This country transition snapshot was produced as part of the report *Powering Across Divides – Clean energy cooperation in a fragmented world*, published November 2026. The full report is available from **https://www.e3g.org/publications/powering-across-divides-clean-energy-cooperation-fragmented-world/**

Mexico's transition snapshot

Key facts

Mexico is implementing the energy transition under the revamped energy policy framework introduced by President Sheinbaum, a former climate scientist;[1] this is closely linked to its wider industrial strategy of expanding clean energy alongside fossil fuel production.[2] Sheinbaum's 2025 energy reforms have established a state-led model in which the Comisión Federal de Electricidad (CFE) is the dominant supplier, requiring that at least 54% of electricity dispatched to the grid be generated by CFE. The independent regulator, Comisión Reguladora de Energía, was dissolved and replaced by a more centralised regulatory body reporting directly to central government. This provides greater clarity over the sector's direction, but centralised decision-making could also present challenges for mobilising sufficient private capital and delivering infrastructure at the speed required. According to CFE's 2026–2030 Development Plan, the company plans to develop 38 utility-scale solar PV and wind projects, totalling 8 GW of capacity, including 4.9 GW of solar, through a mixed public-private investment model.[3]

Mexico's energy system remains heavily dependent on fossil fuels, increasing its vulnerability to energy security risks. Gas accounts for around 62% of electricity generation, while oil products supply 58% of final energy consumption, making both fuels critical to power generation, transport and economic activity.[4] Despite being a significant crude-oil producer and exporter itself, Mexico remains dependent on imported refined fuels. Together with its heavy reliance on US pipeline gas,[5] this creates a concentrated external dependency on US energy supplies and infrastructure, exposing Mexico to both price volatility and supply vulnerability. Expanding Mexico's substantial solar and wind resources could therefore strengthen not only decarbonisation but also domestic energy and economic security.

[1] Government of Mexico, 18 March 2025, **Decree establishing the new energy sector laws, including the *Diario Oficial de la Federación* (Energy Planning and Transition Law)**

[2] Government of Mexico, 2025, **Plan México**

[3] Government of Mexico, 2026, **Programa de Desarrollo 2026-2030**

[4] Ember, 2026, **Mexico** (webpage, accessed 8 September 2026)

[5] US Energy Information Administration, 3 October 2025, **Lower fuel prices in 2024 resulted in the lowest U.S.-Mexico energy trade value since 2020**

Grid capacity is likely to be one of the main constraints on delivering on the transition. Mexico requires substantial financing for transmission, distribution, storage and system modernisation; all these measures are key to establishing a stable grid across geographies, meet rising electricity demand and improve reliability, particularly with droughts reducing hydropower generation. Distributed energy offers a complementary way of addressing the issue, including community-owned solar models such as Solar Ejidos; it can help get communities connected quicker, regardless of grid constraints, and for them to earn income from electricity sales.[6]

Opportunities for international collaboration

For Mexico, nearshoring is a key opportunity for strategic cooperation. Its proximity to the US and deep integration into North American manufacturing networks give it a strong position to attract clean technology and other strategic industries seeking to diversify supply chains. Reliable, affordable power supply will be critical to sustaining such investment; grid resilience and cheap and scalable renewables are thus key to boosting Mexico's industrial competitiveness.

Such a strategy would dovetail with Mexico having significant lithium resources, which creates an opportunity to develop a domestic battery value chain; this could support both storage and electrified transport. Mexico could explore how domestic lithium production can feed into battery manufacturing; by linking mineral policy directly to renewable integration and industrial development, the country could gain greater control over strategic clean technology value chains.

Mexico has strong alliances and strategic partnerships with many important economies, including both COP31 Presidencies through MIKTA (Mexico, Indonesia, South Korea, Türkiye and Australia). These could be leveraged to demonstrate the economic and diplomatic potential of broad collaboration.

[6] Indicativa Climatica de México, 2023, **Ejido_Solar**

ABOUT E3G

E3G is an independent think tank working to deliver a safe climate for all.

We drive systemic action on climate by identifying barriers and constructing coalitions to advance the solutions needed. We create spaces for honest dialogue, and help guide governments, businesses and the public on how to deliver change at the pace the planet demands.

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