

Gauss Energia evaluating stake sale offers from foreign peers, CEO says

Headline:

 **Proprietary Intelligence**

**Gauss Energia**, a privately owned Mexico City-based renewable energy intermediary, is evaluating several offers from foreign peers, said CEO Hector Olea.

Undisclosed peers from the US, Spain, France and Germany had approached the company with different proposals during the past months, he said when asked. The company has not retained an advisory firm so far because it is not actively looking for a sale, but depending on the offer Gauss could consider even a majority stake sale, he said. Once talks advance a second stage Gauss will retain an investment banker in Mexico, Olea said.

Foreign players have been attracted to the Mexican market because of the recently approved Energy Reform, he said. The new regulation would open up the energy sector to private and foreign investment, but the industry is still in the process of understanding and digesting the changes, he said.

Until now, the private sector has only been allowed to participate in the generation and transmission of electricity that is not intended for sale at retail or through select generation schemes, such as self-supply, co-generation, and small production (under 30 megawatts), among others. Distribution activities were reserved until now exclusively for the Mexican state through the **Comision Federal de Electricidad** (CFE).

There are many rules pending and it is uncertain when new renewable projects from CFE will come and that is why foreign suitors are still studying opportunities, he added.

However, Olea noted that Gauss would need to make a decision soon, because the industry is moving very fast and if Gauss waits too much it could lose interesting opportunities.

Main body :

Olea pointed out that Gauss would prefer to partner with strategic peers rather than sell a stake to a private equity firm or an investor. He explained that in these type of projects money is not an issue and there are always people interested in investing. Gauss would like to partner with someone with expertise in the renewable energy industry and with operative knowledge, he said.

Olea noted that Gauss has the financial support of a group of Mexican investors headed by **Bimbo's** president Daniel Servitje.

Olea declined to disclose the company's annual revenue figures, saying only that it could have an enterprise value of more than USD 20m.

Last year Gauss Energia constructed Aura Solar 1, a 39 MW photovoltaic plant in La Paz, Baja California Sur, through a partnership with Lisbon-based **Martifer Solar** for the Mexican energy company CFE. Aura Solar 1 is one of the largest photovoltaic projects in Latin America, he said. The project, which needed an investment of USD 100m, was funded by the Mexican development bank **Nafinsa**, and the **International Finance Corporation**, a **World Bank Group** member, he said.

Founded in 2004, the company started constructing wind energy projects for multinational companies based in Mexico. According to a past report by this news service, Gauss' major shareholders are Olea and Arturo Saavedra. The previous report also noted that Gauss served companies such as **EdF**, **Iberdrola**, **Bimbo**, **Holcim** and **Wal-Mart**. Nowadays the company is more focused on solar projects for CFE, preferably from 30 MW to 60 MW, he said.

by Adriana Curiel in Mexico City