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Mexican State-run Utility Reaches Agreement To Sell Geothermal Electricity To City Of Los Angeles

by LADB Staff

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The Mexican government has signed a memorandum of understanding with the city of Los Angeles to sell electricity produced from a geothermal plant in Baja California to the California municipality. Under the accord, the state electric utility (Comision Federal de Eletricidad, CFE) will sell about 100 megawatts of power per month from its Cerro Prieto geothermal plant in Mexicali to the Los Angeles Department of Water and Power (LADWP). The agreement benefits both sides, allowing Los Angeles to move closer to its goal of obtaining 20% of its power from renewable sources within the next two years and providing the CFE a customer to acquire excess production from Cerro Prieto, which has a 720 MW capacity.

CFE director Alfredo Elias Ayub said Mexico is the world's second-largest source of geothermal energy. "We have two options with the excess geothermal energy produced at our plant in Baja California we either allow it to go to waste or sell it," said Elias Ayub. "Fortunately for us, [Los Angeles Mayor Antonio] Villaraigosa came up with some ambitious goals regarding renewable energy." While the accord would formalize the sale of geothermal power to Los Angeles, the LADWP had already received 25 MW of geothermal power from Cerro Prieto in December and another 50 MW in January. In addition to sale of electricity, the agreement provides for the CFE to give technical assistance to the LADWP. Mexico seeks to export surplus production Ayub said the sale to the LADWP will help the CFE meet its target of exporting more than US\$100 million worth of energy in 2009, including sales to Los Angeles and to Guatemala and Belize. "We will supply more than 50% of Belize's electricity needs, and we recently signed an agreement with Guatemala," the CFE director told the official news agency Notimex. Since the late 1990s, Mexico has increased electricity production by about 50% to about 50,000 MW and, as a result, has excess energy available for export.

Total output includes almost 35,000 MW generated by the CFE and other state-run utilities and 11,500 MW developed by private sources. "Mexico is no longer a country that produces electricity only for its domestic market," Mexicali Mayor Rodolfo Valdez Gutierrez told Mexicali newspaper La Cronica de Baja California. "Rather, we are extending beyond our borders to help the efforts to create a more efficient region." The plan to acquire geothermal energy from the Cerro Prieto plant is part of Villaraigosa's "Green LA" campaign, a comprehensive environmental program that seeks to reduce the city's greenhouse gas emissions to 35% below 1990 levels by 2020. As part of the plan, the Villaraigosa administration has set a target of acquiring 20% of the LADWP's power from renewable sources by 2010. Purchasing geothermal electricity from the Cerro Prieto plant brings the utility closer to that goal.

As of October, before the agreement was finalized, the LADWP was acquiring about 10.6% of electricity from renewable sources. "The mayor said he remained optimistic that he could reach his renewables goal, which is designed to help the utility reduce its reliance on fossil fuels," the

Los Angeles Times said in a Feb. 3 blog. Villaraigosa said that the goal would probably be attained toward the end of 2010 and not the beginning of the year.

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