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CORPORATE PARTICIPANTS

Carlos Ruiz Sacristan *Infraestructura Energética Nova, S.A.B. de C.V. - Chairman of the Board & Executive President*

Carlos Mauer Diaz Barriga *Infraestructura Energética Nova, S.A.B. de C.V. - CFO*

Luis Miguel Osio *Infraestructura Energética Nova, S.A.B. de C.V. - Director of IR and Merger & Acquisitions*

Tania Ortiz Mena Lopez Negrete *Infraestructura Energética Nova, S.A.B. de C.V. - CEO & Director*

CONFERENCE CALL PARTICIPANTS

Alejandro Zamacona Urquiza *Crédit Suisse AG, Research Division - Research Analyst*

Christian Audi *Santander Investment Securities Inc., Research Division - Head of Latin America Equity Research, Agribusiness & Oil, Gas and Petrochemicals*

Jean Baptiste Bruny *BBVA Corporate and Investment Bank, Research Division - Chief Analyst*

Maríel Abreu

Nikolaj Lippmann *Morgan Stanley, Research Division - Equity Analyst*

Pablo Monsivais Mendoza *Barclays Bank PLC, Research Division - Assistant VP & Lead Research Analyst*

Federico Galassi *PAAMCO Miren*

Albert Chang *Citigroup Inc.*

PRESENTATION

Operator

Ladies and gentlemen, thank you for standing by, and welcome to IEnova Fourth Quarter 2020 Earnings Conference Call. (Operator Instructions) Please be advised that today's conference is recorded. (Operator Instructions)

I will now hand the conference over to your speaker today, Miguel Osio.

Luis Miguel Osio *Infraestructura Energética Nova, S.A.B. de C.V. - Director of IR and Merger & Acquisitions*

Thank you, and good morning, everyone. Thank you for joining us. Today, we will be discussing IEnova's fourth quarter and full year 2020 financial results. A live the webcast of this teleconference and slide presentation is available on our website in the Investor Relations section. In the presentation, you will find our disclosure statement.

The forward-looking statements contained in this presentation speak only as of today, February 19, 2021, and the company does not assume any obligations to update or revise any of these forward-looking statements in the future.

With us today on the call are several members of the management team. Tania Ortíz, Chief Executive Officer; Carlos Ruiz, Chairman; Carlos Mauer, Chief Financial Officer; Roberto Rubio, Vice President and Controller; and René Buentello, General Counsel.

Please turn to Page 3 of the presentation provided on our website, and I will turn the call over to Carlos.

Carlos Ruiz Sacristan *Infraestructura Energética Nova, S.A.B. de C.V. - Chairman of the Board & Executive President*

Thank you very much, Miguel. Good morning, everyone, and thank you for joining our call. 2020 was a challenging year, in which we all faced difficulties. At IEnova, we reacted quickly and proactively to the sanitary contingency. This enabled us to ensure the health and safety of our employees, maintain safe and reliable operations, continue providing strong financial results, supported communities where we operate, and at the same time, we were able to place several projects into service.

Very importantly, we reached a final investment decision for the ECA Liquefaction project. ECA will generate important economic benefits to Baja California, not only because it represents a substantial investment, but it also creates employment and bring social programs to our communities. Due to these benefits, President López Obrador included ECA as part of the natural infrastructure plan. I have to say that 2021 still look quite challenging. But I am sure that under Tania's leadership, IEnova will continue to thrive, thanks to our resilient business model and our long-term commitment with Mexico.

Now I would like to briefly mention Semptra's non-binding proposal, in which they intend to conduct a tender offer to acquire all of IEnova common shares held by private investors that trade in the Mexican Stock Exchange. The tender offer is subject to certain corporate and governmental approvals and is currently under review by our independent board members and by their external advisers. This is an

ongoing process, and as you can well understand, we cannot share any information.

Before passing the call over to Tania, I want to take a moment to thank everyone at IEnova team for their hard work and dedication through the past year. Thank you very much.

Tania Ortiz Mena Lopez Negrete *Infraestructura Energética Nova, S.A.B. de C.V. - CEO & Director*

Thank you, Carlos. Good morning, everyone. I hope you and your families are well and safe. As Carlos mentioned, 2020 was a challenging year. But once again, we were able to overcome these difficulties, thanks to the commitment and hard work of our team. We reached our financial goals, including a very symbolic milestone, our adjusted EBITDA exceeded the US\$1 billion mark.

Let me highlight a few achievements, starting with our project. Please turn to Page 4. In November, we reached a final investment decision for the ECA Liquefaction project. The project represents an investment of approximately US\$2 billion on a 100% basis. And we have secured, together with our partners, a 5-year loan agreement for an aggregated amount of around US\$1.6 billion. The current ownership structure is approximately 42% for both Sempra LNG and IEnova, and 16% for Total, who is also an offtaker of the project. In addition, a new pipeline of approximately US\$360 million in the Mexican side of the border will be built to provide gas to the facility. This pipeline will be developed and owned by IEnova. And finally, thanks to ECA Liquefaction, we will be able to extend the useful life of the existing terminal, which continues to be wholly owned by IEnova.

Now I would like to talk about project execution. Please turn to Page 5. Despite several challenges such as lockdowns and limitations at our construction sites, we were able to make significant progress while protecting the health and safety of our employees. At the Veracruz terminal, we received our first ships and started loading trucks and railcars. We expect to start commercial operations very soon. Additionally, we started operations at Don Diego Solar.

Now I would like to talk about our financing initiatives. Please turn to Page 6. During 2020, we were able to raise US\$1.1 billion in debt that allowed us to increase our liquidity, diversify our funding sources and extend our debt maturity. We executed 2 15-year corporate long-term credit facility for a total amount of US\$341 million with JICA and the DFC. We also successfully completed our second international debt issuance for US\$800 million due in 2051 with a 4.75% coupon. This is the lowest rate ever of a 30-year bond for a private energy corporate issuer in Latin America.

Finally, I am very proud of our sustainability performance and leadership. In addition to being part of the S&P/BMV Total Mexico Index, we have now also been included in the S&P Dow Jones Emerging Markets Index.

With that, I will pass the call over to Carlos to talk about our financial performance.

Carlos Mauer Díaz Barriga *Infraestructura Energética Nova, S.A.B. de C.V. - CFO*

Thank you, Tania, and good morning to everyone. I am very pleased IEnova was able to deliver solid financial results in 2020.

Please turn to Page 7. In spite of the COVID situation, we were able to meet the low-end of our 2020 adjusted EBITDA guidance. Full year 2020 adjusted EBITDA was US\$1,006 million, up 7% from US\$938 million last year. The increase was mainly due to the start of operations of the Marine Pipeline, partially offset by the revenue deferment Guaymas-El Oro pipeline and lower operational results at TDM.

Fourth quarter 2020 adjusted EBITDA was US\$229 million compared with US\$253 million in 2019. The decrease was mainly due to lower results at TDM power plants related to a 3-week scheduled maintenance in December, lower performance at Ventika and higher operating expenses. I would like to mention that mainly due to COVID, we had to differ the maintenance program at some of our assets. As a result, several maintenance expenses that were scheduled to take place during 2020 will now take place in 2021.

As Tania said, we executed several financing initiatives, which allowed us to replace short-term debt, extend our maturities and improve liquidity. For 2021, we remain focused on executing our financial strategy, especially to de-lever the balance sheet. One of our key objectives continues to be the financing of our 40% ownership of the Marine Pipeline. We continue to make progress in this front, and we

will provide more color regarding this transaction once more information is available.

Now I will provide updates for the projects we have under construction. Please turn to Page 8. During the last quarter of 2020, we placed Don Diego Solar project into service and the Veracruz refined product storage terminal is close to begin commercial operations. The Puebla and Mexico City storage terminals as well as Border Solar are currently in commissioning stage. We expect to place them into service during this quarter. ESJ expansion has initiated construction and we expect to start operations by year-end, while Topolobampo terminal continues to advance according to schedule. With this, we intend to place a total of 6 projects into service during 2021.

Please turn to Page 9. At IEnova, we have been growing our business through greenfield projects, but also through important acquisitions. This week, we announced an agreement to acquire our partner Saavi's 50% ownership in ESJ. We expect to complete this transaction during the first half of 2021, once we've obtain FERC and the Mexican Antitrust Commission approval.

Please turn to Page 10. Now I will turn the call back to Tania.

Tania Ortiz Mena Lopez Negrete *Infraestructura Energética Nova, S.A.B. de C.V. - CEO & Director*

Thank you, Carlos. 2021 will very likely be another difficult year with similar or new unforeseen challenges, but we will remain focused on achieving our goals. This year, we expect our adjusted EBITDA to be within the range of US\$1,010 million to US\$1,055 million. We also expect to invest approximately US\$650 million in projects under construction and maintenance Capex. These investments will be funded mainly using cash from operations, while for ECA Liquefaction, we have secured financing that does not consolidate in our balance sheet.

Please turn to Page 11. In summary, I am very pleased with the performance of our company. In 2021, we will remain focused on the health and safety of our employees, meeting our adjusted EBITDA guidance, executing the projects we have under construction, providing safe and reliable operations and strengthening our balance sheet.

Before opening the call to Q&A, I would like to remind everyone that we cannot talk about the tender offer process that Sempra is conducting.

With that, I will open the call for questions. Thank you.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question comes from Nikolaj Lippmann with Morgan Stanley.

Nikolaj Lippmann *Morgan Stanley, Research Division - Equity Analyst*

Hi, good morning Carlos, Tania, Carlos and Miguel. I have 2 questions and thanks for the call. First, on Ventika, if you can provide a bit of an update on what's happening there? It's a large drop regardless of how you look at it sequentially or year-on-year. So that's question #1. And question #2 on ECA and the dispute with your partners, Gazprom and Shell, are you still receiving cash from the letters of credit there? Thank you very much.

Tania Ortiz Mena Lopez Negrete *Infraestructura Energética Nova, S.A.B. de C.V. - CEO & Director*

Hi Nik, thank you very much for joining our call. With regard to Ventika, we have 2 reasons why the asset performed lower than previous years. First, obviously, it has to do with wind, the production itself of the park. But second, we have been having some performance issues, and our operations team is on top of that to ensure that the park is running as it should, so I hope to see an improvement in the performance throughout 2021.

With regards to ECA, yes, we continue to collect revenues from both of our customers. Either through letters of credit or one of them is actually continuing to make normal payments under the contract.

Nikolaj Lippmann *Morgan Stanley, Research Division - Equity Analyst*

Ok, thank you very much.

Operator

Our next question comes from Christian Audi with Santander.

Christian Audi *Santander Investment Securities Inc., Research Division - Head of Latin America Equity Research, Agribusiness & Oil, Gas and Petrochemicals*

Thanks. I actually had one clarification and 2 questions. The clarification was, when we look at Page 10 at the CapEx for 2021, I was just trying to understand how much of the ECA, if anything, is already there? If you could clarify that, that would be great.

And then my 2 questions were, on the deleveraging side, I understand that you continue to work hard on this removal of some debt, right, related to the Marine Pipeline. But should we think of this potentially being a first half of the year event or a second half of the year event, and then lastly, as it relates to ECA and what we're seeing with this climate -- the impact on the climate in Texas, does that in any way change or impact the pipeline that would link the U.S. to ECA in terms of having to spend more money in the pipeline to protect it against the weather and anything along those lines? Thank you.

Tania Ortiz Mena Lopez Negrete *Infraestructura Energética Nova, S.A.B. de C.V. - CEO & Director*

Thank you, Christian. I will start with your last questions, and then I will turn it over to Carlos Mauer to talk about our CapEx breakdown and the financing of the Marine Pipeline. In Mexico, we did see a bit of a reduction in gas flows to Mexico coming out of Texas as a result of the increased demand in Texas related with the winter storm. But we actually did not have any disruption on the operations of the pipeline in Mexico. So all of our pipelines were operating normally, although gas flows were reduced.

In the case of ECA, we continue with the same plan to develop a pipeline. As you may recall, the new pipeline will only be in Baja California. So the plan remains the same. And Baja California I think is a great example of a region that has diversified energy supplies and gas supplies and that can deal with difficult circumstances, especially the ones that we saw this week.

Carlos, do you want to take the questions around CapEx and Marine Pipeline financing?

Carlos Mauer Diaz Barriga *Infraestructura Energética Nova, S.A.B. de C.V. - CFO*

Sure. Thanks, Tania. On the Marine Pipeline financing, what I can say is that this initiative continues to be a priority for the company. We continue to make progress. At this point, we cannot provide the exact timing of it. But as soon as we have more details, we will provide them.

On the CapEx question, I'm not sure I understood that question. Could you please repeat it?

Christian Audi *Santander Investment Securities Inc., Research Division - Head of Latin America Equity Research, Agribusiness & Oil, Gas and Petrochemicals*

Yes. Is there -- is ECA any part of this CapEx already? Are you spending CapEx related to the ECA project in the \$650 million?

Carlos Mauer Diaz Barriga *Infraestructura Energética Nova, S.A.B. de C.V. - CFO*

Yes. Yes. If you see the joint venture column, those \$280 million are basically ECA Liquefaction project CapEx.

Christian Audi *Santander Investment Securities Inc., Research Division - Head of Latin America Equity Research, Agribusiness & Oil, Gas and Petrochemicals*

Ok, got it. Thank you.

Operator

Our next question comes from Alejandro Zamacona with Crédit Suisse.

Alejandro Zamacona Urquiza *Crédit Suisse AG, Research Division - Research Analyst*

Thank you. I just wanted to ask your thoughts on the potential power reform, which actually will be discussed today at the lower house. So any thoughts on that may be helpful? And also, if it's approved, what would be the potential impact for IEnova? Thank you.

Tania Ortiz Mena Lopez Negrete *Infraestructura Energética Nova, S.A.B. de C.V. - CEO & Director*

Thank you, Alejandro, good morning. Yes, we have been watching very, very closely this new initiative to amend the power industry law. In our view, what this proposal does, it's really assembles all of the previous regulatory changes that we had seen, mostly throughout 2020, that had to do with different issues, whether it was dispatch rules or the role of certain permits, etcetera, etcetera. So this is really a compilation of all of the previous regulatory changes. And as you are aware, we had already taken steps to protect ourselves against those changes.

Right now, what we're doing is, obviously, we're watching very, very closely to understand what the final form of this initiative is. So we need to see the version that is approved in order to determine our strategy going forward, both from a, let's call it, commercial angle, regulatory angle and legal angle. So we will keep you informed as soon as we have a -- or as soon as there is a final modification of the law approve.

Alejandro Zamacona Urquiza *Crédit Suisse AG, Research Division - Research Analyst*

Okay, thank you Tania. And just a second question, if I may. On the Termoelectrica de Mexicali, how often should this 3-week scheduled maintenance program should be done? Thank you.

Tania Ortiz Mena Lopez Negrete *Infraestructura Energética Nova, S.A.B. de C.V. - CEO & Director*

It's -- usually, it's not -- this is not a yearly maintenance. It's probably every 4 years or so.

Alejandro Zamacona Urquiza *Crédit Suisse AG, Research Division - Research Analyst*

Got it. Thank you.

Operator

Our next question comes from Pablo Monsivais with Barclays.

Pablo Monsivais Mendoza *Barclays Bank PLC, Research Division - Assistant VP & Lead Research Analyst*

Hi, good morning everybody. Thanks for taking my question. I have just a quick one. What's your take on the power outages in Texas and Mexico? Do you think this further down the road could represent an opportunity for you to invest in nat gas storage or something like that? How are you reading the situation from your perspective? Thank you.

Tania Ortiz Mena Lopez Negrete *Infraestructura Energética Nova, S.A.B. de C.V. - CEO & Director*

Thank you, Pablo. It's nice to -- thank you for joining the call. Well, I would say, let's call it, the perfect storm, right? Because, I mean, it's -- we see extreme cold in Texas, which, at first, forced very old power plants that were not operating to go back into service. That disrupted the power system. The power systems have disruptions, which have consequences on Mexico. So it was initially really a power issue having to do with turning on plants that have not been running some of them for very, very long period. But beyond that, when all of these new plants started taking all of the gas, we did see a little bit of a shortage of gas coming into Mexico.

Now what are the lessons learned? I think the lessons learned for Mexico is that we need to have a diverse and reliable power system. And what does that mean? That, of course, I mean, it's wonderful to have access to low-priced U.S. gas. But in order to have a reliable supply, it's critical to have storage in Mexico. Mexico does not have underground natural gas storage. And I think this is -- I mean, certainly, beyond an investment opportunity for IEnova, I think it would be very important for Mexico to consider it as part of its energy security planning.

Of course, in addition, as Mexico continues to increase its oil and gas production, hopefully, we would also see additional gas being produced in Mexico for generation. But when I talk about diversity, I think you also need to think of our renewables. Mexico is very rich in renewable resources. And I think it also makes sense to continue to grow our renewable base in Mexico.

And finally, another critical piece of this puzzle, I believe, is continuing to invest in transmission. Transmission activities are reserved to the state, but Mexico does require additional investment in transmission to have a more of a reliable grid. So hopefully, this is an opportunity to think long term as to how we have a more reliable gas and power supply in Mexico.

Pablo Monsivais Mendoza *Barclays Bank PLC, Research Division - Assistant VP & Lead Research Analyst*

Okay, thank you. And have you -- I mean, probably now authorities are extremely busy solving the situation. But have you have some conversations with CFE or with federal authorities in order to follow up of like, guys, we can be of help in this matter or anything right now that you think that further down the road will be beneficial for you? Or it's just too early right now to have those conversations?

Tania Ortiz Mena Lopez Negrete *Infraestructura Energética Nova, S.A.B. de C.V. - CEO & Director*

Well, I mean, this week, we've been very focused on supporting all of our customers, and primarily CFE to minimize the impact of reduced cash flow. So we speak with CFE several times a day with all of our large industrial customers. We're also looking -- remember, we have 130,000 residential customers. So our priority this week, and our team has been working around the clock to try to minimize the impacts of the gas shortage and primarily support CFE in any way we can to, again, try to stabilize gas flows into their plants.

Although, we are the transportation company, not necessarily the supplier, again, we've been working very, very closely with them. I think when the crisis is over, we have a very close working relationship with CFE, and I think we'll have the opportunity to talk about how we can strengthen the system.

Pablo Monsivais Mendoza *Barclays Bank PLC, Research Division - Assistant VP & Lead Research Analyst*

Thank you very much Tania.

Tania Ortiz Mena Lopez Negrete *Infraestructura Energética Nova, S.A.B. de C.V. - CEO & Director*

Thank you Pablo.

Operator

Our next question is follow-up from Nikolaj Lippmann with Morgan Stanley.

Nikolaj Lippmann *Morgan Stanley, Research Division - Equity Analyst*

I'm sorry for coming back. I'm just digesting the guidance here. And you're looking -- you have Don Diego coming on Ventika, one would imagine that you have -- I understood you're solving the problem. So on a like-for-like basis, that should be growing into '21 storage. Can you -- maybe the pipeline issue gets resolved. Can you give a little bit more color? Are you assuming that your partners buy out the 50% stake in the storage? The guidance just seemed -- its very little growth vis-à-vis 2020. Can you provide a little bit of color on what is baked into that guidance and the assumptions behind the guidance? Thanks.

Tania Ortiz Mena Lopez Negrete *Infraestructura Energética Nova, S.A.B. de C.V. - CEO & Director*

Thank you, Nik. We put a lot of thought into our 2021 guidance. And I mean, our first concern has basically to do with COVID and economic slowdown and potential disruption to the continued construction of our project. 2020 was difficult in Mexico.

And I know that you are in Mexico City, so you very well understand that the COVID situation is far from over in Mexico, which means that we will have severe limitations on continuing to progress in our construction site. Fortunately, we have never had to stop our construction, but we do have a limited number of employees and more stringent guidelines. So there's a lot of pressure, let's call it, on the execution of our construction projects throughout COVID.

The second reason is we did defer certain expenses and maintenances in 2020 because we thought it would be better to wait until 2021 to see the situation improve. So you'll see a little bit more pressure on that side. You'll also be seeing some ramp-up in our facility, primarily in the refined products terminals. There is uncertainty, of course, around the Guaymas-El Oro pipeline. There is uncertainty around the performance of TDM. And finally, we need to really understand the potential negative effect of the government policies on the renewable sector. So we did decide to take, if any, let's call it, conservative position this year.

Nikolaj Lippmann Morgan Stanley, Research Division - Equity Analyst

Okay. And Tania, specifically, are you -- what are you assuming with regards to the storage terminals where your partners have a call option of 50%? If they were to take that and exercise that option, would that mean that the adjusted EBITDA would be going -- the guidance would be dropping down proportionately?

Tania Ortiz Mena Lopez Negrete Infraestructura Energética Nova, S.A.B. de C.V. - CEO & Director

Yes. We are not assuming. We're assuming a 100% ownership of the Golfo-Centro terminal in our plan at this point.

Nikolaj Lippmann Morgan Stanley, Research Division - Equity Analyst

Thank you.

Operator

(Operator Instructions) Our next question comes from Mariel Abreu with T. Rowe Price.

Mariel Abreu

Hi, thank you for the call. I think it will be very helpful to get a bit more color or any thoughts you have on -- if we see something passing on the reform side, assuming that it is in the same form that we know today, what assets could be at risk? Or maybe part of the EBITDA that you think would be at risk if these measures are passed? Like any type of color on the impact that this could have? I know it's difficult because we don't have the resolution, but if something were to get passed, assuming that it's what -- it's been proposed today, what would you say it could be the impact for IEnova?

Tania Ortiz Mena Lopez Negrete Infraestructura Energética Nova, S.A.B. de C.V. - CEO & Director

Good morning Mariel. I would really not want to speculate again because it's still not in the final form. Let me just discuss one of the items in the new law, in particular, that has been -- that color persistently showing up in the different proposals to change regulations by the Ministry of Energy, and that has to do with dispatch rules where CFE will always get dispatched first and then renewables. And I would say, even when we look at that one, that specific rules, it varies from region to region. Because if you're in a region where there are not many CFE plants or just a few of the older CFE plants, then renewables were very likely to dispatch.

If you're in an area where there's a lot of CFEs gas fire generation, there's a little -- maybe a lot of them more likely that you'll be affected by dispatch. So even when you go to the specific rules, it's a little bit different for every asset. And I would also like to point out that rules such as that one has already been declared by the Supreme Court as not valid changes in previous regulations. So again, we would not like to speculate. It may have a different impact on each each asset. So I think we would like to wait until we see the final form of the law.

Mariel Abreu

I don't know, I guess you guys also -- you're talking with your lawyers on this. Maybe -- could you maybe share what are the things that -- or legal grounds, if you will, that would support the private sector, if you were -- if you had to go to litigation with the government on the back of this?

Tania Ortiz Mena Lopez Negrete Infraestructura Energética Nova, S.A.B. de C.V. - CEO & Director

Mariel, the usual path when you disagree with a particular government decision would be the amparo process, where you could argue and I'm sure we've all seen a paper from the different law firms and experts, arguing certain violations to the constitution. So that would be, I would say, the standard process to pursue. But again, until we see the final language and the specific impact, we would not like to speculate further.

Mariel Abreu

Thank you Tania.

Operator

Our next question comes from Federico Galassi with PAAMCO.

Federico Galassi PAAMCO Miren

Tania, thanks for the time for the questions. Just 2 questions. The first one is if you have an update of the status of Sonora pipeline? And the second one, if you have an update of the VAT recovery of IEnova marketing that you announced in the last quarter? Thanks.

Tania Ortiz Mena Lopez Negrete Infraestructura Energética Nova, S.A.B. de C.V. - CEO & Director

Okay. Thank you, Federico, good morning. Regarding the Guaymas-El Oro pipeline, we're working now, not only with the Ministry of Interior, or Gobernación, but we're working directly with CFE. As you may recall, in President López Obrador's one of his last visits to Sonora to Yaqui territory, he stated that the pipeline needed to be fixed, that CFE will get involved. And that if a reroute was required, CFE would help recover that cost. So CFE, I have to tell you very much involved in resolving this issue. I do not have a clear time line yet as to when it will be resolved, but we are working very, very closely with CFE. We're meeting weekly with CFE on different topics. So I'm -- I continue to see full interest from the administration in resolving the problem. With regards to the VAT, Carlos or Roberto, would you like to take that one?

Carlos Mauer Diaz Barriga Infraestructura Energética Nova, S.A.B. de C.V. - CFO

Sure. Thanks, Tania. This is Carlos. On that one, what I would say is that we're confident that we should be able to recover the VAT. We're going through a legal process with the tax authority to try to resolve the issue. So it's an ongoing process.

Federico Galassi PAAMCO Miren

Okay. And following that -- the last question, there is any other issue or something with the tax authorities in Mexico? Or is only that?

Carlos Mauer Diaz Barriga Infraestructura Energética Nova, S.A.B. de C.V. - CFO

Well, we have several audits with the tax authorities. I think that's pretty common. The marketing issue, I would say, the most relevant one that we have currently in the works.

Federico Galassi PAAMCO Miren

Ok, thank you so much.

Operator

Our next question comes from Jean Bruny with BBVA.

Jean Baptiste Bruny BBVA Corporate and Investment Bank, Research Division - Chief Analyst

Hi there, thanks for taking my questions. Just have a couple basically. Maybe to follow-up on Federico, can we assume that you're not contemplating any contribution from Guaymas-El Oro in your EBITDA for 2021? The next question will be on ESJ. I think, a clever move you made. But how much debt can we assume will be consolidated now from the project and how much CapEx is still pending to be deployed for the expansion of the project? And the last question is on the GRO expansion pipeline project. You're also mentioning in Page 8 of your presentation. I didn't know the specific of that project, if you can give us any color. Thank you very much.

Tania Ortiz Mena Lopez Negrete Infraestructura Energética Nova, S.A.B. de C.V. - CEO & Director

Thank you, Jean. I don't think I got your third question. Can you please repeat it?

Jean Baptiste Bruny BBVA Corporate and Investment Bank, Research Division - Chief Analyst

Yes, sure. It's just on the Guaymas-El Oro pipeline. Do you consider any contribution to the EBITDA in 2021 of that project? Or still we have to wait for next year? Thanks.

Tania Ortiz Mena Lopez Negrete Infraestructura Energética Nova, S.A.B. de C.V. - CEO & Director

Okay. We are -- okay. So regarding the Guaymas-El Oro -- and thank you very much, Jean, for your question. Regarding Guaymas-El Oro, we are considering a very small contribution in 2021. Regarding ESJ, we expect to fund it with intercompany debt, but not outside debt. And then finally, with regards to the GRO expansion, that pipeline is, as you may be aware, is required to supply gas to the ECA

Liquefaction project. It's a pipeline that is almost parallel to our existing pipeline going east to west. We are in the permitting process, acquiring rights of way, performing engineering and selecting contractors. It's an important project to us, but it's not in a critical path to get ECA to commercial operations.

Jean Baptiste Bruny *BBVA Corporate and Investment Bank, Research Division - Chief Analyst*

Ok, thank you very much.

Operator

And our next question comes from Albert Chang with Citi.

Albert Chang *Citigroup Inc.*

Hey guys, thanks for the call hope every one's doing well. I think most of my questions were actually already answered, but just really quick on the reform. Can I safely assume that this would impact the power you sell into California as well?

Tania Ortiz Mena Lopez Negrete *Infraestructura Energética Nova, S.A.B. de C.V. - CEO & Director*

Hi Albert, thank you for your question. We do not expect if the law is approved as it is today, it would not impact ESJ, which is a facility that sells power into California because we do not use the CFE transmission system. We own our own transmission lines, so we will not be subject to dispatch rules or any of the other considerations that are included in that initiative as of today. So no, we would not expect that asset to be impacted.

Operator

Our next question comes from Christian Audi with Santander.

Christian Audi *Santander Investment Securities Inc., Research Division - Head of Latin America Equity Research, Agribusiness & Oil, Gas and Petrochemicals*

Tania, just going back to the guidance. Can you talk about what types of assumptions you use for TDM? I know TDM had a volatile year, right, with very good results and then coming down a bit. So what type of expectations did you build in for TDM in the guidance? And in terms of operating costs, how aggressive or not aggressive? What are your thoughts there for the guidance?

And then the other question, which -- and I perfectly understand your position of being able to talk about the tender offer. But as you can imagine, it's the most asked question for me. So my question is simple. Can you at least tell us whether the valuation process has begun, is undergoing, or is it close to ending? Any color at all would be appreciated. Thank you.

Tania Ortiz Mena Lopez Negrete *Infraestructura Energética Nova, S.A.B. de C.V. - CEO & Director*

Thank you, Christian. Let me answer the difficult question first. And unfortunately, no, we cannot provide more color on the process. Obviously, as soon as we're able to share information, we'll ensure that it's made public immediately.

With regards to TDM, what I can tell, Christian, is that we always take a very conservative position. As you know, it's our only merchant asset, and we have had 2 very, very successful years, I believe, or 2, 3 successful years, in fact. But when we build our plan, we always make conservative assumptions because it all depends on weather and if it will actually get dispatch or not into the California market.

Christian Audi *Santander Investment Securities Inc., Research Division - Head of Latin America Equity Research, Agribusiness & Oil, Gas and Petrochemicals*

Got it, thank you.

Operator

(Operator Instructions) I'm not showing any further questions in the queue. I would like to pass the call back to Tania Ortíz for her final remarks.

Tania Ortiz Mena Lopez Negrete *Infraestructura Energética Nova, S.A.B. de C.V. - CEO & Director*

Thank you, Carmen. Thank you, everyone, for joining our call today. I hope again that you continue to be well and safe. And if you have any questions or need any information, please feel free to reach out to Miguel and Ale our IR team. Have a good day.

Operator

Thank you, ladies and gentlemen, for your participation in today's program. You may now disconnect, and have a wonderful day.

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