



THE FUTURE OF THE ENERGY SECTOR

August, 2009



**GOBIERNO
FEDERAL**

SENER



Vivir Mejor

MEXICO'S ENERGY POLICY

Mexico's energy policy is based upon securing the energy necessary for the country's development, at competitive prices and international standards of quality, while reducing its environmental effects; as well as promoting energy efficiency and the diversification of its primary energy sources.

Energy Sector Program Objective II.2.

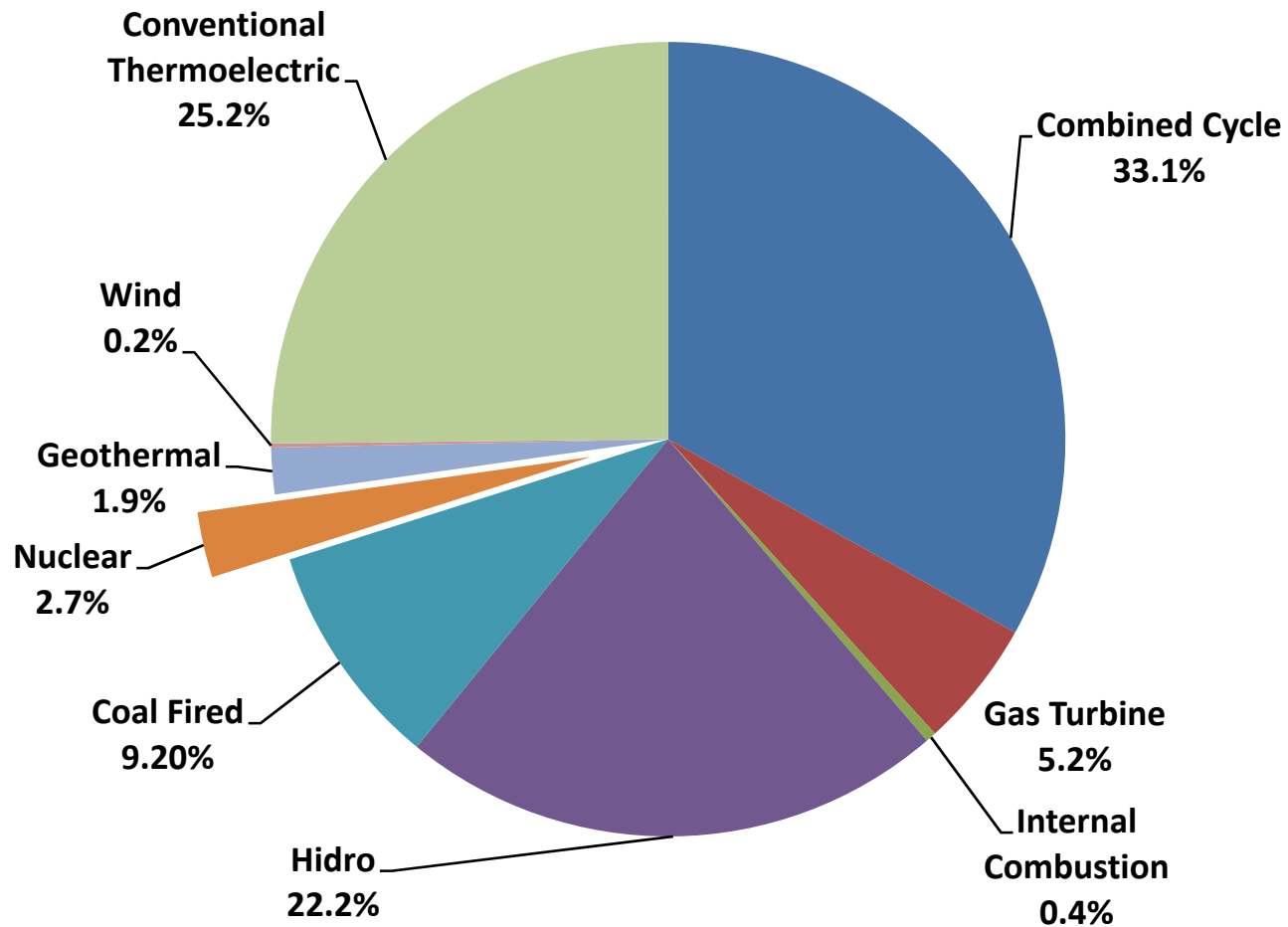
Balance the portfolio of primary energy sources

Strategy II.2.1.- Strengthen reliability and security of supply of energy sources for electricity through the diversification of technologies and generation sources, and to foster, through specific mechanisms, the use of energy sources that do not increase green-house gas emissions.

Strategy II.2.2.- Analyze the feasibility of increasing electricity generation with nuclear technology, with strict use of international safety standards and operative reliability, contributing to the sustainable development of the country.

INSTALLED CAPACITY BY TECHNOLOGY (DECEMBER 31st 2008)

By the end of 2008, 51,105 MW of capacity had been installed.



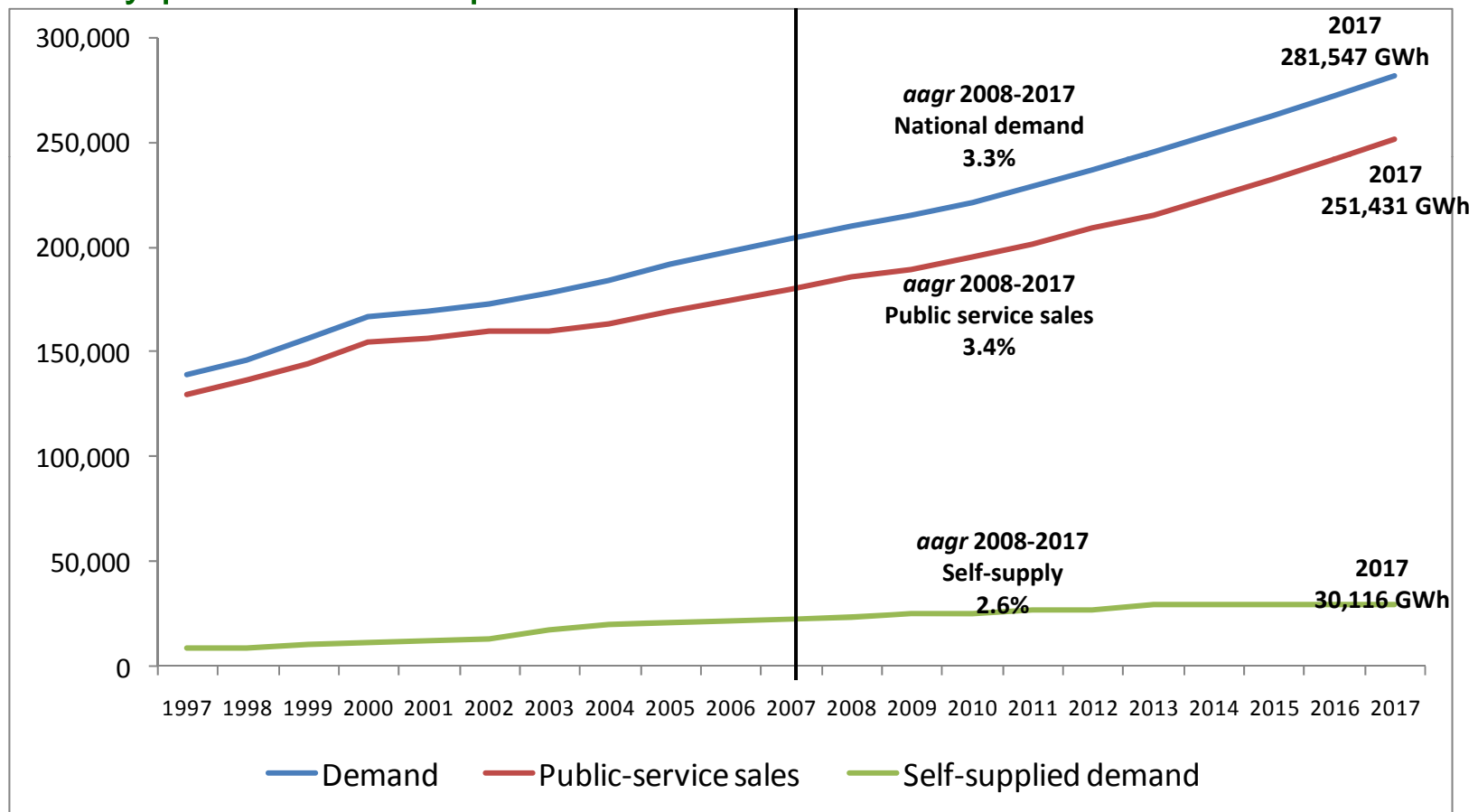
Source. Comisión Federal de Electricidad



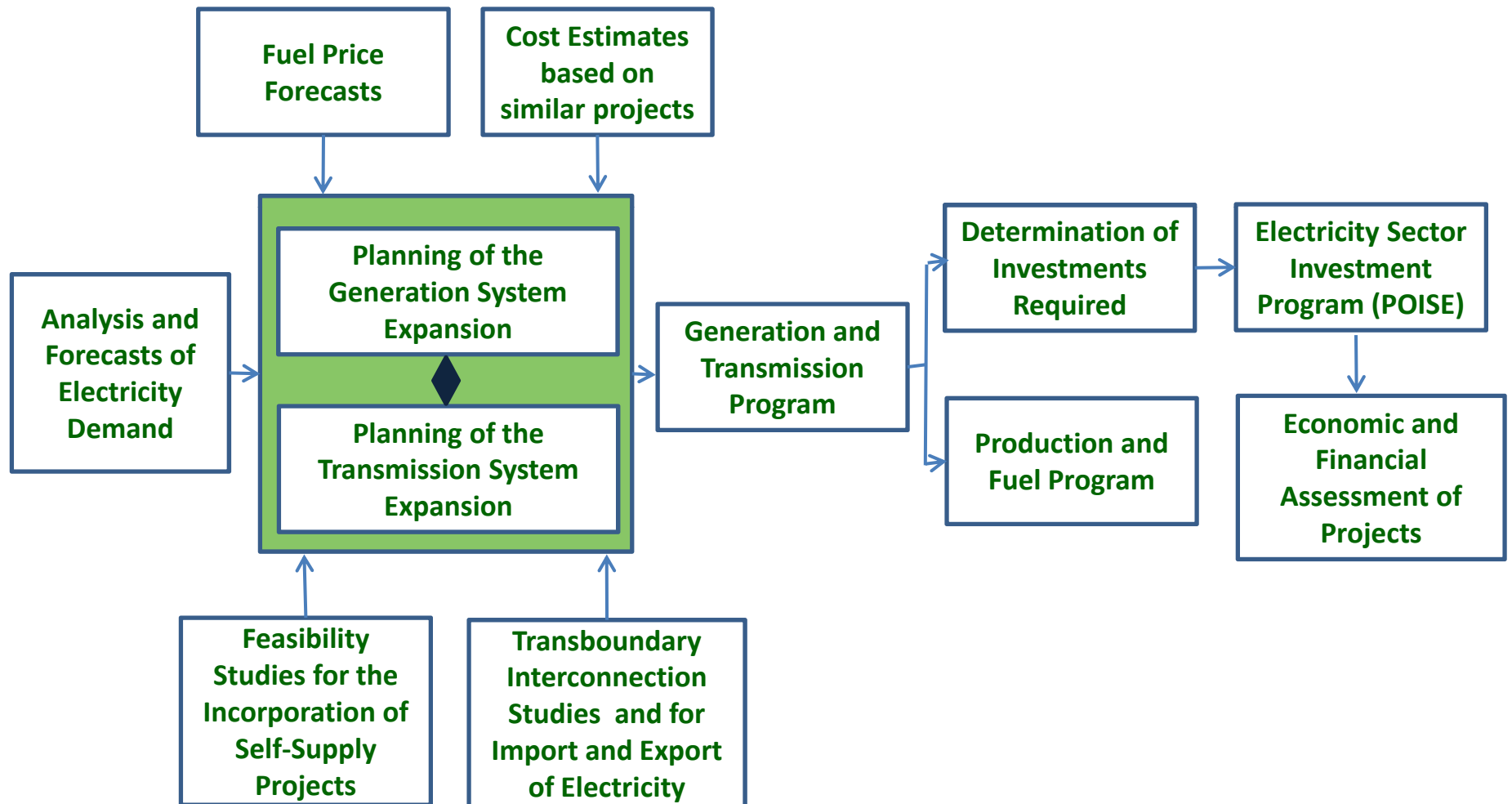
Long Term Energy Planning

NATIONAL POWER DEMAND'S EXPECTED EVOLUTION 1997-2017 (GWh)

During the 2008-2017 period, national power demand is expected to grow at an annual average rate of 3.3%. This growth will be mainly driven by public-service power sales.



CAPACITY EXPANSION PLANNING



ENERGY POLICY RESTRICTIONS TO DETERMINE TECHNOLOGY OPTIONS

Alternatives for base load electricity at a large scale:

1. Coal
2. Natural Gas
3. Nuclear

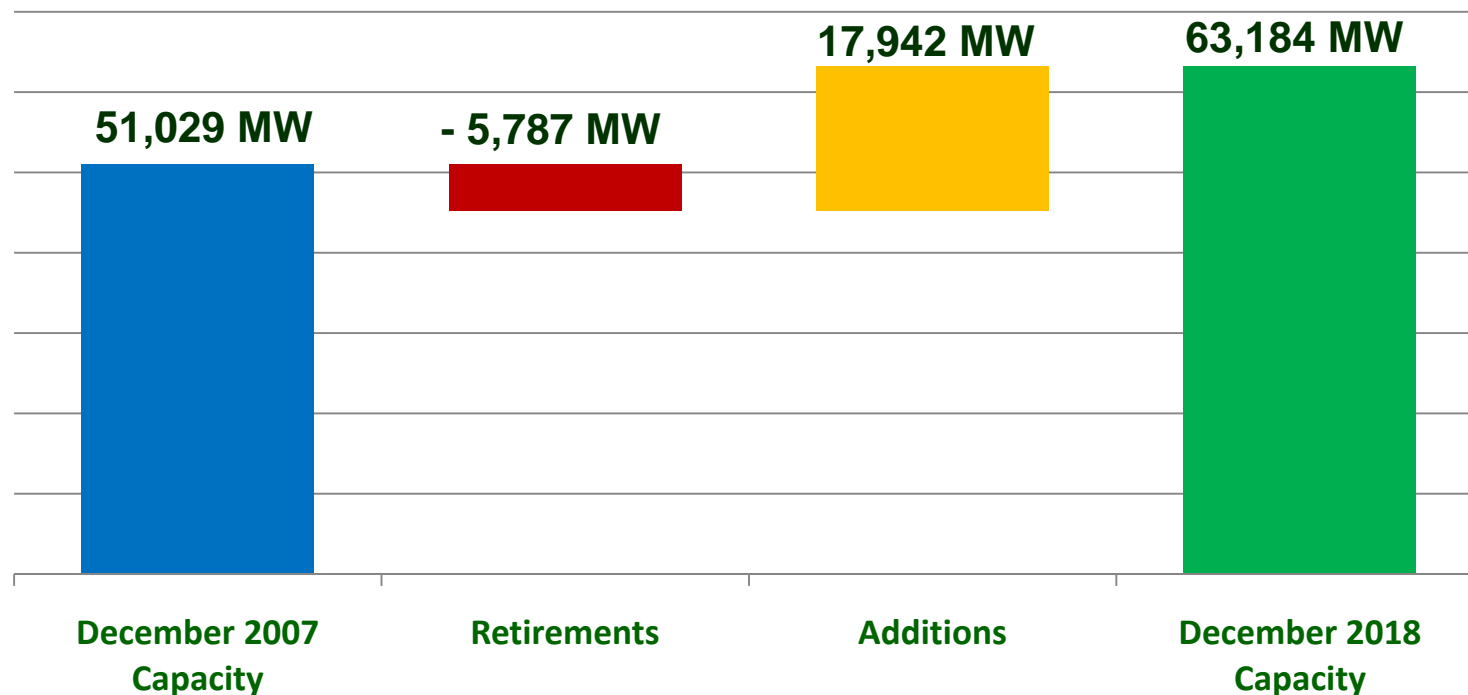
Guidelines established by SENER*

- | | | |
|---|--|-----------------------------|
| ▪ Natural Gas: | 40 per cent | } Green House Gas Emissions |
| ▪ Coal: | 15 per cent maximum
(incorporating technologies to lower emissions) | |
| ▪ Fuel Oil and Diesel: | Reduction to 12 per cent | |
| ▪ Renewables:
(Hydro, wind and geothermal) | 25 per cent | |
| ▪ Free Technology: | 8 per cent | |

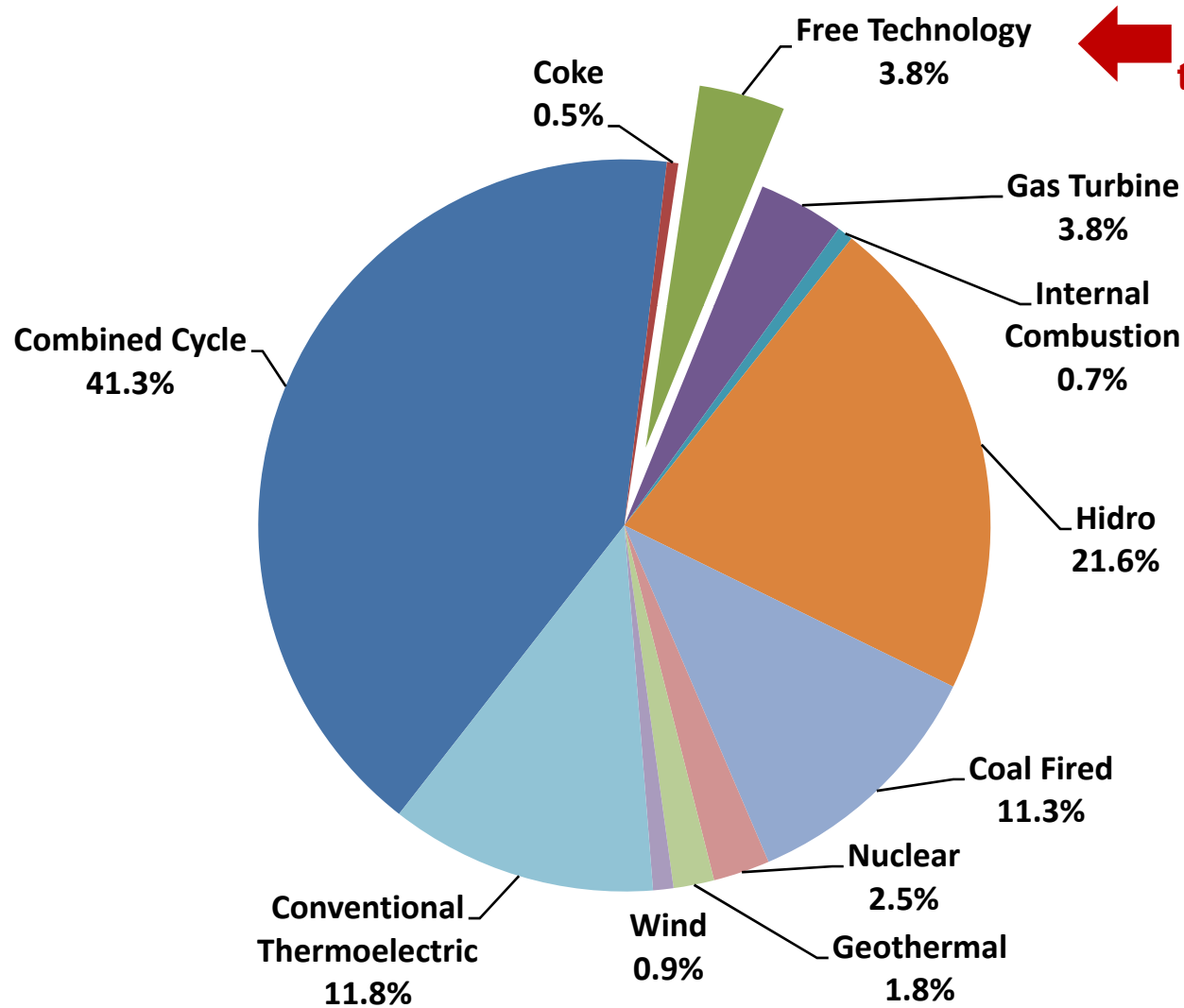
NATIONAL POWER SYSTEM'S EXPANSION PROGRAM

National power demand is expected to grow at an annual average rate of 3.3% for the 2009-2018 POISE. This growth assumes a GDP growth of 2.3% for the same period.

To satisfy the increase in demand at the end of the period, 17,942 MW of additional capacity will be required.

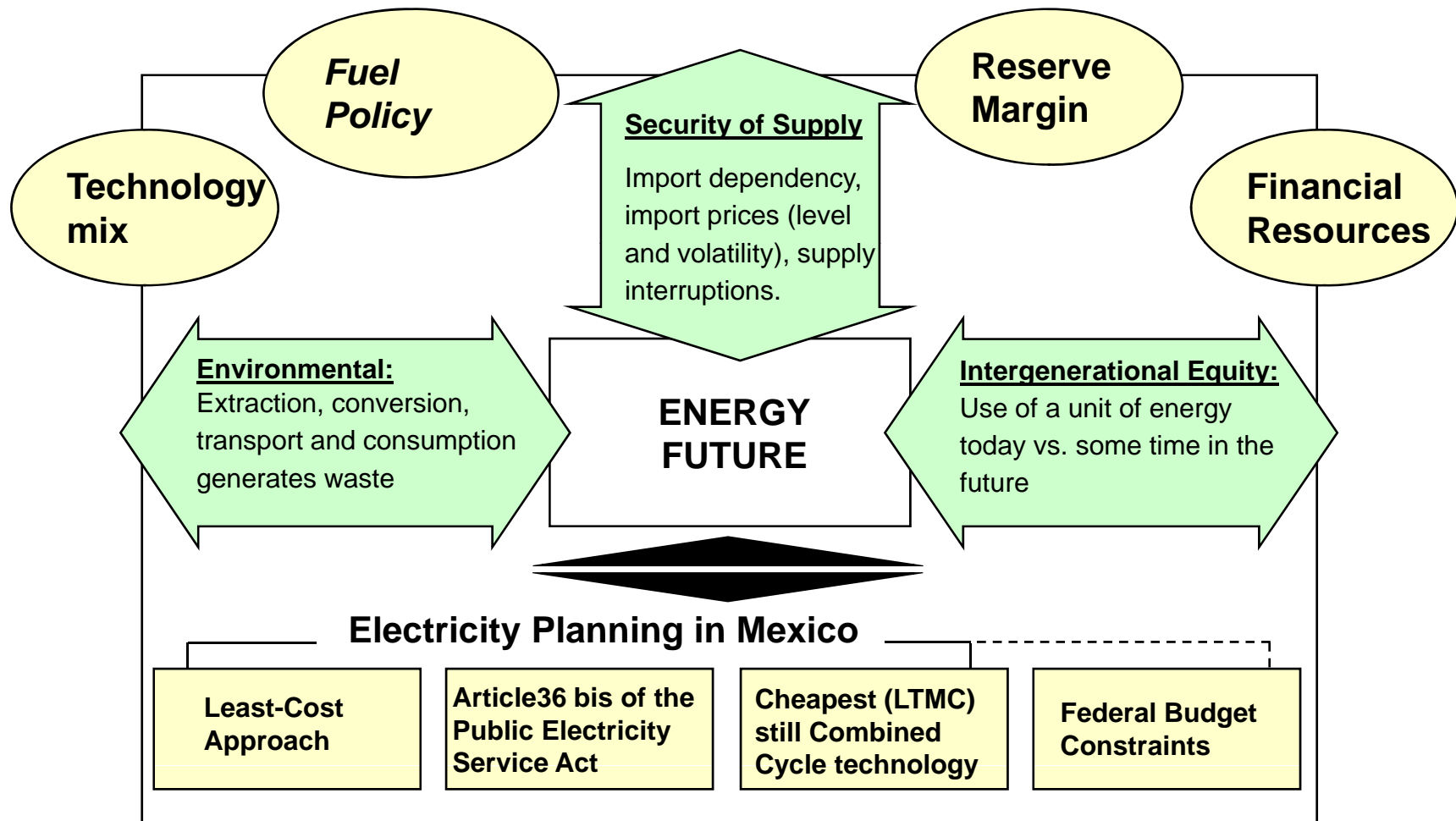


PLANNED CAPACITY MIX FOR 2018



What other technologies should be considered?

ADDITIONAL CONSIDERATIONS FOR MEXICO'S ENERGY FUTURE





THANK YOU

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