

Mexico Energy Chatter

April 29, 2026

Pemex: From Denial to Damage Control

The mysterious culprit behind the Gulf oil slick turned out not to be an unidentified private vessel or natural seepage — as officials had claimed — but a Pemex pipeline.

Pemex admitted on April 16 that they had determined the spill originated from a pipeline leak at the Abkatún-Cantarell complex, and the contamination was subsequently dispersed by ocean currents. The spill was first detected on Feb. 6, but Pemex personnel concealed it from senior management for nearly two months; the CEO, Víctor Rodríguez Padilla, only learned of it on April 3. Three officials have been dismissed, and a complaint has been filed with the Federal Attorney General (FGR).

The debate is no longer about what caused the spill, but about the damage left behind, and the government's uneven response.

The government reported that crews have cleaned 48 beaches across 630 kilometers of coastline. However, NGOs and affected communities have contradicted the government's characterization of the cleanup's progress. The Red Corredor Arrecifal del Golfo de México says it has documented hydrocarbon traces at more than 100 sites between February and April — stretching over 1,100 kilometers of coastline, from Paraíso to Matamoros, and affecting at least 81 beaches. The organization also says the environmental emergency remains active as new hydrocarbon arrivals have been detected in Veracruz and Tabasco, suggesting underwater contamination is still being carried by currents.

As reported by *El País*, former US Geological Survey researcher Diana Papoulias estimates that cleaning up areas affected by petroleum extraction in the Gulf could cost more than US \$532 billion. Her report points to radioactive produced water, heavy metals and waste sites still leaking into aquifers, placing the current spill within a much longer record of environmental neglect.

Fishing communities are dealing with lower catches, weaker seafood sales and a damaged tourist season, while coastal residents are still awaiting health information and clarity on cleanup efforts and compensation.

Environmental organisations have put forward a concrete set of demands: a formal working group that includes communities, affected sectors and the National Institute of Indigenous Peoples; independent studies on contamination and public health impacts; compensation mechanisms that reflect unequal exposure, especially for marginalised areas and people

involved in cleanup work; greater transparency on hazardous waste handling; stronger oversight of the oil industry; and an interdisciplinary review of the structural causes of the disaster.

President Sheinbaum has defended her administration's handling of the matter, stating “we have nothing to hide” and arguing that her government acted correctly once it had full information by ordering public disclosure. She announced the creation of a permanent inter-agency body to monitor the Gulf of Mexico (to be formalized by decree published in the Official Gazette) modeled on an existing Pacific monitoring observatory. The FGR and Pemex's Internal Control Office are conducting what she described as a “very deep investigation” into the spill and subsequent cover-up.

Playing by the Power Rules

The publication of voluntary migration rules for legacy electricity permits in Mexico's Official Gazette represents the latest chapter in a contentious regulatory process, and a significant (if partial) concession to private sector concerns ahead of the USMCA review.

Getting here hasn't been smooth. A December 2025 draft proposing accelerated migration of legacy permits to the wholesale market was withdrawn after intense industry pushback. Trade groups, companies, and investment funds warned the proposal could slash renewable project profitability — particularly wind farms — by 40–60%, and that Independent Power Producers (IPPs) would be forced to transfer their plants to CFE for free at contract end while losing the right to sell surplus power. The ministry pulled the draft, acknowledging the need for “substantive legal adjustments”. The revised rules published this month were the product of months of negotiations between the government and industry leaders.

The final guidelines make migration voluntary, allowing generators holding permits under legacy frameworks to migrate to one of three options under the new Electricity Sector Law: a new CFE-backed contract, a long-term production scheme, or direct participation in the wholesale electricity market (MEM). Companies with existing power purchase agreements can now also sell power directly to the wholesale market, whereas previously they could only migrate there once their CFE contracts expired. Existing legacy permits remain valid in the meantime. Two companion regulations were published simultaneously covering cogeneration (with plants under 0.7 MW exempt from permitting) and energy storage system integration into the national grid.

The response from industry has been cautiously optimistic, with analysts noting the government showed it was willing to listen. As Pablo Zárate of FTI Consulting observed in Bloomberg last week, the new rules address specific risks from the prior proposal, but do not resolve the broader structural issue: under Mexico's 2024 energy law, state companies Pemex and CFE are guaranteed majority stakes in energy projects — a provision the US Trade Representative

flagged in an April 2026 report as potentially conferring unfair advantages inconsistent with free-trade rules.

The timing is not accidental. Preliminary USMCA review talks are already underway, with formal negotiations set to begin in Mexico City on May 25. The electricity rules are seen as a gesture aimed at reducing friction ahead of those negotiations, however Zárata and others note that state dominance in Mexico's energy sector will remain a central issue at the negotiating table. Major affected companies with IPP permits in Mexico include AES Energy, Naturgy, Mitsubishi Power, Acciona, and Saavi Energía, among others.

The government is, once again, walking a tightrope between its commitment to state control over energy and the need to maintain private investment and commercial confidence.

Topolobampo: Pacific Petrochemical Hub

A major industrial cluster is taking shape at Topolobampo, Sinaloa, anchored by two large but distinct projects: one nearly 15 years in the making, the other a recently announced global-scale clean energy investment.

Swiss-German group Proman, operating through Gas y Petroquímica de Occidente, is developing a three-phase petrochemical complex at Topolobampo after nearly 15 years of planning and obstruction. The project first stalled around 2011–2012 when Pemex, under then-director Emilio Lozoya (still under house arrest pending trial on corruption charges), blocked Proman's attempt to lease port space by entering the fertilizer business itself through the controversial acquisitions of Agronitrogenados and Fertinal — transactions now subject to criminal investigation. Further delays were caused by community opposition and permitting hurdles before all environmental authorizations were finally obtained.

Phase one involves three ammonia plants targeting 800,000 tonnes per year of production at an investment of \$1.3 billion, with subsequent phases adding urea and methanol capacity for a total estimated investment of up to \$5 billion. Proman has secured a US natural gas supply contract via existing pipeline infrastructure. The company positions its output as complementary to Pemex's fertilizer operations, focusing on Mexico's northwest and the California export market while Pemex serves the southeast and center — together achieving national self-sufficiency. The project benefits from German development financing.

Running in parallel is a separate project: Pacífico Mexinol, developed by Transition Industries LLC, will produce 1.8 million tonnes per year of blue methanol and 350,000 tonnes of green methanol, making it the largest low-carbon methanol plant in the world. Methanol is a critical input in industrial supply chains, used in manufacturing materials, fuels and chemical products. Blue methanol is produced from natural gas, but with carbon capture and storage (CCS) technology that traps the CO₂ emissions generated in the process before they enter the

atmosphere; green methanol is produced using green hydrogen (hydrogen generated by electrolysis of water powered by renewable electricity) combined with captured CO₂. Since no fossil fuels are used in the core production process, it can be close to genuinely carbon-neutral when the full supply chain uses clean energy.

The US \$3.3 billion+ project signed its Engineering, Procurement and Construction (EPC) contract in June 2025 with an international consortium of South Korea's Samsung E&A, Italy's Techint, and the MAIRE Group's NextChem/KT TECH. Operations are targeted for 2029.

The plant will source 425 MWh of electricity exclusively from renewable energy via the wholesale market, and will use treated wastewater rather than potable or agricultural water supplies (avoiding discharge into Bahía de Ohuira). The US Ambassador highlighted that US natural gas exports to supply the plant will be valued at US \$4 billion. The project is backed by the World Bank's IFC and international institutional investors and has been framed by the federal government as a flagship example of circular economy principles and industrial decarbonization, aligned with President Sheinbaum's Plan México and Mexico's target of 35% greenhouse gas emission reductions by 2030.

Both projects face a common challenge: local community opposition. At the April 23 preconstruction ceremony for Pacífico Mexinol, protesters from the “Aquí No” collective and residents of nearby communities including Lázaro Cárdenas, Cerro Cabezón, and Ohuira disrupted the event and forced Governor Rubén Rocha Moya to suspend the proceedings (attended by Ambassador Johnson, Transition Industries CEO Rommel Gallo and other officials).

Demonstrators accused the government of proceeding without conducting the free, prior, and informed consultation required under ILO Convention 169 for indigenous communities and warned of negative impacts on local fishing. The Governor acknowledged the validity of the consultation requirement and committed to raising the matter federally, stating that no physical construction could proceed without it being met.

Together, these two projects signal Topolobampo's potential development as a major node in North American industrial chemistry and clean energy supply chains. However, the unresolved consultation requirements represent a legal and practical obstacle that could delay their progress.

In other energy news...

Fuel Price Cap: Margin Engineering Over Structural Reform

The government's agreement to eliminate card payment fees at gas stations reflects a continued attempt to sustain the informal fuel price cap through incremental margin engineering rather

than structural intervention. By removing a large share of transaction costs, the measure provides immediate relief to retailers and transport operators, particularly in a context where digital payments already dominate fuel sales. But the move also exposes the limits of the current strategy. The real pressure point is not transaction costs, but the widening gap between international fuel prices and politically constrained domestic prices, especially in diesel. With compliance still uneven, the government appears to be relying on persuasion, reputational pressure and marginal cost adjustments rather than the aggressive fiscal subsidies deployed under the previous administration. The result is a more fragile equilibrium, where price stability depends less on policy strength and more on market tolerance.

Yesterday's meeting between Sheinbaum and fuel station owners produced an agreement to lower diesel prices, but it did not appear to resolve the concerns of many smaller operators. Gas station owners, particularly those running one or two sites, argue that current margins do not reflect operating realities once payroll, electricity, maintenance, commissions and regulatory costs are taken into account. According to industry figures cited by the sector, some stations in Mexico City are losing between MXN 20,000 and 25,000 a month, while operators in other regions report losses of up to MXN 170,000, driven in part by higher logistics and security costs. Some have made their complaints public, arguing that current pricing assumptions do not distinguish adequately between regions, scales of operation or business models.

The government's position, led publicly by Profeco, is that it has maintained an active dialogue with the sector and has already introduced measures to ease pressure via subsidies and the reduction in payment commissions. Officials also point to repeated meetings with industry representatives and say that roughly 70 per cent of stations are already selling at what they describe as fair prices. For operators still under financial pressure, however, the central concern remains unchanged: whether the agreed price adjustments can be sustained under current cost structures, particularly for smaller and mid-sized businesses.

Grupo México and Saavi Energía: Consolidation as Strategy

Grupo México's agreement to combine its generation assets with Saavi Energía highlights an accelerating trend toward consolidation in Mexico's private electricity market. The resulting platform — with Grupo México as the controlling shareholder — creates a multi-gigawatt generation player with both scale and a clear growth pipeline, positioning it among the most relevant private operators in the system. Beyond the specifics of the deal, the transaction illustrates a broader shift in how private capital is adapting to Mexico's evolving energy model; it also likely wouldn't have transpired if the power regulation mentioned earlier hadn't been adjusted, since the risk of a forced and unfavorable migration of the plants held under Saavi's IPP contracts would have made the transaction unviable. Participation is no longer about fragmented entry or niche positioning, but about building large, resilient platforms capable of aligning with state priorities while maintaining operational viability.

Fracking: Back Through the Side Door

The technical committee established by President Sheinbaum to evaluate the future of fracking is part of the shift from outright rejection to conditional consideration of unconventional gas exploitation. The debate has effectively moved from a political red line to a managed policy process, even if the government continues to frame it cautiously under the language of “evaluation” and “lower-impact technologies”. The composition of the committee reveals the contours of that process: there is a strong presence of specialists in subsurface, water management and hydrocarbons, and limited representation from public health, climate or community perspectives, suggesting a technically grounded but politically filtered discussion. The emphasis on water efficiency and reuse points to the likely framing of any future decision — not a reversal of the anti-fracking stance, but its reinterpretation under a sustainability narrative. In that sense, the committee may be less about reopening the debate than about structuring its outcome.

Natural Gas Strategy: Three Speeds

Natural gas has moved to the center of Mexico's energy security agenda, but the strategy is unfolding at three distinct speeds. Storage projects such as the potential reactivation of the JAF field represent a relatively clear path forward: technically feasible, politically less contentious and aligned with the immediate need to reduce system vulnerability. With current storage capacity measured in days rather than weeks, the case for action is both urgent and widely accepted. Fracking, by contrast, remains politically sensitive and operationally uncertain, while regional initiatives like “Gas Coahuila” occupy a third space, functioning more as policy narratives than fully structured investment projects. The coexistence of these three tracks underscores a broader pattern: the diagnosis is widely agreed upon, but execution remains uneven.

Cox Acquires Iberdrola Mexico: A New Operator, Not a New Model

Cox has formally completed its acquisition of Iberdrola's assets in Mexico, consolidating one of the most significant recent shifts in the country's private power landscape. The deal creates a large-scale platform combining generation, supply and a sizeable development pipeline, effectively repositioning Cox as a top-tier private operator in the Mexican electricity market. What stands out is not the exit of one player and the entry of another, but the continuity of the underlying model. Private capital is not leaving the sector; it is reorganizing into fewer, larger less global platforms capable of navigating a more state-centered regulatory environment. The transaction reinforces a broader trend: scale, financial backing and political adaptability are becoming prerequisites for participation. The open question is whether this new configuration can sustain long-term investment in a market where regulatory signals remain constrained and execution risks persist.

Eni Mexico: Execution Over Expansion

Eni's appointment of Massimo Insulla as CEO in Mexico reinforces the company's focus on operational strength in a market that is becoming less predictable. As the leading private oil producer in the country, Eni is not signaling retreat but consolidating its position through technical leadership and field-level execution. In an environment where regulatory clarity is sometimes wanting, and expansion opportunities are more constrained, the ability to deliver consistent production and manage operational risks is becoming more valuable than aggressive growth strategies. For Eni, maintaining its edge will depend less on new projects and more on execution discipline.