

COP12 side event:

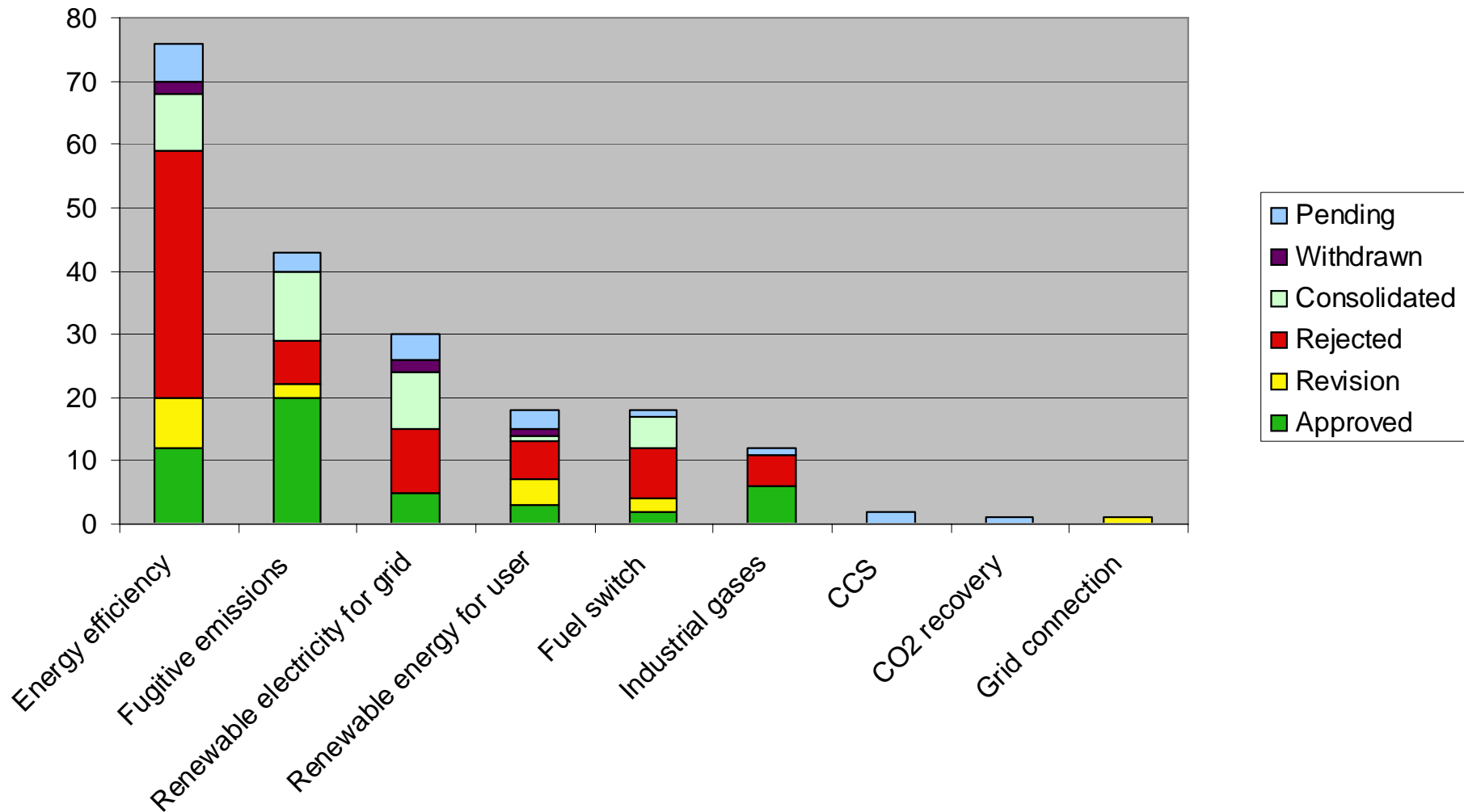
“Future CDM: Widely Applicable CDM Methodologies and Policy/Program/CDM” on Nov. 15, 2006, Nairobi

Current Status of EB/MP on the Development of Energy Efficiency Methodology

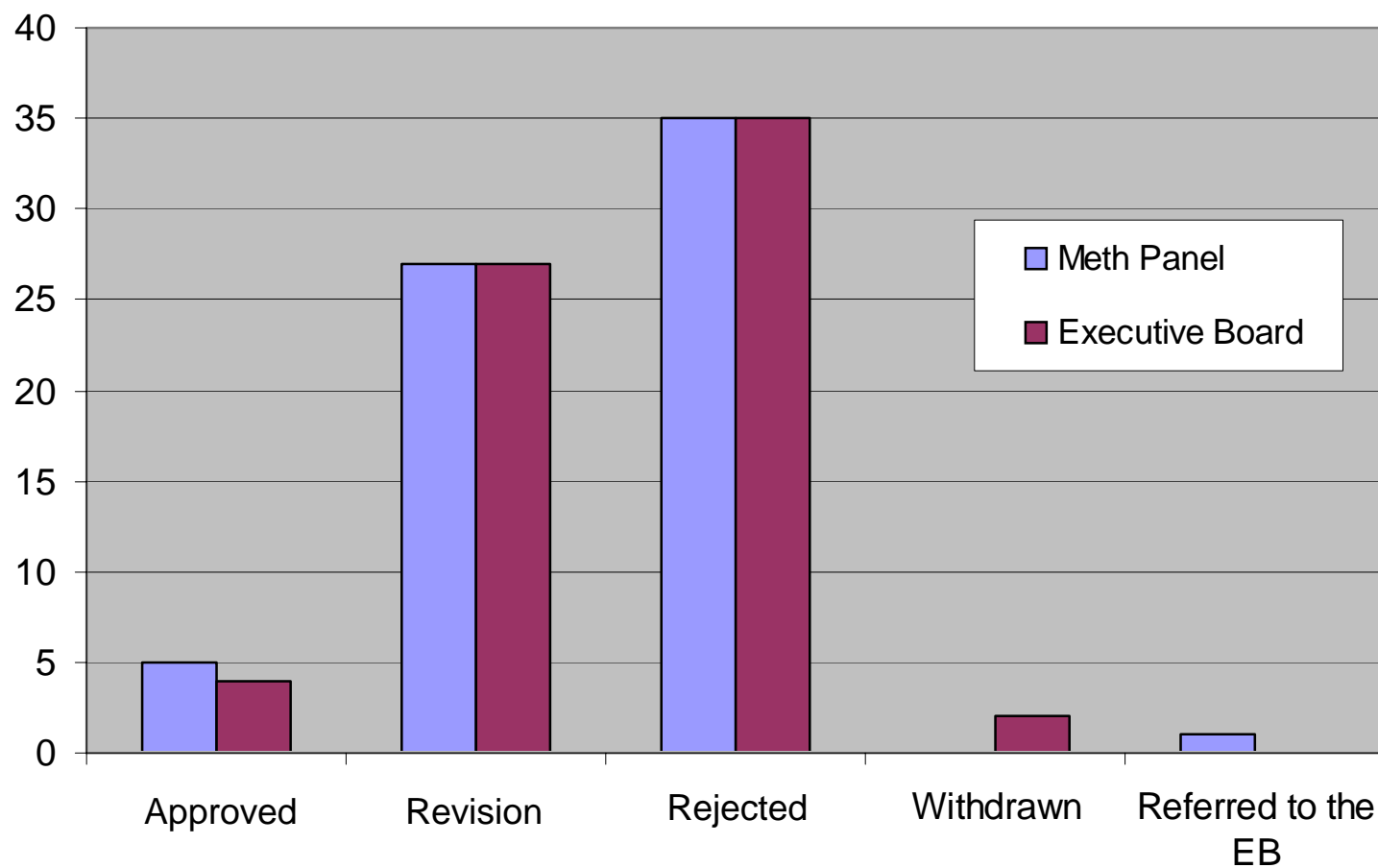
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Status of methodology evaluation



EE methodology evaluation: initial decision



EE methodology submission and approval

Project type	Submitted	AM	ACM
Industry	39	5	1
Generation	15	3	1
Buildings	10	-	-
Cement blending	7	2	1
Transport	4	1	-
T&D	1	-	-
<i>Sum</i>	<i>76</i>	<i>11</i>	<i>3</i>

- **Industry** approved methodologies limited to **a handful technologies**:
 - i) steam boilers, ii) WHR, iii) water pumping, and iv) EAF
- **No** approved methodology for **i) clean coal power generation, ii) buildings, iii) T&D**
- **Limited** submissions for **transport**

Applicability

Bottom-up approach always recommended by MP/EB

- ER calculation based on all relevant components
- Solid but **technology-specific** applicability

Empirical model approach for wider applicability...?

- Regression analysis:
Fuel consumption = f (production level)
- Can 'skip' each production process and incorporate **any** EE measurements. But has faced **difficulty** with establishment of **causality**

Facility-level-bundling approach necessary

- Aggregation of each production components
- Reasonably accurate **benchmark setting**

Baseline scenario / additionality



Attempts to exclude investment analysis by PPs

- EE projects often have high IRRs and barriers (e.g. high capital investment costs, technological barriers)
- Barrier analysis only (mostly, technological barrier)
- Not supported by MP/EB

Barrier analysis has been marginalized by MP/EB

- De-facto standard nature of the additionality tool
- Combined tool to identify the baseline scenario and demonstrate additionality (EB27)

Need to streamline additionality assessment

- **Positive list** of 'first-of-its-kind' technologies combined with **Technology Needs Assessment**
- **Standardized** investment analysis criteria (e.g. cut-off payback period in the economic sector of a host country)

Programmatic approach



Essential for buildings and transport

1. NM0150: Distribution of CFL light bulbs by donation or sales at reduced price (not via a retailer)

- **Sample group** approach
- Baseline sample group is given compensation for not participating in the programme
- **Risk of manipulation** in the baseline sample group (e.g. give incentives not to use CFLs throughout the crediting period)

2. NM0157: Distribution of CFL light bulbs through the general retail channel

- **Technology penetration rate** approach
- Sample group is hard to apply for customers on the **open-market-basis**
- **Difficulty** with 'unbiased survey' on the BaU penetration rate

Conclusions

- Continuing **high rejection rate** of EE methodologies
- **Buildings** and **transport** lagging behind
- **Applicability** still a **bottleneck**
 - **Facility-level-bunding** for wider applicability
- Need for **streamlined** additionality assessment
 - **Positive list** of ‘first-of-its-kind’ technologies, combined with Technology Needs Assessment
 - **Standardized** investment analysis criteria
- **Programmatic** approach **challenging** but **essential**

Thank you for your attention!

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