

# ENERGY STORAGE DEMAND MEXICO CITY

## POLICY ANALYSIS RELATIONSHIP



Is there a demand for energy storage in Mexico? Presently, there is not a strong demand for energy storage in Mexico. However, after the electricity reform and the commencement of operations of the Wholesale Electricity Market has opened up the market to private investments, other electricity trading alternatives may be developed in Mexico.



What drives the value of energy storage in Mexico? The cost-benefit analysis revealed that the most important driver behind the value of storage is associated with fossil fuel savings from displacing fuel oil generation. Currently, the fraction of electricity generated in Mexico using fuel oil is larger than the amount of electricity that storage capacity considered in this study could provide.



Should energy storage be a priority in Mexico? If energy storage deployment is considered a priority in the following years, Mexico could accelerate investments through a mix of storage procurement targets and financial incentives. A strong storage market can also be built over time by offering rebates, loans, investment grants, tax credits or other financial incentives.



Will ancillary services affect energy storage projects in Mexico? These new requirements for the reliability of the Mexican electricity system may force CENACE (the National Centre for the Control of Energy) to launch several auctions to purchase ancillary services that may have a positive impact for electricity storage projects.



Will energy storage technology be commercialized in Mexico? As there are no particular regulations under Mexican law, we anticipate that energy storage technology will be commercialized as an ancillary service under the Wholesale Electricity Market and frequency response will be a key factor in the industry's development in Mexico.

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Will Mexico start energy storage RD&D projects? The roadmap suggests developing regulations and promoting research, development and demonstration (RD&D) projects, but these proposals have not yet been adopted as a formal policy guideline. Nevertheless, Mexico is expected to start energy storage RD&D projects in the next years.



Methodology: CEEESA and the team of experts from Mexico analyzed the country's entire energy supply and demand system using CEEESA's latest version of the popular ENPEP-BALANCE software. The team developed ???



Furthermore, regarding the economic assessment of energy storage systems on the user side [[7], [8], [9]], research has primarily focused on determining the lifecycle cost of ???