



GERMAN - MEXICAN ENERGY PARTNERSHIP

ANNUAL REPORT

2016 / 2017



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German-Mexican Energy Partnership

Annual Report 2016/2017

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“In a world of profound changes collaboration is more important than ever.”

Ministers Foreword

Never before has cooperation been as important as it is now, in this world characterised by transformative change. International agreements on climate change and pioneering technologies all depend on cooperation. At the same time, delivering change in a modern society also means that the needs of society must be served. This applies across all sectors.

Energy, being a backbone of our economies and at the same time accounting for two thirds of global greenhouse gas emissions, has to be at the heart of this transformative change. This poses both a challenge and a chance on countries.

In 2016, Germany and Mexico have decided to jointly address both challenges and chances by further enhancing and deepening our successful collaboration. Our 'Joint Declaration of Intent on the Energy Partnership' highlights that our two countries are committed to overhauling our energy systems.

Together we want to increase our energy efficiency, make greater use of renewable energy, and deliver on our commitments from the Paris Agreement.

Our countries have already taken decisions to deeply change our energy patterns. Germany has decided to fundamentally alter its energy supply: away from nuclear energy and fossil fuels and towards renewable energy, opening up important new fields of business. At the same time, with its far-reaching energy reform, Mexico has opened its sector to private and public stakeholder participation with unprecedented opportunities to invest, revolutionizing and diversifying its energy mix.

One year into our Energy Partnership it is fair to say that we have continuously strengthened our cooperation. We have established a permanent secretariat operating in Berlin and in Mexico City. We have also increased the flow of information and fostered dialogue between our high-level representatives and experts. In 2017, we will give this cooperation even greater drive.

It is our pleasure to present to you the 2016/2017 Annual Report of the German-Mexican Energy Partnership.

Brigitte Zypries

*Federal Minister for Economic
Affairs and Energy*



Pedro Joaquín Coldwell

Secretary of Energy





Executive summary

Germany and Mexico decided in 2016 to strengthen their relationship in the energy sector, establishing the bilateral Energy Partnership. This mechanism enables an exchange of best practices and experiences between key stakeholders, aiming to address common challenges, such as climate change, the provision of technological and economic viable solutions for the success of the energy transition.

To implement the German-Mexican Energy Partnership (EP), both countries signed a Joint Declaration of Intent in April 2016 on the margins of the State Visit of the President of Mexico to Germany. Both countries agreed to establish a High-Level Steering Group and to set-up a secretariat with full-time advisors working in Berlin and Mexico City.

In June 2016, the first meeting of the High-Level Steering Group took place in Mexico City. Both parties agreed on focusing on four strategic areas: Liberalization of electricity markets; system and grid integration of variable renewable energy sources (vRES); energy efficiency in the industry sector; and transparency and accountability in the oil and gas sector.



Key facts and figures 2016/2017

4 Focal
themes



9

Articles



2

Delegations

>50
meetings
with stakeholders



5

Workshops



1 Study



3 Briefings



>100
Tweets





Stakeholders

The EP has established its contact and communication with a large number of relevant actors in Mexico and Germany, including both public and private sector.



Workshops

The EP organized or co-organized a total of five workshops, including on energy efficiency in the industry, liberalization of power markets as well as energy management systems.

EP activities

The EP has published a number of info-sheets and articles in both countries and has started to communicate via its own Twitter account in order to reach out to interested parties worldwide.

The EP supported the elaboration of a study on methodologies to develop a Roadmap for energy efficiency in the industry in Mexico. Furthermore, the EP contributed to international organizations' energy reports, including those by the International Energy Agency (IEA).

Two high-level public sector delegations, each from Germany and Mexico, were organized.



Communications



Studies and Reports

Delegations



*1st workshop about a roadmap for energy efficiency in the Mexican industry
October 2016*



*Meeting with CONUEE
June 2016*



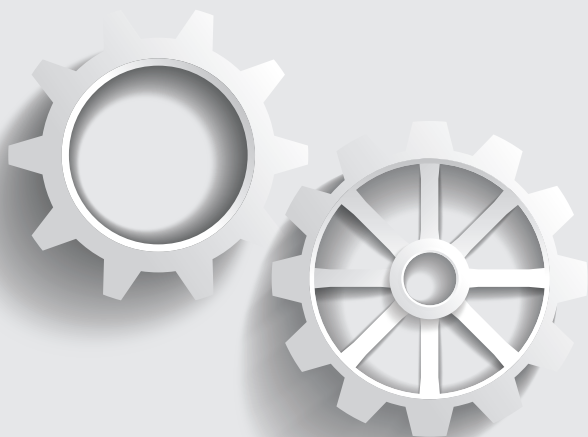
*High-Level Steering Committee Meeting Mexico City
June 2016*



*1st workshop about a roadmap for energy efficiency in the Mexican industry
October 2016*

*EMS Meeting
August 2016*





Basis and structure of the Energy Partnership

Joint Declaration of Intent

A Joint Declaration of Intent to establish the bilateral Energy Partnership was signed by the former Federal Minister for Economic Affairs and Energy of Germany, Sigmar Gabriel and the Secretary of Energy of Mexico, Pedro Joaquín Coldwell on April 12th, 2016, in the framework of the state visit of the President of Mexico, Enrique Peña Nieto, to Germany. Both countries declared their determination to enhance their high-level dialogue and the exchange of best-practices, as well as to foster investments for their ongoing energy sector reforms and transitions. In this regard, it was agreed to focus their cooperation on key areas, including development of electricity and gas markets, deployment of renewable energy technologies, reduction of inefficient fossil fuel subsidies, energy efficiency as well as development and extension of infrastructures.

Steering and structure

Steering Group

With the purpose of conducting the Energy Partnership and its activities, Mexico and Germany agreed in the Joint Declaration to establish a High-Level Steering Group. The Group is composed by high-level representatives from the Ministry of Energy of Mexico (SENER) and the Federal Ministry for Economic Affairs and Energy of Germany (BMWi). It should meet once a year alternately in Mexico and Germany. The High-Level Steering Group is responsible for the general strategic focus and direction of the EP, the identification and approval of joint activities, as well as the review of progress of the joint activities, among others.

Secretariat

The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH was commissioned with the implementation of the EP and has since established a secretariat for this purpose with permanent advisors in Mexico City and Berlin. The secretariat is meant to support both parties within the framework of the general strategic focus set by the High-Level Steering Group, as well as to serve as a point of contact and coordination regarding the activities of the bilateral energy partnership.

Annual meeting

High-Level Steering Group

*Ministry for Economic Affairs and Energy (BMWi)
and Ministry for Energy (SENER)*

*Support structure
for ministries as well as contact point
for 3rd parties*

Energy Partnership Secretariat

Berlin and Mexico-City (GIZ)

Defined and redefined by Steering Group

Thematic Focus

*Liberalization
of power
markets*

*Integration
of vRES*

*EE in
the industry*

*Transparency
in oil and
gas sector*

In the Focus: 4 topics

The first meeting of the High-Level Steering Group took place in Mexico City on June 20th, 2016. The German delegation was led by Thorsten Herdan, Director-General for Energy Policy – Heating and Efficiency of the BMWi, while the Mexican delegation was headed by Dr. César Emiliano Hernández Ochoa, Undersecretary of Electricity of SENER.

During the meeting, the Mexican delegation stressed the deep changes in the energy sector caused by the Energy Reform. Undersecretary Hernández underscored the principles of competitive markets and private enterprise to increase efficiency and attract new investments. The German delegation highlighted the importance of the Energiewende that is transforming Germany's energy system with recent improvements in energy efficiency, increased renewable energy generation, expansion of the grids and an electricity market reform.

Both parties agreed on initially focusing the EP's activities on four areas:



Liberalization of power markets



Integration of variable renewable energy sources



Energy efficiency in the industry



Transparency in the oil and gas sector



Liberalization of power markets

Reliable energy supplies at reasonable prices for businesses and consumers and with the minimum environmental impacts are crucial to national economies. For both Mexico and Germany, a key action in that regard is the liberalization and further development of electricity markets allowing for greater and fair competition and transparent power markets.



Transparency in the oil and gas sector

Transparency in the fossil fuel sector is a key concern for governments, investors and citizens alike. Increasing transparency of planning and issuing processes, while reducing the use of public resources for the energy sector is therefore not only considered as matters to be addressed, but a means for enhancing investors' confidence and economic growth.



Integration of variable renewable energy sources

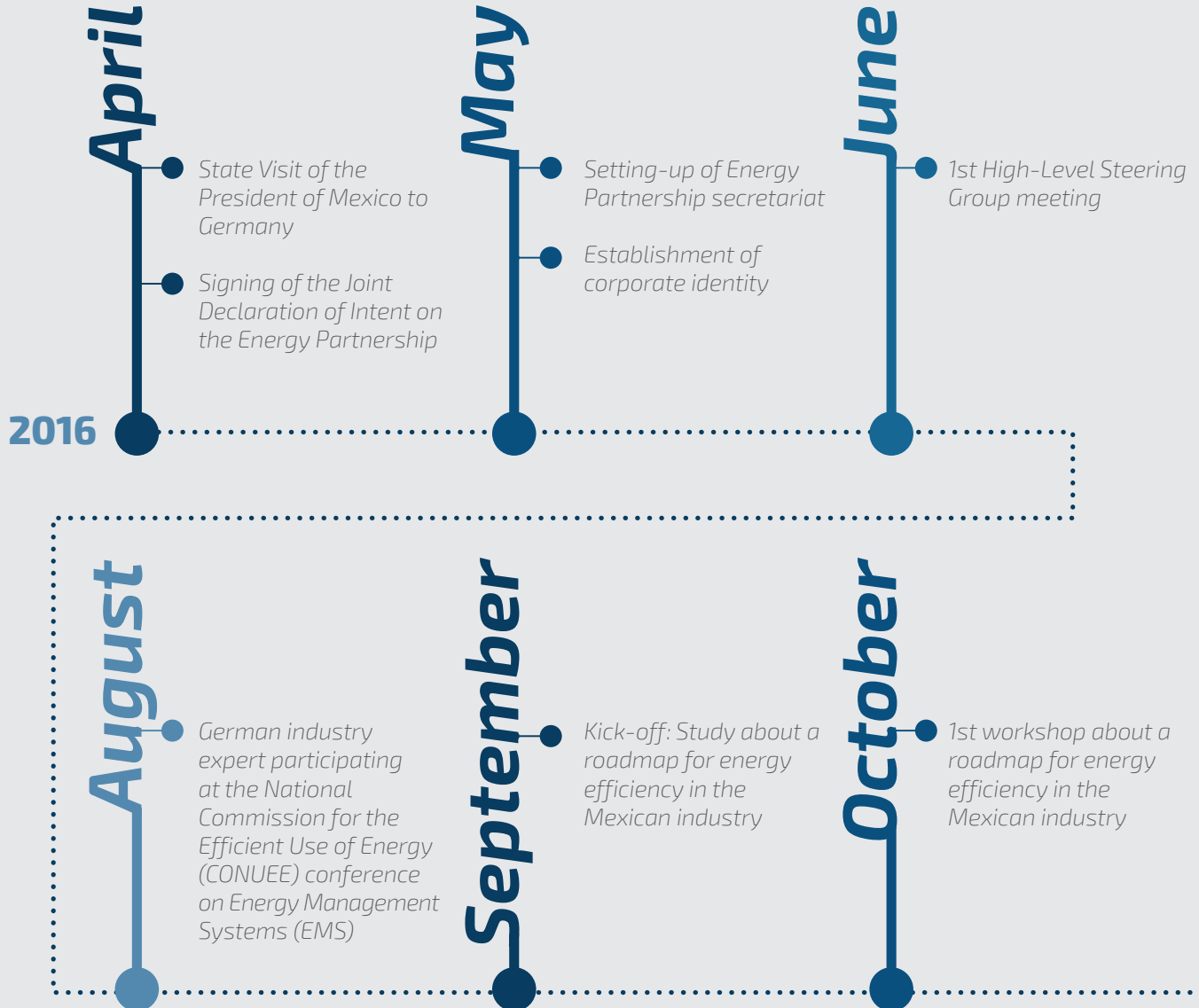
Ensuring a reliable, environmentally friendly and economically efficient power supply is one of the major challenges of energy transformations. With increasing shares of renewable energy – particularly variable sources such as wind and solar – future power systems will be characterized by fundamentally different generation patterns, significantly increasing the need for system and grid integration. This dialogue and exchange on best practice and progress of implementation shall support Mexico's and Germany's goal of further increasing the share of renewable energy in their respective power systems.



Energy efficiency in the industry

The industry sector plays a crucial role as a driver of growth, prosperity and employment. Keeping resource and energy use low is a competitive advantage. Energy Management Systems (EMS) are an important means to increase the transparency of energy use and demand within a company helping to reduce energy costs. At the same time, Learning Energy Efficiency Networks (LEENs) have proven to be an effective tool for increasing the industry's energy efficiency. The aim therefore should be to achieve a further penetration of EMS as well as establishing and enhancing LEENs in both countries.

Timeline of Highlights 2016/2017





November

- Mexican public sector delegation to Germany
- 2nd workshop about a roadmap for energy efficiency in the Mexican industry

December

- Workshops on liberalization of power markets

2016

February

- G20 Inefficient Fossil Fuels Subsidies (IFFS) peer review in-person meeting

March

- High-level meeting Germany and Mexico
- G20 WG meetings

2017

Highlights 2016/2017

• April



Signing of the Joint Declaration of Intent on the Energy Partnership

On April 12th, 2016, in the framework of the State Visit of President Peña Nieto to Germany, the Ministers of BMWi and SENER signed a Joint Declaration of Intent on the Energy Partnership to strengthen its cooperation ties on the energy sector.

• May



Setting-up of Energy Partnership secretariat

After the signing of the Joint Declaration the Energy Partnership's secretariat was established with permanent staff both in Mexico-City and Berlin.



Establishment of corporate identity

BMWi and SENER agreed upon an own dedicated corporate identity for the German-Mexican Energy Partnership. This CI is ever since used for the EP's communication means.



Signing of the Joint Declaration:

*Minister Gabriel,
President Peña Nieto,
Secretary Joaquín.
April 2016*

June



1st High-Level Steering Group meeting



Alianza Energética
Energiepartnerschaft

MÉXICO - DEUTSCHLAND

High-level representatives from both countries met on June 20th, 2016, to discuss the strategic focus of the Energy Partnership for the first year. As a result, four focal topics were agreed. Among the participating institutions were:

SENER
SECRETARÍA DE ENERGÍA



Ministry of Energy
(SENER)

SRE
SECRETARÍA DE
RELACIONES EXTERIORES



Ministry of Foreign Affairs
(SRE)



Bundesministerium
für Wirtschaft
und Energie

Federal Ministry for
Economic Affairs
and Energy (BMWi)



Bundesministerium für
wirtschaftliche Zusammenarbeit
und Entwicklung

Federal Ministry for Economic
Cooperation and Development
(BMZ)

CENACE
CENTRO NACIONAL DE
CONTROL DE ENERGÍA



National Energy Control
Centre (CENACE)

CONUEE
COMISIÓN NACIONAL PARA EL
USO EFICIENTE DE LA ENERGÍA

National Commission for the
Efficient Use of Energy
(CONUEE)



Bundesministerium
für Umwelt, Naturschutz,
Bau und Reaktorsicherheit

Federal Ministry
for the Environment,
Nature Conservation,
Building and Nuclear Safety
(BMUB)

giz Deutsche Gesellschaft
für Internationale
Zusammenarbeit (GIZ) GmbH

Deutsche Gesellschaft
für Internationale
Zusammenarbeit (GIZ)
GmbH

CRE
COMISIÓN
REGULADORA
DE ENERGÍA

Energy Regulatory
Commission (CRE)



Embassy
of the Federal Republic of Germany

German Embassy
in Mexico City



Auswärtiges Amt

Federal Foreign Office
(AA)

KfW
Bank aus Verantwortung

KfW Development Bank

• August



German industry expert participating at CONUEE conference on EMS

On the invitation by the EP, a German industry expert on Energy Management Systems (EMS) participated at a conference and internal meetings organized by CONUEE.

• September



Kick off

Study about a roadmap for energy efficiency in the Mexican industry.

• October



1st workshop about a roadmap for energy efficiency in the Mexican industry

The EP conducted a study on the methodology to establish a roadmap for energy efficiency in the Mexican industry. The first workshop clearly identified the barriers to increase energy efficiency in the industry, with participants already providing suggestions for strategies addressing those barriers in order to achieve the overall energy efficiency goals. This workshop was attended by more than 20 representatives from industry, public sector and academia.





• November



Mexican public sector delegation to Germany:

The EP organized the visit of a high-level delegation of Mexican officials to Germany. The delegation was composed of officials from the Undersecretariat of Electricity and the Undersecretariat of Energy Planning and Transition, both from SENER, the CRE and the CENACE. The delegates had particular meetings with BMWi, German Think Tank "Agora Energiewende", the German component of the Extractive Industries Transparency Initiative (D-EITI), one of the four German transmission system operators "50Hertz Transmission GmbH", the European Power Exchange "EPEX SPOT" and

the market specialist for the energy sector "Energy Brainpool". As a result, the EP secretariat works on a further enhancement of collaboration between power system operators.



2nd workshop about a roadmap for energy efficiency in the Mexican industry

With the participation of more than 20 stakeholders from industry and public sector alike, this workshop focused on priority areas offering the opportunity for further increasing energy efficiency in the industry. The workshop included interviews with representatives from the industry and an open discussion on how to eliminate potential barriers to energy efficiency.



• December



Workshops on liberalization of power markets

On the margins of the Green Solutions conference in Cancún, December 6th, 2016, the EP secretariat organized two workshops about the opportunities of the electricity wholesale market. Officials from SENER and CENACE presented the new electricity market and the opportunities for investment arising from it.

More than 30 participants attended the workshops, including representatives from the private and public sector as well as academia.

• February



G20 IFFS peer review in-person meeting

From February 6th to the 9th, 2017, the G20 Inefficient Fossil Fuels Subsidies (IFFS) peer-review in-person meeting on the Mexican and German self-report took place in Berlin. The EP granted its organizational support, including the organization of a side-visit for the peer-review participants.

• March



High-level meeting Germany and Mexico

High-level officials met on March 20th and 21st, 2017, on the margins of the BETD2017 in Berlin to discuss ongoing and future activities.



G20 WG meetings

With the G20 Sustainability Working Group and Energy Sustainability WG meetings taking place right after the BETD2017, the EP granted its organizational support.



Mexico City

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