

OUTLOOK FOR GEOTHERMAL RESOURCES

A business model waiting to be born

TANSITORY ARTICLE 18 of the Energy Reform Decree that was promulgated on December 20, 2013, provides that legislation will be developed in order to

exploit geothermal resources in Mexico towards the ends of 1) generating electricity or 2) applying the resources “for diverse uses.”

Diverse uses? We’ll come back to this matter in a moment.

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TEXT AND INDEX OF THE 2013 ENERGY REFORM

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Mexico is ranked fourth worldwide, behind the United States, the Philippines, and Indonesia: Where Mexico has installed capacity of about 1,000 MW, Indonesia has 1,200, the Philippines 1,900 and the U.S. 3,400.

Countries differ regarding the ownership of geothermal resources. In the U.S., there are private developers, while in Mexico, up to now, only the CFE has been authorized to exploit geothermal resources, and only for electric power generation. But this situation in Mexico is about to change: In an article in *Milenio* on February 26, Energy Minister Pedro Joaquín was quoted as having said that CFE will have its choice in a “Round Zero” for of geothermal recourses, with the implication that there would be future rounds in which private investors could participate.

The scope of this report is limited to observations about the global situation of geothermal resources as it was described by panelists at the 2014 annual conference of the Asia-Pacific Energy Resource Council I (APERC), which was held in Tokyo during the week of March 25.

Attention will be given to CFE’s geothermal plant in Michoacán that is known as “Los Azufres,” and to the outlook for public and private investment in geothermal commerce.

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