

# Environment & Climate Regulation

*Contributing editors*

Carlos de Miguel Perales and Per Hemmer



2016

GETTING THE  
DEAL THROUGH 

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Per Hemmer, Bech-Bruun

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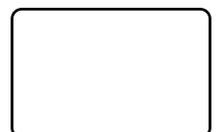


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# Mexico

**Jose Luis Rendon**  
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## Main climate regulations, policies and authorities

### 1 International agreements

#### Do any international agreements or regulations on climate matters apply in your country?

Mexico is a non-Annex I party of the United Nations Framework Convention on Climate Change (UNFCCC) and its Kyoto Protocol, which were ratified by the country and their promulgation decrees were published in the Federal Official Gazette (DOF) on 7 May 1993 and 24 November 2000 respectively.

Any international agreement, whose dispositions are in accordance with the Mexican Constitution, is considered as supreme law. To consider treaties as part of Mexican legislation, they should be signed by the president, ratified by the Senate and published in the DOF. That legislative procedure was fulfilled for UNFCCC and the Kyoto Protocol and therefore they are applicable in Mexico.

On 9 September 2007, the president of Mexico, as a member of the Asia-Pacific Economic Cooperation (APEC) Forum signed the Sydney APEC Leaders' Declaration on Climate Change, Energy, Security and Clean Development.

### 2 International regulations and national regulatory policies

#### How are the regulatory policies of your country affected by international regulations on climate matters?

Under the Kyoto Protocol, Mexico is not obligated to reduce emissions of greenhouse gases (GHG), nevertheless it already has voluntarily set its own domestic goals to reduce them. Mexico's obligation under international agreements on climate change is to present national communications to report GHG emissions inventories and action plans to mitigate the negative effects produced by climate change.

On 30 March 2015 Mexico became the fourth UNFCCC member and the first developing country to submit its Intended Nationally Determined Contributions (INDC) or post-2020 climate action plan, looking forward to the creation of a new international climate change agreement with the conclusion of the 21 UNFCCC's Conference of the Parties (COP21) in Paris in December 2015. Mexico's INDC commitments include:

- Unconditional reduction: to reduce unconditionally 25 per cent of its GHG and short-lived climate pollutants (SLCP) emissions by 2030. This commitment implies a reduction of 22 per cent of GHG and a reduction of 51 per cent of black carbon. This also implies a net emissions peak starting from 2026, decoupling GHG emissions from economic growth: emissions intensity per unit of gross domestic product will reduce by around 40 per cent from 2013 to 2030.
- Conditional reduction: the 25 per cent reduction commitment expressed above could increase to 40 per cent in a conditional manner, subject to a global agreement addressing important topics including international carbon price, carbon border adjustments, technical cooperation, access to low-cost financial resources and technology transfer, all at a scale commensurate with the challenge of global climate change. Within the same conditions, GHG reductions could increase to 36 per cent, and black carbon reductions to 70 per cent in 2030.

### 3 Main national regulatory policies

#### Outline recent government policy on climate matters.

The National Strategy on Climate Change, Vision 10-20-40 (ENCC), published in the DOF on 3 June 2013 outlines the actions Mexico will take to combat climate change in the next 40 years. The ENCC establishes the foundations for the construction of the national policy on climate change mitigation and adaptation. One of those foundations is the conservation and sustainable use of ecosystems to keep the environmental services they provide, to accelerate energy transition to clean energy sources and reduce energy intensity through efficiency schemes and responsible consumption. Another one is the transition to models of sustainable cities and mobility systems, integrated waste management and low carbon footprint buildings. The ENCC also emphasises cultivating better agricultural and forestry practices to promote and preserve natural carbon sinks; reduce emissions of short-lived climate pollutants; and promote co-benefits of health and wellness.

In addition to the ENCC, Mexico's Special Program on Climate Change 2014-2018 (PECC) was published in the DOF on 28 April 2014. Its main objectives are:

- to reduce the vulnerability of the population and productive sectors in order to increase their resilience as well as the resistance of strategic infrastructure;
- to conserve, restore and manage ecosystems sustainably guaranteeing their environmental services to mitigate and adapt to climate change;
- to reduce GHG emissions to move to a competitive economy and low carbon development;
- to reduce emissions of short-lived climate pollutants, promoting co-benefits health and welfare; and
- to consolidate the national climate change policy through effective instruments and in coordination with states, municipalities, Congress and society.

Each state (31), the Federal District (Mexico City) and the 2,439 municipalities may enact their programmes of action on climate change, which are instruments of information and support for the design of public policies and actions on climate change.

Since 1 January 2014 the following environmental taxes have been in force in Mexico:

#### Fossil fuels tax (carbon tax)

A tax is available for sale and import of fossil fuels according to their carbon content. The tax is applicable to manufacturers, importers and producers of fossil fuels, not final consumers. This tax may be paid with carbon credits. The following fees are established:

Kind of fuel	Fee	Unit of measure
Propane	6.15 cents	Per litre
Butane	7.97 cents	Per litre
Gasoline and aviation gasoline	10.81 cents	Per litre
Jet fuel and other kerosene	12.91 cents	Per litre

Diesel	13.11 cents	Per litre
Fuel oil	14.00 cents	Per litre
Coke oil	16.24 pesos	Per tonne
Coke coal	38.09 pesos	Per tonne
Mineral coal	28.68 pesos	Per tonne
Other fossil fuels	41.45 pesos	Per tonne of carbon contained by the fuel

Pursuant to the Income Tax Law it is possible to deduct 100 per cent of the expenditures on investments in machinery and equipment for power generation from renewable sources or systems of cogeneration of efficient electricity, such as: solar energy in all its forms; wind power; hydro-power, both kinetic and potential of any natural or artificial water body; oceanic energy in its various forms; geothermal energy; biomass or waste energy; or any other that due to its nature or by a suitable use is considered inexhaustible.

#### 4 Main national legislation

##### Identify the main national laws and regulations on climate matters.

At federal level:

- the General Law of Climate Change (LGCC);
- the Regulations to the LGCC in matters of the National Registry of Emissions (R-LGCC-RENE);
- the Agreement establishing the methodology for direct measurement of carbon dioxide emissions, published in the DOF on 8 September 2015;
- the Agreement establishing the technical peculiarities and formulas for the application of methodologies to calculate the emission of GHG or greenhouse compounds (GHC), published in the DOF on 3 September 2015;
- the Agreement establishing the GHG and GHC groups for the effects of reporting emissions and their potential heating, published in the DOF on 14 August 2015; and
- the Agreement establishing the procedure for the issuance of approval letters for projects of GHG emissions capture or reduction, published in the DOF on 27 October 2005.

Each state (31), the Federal District (Mexico City) and the 2,439 municipalities may enact their own laws and regulations on climate matters.

#### 5 National regulatory authorities

##### Identify the national regulatory authorities responsible for climate regulation and its implementation and administration. Outline their areas of competence.

The Ministry of Environment and Natural Resources (SEMARNAT) conducts the national policy on climate change;

The National Institute of Ecology and Climate Change is a government body subordinated to SEMARNAT, whose main functions are: scientific and technologic research on climate change; the assessment of compliance with the country's adaptation and mitigation objectives; and issuing recommendations over national climate change policies and adaptation or mitigation actions.

The Inter-ministerial Commission on Climate Change (CICC) is the designated national authority for Clean Development Mechanism (CDM) projects. The CICC also coordinates the actions between members of the federal government on climate change, approves the national strategy on climate change and participates in the implementation of the special climate change programmes. It is integrated by the following ministries: Interior, Foreign Affairs, Navy, Treasury, Social Development, Environment and Natural Resources, Energy, Economy, Agriculture, Communications and Transportation, Public Education, Health, Tourism and the Ministry of Agrarian, Territorial and Urban Development.

Each state (31), the Federal District (Mexico City) and the 2,439 municipalities are members of the national system of climate change and are responsible for creating, leading and evaluating their own policies on climate change for their respective territories but always in agreement with the national policy in the matter.

#### General national climate matters

#### 6 National emissions and limits

##### What are the main sources of emissions of greenhouse gases (GHG) (or other regulated emissions) in your country and the quantities of emissions from those sources? Describe any limitation or reduction obligations. Do they apply to private parties in your country?

In the Fifth National Communication to the UNFCCC (6 December 2012), Mexico reported the results from its national inventory of GHG emissions 1990–2010. Its 2010 GHG emissions totalled 748 million tonnes of carbon dioxide equivalent (MTCO<sub>2e</sub>), indicating an increase of 33.4 per cent over 1990 (base year), with an average growth rate of 1.5 per cent per year. The country's estimated emissions of the six GHG listed in Annex A of the Kyoto Protocol are:

Category	MTCO <sub>2e</sub>	Percentage
Energy	503.8	67.3%
Agriculture	92.2	12.3%
Industrial processes	61.2	8.2%
Zoning and its changes	46.8	6.3%
Wastes	44	5.9%
Total	748	100%

Pursuant to the LGCC, ENCC, PECC and INDC, Mexico has set the following reduction goals:

- by 2020, a reduction of GHG emissions equivalent to 30 per cent with respect to the baseline (1990);
- by 2024, a 35 per cent of electricity generation from clean energy sources; and
- by 2050, a reduction of GHG emissions equivalent to 50 per cent with respect to 2000 emissions.

At this point in time, only private parties identified as establishments subject to report are required to report their GHG emissions to SEMARNAT whenever they equal or exceed the threshold of 25,000 TCO<sub>2e</sub> emissions. Private parties have no limitation or reduction obligations yet.

#### 7 National GHG emission projects

##### Describe any major GHG emission reduction projects implemented or to be implemented in your country.

##### Describe any similar projects in other countries involving the participation of government authorities or private parties from your country.

Since June 2011, the National Forestry Commission has implemented the projects Reducing Emissions from Deforestation and Forest Degradation (REDD+) and South-South Cooperation, with funding from the Norwegian government and with administrative and technical advice from the United Nations Development Programme (UNDP) and the United Nations Food and Agriculture Organization (FAO).

The project objectives are:

- MRV system goals:
  - to accelerate and reinforce a fully operative Mexican MRV system that directs the country towards a leading and competitive position to access credits for performance-based forest mitigation actions;
  - to improve country capabilities to have a better control over its forest resources beyond carbon; and
  - to stimulate multiscale MRV measurement and monitoring research to support national REDD+ reporting, and to facilitate in-country subnational REDD+ endorsement.
- South-South cooperation goals:
  - to position Mexico as a centre of excellence for regional cooperation and capability development by four different means: through the documentation of its experiences; through the dissemination of lessons learned; through the development of in-country capability courses oriented to train other countries; and through the offering of out-country technical assistance.

- Experiences and case studies in defining local incentives:
  - to investigate Mexican mechanisms, policies, and programmes that have slowed the deforestation rate and increased forest carbon stocks; and
  - to provide decision-makers with options for REDD+ financial management deriving from: the analysis of incentive programmes and policies currently used in the forest sector both nationally and internationally; and from the financial requirements and opportunities coming from the international climate sphere.

The MRV system developed by the project will allow the estimation of GHG emissions from deforestation and forest degradation in a transparent manner, by using satellite technology and field data.

The National Strategy for Reducing Emissions from Deforestation and Forest Degradation (ENAREDD+), as well as encouraging sustainable management of forests and enhancement and conservation of forest carbon stocks (ENAREDD+), seeks to contribute to the mitigation of GHG emissions and move to a zero per cent loss of carbon in the original forest ecosystems, raising policies, measures and actions that should be incorporated into planning instruments for sustainable development.

ENAREDD+ also meets the international initiative set the negotiating table at COP 13 in Bali in 2007 that seeks to consolidate and strengthen efforts to conserve and manage forest ecosystems sustainably.

The national appropriate mitigation actions (NAMAs) originated from the Bali Action Plan adopted at COP 13. As part of the agreement reached at COP 18, developing countries will focus their NAMAs on the reduction of GHG emissions compared to 2020 trend projections, in the context of sustainability, technology transfer, financing and building local capacity.

Mexico is currently working on the implementation of NAMAs in various sectors, as set out below:

Sector	Phase	Mitigation potential (MTCO <sub>2</sub> e)	Leader
Mass transit	Design	22.3 by 2030 117 by 2035 with routes' improvements	SEMARNAT, National Bank of Public Works and Services (BANOBRAS)
Cargo transportation	Design	66.5 by 2035	SEMARNAT
Refrigeration	Design	2 by 2035	National Association of Home Appliances Manufacturers
Cement industry	Design	64 by 2020 102 by 2030	National Chamber of Cement Industry
Natural gas (control of leak emissions in transportation)	Implementation	2.8 annually	Mexican Oil Company (PEMEX)

## Domestic climate sector

### 8 Domestic climate sector

**Describe the main commercial aspects of the climate sector in your country, including any related government policies.**

The LGCC and R-LGCC-RENE create an incipient legal platform for transaction of emissions which basically consists in the registration of the projects that allow certified CO<sub>2</sub> reductions and the quantities obtained.

As of 1 September 2015, there are 231 CDM projects being implemented in Mexico, with financing from parties of the Kyoto Protocol's Annex I, which receive carbon credits for such projects, with liberty to negotiate the economic perceptions when selling those credits.

The LGCC created the National Fund for Climate Change, which allows funding studies and projects aimed at mitigating climate change and adapting to its effects. According to such Law, that Fund may purchase and sell certified emission reductions recorded in the National Registry of Emissions (RENE), in order to increase its resources.

## General GHG emissions regulation

### 9 Regulation of emissions

**Do any obligations for GHG emission limitation, reduction or removal apply to your country and private parties in your country? If so, describe the main obligations.**

As described in questions 2 and 6, Mexico is a non-Annex I party of the Kyoto Protocol, therefore it has no obligation to reduce its GHG emissions. Nevertheless, Mexico has established the following compromises with the international community:

- pursuant to its INDC delivered on 30 March 2015, Mexico's commitment is to reduce unconditionally 25 per cent of its GHG and SLCIP emissions for 2030; and
- pursuant to the LGCC, ENCC and PECC, Mexico has set the following reduction goals:
  - by 2020: reduction of GHG emissions equivalent to 30 per cent with respect to the baseline (1990); and
  - by 2050: reduction of GHG emissions equivalent to 50 per cent with respect to 2000 emissions.

### 10 GHG emission permits or approvals

**Are there any requirements for obtaining GHG emission permits or approvals? If so, describe the main requirements.**

Not applicable.

### 11 Oversight of GHG emissions

**How are GHG emissions monitored, reported and verified?**

Pursuant to the LGCC and the R-LGCC-RENE, the establishments in the following sectors and subsectors are obligated to report their GHG emissions whenever they equal or exceed the annual emissions threshold of 25,000 tonnes of CO<sub>2</sub>:

- Energy: generation, transmission and distribution of electric power; and exploitation, production, transportation and distribution of hydrocarbons.
- Transportation: by air, sea, land and rail.
- Industrial: chemical, iron and steel, metallurgical, mining, metalworking, automotive, pulp and paper, printing, petrochemicals, cement and lime, glass, electronics, electrical, food and beverages, wood and textiles.
- Agricultural: agriculture and livestock.
- Wastes: wastewater, urban solid wastes and special handling wastes.
- Commerce and services: construction, commerce, educational services, recreational activities and entertaining, tourism, medical services, government and financial services.

The report of GHG emissions from 1 January to 31 December of the last year needs to be filed before SEMARNAT from March 1 to June 30 of the current year throughout the Annual Operation Certificate (COA), which is filed by accessing SEMARNAT's designated internet page.

The reportable GHG emissions are: carbon dioxide, methane, nitrous oxide, black carbon or soot, chlorofluorocarbons, hydrochlorofluorocarbons, hydrofluorocarbons, perfluorocarbons, sulphur hexafluoride, nitrogen trifluoride, halogenated ethers, halocarbons, mixtures of any of the aforementioned, as well as any GHG and GHC established by SEMARNAT in an official agreement published in the DOF.

For the methodologies and procedures of measurement, the obligated subjects must attend the dispositions of:

- the R-LGCC-RENE;
- the Agreement establishing the methodology for direct measurement of carbon dioxide emissions, published in the DOF on 8 September 2015;
- the Agreement establishing the technical peculiarities and formulas for the application of methodologies to calculate the emission of GHG or greenhouse compounds (GHC), published in the DOF on 3 September 2015; and
- the Agreement establishing the GHG and GHC groups for the effects of reporting emissions and their potential heating, published in the DOF on 14 August 2015.

The verification of emissions and certification of their reduction will be carried out by an organism to be approved by SEMARNAT for such effects.

### GHG emission allowances (or similar emission instruments)

#### 12 Regime

**Is there an GHG emission allowance regime (or similar regime) in your country? How does it operate?**

No. However, the establishments in certain sectors and subsectors are obligated to report their GHG emissions whenever they equal or exceed the annual emissions threshold of 25,000 tonnes of CO<sub>2</sub>. See to question 11.

#### 13 Registration

**Are there any GHG emission allowance registries in your country? How are they administered?**

Not applicable. See question 11.

#### 14 Obtaining, possessing and using GHG emission allowances

**What are the requirements for obtaining GHG emission allowances? How are allowances held, cancelled, surrendered and transferred? Can rights in favour of third parties (eg, a pledge) be created on allowances?**

Not applicable. See question 11.

### Trading of GHG emission allowances (or similar emission instruments)

#### 15 Emission allowances trading

**What GHG emission trading systems or schemes are applied in your country?**

As a non-Annex I party of the Kyoto Protocol, Mexico allows the development of CDM projects within its national territory. The individuals or companies that have implemented projects or activities that result in the mitigation, reduction or absorption of GHG or GHC emissions, if they were carried out in the country, may request the registration of such information in the RENE. A prior validation issued by an approved entity is required, certifying the results of such projects. Mitigation projects are those that have the aim of emissions reductions or removals; those relating to sustainable management and conservation of ecosystems to increase or conserve carbon sinks from the forestry sector, and any other activity that is intended for carbon sequestration.

#### 16 Trading agreements

**Are any standard agreements on GHG emissions trading used in your country? If so, describe their main features and provisions.**

Not applicable. See questions 11 and 15.

### Sectoral regulation

#### 17 Energy production, use and efficiency

**Give details of (non-renewable) energy production and consumption in your country. Describe any regulations on GHG emissions. Describe any obligations on the state and private persons for minimising energy use and improving efficiency. Describe the main features of any scheme for registration of energy savings and for trade of related accounting units or credits.**

Mexico 2014			
Energy	Production	Consumption	GHG emissions (2013) MTCO <sub>2</sub> e
Electricity	29.4 billion kWh	212.3 billion kWh	127
Oil	2,936,000 bbl/day	2,073,000 bbl/day	174

Pursuant to the LGCC, ENCC, PECC and INDC, Mexico has set the following reduction goals and years:

- by 2020, a reduction of GHG emissions equivalent to 30 per cent with respect to the baseline (1990);
- by 2024, 35 per cent of electricity generation from clean energy sources; and
- by 2050, a reduction of GHG emissions equivalent to 50 per cent with respect to 2000 emissions.

There is no scheme for registration of energy savings and for trade of related accounting units or credits.

#### 18 Other sectors

**Describe, in general terms, any regulation on GHG emissions in connection with other sectors.**

On 21 August 2013 the Mexican Official Standard NOM-163-SEMARNAT-ENER-SCFI-2013, Tailpipe emissions of carbon dioxide (CO<sub>2</sub>) and their equivalence in terms of fuel economy, applicable to new automobiles of up to 3,857 kilograms of gross vehicle weight (NOM-163), applicable to vehicle model years 2014 through 2016 entered into force.

Mexico accounts for 1.6 per cent of total global emissions. Auto-transportation is one of the major emission sources in Mexico, with a contribution of 20.4 per cent of total emissions in the country. NOM-163 sets the parameters and the methodology to calculate the average CO<sub>2</sub> emissions per kilometre and the equivalent in fuel efficiency of new vehicles that use gasoline or diesel sold in Mexico from 2014 to 2016 models. NOM-163 included credits for early action, introduction of highly efficient technologies, efficient and low-climate-impact air-conditioning systems, and advanced vehicle technologies. All credits can be banked and used towards compliance for model years 2014 through 2016, including credits accumulated in 2012 and 2013. In addition, the standard estimates there will be flexibility in the country for companies with limited range of vehicle lines, so that they have sufficient time to adapt their vehicles for standards of environmental regulation time.

### Renewable energy and carbon capture

#### 19 Renewable energy consumption, policy and general regulation

**Give details of the production and consumption of renewable energy in your country. What is the policy on renewable energy? Describe any obligations on the state and private parties for renewable energy production or use. Describe the main provisions of any scheme for registration of renewable energy production and use and for trade of related accounting units or credits.**

The Law for the Use of Renewable Energy and Energy Transition Funding was published in the DOF on 28 November 2000. This ordinance regulates the use of renewable energy sources and clean technology to generate electricity for purposes different from the public service of power provision. This objective may be fulfilled with the following instruments:

- the National Strategy for Energy Transition and Sustainable Use of Energy (NSETSUE), which ensures energy efficiency and sustainability in order to promote the use and development of renewable energy sources and clean technology; and
- the Special Program for the Use of Renewable Energy, which establishes public policies in the matter, determining the objectives for the use of renewable energy and the actions to achieve them. Its main mission is to integrate renewable energy into the national energy matrix in order to achieve a true energy transition.

#### Wind power

This renewable energy is highly appreciated due to its low cost and neutral GHG emissions. On the other hand, some of the disadvantages of wind power are its intermittency, the distance between the wind areas and electricity networks, visual and noise pollution as well as the impact it can have on the wildlife that inhabits the wind areas or that use this resource as a guide in their annual migrations. Various regions of the country are privileged for wind power generation, such as the Tehuantepec Isthmus (Oaxaca State) and La Rumorosa (Baja California State) as well as certain areas in Zacatecas, Hidalgo, Veracruz, Sinaloa and Yucatan. Recent estimations calculate that Mexico's national power system may benefit from those places since they can provide an estimated 10,000MW.

**Solar energy**

Due to its geographical location, Mexico is privileged in terms of solar energy capacity.

Photovoltaic solar energy is the conversion of sunlight into electricity through solar panels and cells. Solar thermal energy is the use of solar radiation for the capture and storage of heat based on collectors of solar thermal energy. Mexico's total capacity of photovoltaic installations is calculated at 18.5MW, which generates an average of 8,794.4MWh per year.

**Mini-hydro power**

Mini-hydro power is produced in hydroelectric facilities with limited capacity, using the kinetic energy generated by water streams. The National Commission for the Efficient Use of Energy has estimated the Mexican hydroelectric potential to be approximately 53,000MW.

**Geothermal energy**

Geothermal energy is the energy coming from the Earth's core as heat, which moves upward in the magma owing through cracks in rocks and reaching levels close to the surface, where the geological conditions are favorable for its accumulation. Mexico's geothermal capacity is 964.5MW owing to projects installed in the states of Baja California, Baja California Sur, Michoacan and Puebla. The Federal Electricity Commission estimates the Mexico's geothermal potential is 1,395MW.

**Biomass energy**

Biomass energy is the energy obtained from products, and animal and vegetable waste.

The energy contained in the wood, energy crops, charcoal, agricultural waste, municipal waste and manure can be described as biomass energy. From the energy point of view, biomass can be used in two ways: by burning it to produce heat or converting it into solid, liquid or gas fuel for transportation or storage.

The Special Program for the Use of Renewable Energy calculates Mexico's bioenergy potential at between 2.635 and 3,771PJ per year. The agro-industrial sugar cane sector has been estimated to have a potential of electricity generation from bagasse of over 3 million MWh per year.

The National Electric Power System is obligated to receive the electricity produced with renewable energies from self-supply and cogeneration projects.

**20 Wind energy**

**Describe, in general terms, any regulation of wind energy.**

Not applicable. See question 19.

**21 Solar energy**

**Describe, in general terms, any regulation of solar energy.**

Not applicable. See question 19.

**Update and trends**

Mexico will participate in the UNFCCC's Conference of the Parties (COP 21) in Paris in December 2015, with the expectation of signing a new international climate change agreement with clear rules on GHG reduction targets and funding to support projects for developing countries. Any commitment in this regard will influence the national climate change policy as well as domestic regulations.

**22 Hydropower, geothermal, wave and tidal energy**

**Describe, in general terms, any regulation of hydropower, geothermal, wave or tidal energy.**

Not applicable. See question 19.

**23 Waste-to-energy**

**Describe, in general terms, any regulation of production of energy based on waste.**

The Law on the Promotion and Development of Bioenergy (LPDB) provides the regulations applicable to waste-to-energy projects. See question 19.

**24 Biofuels**

**Describe, in general terms, any regulation of biofuels.**

The Law on the Promotion and Development of Bioenergy (LPDB, 1 February 2008) and its regulations (R-LPDB, 18 June 2009) contain the basic legal framework for biofuels in Mexico. Pursuant to the LPDB definitions, bioenergy means 'fuels obtained from biomass coming from organic material of agriculture, livestock, forest, aquaculture, fisheries waste, domestic, commercial, industrial activities, microorganisms and enzymes, and their derivatives, produced by sustainable technological processes that meet the specifications and quality standards established by the competent authority.' The LPDB has the purpose of promoting and developing bioenergy so as to contribute to energy diversification and sustainable development as conditions for ensuring support to the Mexican countryside.

Regulatory authorities include the Ministry of Energy (SENER), the Ministry of Agriculture, Livestock, Rural Development, Fisheries and Food (SAGARPA) and SEMARNAT. To produce inputs for bioenergy or bioenergy, it is mandatory to obtain a permit from the competent authority in the field before commencing operations.

With regard to the permit for the production of bioenergy from corn, the competent authority is the SAGARPA, which grants said permit only when there is excess inventory of corn domestic production to satisfy national consumption. SAGARPA has 15 working days to evaluate and issue its decision. If it decides to issue a permit, this will be valid for one year, with the right to apply for a renewal. The importation of corn for bioenergy production requires written notice to SAGARPA.



**LEX CORP**  
A B O G A D O S

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To produce bioenergy inputs from agricultural crops (different from corn) a notice of sowing must be given to SAGARPA and state that only land with agricultural use will be cultivated and that no change from forest to agricultural land use will be made.

With regard to production, storage, transportation and distribution of biofuels by pipelines and the trading of bioenergy, SENER is the regulatory authority responsible for issuing and revoking the permits to carry out said activities. SENER issues its decision within 20 working days and if it decides to grant a permit, it will be valid for 30 years with the right to renew it.

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**25 Carbon capture and storage**

**Describe, in general terms, any policy on and regulation of carbon capture and storage.**

There is no specific regulation in the Mexican legal framework.

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**Climate matters in transactions**

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**26 Climate matters in M&A transactions**

**What are the main climate matters and regulations to consider in M&A transactions and other transactions?**

There is no specific regulation in the Mexican legal framework; however, it is recommended the review and analysis of any project or agreement on which the acquired entity or property or right may be involved in order to verify compliance with the terms and conditions of such agreements and applicable legislation such as registration in the RENE.

## Getting the Deal Through

Acquisition Finance	Dominance	Licensing	Real Estate
Advertising & Marketing	e-Commerce	Life Sciences	Restructuring & Insolvency
Air Transport	Electricity Regulation	Loans & Secured Financing	Right of Publicity
Anti-Corruption Regulation	Enforcement of Foreign Judgments	Mediation	Securities Finance
Anti-Money Laundering	Environment & Climate Regulation	Merger Control	Securities Litigation
Arbitration	Executive Compensation & Employee Benefits	Mergers & Acquisitions	Ship Finance
Asset Recovery	Foreign Investment Review	Mining	Shipbuilding
Aviation Finance & Leasing	Franchise	Oil Regulation	Shipping
Banking Regulation	Fund Management	Outsourcing	State Aid
Cartel Regulation	Gas Regulation	Patents	Structured Finance & Securitisation
Construction	Government Investigations	Pensions & Retirement Plans	Tax Controversy
Copyright	Healthcare Enforcement & Litigation	Pharmaceutical Antitrust	Tax on Inbound Investment
Corporate Governance	Initial Public Offerings	Private Antitrust Litigation	Telecoms & Media
Corporate Immigration	Insurance & Reinsurance	Private Client	Trade & Customs
Cybersecurity	Insurance Litigation	Private Equity	Trademarks
Data Protection & Privacy	Intellectual Property & Antitrust	Product Liability	Transfer Pricing
Debt Capital Markets	Investment Treaty Arbitration	Product Recall	Vertical Agreements
Dispute Resolution	Islamic Finance & Markets	Project Finance	
Distribution & Agency	Labour & Employment	Public-Private Partnerships	
Domains & Domain Names		Public Procurement	

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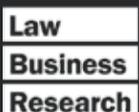
# Online

[www.gettingthedealthrough.com](http://www.gettingthedealthrough.com)



# iPad app

Available on iTunes



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