



MEXICO

Mexico posted \$2.1 billion in renewable energy investment in 2009, but development to date has occurred in the absence of policies needed to encourage a more substantial influx of new capital. Much of the development has been located in remote areas or regions with unstable grids, so the new capacity has not actually replaced grid-connected fossil fuel generation. Solar has been used to power remote villages. The country's eight operating wind projects feed into the national grid but wind's expansion has been hampered by lack of transmission capacity to the isthmus region.

Mexico's power generation infrastructure is heavily controlled by state utility Comisión Federal de Electricidad (CFE). As a result, there are few opportunities for private capital to participate in expanding clean energy capacity. CFE manages the current tender process for new power contracts and dictates which kinds of new power-generating plants should be brought on line.

Mexico has established voluntary 2012 targets for renewables that would result in roughly 4.8GW in cumulative capacity added, including 2.7GW in wind. However, the targets do not provide market certainty, nor do they aim to replace large-scale fossil fuel-fired power plants. Under its Copenhagen commitment, Mexico said it

would reduce its emissions up to 30 percent from business as usual emissions in 2020 but stressed that the pledge hinged on financial and technological support from the developed world.

With few incentive programs in place, Mexico's policy framework is not strong enough to encourage substantial renewable energy development. Key decisions for adding more clean energy capacity now lie in the hands of top management at CFE and, to a somewhat lesser degree, national oil company, Pemex. These officials will largely determine whether Mexico meets its short-term goals of adding clean energy capacity and its longer term commitment to reduce emissions.

FINANCE AND INVESTMENT (2009)*	
Total Investment	\$2.1 billion
G-20 Investment Rank	11
Percentage of G-20 Total	1.9%
5-Year Growth Rate	91.9%

KEY INVESTMENT INCENTIVES	
Wind	Generation-based subsidies
Geothermal	Generation-based subsidies
Biomass	Generation-based subsidies
Renewable Energy	50-70% discount on power transmission through renewable energy plants with capacity of 500 KW.

INSTALLED CLEAN ENERGY (2009)	
Total Renewable Energy Capacity	3.2 GW
Total Power Capacity	3.3%
Percentage of G-20 Total	1.0%
5-Year Growth Rate	10.1%
Key Renewable Energy Sectors	
Geothermal	965 MW
Small Hydro	377 MW

NATIONAL CLEAN ENERGY POLICIES	
Carbon Cap	
Carbon Market	
Renewable Energy Standard	
Clean Energy Tax Incentives	✓
Auto Efficiency Standards	✓
Feed-in Tariffs	✓
Government Procurement	
Green Bonds	

KEY CLEAN ENERGY TARGETS (2012)	
Wind	2,726 MW
Geothermal	1,036 MW

*Includes investments in venture capital and public markets, and asset finance for all clean energy technologies including biofuels and energy efficiency.