DEVELOPMENT ON EMISSIONS TRADING ON THE POWER SECTOR

May 2014

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CLIMATE CHANGE LAW
ACCOMPLISHMENTS

2012

October 10
LGCC

December 5
CLIMATE CHANGE FUND

January 29
CLIMATE CHANGE INTERMINISTERIAL COMMISSION
14 Secretariats

May 14
CLIMATE CHANGE COUNCIL

June 3
NATIONAL STRATEGY FOR CLIMATE CHANGE
Vision 10-20-40

November 14
Congress approves a CARBON TAX
For fossil fuels

December
Congress approves an ENERGY REFORM

April 28
SPECIAL PROGRAM FOR CLIMATE CHANGE 2013-2018

May-?
CONGRESS DISCUSSIONS ON ENERGY REFORM BYLAWS (INCLUDING CAP & TRADE ON ENERGY SECTOR)
- In December 2013 the Mexican Congress modified the Constitution, thus allowing domestic and foreign private investment in the energy sector.

- **Secondary laws** in 9 packages, modifying 27 laws have been sent to Congress for discussion. **Results are expected during the summer.**

- **Oil & Gas:** The new legal framework allows private participation in the oil and gas sector through service, profit-sharing, production-sharing and license contracts.

- **Power Sector.** Private parties will be allowed to participate in service contracts to assist CFE in the generation, transmission and distribution of electricity. **Cap and Trade to be developed. Special policies can be developed promoting the use of renewables**

- **General Climate Change Law and electricity generation objectives:**
  - 30% GHG emission reduction with respecto to the BAU scenario by 2020
  - 35% of electricity generation from clean energy sources by 2024

- **PECC related goals:**
  - 82.5 MtCO2e emission reduction by 2018
  - Change in grid emission factor from 0.45 to 0.35 in 2018 (18.7 MtCO2e)
Two market instruments described by law:

Certificados de Emisiones Contaminantes (Allowances)
Certificados de Energía Limpia (Clean Energy Certificates)

Use of both instruments to be determined soon

- Use of Certificates
- Emission
- Caps
- Mode of allocation
- Modes of exchange
- Trade requirements
- Trade platform
- Time lines

SENER (Energy)
SEMARNAT (Environment)
CRE (Commission for Energy Regulations)