

Mexico Energy Chatter

September 2, 2026

Pemex: A not so golden goose

President Claudia Sheinbaum used her second *informe* on 1 September to make the case that the government's energy model is delivering results, highlighting lower Pemex debt, higher refinery throughput, new electricity capacity, rising renewable generation and a larger role for private investment than the government's critics sometimes acknowledge.

On Pemex, Sheinbaum said debt has been reduced by USD20bn. Oil production stands at 1.77mn barrels per day (her numbers) and natural gas production at close to 5bn cubic feet per day, while the national refining system is processing more than 1.5mn barrels per day. She defended the Olmeca refinery at Dos Bocas, arguing that it helped Mexico manage the recent increase in international fuel prices and shortages elsewhere. The government is also completing coking units at Tula and Salina Cruz, reviving petrochemical production and expanding fertiliser output.

On electricity, Sheinbaum said Mexico will add 32GW of capacity to the national interconnected system by the end of the administration and increase renewables from 24 per cent to 38 per cent of generation. Six combined-cycle plants with 3GW of capacity have been completed and eight hydroelectric plants rehabilitated or upgraded. CFE has also started a MXN244bn investment programme to modernise and expand transmission and distribution.

She stated that private investment remains an important part of the model, albeit within limits set by the government. Under the current framework, public generation should account for 54 per cent of the system and private generation 46 per cent. Following a tender launched in February, the government approved 38 projects representing 8.025GW of generation and more than 2.5GW of storage, with expected investment of USD10.6bn. Sheinbaum said further tenders will follow.

ON natural gas she stated the government has launched a MXN141bn gas pipeline programme through 2030 to supply the southeast and 13 new combined-cycle plants and the government's industrial development poles. It is also studying whether unconventional gas can be produced domestically without putting water resources at risk, although it has already ruled out development in the Tampico-Misantla basin.

The speech therefore amounted to a broad defence of the government's energy policy. Pemex and CFE remain firmly under state control, but private capital is being brought

into electricity generation and storage, while the government is spending heavily on grids, pipelines, refining and gas infrastructure.

All this said, what she did not address is how much that stabilisation has cost Mexico, and whether Pemex itself is becoming a materially better operating company, rather than one with less debt thanks to government equity infusions. A 25 August Bloomberg report headlined “Mexico Bonds Trade Like Junk After \$130 Billion Bailout” about Pemex’s bearing on Mexico’s sovereign bond pricing highlighted the main issue. Bloomberg reported that Mexico, an ‘A’-rated issuer only a few years ago, now sits on the edge of junk territory, paying higher interest rates than smaller, lower-rated neighbours such as Guatemala and Panama. Bank of America calculated, in an analysis cited by Bloomberg, that Mexico’s dollar bonds pay around 39 basis points more than comparable countries by ratings, implying they trade roughly 1.5 notches below their actual credit rating.

The main cause, said the article, is the USD130bn in government support for Pemex over the past eight years, spanning the López Obrador and Sheinbaum administrations. That assistance brought Pemex’s debt down from 9.3 per cent of GDP in 2016 to 4 per cent this year, but at the cost of straining the public purse, and raising federal government debt to GDP. Economist Claudio Loser described Pemex as previously Mexico’s golden goose, but warned that “the poor goose is very sick”, with production below 1.7 million bpd and debt exceeding USD70bn. Moody’s downgraded Mexico to Baa3, the lowest investment-grade rung, in May, citing the fiscal deficit, weak growth and continued support for Pemex; S&P had revised its outlook to negative a week earlier.

The Finance Ministry responded the following day. Mexico’s five-year credit default swaps have fallen from 120 basis points at the start of the administration in October 2024 to 80 basis points currently, well below the 2012–2024 average of around 120 basis points. This also marks Pemex’s first credit rating improvement in 12 years. SHCP additionally pointed to Pemex’s placement in the local market in February 2026, 31.5 billion pesos, its first issuance in six years, with demand at 2x and spread compression of around 40 basis points, plus a near-27 per cent reduction in Pemex’s debt from its 2018 peak and a drop in international debt’s share of the federal portfolio from 23.3 per cent in 2018 to 15.4 per cent in June 2026. The official goal remains for Pemex to become financially self-sufficient from 2027. Three days later, on 28 August, Mexico placed USD1.774bn in Samurai bonds, concluding its external issuance programme for 2026.

(Both Bloomberg and the Finance Ministry can defend their case. The fall in Mexico’s five-year CDS suggests that investors see a lower probability of a sovereign credit event over the next five years than they did in October 2024, and the rescue of Pemex may explain why chances of a short term government debt default have receded. Bloomberg and Bank of America are making a longer-term relative-value argument: that Mexico’s ten year bonds trade at higher yields than would be expected for a sovereign with its credit

rating, including compared with lower-rated countries such as Guatemala and Panama, and that equity infusions into Pemex partly explain this. In short Mexico has cut chances of a short term Pemex-related federal debt crisis, but done so by worsening its long term fiscal situation).

Meanwhile, Bloomberg Línea reported on 1 September that Pemex is five days late in publishing its July operational figures, the first such delay in at least a decade, having quietly removed the date from its published disclosure calendar while leaving only August and September deadlines visible. The company's most recent available figures, for June, showed crude and condensate output of 1.66 million bpd.

The lapse feeds into a broader pattern of data opacity: the National Hydrocarbons Commission, dissolved under the 2024 energy reform with its functions absorbed into the Energy Ministry, previously published monthly field-level production data, drilling maps and investment and profitability figures by company, none of which has been updated since January 2025 despite promises to consolidate sector statistics onto a single platform.

Pemex still owed suppliers and contractors USD21.4bn as of its second-quarter report, and both Moody's and Fitch have flagged that its refining business loses money, a product of running increasingly heavy crude through refineries designed for lighter grades, including the Dos Bocas refinery, which four years after its 2022 inauguration still operates at under half its designed capacity.

The supplier-payment picture adds another layer of ambiguity to the numbers Pemex and the government put into the public domain. President Sheinbaum said on 20 August that around 95 per cent of Pemex suppliers whose payments had been delayed had now been attended to, while acknowledging that some older obligations, including from 2024, remain unresolved. The statement does not specify what the 95 per cent refers to, whether suppliers, invoices, individual accounts or the monetary value of overdue obligations, which makes the figure impossible to independently reproduce from public financial data.

There is evidence that Pemex has accelerated supplier payments, helped by financing coordinated through Banobras, but substantial balances remain outstanding: Pemex reported a MXN517bn supplier-account balance in September 2025, while Reuters put the June 2026 figure at USD21.43bn, though neither number represents overdue debt alone. AMESPAC said in July that 49 member companies were still owed MXN27.24bn from 2024, including overdue invoices and completed work not yet entered into Pemex's COPADE system. These figures are not necessarily contradictory, since they measure different things, but until Pemex publishes a reconciliation showing exactly what was

owed, what has been paid and what remains overdue, the 95 per cent figure is better understood as a government claim than an auditable financial indicator.

The broad conclusion is that Pemex has been stabilised financially, but at a considerable cost to the federal government. Its debt is lower, refinancing risk has fallen and government support is more explicit. But production remains weak, refining economics remain poor, supplier liabilities remain high and disclosure has deteriorated. Pemex is in a better financial position than it was, but it remains an operationally challenged company, and increasingly a sovereign rather than a standalone credit risk.

New Foreign Investment Law and Energy

The foreign investment law reform sent by President Claudia Sheinbaum to the Senate on 30 August creates a formal national-security screening regime for foreign investment, broadly inspired by systems already used in the US and Europe. The legislation explicitly covers energy inputs, energy transport, mining and storage.

The National Commission of Foreign Investments, CNIE, has traditionally been dominated by economic and civilian ministries. Under the proposal, Defence, the Navy and Public Security would become full voting members. The National Intelligence Centre, the Financial Intelligence Unit, SAT and the Attorney General's office would also participate permanently in national-security reviews. In other words, decisions on foreign investment in energy would no longer be taken principally by economic policymakers. Mexico's security and intelligence apparatus would have a formal role in approving or blocking transactions.

Mandatory review would apply where foreign investors own more than 49 per cent of a Mexican company and that company has assets above a threshold that the CNIE will set later. Transactions below the asset threshold could still be submitted voluntarily. For energy investors, the bigger change is procedural. The review period would rise from 45 to 60 business days and could be extended further. More importantly, silence by the authorities would change from deemed approval to deemed rejection. A transaction requiring clearance could therefore remain blocked until the government affirmatively approves it.

Some critics of the initiative see this as a potential new obstacle to investment in Mexican energy, particularly because the legislation covers such a broad range of infrastructure. In the more alarmist versions of that argument, almost any large foreign investment in power generation, batteries, pipelines, gas infrastructure or terminals could become subject to a politically driven security review.

Even greenfield investment is not exempt. Unlike the US CFIUS system, which is principally concerned with acquisitions of existing businesses, the Mexican proposal

appears capable of capturing a foreign investor that creates a Mexican subsidiary and then builds an energy asset from scratch once the company crosses the eventual asset threshold. If interpreted that way, the legislation would not merely affect M&A. It could add a new authorisation process to precisely the new-build investment the government is trying to encourage.

This matters because Sheinbaum's electricity plans depend increasingly on private capital. In her annual address this week she highlighted 38 approved private-sector projects representing more than 8GW of generation, more than 2.5GW of storage and USD10.6bn of investment. The government also plans further tenders, while CFE is spending heavily on transmission and distribution and Mexico is embarking on a MXN141bn gas pipeline programme.

The government wants much more investment in generation, storage and gas infrastructure while simultaneously giving the state, including the armed forces and intelligence agencies, a broader role in reviewing, conditioning or delaying foreign participation in those same activities.

In the end, the impact will depend on implementation. A high asset threshold, clear criteria and reasonably quick approvals could leave most energy investment largely unaffected. Similar screening mechanisms exist across developed markets without bringing cross-border investment to a halt. There is also a legitimate national-security case for reviewing foreign control of genuinely sensitive infrastructure, especially given US concerns about Chinese investment in North American supply chains ahead of the USMCA review.

The risk is not that the law closes Mexican energy to foreign capital than that it introduces another layer of discretion into an already complicated investment environment. Changing silence from approval to rejection is particularly relevant in a sector where permitting delays have historically mattered almost as much as formal restrictions. But as AMLO showed, the government already has plenty of ways of blocking energy investment it does not want, so the practical impact may not be hugely relevant. The new law will give the government further legal cover to do whatever it wants, whether that is to encourage or deter foreign investment in energy.

CFE's private capital push

While Pemex's mixed contracts with private investors have gained little traction so far, CFE has fared better, touting a growing number of agreements with private renewable developers at conferences with the private sector, as covered in previous editions. Those contracts allow private partners a stake of up to 46 per cent, require them to post substantial guarantees and fund capital expenditure, and in return grant them economic priority so that project profits go towards meeting contractually set internal rates of

return under 25-year electricity supply agreements. CFE has not disclosed the purchase prices, though market sources say they will exceed those seen in the market-oriented auctions of the Enrique Peña Nieto era. "The most expensive energy is the energy you don't have" is how those still investing in the limited opportunities on offer tend to justify staying in, rather than waiting for the government to shift its stance of state control and centralisation.

That reliance on private capital is now spelled out in detail. CFE's first standalone Development Programme, published this week and separate from the government's PRODESEN and PLADESE, sets out 740 billion pesos (roughly USD37bn) in cumulative investment to 2030 across generation, transmission, distribution and pipelines. CFE wants 54 per cent of that financed off its balance sheet through mixed contracts, private participation in combined-cycle plants, trusts, Long-Term Producer schemes and private pipelines, a structure aimed at avoiding the debt burden that has weighed on Pemex. The mixed investments alone total USD16.7bn and target roughly 13.8 GW of new capacity; the registration window for strategic generation and storage projects under that scheme closes on 2 September, in two days. The remaining 46 per cent, USD17.4bn, would be financed on-balance-sheet, mainly through USD7.5bn in new debt and around USD2.5bn raised via CFE's Fibra E, alongside 132 billion pesos earmarked for 7,545 km of new transmission lines.

The investment gap the plan is trying to close is significant. At the close of 2025, CFE held 51 per cent of installed capacity on the national grid but generated only 42.7 per cent of electricity, served 49.8 million customers and operated more than 111,000 km of transmission lines, against demand that has already hit a record above 54 GW this month. The Programme projects CFE's generation share rising from 43 per cent to 53 per cent by 2030; including the plants acquired from Iberdrola via FONADIN in 2024, the state's share would reach 62 per cent, comfortably clearing the 54 per cent "prevalence" minimum set out in the March 2025 Electricity Sector Law.

Fibra E itself is attracting exactly the kind of foreign capital the government is courting. The IFC, part of the World Bank Group, is evaluating an anchor investment of up to USD80mn in Fibra E's planned global public offering of trust certificates, building on the USD75mn it committed to Fibra E's inaugural bond in September 2025.

Follow the (fuel) money

Mexico's Finance Ministry (SHCP), through its Financial Intelligence Unit (UIF), and Pemex have signed a collaboration agreement to strengthen the fight against fuel theft and associated financial crimes. The agreement aims to formalise the exchange of

financial information and intelligence between the three institutions to detect huachicol networks, money laundering and tax evasion linked to fuel theft.

Under the deal, Pemex will supply the UIF with financial, accounting, legal, administrative and economic information to help the authority identify money-laundering patterns and irregularities tied to the illegal sale of petrol and diesel. In return, the UIF will provide Pemex with strategic intelligence products to strengthen the company's own risk assessment, accounting oversight and fraud-prevention mechanisms. The agreement also includes joint training programmes focused on operational and strategic analysis, and formalises continuity of work already under way through the Interinstitutional Working Group against the Illicit Fuels Market, which combines financial and operational intelligence to detect networks, identify their financial structures and help dismantle the logistical and commercial chains that sustain them. The Energy Secretary's office also participated alongside SHCP and Pemex in the joint statement.

The deal lands against a backdrop of mounting losses and escalating enforcement cases. Pemex reported accumulated losses of MXN12.99bn from fuel theft in the first half of 2026, according to its second-quarter financial report, accounting for 46.4 per cent of the company's total losses over that period. Recent enforcement actions include the arrest of former Baja California governor Ernesto Ruffo Appel and disruption of what has been described as the largest smuggling network detected to date at 2.137 billion litres and the dismantling of a clandestine refinery in Reynosa, with 3.8 million litres seized in July.

The open question is whether the agreement translates into real operational capacity for detecting and dismantling smuggling networks, or remains largely an institutional framework on paper, given that similar interinstitutional coordination has existed for some time.

Mexico's diesel squeeze

Pemex's diesel production has fallen to its lowest level since September 2025, just as domestic diesel demand keeps climbing on the back of freight transport, construction and agriculture. In a Milenio column, energy expert Ramsés Pech argues Mexico is the country most exposed to the worldwide diesel crisis, calling the approaching shortage not an abstract risk but a wave already forming in the Atlantic and heading towards Mexico. His argument centres on a chain reaction: having lost around a fifth of its Gulf diesel supply, Europe has turned to US product, paying more and pushing Latin American buyers down the queue, with Mexico the most exposed country in the region to that displacement.

The exposure is structural. Mexico imports seven in ten litres of the diesel it consumes, almost all from the US Gulf Coast, against refining capacity that cannot cover domestic demand. Around 55 per cent of national freight moves by road, a sector that runs entirely on diesel with no short-term substitute, meaning a diesel shock ripples through food, manufacturing, logistics, e-commerce, fishing and agriculture alike. Pech also flags a fiscal dimension: as of 22 August, the national average diesel price stood at 26.98 pesos a litre, with the Finance Ministry absorbing 6.08 pesos of that through the IEPS fuel tax stimulus, leaving just 1.28 pesos of headroom before the subsidy shifts from a tax break to a direct cash outlay, roughly once costs pass 28.26 pesos a litre. Pemex alone accounts for 78.2 per cent of Mexico's fuel imports, concentrating risk in a single buying channel, while the Olmeca refinery's 320,000 bpd target depends on running without unplanned stoppages. Pech situates Mexico's exposure against Ethiopia, South Africa, Ghana and Kenya scrambling for emergency volumes, Nigeria's Dangote refinery only partly able to plug the gap given its 75 per cent commitment to the domestic market, and Australia facing possible rationing on 33 days of diesel reserves. He sees October and November as the decisive months, when seasonal demand collides with US inventories at their lowest since 1996 and Mexico competes directly with Europe for the same barrels.

A report in Bloomberg on 26 August corroborates the reversal already under way: Europe drew on Mexican diesel supply for the first time in seven years, as the Iran war and a halt in Russian cargoes upended historical trade flows. Pemex shipped nearly 300,000 barrels of ultra-low-sulphur diesel to Spain this month, per Kpler data cited by Bloomberg, following earlier cargoes to France and Italy. That does not mean Mexico has become self-sufficient in diesel; rather, European prices have risen enough to justify sending Mexican product the "wrong" way across the Atlantic.

For Mexico, the risk cuts both ways: diesel that could ease the domestic shortfall is instead drawn towards higher-paying European buyers, while any diesel Mexico still needs to import will cost more, given the same global tightness pushing prices up everywhere at once.

Environmental regulation refresh

President Sheinbaum's government has proposed a new environmental law that could alter the rules governing energy and infrastructure development. The Federal Executive presented the initiative on 26th August, which would substitute the General Law of Ecological Balance and Environmental Protection (LGEEPA), in force since 1988. Sheinbaum signed the initiative alongside Environment Secretary Alicia Bárcena for submission to the Chamber of Deputies, describing it as strengthening the Mexican state's capacity to protect, conserve and restore the environment and natural resources.

SEMARNAT has framed the initiative as a modernisation of environmental governance to better address today's challenges including climate change, biodiversity loss, pollution and mounting pressure on natural resources. The proposal is built around ten guiding principles, including prevention over remediation, ecosystem restoration grounded in scientific knowledge, territorial management with social participation, and a shift towards circular economy approaches. Officials have also pointed to alignment with the Escazú Agreement's principles on access to information, public participation and environmental justice, and have said the aim is to provide greater legal certainty to both communities and investors.

For energy and infrastructure developers, three areas stand out as most consequential. Environmental impact assessments, which already apply to electricity infrastructure, generation projects and hydrocarbons-related installations depending on each project's federal jurisdiction, are set for an overhaul emphasising prevention over after-the-fact remediation, and will now formally incorporate Strategic Environmental Assessment alongside strengthened mechanisms for inspection, investigation and sanctions. The reform also writes in the precautionary principle and in *dubio pro natura*, and requires cumulative, synergistic and residual project effects to be considered, a potentially significant change for developers used to assessing projects on a standalone basis. Land-use permitting could also be affected, though neither source has yet detailed specific mechanics. Public consultation is also expected to carry more explicit formal weight in project decisions, with Bárcena noting that projects reviewed by SEMARNAT are published in the *Gaceta Ecológica* alongside existing consultation mechanisms. These same three areas, environmental impact evaluation, land-use permits and community consultation mechanisms, have already stalled projects, including the Ticul A and B solar plants in Yucatán. The initiative additionally expands regulation of climate change, biodiversity, circular economy, environmental risk, pollinator protection and protections for environmental defenders, and introduces new conservation tools, environmental offset mechanisms and financing instruments, alongside a National Climate Change Adaptation Plan.

SEMARNAT is pursuing a parallel simplification agenda that cuts against the tightening narrative: it has already announced plans to reduce environmental and forestry permitting procedures from ten to seven, and requirements per procedure from twelve to four, arguing this will speed up priority projects even as substantive obligations increase elsewhere. The net effect is genuinely uncertain until the full legislative text and its passage through Congress are known.

The stakes are real for the sector's two current investment pushes. Developers bidding on CFE's 37-project tender and companies evaluating Pemex's mixed contracts face this evolving environmental framework as a material risk layered on top of existing regulatory

and counterparty exposure, precisely as both state companies are trying to accelerate private co-investment.

Pemex-Petrobras partnership hits pause

President Sheinbaum said on 26 August that formalising a further joint Pemex-Petrobras agreement on deep-water Gulf of Mexico exploration will have to wait until after Brazil's October presidential elections.

The two companies signed a non-binding memorandum of understanding on 23 June establishing a two-year, renewable framework for cooperation in exploration and production and industrial processes, including Gulf of Mexico exploration, boosting output from mature fields, and collaboration on refining, petrochemicals, fertilisers, gas processing and liquids recovery, alongside carbon capture and lower-carbon fuels. The MOU carries no binding investment commitment and creates no joint venture, so any concrete deep-water project would still require separate negotiation and internal approval on both sides.

Pemex and Petrobras are looking to pursue a high-risk effort to unlock crude from pre-salt rocks beneath the Gulf of Mexico that are up to 160 million years old, roughly eight times older than the formations currently producing on the US side of the Gulf, according to recent reporting in Bloomberg. The target is a geologic cluster off Campeche that Pemex drilled unsuccessfully in 2018, penetrating more than 7,800 metres below the sea floor; the well was declared unproductive, but geologists say the data gathered may still hold clues, and the fact Pemex kept probing afterwards suggests nothing ruled the play out entirely. Petrobras brings the technical edge: its pre-salt discoveries off Rio de Janeiro from 2006 transformed Brazil into a regional energy power, with the Tupi field alone yielding 4 billion barrels since 2010, an estimated USD300bn in value.

The electoral picture is uncertain for Lula, though he still has the advantage over his main rival, Flávio Bolsonaro, a right-wing senator and the son of imprisoned ex-president Jair Bolsonaro. An AtlasIntel/Bloomberg poll published 31 August put Lula ahead of Senator Flávio Bolsonaro 47.1 per cent to 42.6 per cent in a potential run-off, down from a 49.2 per cent to 42.9 per cent lead in a July poll. In a first-round scenario, Lula led with 43.4 per cent, against 33.7 per cent for Bolsonaro, also narrower than the previous poll's 44.9 per cent to 35.8 per cent first-round split. No candidate is currently polling above the 50 per cent threshold needed to avoid an October run-off.

A narrowing race raises the stakes on the pace at which joint Pemex-Petrobras partnership moves forward, given that a Bolsonaro victory could make the pause permanent.

Chatter Box

Mayakán doubles down on the Southeast. Energía Mayakan is pushing ahead with a roughly USD 2 billion expansion of its natural gas pipeline network across Chiapas, Tabasco, Campeche and Yucatán, with the Yucatán government reporting around 700 km of infrastructure and 65% overall progress as of 28 August. Phase II is already operating, while the third and final phase is due during the first half of 2027. The project includes three new compression stations and three metering stations, and sector sources citing ENGIE put eventual transport capacity at roughly 567 MMcf/d, more than double the previous approximately 250 MMcf/d. The expanded system will draw on the corridor bringing Texas gas into the Southeast through Puerta al Sureste/Southeast Gateway.

For the Yucatán Peninsula, this is one of the more consequential pieces of infrastructure now under construction, addressing a long-standing gas bottleneck while supporting new CFE generation and industrial demand. Mayakán's main challenge is therefore no longer whether the expansion happens, but whether its final phase, rights of way, compression infrastructure and integration with Puerta al Sureste are completed on schedule.

CFE's MXN 18 billion is an allocation, not a new bond. CFE says it has allocated MXN 18.14 billion from thematic financing to 87 programmes, projects and actions, of which 83 are environmental and four social. The portfolio includes transmission, distribution, energy-efficiency and electrification initiatives, with CFE attributing to it some 30,330 GWh of renewable generation, 13.6 million tonnes of avoided or reduced CO₂ emissions and 2.6 million digital meters. The important distinction is that CFE did not raise a fresh MXN 18 billion this week: it reported how resources from thematic financing already obtained have been assigned. Sustainable Fitch has found CFE's framework aligned with ICMA principles, providing external validation of the financing structure, although not a project-by-project audit of every claimed environmental result.

Olinia gets a cargo bed. Now it needs a factory. Mexico's state-backed Olinia electric-vehicle project has unveiled Olinia Carga, its second model, designed for urban delivery with capacity for around 650 kg, room for two people and more than 120 km of announced range. The government is targeting a retail price of approximately MXN 150,000 and commercial launch towards the end of 2027, with a call for industrial partners due in September. But that price remains a target rather than a demonstrated production cost: public money has funded R&D and prototype development, while manufacturing is expected to require around USD 200 million in private capital over the first four years. The difficult part now is industrialisation — finding partners, suppliers

and financing, settling intellectual-property ownership and proving the vehicle can actually be produced at scale at the promised price.

Before finding new gas, Pemex could lose less of what it already has. Pemex's gas-utilisation performance deteriorated sharply during the second quarter, with a reported utilisation rate of 88.3% in Q2 2026 and around 778 MMcf/d of gas not being utilised, nearly double the 391 MMcf/d reported a year earlier. That leaves Pemex roughly 9.7 percentage points below the 98 per cent utilisation benchmark historically used in Mexican regulation, while Mexico and Pemex are also committed to the Zero Routine Flaring by 2030 initiative.

The timing is awkward as Mexico debates developing unconventional gas through fracking partly to reduce dependence on US imports. Not all of the 11.7 per cent gap is necessarily gas literally burned — it can include flaring, venting, nitrogen and other operational categories — but the deterioration points to an obvious source of additional domestic supply: better gathering, compression and processing of gas Pemex already produces. New wells may ultimately be necessary, but recovering more gas from existing production should be part of the equation.

Waste-to-energy — just not in Mexico. A EUR140mn waste-processing project has begun construction in Ixtapaluca, Estado de México, with announced capacity to handle around 1,200 tonnes of waste per day and create roughly 200 direct jobs. The project was launched with local political fanfare, championed by PVEM's Estado de México leader José Alberto Couttolenc as a flagship achievement of the state environment ministry under Governor Delfina Gómez, with federal SEMARNAT officials also in attendance, though the initiative itself remains a state-level project rather than a federal energy policy measure.

It has widely been described as turning rubbish into energy, but the facility itself is not currently planned as a power station: selected waste will instead be processed into hard pellets, or refuse-derived fuel, with Germany announced as the principal destination for their eventual industrial use. The project may still divert waste from landfill and recover calorific value, but it is not a local waste-to-energy plant; its environmental case will ultimately depend on what is recycled beforehand, what the pellets contain and the emissions associated with processing, shipping and eventual combustion.

The MXN 24 petrol ceiling lives on. Mexico's government and representatives of the fuel-retailing industry formally renewed the petrol-price stabilisation agreement on 31 August for another six months, seeking to keep regular petrol at or below roughly MXN 24 per litre and diesel below MXN 27. The legal distinction matters: Sheinbaum describes it as a voluntary agreement, rather than a nationwide mandatory price cap, meaning a station selling above those levels is not automatically violating a statutory maximum

price simply by doing so. Its sustainability will depend instead on crude and refined-product prices, the peso, retailer and Pemex margins and weekly IEPS support. As with previous renewals, the real test will come when international fuel prices rise sharply.

Biofuels finally have the paperwork. More than a year after Mexico enacted its new Biofuels Law, SENER has published the forms needed for companies to submit permit applications for production, import, export, storage, transport, commercialisation, distribution and retail of products including biogas, biomethane, aviation biofuel, bioethanol and biodiesel. The 31 August publication closes an important administrative gap between having a law and actually being able to apply under it, but it does not solve every technical obstacle: ethanol still depends on applicable fuel-quality and blending rules, biomethane projects need standards for injection into gas networks, and aviation biofuels require separate quality and aviation certification. As of 1 September there was also no public evidence that permits had already been granted under the new forms. Mexico's biofuels market is now open for applications; it is not yet an operating market at scale.