

Methodology and Specifications Guide

Mexico Natural Gas

Latest update: January 2021

Part I: Data quality and data submission	2
Part II: Security and confidentiality	2
Part III: Calculating assessments	2
Part IV: Platts Editorial Standards	2
Part V: Corrections	2
Part VI: Requests For Clarifications of Data and Complaints	2
Part VII: Definitions of the trading locations	3
Revision History	6

PART I: DATA QUALITY AND DATA SUBMISSION

S&P Global 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 netforward 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/platts/en/our-methodology/methodology-specifications/natural-gas/north-american-natural-gas-methodology>.

PART II: SECURITY AND CONFIDENTIALITY

Data is stored in a secure network, in accordance with Platts policies and procedures.

PART III: CALCULATING 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 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 regular basis, and the variable cost will fluctuate daily as the underlying index price trades. 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, it may be used as the primary data in the assessment process for a particular location. Prices are reported in US dollars per million Btu (MMBtu). Volumes are stated in MMBtu/day.

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.

Market reporters 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.

S&P Global 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/platts/en/about-platts/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.

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 wish 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/platts/en/contact/complaints>.

PART VII: DEFINITIONS OF THE TRADING LOCATIONS

Platts daily assessments 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.

Trading locations

Platts assesses prices by adding fixed and variable transportation costs to the proxy hub price for each location. The transportation costs are broken up into a fixed transportation cost as well as a variable transportation cost. Platts publishes a full transport price that includes fixed and variable costs as well as a variable price that includes just the variable cost and excludes the fixed costs.

Location	Region	Proxy Hub
Rosarito	Baja	Socal Gas
Aguascalientes	Central	El Encino
Tula	Central	Tuxpan
Valtierrilla	Central	Los Ramones - Monterrey
Villa de Reyes	Central	Los Ramones - Monterrey
El Encino	North	Waha
Juarez	North	Waha
Los Ramones - Monterey	Northeast	Tennessee, zone 0
Reynosa	Northeast	Texas Eastern, STX
Sierrita	Northwest	Waha
Topolobampo	Northwest	El Encino
Merida	Peninsula	Ciudad Pemex
Ciudad Pemex	South	Tuxpan
Puente Moreno	South	Los Ramones - Monterrey
Tuxpan	South	Reynosa
Guadalajara	West	Aguascalientes

Baja

Rosarito

Deliveries off the Transportadora de Gas Natural Pipeline and the Rosarito Pipeline to end users of natural gas in the industrial, power and distribution demand sectors in the Rosarito area.

Central

Aguascalientes

Deliveries from the Sistrangas pipeline network to Bajio Pipeline in the state of Aguascalientes

Tula

Deliveries from the Sistrangas pipeline network to end users in the Tula region in the state of Hidalgo.

Valtierrilla

Deliveries from the Sistrangas pipeline network to end users in the Valtierrilla region in the state of Guanajuato.

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.

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 Roadrunner Pipeline, Comanche Trail Pipeline, and San Isidro-Samalayuca Pipeline into the Tarahumara Pipeline and Sistrangas Pipeline in the state of Chihuahua.

Northeast

Los Ramones – Monterrey

Deliveries to the Monterrey area in the state of Nueva Leon from Los Ramones, Nueva Era, the Kinder Morgan Mier Monterrey pipeline, and the Sistrangas pipeline network.

Reynosa

Deliveries from Texas Eastern Transmission and Tennessee Gas Pipeline into the Sistrangas pipeline network in the Reynosa area in the state of Tamaulipas.

Northwest

Sierrita

Deliveries from the Sierrita Gas Pipeline to the interconnect with Sasabe-Guaymas in the state of Sonora.

Topolobampo

Deliveries into the Topolobampo region from the El Encino-Topolobampo and Guaymas- El Oro pipeline segments in the state of Sinaloa.

Peninsula

Merida

Deliveries from the Mayakan Pipeline into the Merida region in the state of Yucatan.

South

Ciudad Pemex

Deliveries from the Ciudad Pemex processing plant into the

Sistrangas pipeline network in the state of Tabasco.

Puente Moreno

Deliveries from the Sistrangas pipeline network to end users in the Puente Moreno area in the state of Veracruz.

Tuxpan

Deliveries from Sur de Texas-Tuxpan pipeline into the Sistrangas pipeline network in the Tuxpan region in the state of Veracruz.

Also included are transport fees from the Altamira LNG facility.

West

Guadalajara

Deliveries from the Sistrangas pipeline network to end users in the Guadalajara area. Also included are transport fees from the Manzanillo LNG facility.

MEXICO FULLY LOADED PRICE

Description of Symbol	Full Transport Price Trade Date Symbol	Full Transport Price Flow Date Symbol	Proxy Hub	Proxy Hub 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	AAYMC00	AAYMC21	AAZNC00	AAZNC21
Central										
Aguascalientes	AAZMO00	AAZMO21	El Encino	AAZME21	AAZQC00	AAZQC21	ABWQC00	AAWQC21	AAZNO00	AAZNO21
Tula	AAZMN00	AAZMN21	Tuxpan	AAZML21	AAZWC00	AAZWC21	AAXWC00	AAXWC21	AAZNN00	AAZNN21
Valtierrilla	AAZMH00	AAZMH21	Los Ramones - Monterrey	AAZMF21	AAZRC00	AAZRC21	ABVRC00	AAVRC21	AAZNH00	AAZNH21
Villa de Reyes	AAZMI00	AAZMI21	Los Ramones - Monterrey	AAZMF21	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	Texas Eastern, STX	IGBBB21	ABUTC00	AAUTC21	ABFTC00	AAFTC21	AAZNB00	AAZNB21
Northwest										
Sierrita	AAZMD00	AAZMD21	Waha	IGBAD21	ABRTC00	AARTC21	ABHTC00	AAHTC21	AAZND00	AAZND21
Topolobampo	AAZMP00	AAZMP21	El Encino	AAZME21	ATIAC00	ATIAC21	AADTC00	AADTC21	AAZNP00	AAZNP21
Peninsula										
Merida	AAZMK00	AAZMK21	Ciudad Pemex	AAZMJ21	ABGTC00	AAGTC21	ABGTZ00	AAGTZ21	AAZNK00	AAZNK21
South										
Ciudad Pemex	AAZMJ00	AAZMJ21	Tuxpan	AAZML21	ABWTC00	AAWTC21	ABWZC00	AAWZC21	AAZNJ00	AAZNJ21
Puente Moreno	AAZMG00	AAZMG21	Los Ramones - Monterrey	AAZMF21	ABGUC00	AAGUC21	ABGUZ00	AAGUZ21	AAZNG00	AAZNG21

MEXICO FULLY LOADED PRICE

Description of Symbol	Full Transport Price Trade Date Symbol	Full Transport Price Flow Date Symbol	Proxy Hub	Proxy Hub 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
Tuxpan	AAZML00	AAZML21	Reynosa	AAZMB21	AAGKC00	AAGKC21	AAGKZ00	AAGKZ21	AAZNL00	AAZNL21
West										
Guadalajara	AAZMM00	AAZMM21	Aguascalientes	AAZMO21	ABGPC00	AAGPC21	ABGPZ00	AAGPZ21	AAZNM00	AAZNM21

MEXICO VARIABLE PRICE

Description of Symbol	Variable Price Trade Date Symbol	Variable Price Flow date Symbol	Proxy Hub	Proxy Hub Flow Date Symbol	Variable Cost Trade Date Symbol	Variable Cost Flow Date Symbol
Bates Published	c	c		u or c	c	c
Baja						
Rosarito	AZZMC00	AZZMC21	Socal Gas	IGBDL21	AAYMC00	AAYMC21
Central						
Aguascalientes	AYZMC00	AYZMC21	El Encino	AAZME21	ABWQC00	AAWQC21
Tula	AUZMC00	AUZMC21	Tuxpan	AAZML21	AAXWC00	AAXWC21
Valtierrilla	AOZMC00	AOZMC21	Los Ramones - Monterrey	AAZMF21	ABVRC00	AAVRC21
Villa de Reyes	AJZMC00	AJZMC21	Los Ramones - Monterrey	AAZMF21	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	Texas Eastern, STX	IGBBB21	ABFTC00	AAFTC21
Northwest						
Sierrita	AJRYC00	AJRYC21	Waha	IGBAD21	ABHTC00	AAHTC21
Topolobampo	AJRTC00	AJRTC21	El Encino	AAZME21	AADTC00	AADTC21
Peninsula						
Merida	AJRQC00	AJRQC21	Ciudad Pemex	AAZMJ21	ABGTZ00	AAGTZ21
South						
Ciudad Pemex	AJQQC00	AJQQC21	Tuxpan	AAZML21	ABWZC00	AAWZC21
Puente Moreno	AJFQC00	AJFQC21	Los Ramones - Monterrey	AAZMF21	ABGUZ00	AAGUZ21
Tuxpan	AEFQC00	AEFQC21	Reynosa	AAZMB21	AAGKZ00	AAGKZ21
West						
Guadalajara	AVFQC00	AVFQC21	Aguascalientes	AAZMO21	ABGPZ00	AAGPZ21

REVISION HISTORY

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.