

★Editor's Choice

FEATURE: A call from the top for clean energy trade - Mexico

Wednesday, July 14, 2010 11:49 (GMT-0400)

When Mexico's President Felipe Calderon and his US counterpart Barack Obama met in Washington DC last May, they agreed to create a cross-border electric power task force to promote the development of renewable energy markets between the two nations.

The task force will be charged with advancing options on standards, power transmission, grid connections, and other policy measures that create market incentives for investment and trade in renewable energy technologies.

The prospect of greater cross-border energy trade is something that has been talked about for years, but this marked the first time that the Mexican and US heads-of-state jointly gave a directive aimed at making it a reality.

While a lot more was probably expected from previous efforts, including the Security and Prosperity Partnership and the North American Energy Working Group, the executive call for the creation of a task force marks a significant advance, Jeremy Martin, director of the Institute of the Americas' energy program, told BNamericas.

"The pace has been slow. But whenever an issue is raised to the level of a presidential deliverable it must be considered a positive step forward," Martin said. "Indeed, it seems fairly apparent that on the heels of the presidential agreement and announcement on this issue, both nations' energy bureaucracies have cranked to life to take it on and move it forward."

Martin Pasqualetti, a professor at Arizona State University, and Duncan Wood, a professor of international relations at the Instituto Tecnológico Autónomo de México (ITAM), both agreed that the announcement is an important signal.

"Talk is cheap, but I do take it as a positive step in terms of recognizing, at the highest level, that there are mutual benefits to both countries. It also recognizes that the border is an ideal place for renewable development," Pasqualetti told BNamericas.

"There has been lots of building up. So this is a big step forward to say we recognize the potential and we actually want to facilitate it now. This is what the private sector has been looking for - some sort of official recognition that there are obstacles there, and that the challenges are worth overcoming," Wood said.

CURRENT INFRASTRUCTURE

The two countries currently have nine interconnection points along their border. The five that connect Mexico's national SIN grid, which is operated by state power company [CFE](#), to Texas' ERCOT system have a combined capacity of 291MW and are used only for emergency situations.

Of the remaining four interconnections, which have a total capacity of 1GW and link Baja California's grid to the WECC grid, two connect to Texas and are also used exclusively for emergencies.

Two 230kV, 800MW-capacity interconnections in Baja California account for virtually all power trade with the US. In 2008, exports to the US reached 1.197TWh, while imports totaled 340GWh.

CALIFORNIA DEMAND

Exports, however, seem set to rise given the vast wind generation potential of the La Rumorosa area between Tijuana and Mexicali atop the Juarez mountain range and California's growing appetite for clean energy.

California's renewable portfolio standard (RPS) program requires power companies to provide 20% of energy from renewable sources by 2010. The state government has set its sights on 33% by 2020.

As part of this effort, Mexico's state power company CFE signed an agreement in February 2009 with the city of Los Angeles to export 100MW of power from its Cerro Prieto geothermal plant. Wind development from La Rumorosa, where Baja California's state government says there is 3GW potential, is seen as the natural follow-up.

A meeting in January at the Woodrow Wilson International Center for Scholars - where Wood is also a senior advisor for its renewable energy initiative - featured the US ambassador to Mexico, as well as representatives from the power sector, think tanks, and universities to discuss opportunities and obstacles for cross-border renewable energy trade. In terms of opportunities, the focus was almost entirely on La Rumorosa, Wood said.

The 2014 connection of Baja's grid with that of the rest of the country could enable the export of clean energy from the rest of the country through Baja California to California, Wood added.

OPPORTUNITY FOR BORDER

Officials ultimately hope that cross-border renewable energy trade will take place across more parts of the border rather than solely on the two countries' western coasts.

Both Wood and Martin agreed that, aside from the benefits associated with consuming cleaner energy, there could be other political incentives tied to its development given that the area is plagued by violence.

"This is an important issue in that it is, or can be, a positive story - a nice change from the current slate of negative news emanating from the US-Mexico border," Martin said.

"There's a lot of political will right now to improve conditions at the border, and cross-border energy trade is one way of doing that. It creates jobs, it creates infrastructure, it creates development right there at the border. It's also a much more positive spin for the border than almost all the news we get out at the moment. So I think we will see progress on this," Wood added.

There are challenges ahead to facilitate cross-border renewable energy trade, in particular the construction of transmission infrastructure. For now, though, supporters of increased trade should focus on the creation of the task force as ordered by the two presidents and the results of their first meetings.

"Ideally what we'd see is a consultation process on both sides of the border. I think that would be very, very important if you can bring in the big stakeholders. You've got excellent people in Baja California. Bring people together to see what the first steps forward are," said Wood.

"A lot will depend on who is placed on the task force, whether funds are allocated to help the effort, and who will ride herd on everything. It could go nowhere if the people are not right and the mandate not clear," Pasqualetti said.

In the next installment of this series, BNamericas will address the obstacles facing cross-border energy trade.

By [David Biller](#)
Business News Americas