as robust as possible, Platts editorial systems are backed by a strong corporate structure that includes managerial and compliance oversight.

Part IV: Platts editorial standards

All Platts employees must adhere to the S&P Global Code of Business Ethics (COBE), which has to be signed annually. The COBE reflects S&P Global's commitment to integrity, honesty and acting in good faith in all its dealings.

In addition, Platts requires that all employees attest annually that they do not have any personal relationships or personal financial interests that may influence or be perceived to influence or interfere with their ability to perform their jobs in an objective, impartial and effective manner.

Platts employees whose role involves price indices or assessments are required to ensure adherence to published methodologies as well as internal standards that require accurate records are kept in order to document their work.

Platts has a compliance function that is independent of the editorial group. The compliance team is responsible for ensuring the quality and adherence to Platts policies, standards, processes and procedures. The compliance team conducts regular assessments of editorial operations, including checks for adherence to published methodologies.

Platts appoints an independent, external auditor with appropriate experience and capability to review and report on its adherence to this stated methodology. The annual report is published online at <https://www.spglobal.com/commodityinsights/en/about-commodityinsights/regulatory-engagement>.

Part V: Corrections

Platts is committed to promptly correcting any material errors. When corrections are made, they are generally based on data and information that was available when the index or assessment was originally calculated. Data and information received after indices have been published may also be considered for an index correction, if the original transaction price, volume or location was incorrectly submitted, or the trade has been canceled or confirmed as nonstandard.

If Platts is notified of an error in a submission, after an index or assessment is calculated and published, it will assess the impact of that error. Platts will consider correcting an index or assessment, as a result of the error, typically up to and including 10 business days following the original date of publication. Platts publishes subscriber notes with price correction details on the day they are made.

Part VI: Requests for clarifications of data and complaints

Platts strives to provide critical information of the highest standards to facilitate greater transparency and efficiency in commodity markets.

Platts users raise questions about its methodologies and the approach taken in pricing, proposed methodology changes and other editorial decisions in relation to Platts price assessments. Platts strongly values these interactions and encourages dialogue concerning any questions a market participant or stakeholder may have.

However, Platts recognizes that occasionally a market participant may not be satisfied with responses received or the services provided by Platts and wishes to escalate matters. Full information about how to contact Platts to request clarification around an assessment, or make a complaint, is available on the Platts website, at: <https://www.spglobal.com/commodityinsights/en/contact/complaints>.

Part VII: Definitions of the trading locations

Platts daily prices are published each day at around 5:00 pm Central Time. All prices are published in US dollars per million British Thermal Units (\$/MMBtu) to 3 decimal places and reflect pipeline-quality dry gas. The prices reflect the source location daily index price plus the transportation cost to transport natural gas from the source location in the US to each location in Mexico. The transport routes show the pipeline segments required to deliver gas to each location. The transportation cost of each route represents the sum of

the cost of each segment. For locations with multiple supply routes, the transportation cost is the average of all transport routes. Platts publishes a location price representing the full transportation cost and a location price representing just the variable transportation cost. Platts also publishes separate values for the fixed, variable, and full (fixed plus variable) transportation costs. The transportation routes and costs are reviewed on a quarterly basis.

The source location prices are based on Platts Inside FERC bidweek prices for the month in which the quarterly-revised

prices are published (e.g., the Q1 2024 update published in Feb. 2024, will be based on the Feb. 2024 bidweek prices at the relevant source locations). The exchange rate used for converting Mexican Pesos to US dollars is based on the exchange rate on the final date of the month preceding the launch of the quarterly update (e.g., the Q1 2024 rate update published in Feb. 2024 will be based on the USD/MXN spot exchange rate as of Jan. 31, 2024).

The source location and supply routes for the Mexico locations are:

Mexico Location	Region	Source Location	Segment # 1 Pipeline	Segment # 2 Pipeline	Segment # 3 Pipeline	Segment # 4 Pipeline	Segment # 5 Pipeline
Rosarito	Baja	SoCal Gas	North Baja	Gasoducto Rosarito			
Aguascalientes	Central	Waha	Roadrunner	Tarahumara	El Encino-La Laguna	La Laguna-Aguascalientes	
Tula	Central	Tennessee, zone 0	Tennessee Gas Pipeline	Valley Crossing	Sur de Texas - Tuxpan	Tuxpan-Tula	
Valtierrilla	Central	Tennessee, zone 0	Tennessee Gas Pipeline	SNG Zone 3 - Zone 6			
Villa de Reyes	Central	Tennessee, zone 0	Tennessee Gas Pipeline	NET Mexico	Los Ramones I	Los Ramones II North	
			Tennessee Gas Pipeline	SNG Zone 3 - Zone 5			
El Encino	North	Waha	Roadrunner	Tarahumara			
			Trans-Pecos	Ojinaga - El Encino			
			Tennessee Gas Pipeline	SNG Zone 3 - Zone 1			
Juarez	North	Waha	El Paso Natural Gas	SNG Zone 1 - Zone 1			
Los Ramones - Monterrey	Northeast	Tennessee, zone 0	Tennessee Gas Pipeline	NET Mexico	Los Ramones I	SNG Zone 3 - Zone 3	
Reynosa	Northeast	Tennessee, zone 0	Tennessee Gas Pipeline	SNG Zone 3 - Zone 3			
Sierrita	Northwest	Waha	El Paso Natural Gas	Sierrita			
Topolobambo	Northwest	Waha	Trans-Pecos	Ojinaga - El Encino	El Encino-Topolobambo		
Merida	Peninsula	Tennessee, zone 0	Tennessee Gas Pipeline	Valley Crossing	Sur de Texas - Tuxpan	SNG Zone 6 - Zone 8	Energia Mayakan Merida
Ciudad Pemex	South	Tennessee, zone 0	Tennessee Gas Pipeline	Valley Crossing	Sur de Texas - Tuxpan	SNG Zone 6 - Zone 8	
Puente Moreno	South	Tennessee, zone 0	Tennessee Gas Pipeline	SNG Zone 3 - Zone 7			
Tuxpan	South	Tennessee, zone 0	Tennessee Gas Pipeline	Valley Crossing	Sur de Texas - Tuxpan		
Guadalajara	West	Waha	Roadrunner	Tarahumara	El Encino-La Laguna	La Laguna-Aguascalientes	Villa de Reyes-Aguascalientes-Guadalajara

Baja

Rosarito

Deliveries off the Gasoducto Rosarito pipeline system to end-users in the Rosarito, Baja California, area.

Central

Aguascalientes

Deliveries from the La Laguna-Aguascalientes pipeline. Including transportation charges on the Roadrunner, Tarahumara, and El Encino-La Laguna pipelines.

Tula

Deliveries from the Sistrangas pipeline system to Tula; includes transportation rates on Tennessee Gas Pipeline and Sistrangas Zone 3-Zone 5.

Valtierrilla

Deliveries from the Sistrangas pipeline network to end users in the Valtierra region in the state of Guanajuato; includes transportation rates on Tennessee Gas Pipeline and Sistrangas Zone 3-Zone 6.

Villa de Reyes

Deliveries to and from the Los Ramones Pipeline and Sistrangas pipeline network at the interconnect of Villa de Reyes in the state of San Luis Potosi; includes rates along Tennessee Gas Pipeline, NET Mexico, Los Ramones I, and Los Ramones II North, or includes rates along Tennessee Gas Pipeline and Sistrangas Zone 3-Zone 5.

North

El Encino

Deliveries near the city of El Encino, Chihuahua from the Tarahumara, Ojinaga – El Encino, and Sistrangas pipelines to end users of natural gas in the industrial, power and distribution demand sectors and to the El Encino – Mazatlan (Topolobampo) and El Encino – La Laguna (Wahalajara) pipeline systems.

Juarez

Deliveries from El Paso Natural Gas pipeline via Sistrangas from Zone 1 to Zone 1.

Northeast

Los Ramones – Monterrey

Deliveries to the Monterrey area in the state of Nueva Leon; includes rates on Tennessee Gas Pipeline, NET Mexico, Los Ramones I, and Sistrangas Zone 3-Zone 3.

Reynosa

Deliveries into the Sistrangas pipeline network near Reynosa in the state of Tamaulipas; includes transportation rates on Tennessee Gas Pipeline and Sistrangas Zone 3-Zone 3.

Northwest

Sierrita

Deliveries from the Sierrita Gas Pipeline to the interconnect with Sasabe-Guaymas in the state of Sonora; includes transportation rates on El Paso Natural Gas and Sierrita Gas Pipeline.

Topolobampo

Deliveries into the Topolobampo region from the El Encino-Topolobampo pipeline in the state of Sinaloa; includes rates along the Trans-Pecos, Ojinaga-El Encino, and El Encino-Topolobampo pipelines.

Peninsula

Merida

Deliveries from the Energia Mayakan Pipeline into the Merida region in the state of Yucatan; includes rates along Tennessee Gas Pipeline, Valley Crossing, Sur de Texas-Tuxpan, Sistrangas Zone 6-Zone 8, and Energia Mayakan.

South

Ciudad Pemex

Deliveries to the Ciudad Pemex area in Sistrangas Zone 8; this location includes transportation charges along Tennessee Gas Pipeline, Valley Crossing, the Sur de Texas-Tuxpan pipeline, and Sistrangas Zone 6-Zone 8.

Puente Moreno

Deliveries from the Sistrangas pipeline network to end users in the Puente Moreno area in the state of Veracruz; includes rates along Tennessee Gas Pipeline and Sistrangas Zone 3-Zone 7.

Tuxpan

Deliveries from Sur de Texas-Tuxpan pipeline into the Sistrangas pipeline network in the Tuxpan region in the state of Veracruz. This location includes transportation charges along Tennessee Gas Pipeline, Valley Crossing, and the Sur de Texas-Tuxpan pipeline.

West

Guadalajara

Deliveries to end users in the Guadalajara area; this location includes transportation charges along Roadrunner Gas Transmission and the Tarahumara, El Encino-La Laguna, La Laguna-Aguascalientes, and Villa de Reyes-Aguascalientes-Guadalajara pipeline systems.

Mexico fully loaded price

Description of symbol	Full transport price trade date symbol	Full transport price flow date symbol	Source Location	Source Location Flow Date Symbol	Fixed cost trade date symbol	Fixed cost flow date symbol	Variable cost trade date symbol	Variable cost flow date symbol	Full transport cost trade date symbol	Full transport cost flow date symbol
Bates Published	c	c		u or c	c	c	c	c	c	c
Baja										
Rosarito	AAZMC00	AAZMC21	Socal Gas	IGBDL21	ABZMC00	ABZMC21	AAVMC00	AAVMC21	AAZNC00	AAZNC21
Central										
Aguascalientes	AAZM000	AAZM021	Waha	IGBAD21	AAZQC00	AAZQC21	ABWQC00	AAWQC21	AAZNO00	AAZNO21
Tula	AAZMN00	AAZMN21	Tennessee, zone 0	IGBBA21	AAZWC00	AAZWC21	AAXWC00	AAXWC21	AAZNN00	AAZNN21
Valtierrilla	AAZMH00	AAZMH21	Tennessee, zone 0	IGBBA21	AAZRC00	AAZRC21	ABVRC00	AAVRC21	AAZNH00	AAZNH21
Villa de Reyes	AAZMI00	AAZMI21	Tennessee, zone 0	IGBBA21	AAZPC00	AAZPC21	ABPPC00	AAPPC21	AAZNI00	AAZNI21
North										
El Encino	AAZME00	AAZME21	Waha	IGBAD21	ABZBC00	AAZBC21	AAOBC00	AAOBC21	AAZNE00	AAZNE21
Juarez	AAZMA00	AAZMA21	Waha	IGBAD21	AAZTC00	AAZTC21	ABITC00	ABITC21	AAZNA00	AAZNA21
Northeast										
Los Ramones - Monterrey	AAZMF00	AAZMF21	Tennessee, zone 0	IGBBA21	AAQTC00	AAQTC21	AAETC00	AAETC21	AAZNF00	AAZNF21
Reynosa	AAZMB00	AAZMB21	Tennessee, zone 0	IGBBA21	ABUTC00	AAUTC21	ABFTC00	AAFTC21	AAZNB00	AAZNB21
Northwest										
Sierrita	AAZMD00	AAZMD21	Waha	IGBAD21	ABRTC00	AARTC21	ABHTC00	AAHTC21	AAZND00	AAZND21
Topolobampo	AAZMP00	AAZMP21	Waha	IGBAD21	ATIAC00	ATIAC21	AADTC00	AADTC21	AAZNP00	AAZNP21
Peninsula										
Merida	AAZMK00	AAZMK21	Tennessee, zone 0	IGBBA21	ABGTC00	AAGTC21	ABGTZ00	AAGTZ21	AAZNK00	AAZNK21
South										
Ciudad Pemex	AAZMJ00	AAZMJ21	Tennessee, zone 0	IGBBA21	ABWTC00	AAWTC21	ABWZC00	AAWZC21	AAZNJ00	AAZNJ21
Puente Moreno	AAZMG00	AAZMG21	Tennessee, zone 0	IGBBA21	ABGUC00	AAGUC21	ABGUZ00	AAGUZ21	AAZNG00	AAZNG21
Tuxpan	AAZML00	AAZML21	Tennessee, zone 0	IGBBA21	AAGKC00	AAGKC21	AAGKZ00	AAGKZ21	AAZNL00	AAZNL21
West										
Guadalajara	AAZMM00	AAZMM21	Waha	IGBAD21	ABGPC00	AAGPC21	ABGPZ00	AAGPZ21	AAZNM00	AAZNM21

Mexico variable price

Description of symbol Bates published	Variable price trade date symbol c	Variable price flow date symbol c	Source Location	Source Location Flow Date Symbol u or c	Variable cost trade date symbol c	Variable cost flow date symbol c
Baja						
Rosarito	AZZMC00	AZZMC21	Socal Gas	IGBDL21	AAYMC00	AAYMC21
Central						
Aguascalientes	AYZMC00	AYZMC21	Waha	IGBAD21	ABWQC00	AAWQC21
Tula	AUZMC00	AUZMC21	Tennessee, zone 0	IGBBA21	AAXWC00	AAXWC21
Valtierrilla	AOZMC00	AOZMC21	Tennessee, zone 0	IGBBA21	ABVRC00	AAVRC21
Villa de Reyes	AJZMC00	AJZMC21	Tennessee, zone 0	IGBBA21	ABPPC00	AAPPC21
North						
El Encino	AJJMC00	AJJMC21	Waha	IGBAD21	AAOBC00	AAOBC21
Juarez	AJRMC00	AJRMC21	Waha	IGBAD21	ABITC00	ABITC21
Northeast						
Los Ramones - Monterrey	AJRRC00	AJRRC21	Tennessee, zone 0	IGBBA21	AAETC00	AAETC21
Reynosa	AJRZC00	AJRZC21	Tennessee, zone 0	IGBBA21	ABFTC00	AAFTC21
Northwest						
Sierrita	AJRYC00	AJRYC21	Waha	IGBAD21	ABHTC00	AAHTC21
Topolobampo	AJRTC00	AJRTC21	Waha	IGBAD21	AADTC00	AADTC21
Peninsula						
Merida	AJRQC00	AJRQC21	Tennessee, zone 0	IGBBA21	ABGTZ00	AAGTZ21
South						
Ciudad Pemex	AJQQC00	AJQQC21	Tennessee, zone 0	IGBBA21	ABWZC00	AAWZC21
Puente Moreno	AJFQC00	AJFQC21	Tennessee, zone 0	IGBBA21	ABGUZ00	AAGUZ21
Tuxpan	AEFQC00	AEFQC21	Tennessee, zone 0	IGBBA21	AAGKZ00	AAGKZ21
West						
Guadalajara	AVFQC00	AVFQC21	Waha	IGBAD21	ABGPZ00	AAGPZ21

Revision History

August 2024: Platts completed an annual review of this guide, reviewing all content, and making minor edits to language throughout for consistency and clarity. Platts changed the source location for Aguascalientes.

February 2024: Completed quarterly update of transportation rates. Changed methodology of Tula location.

January 2024: Platts published the transport routes for each location and modified the methodology for all locations except El Encino.

October 2023: Platts added language regarding the transportation costs.

September 2023: Platts corrected selected Fixed Cost trade and flow date symbols in Mexico fully loaded price table.

July 2023: Platts completed an annual review of this guide, reviewing all content, and making minor edits to language throughout for consistency and clarity.

August 2022: Platts completed an annual review of this guide, reviewing all content, and making minor edits to language throughout for consistency and clarity.

August 2021: Platts completed an annual review of the Mexico Natural Gas methodology and specifications guide. Platts reviewed all content, corrected typos and made minor edits to language

January 2021: Platts added language in part VII of the methodology to represent the addition of a variable price that excludes fixed cost in addition to the full transport price that was previously published. Platts also began to publish the separate fixed and variable costs for each location.

July 2020: Platts completed an annual review of the Mexico Natural Gas methodology and specifications guide. Platts reviewed all content, corrected typos and made minor edits to language. The table was also reordered to align with the text.

June 2020: Platts has added detailed methodology descriptions to all pricing points listed.

August 2019: Platts completed an annual review of the Mexico Natural Gas methodology and specifications guide. Platts reviewed all content and made minor edits to language. A table was also added, detailing the price database codes for the various Mexico natural gas assessments.

September 2018: Changed Los Ramones – Monterey proxy hub from Texas Eastern, STX to Tennessee, zone 0.

July 2018: Added Aguascalientes, Ciudad Pemex, Guadalajara, Merida, Topolobampo, Tula, Tuxpan, and Villa de Reyes locations. Discontinued Alamo, TX, Hidalgo, TX, Rio Bravo, TX, Alcalde Mayor, Matamoros, Miguel Aleman, and Tierra Blanca locations. Modified transport costs to reflect fully loaded transportation costs rather than just reservation fees.

July 2018: Platts completed an annual review of its Mexico Natural Gas methodology & specifications guide. Minor edits were made throughout the guide.

May 2017: Platts launched daily Mexico natural gas assessments.