

Mexico



Eight in ten (80%) business executives polled in Mexico favour a shift from fossil fuels to a renewables-based power system by 2035, but unlocking business investment in renewables requires clarity from the government on the country's transition pathway.

Most (95%) business leaders polled in Mexico believe the time has come to end the country's long-standing dependency on fossil fuels for electricity generation, preferring instead a speedy adoption of renewables. More than three-quarters (77%) of the country's electricity generation currently derives from fossil fuels, with the bulk (58%) coming from fossil gas-fired plants.¹ Business leaders say that reducing this dependency by ramping up renewables would not only benefit public health (54%) but would also improve energy security (54%) by reducing dependency on energy imports. This view is of increasing relevance in light of current trade tensions with the United States, on which Mexico depends for more than half its gas supply.²

Additionally, seven in ten (70%) of those polled would like the government to prioritise investing in new electricity generation from renewables rather than fossil fuels — seven percentage points above the global polled average (63%). Were Mexico

to rapidly increase renewables capacity, moreover, it could well stimulate internal business-sector investment: a notable 95% of Mexican corporate executives say access to renewables-based electricity is a priority when deciding where to invest, eight percentage points above the global average.

Three quarters (76%) of business leaders polled want the Mexican government to transition directly from coal to new renewables, grids and storage, without the use of gas. This fits with the predominant preference of those polled for a rapid transition: 45% of respondents voice a desire for their country to shift from fossil fuels to a renewables-based power system by 2030, and 80% by 2035.

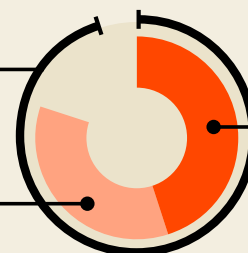
Electricity policy

Business enthusiasm for the transition is further strengthened by Mexico's abundant solar and wind potential, which helps explain why 82% of those polled expect

Do you think your government should transition away from fossil fuels to a renewables-based electricity system?

**NET: Yes
95%**

Yes, within
10 years
35%



Yes, within
5 years
45%

¹ <https://ember-energy.org/countries-and-regions/mexico/>

² <https://dialogue.earth/en/energy/mexicos-ling-ambitions-face-the-trump-era-and-environmental-concerns/>

their companies to be deriving the majority of their electricity from renewable sources by 2035. If Mexico were to maximise its national technical potential of renewables—that is, the upper boundary estimate of the amount of energy that can be generated from renewable sources—the country would meet its electricity needs a hundred times over.³ In 2023, however, electricity from wind and solar amounted to only 24.3% of total electricity generation.⁴ Moves to realise the country's latent potential for renewable electricity look more promising under the current government. Following her election last year, President Claudia Sheinbaum committed Mexico to achieving 45% of its electricity from renewable sources by 2030.⁵

Business 'asks'

As the Sheinbaum administration unveils details of its renewables investment strategy, more than two-fifths (44%) of business leaders want to see more specifics from the government on timelines and targets. Clarity on the government's intended pathway is essential to building confidence. The government's new renewables goal of 45% electricity generation by 2030 is a welcome increase on the previous target of 37.7%.⁶ The stated intent within the plan to increase access to solar-generated electricity (with

a particular focus on the regions with the highest solar potential) is also positive. Yet, companies are waiting on details of the roll-out strategy, including the nature of any financial incentives that might be provided.

Although coal has a relatively small role in Mexico's electricity generation, a firm phase-out commitment would send a strong message to the market about breaking with fossil fuels. This fits with the view of business leaders who want their government to prioritise new investment in renewables; of these, 86% support phasing out coal from electricity generation by 2035. Mexico is set to retire or replace 4.3 GW of coal-fired generating capacity by 2037,⁷ but which plants might be decommissioned and when remains up in the air. This lack of clarity feeds into uncertainty created by a temporary uptick in coal use in 2022-2023.⁸ Given the powerful endorsement shown by business leaders for a rapid transition away from fossil fuels and a swift scale-up of renewables, a firm commitment on Mexico's decommissioning timetable would likely be positive for business-sector confidence. The upcoming submission of a new national climate plan represents an ideal platform to provide business leaders with assurances of greater investments in renewable energy, a fossil-free grid in the near future.

Top 3 requested actions that your government should take to accelerate the transition from fossil fuels (% who chose the following)

Provide incentives, education and training programs for workers in adjacent industries to reskill for renewable energy jobs

45%

Establish clear timelines and targets for renewables and storage deployment

44%

Streamlining permitting and planning processes for faster roll out of renewable energy projects

41%

³ Solar power has the most potential, at 24,918 GW; this is followed by wind, at 3,669 GW. <https://www.trade.gov/country-commercial-guides/mexico-renewable-energy>

⁴ <https://mexicobusiness.news/energy/news/clean-generation-results-move-away-environmental-goals>

⁵ <https://www.argusmedia.com/en/news-and-insights/latest-market-news/2614375-mexico-aims-for-45pc-renewable-power-by-2030>

⁶ <https://www.enerdata.net/publications/daily-energy-news/mexico-targets-45-renewable-power-generation-2030-and-caps-oil-production.html>

⁷ <https://bloombergcoalcountdown.com/countries/MX>

⁸ Under the administration of President Andrés Manuel López Obrador (2018-2024), the government ramped up its purchases of coal, while imposing new rules discouraging solar and wind projects. <https://www.nytimes.com/2022/08/17/world/americas/mexico-president-renewable-energy.html>