Financing Energy Efficiency alongside the Montreal Protocol

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30 November 2018
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Introduction

There is opportunity to invest in refrigerant conversion projects and appliance EE upgrades jointly.

Key Questions to Keep in Mind

1. Might MLF’s refrigerant conversion investment approach work for EE?
2. What financial support would manufacturing entities in developing countries value to improve EE?
3. Can MLF work conjointly, or in parallel, with other funds to improve EE?
To request the Executive Committee of the Multilateral Fund, in dialogue with the Ozone Secretariat, to liaise with other funds and financial institutions to explore mobilizing additional resources and, as appropriate, set up modalities for co-operation such as co-funding arrangements to maintain or enhance energy efficiency when phasing down HFCs...;
Donor interest in co-finance for EE

On Nov. 26th, 2018, the U.K. government offered MLF $2 million to:

...operationalize decision XXX/5 of the Parties, in particular paragraph 7, through proving of concept to demonstrate how the co-funding approach could be operationalised for future additional funding while providing further information relating to costs for maintaining or enhancing energy efficiency in the refrigeration, air-conditioning and heat-pump sectors when phasing down HFCs.

(UNEP/OzL.Pro/ExCom/82/Inf.3)
Incremental Cost Support for EE

Montreal Protocol

- MLF funding to enterprises for agreed incremental costs
- MP control measures/sustained aggregate reductions

Future EE Regime?

- Incremental cost support to enterprises for EE upgrades
- Stronger mandatory EE policies, e.g. MEPS

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What would it take?

- A methodology that apportions costs and benefits of EE and refrigerant interventions separately
- Aligning timelines, funding priorities, technology preferences, governance structures of different funds
- Political will to direct public resources at the issue

Voice of the enterprises

- Must ID what type of financial support, for what duration, and for what type of improvements do they prefer, e.g. capital or operating costs
- Are higher EE products more profitable?
Facilitating Liaisons

- Get political endorsement of inter-fund cooperation
- Convene a working group or task force of key climate financiers
- Incentivize co-financed projects
- Pursue existing institutional commitments
  E.g. WB $1b to urban EE, mandates for inter-institutional cooperation
What might MLF do?

- Accept and direct additional funds
- Add capacity to evaluate EE
- Coordinate on outreach with Ozone Secretariat
- Commission report outlining EE finance methodology

- Identify what would attract co-finance from other funds
- Support project preparation including EE
- Begin funding EE
- Review prior projects for lessons learned
What can other funds do?

Meet Montreal Protocol halfway – send a delegation to talk

Evaluate project history related to refrigerants and EE
  • ID barriers, formulate solutions, disseminate
  • Analyze cost effectiveness of interventions

Estimate climate, energy, and health benefits in proper metrics

Directly communicate to MLF what would attract co-finance

Map funders, interventions, and criteria
Thanks! Any Questions?

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