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Calderón Government Opens Three New Wind-Power Projects in Oaxaca

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In late October, President Felipe Calderón inaugurated three new wind-power projects in Oaxaca, adding another 300 megawatts of wind-generated capacity to the state. With the three new facilities—Piedra Larga, Oaxaca I, and La Venta III—the Isthmus of Tehuantepec, known for its favorable wind conditions, now has more than a dozen power plants.

The expansion of wind energy is part of the Calderón government’s plan to greatly expand the use of renewable energy in Mexico and reduce reliance on fossil fuels (SourceMex, Oct. 21, 2009 and NotiEn, September 2011). Under the president’s long-term energy plan for 2012-2026, wind-powered energy would account for almost 17% of the electricity produced in Mexico (SourceMex, March 7, 2012). As part of the plan, the president has targeted a 30% reduction in greenhouse-gas emissions by 2020.

So far this year, Mexico has more than doubled its installed wind-power capacity to about 1.3 gigawatts from 519 MW last year. In contrast, Mexico produced only 6 MW of wind power when Calderón took office in December 2006.

Calderón said his administration has granted permits for another 32 wind-energy projects in Mexico, which have a combined capacity to produce about 2 GW of electricity.

Calderón first became involved in promoting wind parks during his tenure as energy secretary in the administration of former President Vicente Fox (2000-2006). "It seemed like a dream back then," the president said at an inauguration ceremony at Piedra Larga. "Many people, including experts on the electrical industry, were saying that it was a fantasy, a personal project of the energy secretary."

Under the scheme established under the Calderón administration to promote energy projects, multinational companies were given incentives to invest capital to construct the facilities and to manage the plants once they were online.

The largest of the three new plants in Oaxaca was constructed in the industrial park of Piedra Lisa near the community of Unión Hidalgo with the sole purpose of providing energy for the 65 plants owned by baked-goods company Grupo Bimbo, as well as other entities that have made arrangements with Bimbo to obtain power from the plant. They include Grupo Calidra and Frialsa Frigoríficos and the Papalote Museo del Niño.

The plant, which will produce about 90 MW, is a project of Desarrollos Eólicos Mexicanos (Demex), an affiliate of Spain’s Renovaial Energy. The company plans a second phase at Piedra Lisa, which will have the capacity to produce 137 MW.

Mexico’s giant cement company CEMEX also commissioned the construction of wind-powered plants in Oaxaca to power its facilities around the country (SourceMex, Jan. 28, 2009).
As with most new wind plants in Mexico, Spanish-based companies like Iberdrola, Unión Fenosa, and Gamesa have been hired to develop and manage the new facilities. The newly inaugurated La Venta III is an Iberdrola project, while Spain’s Grupo ACS developed Oaxaca I. Other non-Spanish companies like Japan’s Mitsubishi and US-based Sempra Energy have also been involved in developing wind parks in Mexico.

**Local residents criticize foreign project developers**

The participation of multinational companies in developing the wind-power industry in Oaxaca has caused tensions with local residents of primarily indigenous communities. Local residents complain that the wind projects have displaced many communities, promoted conflicts among residents of area towns, and caused significant harm to fish, livestock, and birds. Many groups also claim that they have received few benefits or royalties from the projects despite promises by the multinationals to compensate residents.

"When they come in they promise and promise things, that they're going to give us jobs, to our farmers and our towns, but they don't give us anything," said Irma Ordoñez, an activist from the town of Ixtepec in Oaxaca. "They want to steal our land and not pay us what they should."

But President Calderón argues that the projects have been beneficial for Oaxaca and that the wind-energy farms are good for the environment. "Yes, you can fight poverty and protect the environment at the same time. This is a clear example," the president said, referring to the Piedra Larga project and other wind projects in Oaxaca.

Others local residents point out that the government’s promotion of wind energy provides good economic opportunities for residents of Oaxaca if they are allowed to develop their own facilities. Rodrigo Peñalosa, a resident of Ixtepec, said his community has approved a 100 MW wind farm. "The problem is that the Comisión Federal de Electricidad (CFE) won't allow the community project to get access to the network...but it does allow the multinationals access," Peñalosa told the Associated Press.

The CFE has placed insurmountable obstacles to community development of wind power by requiring financial guarantees of millions of dollars "that no community in Mexico could meet," said Sergio Oceransky, a spokesperson for Yansa Group, which is promoting the wind-power project in Ixtepec.

**Private sector sees opportunity in parts for renewable energy**

The Mexican private sector, meanwhile, sees broad opportunities in the manufacture of equipment for renewable energy. The multinational companies involved in the development of wind parks have been importing most of the equipment needed to construct the facilities from Europe, China, or the US.

Carlos Sandoval Olvera, president of the Consejo Nacional de Industriales Ecologistas (CONIECO), said Mexico has the ability and the resources to manufacture products like wind-turbine blades, which are made of polyester resin. He noted that special resins developed by international firms already in Mexico could be put to that purpose.

Furthermore, Sandoval said Mexican companies could not only manufacture parts and equipment for constructing renewable energy facilities in Mexico but also compete with China in the export market.
"Everyone knows that Chinese solar heaters are of very poor quality; they’re very pretty, cheap, but they don’t last long. So instead of that [we could] have equipment for our own consumption and for export," Olvera said at the Green Expo in Mexico City in September of this year.

Sandoval said the Consejo Coordinador Empresarial (CCE), one of the country’s largest business organizations, has put together a plan to present a study to President-elect Enrique Peña Nieto showing that Mexico not only is a consumer of renewable energy but also has the potential to be an exporter of equipment in that sector.

The CONIECO executive said the US will soon be bringing environmental standards for certain imports into line with those already in place in Europe. Those changes, he said, will provide Mexican manufacturers with a competitive advantage since Chinese products leave a bigger environmental footprint because of the impact of shipping and therefore will be forced to pay an ecotariff. "We’re going to put up a good fight against the Chinese," Sandoval said.

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