

EE strategic planning: steps 4, 5, 6

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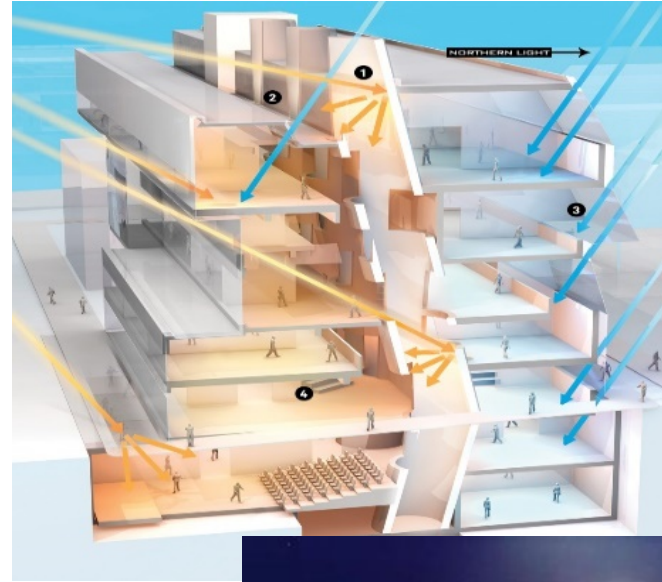
EE strategic planning: steps 4,5 and 6

Step 4: Development of an action plan, methods and criteria for strategic area selection

Prioritisation of the area/areas to be included in the EE strategic plan

- Must be an important area for the users
- Area has a potential to meet the EE target set by the municipality
- Resources (financial and technical capacity) that can enable the implementation of the programme or project must be in place
- Therefore, prioritisation must be done through a systematic and thorough process

EE strategic planning: steps 4,5 and 6



EE strategic planning: steps 4 - selecting the priority strategic areas

Methodologies for the prioritisation process

Several methodologies can be used for the prioritisation process, some are more complicated than others. However, 2 of the most used are:

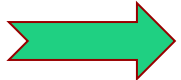
- ✓ Cost Benefit Analysis (CBA)
- ✓ Multi Criteria Analysis (MCA)

Both have advantages and disadvantages

- Accuracy of the results will depend on the reliability of the data collected and used
- Regardless of the methodology used, it is important relevant stakeholders are involved

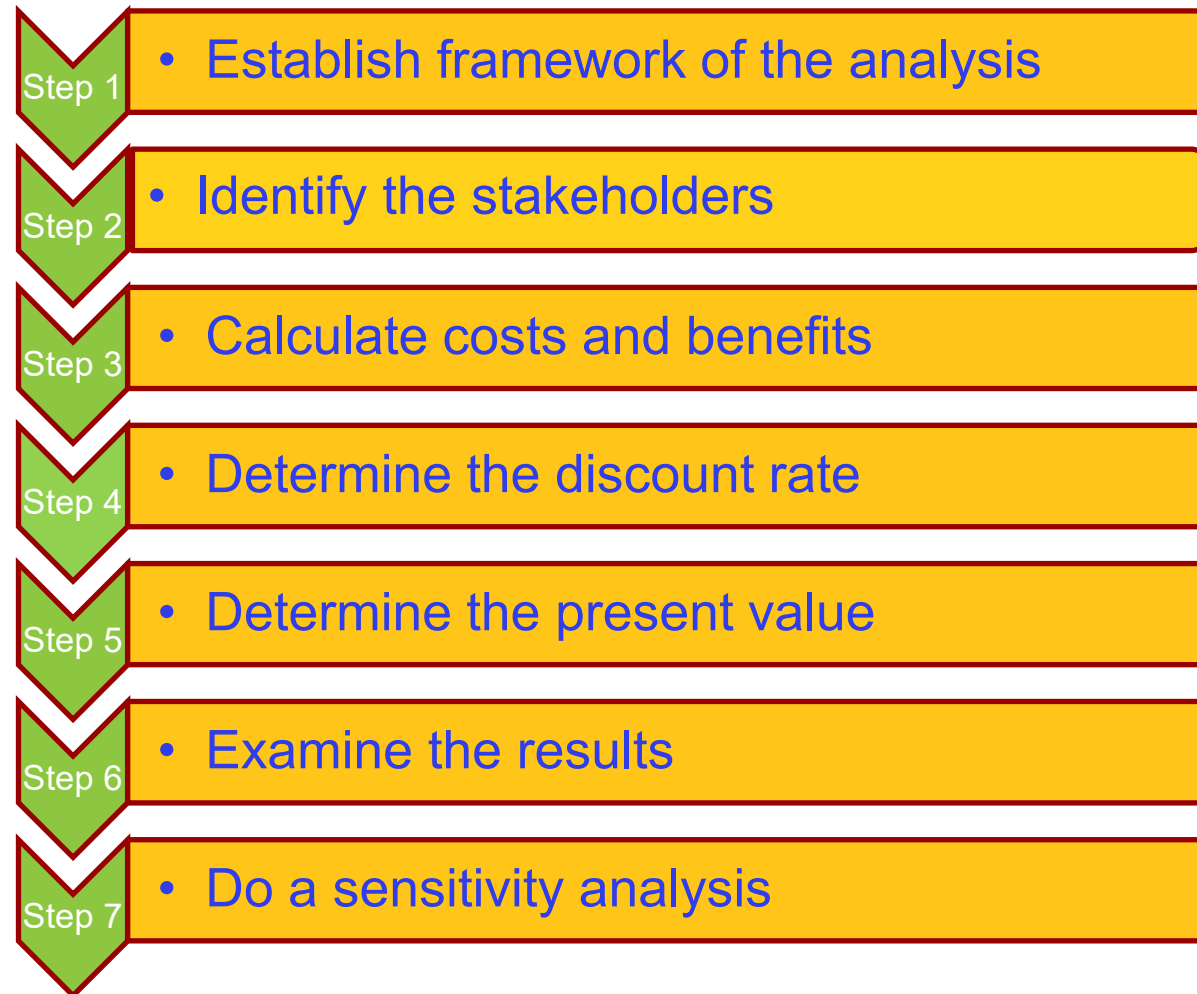
EE strategic planning: steps 4

Cost Benefit Analysis (CBA)

- A tool to evaluate (in monetary terms) benefits against the costs of an intervention/project
- Benefits > than costs  project implementation is justified
- Create a list with all costs and benefits of the intervention/project
- From estimated results, calculate ROI (return on investment) and IRR (internal rate of return), NPV (net present value) and PB (pay back) period
- Use the same currency for the estimations (apples to apples)

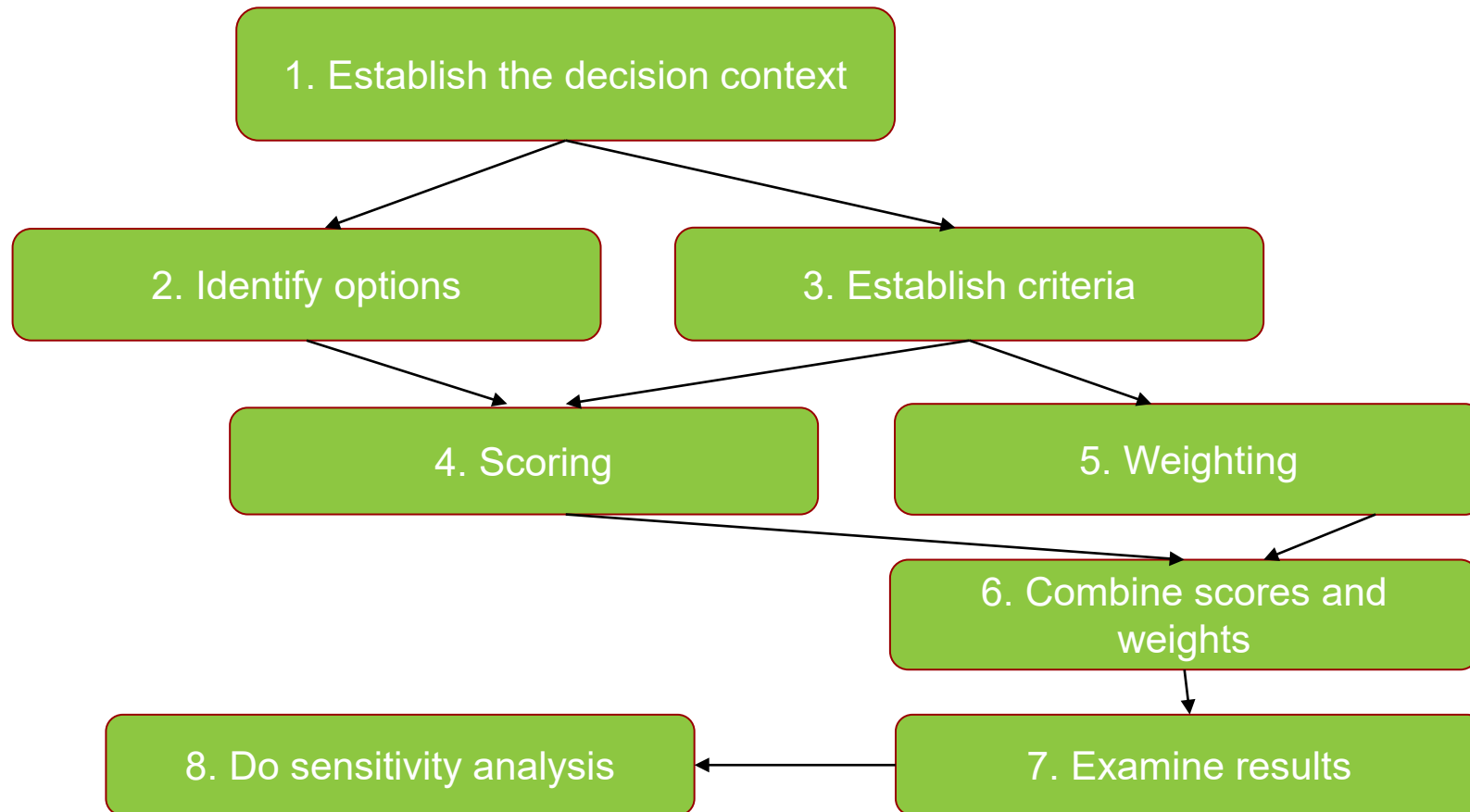
EE strategic planning: step 4

Sequential steps in the development of a CBA



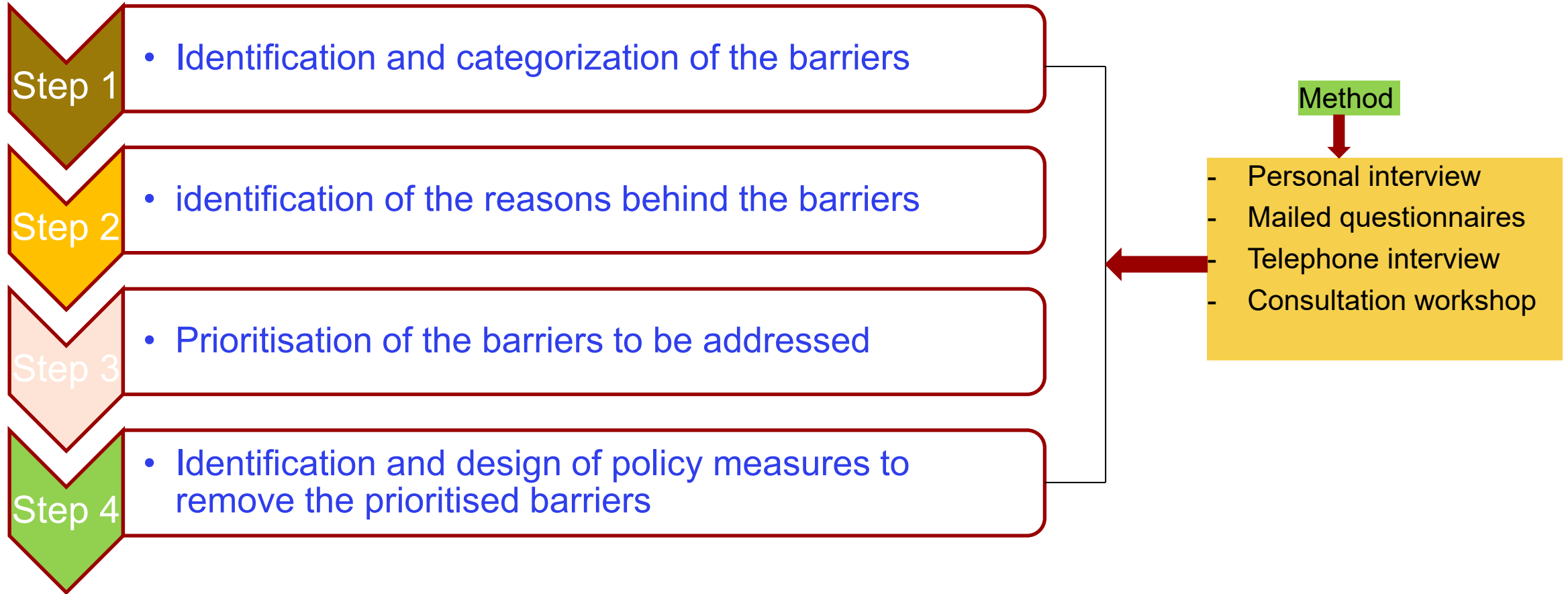
EE strategic planning: step 4

8 steps to conduct a Multi Criteria Analysis (MCA)



EE strategic planning: step 5 - barrier analysis and solutions

Four-step process



EE strategic planning: step 5- categories and sub-categories of barriers

Category	Sub-category
Economic and Financial	<ul style="list-style-type: none"> • Lack of budgetary autonomy on a municipality level • Financing restrictions, e.g. some municipalities might have caps on the amount of debt they can assume • Low global and/or local energy/electricity prices • High upfront capital expenditure (CAPEX) • High cost of capital (high interest rate) • Lack of access to financing • Long payback times (RoI) • Higher transaction costs for public sector projects
Market structure	<ul style="list-style-type: none"> • Few suppliers (oligopoly) of technologies/services or one single supplier (monopoly) • Limited municipal incentives to save energy and try new approaches
Legal and Regulatory	<ul style="list-style-type: none"> • Ineffective or lack of energy targets (e.g. energy saving is not a priority) • Ineffective or lack of regulatory frameworks (e.g. Lack of national policy on energy efficiency, law on energy efficiency or a section on energy) • Subsidies to existing technologies/services • Highly controlled/regulated markets • Intricate and/or inefficient bureaucratic processes • Political instability
Institutional, inter-organizational and administrative	<ul style="list-style-type: none"> • Lack of a designated department, either in line ministries or in branch ministries, (e.g. environmental or energy department) • Lack of collaboration among institutions to bring projects forward (e.g. urban planning and energy department) • Lack of training at all levels; particularly of technical in-house competence to assess and develop EE projects • Lack of managerial skills and resources to develop EE projects • Weak monitoring and enforcement mechanisms
Awareness, information, and related social barriers	<ul style="list-style-type: none"> • Asymmetric information on energy efficiency potential • Lack or distorted information on the performance of EE technologies • Lack or distorted information on the multiple benefits of EE technologies (e.g. improved energy security and economic benefits) • Lack of environmental awareness • Aversion to new solutions and technologies • Lack of technical capacity to implement, operate and maintain new EE technologies
Technological barriers	<ul style="list-style-type: none"> • Incompatibility between new and existing technology solutions • Technical/performance risk of the technology • Unpredictability of performance and respective energy savings • Higher maintenance requirements

EE strategic planning: step 5 Policy measures to overcome barriers to EE

Category	Policy measure
Financial measures	<ul style="list-style-type: none">• Investment subsidies• Grants and loans• Loan guaranties• Taxation and other fiscal benefits• Use charges (ex. congestion charges)
Non-financial measures	<ul style="list-style-type: none">• Mandate to provide electricity from energy-efficient technologies• Disincentivizing the use of energy from fossil fuels• Information and awareness-raising campaigns• Minimum energy performance standards and labelling technologies• Sustainable public procurement• Promoting research and development• Training and capacity building• Promoting public-private partnership

Step 6: MRV and strategy formulation

MRV (Measuring, Reporting and Verification) system's main advantages

- Allows monitoring of implementation progress and impacts associated with a given mitigation programme or project
- The reporting component makes it possible to provide information to the corresponding authorities and other stakeholders in a transparent way
- It ensures transparency that the results of the programme or project being implemented are properly quantified and reported

Strategy formulation

- Drafting the strategy by a core expert group
- Reviewing and commenting by stakeholders
- Revision and validation by relevant government agencies
- Endorsement by high-level government official on the issue
- Launch of the strategy
- Detailed action plan to implement the strategy, including a portfolio of projects

Components of Successful Strategies

- Leadership in Recognizing Energy Efficiency as a Priority Resource
- Legally Binding Energy Saving Targets
 - Energy Efficiency Targets by Utility
 - Energy Efficiency Resource Standards
- Financing and Institutional Structures for Energy Efficiency
 - Long-term Funding
 - Responsible Agency with Well-defined Mandate
 - Specified Input Process and Review Cycles for Regulations
- Comprehensive Set of Efficiency Programs
 - Market Transformation
 - Proactive programme delivery
- Establishing of monitoring and verification protocols

Example of national energy efficiency strategy

- The Energy Efficiency Strategy: The Energy Efficiency Opportunity in the UK (2012), issued by the UK Department of Energy and Climate Change

Contents:

- Ministerial Foreword
- **The Energy Efficiency Opportunity in the UK**
- Understanding energy efficiency
- The energy efficiency opportunity
- Energy efficiency potential in the UK economy
- The benefits of energy efficiency 8Our ambition for improving energy efficiency
- The barriers to deploying energy efficiency
- Maximising the potential of existing schemes
- An energy efficient future

Kenya's Ministry of Energy has launched its National Strategy for Energy Efficiency

and Conservation Strategy (NEECS) in September 2020

(<https://www.youtube.com/watch?v=qqvMFvSY0Fs>) and now formulating an Implementation Plan for the NEECS

The Energy Efficiency
Strategy:
The Energy Efficiency
Opportunity in the UK



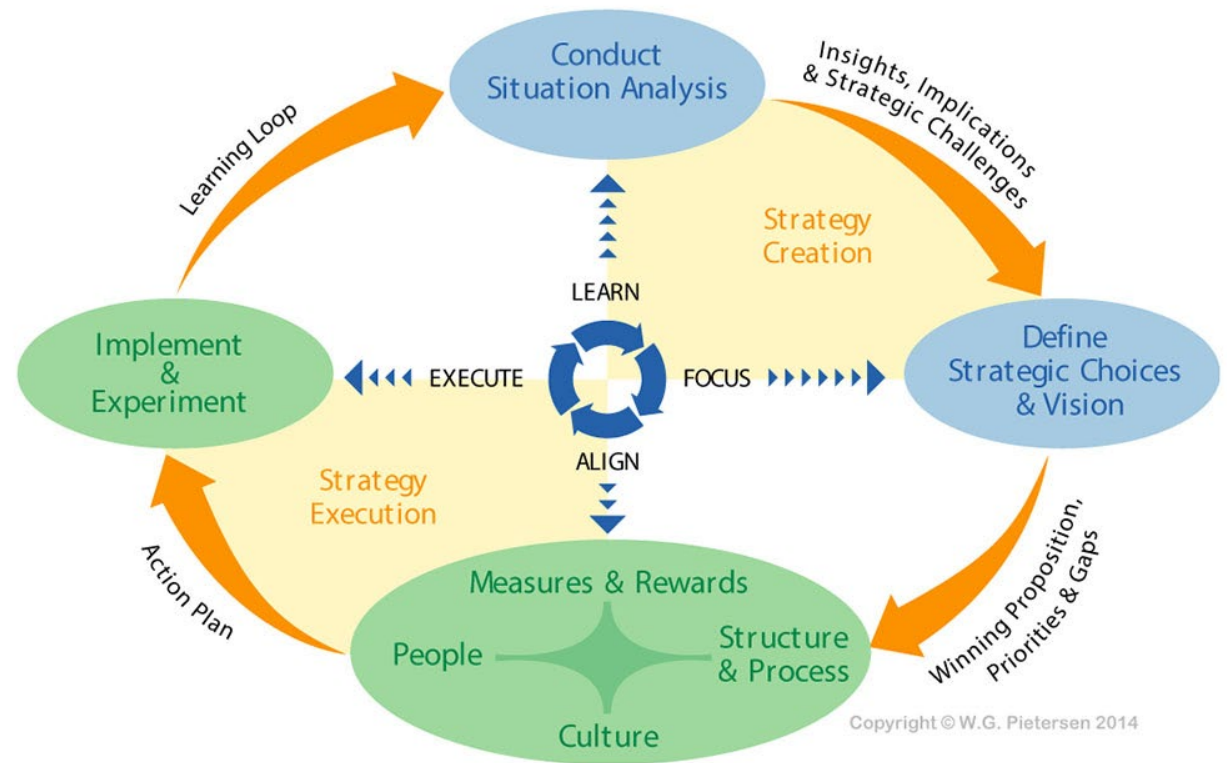
November 2012

Typical contents in a national strategy

- Objectives
- Background/context
- Strategies for different sectors
- Cross-cutting issues
- Risk analysis
- Process of strategy formulation, especially the stakeholder consultation, the core team prepared the strategy.
- Monitoring and verification, future review process
- Unlike a research report, the strategy needs to focus on what to do, be brief

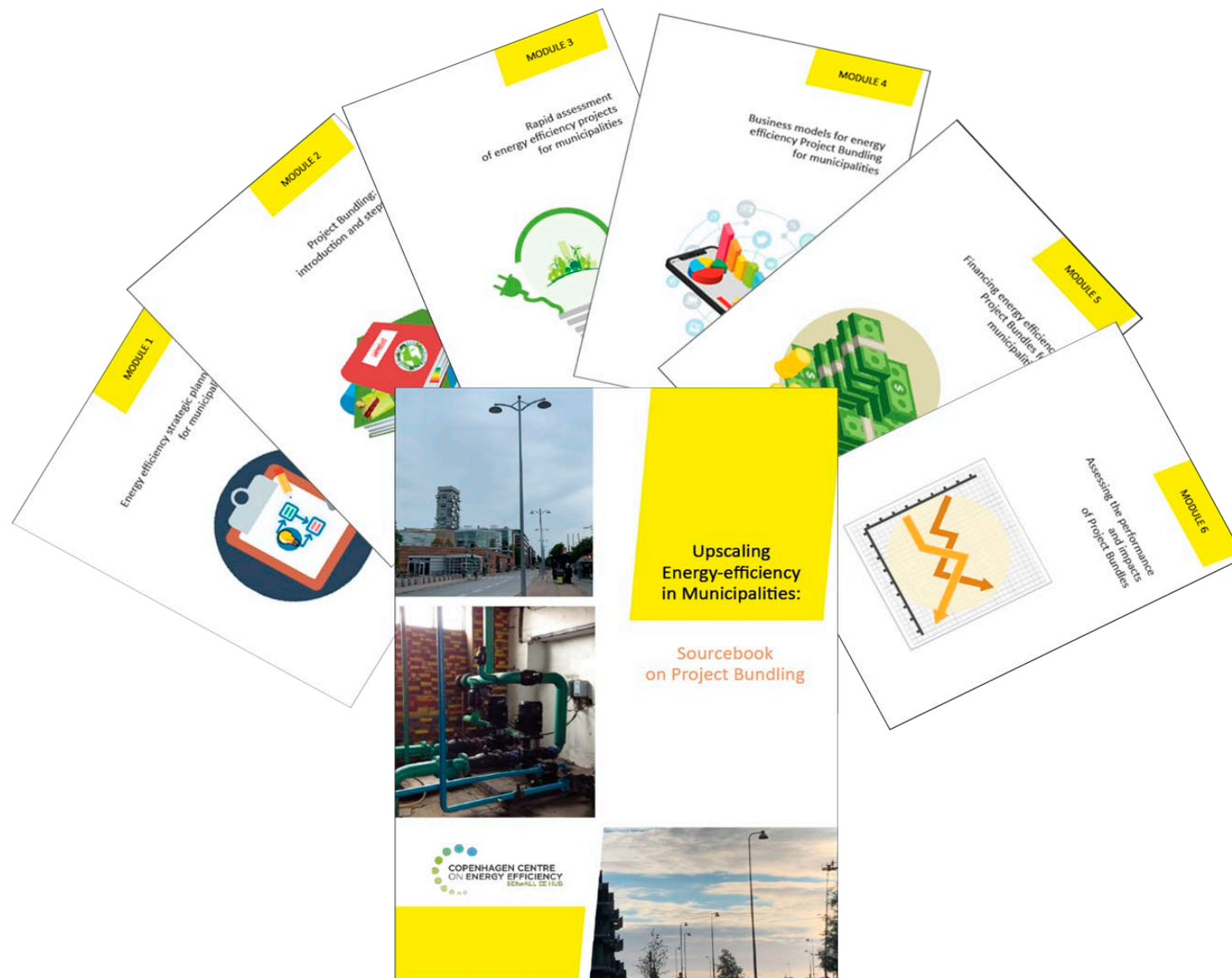
The cycle of strategy making and implementation

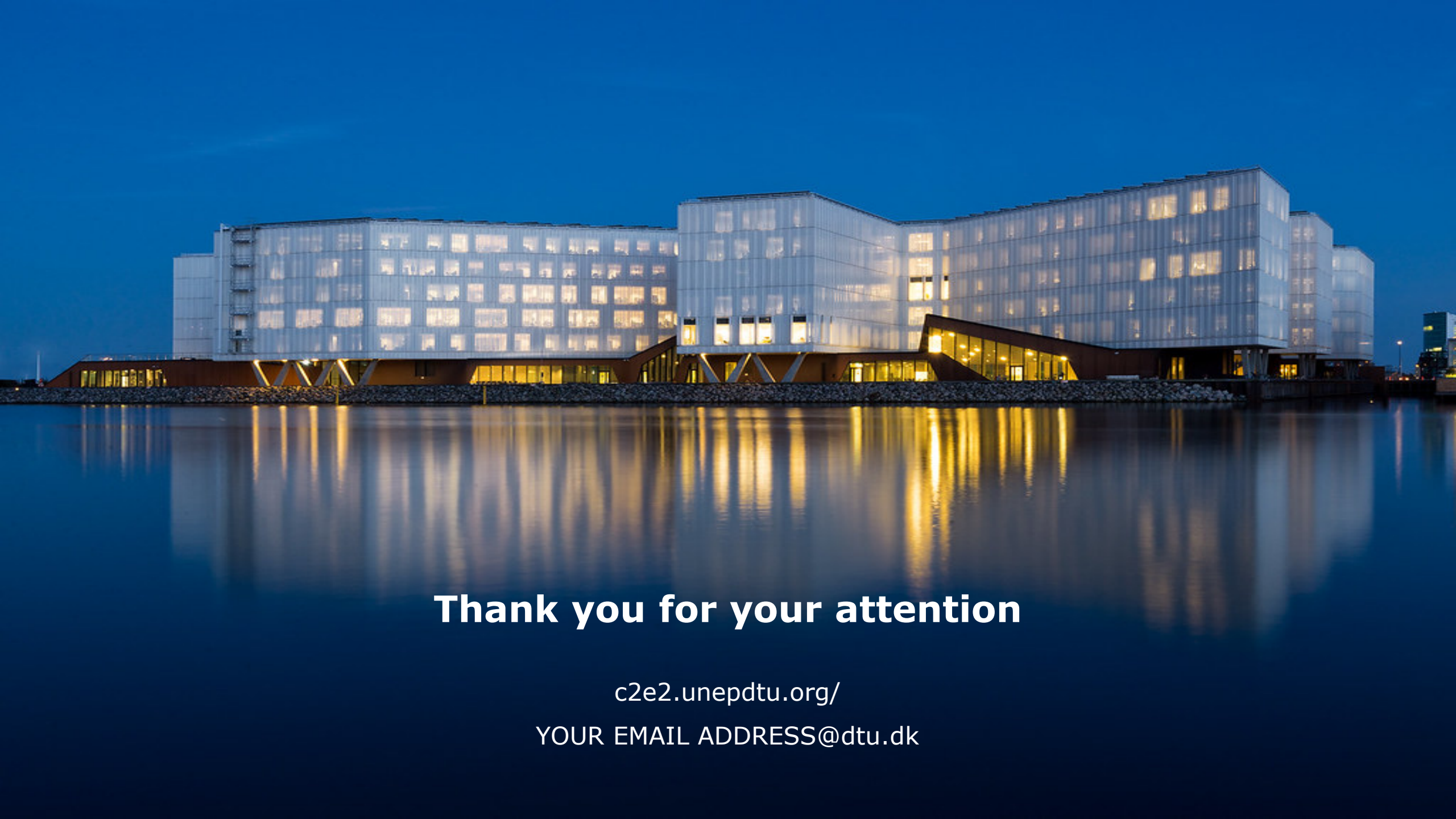
- A steering committee, a technical committee, a coordinator, and the stakeholders
- The consultation process need to engage key stakeholders, including relevant line ministries, the local governments, as well as industrial associations and civil society, as well as donors
- Often the strategies need to be backed up with detailed action plans



<https://williepietersen.com/strategic-learning/>

https://c2e2.unepdtu.org/kms_object/upscaling-energy-efficiency-in-municipalities-sourcebook-on-project-bundling/





Thank you for your attention

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