MIRANDA INTELLIGENCE

# Mexico Energy Chatter

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## Pemex Rated, Mexico Downgraded

Moody's has confirmed Pemex's credit rating at B1 with a stable outlook (continuing the upgrade announced in September 2025) citing its expectation that the Mexican government will continue providing "very high and timely" financial support to the state oil company. The agency also maintained Pemex's standalone credit strength at "ca" — one of the lowest scores on Moody's scale — reflecting just how weak the company's finances are without government backing.

Pemex was quick to highlight the positives. The company pointed to its financial debt falling to $79 billion in Q1 2026, its lowest level since 2014 and 25% below its 2018 peak. It also noted a successful return to local capital markets in February 2026, raising 31.5 billion pesos in a bond issuance that attracted 2.5 times the demand of the amount offered — a sign that some investor confidence has been rebuilt. The company described cost optimisation, improved investment capacity, and stable hydrocarbon production as evidence of a strengthening institutional and financial trajectory.

Moody's recently downgraded Mexico's sovereign rating from Baa2 negative to Baa3 stable, yet left Pemex's rating unchanged precisely because the two are so intertwined. This dynamic cuts both ways: Moody's and Fitch raised Pemex's rating roughly a year ago after concluding that government support was even stronger than previously assumed — but that same conclusion became a reason to pressure the sovereign, since a tighter link between Pemex and the state means more fiscal contagion risk for Mexico itself. S&P – which has long aligned its ratings of Pemex and S&P arguing that they are the same risk – recently cut the outlook for the debt of both in part on the basis of increasing fiscal support for Pemex. Pemex effectively drags the sovereign down with it.

The operational picture that underlies all of this remains troubled. Moody's warned that current oil field development schemes are unlikely to meaningfully increase crude production, that refining operations remain inefficient, and that the strategy of prioritizing domestic processing over exports limits the company's ability to benefit from higher international oil prices. Fuel price caps and reduced capital investment add further pressure on margins and long-term productivity. The agency expects Pemex to keep generating negative free cash flow for the next 12 to 18 months, remaining dependent on extraordinary government support to meet its obligations.

As of March 2026, Pemex had roughly $8 billion in cash and $5.7 billion in committed revolving credit lines to cover near-term obligations — a buffer that Moody's describes as highly dependent on continued government support and ongoing access to refinancing. The agency

noted that the government reinforced its commitment through financial measures implemented in 2025 and support built into the 2026 budget, including a public sector pension reform designed to reduce financial pressure on state entities like Pemex.

The stable outlook reflects an expectation that little will change — for better or worse — over the next six to twelve months, as long as government support holds. Any actual upgrade, Moody's made clear, would require structural changes to strategy and operations that increase production, improve cash generation, and reduce dependence on external support.

Against this backdrop, the reshuffle of the company's upper management two weeks ago seems to signal more operational continuity than change, even if financial discipline may be tightened further. CEO Víctor Rodríguez Padilla stepped down and was replaced by the company's CFO, Juan Carlos Carpio Fragoso, which appears to consolidate the influence of Energy Secretary Luz Elena González; Carpio served under González in the Mexico City government from 2018 to 2024, where she headed the Finance Ministry and he served as Director General of Financial Administration (Sheinbaum's Finance Minister Edgar Amador also comes from roughly the same Mexico City circle, although he was squeezed out over that period). In practice, Carpio may function less as an autonomous oil executive than as the person tasked with implementing González's financial and operational discipline at the company.

Appointing the finance chief sends a rational signal to creditors: tighter controls, more discipline and a closer relationship with the Finance Ministry. But markets are unlikely to treat a management change as a substitute for structural improvement.

## Emilia Caleja first in-depth interview as CFE's CEO

Emilia Calleja gave her first ever interview as CEO of Comisión Federal de Electricidad to Bloomberg Línea, laying out the state utility's priorities as Mexico prepares for a large increase in electricity demand tied to nearshoring, industrial expansion and data centre investment. Calleja said transmission and distribution had become the company's immediate priority after years of underinvestment, even as CFE continues expanding generation capacity.

Calleja said CFE's expansion plan contemplates around US$30bn of investment across generation, transmission and distribution infrastructure. She framed the strategy around maintaining the constitutional 54%-46% split between public and private participation in the electricity market through mixed investment schemes.

The executive argued that Mexico already has sufficient generation capacity in many regions, but that bottlenecks in transmission and distribution networks are now the principal constraint for industrial growth. She said CFE had reduced nationwide electricity interruptions by 7%

between 2024 and 2025 through rehabilitation work on substations, transmission lines and generation assets.

Key priorities outlined by Calleja included:

- Reinforcing transmission and distribution infrastructure after what she described as years of under-investment
- Expanding mixed investment schemes with private companies under the 54%-46% model
- Using Fibra-style financing structures backed by CFE assets to fund infrastructure projects without straining the balance sheet
- Accelerating modernization and preventive maintenance programs across the grid
- Preparing the electricity system for higher demand linked to nearshoring, artificial intelligence and data centres.

Calleja said the first mixed contract tenders should support at least 7,500MW of new capacity, with a target for projects to begin operating by the end of 2029. She added that authorities could ultimately reach 10,000MW depending on private sector participation.

On financing, Calleja highlighted the utility's January 2026 US$1.5bn bond issuance, which she said was oversubscribed seven times. She also pointed to the possible expansion of Fibra-like structures beyond the existing Fibra E vehicle backed by transmission assets.

Calleja defended CFE's financial position after rating agencies revised outlooks linked to sovereign risk. She said CFE posted net profit of more than MXN139bn in 2025, had assets approaching MXN3tn and served 50m customers nationwide.

The CEO also addressed concerns around electricity supply for data centres and artificial intelligence projects. She said CFE is participating in technical working groups with the Energy Ministry and Digital Transformation Agency to evaluate future demand requirements and transmission needs.

## Floating Plant for Rising Demand

Mexico's grid operator CENACE, along with the Energy Ministry, CFE, and the state government of Quintana Roo, has signed a deal with Turkish company Karpowership (the world's largest owner and operator of floating power plants) to deploy a 250 MW powership and an accompanying LNG terminal vessel off the coast of Quintana Roo. The project will add generation capacity for three years to help manage peak demand in a region that has suffered seasonal blackouts. No price was disclosed.

Karpowership currently owns and operates 45 powerships with over 8,500 MW of installed capacity, plus 11 LNG terminal vessels, serving customers across four continents. The company's integrated LNG-to-power model is already operating in Brazil, and it also has active operations in the Dominican Republic, Guyana, and Ecuador. Its entry into Mexico coincides with the recent acquisition of a shipyard in Brownsville, Texas, signaling a long-term commitment to the Americas. The deal is part of President Sheinbaum's broader push to attract private capital into energy, with the government targeting a 34% increase in energy investment over 2025.

But the floating plant is essentially a stop-gap project, awaiting fully integrated natural gas connections in the region for the two new combined-cycle plants that were built under the previous CFE administration, and transnational gas pipelines under AMLO. Meanwhile, LNG delivered by ship is considerably more expensive than piped gas, making this costly. A transmission line that would have strengthened Yucatán's connection to the national grid was attempted under Peña Nieto but cancelled during AMLO's term. The result: Mexico keeps paying more for temporary solutions to a problem it has yet to solve permanently.

## Pemex and Petrobras: A Match Made in Deepwater

President Sheinbaum has announced that Pemex will sign a memorandum of understanding with Brazil's Petrobras in June, following discussions that began in March. The deal focuses on deepwater exploration — an area where Petrobras is the world leader, extracting 80% of its production from deepwater fields — but also covers methodologies for mature fields and potentially biofuels, where Brazil has decades of sugarcane-based experience.

Petrobras CEO Magda Chambriard visited Mexico to meet Sheinbaum earlier this month, framing the partnership as part of a broader push into new markets that also includes Africa and, she said, "very probably Venezuela." Her pitch for Mexico rests on a straightforward observation: while the US side of the Gulf of Mexico is heavily developed, the Mexican deepwater zone remains largely untapped — precisely the frontier environment where Petrobras specializes.

The two companies have traded places over the past two decades. Pemex once produced over 3 million barrels per day and now lags at 1.6 million, its lowest in four decades, while Petrobras has climbed to 3.2 million. Petrobras's financial discipline is equally striking: after operating at a breakeven of around $89 per barrel last year, it is targeting $59 for 2026 and $48–50 by 2030.

Experts identify two pillars of Petrobras's turnaround worth studying. The first was divesting non-strategic refining and commercial assets. The second was its pre-salt licensing model, where Exxon, BP, Chevron and others were allowed in only with Petrobras as mandatory operating partner — giving it frontier technology and risk-sharing without ceding control. There is a

historical irony here: Brazil originally modelled its national oil institute on Mexico's own Instituto Mexicano del Petróleo, meaning Pemex would partly be relearning from an institution it helped inspire.

For Pemex, the two priority areas are the Cinturón Plegado Perdido zone — where Pemex is already developing the Trión field with Australia's Woodside — and Campeche Oriente, which presents geological conditions similar to Brazil's pre-salt. Both require advanced seismic analysis, semi-submersible platforms and specialized production vessels that Petrobras already operates at scale, and both need oil prices of $50–60 per barrel to be economically viable.

Energy analyst Gonzalo Monroy argues Petrobras will contribute seismic interpretation to identify prospects Pemex hasn't detected, but Pemex will bear all the drilling costs. Only on a successful discovery would the field be divided, with Petrobras stepping in as operator. Pemex carries the financial risk upfront; Petrobras collects the upside if it pays off.

Experts also argue Pemex needs to break with the political taboo around crude imports. Mexico's seven refineries, at an optimal 85% utilization, would require around 1.7 million barrels per day — more than current domestic production can supply. Importing crude for better feedstock blends, they argue, is a practical necessity.

And underlying all of it is the governance question: Petrobras's recovery depended not just on technical decisions but on institutional ones — real management autonomy, independent board members with genuine authority, and insulation from short-term political pressure. Pemex has gone the opposite direction, now being jointly managed by the Finance and Energy Ministries, which given the state the company finds itself in, is probably the least bad solution, but not one that will generate a sustained recovery.

## EU Clean Energy Financing Unlocked?

Mexico and the European Union signed the Modernised Global Agreement (MGA) at the National Palace on May 22 — the first major overhaul of their bilateral framework since the original 2000 accord, and the first EU-Mexico summit at the highest level in 11 years. The deal covers trade liberalisation, political dialogue, investment, security cooperation, and binding commitments on labor, environment, and human rights. Full implementation isn’t expected until late 2026 or 2027.

Energy is at the centre of the EU pledge to mobilise €5 billion (approximately 100 billion pesos) in Mexico through its Global Gateway investment strategy, in alignment with Sheinbaum's Plan México. President of the European Commission Ursula von der Leyen identified clean energy, sustainable mobility, the circular economy, and digital infrastructure as the primary targets —

and the MGA's binding commitments on climate action and the energy transition are, in practice, the conditions that unlock European capital.

The sectors where the fastest growth is expected include renewable energy, advanced manufacturing, critical minerals, and pharmaceuticals — all areas where Mexico's industrial base intersects with Europe's supply chain diversification priorities.

The EU is already Mexico's second-largest foreign investor, with over €208 billion in accumulated investment. The MGA now adds institutional architecture that makes the energy relationship stickier: a specialised investment dispute tribunal provides the legal certainty that large-scale infrastructure projects require; relaxed rules of origin in key industrial sectors ease the integration of European equipment and components into Mexican renewable energy supply chains; and Mexico's incorporation into the European Enterprise Network opens direct connections between Mexican firms and EU value chains in clean technology.

As difficult USMCA negotiations loom, Mexico is deliberately building up the rhetorical and symbolic significance of Europe as a (distant) secondary pillar in its trade and investment architecture. For the energy sector, this means attracting European capital in renewables and grid infrastructure, positioning the energy transition as a long-term complement to North American industrial integration, rather than a hedge against it.

For states with strong renewable energy profiles — Yucatán has been specifically highlighted, given its solar and wind project pipeline and its ESG credentials — the MGA creates a direct channel to the category of European capital that conditions investment on verifiable sustainability standards. Global Gateway's model is public-private co-investment in infrastructure that meets the EU's own climate commitments, and Mexico's energy transition agenda, as articulated under Plan México, is designed to meet those criteria.

## Carlos Slim Pulls Back from New Pemex Bets, Even as Energy Investment Continues

Speaking at a press conference, the Grupo Carso chairman, the country's richest man, and most important private investor in Mexico's energy sector, suggested he would be more cautious going forward on Mexico energy bets, even if he would be continuing with existing large projects. Taken together, Slim said his projects alongside Pemex and private operators could add around 1 million barrels per day of additional production within two to three years.

Slim has become Pemex's most important private partner, through upstream acquisitions including Petrobal, offshore assets, a partnership with Sama, and projects such as Ixachi.

- Slim highlighted Pemex production has collapsed from historic highs. Slim noted Mexico produced 3.2 million barrels per day under Presidents Fox and Calderón, falling to roughly 1.5 million today. He argued President Sheinbaum's target of 1.8 million bpd would put Pemex "in very good condition," and suggested output could flex with oil prices — easing when crude is strong, ramping up when it weakens. He attributed Pemex's financial strain to "low production and a large structure and costs," urging the company to "concentrate on producing oil," and contrasted the missed opportunity of today's $100-plus prices with the windfall Pemex captured at peak output.
- Grupo Carso is financing 16–32 wells at the Ixachi field. Under an agreement with a cash-constrained Pemex, Carso is funding drilling at Ixachi, which already has 35 wells producing an average of 5,000 barrels per day each, plus significant associated gas. Slim estimated the field alone could add roughly 200,000 bpd within two years, with each well financed over a 21-month payback. He stressed the associated gas is being underutilised and should be captured for petrochemicals and combined-cycle power.
- Deepwater project targets 90,000–100,000 bpd. Carso and US/UK partners are participating in a 180-metre-depth field alongside the Mexican government and Pemex, using a semi-submersible rig with anchors rather than a fixed platform. First production of 50,000–60,000 bpd is expected within 18 months, scaling to 90,000–100,000 bpd over three to three and a half years. Slim separately noted Australian operators are now drilling at depths of around 2,500 metres in Mexican waters, well beyond Carso's shallower play.
- Slim called Lakach "irrational" and ruled out fracking. He criticised pursuing gas 65 km offshore at 900-metre depths when equivalent gas is available onshore at Ixachi from four to six wells. Pemex has already sunk over $1 billion into Lakach materials, he said, but the economics do not justify continuing. The original plan had involved four partners before narrowing to Carso alone. Asked separately about fracking, Slim said Carso was "saturated" and not pursuing new projects there either.
- Carso is reactivating dormant drilling capacity. Slim revealed Carso owns 19 drilling rigs, of which 12 have sat idle for more than 12 years across successive administrations. The group is now in talks with private onshore operators to rent the equipment out, a concrete sign of how dormant Mexican upstream capacity has been — and of how Carso is repositioning its services arm as activity picks up.

## In other energy news...

**Cheap Fuel, Fragile Supply:** Mexico’s fuel market came under renewed pressure this week as industry representatives warned that the government’s informal gasoline price controls could begin to strain supply conditions across parts of the country. Speaking during ONEXPO 2026 in Mérida, former Economy Minister Ildefonso Guajardo argued that artificially constrained prices

create a simple commercial problem: if selling fuel ceases to be profitable, distributors and station operators eventually lose the incentive to keep supply flowing normally. Reports of terminal interruptions, critically low inventories in Reynosa and storage levels below three days in the Valley of Mexico reinforced the sense that the system is operating with increasingly limited margins for disruption.

Pemex has denied a generalized national shortage, and both things can simultaneously be true. Mexico may still have sufficient aggregate fuel availability while facing regional fragility caused by logistics bottlenecks, inventory limitations and compressed margins. The broader issue is that the government's strategy increasingly depends on balancing political price stability against the commercial realities of distribution. As the USMCA review approaches, fuel pricing risks evolving from a domestic affordability issue into a broader debate over market conditions and state intervention in the downstream sector.

**CFE's World Cup Stress Test:** CFE's special operational plan for the 2026 FIFA World Cup reflects the extent to which electricity reliability has become a matter of national visibility. The utility confirmed the deployment of more than 2,600 workers across strategic substations, transmission circuits, airports and transport systems linked to the tournament's venues in Mexico City, Guadalajara and Monterrey. The preparation extends beyond stadiums themselves and includes infrastructure tied to urban mobility projects such as the expansion of Metrorrey in Nuevo León.

The World Cup therefore becomes not just a sporting event, but a live reliability audit under global scrutiny. That sensitivity is shaped in part by recent operational history, including the grid alerts and emergency conditions declared during the 2024 heat waves, as well as more recent reliability mechanisms activated by CENACE in parts of the country. What stands out is that the strategy focuses less on expanding generation capacity and more on shielding critical nodes through redundancy, coordination and rapid response capability. Any disruption during the tournament would immediately transform a technical failure into an international reputational problem.

**Laguna Verde: Losing Nuclear Knowledge?** Warnings from former workers and retirees linked to Laguna Verde introduced a different kind of energy security debate this week, centered not on infrastructure, but on institutional memory and technical capacity. Former personnel associated with Mexico's only nuclear plant argued that recent constitutional changes affecting pensions and retirement limits could accelerate the departure of specialized workers and weaken long term knowledge transfer inside the facility. CFE rejected the claims and insisted that Laguna Verde continues operating safely and under international standards.

Still, the controversy matters because nuclear infrastructure depends as much on tacit operational knowledge as on physical assets themselves. Laguna Verde recently secured

license extensions allowing operations into the 2050s, effectively confirming that the plant will remain strategically relevant for decades. The broader tension is therefore not simply fiscal, but organisational: whether austerity measures designed for the public sector can coexist with the long-term workforce stability required by critical nuclear infrastructure.

**Mexico's Biogas Window Opens:** The VI National Technical Biogas Forum organised by SENER and the Mexican Petroleum Institute highlighted how rapidly biogas is moving from the margins of Mexico's environmental agenda toward the center of its broader energy security conversation. The event arrives at a moment when Mexico finally possesses a more coherent institutional framework for the sector following the publication of the Biocombustibles Law, its regulation and the new circular economy legislation. What makes the discussion more relevant is the scale of the underlying resource base. Mexico generates massive volumes of organic waste that continue flowing into landfills despite their potential use for biomethane production and energy generation. The challenge is no longer conceptual, but operational: injection rules, offtake structures, municipal coordination and project bankability. The broader shift is political as much as technical.

**Mexico's Next Electricity Bottleneck:** A presentation circulated this week by Mexican energy authorities and regulators on the integration of data centres into the National Electric System offered one of the clearest acknowledgements yet that the country's digital expansion is rapidly becoming an electricity planning challenge. The document estimates that Mexico will need to absorb roughly 1,500 MW of additional data center demand by 2030, while repeatedly describing these facilities as intensive, continuous and geographically concentrated electrical loads with extremely high reliability requirements.

What stands out is the growing recognition that Mexico's electricity framework was not originally designed around massive digital loads. The presentation openly references congestion risks, transmission bottlenecks, interconnection queues, and the mismatch between the speed of data centre deployment and the much slower expansion of grid infrastructure. Rather than treating data centres simply as new consumers, authorities increasingly appear to view them as strategic infrastructure requiring coordinated planning between transmission, storage, self-consumption and industrial policy. The implication is significant: the AI era is beginning to collide directly with the physical limits of Mexico's electricity system.