

Key recommendations for cities considering joining the Covenant of Mayors based on SEMISE experience with cities in the Caucasus

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Outline

- ▶ Special challenges of joining the CoM for cities of the east
- ▶ Benefits of joining the Covenant of Mayors (CoM)

Joining the CoM Special Challenges

Emissions Inventory Categories

4 main categories of CO₂ sources:

1. Buildings
2. Municipal equipment/facilities
3. Industry
4. Transportation

- Not all categories required in inventories.
- Data by category may be very difficult to find.

Joining the CoM

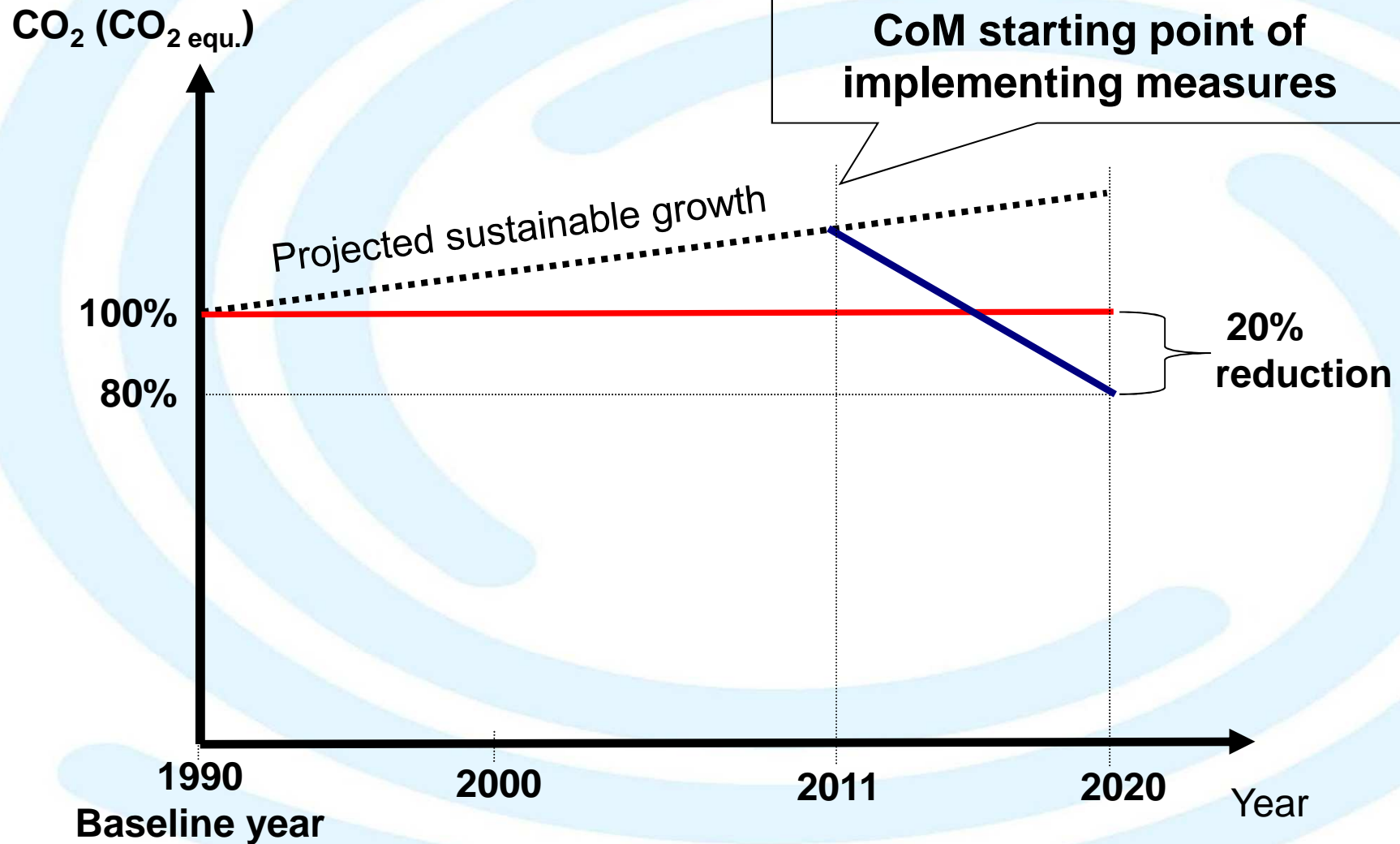
Special Challenges

Choice of Baseline Year

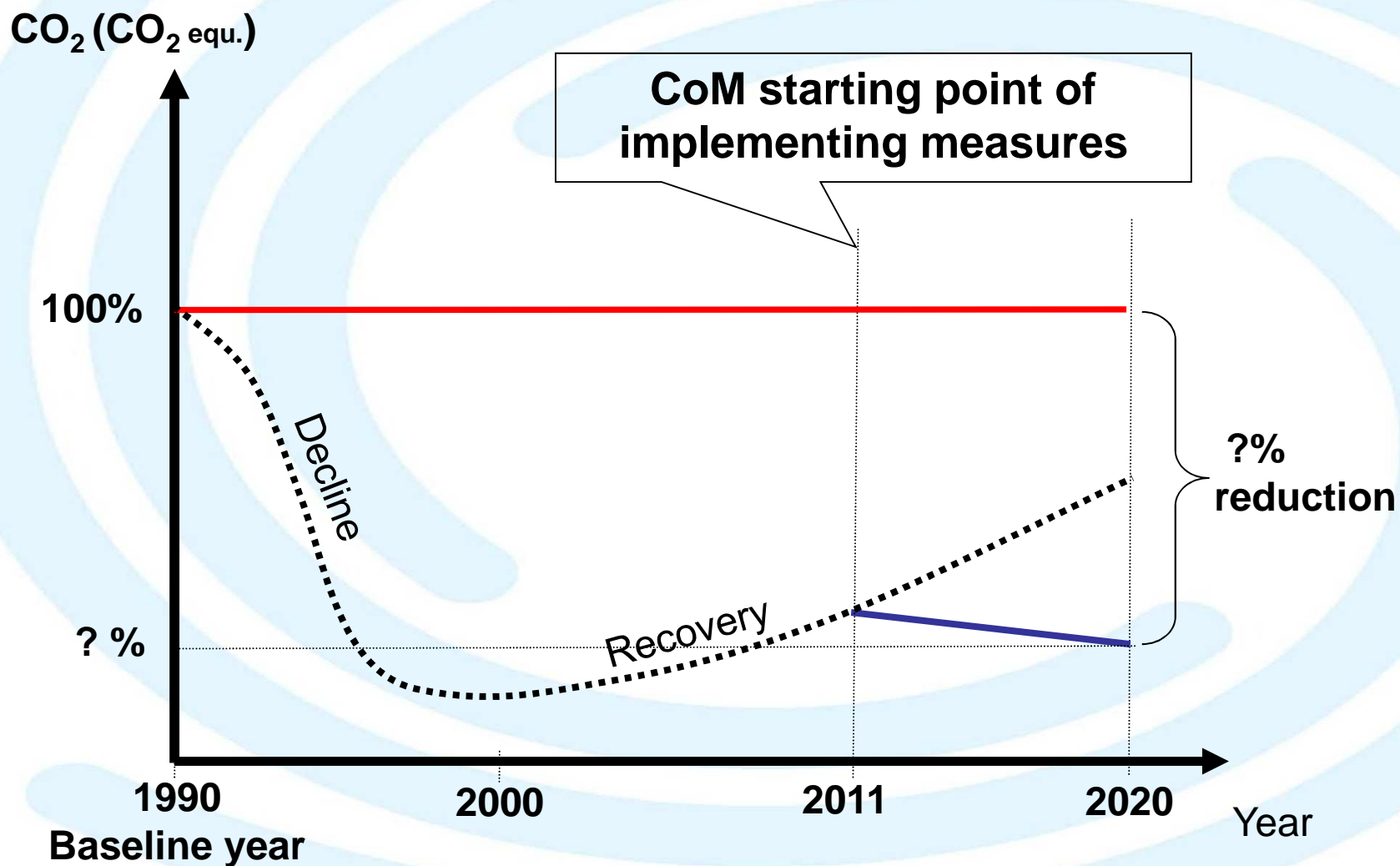
Warning: 1990 baseline may present data availability problems for countries that experienced severe economic decline.

- Collapse of eastern political systems in 90s
- Poor availability of data from 1990
- Cannot count emissions from closed factories... no advantage

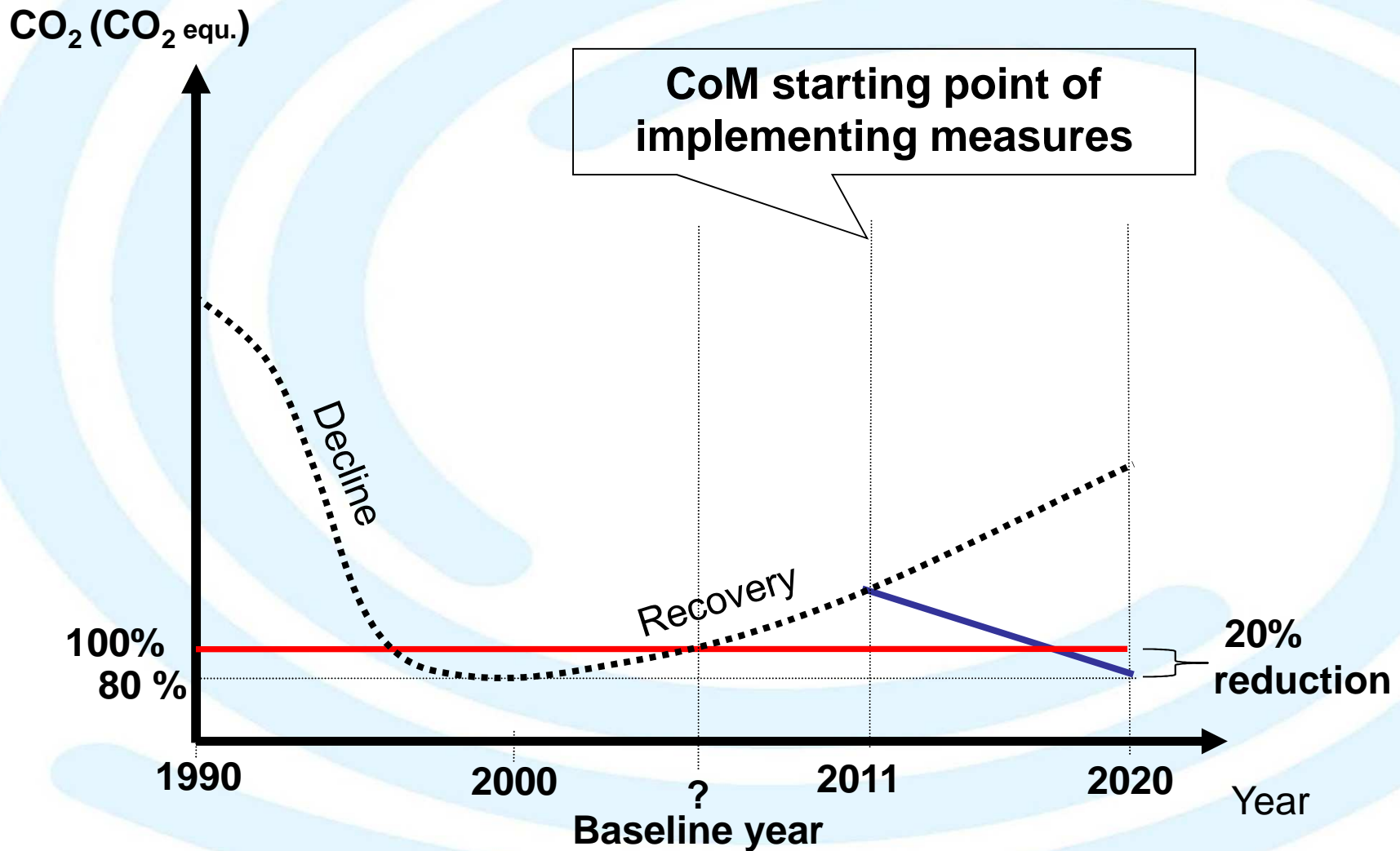
Baseline: 1990 & 20% EU Commitments



Option A: 1990 with High Reduction Commitments



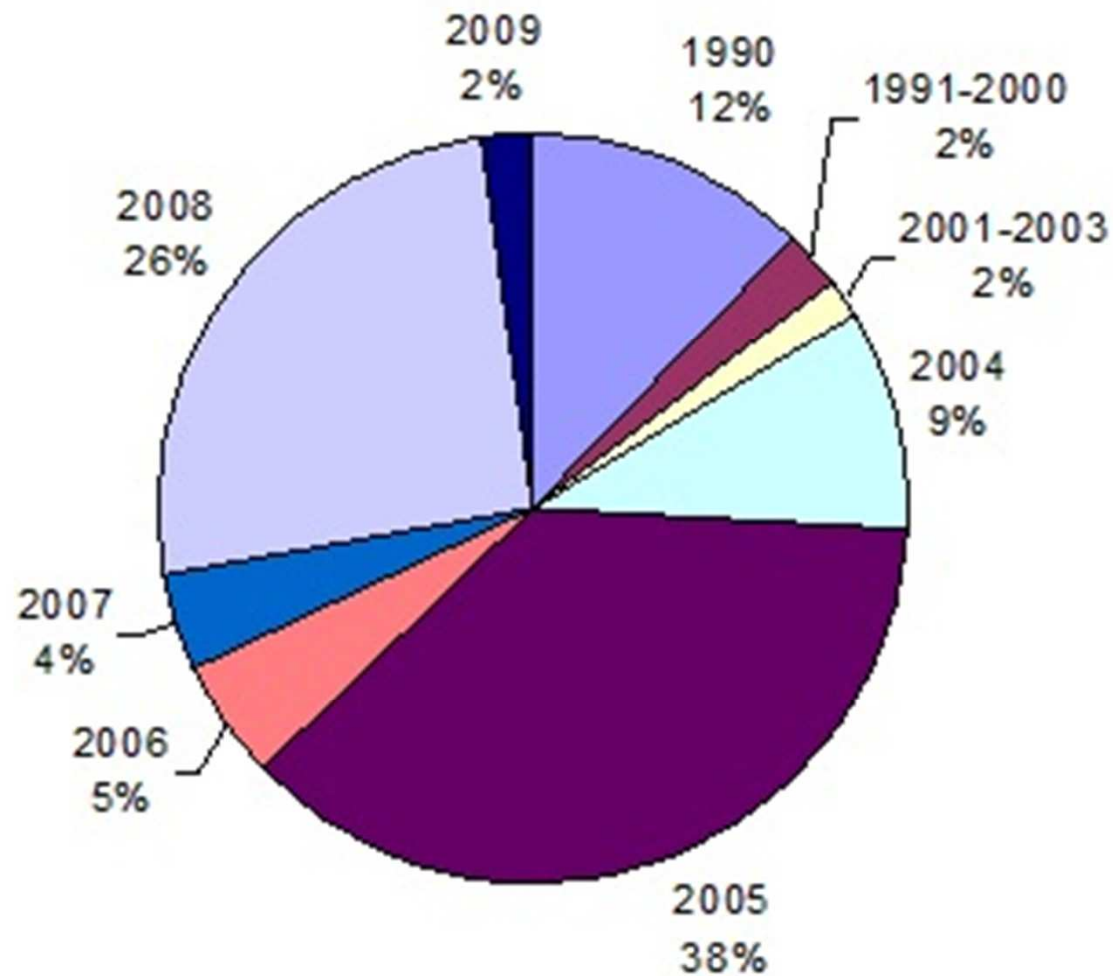
Option B: 20% & Different Base Year



Joining the CoM

Special Challenges

Baseline Year Statistics



Joining the CoM Special Challenges

Exclusion of Industry

- CoM rules: It is possible to exclude industry from the statistics.
- Industry is not a priority of the CoM.

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Special Challenges

Power Plants

- For electricity, Covenant focuses on consumption rather than production
- Improvements of local energy production and local renewables can be accounted for
- Large power plants are NOT to be accounted for in CoM inventories.
- EC recommendation: Use same emission factor for imported electricity in all inventories.

Joining the CoM Special Challenges

District Heating Plants

- For heat, Covenant considers emissions from heat producing entities.
- Emissions from closed district heating plants should be counted *if* their heat output has been replaced by other sources.

Joining the CoM Special Challenges

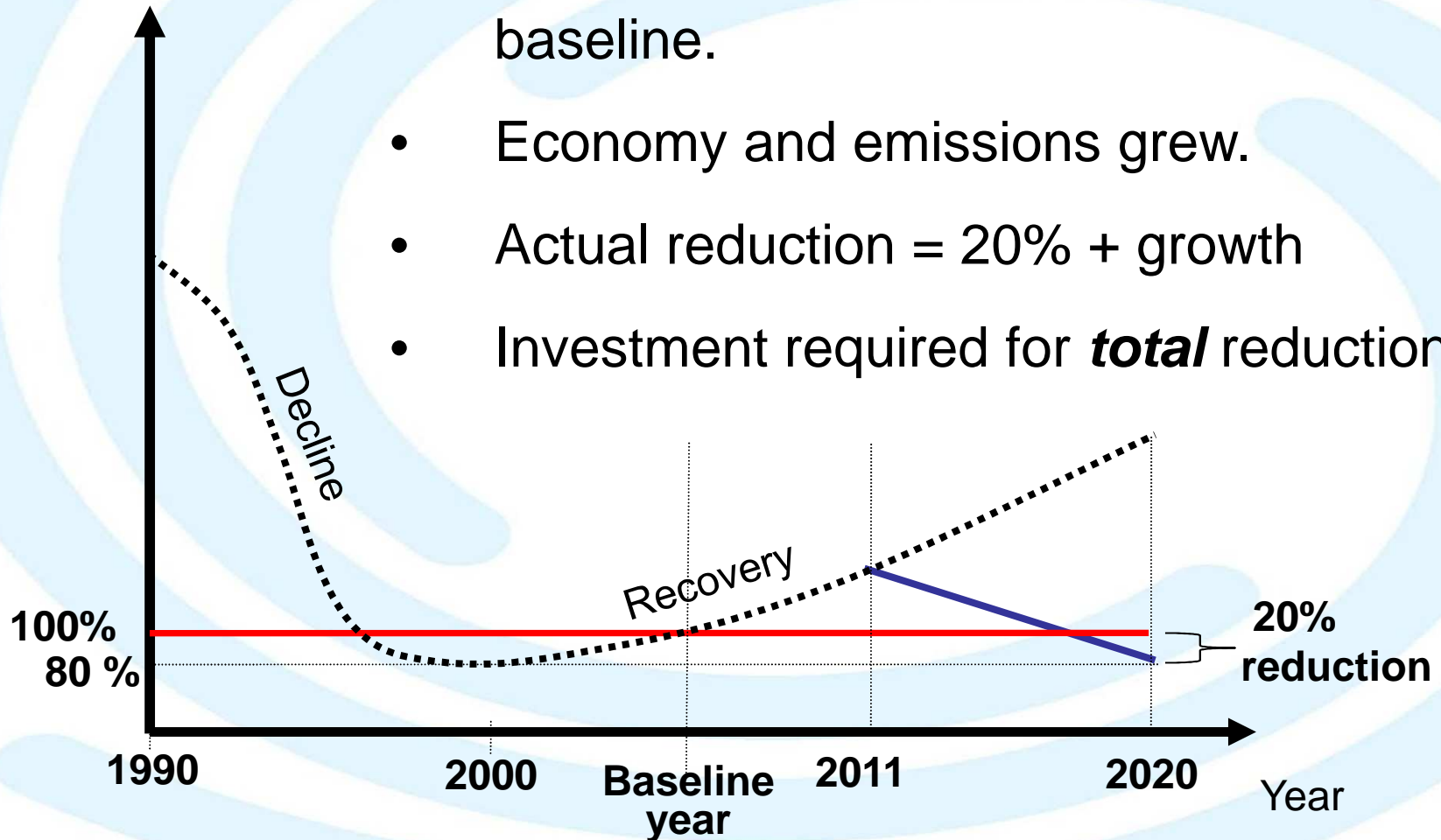
Reduction Objective & MEI

- It is essential that cities establish their reduction objective on the basis of a recent Monitoring Emissions Inventory (MEI).
- Intermediate inventories (between 1990 and 2009) will help to determine a suitable objective.
- MEI helps choose reduction objective.

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Actual Reduction

CO₂ (CO₂ equ.)



- Cities commit to 20% reduction from baseline.
- Economy and emissions grew.
- Actual reduction = 20% + growth
- Investment required for **total** reduction.

Joining the CoM

Special Challenges

Until 2020

- Economies (and associated emissions) are expected to grow until 2020.
- Swimming upstream?
- Economic growth must be sustainable.
- Limit emission increases through soft measures:
 - Green procurement & eco-design
 - Licensing & regulations
 - Incentives
 - Performance contracting
 - Urban planning

Joining the CoM

Special Challenges

Technical Competence Within Municipality

- Most municipalities short of personnel with energy management skills.
- Build staff to carry out CoM program through training and contracting.
- Local groups like Centre " Energy Efficiency & Environmental Protection" (GE) and R2E2 (AM) have technical capacity.
- International groups like Association of Energy Engineers have chapters in many countries with Certified Energy Managers.

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Special Challenges

Legal Frameworks

- Sometimes regulations block CO₂ reductions.
- Example: Municipal budgets may be reduced the year after the city reduces waste.
- If savings are removed, they cannot repay investment.
- Change legal frameworks to capture savings

Joining the CoM Special Challenges

Build support from stakeholders.

- Public participation in decision-making process is just beginning in the eastern countries.
- CoM needs huge public support.
- How to convince stakeholders to cooperate?
- **Communicate, communicate, communicate!**

Joining the CoM

Special Challenges

Investors

- For a city of 1 million people, investment may be 100 M EUR, possibly 200-300 M EUR.
- Find IFIs.
- Example: JBIC offers energy loans at 3% interest.
- Motivate citizen investment.

Benefits of Joining CoM

Quantitative Benefits

Financial Benefits

- MONEY!
- With right combination of conventional credit and soft loans, municipality can ***save more money than it spends*** by 2020.
- CDM / JI projects may pay for measures.

Benefits of Joining CoM

Quantitative Benefits

Financial Benefits (cont.)

- Basic principle of energy management:
“Savings pay back investments over time.”
- Put most bankable measures on the open market.
- Use soft loans for measures with high carbon reduction but lower economic return.

Benefits of Joining CoM

Quantitative Benefits

Link Between Carbon Market & Inventories

- CoM not connected to the carbon market.
- Carbon reductions may appear in inventories of both city and country.
- JI & CDM projects on city territory may generate income to finance CoM projects.
- Annex B countries may sell reductions as “assigned amount units” (AAUs) under Kyoto Protocol.

Benefits of Joining CoM

Qualitative Benefits

Changing the Culture

CoM commits to mobilising and involving its citizens in the whole process. Citizen behavior will become more sustainable.

Institutional Capacity

CoM accession will drive improvements in city's

- ◆ administrative structure
- ◆ procurement system
- ◆ tendering procedures
- ◆ project management

Benefits of Joining CoM

Qualitative Benefits

Policy Incentives

Government may adopt regulatory framework to provide incentives (e.g., revolving fund).

Technological Advancement

Implementation of SEAP measures requires innovation, new technologies.

Job Growth

CoM projects stimulate manufacturing of EE/RES products, boost employment.

Benefits of Joining CoM

Qualitative Benefits

Creditworthiness

Consistent energy policy and planning sends positive signals to banks, both national and IFIs.

EC Support

Accession to COM provides public visibility at EU level.

Best Practices

COMO supports networking and exchange of best practices.

Benefits of Joining CoM

Qualitative Benefits

Environmental Improvements

Implementation of SEAP measures will phase out a range of pollutants.

Public Health Improvements

Quality environment provide relief and reduce risks of pulmonary diseases

Improvement of Quality of Life

Reduced energy poverty, improved transportation, less pollution

Joining the CoM – More Info

For more information on the Covenant of Mayors,
see <http://www.eumayors.eu/>

For specific information on Sustainable Energy
Action Plan, see

[http://www.eumayors.eu/mm/staging/library/
seap_gl/docs/001_Complete_version.pdf](http://www.eumayors.eu/mm/staging/library/seap_gl/docs/001_Complete_version.pdf)

Joining the CoM – The End

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Thanks for your attention!