

# Research Note

By MAKE Consulting

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## Robust Winds Push Mexico's Market Forward

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Mexico is solidifying itself as a major wind market in the Americas. Although only 524MW has been installed through 2010, MAKE estimates a 47% CAGR between 2010 and 2016. Limited opportunities in the sluggish U.S. market have elevated the importance of the Mexican market for both developers and wind turbine OEMs in the region.

Mexico's Oaxaca state possesses a world-class wind resource with over 10GW of potential. It has quickly become the epicenter of development in Mexico. Recent transmission upgrades will help support market growth although relations with local communities need to be improved in order to realize the region's full potential. Slow development has led the government to scale back its expectation of installing 2.5GW by 2012.

Developers are also active in Baja California, just south of the U.S. border. Potential project development exceeds 5GW, but is largely dependent on export opportunities into the California market. The aggressive RES compliance schedule in California looms for utilities that have so far struggled to reach compliance. Enforcement of California's RES mandate could be a boon for project development in Baja California.

Spanish wind power companies along the value chain have taken a first-mover position in Mexico. Acciona and Gamesa have taken advantage of internal development subsidiaries to build out project pipelines and increase their market share in the region. Capitalizing on existing relationships with Spanish developers will create new order activity for these Spanish turbine OEMs.

This Research Note provides a full analysis of the Mexican wind power market. A comprehensive examination of current market activity reveals the potential of the market, but is tempered by a review of the barriers that could slow growth over the six-year forecast.

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