


# Chapter 4

## Green and Renewable Energy Policy in Relation to Financial Literacy in México

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### ABSTRACT

*This research examines the connection between the green and renewable energy policy of Mexico and the country's financial literacy level. The article examines how financial awareness and knowledge contribute to the participation of citizens in renewable energy programs, investment in green technologies, and the overall success of environmental policy implementation. The article concludes that additional focused financial education aimed at green energy investments would notably increase policy attainment and accelerate Mexico's transition to renewable energy.*

### INTRODUCTION

Mexico stands at a crossroads in its energy evolution journey, balancing traditional fossil fuel reliance with urgent necessities of green energy transition imperatives. As the world's 11th largest economy and Latin America's second-largest country, Mexico's energy decisions carry significant implications for regional and worldwide climate objectives. Mexico's compliance with international climate agreements, including the Paris Accord, has necessitated the rebuilding of its energy policy

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framework in support of green and renewable energy. Mexico is at a juncture of energy policy as it seeks to attain environmental sustainability and socioeconomic progress. This report explores Mexico's transition from fossil fuel use to green and renewable energy, and how financial literacy enables and is enabled by this transition.

The Mexican energy sector has been dominated by fossil fuels historically, and oil and natural gas have represented approximately 75% of the country's energy matrix as of 2023. However, recent policy measures, including the Energy Transition Law (Ley de Transición Energética) and the General Climate Change Law (Ley General de Cambio Climático), have raised the bar for the transition to clean energy. Mexico aims for 35% clean generation by 2024 and recently established plans to reach 45% renewable energy by 2030, one of the most ambitious renewable energy targets in Latin America.

At the center of this energy transformation is the concept of financial literacy, made up of the knowledge, ability, and faith to make informed financial decisions. In the context of energy policy, financial literacy is of particular interest as it influences investment decision, policy implementation efficacy, and public uptake of renewable energy technologies. The intersection of financial literacy and energy policy is one such niche that is under-represented in academic literature, particularly in the context of developing economies like Mexico.

This research addresses a significant knowledge deficiency regarding the contribution of financial literacy to the success of energy policy implementation and renewable energy adoption in Mexico. The research embraces multiple facets of this relationship, including the influence of financial literacy on investor trust in renewable energy investment, the green technology adoption by consumers, and the effectiveness of governmental energy policy. Moreover, the research addresses how greater financial literacy among policymakers, investors, and citizens can accelerate Mexico's transition to a more sustainable energy future.

Mexico has ambitious targets of achieving 35% clean energy by 2024 and 45% renewable generation by 2030, requiring substantial investments valued at \$48 billion. Employing a mixed-methods approach combining policy analysis, literature review, and empirical data analysis, the research illustrates significant gaps between policy aspirations and implementation realities. The research contributes to knowledge about the nexus of energy policy, financial literacy, and sustainable development in emerging markets, with implications for policymakers, investors, and researchers working on energy transitions in Latin America.

Transition to Green and Renewable Energy. Current Status and Potential. Renewables constitute an increasing share of Mexico's power mix. By 2022, 31.2% of electricity came from clean sources, dominated by solar, wind, hydroelectric, and geothermal power (Economics Observatory, 2025). Technical potential is vast: for instance, solar is 24,918GW and wind 3,669GW, well above current national

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