

MEXICO'S ENERGY REFORM BILL



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Mexico's Congress is currently debating a proposed amendment to the constitution to allow the state to increase control over the country's energy market.

If approved, the bill will

- Grant the state electricity company – Comisión Federal de Electricidad (CFE) – 54% of the power output market and control over the terms and conditions of private energy companies.
- Eliminate independent regulators like the National Hydrocarbons Commission (CNH) and the Energy Regulatory Commission (CRE) in favor of regulators under the control of the Energy Ministry.
- Prioritizes the use of CFE's traditional fossil fuel-based energy plants over private renewable energy
- Reduces space for foreign direct investment in Mexico's energy sector.

Detractor's Arguments

- Slows Mexico's clean energy pledge (35% by 2024) and hinders global and US-Mexico clean energy efforts.
- Contradicts USMCA's requirement of national or equal treatment by favoring state owned companies.
- Increases energy costs for Mexico's manufacturing center due to preference for higher cost hydrocarbon based energy generation.
- Compromises \$44 billion-worth of private energy generation, \$26 billion of which is renewable energy.



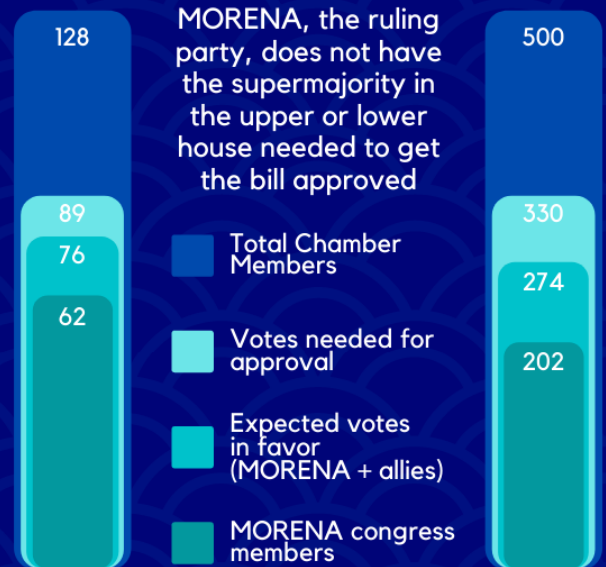
Atlantic Council

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LATIN AMERICA CENTER and
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Approval requires 2/3 congressional support

Upper Chamber

Lower Chamber



Supporter's Arguments

- Ends preferential treatment for private energy firms.
- Grants the government ability to regulate electricity prices.
- Limits limit energy sales from projects funded by foreign private finance.

Sources:

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