



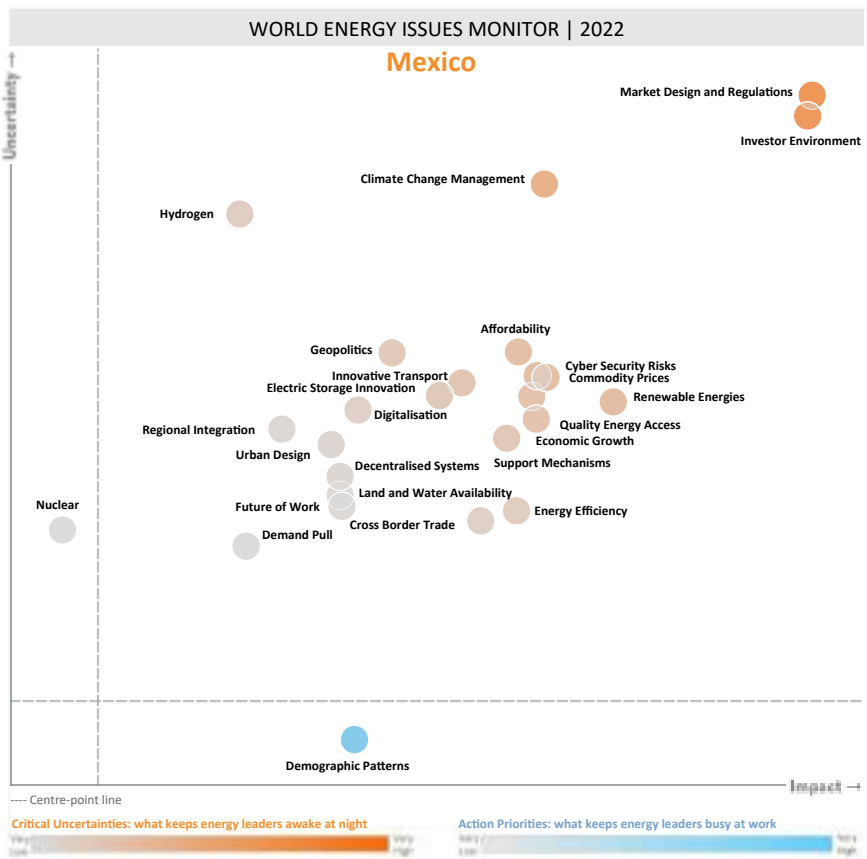
Comparing the 2021 and 2022 Issues Monitor results, Mexico’s energy leaders have identified **Critical Uncertainties** around policy, business environment and environment-related issues. The main uncertainties have shifted from Geopolitics, Carbon Abatement, Trade and Investment Policies in 2021 to **investor Environment, Market Design and Regulations, Climate Change Management and Renewable Energies** in 2022, whilst **Commodity Prices and Affordability** continued to be considered as great uncertainties.

Meanwhile, **Action Priorities** around Energy Policy and Business environment related issues have replaced Energy Supply, Regional Integration, Energy Access, Urban Design and Land and Water Availability with **Demographic Patterns, Energy Efficiency, Cross Border Trade, Renewable Energies and Support Mechanisms**.

Most of the Critical Uncertainties and Priorities Action derive from the perception of the energy policy implemented at the beginning of the current federal administration of Mexico, which deviates from the policy enacted during the 2014 Energy Reform. However, it is possible that the responses of the Energy leaders this year’s survey do not consider the scenario of the new Electric Energy Law presented in October 2021. Among other principles, the new energy policy of the federal government is based on rescuing the state oil company PEMEX already the national electricity company CFE and achieve energy self-sufficiency.

Mexico’s Executive has submitted to Congress a proposal for a new Electric Energy Law, presently under discussion in the Assembly (Cámara de Diputados). If the initiative becomes Law, Mexico’s energy sector will become a burden to the economy and will significantly affect the population’s health and the environment, as a result of the policy change that favours the use of heavy oil and coal for electricity generation. Under the present uncertainties, the Mexican profile depicted in the Issues Monitor must be considered untimely, if the new Law takes into account the recommendations during the discussions with Congress, and the Energy policy is “reset” to normal, then the profile is considered reasonable. If the initiative is enacted, the situation is will rather different.

Even though the changes have not been implemented, the country has already faced negative consequences and the situation is regarded as a hostile scenario for foreign and local investors alike.



WORLD ENERGY COUNCIL

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