

COFECE-016-2021

## **COFECE publishes the document *Transition towards competed energy markets: The Clean Energy Certificates in the Mexican electric industry***

**Mexico City, May 18, 2021.-** The Federal Economic Competition Commission (COFECE or Commission) publishes the final version of the document *Transition towards competed energy markets: The Clean Energy Certificates in the Mexican electric industry*. This version addresses the commentaries received in the public consultation that was carried out in January of this year.

It is worth mentioning that this analysis was prepared prior to the approval and publication of the recent reform to the Electric Industry Law (LIE, per its initials in Spanish), published in the Federal Official Gazette on March 8, 2021, which, from COFECE's perspective, eliminates the conditions required for competition dynamics in the electricity market.

Even before the reform to the LIE, in the document it was estimated that Mexico would not achieve the 35% clean generation committed under the Paris Agreement by 2024, in a conservative scenario, reaching 29.8%, that is 5.2 percentage points below the goal. With the reform, it is foreseeable that there will inevitably be an even more pronounced non-compliance scenario with the committed goals. The foregoing, because the achievement of the environmental protection objectives set by Mexico in electricity matters was anchored to the existence of a competition dynamic as a means to generate electricity efficiently at the lowest possible social costs, including environmental costs. Given the technological changes in this industry, the least expensive electricity generation is usually precisely the one that comes from cleaner sources.

In line with this overlap between competition and environmental sustainability, both the Electric Industry Law and the Energy Transition Law contemplate Clean Energy Certificates as an instrument to recognize, monetize and pay social benefits in environmental terms of generating electricity with clean technologies.

COFECE makes this analysis, conclusions and recommendations available to the public as a starting point to, shall the Mexican State decides so, implement in the future the necessary

measures to restore and even deepen a competed market for electricity generation, while returning to the path towards the energy transition.

[Read the full document \(in Spanish\)](#)

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***A BETTER MEXICO IS EVERYBODY'S COMPETENCE***

*The Federal Economic Competition Commission is responsible for ensuring competition and free market access. In this way, it contributes to consumer welfare and the efficient functioning of the markets. Through its work, COFECE seeks better conditions for consumers, greater output and better services and a “level playing field” for companies.*