7 AFFORDABLE AND CLEAN ENERGY

CASE STUDY TITLE

Energy Reform in México - Upstream Regulation that promotes the Sustainable Development of the Oil and Gas Resources

SUMMARY

The objective of the case study is to show how the United Nations Framework Classification for Resources (UNFC) is being used by the National Hydrocarbons Commission of Mexico in order to sustainably develop natural gas deposits, so as to ensure that the national energy policy is well aligned with the SDGs. Additionally, this will improve the consistency and coherence in the capture of social and economic value, including tangible and intangible aspects of diverse resources; allow for a better integration of conventional and unconventional resource management and enhanced planning for the strategic development of the resources at different goverment levels and faster adoption of new technologies and business models. This will support the achievement of SDG 7b "expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all".

BACKGROUND

The Energy Reform initiated in Mexico (2013) has the primary objective of developing a more affordable clean source of energy. In Mexico, the main sources of this type of energy are located in unconventional deposits that need to be developed sustainably. The Energy Reform has the further objective of strengthening energy regulation and ensuring the correct regulations of oil and gas activities - including the technical evaluation of the country's economic resources.

STRATEGY

The United Nations Framework Classification for Resources (UNFC) provides an analytical framework for studies on energy, mineral and renewable energy resources, which considers the analysis of government policies, the classification and management of resources, the planning of processes and the allocation of capital in an efficient manner.

Additionally, the UNFC represents a standardized system that helps linking and analyzing the Sustainable Development Goals, that will serve as a basis for the definition of an effective platform to make decisions in energy policy and regulatory actions and will facilitate the interaction with other government institutions and stakeholders.

AT A GLANCE

COUNTRY

- Mexico

LEVEL

- National

SDG ADDRESSED

- SDG 7 - Affordable & Clean Energy

RESULTS & IMPACT

The adoption of the UNFC linked with the Sustainable Development Goals will be specially relevant for the government institutions responsible for managing energy resources (Energy Ministry, Regulatory bodies, National Oil Companies) and this adoption will be important to achieve:

- Support the general direction of energy policy to be in alignment with the Sustainable Development Goals;
- Support the fine-tuning of the regulatory aspects to be constructive and well-aligned to the energy policy;
- Consistency and coherence in the capture of social and economic value, including tangible and intangible aspects of diverse resources;
- Integration of conventional and unconventional resource management;
- Planning for the strategic development of the resources at different government levels;
- Faster adoption of new technologies and business models.

Additionally, the consistent use of specifications of the United Nations Framework Classification of Resources will allow the easy collection and assimilation of information for:

(i) External reports (for example, stakeholder communications, sustainability reporting etc.);

(ii) Financing (for example, stock exchange reporting; investment raising from the banks etc.)

(iii) Statistics and maintenance of national inventories

CHALLENGES & LESSONS LEARNED

The identification of the lessons learned is currently in the process; the pilot test related to this case study is undergoing.

Such an exercise in applying an international standard, which is related to Sustainable Development Goals at a national level, has not been performed elsewhere in the region. While there are no other significant examples to follow, this exercise sets an example of its own.

POTENTIAL FOR REPLICATION

The experience of this case study and the pilot test (focusing mainly in the development of the natural gas resources- conventional and unconventional), could be extended to the renewables projects in Mexico (both solar and wind). Moreover, the experience gained in Mexico could be replicated in other countries in the Latin American region and, possibly, other regions like Africa within the framework of south-south cooperation.

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