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Trends in Mexico

Facts from the *Renewables in Cities 2021 Global Status Report*

Key Takeaways on Renewable Energy in 2020 in Mexico

- **Mexico City** leads on climate action and the deployment of renewables in the country; the city allocates USD 17.1 million annually for distributed solar capacity, with the aim of adding 350 MW by 2024.
- In 2020, the Mexican government led a campaign to impose restrictions on renewable energy deployment, preventing new solar and wind projects from being connected to the grid, citing the need to safeguard energy security during the COVID-19 public health crisis. However, the industry took legal action and the Mexico City court was able to provisionally suspend this reform, by arguing that Mexico's power grid regulator (CENACE's) plan risked hampering free competition at the consumer's expense.

Brand new data shows

- Only 6 cities in Mexico with renewable energy targets and policies (from the global total of over 1,300 cities). This covers 13.5 million people, 13.2% of the urban population in Mexico.
- Although the net-zero¹ movement has started to pick up during 2020, only 6 Mexican cities had a net-zero target for 2050, 5 of which were added in 2020.

Renewable Energy Developments in Mexican Cities

City renewable energy commitments and policies

- 6 Mexican cities have set a total of 11 renewable energy targets between 2016 and 2019.
- Although most biofuel targets for transport are set at higher levels of government, a few examples exist in cities: **Mexico City** has a target to produce 2.1 million litres of biodiesel per year from residual cooking oil by 2024.
- Most renewable energy policies set in 2019 were in **Mexico City**. Policies were set in the power, heating and cooling, buildings (power and heating and transport in buildings) and transport sectors.
- In 2019, as part of its Solar City initiative, **Mexico City** allocated funding to provide grants to businesses and residential buildings to install solar thermal heating. During the programme period (until 2024), the grants will provide businesses with up to MXP 80 million

¹ "Net-zero" emissions can be achieved, for example, by using natural sinks, such as reforestation or adopting agricultural best practices, or through a technological solution, such as carbon capture and storage. Net-zero targets also are referred to commonly as "climate-neutral", "carbon-neutral" or "zero-emission" targets, although technically these are not the same. Carbon neutrality refers to net-zero emissions of only CO₂, whereas climate neutrality indicates a broader focus on net-zero emissions of all greenhouse gases. There is no agreed-upon definition, and implementation of these targets also varies broadly.

(USD 4 million; with the target of supporting 400 businesses annually) and will provide residential buildings with MXP 170 million (USD 8.5 million; with the target of supporting around 135,000 systems).

Scaling up renewables in buildings and transport

- **Mexico City is a leader in climate action:** Mexico City won the WWF's One City Planet Challenge, a competition set up to demonstrate city action towards the Paris Agreement in 2020, in which a record 255 cities from 53 countries participated.
- On-site generation of renewables is growing, supported by the falling costs of solar PV: With the growth of solar water heater adoption targets
 - **Mexico City** committed to retrofitting eight public buildings with solar water heating in 2019 and has started to install rooftop solar PV on some municipal buildings in 2020.
- Solar energy is the renewable energy source with the highest potential in **Mexico City**. In May 2019, the **Mexico City** Government presented their Solar City initiative (Ciudad Solar). Ciudad Solar includes, several small- to medium-scale solar projects, such as photovoltaic roofs in public buildings, a program for small and medium-sized companies, and training.
- **Electrification of urban transport is picking up, biofuels are expanding as well**
 - Public authorities in **Mexico City**, in partnership with the National Polytechnic Institute, built a biodiesel production plant that uses waste cooking oil from local households, food manufacturing facilities and restaurants to produce 500 litres of biodiesel daily, with the aim of fuelling 200 public transport vehicles.
 - Increasing tendency to electrify public transit systems in the region (started with trains, metro, and now in the last two years, more electric buses) with **Mexico City** having targets set for electric bus procurement both city-wide and for municipal operations.

Financing renewables in cities

- **Mexico City** issued Latin America's first municipal green bond in 2016 with a focus on mobility, energy efficiency, water infrastructure and management projects.
- In 2019, Mexico used the PPP model to attract USD 2.1 billion for 15 solar PV projects, and in **Santiago** (Chile) a PPP was established to install 104 EV charging points of 22 kW each (which eventually will use renewable electricity) at a total cost of USD 2.5 million.

Mexico's Energy Profile

<https://www.iea.org/countries/mexico>

Regional Trends

- The liberalisation of electricity markets in Argentina, Brazil, Colombia, Mexico and Peru has made it possible for municipal governments and other large energy consumers in these countries to procure renewable electricity directly from local or nearby projects (although residential users remain excluded from choosing their supply companies).

- Investment in renewable energy capacity across Latin America has grown markedly, up 43% in 2019 to a record USD 18.5 billion.¹⁰⁰ Four countries dominated this investment: Brazil (up 74% to USD 6.5 billion), Chile (up 302% to USD 4.9 billion), Mexico (up 17% to USD 4.3 billion) and Argentina (down 18% to USD 2.0 billion). PPPs, PPAs and development finance provide key support for projects in cities across the region.

Questions? Please contact press@ren21.net or +33 1 44 37 50 99.

All report materials, figures, case studies and the full data pack can be downloaded here: <http://ren21.net/rec2021press>