



For Immediate Release

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**Based on robust load growth and new market design, LEI's market outlook projects  
40 GW of new capacity in the next 10 years in Mexico**

BOSTON, MA, May 31, 2016 – Mexico is likely to see 40 GW of new build and up to 12 GW of retirements over the next ten years, according to a 10-year forecast by London Economics International LLC (“LEI”). Robust load growth, positive expectations of workable long-term auctions, and capacity market design are all expected to boost new entry into the market. The entry of increasingly efficient generating resources could accelerate the retirement of the older fleet (mainly oil-fired generation) and maintain a downward pressure on wholesale prices.

LEI’s new entry is in line with the Mexican Energy Ministry (“SENER”) electricity development plan which foresees 60 GW of new entry by 2030. Mexico is well on its way in the market re-design initiative that would accommodate this level of new entry. This target can be achieved, so long as plans for the long-term auctions move forward unencumbered with restrictions and unreasonable price caps, and enabling infrastructure (gas pipelines and transmission lines) is constructed over time. “Overall the fundamentals are strong in Mexico and the market design selected for Mexico has produced successful results with respect to new investment in other jurisdictions”, noted Barbara Porto, one of the authors of LEI’s study.

LEI’s market outlook for Mexico is part of an expansion of LEI’s Continuous Modeling Initiative (“CMI”) series, which covers all North American power markets and will now include Mexico. Market reports are prepared semi-annually and the forecasts draw on the latest market data and employ LEI’s proprietary modeling tools. When asked who typically buys a market price forecast from the CMI series, managing consultant at LEI, Sayad Moudachirou, commented that subscribers include IPPs, equity investors, lenders, as well as regulated utilities. LEI has even seen, in some cases, regulators and policymakers subscribe to provide industry participants with regularly updated 10-year forecasts.

Other markets covered in LEI’s CMI reports are Alberta, California ISO, ERCOT (Texas), ISO-New England, Midcontinent ISO (“MISO”), New York ISO, Ontario IESO, PJM, Southwest Power Pool (“SPP”), Southeastern US (“SERC”), and Western Electric Coordinating Council (“WECC”).

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London Economics International LLC (“LEI”) is a global economic, financial, and strategic advisory professional services firm specializing in energy and infrastructure. London Economics Press (“LEP”) publishes concise and meaningful overviews of key electricity markets worldwide, and also offers price forecasts for wholesale electricity prices and capacity market prices. For further information on LEI or LEP, please us at (617) 933-7200 or go to [www.londoneconomics.com](http://www.londoneconomics.com).