

# Lessons learnt on preventing backtracking on energy reforms in Mexico.



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### Mexican electricity system – Energy Reform 2013

#### **Key changes**

- Liberalization and restructuring of the electricity and oil and gas sectors. Increased participation of private investment.
- Wholesale electricity market: Short-term market, power balance market, clean energy certificates market, financial transmission rights auctions, medium and long-term auctions (important way to increase renewables).
- The Federal Electricity Commission (CFE) was vertically and horizontally disintegrated, and 9 more subsidiaries were created.

#### Promises of the reform

- Lower electricity rates and natural gas prices.
- Create nearly half a million additional jobs in this six-year term and 2 and a half million more jobs by 2025.
- Replacement of the most polluting power plants with clean technologies and natural gas.







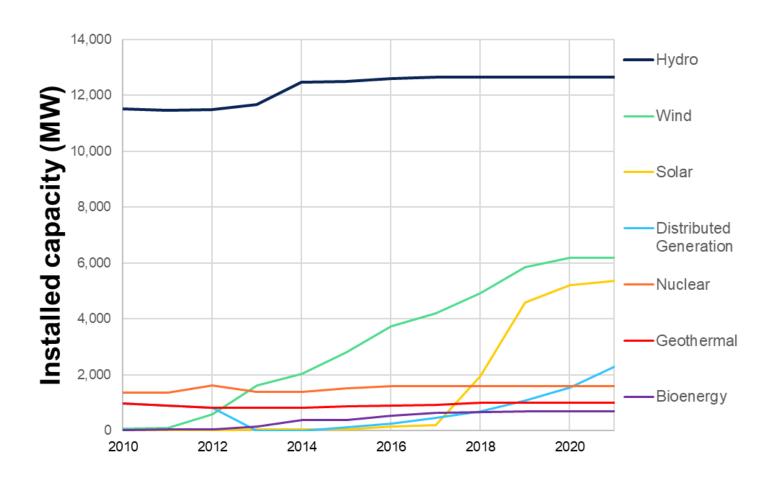








#### Key results of the Energy Reform 2013



- There has been significant increase in the incorporation of solar and wind energy.
- Three long term auctions took place and resulted in the acquisition of 23 TWh of clean energy, 23 million clean energy certificates and 2,826 MW of installed capacity.
- However, as in any other regulatory process there were still areas of opportunity for fine tuning the Energy Reform of 2013.





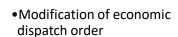
## Four attempts to backtrack the 2013 Energy Reform

 CFE could acquire long term coverage requirements through: energy, clean energy certificates and power by the most competitive cost

Cancelation of the 4th long term auction
January 2019

#### Reliability Policy May 2020

- Changes for the system operation
- The permits for the installation of new solar or wind power plants would be authorized only if conditions were suitable



- Elimination of CFE obligation to purchase energy from long term auctions
- •Clean Energy Certificates granted to old power plants
- •Self supply permits revocation

Electricity Industry Law Reform March 2021

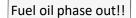
#### Constitutional Reform Initiative

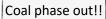
September 2021

- Cancellation of all generation permits
- 54% of the generation would come from CFE
- Elimination of the autonomous regulatory organism
- Elimination of the system operator
- New dispatch order

Renewable energy for all!!

Healthy and fair environment!!









### Lessons learnt for defending the energy transition

- Technical and modeling capacities from civil society organizations are needed
- Creating and coordinating spaces for all the actors
- Empowering and taking legal actions is important from civil society organizations
- Communication is key translating the impacts/benefits to <u>all</u> final users













## Thank you!

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