

## Mexico office energy storage

With Ra?l Puente, Director General de Almacenamientos Subterr?neos, CYDSA Jean Nicolas Lejeune, Director of Energy Commercialization, ENGIE Todd Peterson, Managing Director, GF International Moderated by: Santiago Garcia, CEO, Santa Fe Natural Gas

Hydrocarbon storage has been on energy executives' minds for a long time. Issues with capacity, safety, pricing and security are not new, but the dramatic drop in demand has brought them on the forefront. Storage in Mexico is even more important due to its scarcity. We found out what storage providers think of the current challenges and opportunities.

Mexico is 2-3 weeks behind Europe so the peak is yet to come and this is the time of uncertainty. Government's messages have been inconsistent and changing daily, which is understandable but also creates even more uncertainty for the players.

Currently there is too much gas and oil so prices are likely to stay low short, mid-term and beyond. In Baja, gas sells for 21c and PEMEX is losing money on every barrel they pump out. Government should roll out subsidies like they have for propane over to natural gas. Why do one, but not the other?

The main problem is government being ideological rather than driven by logic, business sense or concern for community well being. They need a logical approach to drive money in and make projects viable long-term.

We look forward to hearing how the views of the panelists adjust and develop by the time Mexico Assembly takes place on May 26 - 27, 2021. Email [email&#160;protected] if you are interested in joining the CEO Energy Network in Mexico.

The Mexican government has pledged to generate 35% of its electricity from clean sources by 2024, with an additional 5% subject to international support. However, including natural gas as a clean energy source has diluted the significance of this development. Despite the lack of political support, supporting market dynamics and favourable geographical conditions have contributed to a 50% increase in the share of renewables in electricity generation in the last five years.

~56% of Mexico's power generation is gas-based, with renewables and hydroelectric power constituting ~25% share cumulatively. Renewables accounted for 31% of the country's cumulative installed capacity of 102GW in 2022 (IRENA, 2023). Of the 31.9GW renewable installed capacity, hydropower accounted for the largest share (13.3GW), followed by solar PV (9.3GW) and onshore wind (7.3GW).

Mexico has continued to slip as a destination for renewables investment as policy support waned in the aftermath of the current administration coming to power in 2018. Policy reversals have dampened investor

enthusiasm, including a reversion to fossil fuels and a proposal to roll back foreign investment in Mexico's energy industry.

The prevailing regulatory framework in Mexico has not supported the development of the energy storage market, which continues to be marginal. However, the increased proliferation of renewables, estimated to average around 2.5GW of solar and 1.3GW of wind annually between 2023 and 2030, in the country's electricity grid has shifted focus back to energy storage (Mexico Business News, 2023). Consequently, individual projects are being developed, but these are not evidence of a broad-based shift in investor interest towards energy storage.

Notable projects include a 190MW storage project co-located with the 1GW Puerto Peñasco solar PV plant developed by Quartux (Energy Storage News, 2023). Quartux has also made inroads into the commercial & industrial (C& I) segment with major deployments at hotel sites and had indicated a pipeline of 300MWh as of October 2022 (Energy Storage News, 2022). Similarly, On. Energy has indicated an operational pipeline of 65MWh primarily comprising behind-the-meter (BTM) applications for the C& I segment (Mexico Business News, 2023).

The energy storage sector in Mexico continues to be unregulated, with no specific laws defining it or governing its use. Consequently, there is limited visibility on the incentives associated with battery storage projects, which has deterred private investment. It is generally regarded as a limited source of energy generation that must adhere to some requirements to inject power into the grid for a short duration.

Contact us for free full report

Web: <https://www.somethingtasty.co.za/contact-us/>

Email: [energystorage2000@gmail.com](mailto:energystorage2000@gmail.com)

WhatsApp: 8613816583346

