« Electricité Partout et pour Tous, pour un développement durable »

« The Standardized Crediting Framework (SCF) Pilot in SENEGAL »

DNA FORUM-World Bank Workshop

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OVERVIEW

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2. IMPLEMENTATION PROGRESS OF THE RE PROGRAM & BARRIERS
3. DESCRIPTION OF THE ASER CARBON FINANCE PROJECT and THE OBJECTIVES OF THE PILOT SCF

4 - 9 DESCRIPTION OF THE SCF PILOT,

- IMPLEMENTATION PROGRESS,
- LESSONS LEARNT SO FAR,
- AND NEXT STEPS.

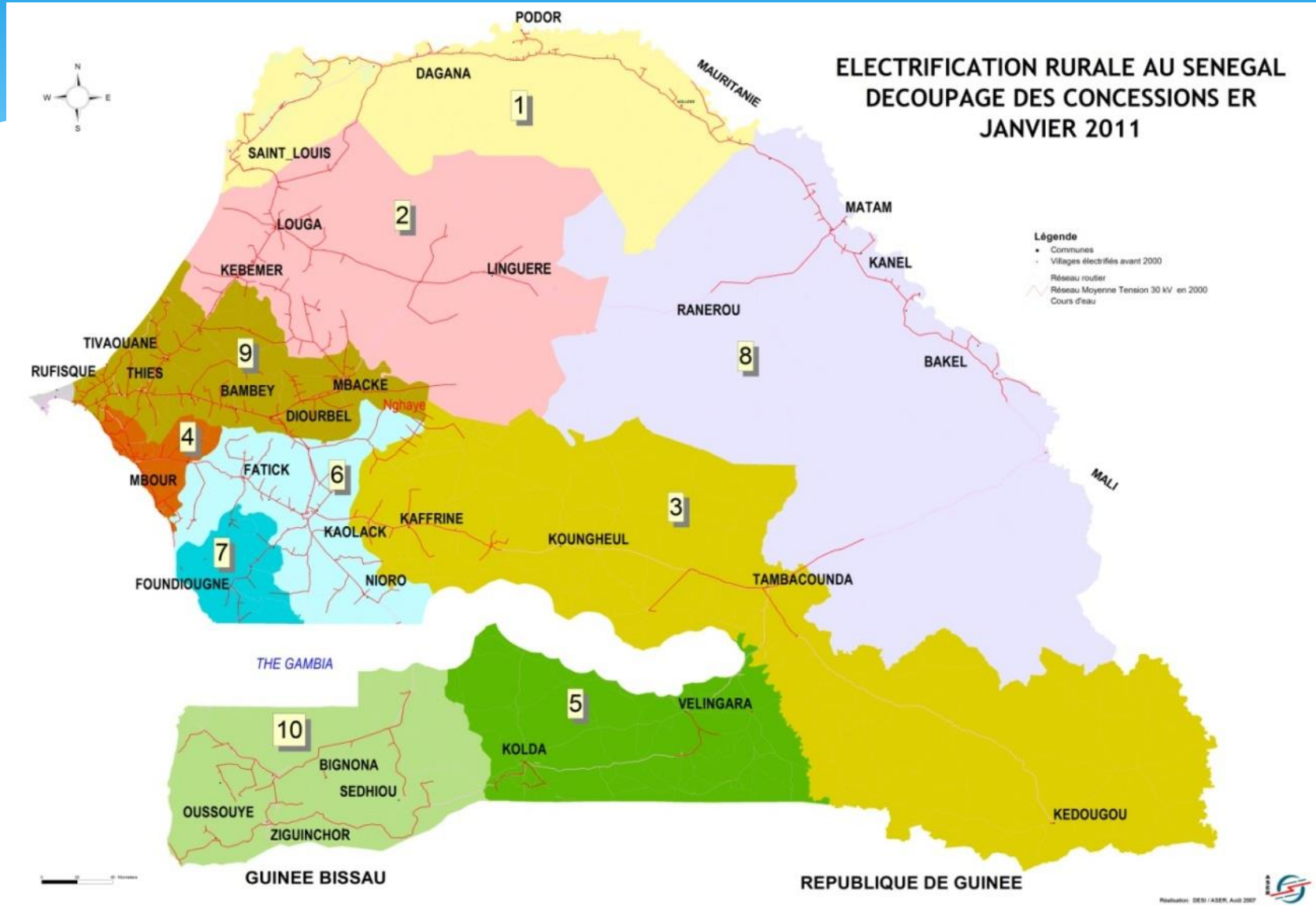
1. INTRODUCTION

- Senegal has signed PA, INDC submitted and is under revision for NDC,
- INDC mentions The potential use international market mechanisms (as a seller of credits ??)

ACCESS TO ELECTRICITY IS A KEY ISSUE IN THE COUNTRY

- In 2017, Rural Electrification rate of **40%**
- The new National RE Program Targets **of 60%** in 2019 and **Universal access** in 2025,
- Phase 1 of the program : Energency program (2015-2019) targeting a RE rate of 60% in 2019
- Phase 2 of the program : Universal access program (2020-2025)
- Strategy based on a PPP and implementation of RE concessions (10)
- Some access barriers faced by the program (access to finance, boost penetration rate in electrified villages), But the Govt has found some solutions: exple, is the use of Carbon finance

Concession territories

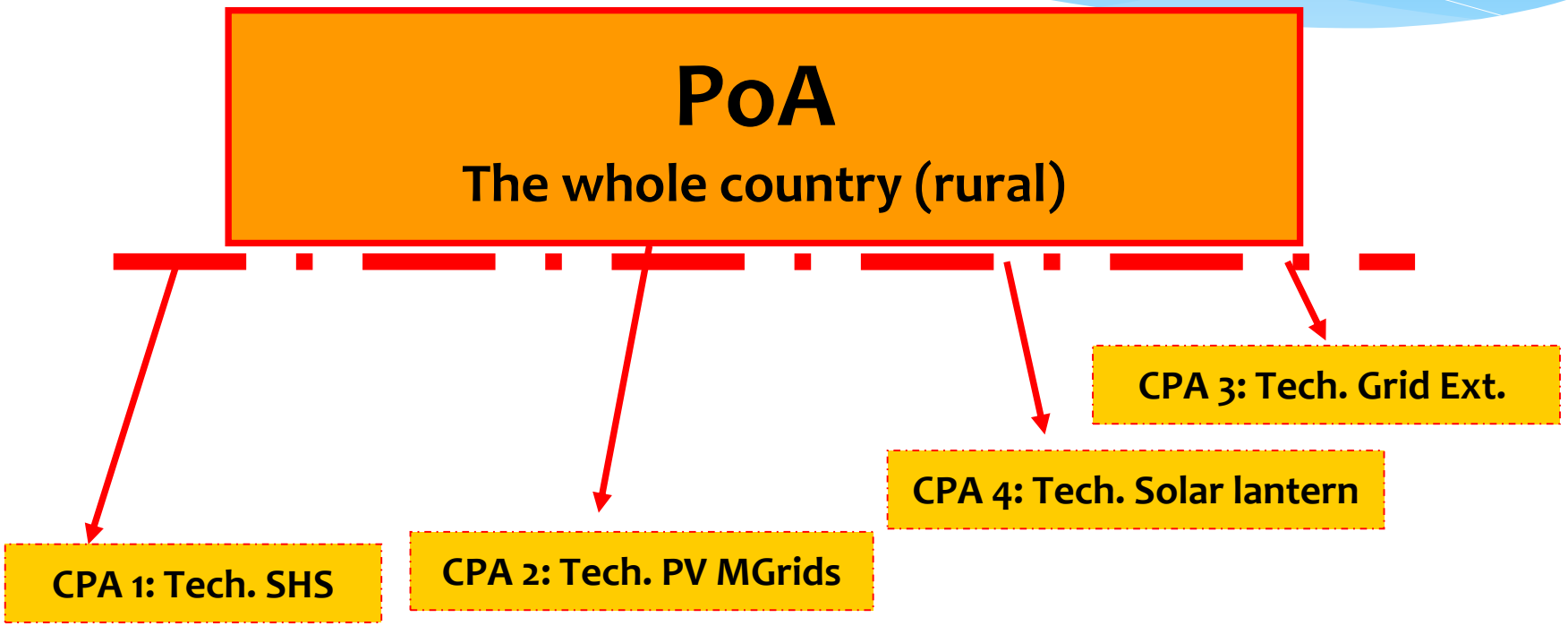


2. IMPLEMENTATION PROGESS & BARRIERS

Situation of 31 décembre 2015			
Rurale Electrification Concession	Date of entry in force	% of electrified Villages of the Priority Program (PP)	% of HH connected compared to the PP target
Saint-Louis-Dagana-Podor	March 2011	79%	14%
Louga-Linguère-Kébemer	November 2011	77%	10%
Kaffrine-Tamba-Kédougou	April 2014	47%	7%

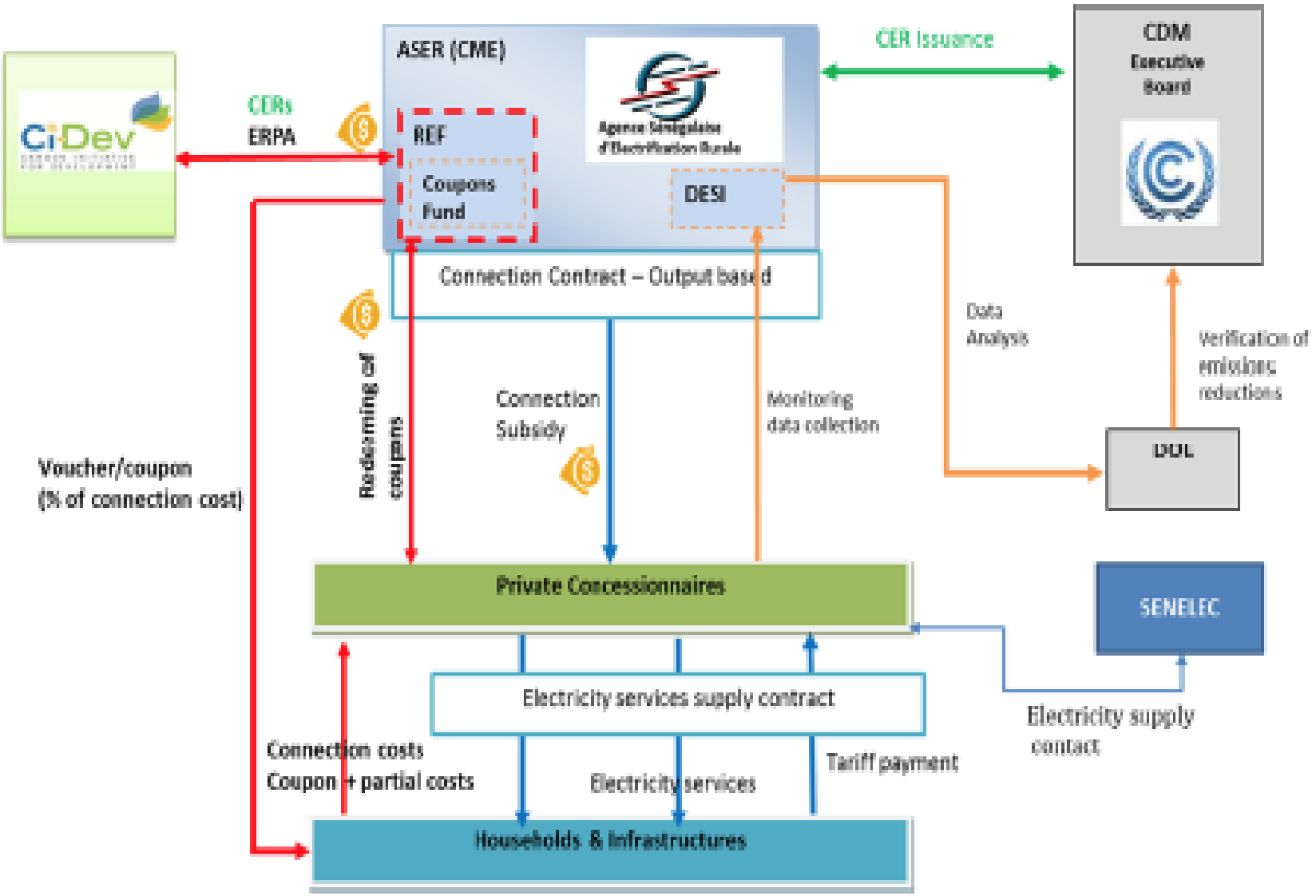
- Important investment done (many villages electrified)
- Private investment mobilised (around 51%)
- Low penetration rate (less than 20% in electrified villages, min of 60% expected in their bid)
- 2 main barriers: (i) tariff difference and (ii) high connection fee
- Financial viability of concession matters if there is not an increase of penetration rate
- The Government is taking decisions : uniform tariffs and reduction of connection fees
- To cover this financial GAP, 2 Sources : The national budget and Carbon finance

3. Description of RE CDM PoA



- ***01 POA & several CPAs (CDM Project Activity)-*** AMS-III.BL (Integrated methodology for electrification of communities) used.
- AMS-III.AR Version 05.0 Substituting Fossil Fuel Based Lighting with LED/CFL Lighting Systems
- ***every CPA is microscale)***
- ***one CME : ASER, OTHER STAKEHOLDERS : Concessionaires and customers***
- ***Crediting Period:*** **10 years,** lifetime of the PoA (07/06/2011 to 06/06/2039)
- ***PoA registered as PoA 10411 in May 2018***

ASER CDM PoA Organization and Financial Flow

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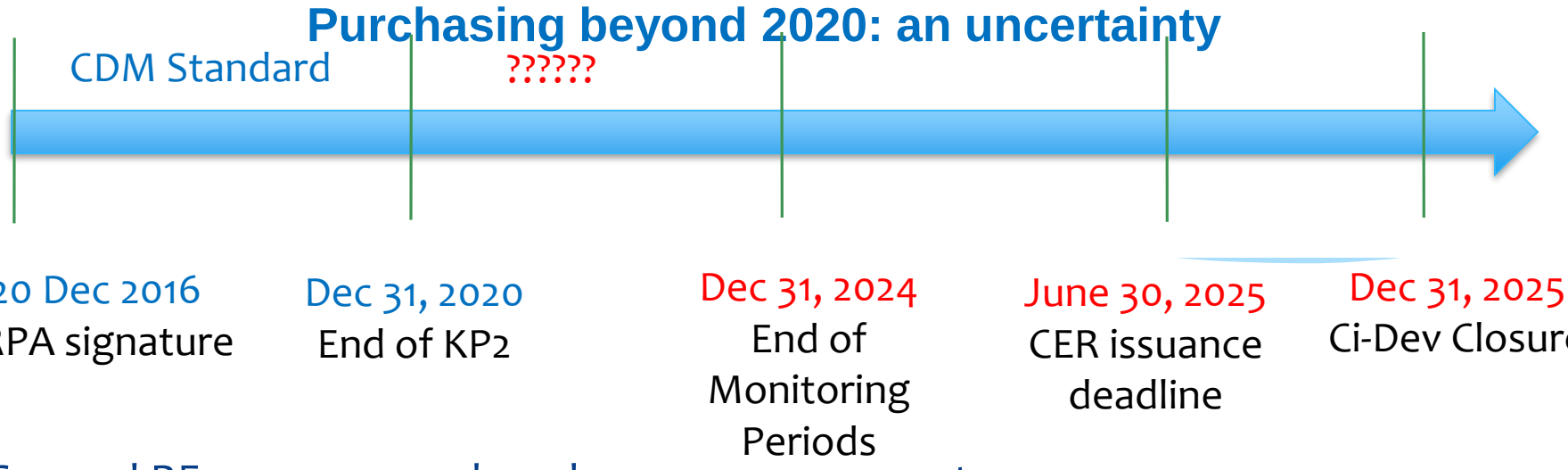
3. Why SCF ?



- Senegal RE program needs carbon revenue support beyond 2020 in order to support the RE Program
- Uncertainty about usage of CDM standard
- In the PA Context, Treatment of credits generated and their (potential) usage towards NDC implementation
- ERPA conditions – generation of credits using a 'comparable' standard
- **Ensuring continuity of incentives utilizing a "standardized crediting framework" in the context of the Paris Agreement**

4. What is the SCF Pilot ?

- The SCF Pilot will simulate a new approach to measuring GHG emission reductions from energy access program
  - Simplified approaches and streamlined process compared to the CDM
  - No credits issued during pilot phase, but…
  - will inform future crediting mechanisms under the Paris Agreement

- The Rules for Senegal are presented in "Program Document : Senegal Pilot" on the website of Senegal's National Committee on Climate Change (COMNACC)
- Pilot until mid- to late-2018 will include one program as a case study – ASER Rural Electrification Program – but concept could be expanded after the pilot phase

5. Scope of SCF Pilot ?

- **Sectors/technologies:**
  - Grid electrification
  - Hybrid solar PV-diesel mini-grids
  - Facility-scale solar PV (homes, schools, water pumping, etc.)
  - Solar LED lamps
- **GHGs**: CO_2 only
- **Program proponent**: first pilot will be ASER, future could be public or private sector
- **Start date**: up to one year prior to listing/registration (i.e. Oct 2016)
- **Crediting period**: from start date to end of 2025
- **Evaluation** of interim results in 2018 (consultancy team)

5. Scope of SCF Pilot ?

* The Rural Electrification Program is already **registered** as CDM Program of Activities, so SCF Pilot is "simulation" of how the SCF concept would work

* Covers all 10 rural electrification concession areas;

* Includes all four technologies (grid, mini-grid, off-grid, solar lamps)

* SCF Pilot simulation would run in parallel with CDM monitoring, reporting & verification

6. Governance Structure of SCF Pilot ?

Governing Board:

DEEC, DE, DGF

- Decides on future development of SCF (e.g. list of other suitable technologies)
- Certifies emission reductions after verification
- Approves recommendations from technical committee

Technical Committee:

COMNACC/GTA

- Develops and/or recommends SCF program protocol, methodologies, templates, and other relevant documents
- Initially reviews work of consulting team to set up program

Administrator:

Climate Change Division

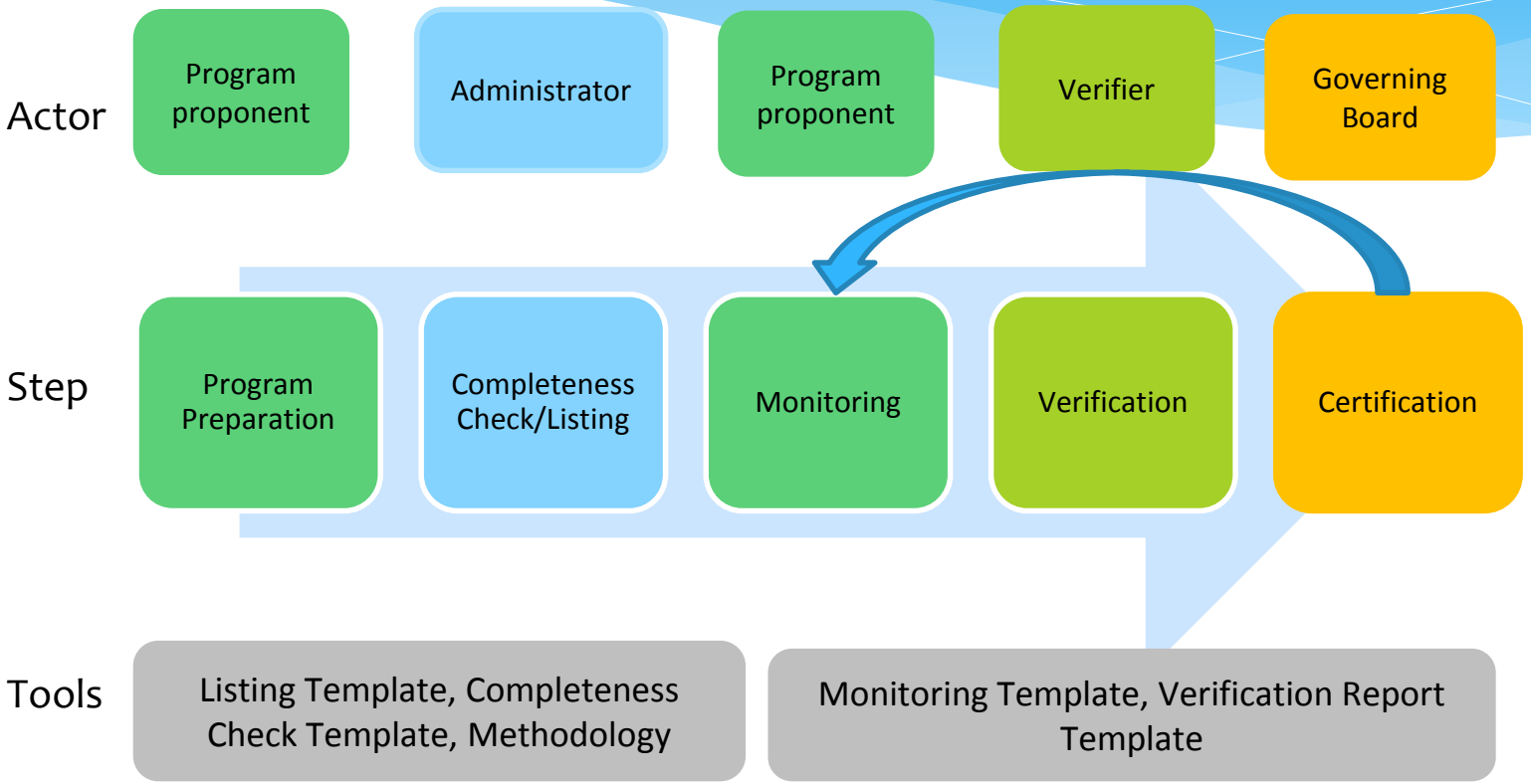
- Lists projects and undertakes completeness checks
- Approves and lists eligible auditors
- Maintains a registry
- Convenes and supports meetings of the Governing Board

SCF expanded/modelled after GCF Multi-Stakeholder Committee. Could also introduce an ombudsman and appeals process

Administrator to guide and work in coordination with the Technical Committee to develop SCF program documents, methodologies, and
sectoral monitoring and default factors

GOVERNING BOARD	Approves protocol, templates and tools	Supervises Administrator and Technical Committee Requests Technical Committee to provide advice, as appropriate	Certifies mitigation reductions	Reviews lesson learned
ADMINISTRATOR	Organizes GB and TC meetings	Conducts Completeness Check and Listing of programs Develops and manages the SCF Pilot registry Provides list of SCF program verifiers	Organizes Governing Board meetings Forwards complete verification template to Governing Board	Contributes to review of SCF Pilot and lessons learned
TECHNICAL COMMITTEE	Reviews protocol, templates and tools, to make recommendation to Governing Board	Responds to ad-hoc requests from Governing Board	Responds to ad-hoc requests from Governing Board	Contributes to review of SCF Pilot and lessons learned
PROGRAM PROPONENT		Fills in Listing Template with support from the Consulting Team Fills in Monitoring Template during implementation	Responds to queries from Verifier	Contributes to review of SCF Pilot and lessons learned
VERIFIER			Provides verification services Submits Verification Template to Administrator	
CONSULTING TEAM	Develops protocol, template and tools	Supports Program Proponent in completing Listing Template Supports Program Proponent in monitoring and completing the Monitoring Template	Supports Program Proponent throughout the verification process	Draws lessons learned and writes SCF Pilot final report

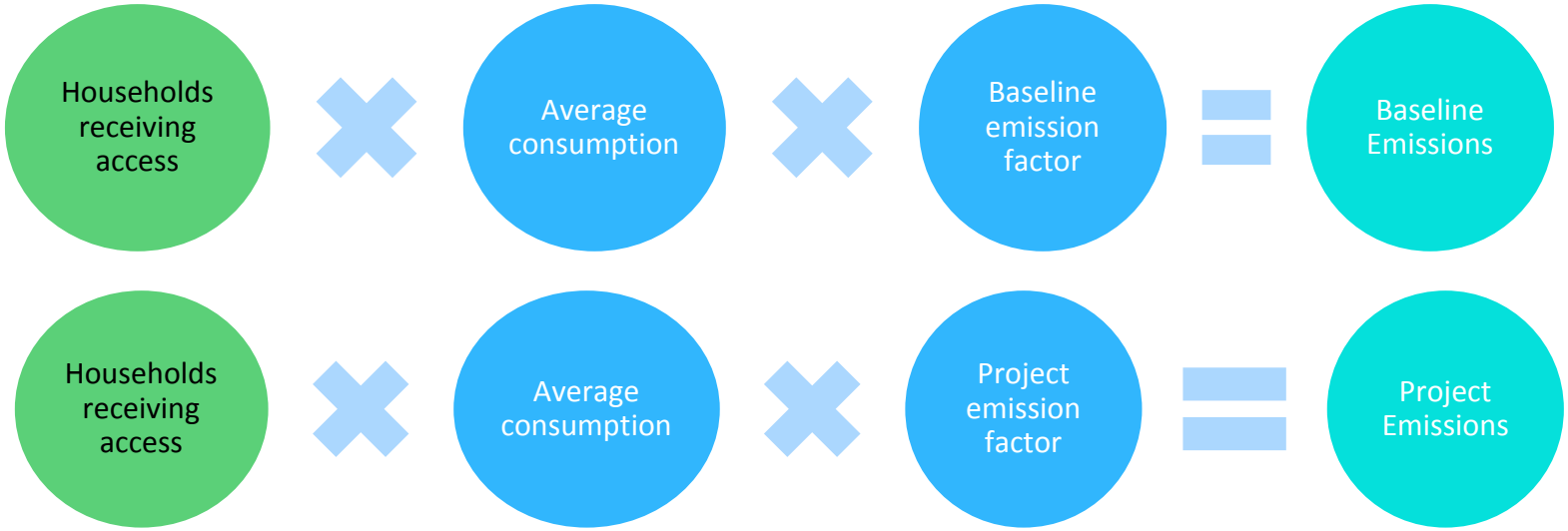
7. Streamlined Program Cycle



Combines validation & verification, so crediting starts earlier; no “inclusion” required for new activity locations; simplified templates

7. Methodologie : Standardized emission reduction

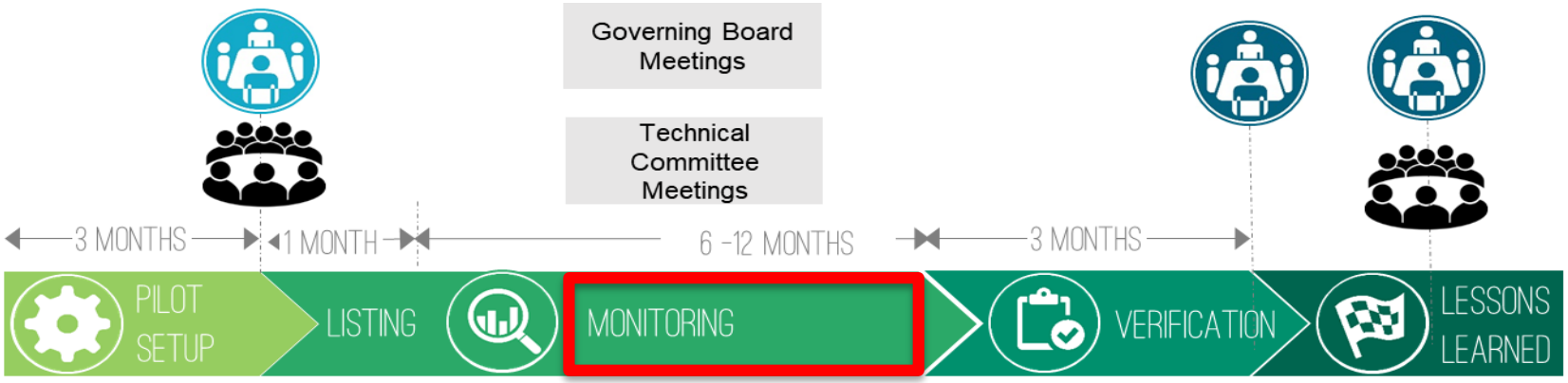
- Key data for baseline and project emissions standardized a national level
  - e.g. mix of baseline technologies and emission factors, program emission factors from grid and mini-grid
- For household consumption (kWh/yr), choose between (or combine) survey, metering and total distribution / number of households (except PV)
- Program proponent tracks new connections, share of operational connections and devices distributed



7. Monitoring parameters for rural electrification

Description	Monitoring approach
New grid **connections**, mini-grid connections, and facility-scale solar PV **installations**	Direct measurement based on program proponent installation records
Lamps installed by the program in the previous 2 years (i.e. lamp life only 2 years)	Direct measurement based on program proponent sales and installation records
Share of operational grid and mini-grid connections, and facility-scale solar PV installations	Option A: Survey of 60 randomly-selected households (could include phone-based surveys or electricity bills) Option B: Representative data reported from other credible monitoring standards (e.g. CDM program monitoring) Options C: Representative data from utility or other official sources
Average household **electricity consumption** in new grid and mini-grid connections	Option A: Average consumption from survey of 110 randomly selected households (could include phone-based surveys or electricity bills) Option B: For each mini-grid or grid area, total electricity distributed divided by the number of households Option C: Average metered consumption from hh using meters
Average household **electricity consumption** in new facility-scale solar PV connections	Weighted average of all systems, assuming that solar PV has 15% availability
Share of mini-grid output from **diesel** generation	Generation metering for diesel generation and total mini-grid or conservative default factor

8. IMPLEMENTATION PROGRESS OF THE SCF AND THE LESSONS LEARNT SO FAR & NEXT STEPS



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* Transitioning of existing CDM activities is being address; our PoA is an example
* SCF is build on CDM and its recent improvements (reforms):
  - New methodologies, SB, Positive list, etc.
  - Project cycle (combination of monitoring and validation)
  - The pilot is also based on a ONGOING PoA recently registered,

* Reduction of transaction costs for project proponent (project cycle, templates, tools for monitoring, the complexity is in the side of the Governing body);
* Senegal intend to use market in its NDC but does not have yet an MRV system for NDC emission reductions, so SCF could potentially support this
  - Start with electrification, but could expand to other sectors/sub-sectors;
  - A good practical case on how market will be used in NDC implementation where a lot of pending questions under UNFCCC negotiations : inside outside scope of NDC, corresponding adjustments, Environmental integrity, avoidance of double counting, etc.
* The existence of the Senegalese National Climate Change Committee is key for the establishment of the Governance structure,

* The Governance structure in place in an important step for Senegal's readiness for A6.2 and 6.4 : it can help on overseeing on credits generation and transactions;

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- The complexity of the mechanism is being handled by the Governing body (technical Committee and experts);
- The fact that local verifiers will be used for monitoring is a big opportunity for capacity building in Senegal;
- Reduction of transaction costs (project cycle, templates, tools for monitoring, the complexity is shifted to the side of the Governing body);
- **Demand for Credits and pricing system, good incentives for PP;**
- **Identification, Training and accreditation of local verifiers;**
- **During pilote, all Costs covered by CiDev, but after?**
- **Management Cost of the Governance Body (technical com, experts,..)**
- **Communication campaign toward Private Sector and local communities and all potential actors,**
- **Data collection and existing MRV System in place in the sector is prerequisite, example ASER M&E;**
- **CLARIFICATION on the use of Climate Finance & RBCF in NDC, ACCOUNTING rules for Emission reduction and financial pledge. Need guidance in case of transfer of units in the future**

9. IMPLEMENTATION PROGRESS OF THE SCF AND THE LESSONS LEARNT SO FAR & NEXT STEPS

NEXT STEPS FOR THE PILOT

* FINALISED THE FIRST MONITORING PHASE;
* EVALUATION OF THE PILOT AND LESSONS LEARNT;
* FEED THE NEGOTIATION PROCESS ON A6 With concrete proposals for implementation, in order to take into account our local circumstances and specificities (LDC, unconditional and conditional NDC, etc.);
* COMMUNICATION CAMPAIGN TOWARDS PRIVATE SECTOR, CIVIL SOCIETY AND LOCAL COMMUNITIES.

THANKS FOR YOUR ATTENTION

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