



Federal Ministry
for Economic Affairs
and Energy

SENER
SECRETARÍA DE ENERGÍA



Energie **wende**
Switch to the Future

Annual Report 2017/2018

German-Mexican Energy Partnership



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Ministers Foreword

The German–Mexican Energy Partnership’s mission is to support high–level political dialogue, facilitate B2G and fertile business environments, enhance the exchange of best practices and communicate about the energy transitions of our countries.

We are therefore pleased to convey the success of the German–Mexican Energy Partnership in 2017/2018, in which significant progress has been made in all these areas, thereby continuously strengthening our bilateral energy cooperation.

During the German G20 Presidency, Germany and Mexico co–chaired the energy and climate working groups and worked side–by–side as a peer–review couple on reducing inefficient fossil fuel subsidies.

We worked closely with grid system operators, regulators, policy makers, private sector and other stakeholders to strengthen electricity markets and to improve the integration of variable renewable energy sources into the power grid in a timely manner, ensuring the systems’ reliability.

The German–Mexican Energy Partnership also supported the International Renewable Energy Conference (MEXIREC), which took place in Mexico City in September 2017, where ministers and delegations from 44 countries as well as private sector and civil society engaged in sharing knowledge and best practices to promote renewable energy worldwide.

The exchange of best practices is fundamental to delivering on our common goals. In order to foster energy efficiency in the industry, a high–level delegation from Mexico visited Berlin to share experience on building energy efficiency networks in both our countries.

Aiming to intensify our private sector’s engagement and feedback, the Energy Partnership took this cooperation to a new level, by laying the foundations for a B2G Energy Council as part of the German–Mexican Energy Partnership, further enhancing the collaboration between the German and Mexican Energy Ministries and the energy business community.

Finally, another key milestone in 2017/2018 was the launch of our new digital platform: energypartnership.mx. This makes our Energy Partnership even more accessible for the industry, academics and the general public.

Our special thanks go to the secretariat and all who have worked so hard to support the successful implementation of the German–Mexican Energy Partnership.

It is our pleasure to present the results of that work in this Annual Report.

Pedro Joaquín Coldwell
Secretary of Energy (SENER)

Brigitte Zypries
Federal Minister for Economic Affairs and Energy (BMWi)

Executive Summary

The German-Mexican Energy Partnership (EP) successfully implemented several activities during 2017-2018. We supported large events, held workshops, organized expert delegations and supervised the completion of publications. As a result, the EP has become a sound mechanism for the exchange of information and best practices for the benefit of its parties.

In September 2017, the High-Level Steering Group reconfirmed and amplified the focus of the EP's work streams: Liberalizing power markets; Integrating variable renewable energy sources (vRES); Enhancing energy efficiency in the industry; Increasing information and transparency in the fossil fuel sector; and supporting the German-Mexican energy cooperation in the international scene.



Key facts and figures



5 Focal themes



12 Articles



7 Events



3 Delegations



2 Briefings



+300 Tweets



+450 Followers in
Social Media



+1000 monthly
visits on website



1 Publication



+50 Meetings
with stakeholders

Quotes and Impressions

“

México y Alemania dan el primer paso para la creación del Consejo Empresa-Gobierno de Energía que permitirá crecer la relación bilateral y la industria energética en ambos países

Nicole David

Director General of Investors
Relation and Promotion,
Ministry of Energy (SENER)

“

Deutschland und Mexiko stehen neben anderen Ländern an der Spitze der globalen Energiewendebewegung.

Rainer Baake,

State Secretary, Federal
Ministry for Economic
Affairs and Energy (BMWi)

The Energy
Partnership is the
most ambitious
project with
Germany in the
energy sector

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Rogelio Granguillhome

Ambassador of the United
Mexican States to the
Federal Republic of Germany



Basis and structure of the Energy Partnership

Joint Declaration of Intent

With the signing of the “Joint Declaration of Intent on the Energy Partnership between the Government of the United Mexican States and the Government of the Federal Republic of Germany” on 12th April 2016, the Energy Partnership was established. Accordingly, the Energy Partnership is a high-level political and strategic exchange of information and best practices between the competent authorities, regulatory bodies, energy system operators and other relevant actors, including the involvement of actors from the private sector. The main aim of this partnership is to foster and advancing the far reaching and profound energy transitions that are ongoing in both countries by exchanging views, best practices and knowledge on the development of a sustainable energy system, which is in particular characterized by more efficient use of energy and enhanced use of renewable energy.

Overall steering and structure

Steering

The overall steering of the German–Mexican Energy Partnership is done via the High-level Steering Group (HLSG). This committee is composed of high-level representatives of both the German Ministry for Economic Affairs and Energy (BMWi) and the Mexican Ministry of Energy (SENER). The HLSG sets

the priorities and defines the thematic focus of the Energy Partnership. It meets once a year alternately in Mexico and Germany. The first meeting of the HLSG was held in June 2016 in Mexico–City defining the first key cross-cutting topics for the Energy Partnership. Those were echoed and amplified at the second HLSG meeting in September 2017.

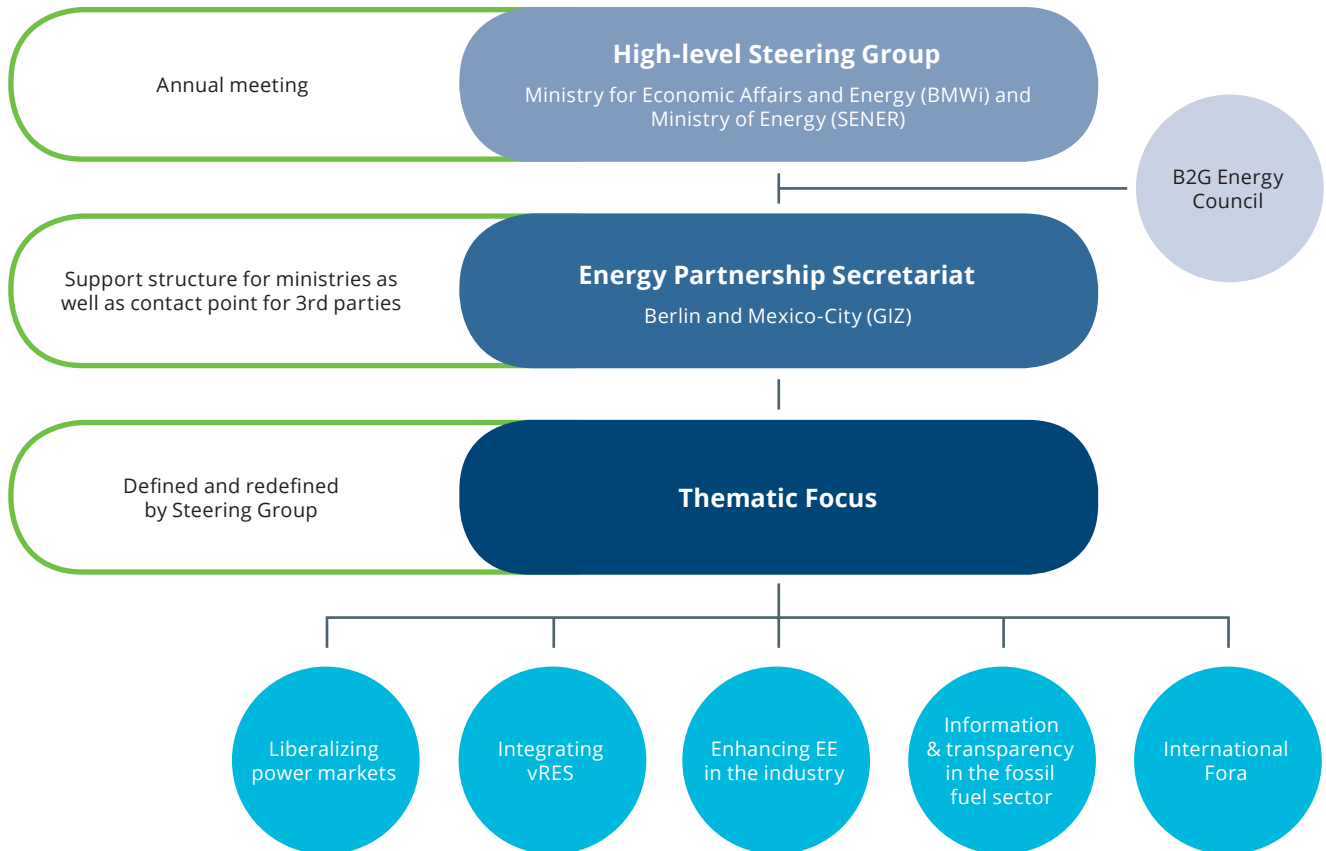
B2G Energy Council

In order to further enhance the collaboration between the German and Mexican energy ministries and the energy business community, as was decided at the second meeting of the HLSG in September 2017, BMWi and SENER agreed in December 2017 upon guidelines to form the German–Mexican Business-to-Government (B2G) Energy Council.

Secretariat

The German–Mexican Energy Partnership is supported by a secretariat with contact persons in both Mexico–City and Berlin.

The role of the secretariat is to support both BMWi and SENER in its agreed priorities, ensure the implementation of related activities and serve as a point of contact for key actors.



Thematic focus

At its first meeting in June 2016 the High-Level Steering Group agreed on focusing the EP's work on four main areas. In the course of the year, and by decision of the HLSG at its second meeting in September 2017, those were extended to five topics, including additionally the international scope of its bilateral actions.

Liberalizing power markets

Both Mexico and Germany are reforming their electricity sectors: They are incorporating new and redesigned schemes for energy markets, new or reformed institutional settings as well as new support systems for renewable energy.

As in other countries around the globe electricity auctions have emerged as an essential policy instrument to promote the transition to renewable energy sources and technologies in Germany and Mexico. Furthermore, the institutional strengthening is one of the key elements for allowing for a smooth and positive liberalization of power markets.

Integrating vRES

Variable renewable energy sources (vRES) are increasing their participation in the energy mix. For this reason, integrating vRES both onto the grids and into the system is one of the main challenges for a country's energy transition.

Profound exchange on experience gained with existing measures as well as with the application of new and innovative means can help both countries to successfully face those challenges.

Enhancing energy efficiency in the industry

The industry sector plays a crucial role for economic growth. With an efficient use of energy, industries can increase the cost-effectiveness of their processes while contributing to the reduction of GHG emissions. Peer-to-peer planning and better policies of energy

efficiency constitute key factors to implement a successful energy transition.

At the same time, both Germany and Mexico are confronted by the challenge of ensuring and amplifying the attractiveness of efficiency measures in and for the industry.

Increasing information and transparency in the fossil fuel sector

Open information available for citizens and industry, especially regarding the fossil fuel sector, is a concern for both governments. Increasing economic efficiency of public resources while reducing subsidies in that sector is also key.

For that reason, both countries have either joined or are in the process of joining the Extractive Industries Transparency Initiative (EITI) and are in the process of phasing out energy subsidies.

Supporting the German-Mexican Energy Cooperation in the international scene

Germany and Mexico are both members of various international organisations.

Synergies and common efforts of both countries in those organisations should, where applicable, be supported and enhanced within the bilateral Energy Partnership. Moreover, at quite a number of international occasions and events both countries collaborate on energy matters.



Timeline of Highlights 2017/2018

2017



MARCH

BETD2017: Accompany Mexican Delegation led by Undersecretary Beltrán
G20: Support G20 Energy and Climate WGs co-chaired by Germany and Mexico



AUGUST

Integrating vRES: Workshop and training-on-the-job with Mexican ISO CENACE



JULY

IFFS: Start of event series to discuss the phasing out of fossil fuel subsidies



SEPTEMBER

IFFS: 2nd event about phasing out inefficient fossil fuel subsidies
MEXIREC: Support for the preparation and implementation of the International Renewable Energy Conference in Mexico
HLSG: Second meeting of the High-Level Steering Group

2018



MARCH

Supporting SENER and CENACE in its clearing house activities



FEBRUARY

February B2G Energy Council: First meeting of Local Committees



DECEMBER

Communication: Website of German-Mexican Energy Partnership launched by Mexican Ambassador to Germany

Private Sector involvement: Laying of the foundation stone for the B2G Energy Council



NOVEMBER

G20: Accompany experts of Mexican ISO CENACE to vRES integration event

Energy efficiency in the industry: Mexican public and private sector delegation to Berlin on energy efficiency networks

IFFS: EP's IFFS report published on OECD website and 3rd edition of phasing out fossil fuel subsidies event held

Highlights 2017/2018

2017

March:

BETD2017: Accompany Mexican Delegation led by Undersecretary Beltrán

With the aim of participating at the Berlin Energy Transition Dialogue (BETD), the EP secretariat accompanied Undersecretary for the Energy Transition Leonardo Beltrán and Director General for International Affairs Alejandro Amerena, both SENER, to Germany. Besides supporting their visit, the secretariat joined several bilateral meetings.

G20: Support G20 Energy and Climate WGs co-chaired by Germany and Mexico

In the framework of Germany's G20 Presidency, Mexico was invited to co-chair both the climate and the energy working group. Besides supporting the preparation of the WGs, the EP participated at the meetings on 22nd and 23rd of March in Berlin.





July:

IFFS: Start of event series to discuss the phasing out of fossil fuel subsidies

In order to accompany the voluntary G20 peer-review process between Germany and Mexico about reducing inefficient fossil fuel subsidies (IFFS) and further discuss successful pathways for reforming IFFS, the EP started to organize a series of events on that topic. At the first event in July the peer-review process was explained and the German and Mexican IFFS reform steps presented.

August:

Integrating vRES: Workshop and training-on-the-job with Mexican ISO CENACE

Following further details identified during the delegation visit of Mexican energy experts to Germany in 2016 regarding the integration of vRES to the system and grid, the EP organized a two days' workshop in Mexico and facilitated a direct training-on-the-job of CENACE by an expert from Elia Grid International (EGI).



September:

IFFS: 2nd event about phasing out inefficient fossil fuel subsidies

Continuing the discussion about IFFS, the event focused on distributional effects, general impacts of subsidies on public finance and how to increase economic efficiency by reforming IFFS.

MEXIREC: Support for the preparation and implementation of the International Renewable Energy Conference in Mexico

In preparation of the conference week DEMEX and especially the MEXIREC conference, the EP supported the request for funding to the German government by SENER as well as the drafting of the conference programme and supported bilateral meetings between Germany and Mexico during this week. It

ensured, moreover, the smooth organization of the “Energiewende” exhibition and organized its own MEXIREC side-event about power markets in Germany and Mexico.

HLSG: Second meeting of the High-level Steering Group

On Monday, September 11, 2017, SENER hosted the second meeting of the High-Level Steering Group (HLSG) of the German-Mexican Energy Partnership. The Mexican delegation for the meeting was led by the Deputy Secretary of Energy for Electricity of SENER, César Hernández, and the Deputy Secretary for Planning and Energy Transition, Leonardo Beltrán, while the German delegation was headed by the State Secretary at the BMWi, Rainer Baake.

November:

G20: Accompany experts of Mexican ISO CENACE to vRES integration event

In light of a G20 two days' workshop about the integration of variable renewable energy sources (vRES) and the participation of experts from CENACE, the EP secretariat accompanied those to the event in Berlin.

Energy efficiency in the industry: Mexican public and private sector delegation to Berlin on energy efficiency networks

Together with GIZ colleagues from Mexico a delegation of public and private sector stakeholders from Mexico's energy efficiency sector was organized in

order to exchange with German counterparts on the establishment and implementation of energy efficiency networks (EEN) and the development of efficiency measures in the industry.

IFFS: EP's IFFS report published on OECD website and 3rd edition of phasing out fossil fuel subsidies event held

After having developed with the agreement and support of the OECD a Spanish summary report about IFFS in Germany and Mexico, the report was published on the OECD's publication repository. The same month, the 3rd edition of the IFFS event series took place, presenting international best practice examples and concrete proposals for reforming subsidies in Mexico.



December:

Communication: Website of German-Mexican Energy Partnership launched by Mexican Ambassador to Germany

At the occasion of a public event organized by the German-Mexican Energy Partnership at the Mexican embassy in Germany, the Mexican ambassador officially launched the Energy Partnership's website www.energypartnership.mx

Private Sector involvement: Laying of the foundation stone for the B2G Energy Council

At the second meeting of the HLSG of the Energy Partnership in September 2017, in Mexico City, it had been decided to further enhance the collaboration between the German and Mexican Energy Ministries and the energy business community.

With that aim in mind, BMWi and SENER laid the foundation for the Energy Partnership's Business-to-Government (B2G) Energy Council by agreeing on guidelines for its establishment.





2018

February:

B2G Energy Council: First meeting of Local Committees

In light of the preparation of the first meeting of the B2G Energy Council a meeting of each a Mexican and a German Committee took place.

March:

Supporting SENER and CENACE in its clearing house activities

As had been agreed by the HLSG, the EP facilitates the support of SENER and CENACE in designing a clearing house for mid-term auctions.

