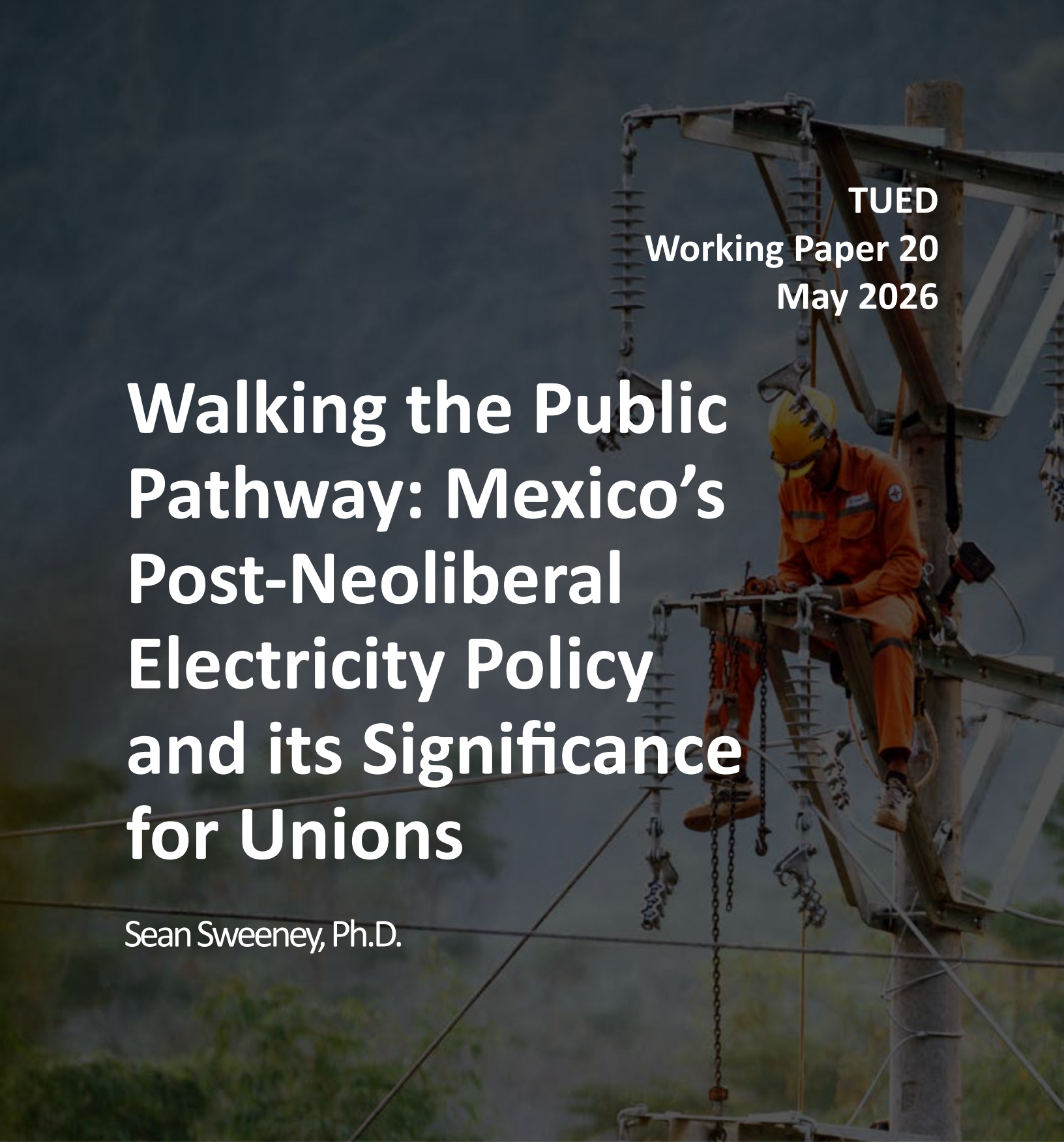


TUED
Working Paper 20
May 2026

Walking the Public Pathway: Mexico's Post-Neoliberal Electricity Policy and its Significance for Unions

Sean Sweeney, Ph.D.

CUNY SCHOOL OF LABOR AND URBAN STUDIES

TRADE UNIONS FOR ENERGY DEMOCRACY

Table of Contents

Published by Trade Unions for Energy Democracy (TUED), School of Labor and Urban Studies at the City University of New York, May 2026.

Trade Unions for Energy Democracy (TUED) is a global, multi-sector initiative to advance democratic direction and control of energy in a way that promotes solutions to the climate crisis, energy poverty, the degradation of both land and people, and responds to the attacks on workers' rights and protections.

About the Author:

Sean Sweeney, Ph.D. is the coordinator of TUED and Research Associate with the School of Labor and Urban Studies, City University of New York. TUED's Working Papers are available for download at: https://www.tuedglobal.org/tued-working-papers

Disclaimer: This paper represents the views of its author, Sean Sweeney. The opinions expressed here may or may not be consistent with the policies and positions of unions participating in TUED. The paper is offered for discussion and debate.

Cover photo by Q. Hưng Phạm: https://www.pexels.com/photo/sitting-on-transmission-tower-man-fixing-electric-cables-24604408/

Introduction

This TUED working paper examines the Mexican government's plans for its energy transition, focusing on the electricity sector.

The plans indicate that Mexico is attempting to pursue a transition that is state-led, with an expanded role for the country's public power utility (Comisión Federal de Electricidad, or CFE) in power generation and a reduced role for private companies.[1] This contrasts sharply with the policy direction established under the neoliberal administration of Enrique Peña Nieto (2012-2018), a policy that seriously constrained the CFE and led to private multinationals dominating the country's power generation system.

The government's plans therefore carry considerable importance for trade union policy discussions on energy and climate change. They are broadly consistent with what a growing number of unions at the global level understand to be a public pathway (camino público) approach in that confronts head on the neoliberal view that reaching climate and renewable energy targets is contingent upon the need to attract private investment on terms dictated by the investors. The Plan does carve out a role for the private sector; however, Sheinbaum and the Energy Secretary (Secretaría de Energía, SENER) envisage its role to be subordinate to that of the state. Energy projects involving private interests must be compatible with the government's plans for the sector, and the state must have a majority stake in any project approved by SENER.

This paper also identifies some of the political and economic challenges that may confront the Mexican government's efforts to achieve its goals for the sector. The data presented below (in some sections, at least) is unavoidably technical in nature, but hopefully this will not distract from its main goal, which is to draw attention to the political significance of what the Mexican government is attempting to do.

Either way, unions and their allies who support a public pathway approach to energy transition have an important role to play in ensuring that Mexico's break with neoliberal energy policy is not reversed or unduly compromised. As of this writing, both domestic and international business interests, who would like nothing more than to derail Sheinbaum's energy transition policy, are positioning themselves to achieve just that. For both the Mexican government and international capital, the stakes are high, and so are the risks.

1 Secretaría de Energía (SENER), Plan de Desarrollo del Sector Eléctrico (PLADESE) 2025–2039 (Mexico City: Diario Oficial de la Federación, October 17, 2025). Table summarizing generation capacity additions and distributed generation projections.

1. Government Plans for the Electricity Sector

Released by SENER on October 17th, 2025, the Plan for the Development of the Electricity Sector (Plan de Desarrollo del Sector Eléctrico 2025–2039, PLADESE) is one of a series of recent government documents that point in the direction of a state-led approach to Mexico's energy transition.

The PLADESE was established as the binding long-term electricity-sector planning instrument mandated by the 2025 Electricity Sector Law (Ley del Sector Eléctrico, LSE). Under the LSE, SENER is required to issue a PLADESE on an annual basis (in May of each year) adjusting the 15-year plan for the electricity sector as needed. The PLADESE also operates within the national energy-planning framework introduced by the 2024 Energy Planning and Transition Law (Ley de Planeación y Transición Energética, LPTE). It provides a window by which to look at Mexico's electricity future through the eyes of the administration of President Claudia Sheinbaum Pardo.

The goals of the PLADESE are to:

- Expand the role of the public power utility (Comisión Federal de Electricidad, or CFE) in power generation. By 2030, publicly owned electricity generation is expected to reach 59.60% in 2030, up from a 32% share in 2020. Transmission and distribution will remain fully public.[2]
- Develop a public renewables program under CFE's leadership. The goal is to increase clean energy generation from 24% in 2024 to 38.5% by 2030, and 43.3% in 2035. A further goal involves reaching peak power sector emissions by 2027. These PLADESE targets were also incorporated into Mexico's Nationally Determined Contribution 3.0 submitted to the UNFCCC on November 17th, 2025 at COP30.[3]
- Operationalise binding energy planning (planeación vinculante) via a National Energy Planning Council
- Reduce the country's dependency on imported gas from the United States. Mexico hopes to scale up domestic gas development and to reduce gas imports from the US by 20% in the period to 2030
- Promote energy justice. ensure that the entire population has access to affordable, reliable and sustainable energy. In line with the Energy Transition Planning Law, mechanisms are established to reduce energy poverty, prioritising rural communities and marginalised urban areas and vulnerable populations.

2 Secretaría de Energía (SENER), Programa Sectorial de Energía (PROSENER) 2025–2030 (Mexico City: Government of Mexico, 2025).
3 Mexico's NDC submitted to UNFCCC, November 2025, https://unfccc.int/sites/default/files/2025-11/NDC%203.0%20Me%CC%81xico_spanish.pdf.

2. Significance for Global Trade Union Policy

Before we probe more deeply into some of the details of the Sheinbaum administration's plans, it is important to underscore the significance of this change in the direction of policy. First and foremost, it not only breaks with the neoliberal architecture that has prevailed for more than three decades in Mexico, but it does so in a politically explicit manner. As we will see, the change in policy direction began in 2018 around the issues of energy sovereignty; the state having to absorb rising costs of the transition, and the technical chaos that resulted from the abandonment of energy planning. A growing number of Global South countries have rejected or resisted certain features of neoliberal electricity policy, but Mexico is perhaps the only major country to publicly reject, in toto, the entire neoliberal policy framework as it applies to the power sector.

Furthermore, the Sheinbaum administration's plans comes at a time when the neoliberal approach to energy transition and climate protection appears to be rapidly unravelling, as the US, EU Member States, and a host of other countries have in various ways pulled back from many of their climate-related commitments.[4] When viewed in the light of this policy crisis, Mexico's desire to pursue a more state-led and socially inclusive energy transition has global significance, as does the Sheinbaum administration's commitment to build new institutions dedicated to energy planning and energy justice.

Significantly, the PLADESE envisages high levels of renewable energy deployment with a public utility, playing the leading role. This contrasts sharply with the neoliberal approach, which is to promote (and financially assist) private generation companies (including those in coal and gas) known as independent power producers, or IPPs. The PLADESE is therefore consistent with the anti-privatization and pro-public positions taken by the International Trade Union Confederation (ITUC) Global Union Federations (GUFs) national trade union centres, and many individual unions representing workers in energy, public services, and other sectors. It is also consistent with the positions taken by Mexico's independent unions regarding energy sovereignty and self-determination.

However, the PLADESE is a statement of intent; it is by no means a 'done deal.' The damaging legacy of three decades of neoliberal reform in Mexico cannot be quickly erased. Successive administrations passed numerous neoliberal laws, amended the country's constitution, and set up entire institutions dedicated to the enforcement of a pro-business agenda. SENER is aware that Mexico's energy transition faces what it calls "a critical paradox" given the projected increases in the use of gas (as an alternative to coal and coke) while trying to set in motion a planned decarbonization based on renewables.[5] One of the enduring consequences of this policy was to increase Mexi-

4 Sean Sweeney (TUED), Towards a New International Energy Order, July 2025 https://cdn.prod.website-files.com/63276dc4e6b803208bf159df/6920926f7addb0d8138639da_TUED%20NIEnO%20Working%20Paper.pdf

5 At its peak in 2005, coal supplied 13.2% of Mexico's electricity. By 2023 the contribution was

co's dependency on gas imported from the United States, thus undermining energy sovereignty and increasing what the Ministry calls Mexico's "strategic vulnerability."[6] Nevertheless, Mexico's actions are important in terms of shining light on the legislative and institution-building steps needed to reclaim energy from private sector domination to public ownership and control, and this process is of interest to unions and progressive forces who may be in a position to organise around similar objectives.

But if capital's opposition to this policy can be repelled, it is possible that Mexico's pro-public energy transition could also be emulated elsewhere—which would be hugely significant for unions, their allies in the climate and environmental movements, and the broader political left. Just as the "German model" of energy transition (energiewende) was hegemonic in the global policy discourse in the 2000s to the early 2010s, the "Mexico model" has the potential become a point of reference for progressive energy and climate policy in the period ahead.

3. Mexican Unions, International Allies: *The Plataforma*

The political and technical issues around Mexico's energy transition require far more detailed and exhaustive discussion than is possible in this paper. In December 2025, unions in Mexico, in partnership with TUED and international trade unions allies, established a space (plataforma) to further develop a public pathway approach to the energy transition, one that is consistent with the principles and traditions of independent and democratic trade unionism. Part of the TUED network, these unions wish to proactively engage with government and the progressive policy community to politically defend and consolidate the actions taken by government to advance the country's energy sovereignty and self-determination.

Beyond energy sovereignty, SENER has declared a commitment to what it terms Energy Justice (Justicia Energética), and is inviting popular engagement in shaping Mexico's future energy system. Unions in the Plataforma welcome the Sheinbaum administration's commitment to create jobs, build local supply chains, and keep electricity affordable within a framework of universal access.[1] Unions also welcome the administration's statements on climate change and the government's defence of the Paris Agreement. In an August 2025 speech, President Sheinbaum commented, "We cannot talk about emissions reduction without considering the welfare of the population. They must go

1 https://sidof.segob.gob.mx/notas/docFuente/5770297

just 3.5%. https://lowcarbonpower.org/type/coal

6 Secretaría de Energía (SENER), Programa Sectorial de Energía (PROSENER) 2025–2030 (Mexico City: Government of Mexico, 2025).

hand in hand. We cannot talk about reducing emissions if we do not talk about sovereignty. And we cannot talk about reducing emissions if wedo not talk about sustainable economic development."[2] Similarly, unions are supportive of Mexico's Nationally Determined Contribution (NDC 3.0) that submitted to the UNFCCC on November 17th, 2025, during COP30. In its NDC, Mexico pledged to "ensure labour rights and the participation of workers in the design, implementation and monitoring of climate action policies."[3]

---

2 Speech by President Claudia Sheinbaum Pardo, Latin American and Caribbean Ministerial Meeting to contribute to climate action, National Palace, Mexico City, August 25th, 2025, https://www.youtube.com/watch?v=21XgAHSaI1s
3 Government of Mexico, Contribución Determinada a Nivel Nacional (NDC 3.0), submitted to the United Nations Framework Convention on Climate Change, November

4. Mexico's Reclaim and Restore Agenda

It is perhaps useful to think of Mexico's efforts to reclaim and restore its energy system and to reconfigure its approach to the energy transition during the 2018-2025 period as consisting of two phases. For convenience, we can call these the AMLO "reclaim" phase and the Sheinbaum "restore" phase.

The "reclaim" phase began when Andres Manuel Lopez Obrador (known as AMLO) was elected to the Mexican presidency as head of the MORENA party in June 2018. His administration declared "an end to neoliberal privatisation" in the electricity sector. AMLO took steps to repeal so-called market reforms introduced under Peña Nieto (his immediate predecessor) and those of previous neoliberal administrations. AMLO and MORENA sought to repel the growth of private IPPs and to halt the proliferation of "take-or-pay" power purchase agreements (PPAs) that imposed a heavy financial burden for the public power utility, Federal Electricity Commission (Comisión Federal de Electricidad, CFE). Despite the opposition of both domestic and international capital, AMLO's efforts were largely successful in derailing the neoliberal reform agenda. AMLO's six-year term therefore showed how neoliberal power sector privatisation can be impeded and then reversed. The advance of the IPPs was halted and real progress was made in reconstituting the country's public utility, the CFE, as the primary electricity provider.

The Sheinbaum "restore" phase commenced in late 2024 when the Constitution was amended, and a series of laws were enacted that were designed to put in place new public energy planning institutions and gave CFE an explicit public goods mandate while remaining committed to Mexico's Paris Agreement commitments. Sheinbaum has articulated the connections between emissions reductions, the expansion of renewable energy, energy sovereignty and poverty reduction—and how neoliberal policy had been seen as antithetical to these objectives. In an August

2025 speech on climate change, Sheinbaum commented, "By decision of the Mexican people, the neoliberal model was left behind, and a new model began in our country which we call the Fourth Transformation." She re-stated support for the Paris Agreement, but emphasized that Mexico's commitments would be met within a framework of state control and Energy Justice (Justicia Energética)[7] Mexico's most recent (2025) Nationally Determined Contribution (NDC) submitted to the UNFCCC in November 2025 commits to a 38.5% renewable energy target by 2030 and 43.3 % in 2035.[8]

The PLADESE is therefore part of a much broader "restore" project. It is part of a planning framework that is currently being constructed to replace the neoliberal structures that were put in place by previous administrations. Its objectives align with SENER's Programa Sectorial de Energía (PROSENER) process that sets out strategies and actions for the energy sector (including electricity). It also aligns with the broader National Develoment Plan, as well as the economic strategy known as Plan México.

5. Business Opposition and the USMCA Review Process

The effort to implement what closely resembles a public pathway alternative in Mexico will face some formidable political challenges in both the short and medium terms. The advanced capitalist countries do not approve of the Mexican government's break with neoliberal orthodoxy, and they intend to pressure Mexico to abandon its energy transition plans and return to the policies of Peña Nieto which opened the door to foreign investment and multinational companies.

The tone of disapproval was set by the first Trump administration (2016-2020), but it continued under the Biden administration (2020-2024). Both administrations issued formal complaints against AMLO's reclaiming activities, as did Canadian government and the European Union, along with their respective Chambers of Commerce.[9] These objections were accompanied by threats

7 Sheinbaum said: "We cannot talk about emissions reduction without considering the welfare of the population. They must go hand in hand. We cannot talk about reducing emissions if we do not talk about sovereignty. And we cannot talk about reducing emissions if we do not talk about sustainable economic development." Speech by President Claudia Sheinbaum Pardo, Latin American and Caribbean Ministerial Meeting to contribute to climate action, National Palace, Mexico City, August 25th, 2025, https://www.youtube.com/watch?v=21XgAHSaI1s

8 Government of Mexico, Contribución Determinada a Nivel Nacional (NDC 3.0), submitted to the United Nations Framework Convention on Climate Change, November 2025, https://unfccc.int/sites/default/files/2025-11/NDC%203.0%20Me%CC%81xico_spanish.pdf

9 Reuters, May 16, 2020 Energy dispute deepens between Mexico and foreign allies, May 16, 2020. https://www.reuters.com/article/us-mexico-energy/energy-dispute-deepens-between-mexico-and-foreign-allies-idUSKBN22S0T8. In October 2020, more than 40 members of the US Congress, including 11 House Democrats, sent a letter to then President Trump that MORENA's actions violate and contradict the spirit, if not the letter, of the UMSCA [United

of legal action under the US-Mexico-Canada trade agreement (USMCA). Mexico remains legally vulnerable to challenges under the Investor State Dispute Mechanism (ISDM) under Annex 14-E of USMCA.[10] The ISDM gives corporations the right to sue governments for lost profits in the event of any change in domestic policy that might reduce or eradicate those returns. The ISDM mechanism has been eliminated between the US and Canada, but it still applies between Mexico and the US for ket sectors, namely oil and gas, power generation, telecommunications, transportation, and infrastructure.[11]

In mid-December 2023, during the AMLO period, two Canadian investment funds—Caisse de dépôt et placement du Québec and CDP Groupe Infrastructures Inc—registered an arbitration with the International Centre for Settlement of Investment Disputes (ICSID). Although he case has yet to be resolved, the funds allege that Mexico's energy policy discriminates against renewable energy investors in favour of the public utility (CFE), which they argue violates investor protections under the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP/TPP), to which Mexico is a party. The two funds had invested in Mexico's wind and solar parks, projects led by the Italian multinational Enel.[12]

But things have changed since 2023. According to the Center for Strategic & International Studies (CSIS), Mexico's state dominance in both oil and electricity will likely be a "flash point" in the USMCA review, with the US and Canada joining forces to sanction Mexico's "favoritism" of CFE and PEMEX over foreign investors. Apparently, both the US and Canada have already launched USMCA consultations over Mexico's alleged breaches of chapters on market access, investment, and the role of public companies.[13] Mexico's dependency on US pipeline gas (see below) could become a factor in these high-stakes negotiations.

The Trump administration is expected to try to use the upcoming (mid-2026) review of the USMCA treaty to demand that Sheinbaum restore US corporations' access to Mexico's energy markets.

States-Mexico-Canada Agreement] and demonstrate a pattern of obstruction." The letter urged Trump to work to restore conditions that provided "certainty and fairness for US companies operating in Mexico." https://gonzalez.house.gov/media/press-releases/congressman-gonzalez-leads-letter-president-trump-barriers-market-access-us

10 Center for Strategic & International Studies, USMCA Review 2026: Pathways, Risks, and Strategic Considerations for North America's Economic Future, August 18th, 2025 https://csis-website-prod.s3.amazonaws.com/s3fs-public/2025-08/250818_Bitar USMCA Review.pdf?VersionId=30OZSQOjmeJ_k5ydKQVjaCNYGFolgH8.

11 https://csis-website-prod.s3.amazonaws.com/s3fs-public/2025-08/250818_Bitar_USMCA_Review.pdf?VersionId=30OZSQOjmeJ_k5ydKQVjaCNYGFolgH8.

12 UNCTAD Investment Dispute Settlement Navigator. https://www.reuters.com/business/energy/canadian-pension-fund-caisse-mexico-pause-arbitration-seek-energy-dispute-2023-12-20/?utm_source=chatgpt.com

13 https://csis-website-prod.s3.amazonaws.com/s3fs-public/2025-08/250818_Bitar_USMCA_Review.pdf?VersionId=30OZSQOjmeJ_k5ydKQVjaCNYGFolgH8.

The US Congress is currently (December 2025) deliberating on a House of Representatives Bill urging the Trump administration to introduce formal sanctions against Mexico for "favouring" CFE and the state oil company Petroleos Mexicanos (PEMEX), and for purportedly violating USMCA competition and non-discrimination rules.[14] The bill is supported by the influential American Petroleum Institute and the US Chamber of Commerce.

Meanwhile, the PLADESE has already attracted criticism from domestic private interests. The Business Coordinating Council (Consejo Coordinador Empresarial, CCE) and Employers' Confederation (Confederación Patronal de la República Mexicana, COPARMEX) claim that the PLADESE will reduce the role of private companies and fosters "regulatory uncertainty" and undermines "investor trust."[15]

But if Sheinbaum's policies survive these international and domestic challenges, the struggle to implement such a significant shift in energy policy will still be far from over. Neoliberals know that Mexico's demand for electricity is growing at roughly 5% annually, and the country's dependency on gas imported from the US poses a particularly formidable challenge. And if CFE is unable to meet more of this rising demand with domestic sources of energy, the policy tables may turn in ways that the state's goals may need to be modified to accommodate private interests . In the interim, the country could be confronted by an investment strike by the private capital, one designed to create an energy supply crisis. (See below, The Investment Strike Scenario.)

6. Background: Neoliberal Privatisation and the Rise of IPPs in Mexico's Power Sector (1992-2018)

Mexico's politically contested shift from a full-on adherence to neoliberal energy policy to a robust pro-public approach has been both dramatic and intentional. What Mexico has witnessed is not a series of pragmatic adjustments—the change has a clear "public goods vs. private gain" ideological dimension, with AMLO and Sheinbaum on the side of the former and unequivocally opposed to the latter.

---

14 Mexico Business Daily, November 18th, 2025, https://mexicobusiness.news/oilandgas/news/us-bill-seeks-enforce-mexicos-usmca-energy-commitments?tag=oilandgas. "The US initiative may compel Mexico to revisit its regulatory framework and investor-state dispute risk ahead of planned auctions and private-sector participation in the energy sector. Given the interconnectedness of US–Mexico energy trade, including pipeline exports, cross-border power flows and LNG supply chains, the act has the potential to influence a wide array of projects tied to both countries' energy and trade strategies."

15 Coparmex Warns of Economic Stagnation and Investment Decline in Mexico https://mexico.affairs.media/coparmex-warns-economic-stagnation-investment-decline-2025/?utm_source=chatgpt.com

A brief review of the main features of neoliberal reform is enough to highlight the significance of this policy shift.

Prior to AMLO's election in 2018, successive Mexican administrations enthusiastically complied with a set of neoliberal privatisation proposals that had been concocted by the IMF, the World Bank, and supported by corporate-dominated "multistakeholder" bodies like the World Economic Forum and a broad range of global business interests.

Mexico's reform process began decades earlier, with an amendment in 1992 of the Public Electricity Service Law (Ley del Servicio Público de Energía Eléctrica, LSPEE). Consistent with the World Bank's "standard model" of privatization, the amended law created "non-public service" categories for power generation, which opened the door to IPPs.[16] In Mexico and elsewhere, standard model reforms meant that that public utilities had once produced and delivered electricity in a vertically integrated manner were to be broken up ("unbundled") and marketized by way of legislation drafted by World Bank technocrats.[17] Where governments retained control of their transmission and distribution networks, the Bank determined that the utility's main role should be one of a purchaser ("off-taker") of IPP-generated electricity via PPAs with legally binding "take-or-pay" clauses—an arrangement that became known in World Bank circles as "the hybrid model."[18] Either way, PPAs guaranteed lucrative returns for the IPPs, but PPA payments created a huge financial burden for CFE and many other public power utilities across the Global South.

In Mexico the process of neoliberal reform went into high gear following Peña Nieto's election to the presidency in 2012 and the new administration's Reforma Energética agenda. The 1992 LSPEE was abrogated because it did not go far enough in terms of allowing for the private sector participation and was thus replaced by the Electricity Industry Law (Ley de la Industria Eléctrica, LIE). In 2013-2014, the administration passed additional investor-facing laws to encourage the use of renewable energy, energy transition financing, and the creation of the wholesale electricity

16 https://www.iea.org/policies/4311-public-electricity-service-law-ley-del-servicio-publico-de-energia-electrica

17 The model has been described as: "A series of steps that move vertically-integrated utilities towards competition, and generally include the following activities: corporatisation, commercialisation, passage of the requisite legislation, establishment of an independent regulator, introduction of IPPs, restructuring/unbundling, divestiture of generation and distribution assets and introduction of competition." See: https://www.gsb.uct.ac.za/files/KenyasLessonsFromTwoDecades.pdf See also: Foster, Vivien, and Anshul Rana. 2020.

18 In neoliberal energy policy circles, the role of the public utility as a purchaser of IPP-generated power has become known as the "hybrid model" of privatisation, whereas full unbundling and marketisation of the power generation, transmission, distribution, and retail services is known as the "standard model." For a more in-depth discussion of the "standard model" and the "hybrid model," see TUED: https://www.tuedglobal.org/working-papers/reclaim-and-restore-preparing-a-public-pathway-ssa

market—all straight from the neoliberal policy songbook. This package of laws saw the creation of two regulatory bodies, the Comisión Reguladora de Energía, CRE and the Comisión Nacional de Hidrocarburos (CNH).

Peña Nieto's administration also followed the neoliberal script in terms of limiting the role of the public power utility, CFE. The Energy Transition Law (Ley de Transición Energética, LTE) determined that CFE would no longer serve an explicitly pro-public or national development mission; rather, CFE would become a "state productive enterprise" focused on "value creation."[19] For his willingness to comply with neoliberal designs, Peña Nieto attracted considerable praise from the World Bank, the IMF, and neoliberal think tanks.[20] Joining the chorus of approval, in 2016 the International Energy Agency (IEA) declared that Peña Nieto's Reforma Energética amounted to a display of "strong leadership on environmental issues" and making real "the vision of a modern energy system that meets the needs of a growing and modernising economy. The scale of ambition is truly impressive. The effects will be felt in Mexico and beyond."[21]

One of the outcomes of Peña Nieto's Reforma Energética was a rapid increase in IPP-generated electricity. More than 14 GW was added by 2018. Combined-cycle gas turbine power plants (CCGT) made up a large portion of new capacity. However, renewables (wind and solar) also expanded rapidly, reaching between 5-7 GWs by 2020, at which point electricity generation from private sources accounted for 68% of the country's total electricity supply, while the CFE's contribution was reduced to just 32%.[22]

19 International Energy Agency (IEA), Mexico Energy Outlook, World Energy Outlook Special Report (Paris: Organization for Economic Cooperation and Development [OECD]/IEA, 2016), www.iea.org/publications/freepublications/publication/MexicoEnergyOutlook.pdf.
20 International Monetary Fund (IMF), Mexico: Selected Issues (Washington, DC: IMF, 2016), https://www.elibrary.imf.org/display/book/9781498364799.
21 International Energy Agency (IEA), Mexico Energy Outlook, World Energy Outlook Special Report (Paris: OECD/IEA, 2016), https://www.iea.org/publications/freepublications/publication/MexicoEnergyOutlook.pdf.
22 Cámara de Diputados (Mexico), Programa Sectorial de Energía (PROSENER) 2020–2024 (Mexico City: Government of Mexico, 2021).

IPPs in Mexico by Energy Source

The IPPs active in Mexico were mainly multinationals from the US, the EU, and Japan. Their activities saw an increase in gas imports from the US, thus increasing Mexico's dependence on gas while giving impetus to the lucrative hydraulic fracturing ("fracking") boom north of the border. Regarding renewables, multinational corporations like Walmart, Heineken and Coca-Cola invested heavily in the development of wind energy resources in Oaxaca. Peña Nieto's reform allowed for the development of renewables under a self-supply scheme (autoabastecimiento) that allowed multinationals to create IPPs as subsidiary operations that would then sell electricity back to the parent company. Under this scheme mega-companies built massive wind farms for their own benefit, forever changing Oaxaca's landscape.[1]

Figure 1 (A.I Generated)
The Growth of IPP-generated power during the height of the neoliberal period, 2012-2018

Technology	Approx. IPP Additions 2012–2018	Notes
Natural Gas (CCGT)	8–10 GW	Largest share; driven by U.S. gas imports
Wind	3–4 GW	Strong growth; Oaxaca + northern states
Solar PV	2–3 GW	Post-2016 auction boom
Cogeneration	0.5–1 GW	Industrial sector driven
Geothermal/Biomass/Other	<0.5 GW	Small contributions

1 Climate Transparency, Climate Transparency Report: Mexico (2021), https://www.climate-transparency.org/wp-content/uploads/2021/10/CT2021Mexico.pdf.

7. AMLO's Reclaiming, 2018-2024

During his 2018 election campaign, AMLO pledged to restore Mexico's energy sovereignty. Once elected, the new government took a series of important institutional and legal steps to restore CFE as the central actor in the country's power system, de-corporatize the company, and to restrain the expansion of IPPs.

In July 2020, AMLO sent a memorandum to "Public Servants and Members of Energy Sector Regulatory Bodies."[23] Referring to Peña Nieto's reform as a "policy of pillage," AMLO wrote, "CFE was left almost in ruins: indebted, with its productive capacities reduced [and] subject to regulation that privileges individuals in the implementation of the energy reform. It is time to correct the course of the policy of surrender that has been imposed on the energy sector." This, he wrote, "translates into not continuing with the privatization of the energy sector" and the abolition of "subsidies of any kind to private companies."[24]

Three months prior, in April 2020, then Energy Secretary Rocío Nahle García developed a series of proposals that gave the SENER discretionary powers to decide which projects be granted priority status with respect to their connection to the grid.[25] Any PPA deals with private concerns had to include the possibility of early termination.[26] On her instructions, SENER cancelled the building of some transmission lines designed to connect IPP-driven wind and solar projects to the national

23 Andrés Manuel López Obrador, "Memorandum to Public Servants and Members of Energy Sector Regulatory Bodies," July 2020. https://tinyurl.com/mv68craf
24 Memorandum, from Andres Manuel Lopez Obrador, President of Mexico to Public Servants and Members of Energy Sector Regulatory Bodies. https://www.bnamericas.com/en/analysis/amlo-memo-seen-as-threat-to-investment-in-mexicos-energy-sector
25 https://dialogochino.net/en/climate-energy/37327-mexico-blocks-private-renewable-energy-expansion/ "The main actions of AMLO's government include: 1.) suspending the interconnection of renewable projects during the pandemic, 2.) altering the grid dispatch order based on economic merit, favoring CFE-owned assets, 3.) suspending and further canceling ongoing and future public tenders for long-term and medium-term PPAs for renewable energy, 4.) changing rules governing clean energy certificates to allow CFE to earn certificates from legacy facilities, 5.) changing the wheeling charges applicable to legacy renewables projects and 6.) creating a new (but yet to be defined) category of ancillary costs payable by market participants.
26 Centro Nacional de Control de Energía or CENACE) Market Information System (Sistema de Información de Mercado) the "Order to guarantee the efficiency, quality, reliability, continuity and security of the National Electric System, on the occasion of the recognition of the epidemic of disease caused by the SARS-CoV2 virus (COVID-19)" See: https://www.hklaw.com/en/insights/publications/2020/05/analysis-of-applicable-provisions-to-renewable-energies-in-mexico; https://www.forbes.com.mx/renuncia-el-presidente-de-la-cre-tras-meses-de-conflicto-con-amlo/

grid. In an unprecedented policy decision, the Ministry ruled that, in future, wind and solar IPPs would need to fully cover their own transmission costs and they could no longer assume that the state budget would simply develop transmission infrastructure for IPP projects that already yield high returns by selling electricity to CFE.[27]

During the AMLO-led reclaiming period, steps were taken to repair the damage caused by the neglect of planning that accompanied the expansion of IPPs. Minister Rocio Nahle García had explained how, following Peña Nieto's orders, the neoliberal-inspired Energy Regulatory Commission (La Comisión Reguladora de Energía–CRE) had granted permits to private generators to increase electricity supply to 84 Gigawatt hours (GWh) nationally, even though the country's maximum demand for electricity had never exceeded 47 GWh on any given day. If the network can only hold 47 GWh, Nahle asked, why were all of these permits granted? Nahle also reported scores of incidents where transmission networks were put under stress because they had not been adequately upgraded to handle large volumes of variable renewable energy (known as VRE). This reflected, she said, "a clear lack of planning in previous governments", that revealed "enormous regulatory gaps in the [electricity] sector."[28]

Reflecting on the impact of Peña Nieto's reforms on CFE, former CRE official Walter Julián Ángel Jiménez (currently Secretary of Energy Development for the State of Tamaulipas) described how "The company [CFE] provided about 30% of the country's energy when we got to power [in 2018]. Had we continued with that system, today we'd be at 18%."[29] According to Jiménez, Peña Nieto's reforms were designed to make the public system unviable, forcing the privatisation of CFE once the utility went bankrupt. During the Peña Nieto period, SENER issued electricity generation permits that were not aligned with energy demand. The expectation was that CFE would have to build massive transmission infrastructure needed to plug the plant into the grid. "They might have given a company a permit to build a solar farm in Sonora where it's always sunny. But there's nothing there!" Jiminez noted. "Then, CFE would have to come in and build that infrastructure, leaving it in the red financially." The final blow, according to Jiménez, was that while the private sector is simply expected to maximise profits, the State-owned electricity company was required to keep the entire system afloat.[30]

In July 2020, SENER released its Sectorial Energy Program (Programa Sectorial de Energía, PROSENER) 2020-2024.[31] The Program suggested that the Ministry was looking for an alternative

27 https://www.ibanet.org/Article/NewDetail.aspx?ArticleUid=A3E8AB-FB-D9FC-40AD-9E35-F970430E3E47
28 English summary: https://www.whitecase.com/publications/alert/energy-sector-program-2020-2024
29 https://www.mxpe.org/p/electricity-mexico
30 https://www.mxpe.org/p/electricity-mexico
31 SENER, Programa Sectorial de Energía, PROSENER 2025-2030, https://www.gob.mx/sener/documentos/programa-sectorial-de-energia, https://www.gob.mx/cms/uploads/attachment/file/562631/PS_SENER_CACEC-DOF_08-07-2020.pdf#:~:text=Programa%20Sectorial%20de%20

to the private IPP-driven approach to energy transition. It envisioned that new generation capacity would be publicly financed and CFE would oversee its deployment. In a detailed presentation to Mexico's Senate in October 2020, Secretary Rocio Nahle said, "How much does renewable energy cost us? A lot…We want to do this through CFE. Private companies install, and then they leave. CFE can carry out the installations and provide maintenance." She continued, "All countries are engaging in an energy transition – just like us – we will still depend for some time on fossil fuels. So our transition will be gradual...while we take care of the network and national [energy] security."[32]

In February 2021, AMLO sent a bill to Congress that sought to amend Peña Nieto's Electricity Industry Law (LIE).The bill proposed to review the role of the IPPs and the proliferation of PPAs and to eliminate CFE's obligation to purchase IPP-generated power through capacity auctions that locked CFE into long-term "take ot pay" PPAs.[33] However, although the law was approved by both Chamber of Deputies in February and the Senate, it was blocked by legal challenges, and the Supreme Court ultimately declared the law unconstitutional in early 2024 towards the end of AMLO's 6-year term as president.

During this period AMLO's administration also took steps to modernise the country's aging hydroelectric capacity, a process that has benefited from technical help from the Electricité de France (EDF), one of the world's leading public utilities.[34] (In 2026, hydropower's contribution to Mexico's electricity supply is expected to border on 20%.) AMLO's administration also moved forward with the Puerto Peñasco solar project, a public-public partnership between the national utility and the state of Sonora. It has since become the largest photovoltaic plant in Latin America.[35] In 2026, the project is expected to reach 1 GW of installed capacity.[36] AMLO's decision to nationalise Iberdrola's IPPs in 2023 (which accounted for 10.7% of the country's electricity supply) saw the percentage of state-owned generation rise above 50%. (See below, Expanding the Role of CFE). In April 2024, SENER issued a decree expropriating the hydrogen plant from French company, Air Liquide, located inside the Tula oil refinery owned by the Mexican State oil company Pemex in the state of Hidalgo.

Energ%C3%ADa%202020%2D2024

32 English summary: https://www.whitecase.com/publications/alert/energy-sector-program-2020-2024

33 La Jornada, Feb 1, 2021, AMLO sends initiative that gives priority to CFE in electricity dispatching, https://www.jornada.com.mx/notas/2021/02/01/politica/envia-amlo-al-congreso-iniciativa-de-reforma-a-ley-de-la-industria-electrica/

34 https://www.hydropower-dams.com/news/cfe-mexico-awards-us-900-million-modernization-contract/

35 https://www.elsoldemexico.com.mx/mexico/sociedad/megaplanta-fotovoltaica-de-cfe-se-financiara-en-su-mayoria-con-deuda-7441977.html

36 https://strategicenergy.eu/mexico-to-add-over-1-5-gw-of-clean-power-and-storage-as-it-expands-latin-americas-largest-solar-plant/

One of the final acts of the AMLO's administration was, in August 2024, to close the "independent" regulator, the CRE. A feature of the World Bank's "standard model" privatisation in scores of countries, the CRE had been set up ostensibly to ensure "market competition" between different energy suppliers, but its actual role was to prevent CFE from obstructing the entry of for-profit IPPs into the country's electricity system. The CRE's approval of an excessive number of take-or-pay PPAs with IPPs locked in lucrative revenue streams and investment returns for the IPPs while crippling the finances of the CFE.[37]

In summary, AMLO's six-year administration (2018-2024) changed the direction of energy policy away from neoliberal privatisation and marketisation towards a commitment to reclaim the public utility (CFE) and to impede the incursions of the IPPs. Key neoliberal institutions that had been set up to facilitate neoliberal reform (CRE and CNH) were closed, and a large portion of Iberdrola's operations in Mexico were nationalized.

8. Sheinbaum's Restore Program: 2024—2030

Elected in June 2024 as MORENA's presidential candidate, Claudia Sheinbaum made clear her intention to continue in the same pro-public direction as the one pursued by her predecessor. Having taken office on October 1st 2024, her administration quickly enacted a constitutional reform that declared,"The planning and control of the national electricity system are the exclusive responsibility of the Nation, in accordance with Article 28 of this Constitution, as well as the public service of electricity transmission and distribution; no concessions shall be granted for these activities."[38]

Under the reform, the CFE would become a "public state company" that would operate on a non-profit basis (profit in this instance being defined as "the economic surplus after covering operating costs and ensuring resources for investment, modernization, expansion, and Energy Justice," Justicia Energética).[39] The constitutional reform mandated that at least 54% of electricity coming into the national grid must originate from CFE, and transmission and distribution will remain exclusively public. Secondary laws would determine how and in what manner private

37 https://www.tuedglobal.org/bulletins/mexico-energy-unions-welcome-shut-down-of-key-neoliberal-institutions

38 https://www.gtlaw.com/es/insights/2024/11/decreto-por-el-que-se-reforman--articulos-de-la-constitucion

39 Profit is defined in Article 3, section XXIX as "the economic surplus after covering operating costs and ensuring resources for investment, modernization, expansion, and Energy Justice" Estados Unidos Mexicano. 2025b. Ley del Sector Eléctrico Published March 18, 2025. https://www.diputados.gob.mx/LeyesBiblio/pdf/LSE.pdf. Cited in: Beyond de-risking: Industrial orders and political revolutions in Mexico's power sector, Jose Maria Valenzuela and Nacxitl Calva Economic sociology, perspectives and conversations, Max Planck Institute for the Study of Societies, vol. 26(2), pages 18-23. https://ideas.repec.org/a/zbw/econso/317801.html

corporations could participate in the sector, but private sector activity would not be allowed to compromise CFE's role as the country's primary energy producer and service provider.

9. New Binding Planning (planeación vinculante) Institutions

The laws that came into effect under Sheinbaum in 2025 attempt to situate the principle of "binding planning" (planeación vinculante) at the heart of Mexico's energy policy. Binding planning "lays the foundations for this transition to take place in an orderly, fair and equitable manner, geared towards meeting climate commitments and based on the principles of energy security and sovereignty." [40]

The emphasis on the need to return to state-led planning marks a policy shift of major significance. At the start of the neoliberal period, World Bank took a dismissive approach to planning, considering it to be a relic of statist "command economy" policies.[41] The liberalisation of electricity markets would, the Bank believed, create "market signals" to investors, thus opening the door for a more efficient allocation of resources that would, in turn, replace traditional energy planning with a more cost-effective model. But rather than creating competitive electricity markets, the Bank simply switched financial and technical support from public utilities to private IPPs, allowing IPPs to operate, as it were, "out of market." Indeed, one of the most telling features of IPP behavior globally has been an unrestrained opposition to the very idea of a competitive market. The reason for this opposition is obvious: any substantial commitment of investment capital – whether own-account financing or through borrowing – must be guaranteed to show a return on investment that the IPP or the lender consider satisfactory.

Binding planning also overcomes an unwillingness on the part of the IPPs to accept that a share of revenues from the sale of electricity should be used to maintain, extend, and improve a country's transmission and distribution systems. According to the IPPs, the burden of such tasks, which themselves generate no revenue, should fall on the shoulders of the public utility and/or the state.[42]

---

40 Government of Mexico, Contribución Determinada a Nivel Nacional (NDC 3.0), submitted to the United Nations Framework Convention on Climate Change, November 2025, https://unfccc.int/sites/default/files/2025-11/NDC%203.0%20Me%CC%81xico_spanish.pdf Section D.1.1.

41 In the power sector, governments were even criticized by the Bank for using power utilities "to achieve a wide range of other objectives such as employment (which led to overstaffing) or the transfer of resources to particular groups (such as supplying cheap power to farmers)." https://www.gsb.uct.ac.za/files/KenyasLessonsFromTwoDecades.pdf

42 https://www.mxpe.org/p/electricity-mexico. According to once source, "Today, the private sector's renewables are so cheap that they're prioritised. But CFE—as the ultimate guarantor of energy in Mexico—must have plants running on standby, idly pumping tonnes of greenhouse emissions into the air to ensure that the lights don't go out if the sun stops shining or the wind

The return to planning in a major Global South country is, in fact, long overdue. As early as 2008 prominent World Bank policy advisors began to acknowledge that the neglect of planning had created major problems. In the words of one advisor, where IPPs and public transmission and distribution companies were required to co-exist, "[It] often became unclear who was responsible for generation expansion planning. Would the private sector, or 'the market', simply respond to needs for more power? What was the role of planning? And, if planning was still necessary and important, who was responsible—the utility, the regulator, or the government?"[43] In 2011, the Bank noted how "Planning, procurement and contracting functions, which were previously undertaken by monopoly state-owned utilities now 'fall between the cracks' and are either neglected or are performed inadequately."[44] It seems, however, that this "we made a mistake" message was not communicated to officials in the Peña Nieto administration.

The lack of planning has led to systematic underinvestment in transmission and distribution infrastructure, a problem that today also confronts some of the advanced capitalist countries.[45] Another 2011 World Bank study noted, "The problem is that transmission providers do not wish to start building a [transmission] line until generation developers have committed to using it, and developers [in generation] do not wish to commit until transmission access is assured in the near future."[46] Thus the over-issuing of PPA contracts, coupled with the lack of transmission planning, was not simply a "Mexico problem" – it was a massive flaw in the policy design that flowed from neoliberal disdain for planning, a naïve and ill-informed expectations regarding the role of "market signals," and the risk-averse behaviour of private investors.[47]

---

stops blowing. 'Again, CFE is subsidising the private sector's intermittency and not being remunerated for it,' said Ángel Jiménez. Whether this system came about thanks to a crafty plan to covertly privatise Mexican electricity or thanks to a botched compromise to balance national sovereignty and free market policies, Mexico has been left dependent on a State-run company whose capacity to bring energy to consumers has been cut away from under it."

43 Anton Eberhard et al., Underpowered: The State of the Power Sector in Sub-Saharan Africa, Africa Infrastructure Country Diagnostic Background Paper 6 (Washington, DC: World Bank, 2008).

44 Isaac M. Malgas and Anton Eberhard, "Hybrid Power Markets in Africa: Generation Planning, Procurement and Contracting Challenges," Energy Policy 39, no. 6 (2011): 3191–3198, https://doi.org/10.1016/j.enpol.2011.03.004

45 SolarPower Europe, European Market Outlook for Solar Power 2022–2026 (2022), https://api.solarpowereurope.org/uploads/5222_SPE_EMO_2022_full_report_ver_03_1_319d70ca42.pdf.

46 Marcelino Madrigal and Steven Stoft, Transmission Expansion for Renewable Energy Scale-Up: Emerging Lessons and Recommendations (Washington, DC: World Bank, June 2011).

47 Sean Sweeney, Mapping a Public Pathway for Europe's Energy Transition (TUED Working Paper, July 2024), https://www.tuedglobal.org/working-papers/mapping-a-public-pathway-for-europes-energy-transition.

The Sheinbaum adminstration's current commitment to binding planning breaks with this approach. It is designed to consolidate, in the words of SENER, "the State as the leader of the sector." Sheinbaum's laws have involved decisions to set up new institutions, such as the National Centre for Energy Control (Centro Nacional de Control de Energía, CENACE) the National Center for Natural Gas Control (Centro Nacional de Control del Gas Natural, CENAGAS) and the National Energy Transition Strategy, (La Estrategia Nacional de Transición Energética de México) "to coordinate and cooperate around the objectives of energy sovereignty, emissions reductions, and the prevention of private dominance in power generation."[48]

In May 2025, the administration set up an inter-ministerial National Energy Planning Council (Consejo Nacional de Planeación Energética, CNPE) as a political body designed to provide high-level policy coordination and strategic planning across energy subsectors. The Council falls under the jurisdiction of the National Energy Commission (Comisión Nacional de Energía, CNE). The CNE will play the role of regulator with a public mandate, thus replacing the CRE, the so-called "independent" regulator that had been operating as an enforcer of neoliberal policy before it was closed by AMLO in 2024. The new Comisión will also monitor and regulate how the private interests participate in the sector (regulatory implementation, permits, oversight, technical enforcement, etc.).

10. Climate Protection and Energy Justice

Overall, SENER's approach to planning is informed by a desire to meet Mexico's climate obligations under the Paris Agreement within a framework of social inclusion and energy justice.

A companion planning instrument to the PLADESE is SENER's Binding Programme for the Installation and Retirement of Power Plants (Programa Vinculante de Instalación y Retiro de Centrales Eléctricas, PVIRCE). The PVIRSE is expected to help ensure that "nearly 70% of the new capacity installed between 2025 and 2030 will correspond to clean energy, mainly solar photovoltaic and wind power."[49] The PVIRCE includes a planned schedule for replacing existing power plants as part of its climate mitigation strategy. Under the PVIRCE, any investments must be assessed based on their system value and not their remunerative value—the latter being the primary concern of IPPs.

The government notes, "the transition of the electricity matrix triggers and facilitates mitigation in other sectors. It also represents an opportunity to advance towards fair and equitable energy

48 Secretaría de Energía (SENER), Programa Sectorial de Energía (PROSENER) 2025–2030 (Mexico City: Government of Mexico, 2025)

49 Government of Mexico, Contribución Determinada a Nivel Nacional (NDC 3.0), submitted to the United Nations Framework Convention on Climate Change, November 2025, https://unfccc.int/sites/default/files/2025-11/NDC%203.0%20Me%CC%81xico_spanish.pdf. Section D.1.1.

systems that democratise energy and reduce inequalities such as energy poverty."[50] The Ministry supports price controls to prevent electricity tariffs rising above the rate of inflation, as well as local content requirements (LCRs) across the energy supply chain. Both policies have been strenuously opposed by neoliberal policy makers and business groups in Mexico and internationally on grounds that they are based on subsidies that, in their eyes, distort markets and amount to protectionism.[51]

The energy justice dimension of Sheinbaum's policy puts a strong emphasis on providing 100% access to affordable energy to rural communities and vulnerable populations, and the policy leaves space for what SENER has termed "democratic and active participation of communities living in the areas where energy projects will be carried out, through mechanisms such as free, prior and informed consultation, in order to guarantee equitable access to energy." SENER aims to "ensure that every new electricity project developed in the country translates into tangible well-being for communities."[52] Another vehicle for popular engagement formalised under the recent regulations is the Manifestation of Social Impact of the Energy Sector (Manifestación del Impacto Social del Sector Energético, MISSE) process.[53] The MISSE is a means to manage how implementation of the PLADESE is accompanied by community engagement and consultation and includes commitments to create jobs and build local supply chains.

While still in its formative stages, Mexico's institution-building efforts could help guide the work of those wish to find ways to reconcile energy planning with energy justice within a public framework. Where new energy projects are challenged by local populations, consultation may lead to consensus—but this is by no means certain.[54] Either way, the desire to promote a more inclusive and participatory process is commendable. The challenge will be to align this process with decisions that will need to be made regarding Mexico's future energy mix, the technologies developed and/or utilized, etc.[55]

---

50 Government of Mexico, Contribución Determinada a Nivel Nacional (NDC 3.0), submitted to the United Nations Framework Convention on Climate Change, November 2025, https://unfccc.int/sites/default/files/2025-11/NDC%203.0%20Me%CC%81xico_spanish.pdf

51 Gobierno de México, "Plan de Desarrollo del Sector Eléctrico 2025–2039," Diario Oficial de la Federación, [PLADESE] October 17, 2025, https://sidof.segob.gob.mx/notas/docFuente/5770297.

52 PLADESE https://sidof.segob.gob.mx/notas/docFuente/5770297

53 PLADESE https://sidof.segob.gob.mx/notas/docFuente/5770297

54 Sean Sweeney, In Everyone's Back Yard? Facing the Challenge of Energy Sprawl, New Labor Forum, February 2024, https://newlaborforum.cuny.edu/2024/02/22/in-everyones-backyard-facing-the-challenge-of-energy-sprawl/

55 For a trade union discussion on popular participation in energy decisions, see TUED Bulletin 79, October 2019, Latin American Unions Adopt Radical Energy Agenda: "De-privatize, Democratize, De-commodify" https://mailchi.mp/cornell/just-transition-a-revolutionary-idea-tued-bulletin-1241629?e=3de08e1c79

11. The Future: Public Energy's Expanded Role

Returning now to the contents of the PLADESE and the significance of the proposals from a policy perspective, three points should be emphasised:

First, as noted above, the constitutional reform of October 2024 allows for the public utility CFE to generate "not less than" 54% of the country's electricity. However, the PLADESE suggests that SENER does not view the 54% as an upper limit in terms of the share of generation that is public. Under the Plan, CFE is expected to provide 47.5% of generation by 2030, and the nationalization of Iberdrola's 13 power plants in 2023 had already added an additional 7% to the share of generation that is publicly owned. The public oil and gas utility PEMEX will account for another 4.6%. By 2030, the public share of electricity generation is expected to reach 59%, an almost 87% increase on 2020 levels.

Second, the PLADESE anticipates the share of private IPP-generated power to decrease to just 10% by 2030 (from a peak of almost 70% in 2020). This likely reflects both the impact of the expiration of PPAs and the extension of the moratorium on capacity auctions that was introduced in 2019. CFE will therefore meet most of the new electricity demand and IPPs will, it seems, play a progressively smaller role.

Third, the PLADESE anticipates that CFE will be responsible for the deployment of large volumes of "modern" renewable energy (normally defined as wind, solar, battery storage, etc.) and it will be guided by a framework of government planning.

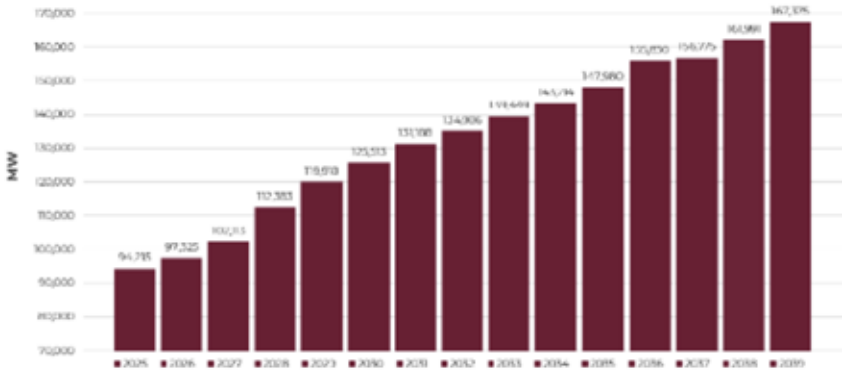
12. Public Renewables Expected to Outpace Private Deployment

In terms of capacity additions, the PLADESE anticipates that Mexico will add roughly 28 GW (28,004 MW) of new generation capacity by 2030, of which 17 GW (17,009 MW) will be public. The private sector will likely contribute 3.6 GW (3,590 MW) from power plants currently under development. However, the private sector could potentially contribute an additional 7.4 GW (7,405 MW) of new capacity by 2030 while remaining within the 46% cap on private generation determined by the 2025 law. But this estimate assumes that the private sector will be able to meet its 46% allocation during a period when the presence of IPPs is expected to atrophy—an issue we return to below. Looking further ahead, PLADESE anticipates that the country's generation capacity will grow from roughly 95 GW in 2025 to around 167 GW in 2039—an increase of approximately 74 GW, or roughly 76%, for the period 2025-2039.

Significantly, the PLADESE envisages major capacity additions in both in solar and wind as part of a future energy mix that, it is hoped, will be both less dependent on imported gas and consistent with the country's climate commitments under the UN's Paris Agreement. In 2024, electricity

generation accounted for 19% of Mexico's total emissions, making it the second largest contributor (after transport).[56]

Figure 3.17. Expected evolution of cumulative installed capacity 2025 - 2039

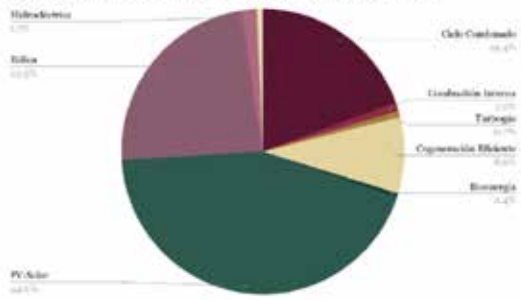


Source: SENER elaboration with information from CENACE

Regarding the period to 2030, Figure 4.1 from the PLADESE (see below) illustrates how wind (6,580 MW) and solar (12,320 MW) are expected to dominate Mexico's future capacity expansion. These technologies will account for, respectively, 23.5% and 44% of additional capacity to 2030—more than two thirds of the 28 GW of new generation. (Hydro will increase by 1.7%, or roughly 476 MW.)

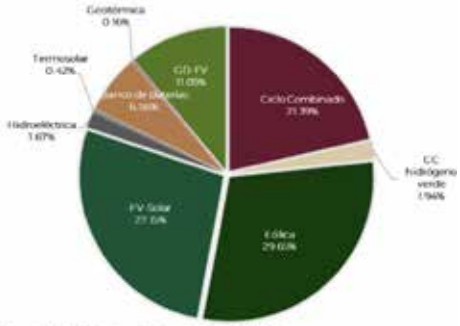
Distributed generation is expected to more than double from the 4,424 MW of capacity currently installed, to 9,212 MW by 2030. Figure 4.7 (also presented below) of the PLADESE shows an additional 5,220 MW of distributed renewable generation to be added in the period 2031-2039, when the cumulative distributed generation capacity is expected to reach approximately 14,432 MW in 2039.[57]

Figura 4.1. Porcentaje de Adición de Capacidad por Tecnología 2025 - 2030



Fuente: Elaboración SENER con información del CENACE

Figure 4.7. Capacity addition percentage by technology 2031 - 2039



Source: SENER elaboration with information from CENACE

56 Government of Mexico, Contribución Determinada a Nivel Nacional (NDC 3.0), submitted to the United Nations Framework Convention on Climate Change, November 2025, https://unfccc.int/sites/default/files/2025-11/NDC%203.0%20Me%CC%81xico_spanish.pdf

57 Secretaría de Energía (SENER), Programa Sectorial de Energía (PROSENER) 2025–2030 (Mexico City: Government of Mexico, 2025).

Overall, the energy mix is expected to change significantly over the next 13 years, with wind and solar contributing, respectively, 29.6% and 27.2% of power capacity added from 2031 to 2039. Distributed solar is projected to grow at an average rate of 8.2% annually through 2039, increasing from approximately 5.4 GW today to 14.4 GW. Under an alternative "extended scenario" (escenario extendido) distributed solar capacity could reach around 20.5 GW by 2039.

These are big numbers, and they raise a series of important questions regarding, among other things, from whom the wind and solar technologies will be sourced, given that Mexico has only wind turbine manufacturing capacity, and its solar industry is currently an export-focused platform serving the US market.[58] Also, the balance between private and public generation is still to be determined. The willingness (or not) of the private power generation developers and investors to play a role that is subordinate to the state will likely be a key variable—an issue we return to below. These questions aside, the PLADESE provides a clear sense of where the current administration wants to go in terms of the country's electricity future.

13. Contested: More Gas-Fired Power

Questions remain, however, regarding the role of new gas-fired generation in the country's future energy mix; why it is necessary, and how additional gas generation capacity can align with the country's climate goals.

The PLADESE estimates that roughly one fifth (19.4%) of the additional capacity to 2030 will be in new combined-cycle gas turbine (CCGT) power plants, and cogeneration (also gas-based) will account for another 8.6%. Together, gas-based additions represent about 28% of all new capacity to 2030. CCGT-generated power is also expected to contribute 21.39% of capacity added during the 2031-2039 period.[59] A non-government study released by Ember expects gas-fired capacity to grow from 52.7 GW in 2024 to 64 GW by 2035.[60]

However, it is important to note that CCGT plants can produce considerably more electricity per GW of installed capacity (sometimes referred to as "nameplate" capacity) than is typically produced by variable renewable sources (principally wind and solar) that are subject to changes in

58 "Mexico Solar Panel Exports See Stunning Surge in 2025," PV Knowhow, 2025, https://www.pvknowhow.com/news/mexico-solar-panel-exports-see-stunning-surge-in-2025/.
59 Secretaría de Energía (SENER), Plan de Desarrollo del Sector Eléctrico (PLADESE) 2025–2039 (Mexico City: Diario Oficial de la Federación, October 17, 2025).
Table summarizing generation capacity additions and distributed generation projections.
60 "Mexico's Power Sector Pivots Toward Solar Energy," Mexico Business News, January 5, 2026, https://mexicobusiness.news/sustainability/news/mexicos-power-sector-pivots-toward-solar-energy. Based on data from Mexico Power Market Outlook to 2035: Market Trends, Regulations, and Competitive Landscape (GlobalData, 2025).

weather conditions, hours of sunlight, etc. This means that, although new CCGT plants may contribute less than 20% of capacity added to 2030, technically speaking, CCGT plants could end up providing a share that is considerably higher than these numbers imply.[61]

SENER maintains that new CCGT capacity is necessary to provide back-up power during times when wind and solar power are not available due to weather variations, implying that these new plants may be used only when needed.[62] Although beyond the scope of this paper, the technical or system-related challenges posed by VRE has become a highly charged political issue in numerous countries, and has provoked sharp public disagreements among energy engineers and scientists. For advocates of a future power system built around wind and solar power (referred to in policy circles as the "high renewables strategy"), the problems posed by VRE can be solved by increasing battery storage, transmission upgrades, and flexible demand management.[63] These advocates tend to reject the idea that gas should be considered as a "bridge fuel" that can replace coal and diesel (both of which is far more CO2 intensive than gas) while allowing time for renewable energy to be scaled up. However, those less convinced by the potential of modern renewables to either provide grid stability or reach climate goals insist that solving the problems posed by VRE will be prohibitively costly and technically arduous. On this view, "dispatchable" gas

---

61 Secretaría de Energía (SENER), Plan de Desarrollo del Sector Eléctrico (PLADESE) 2025–2039 (Mexico City: Diario Oficial de la Federación, October 17, 2025).
Table summarizing generation capacity additions and distributed generation projections.

62 https://www.mijares.mx/noticias/publica-sener-el-plan-de-desarrollo-del-sector-electrico-2025-2039?utm_source=chatgpt.com According to the PLADESE, "it is imperative to put into operation new power plants to meet the needs of the country and to support variable and intermittent power plants without kinetic energy (Physical Inertia) and with reduced capacity to contribute to the short circuit level."

63 Jacobson MZ, Delucchi MA, Cameron MA, Frew BA (2015), "Low-cost solution to the grid reliability problem with 100% penetration of intermittent wind, water, and solar for all purposes." https://www.pnas.org/doi/10.1073/pnas.1510028112 See also: http://thesolutionsproject.org/cop21-9-questions-renewable-energy-expert/, and https://www.washingtonpost.com/news/energy-environment/wp/2017/06/19/a-bitter-scientific-debate-just-erupted-over-the-future-of-the-u-s-electric-grid/?utm_term=.ba5a2d6c4b76. Clack, C. T. M., et al. (2017). Evaluation of a proposal for reliable low-cost grid power with 100 % wind, water and solar. Proceedings of the National Academy of Sciences . www.pnas.org/ content/early/2017/06/16/1610381114 Loomis, Ilima. (2018, February 15). See also:Scientific Row over Renewables Lead to Free Speech Legal Fight. Earth & Space Science News. https://eos.org/articles/scientific-row-over-renewables-leads-to-free-speech-legal-fight http://www.pnas.org/content/early/2017/06/16/1610381114, https://eos.org/articles/scientific-row-over-renewables-leads-to-free-speech-legal-fight. For a useful discussion see François-Xavier Chevallerau, http://www.resilience.org/stories/2017-06-27-/100-renewables-a-few-remarks-about-the-jacobsonclack-controversy/ See also: http://www.postcarbon.org/controversy-explodes-over-renewable-energy/

and nuclear power will need to play a major role in the world's future energy mix.[64]

Environmental groups in Mexico have criticized the expansion of gas-fired CCGT power, arguing that new gas deployment is not consistent with the Paris Agreement and Mexico's own Net Zero emissions by 2050 target. These same groups consider CCGT additions unnecessary given Mexico's abundant supply of both wind and sun.[65] Some have suggested that the Sheinbaum administration talks about energy transition and the need for climate protection, but that her government is not taking climate change seriously enough.[66] During AMLO's reclaiming period mainstream environmental NGOs (for example, Greenpeace Mexico), neoliberal think-tanks, and some governments (Canada, for example) formed a united front against AMLO's reclaiming process, and roundly criticized his administration for cancelling, in March 2019, the scheduled renewable energy capacity auctions for new wind and solar projects.[67]

The cancellation, coupled with the administration's decision to rebuild both CFE and PEMEX, was depicted as, in the words of one commentator writing for Forbes, an "all-out attack on renewable energy."[68] They regarded SENER's insistence that Mexico's grid infrastructure was not sufficiently developed (due to underinvestment) to deal with large volumes of intermittent wind and solar power to be disingenuous, and have attributed the reason for CFE's resistance to renewable energy integration to the utility's own inefficiencies and its preference for fossil-fuels. And despite Sheinbaum's continued support for the Paris Agreement, Mexico's decarbonisation plans have been described as "critically insufficient" by North-based climate think tanks.[69]

---

64 For examples, see: James Hansen, et al. Young people's burden: Requirement of negative C_2 emissions, Earth System Dynamics 8 (2017) https://www.columbia.edu/~jeh1/mailings/2017/20170718_BurdenCommunication.pdf?utm_source=chatgpt.comhttps://www.youtube.com/watch?v=CZExWtXAZ7M

65 https://elpais.com/mexico/2025-10-07/el-potencial-del-gas-natural-para-ser-un-puente-hacia-las-energias-renovables-en-mexico.html

66 https://letraslibres.com/politica/mexico-natural-gas-as-a-wild-card-in-the-energy-transition/24/09/2025/?utm_source=chatgpt.com

67 "The main actions of AMLO's government include: 1.) suspending the interconnection of renewable projects during the pandemic, 2.) altering the grid dispatch order based on economic merit, favoring CFE-owned assets, 3.) suspending and further canceling ongoing and future public tenders for long-term and medium-term PPAs for renewable energy, 4.) changing rules governing clean energy certificates to allow CFE to earn certificates from legacy facilities, 5.) changing the wheeling charges applicable to legacy renewables projects and 6.) creating a new (but yet to be defined) category of ancillary costs payable by market participants. See: https://dialogochino.net/en/climate-energy/37327-mexico-blocks-private-renewable-energy-expansion/

68 https://www.forbes.com/sites/nathanielparishflannery/2021/04/22/political-risk-analysis-is-mexico-declaring-war-against-clean-energy/

69 See Carbon Tracker, https://climateactiontracker.org/countries/mexico/

It is not possible here to offer a detailed response to these criticisms or there technical validity, although any criticism of Mexico for "lack of ambition" in terms of the pace of its transition away from fossil fuels a can also be directed towards scores of other countries (including many rich ones) who are also not on track to meet their NDCs let alone their Net Zero commitments.[70] Indeed, SENER has acknowledged that the country is caught in a "critical paradox" in terms of its climate goals. Mexico has made progress in reducing highly polluting fuels (such as coal and coke), but this has contributed to an increase in the use of gas, much of it supplied by the US. For SENER, there is a clear need to "accelerate the transition to renewable energies not only as an environmental imperative, but also as a strategy for energy sovereignty, where the development of wind, solar and geothermal projects, among other renewable technologies, can simultaneously reduce emissions and dependence on imported hydrocarbons."[71]

The logic of the plan is clear enough. Its implementation, however, will test Mexico's political resolve and pose a suite of formidable economic and technical challenges that must be confronted and overcome.

14. The Challenge of Rising Gas Imports and Declining Domestic Reserves

Both AMLO and now Sheinbaum have stressed that, aside from expanding the role of renewable energy, Mexico's energy sovereignty (and energy security) will be contingent upon on reducing dependency on gas imported from the US. Gas currently accounts for around 65% of the fuels used for electricity generation, creating what SENER refers to as "strategic vulnerability."[72]

But reducing dependency on imported gas will be no easy task.

First, the neoliberal logic adopted by previous administrations led Mexico to neglect exploration and infrastructure development that might have enhanced domestic gas production, choosing instead to allow private contractors to build pipeline infrastructure to bring low-priced US gas into

70 UNEP Emissions Gap Report: 2025. Off Target: Continued collective inaction puts global temperature goal at risk. https://wedocs.unep.org/rest/api/core/bitstreams/4830e1a8-14c0-44a5-a066-cdd2ba5b3e10/content

71 Secretaría de Energía (SENER), Programa Sectorial de Energía (PROSENER) 2025–2030 (Mexico City: Government of Mexico, 2025).

72 Secretaría de Energía (SENER), Programa Sectorial de Energía (PROSENER) 2025–2030 (Mexico City: Government of Mexico, 2025) page 23. https://www.gob.mx/sener/documentos/programa-sectorial-de-energia

Mexico, mostly from Texas.[73] Gas imports from the US doubled during the 5-year period to 2013.[74] Meanwhile, investment in the publicly owned National Gas Pipeline System collapsed. The drop in domestic gas production was particularly steep during the Peña Nieto period, as was wastage due to flaring and venting.[75] Either way, in 2024, Mexico sourced almost 72% of its total gas supply from U.S. producers. SENER notes that natural gas consumption stood at roughly 8.85 billion cubic feet per day, but roughly 70% (6.42 billion cubic feet per day) of domestic consumption was met by gas imported from abroad, particularly from the US. Mexico's dependence on imported diesel and petroleum products has also increased. For gas used in the power sector the US currently provides almost 90%.[76] Put differently, US gas currently accounts for significantly more than 50% of Mexico's current electricity supply.

Second, and perhaps more important, Mexico appears to be running out of gas. Mexico's proven gas reserves fell from 15 trillion cubic feet in 2004 to about 7 trillion cubic feet in 2023, according to IEA data.[77] This means that, even if more investment were directed towards exploration and infrastructure, there is no guarantee that domestic production will see a dramatic turnaround. Domestic production has seen a 51% drop since 2010 and, in 2025, levels reached a 20-year low.[78] Sheinbaum's government hopes to increase production to 5 billion cubic feet per day. In October 2025 daily production had reached almost 4.8 billion cubic feet, a 9.43% increase from the beginning of the year, thus closing in on the 5 billion daily target. The public gas company CENAGAS has also announced a Five-Year Plan that includes a rehabilitation program for the national pipeline network (known as SISTRANGAS).[79] Parts of the existing pipeline infrastructure date back several decades, and under the plan CENAGAS aims to rehabilitate as much as 70 to 75% of the network by 2030.[80] According to Mexico Business News, the Plan "signals a shift: after years of infrastructural neglect and dependence on external supply, Mexico is attempting to assert control over its gas supply chain."[81] But even if the 5 billion cubic feet daily target were to be reached and sus-

---

73 Secretaría de Energía (SENER), Programa Sectorial de Energía (PROSENER) 2025–2030 (Mexico City: Government of Mexico, 2025).
74 https://www.ogj.com/general-interest/economics-markets/article/17272444/sener-mexicos-gas-imports-from-us-see-rapid-near-term-increase?utm_source=chatgpt.com
75 Secretaría de Energía (SENER), Programa Sectorial de Energía (PROSENER) 2025–2030 (Mexico City: Government of Mexico, 2025).
76 https://www.dallasfed.org/research/swe/2025/swe2514
77 https://www.dallasfed.org/research/swe/2025/swe2514
78 https://www.api.org/energy-insights/charts-analysis/us-natural-gas-exports-to-mexico, https://www.dallasfed.org/research/swe/2025/swe2514. Under AMLO, the fall in domestic gas production was intercepted, but production did not increase; rather, it remained at 2018 levels until 2024.
79 https://www.gob.mx/cenagas/acciones-y-programas/plan-quinquenal-de-expansion-del-sistema-de-transporte-y-almacenamiento-nacional-integrado-de-gas-natural-sistrangas
80 https://mexicobusiness.news/energy/news/cenagas-launches-new-plan-week-energy
81 https://mexicobusiness.news/energy/news/cenagas-launches-new-plan-week-energy

tained, it will likely not be enough to significantly reduce the country's dependency on imported gas. At this juncture, domestic gas production cannot keep up with the country's rising electricity (and industrial) demand, which means that gas imports will continue to rise, absent some dramatic restructuring of the country's energy profile.[82]

Third, the use of gas is growing rapidly due to rising electricity demand. According to the U.S. Energy Information Administration, Mexico currently imports roughly 25% more gas from the US than it did in 2019, and rising demand for electricity (with industry leading the way) constitutes a major "pull factor." U.S. gas pipeline exports to Mexico averaged 7.5 billion cubic feet per day (Bcf/d) in May 2025, the most of any month on record.[83]

These three factors – neglect of exploration and infrastructure, dwindling domestic gas reserves, and rising demand for electricity – has made Mexico dependent on imported gas. This dependency is reflected in the rising share of gas-fired electricity generation over time. Gas powered only 15% of Mexico's electricity generation in 1994; 36% in 2004, and surpassed 55% in 2023.[84] To begin to address this dependency on gas imports, Mexico is planning to pivot more decisively towards both modern renewables and highly-efficient CCGT capacity which, presumably, will allow for gas that is used to generate electricity, be it domestic or imported, will be utilized in the most optimal fashion. According to SENER, gas consumption is projected to peak in 2027 and then decline toward (or below) 2025 levels by 2030.

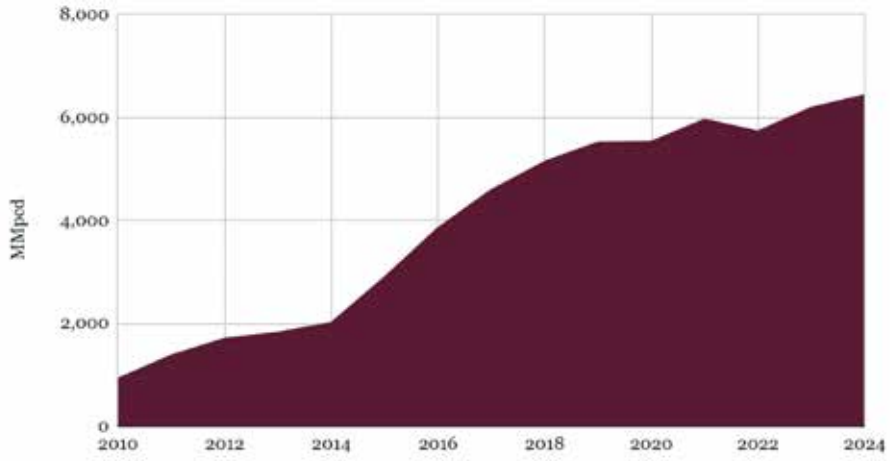


Figure 2: Mexico's Rising Levels of Imported Gas, (MMpcd = billion cubic feet per day) Chart from PROSENER 2025-2030[85]

82 https://mexicobusiness.news/oilandgas/news/pemex-sees-2025-gas-recovery-not-full-rebound
83 https://www.eia.gov/dnav/ng/ng_move_poe2_dcu_NUS-NMX_m.htm
84 https://www.dallasfed.org/research/swe/2025/swe2514
85 P Secretaría de Energía (SENER), Programa Sectorial de Energía (PROSENER) 2025–2030

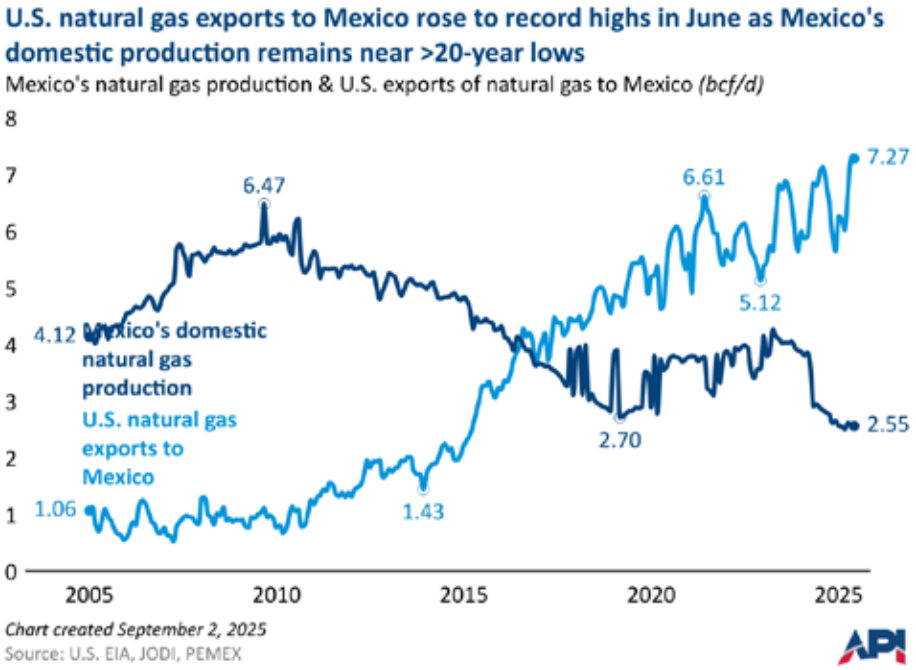


Figure 3: American Petroleum Institute (API) chart showing the decline in Mexico's domestic production levels since 2005, accompanied by an increase in gas imported from the US[86]

The Ministry's published documents have still to provide a detailed policy framework showing how gas consumption might be achieved in what is a very narrow window of time, although much will depend on the speed and character of renewable energy deployment.[87] But for the immediate future Mexico's gas dependency poses an immediate political challenge. If the US were to reduce or terminate the supply of gas to Mexico, the consequences would likely be both immediate and devastating.

15. The Investment Strike Scenario

We return now to the question of the role of the private sector and the likelihood of an "investment strike." It was noted above that the Employers' Confederation of the Mexican Republic Confederación Patronal de la República Mexicana, COPARMEX) has been critical of Sheinbaum's energy transition and industrial development plans. It is alleged that that policies pursued by

(Mexico City: Government of Mexico, 2025).

86 https://www.api.org/energy-insights/charts-analysis/us-natural-gas-exports-to-mexico

87 Secretaría de Energía (SENER), Programa Sectorial de Energía (PROSENER) 2025–2030 (Mexico City: Government of Mexico, 2025).

AMLO and Sheinbaum have "eroded investor trust," and business interests have warned that Mexico will therefore struggle to attract the capital needed to fulfill these plans.[88] In plain terms, the private sector seems totally opposed to playing a subordinate role in the country's energy transition plans.

For its part, SENER has already gone to some lengths to reassure investors that they have a crucial role to play, insisting that Mexico's quest for energy sovereignty need not be at odds with private interests. Ministry representatives have said that they envisage a "complementarity of capabilities" arrangement with private companies, not their displacement. The 2025 electricity law reaffirms that CFE and PEMEX will remain strategic national entities, but the law allows for mixed public-private generation projects within the 54% public – 46% private parameter. Private "own consumption" (mostly residential) generation is also legally permitted (if it does not exceed 0.7 MW). The Ministry has maintained that long-term state planning accompanied by legal certainties are themselves core features of an "enabling environment" for private capital.[89]

How private capital will respond to the administration's invitation to become a partner in implementing an agenda that is anchored in state-owned companies remains to be seen. International experience suggests that SENER's "complementarity of capabilities" message may not be enough to reassure energy investors (especially in the renewables sector). Investors have displayed a reluctance to invest in countries absent legally binding PPAs that guarantee decades-long revenue streams. Long term PPAs are allowed under the 2025 law, but the power must be delivered to CFE and ownership of the asset will be transferred to the Mexican state when the PPAs expires.

Globally, IPPs have vehemently opposed policies that require the transfer of physical assets to the state once PPAs expire. This is because these assets, being tangible or physical, are important to the balance sheets of IPPs and improve their capacity to finance future projects. It has become plainly evident that investors are disinterested in projects that have the potential to deliver solid but not spectacular returns on investment. Rather, they to secure competitive returns, therefore applying even more pressure on host countries to comply with their demands for "bankable projects" or risk being publicly castigated as "anti-climate."[90] Therefore it is the private investors

88 https://mexico.affairs.media/coparmex-warns-economic-stagnation-investment-decline-2025/?utm_source=chatgpt.com
89 https://energy21.com.mx/no-venimos-a-desplazar-a-nadie-sener-abre-la-puerta-a-la-ip/
90 In Vietnam, IPP demands expressed through the Global Wind Energy Council (GWEC)—which represents large wind energy companies—has insisted that the government of Vietnam establish capacity auctions for offshore wind, but warned that Vietnam needed to "improve PPA [power purchase agreement] bankability" if it wanted to attract investors from abroad. The GWEC complained that Vietnam's template PPA "does not follow international standards, particularly around: grid delay and the commissioning risks incurred; curtailment and compensation mechanism; currency conversion risks; protection from change in law; forums for international dispute." Therefore "foreign investors are not confident to proceed under the current terms."

themselves that are "anti-climate" in that they are prepared to withhold capital regardless of the social or ecological necessity of clean energy projects.[91]

At this juncture it is far from clear if key private sector players will be willing to acquiesce to the government's plans, or if these same players will, in effect, organise what would amount to an investment strike and then blame Sheinbaum for not creating the conditions conducive to attract private capital.[92] Given the country's anticipated electricity needs to 2030, the Sheinbaum administration may face a choice: either give private investors what they want, or be prepared to go further and faster down the public pathway. Alternatively, sections of domestic capital may see business opportunities embedded in Sheibaum's "strong state" approach and the energy sovereignty agenda.

16. Steps Towards Public Financing

But should a private sector investment strike occur, Mexico will need to rely more heavily on public investment in new generation capacity to meet what is currently an annual growth rate of 5% in electricity demand.

In an insightful essay by Jose Maria Valenzuela (the former Director General of the Department of Energy) and Nacxitl Calva (the Department's current Director of Strategic Projects), the writers hypothesize that, first, and investment strike is not inevitable, and a clear government-led approach to planning of new generation and transmission infrastructure constitutes a form of de-risking for private capital in that it is based on clear rules and equally clear objectives. The government will choose "which form of private investment will be best suited to participate in the decarbonization of the [electricity] industry," but a partnership of this type could, they suggest,

---

See: Vietnam's Future Transition to Offshore Wind Auctions - International Best Practices and Lessons Learned. Global Wind Energy Council. [July] 2021. See also: https://www.gwec.net/news/gwec-report-outlines-crucial-next-steps-for-vietnam-to-scale-investment-and-achieve-offshore-wind-targets?utm_source=chatgpt.com

91 https://www.marshmclennan.com/assets/insights/publications/2019/apr/NYC-ARK00101-059_Infrastructure-Failure-and-Shortfall%20online_final.pdf. On February 26th, 2025, British Petroleum announced it was planning to invest more in oil and gas, while dramatically reducing its investments in green sectors. See, The Guardian, February 26th, 2025, BP blames 'misplaced' faith in green transition for its renewed focus on fossil fuels. https://tinyurl.com/344tcv3c

92 CSIS has warned that the USMCA provides regulatory certainty and investor protections, without which "the capital needed to expand and modernize energy infrastructure could dry up, threatening economic resilience." https://csis-website-prod.s3.amazonaws.com/s3fs-public/2025-08/250818_Bitar_USMCA_Review.pdf?VersionId=30OZSQOjmeJ_k5ydKQVjaCNYGFolgH8.

be attractive to IPPs and other private interests.[93]

Elsewhere, however, these writers point to the need to ensure alternative sources of capital, such as Mexico's pension funds which, they note, constituted 19.1 percent of GDP in 2024. And development banks now contribute 5% of GDP in assets, thus potentially broadening the government's range of options. They also point out that a public entity, the National Infrastructure Fund, (Fondo Nacional de Infraestructura, FONADIN) provided the means to finance the nationalisation of Iberdrola's assets.[94]

Similarly, FONADIN, SENER and CFE are the principal partners the Puerto Peñasco solar plus storage project—the largest of its kind in Latin America. CFE is also assessing three additional projects under mixed development schemes with FONADIN and SENER. Two solar plants—Las Garzas in Durango (270 MW) and Los Girasoles in Quintana Roo (110 MW)—and a 63 MW wind farm in San Luis de la Paz, Guanajuato are likely to go forward. These projects represent three of the nine initiatives proposed by FONADIN.[95] Together they are expected to add 1.5 GW of renewable energy and storage capacity.[96] Furthermore, the public investments identified in Plan México also include a portfolio of 100 projects designed to expand and modernise the country' transmission network. In its NDC 3.0 submission to the UNFCCC, Mexico intends to commit $8.177 billion to 275 new transmission lines, and 524 additional electrical substations will be built, benefiting 50 million people in different regions of the country.[97]

These are real-life examples of public entities working together to finance and develop renewable energy projects and related infrastructure. It remains to be seen whether these projects will be emblematic of a new public investment and planning architecture that is robust enough to meet Mexico's energy transition investment needs in ways that are consistent with energy justice and decarbonization goals.

---

93 Jose Maria Valenzuela and Nacxitl Calva, Beyond de-risking: Industrial orders and political revolutions in Mexico's power sector, Economic sociology, perspectives and conversations, Max Planck Institute for the Study of Societies, vol. 26(2), pages 18-23. https://ideas.repec.org/a/zbw/econso/317801.html

94 Jose Maria Valenzuela, Mexico's Big Green State, Phenomenal World, October 30th, 2025, https://www.phenomenalworld.org/analysis/mexicos-big-green-state/

95 https://mexicobusiness.news/sustainability/news/sheinbaum-shares-advances-sustainability-environment

96 https://strategicenergy.eu/mexico-to-add-over-1-5-gw-of-clean-power-and-storage-as-it-expands-latin-americas-largest-solar-plan/

97 Government of Mexico, Contribución Determinada a Nivel Nacional (NDC 3.0), submitted to the United Nations Framework Convention on Climate Change, November 2025, https://unfccc.int/sites/default/files/2025-11/NDC%203.0%20Me%CC%81xico_spanish.pdf

17. Building International Solidarity

The international trade union movement has an important role to play in terms of working alongside Mexico's independent trade unions and social movements in helping to ensure that the current government's attempt to pursue a public pathway approach to energy transition is given an opportunity to succeed. However, for neoliberal policymakers the opposite is true: they would like to make sure that the break with their policy designs turns out to be temporary, and they will make concerted efforts to make sure this is so.

Unions all over the world have waged mostly defensive battles against the privatisation of energy and other vital services, but it is only recently that unions have been able to explain how a public pathway approach to energy transition can provide a plausible and socially progressive alternative to the neoliberal "privatise to decarbonize" model and its multiple failures. If President Sheinbaum's policy can deliver on energy transition targets, can find public sources of financing, and make progress in terms of expanding energy justice, then the entire framework of neoliberal energy policy—which is already creaking under the weight of geopolitical tensions, inadequate levels of investment and a dependence on government subsidies—could begin to look even more flimsy that it does already.

As noted above, Mexico's actions are important in terms of shining light on the legislative and institution-building steps needed to reclaim energy from private sector domination to public ownership and control. It is possible that Mexico's pro-public energy transition could be emulated elsewhere—which would be hugely significant for unions, their allies in the climate and environmental movements, and the broader political left. Just as the "German model" of energy transition (energiewende) was hegemonic in the global policy discourse in the 2000s to the early 2010s, the "Mexico model" has the potential become a point of reference for progressive energy and climate policy in the period ahead.

The next several years will be pivotal in terms of producing outcomes that can show that a just energy transition is better served by public companies, public investment and public participation than it is when policy is driven by a for-profit approach that advances private interests.