Mexico Renewable Energy - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2026 - 2031)

Market Report | 2026-01-16 | 110 pages | Mordor Intelligence

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Report description:

Mexico Renewable Energy Market Analysis

The Mexico Renewable Energy Market is expected to grow from 36.57 gigawatt in 2025 to 40.27 gigawatt in 2026 and is forecast to reach 65.2 gigawatt by 2031 at 10.12% CAGR over 2026-2031.

Strong federal targets, cost-competitive solar photovoltaics, and fresh development-bank credit lines anchor this expansion while the new Electricity Sector Law preserves state control through the Federal Electricity Commission (CFE). Developers focus on high-irradiance northern states, repowering wind farms along the Gulf coast, and pairing batteries with new plants to clear interconnection queues. Corporate power-purchase agreements (PPAs) are increasingly bypassing utility procurement, funneling demand toward distributed generation systems with capacities below 10 MW. Meanwhile, peso volatility and local-content rules raise financing hurdles, prompting a decisive shift toward peso-denominated lending from NAFIN and Bancomext.

Mexico Renewable Energy Market Trends and Insights

Solar PV LCOE Continues to Undercut Combined-Cycle Gas

The average utility-scale solar levelized cost of electricity reached USD 51/MWh in 2024, decisively lower than the gas-fired alternative, which must account for fuel volatility pricing. Mexico's high solar irradiation, often exceeding 2,000 kWh/m□, drives capacity factors that outclass those of its global peers and reshape merit-order dispatch. Gas units now shift toward peaking roles,

stranding investments and freeing roughly USD 1.6 billion in annual US gas import costs. Solar's zero marginal cost sharpens midday price troughs, prompting grid operators to heighten voltage and frequency controls. Developers counter curtailment risk by colocating battery storage, extracting peak-shaving and capacity-market revenues that lift project returns.

PPAs Backed by Corporate Sustainability Targets Drive C&I Demand

Multinational manufacturers, including General Motors, lock in fixed-price renewable PPAs to meet global decarbonization mandates, driving a 14.60% CAGR for commercial and industrial installations. Self-supply permits allow firms to skirt traditional utility tendering and transact bilaterally over private lines, while clean-energy certificates confirm compliance. Grupo Bachoco's 26 MW distributed solar program, spanning 19 states, highlights how aggregated commercial and industrial (C&I) loads can achieve utility-scale economics. PPA tenors of 15-20 years reduce exposure to peso swings when paired with dollar-indexed clauses, anchoring long-term viability.

Intermittency Congestion on the Sistema Interconectado Nacional

Variable generation has outpaced transmission build-out, slicing 1.9 percentage points off the Mexico renewable energy market CAGR. Only 2,600 km of new lines came online in five years, while 4,038 km remain under construction, forcing curtailments at peak production. Grid operator CENACE relies on thermal units to balance frequency, which escalates ancillary-service costs and erodes solar's price advantage. Planned □500 kV corridors aim to relieve congestion by 2027; however, permitting delays threaten to compromise timelines. Developers hedge exposure via hybrid storage or location-based hedging instruments to stabilize revenues.

Other drivers and restraints analyzed in the detailed report include:

Wind Repowering Potential of Ageing Northern-Coast FarmsGrid-Connected Battery Hybrids Approved Under CEL ReformPolicy Uncertainty Post-2028 National Electricity Plan Review

For complete list of drivers and restraints, kindly check the Table Of Contents.

Segment Analysis

Hydropower retained 37.33% of Mexico's renewable energy market share in 2025, primarily driven by legacy dams such as Chicoasen and La Angostura, which supply firm power throughout the year. The segment benefits from existing reservoirs, mature operations and maintenance (O&M) routines, and limited environmental opposition compared to new large dams. Pumped-storage retrofits in northern states are under review, which could add peak-shaving flexibility without new impoundments. Solar is advancing at a 14.02% CAGR to 2031, the fastest clip within the Mexico renewable energy market, aided by continued module-cost deflation and a wave of corporate PPAs for distributed rooftops. CFE's plan to build nine utility-scale solar plants totaling 4.673 GW underscores the state utility's pivot toward photovoltaic capacity in inexpensive desert land across Sonora, Chihuahua, and Durango.

Repowering keeps wind competitive; 2.5 GW in the Isthmus of Tehuantepec will replace aging 2 MW turbines with 5 MW-plus machines, boosting production without requiring new land leases. Geothermal remains steady at approximately 950 MW from Los Azufres and Los Humeros, providing a valuable baseload for the Mexican renewable energy industry, despite capital-constrained expansion drilling. Bioenergy projects fueled by bagasse and municipal waste operate near sugar mills in Veracruz and Jalisco, selling surplus electricity into the grid while supplying process heat onsite. Ocean energy is still nascent; regulatory standards for marine technologies are pending, which keeps private investment sidelined.

The Mexico Renewable Energy Market Report is Segmented by Technology (Solar Energy, Wind Energy, Hydropower, Bioenergy, Geothermal, and Ocean Energy) and End-User (Utilities, Commercial and Industrial, and Residential). The Market Sizes and Forecasts are Provided in Terms of Installed Capacity (GW).

List of Companies Covered in this Report:

Comision Federal de Electricidad (CFE) Iberdrola SA Acciona Energia Enel Green Power Zuma Energia Canadian Solar Inc. JinkoSolar Holding Co. Ltd. Trina Solar Co. Ltd. JA Solar Technology Co. Ltd. LONGi Green Energy Technology Co. Ltd. Siemens Gamesa Renewable Energy SA Vestas Wind Systems A/S Nordex SE Invenergy LLC Engie Mexico EDF Renouvelables Mexico TotalEnergies Renouvelables Grupo Cox Energy Enlight Mexico Vive Energia

Additional Benefits:

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3 months of analyst support

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