

# Comments on the Mexican Energy Transition

Hugo Lucas

Head of the Energy Department

Factor

Agora Energiewende

16th April 2018

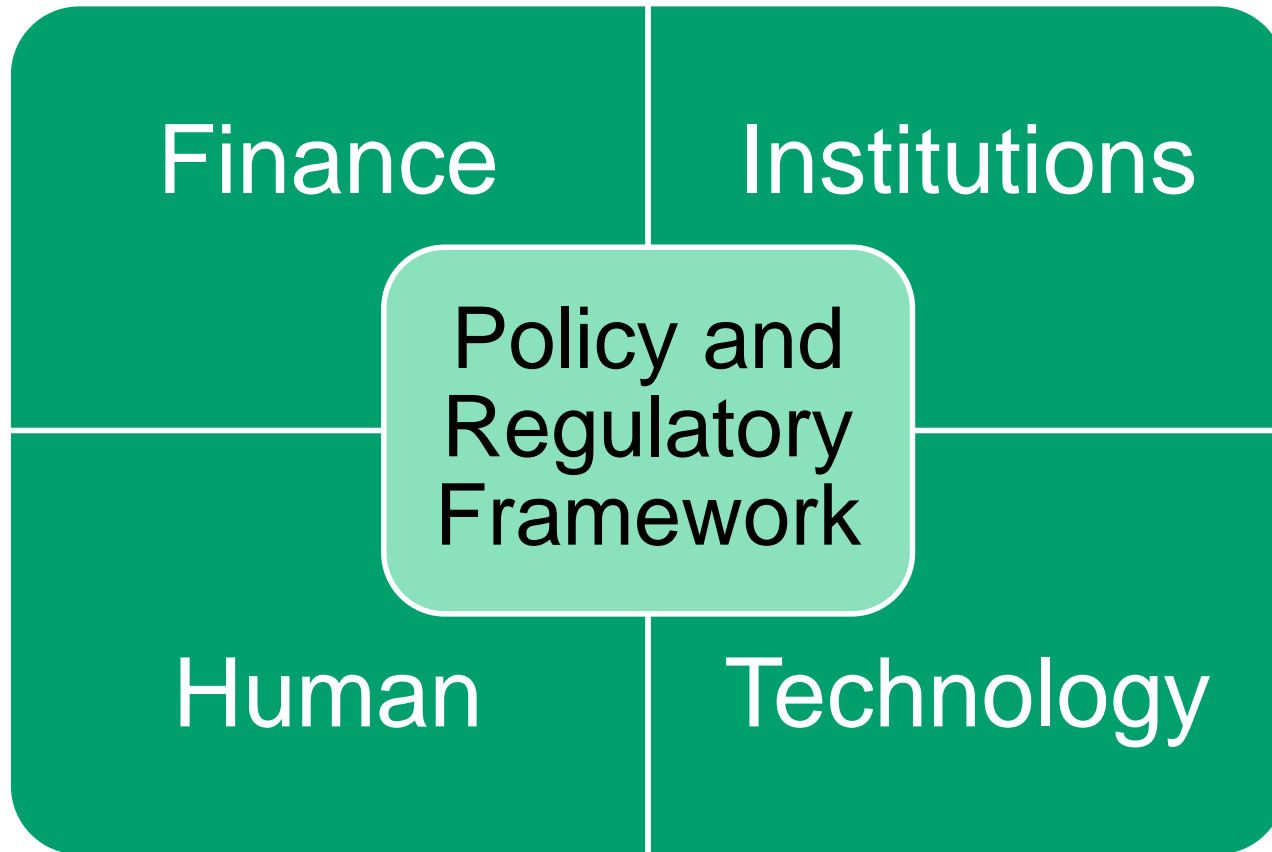
**Factor**  
Ideas for change





Mexico is comprehensively addressing the three pillars of the energy transition:

- Maximizing energy efficiency;
- Maximizing renewable (clean) energy deployment;
- Deploying smart and clean infrastructure:
  - Clean distributed generation;
  - Smart grids for sector coupling and integrating renewables.





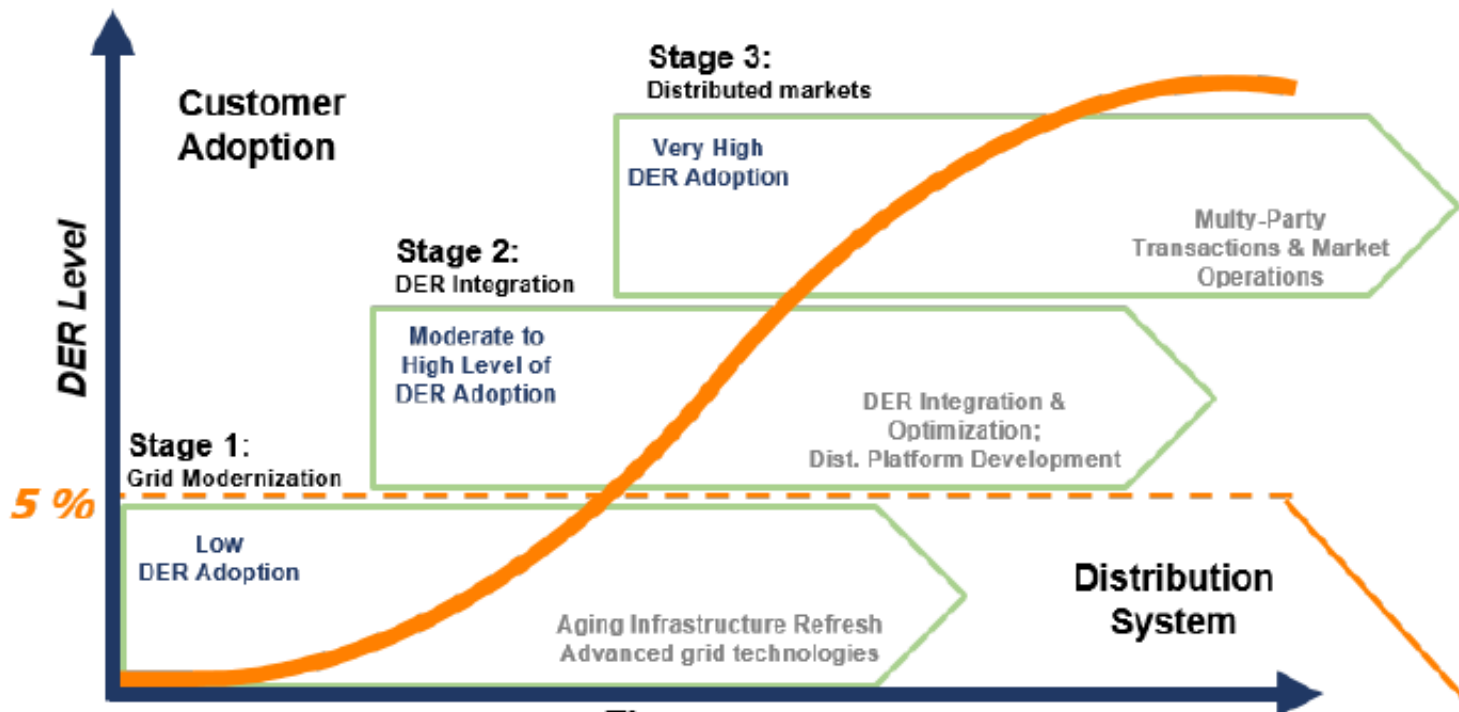
Emission reductions targets (-22% unconditional) and energy transition scenarios are highly dependent on very ambitious energy saving targets in transport (e-mobility) and industry.

Energy intensity reduction in transport and industry was annually on average 0.3 and 0.9 percent respectively (95-15), below the 1.9 percent targeted in the Transition.

Rather low role for renewables in transport and H&C.

Phase out coal and nuclear?

Lessons learnt and international best practices advice for a target on distributed generation. It is also recommended to link the target to the deployment of smart grids.





Recent changes implemented include all best practices.

Distributed generation today is concentrated in non-subsidised consumers.

Promoting distributed generation will reinforce the social aspect of the energy transition.

At high penetration levels one will have to address sustainable incomes for distribution companies.



Renewable energy electricity tenders lockout dispatchable renewables such as biomass and geothermal technologies.

Tenders promote an oligopoly and lockout community power.

Tenders may undermine the potential of direct power purchase agreements.



Renewable energy electricity tenders have been very efficient (cost reduction). It is too early to assess its effectiveness (projects failed or delayed).

No clear role (advantage) of the CEL mechanism with cost efficient renewables contracted through the tenders.

Research shows that ambitious RE policies reduces the price of the emission allowance. On the contrary there is not evidence that ETS affects RE/EE markets.



# Thank You!

[hlucas@iamfactor.com](mailto:hlucas@iamfactor.com)