Low Emissions Development Strategies (LEDS) Training Series

LEDS Policy Option Design

Technical Webinar

September 2016

THE CENTER FOR CLIMATE STRATEGIES

LEDS Action Plan *Process*

Before We Start

- The Policy Option Document is a "living draft" used to record our decisions for each of the policy options one step at a time. Each becomes a part of the appendices to the final report when completed.
- The list of draft policy options needs to undergo lumping and splitting to it more amenable to final priority decisions, as well as next steps on policy description and design.
- We need to design policy options to improve upon existing and planned actions (i.e. business as usual) and document key programs and policies that are part of the baseline.
- We will also need to develop a customized approach to analysis that is appropriate for each policy option within a set of consistent principles and guidelines.

Concept: *Customized Policy Design*

- Each individual policy option has its own design
  - Typically no standard approach unless program is an opt in
- Each policy option can be structured to meet Ukraine's needs
  - Design features affect performance in the field -- "Design to Win"
- Choices on design include:
  - Goals, Timing, Coverage of Parties, Key definitions, Mechanisms
- Process for making choices includes:
  - Expert judgement, general strategy, past experience, expert assistance
- Design features affect analysis approach
  - Choices on specific methods, assumptions, data sources

Tools: *Policy Option Document*

"Policy Design"

- Policy Description (Concept)
- Policy Design (Goals, Timing, Parties Involved, Definitions)
- Implementation Mechanism(s)
- Related Policies/Programs (Existing & Planned Actions)
- Causal Chain for GHG Reductions
- Causal Chain for Costs/Benefits
- Direct and Indirect Impacts
- Key Uncertainties
- Additional Benefits and Costs, if applicable
- Feasibility Issues
- Status of Group Approval
- Level of Group Support
- Barriers to Consensus, if applicable

Example: Policy *Description*

ES-1. Renewable Power Production in Central Power Supply (Coahuila Climate Action Plan, Mexico)

The purpose of this policy is to take advantage of low carbon energy resources in Coahuila to contribute to the national GHG reduction target (Objective 3) through the strategy of diversification of the energy matrix production in the country (Strategy 3.2.1). This includes reducing dependence on fossil fuels with high carbon content in electricity generation, by promoting installation of power plants that use renewable energy sources, specifically wind and solar photovoltaic (PV), thereby helping to reduce GHG emissions per megawatt (MW) generated.

Template: Policy *Design*

- Goals or Level of Effort
  - Appropriate metrics representing progress over baselines
    - Renewable electricity generation capacity (example, gigawatts);
    - Reductions in BAU energy end-use (example, % of existing residential or commercial buildings)
    - Change in management (examples, hectares of reforestation, head of livestock addressed by manure anaerobic digestion)
- Timing
  - Year start date, ramp-up, and period to completion
- Coverage of Parties
  - Who is charged with implementing the policy option?
  - Who is affected by its implementation?
- Eligibility and Definitions
  - How are we defining key terms and conditions
    - Naturally occurring renewables except large scale hydro
    - Small businesses of $5 million per year revenues or less

Example: Policy *Design*

ES-1. Renewable Power Production in Central Power Supply (Coahuila Climate Action Plan, Mexico)

State Goals:

- 2025: 790 MW of new installed capacity for electricity production using low carbon technologies. Currently it has a capacity of 2900 MW, of which approximately 66 MW come from plants that use renewable energy (Hydroelectric Plant Amistad).
- 2035: 1140 MW of new installed capacity for state electricity production using technologies with low carbon content.

Timing:

- Begin implementation in 2016
- Progress towards 2025 & 2035 targets is assessed annually

Example: Policy *Design*

Coverage of parties:

For this policy's implementation, participation and support of the following agencies and organizations will be necessary:

- *Private Sector:* Independent energy producers; Investors; Banks and other financial institutions; Owners of large land properties (wind and solar farms)
- *National Public Sector:* Ministry of Energy (SENER); Mexican Oil Company (PEMEX); National Science and Technology Council (CONACYT); Energy Safety and Environment Agency (ASEA); National Financial S.N.C. (NAFIN); Federal Electricity Commission (CFE); Energy Regulatory Commission (CRE); National Commission for Energy Efficiency (CONUEE); Trust for Energy Savings (FIDE); National Institute of Statistics and Geography (INEGI)
- *State Public Sector:* State Ministry of Environment; State Ministry of Economic Development, Competitiveness and Tourism; Energy, Minerals and Hydrocarbons Commission

Ukraine LEDS *Example #1*

Energy Supply -- ES-1b. Renewable Energy Incentives and Eliminating Renewable Energy Development Barriers

- Goals or Level of Effort
  - Appropriate metrics representing progress over baselines
- Timing
  - Year start date, ramp-up, and period to completion
- Coverage of Parties
  - Who is charged with implementing the policy option?
  - Who is affected by its implementation?
- Eligibility and Definitions
  - How are we key defining terms and conditions

Ukraine LEDS *Example #2*

Residential, Commercial, Institutional & Industrial -- RCII-1f. Increasing Efficiency of Natural Gas Combustion in Municipal Heating Energy Generation

- Goals or Level of Effort
  - Appropriate metrics representing progress over baselines
- Timing
  - Year start date, ramp-up, and period to completion
- Coverage of Parties
  - Who is charged with implementing the policy option?
  - Who is affected by its implementation?
- Eligibility and Definitions
  - How are we defining key terms and conditions

Ukraine LEDS *Example #3*

Energy Supply -- ES-6b. GHG Emissions Trading Scheme

- Goals or Level of Effort
  - Appropriate metrics representing progress over baselines
- Timing
  - Year start date, ramp-up, and period to completion
- Coverage of Parties
  - Who is charged with implementing the policy option?
  - Who is affected by its implementation?
- Eligibility and Definitions
  - How are we defining key terms and conditions

Next Steps

- Lump and split policy options in each sector
- Review possible analysis approach customized to each
  - Methods, Key Assumptions, Best Available Data, Key Uncertainties
- Compare to budget and timeline
- Establish technical assistance plan
- Prioritize policy options
- Begin policy option design
- Prepare for direct impacts assessment

Thank you for your time and attention!

Questions?