Argentina’s Draft Market Readiness Proposal (MRP)
Partnership for Market Readiness (PMR)
Presentation of Argentina’s Draft MRP: Outline

- MRP process for Argentina
- Argentine context for CPIs
- EECs component: outputs and activities
- REC component: outputs and activities
- Carbon Tax: outputs and activities
- CPIs for Transport Sector
- Cross-cutting activities and implementation arrangements
Working structure of Nacional Cabinet on Climate Change

Structure of NCCC

Ministry meetings

Focal Point Meetings

Thematic Roundtables

COFEMA Meetings

Broad Cabinet Meeting

Thematic Roundtables

Sectoral meetings
- Energy efficiency
- Renewable energy
- Agriculture and Livestock
- Forests
- Production
- Transport
- Infrastructure

Transversal meetings
- Education, Culture and Information
- Climate Finance and Carbon pricing
- Risk management and emergency
Diversity of sectors driving Argentina’s emissions
Overview of Argentina’s climate policy development

2016

2017

2018

2019

SECTORIAL CLIMATE CHANGE PLANS

ENERGY

INDUSTRY

FORESTS

AGRICULTURE AND LIVESTOCK

TRANSPORT

INFRASTRUCTURE AND LAND

NATIONAL MITIGATION PLAN

NATIONAL CLIMATE CHANGE RESPONSE PLAN

NATIONAL ADAPTATION PLAN

PROVINCIAL AND MUNICIPAL STRENGTHENING

Ministerio de Ambiente y Desarrollo Sustentable
Ministerio de Energía y Minería
Ministerio de Hacienda
Ministerio de Transporte
Presidencia de la Nación
**MITIGATION MEASURES**

**Energy**
- Efficiency in home appliances
- Efficient boilers
- Heat pumps
- Water-saving devices
- Street lighting
- Residential lighting
- Thermal insulation in buildings
- Solar boilers
- Electricity generation from renewable resources connected to the grid
- Generation of distributed electricity
- Off-grid electricity generation
- Mixing with biofuels
- Nuclear
- Hydroelectric
- Substitution of fossil fuels with natural gas for electricity generation
- Improving the efficiency of thermal power stations

**Transport**
- Urban railway prioritization
- Low emission urban mobility promotion
- Non-motorized mobility promotion
- Public transport promotion
- Intercity railroad restoration
- Commercial aviation modernization
- Efficiency improvements for freight transportation
- Freight railway prioritization

**ADAPTATION MEASURES TO BE DEVELOPED IN 2018**
Evaluate the feasibility of implementing CPIs (implicit and explicit) in Argentina to support meeting NDC targets in key sectors

<table>
<thead>
<tr>
<th>RECs</th>
<th>EECs</th>
</tr>
</thead>
</table>
| • Analysis to support decision on REC  
  • Definition of scope and target for REC scheme  
  • Design of REC scheme, including institutional, regulatory and technical infrastructure and MRV  
  • Design of pilot for REC scheme | • Analysis to support decision on EEC  
  • Definition of scope and target for EEC scheme  
  • Design of EEC scheme, including institutional, regulatory and technical infrastructure and MRV  
  • Design of pilot for EEC scheme |

<table>
<thead>
<tr>
<th>Carbon Tax</th>
<th>Transport</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Analysis of impacts of existing carbon tax program and potential extensions</td>
<td>• Mapping, assessment and prioritization of potentials CPIs for transport sector</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cross-cutting (BB5)</th>
</tr>
</thead>
</table>
| • Project management task force  
  • Consultation, communication and outreach |
Energy Efficiency Certificates Scheme

EECs
Energy efficiency as key mitigation strategy for NDC goals

MITIGATION MEASURES

ENERGY EFFICIENCY

- Efficiency in home appliances
- Efficient boilers
- Heat pumps
- Water-saving devices
- Street lighting
- Residential lighting
- Thermal insulation in buildings

RENEWABLE ENERGY

- Solar boilers
- Electricity generation from renewable resources connected to the grid
- Generation of distributed electricity
- Off-grid electricity generation

FUEL

- Mixing with biofuels
- Nuclear
- Hydroelectric
- Substitution of fossil fuels with natural gas for electricity generation
- Improving the efficiency of thermal power stations

ADAPTATION MEASURES TO BE DEVELOPED IN 2018

MONITORING

CONTINUOUS REVISION

FUNDING
Total Internal Energy Supply

86.6 MMtoe

2015
Energy Efficiency in Argentina - Background

Current Institutional Framework

- Ministry of Energy and Mining
- Undersecretary of Energy Efficiency and Savings

Normalization of energy markets
- Comprehensive review of energy prices and tariffs
- Energy prices reflecting cost of production

Regulatory Framework

EE bill project:
- Targets, regulations, mechanisms and education programs
- Create enabling context to promote EE
- Trust Fund

Energy Efficiency in Argentina - Background

Energy Efficiency is 1 of the 100 Government Priorities

Argentina - Energy Intensity in Households

toe / 1000 m²
Energy Efficiency in Argentina – Current Framework

- Industry
- Households
- Institutional Support
- Labelling
- Financing
- Transport

- Education & Technical Capacities
- Communication & Behaviour Change
- Data & MRV
- Regulatory Framework
- International Cooperation
Energy Efficiency Goal

EE Goal: reduce energy consumption by 10.2% regarding business as usual scenario @2030

Total final consumption savings

Savings by sector

- Residential: 46%
- Public: 4%
- Industry: 22%
- Transport: 21%
- Cross Cutting: 7%

Savings by measures

- Residential: Appliances 67.3%, Lighting 26.5%, Home thermal insulation 6.2%
- Public: Public Lighting 100%
- Industry: Energy Management Systems 65.0%, Cogeneration 17.6%, Motors Efficiency 17.4%
- Transport: Transport modal shift to railway 71.8%, Road transport efficiency 27.1%, Urban sustainable transport 1.1%
- Cross cutting: Education & behaviour change 100%
• Improvement in regulatory framework and EE policies, where instruments would accelerate implementations.

• Significant mitigation opportunities from energy efficiency, but need additional policy instruments to support implementation of sectorial goals.

30% of the Argentinean NDC and 50% of Energy NDC is based on Energy Efficiency measures.

• Important recent work done analyzing energy consumption and barriers to EE -> opportunity to build on existing and planned programs.
• Electricity and natural gas have different regulatory structures and institutions (e.g. ENARGAS, ENRE and provincial regulatory institutions)

• MRP implementation should include analysis of the following as part of a feasibility study for EECs:
  
  • Limitation on energy consumption data – and implications for developing targets and MRV systems
  • Updating end-user barrier analysis
  • Implications of the different regulatory models for electricity and natural gas for CPI implementation.
Analytical process for EECs and RECs “pre-feasibility”

Action Plan for first 6 months

- Screening appropriate modelling and analytical tools
- Identifying data needs
- Mapping barriers to RE / EE
- Analyzing potential impact on energy prices
- Modelling potential demand and market size
- Creating high-level scenarios
- Assessing potential interaction with other policy instruments
- Engaging stakeholder groups
- Providing recommendations
## EECs and RECs outputs / deliverables

<table>
<thead>
<tr>
<th>Outputs</th>
<th>Rationale</th>
<th>Deliverables</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BB2</strong></td>
<td><strong>2.1 Modeling and analysis</strong> to support decision on RECs/EECs as a CPI</td>
<td>Need to understand the options and potentials impacts of the RECs/EECs scheme to decide on how to move forward</td>
</tr>
<tr>
<td><strong>BB3/4</strong></td>
<td><strong>2.2 Definition of scope and target</strong> for REC/EEC scheme</td>
<td>Clarity is needed on scope and target to inform other decision on detailed design</td>
</tr>
<tr>
<td><strong>2.3 Design of overall REC scheme</strong>, including institutional, regulatory and technical infrastructure and MRV</td>
<td>Enabling environment and infrastructure for REC/EEC scheme considering Argentina’s priorities and capacities</td>
<td>REC/EEC Design Study for Argentina</td>
</tr>
<tr>
<td><strong>2.4 Design a pilot phase</strong> for REC/EEC scheme</td>
<td>Piloting will be designed to test the enabling environment and infrastructure before a full launch</td>
<td>Proposed institutional and regulatory framework, technical infrastructure, and MRV system</td>
</tr>
</tbody>
</table>
Renewable Energy Certificates Scheme

REC
Renewable energy/electricity as key mitigation strategy in NDC
Previously

- Great wind and solar resources
- Distribution capacity
- Human resources
- High country risk
- No access to capital markets

Renewable Energy Program 2016 - 2025

Law 27,191
Approved with 94% both Chambers of Congress

Decrees 531 and 882
Presidental Decree 1S’16

RenovAr Program

Corporate PPAs Legal Framework (MATER)

Comply with target of 20% by 2025 through private investment

Round 1: 9/2016
Round 1.5: 11/2016
Round 2: 10/2017
Round 3: 4Q 2018

Res. 6/2017
Renewable Energy National Targets 2018 - 2025

Ex-ante RenovAr + Actions up to 2017

- **0.8 GW** 1.8%

Actions up to 2017

- **RenovAr Round 1** 1.1 GW 2.7%
- **RenovAr Round 1.5** 1.3 GW 3.0%
- **Legacy Contracts (R202)** 0.5 GW 1.5%
- **RenovAr Round 2** 2.0 GW 4.9%

**Total** 4.9 GW 12.1%

8.4 MMCO2e Avoided with all awarded projects
100% of RE Mandate

**JOINT PURCHASE**
(RenovAr Programs and other mechanisms implemented by the MINEM)

100% of the 300 kW-or-less demand and Large Users who do not opt out.

*Price determined through Tenders.*

**RE CORPORATE PPAs**

**MARKET**

**SELF-GENERATION**

**AGREEMENTS**

Free negotiation by Large Users (>300 kW) who opt out.

*Annual Goals subject to penalties.*

*Price and other T&Cs freely negotiated.*

*With private generators, traders and/or distributors*
Guarantee Mechanism: 2 contracts 3 Levels of Guarantee

20 years - USD payment - Lenders step-in rights - International arbitration

CONTRACTS

1. Power Purchase Agreement
   Energy Sales

2. FODER Trust Adhesion Agreement
   Energy Payment and Early Termination Guarantees

GUARANTEE

1. FODER Guarantee
   Energy Payment

2. Sovereign Guarantee
   Termination Payment 1

3. World Bank Guarantee
   Termination Payment 2
### RenovAr Progress: (RenovAr 1 / 1.5 / 2 and Res. 202)

#### Expected commercial operation entries (accumulated)

<table>
<thead>
<tr>
<th>Year</th>
<th>MW</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>660 MW</td>
</tr>
<tr>
<td>2019</td>
<td>3,625 MW</td>
</tr>
<tr>
<td>2020</td>
<td>4,890 MW</td>
</tr>
<tr>
<td>2021</td>
<td>4,966 MW</td>
</tr>
</tbody>
</table>

#### RenovAr Rounds 1 & 1.5 and Res. 202

- **2.92 GW**
- **69 projects awarded**
- **9.6 TWh/year**
- **100% PPAs signed**
- **100% Constituted guarantees**
- **1 FODER 676 Mill USD**
- **2 Sovereign 4,500 Mill USD**
- **3 World Bank 480 Mill USD**

#### RenovAr Round 2

- **2.04 GW**
- **88 projects awarded**
- **7 PPAs signed**
- **7.3 TWh/year**

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**CURRENT AWARDED PROJECTS STATUS**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>1st Quarter</th>
<th>2nd Quarter</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>1.62 GW</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(40 projects)</td>
<td>7% Commercial Operation</td>
<td>17% Commercial Operation</td>
</tr>
<tr>
<td><strong>2.5 Bill USD</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>investment in progress</td>
<td>42% Financial Closure</td>
<td>15% Financial Closure</td>
</tr>
<tr>
<td><strong>51% Under Construction</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**FALLING PRICES OF ROUND 2**

- **-22% lower than average price offered in Rounds 1 & 1.5**
- **40.4 USD/MWh** (Minimum price)
- **-29% lower than average price offered in Rounds 1 & 1.5**
- **37.3 USD/MWh** (Minimum price)
Argentina has existing aggressive goals for RE development - opportunity to use CPIs to support this goal and go beyond.

RECs as an incentive to implement RE long term projects

Fulfill current commitments more efficiently
Additional instrument to go beyond the current target

Activities have been grouped into four main outputs: pre-feasibility, goal setting, full design, and designing a pilot.
Carbon Tax

Impact Assessment and Extensions
Carbon tax on liquid fuels and coal included in 2017 fiscal reform package: based on the local currency equivalent of US$10/tCO2e.
- The law differs from the Executive’s proposal
- Liquid fuels taxes designed to replace existing taxes, with limited impact on consumer prices and total government revenue in the short term
- Other fuels (mineral coal, petroleum coke, and fuel oil) have new taxes, but are not widely used – natural gas is not yet taxed
- No assessment yet of tax impact, or how it might evolve over time and affect government revenues, prices, competitiveness, etc.
- The carbon tax is estimated to cover about 20% of the country’s GHG emissions
An improved understanding of carbon tax issues is needed and involves answering these questions:

- Does a revenue-neutral replacement of distortionary taxes with a carbon tax impact competitiveness/distribution? What is the trade-off?
- What level of emissions reductions is expected?
- Is a Border Adjustment Tax needed due to competitiveness? Is it compatible with WTO rules?
- Besides fossil fuels, how could our carbon tax be extended to other emission sources (such as livestock, deforestation, industrial processes)? How should the MRV be implemented?
- What are the fiscal implications of different mitigation policies (carbon tax, broad ETS, RE subsidies, etc)? (E.g. for revenues, administrative costs, outcome uncertainty, etc.)
- What are the fiscal and competitiveness implications of not extending the carbon tax? (E.g. regarding stranded assets in a disjointed energy transition scenario.)
<table>
<thead>
<tr>
<th><strong>Output / Activities</strong></th>
<th><strong>Deliverables</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1 Analysis of the short- and long-term impacts of the existing carbon tax</td>
<td>Argentina Carbon Tax Impact Study</td>
</tr>
<tr>
<td>Model the potential impact of the carbon tax on energy prices, consumption, emissions, economic output and the distribution of income</td>
<td></td>
</tr>
<tr>
<td>Assess the risks of “stranded assets” in fossil fuel energy production and consumption</td>
<td></td>
</tr>
</tbody>
</table>
### Carbon Tax: Extension Study Activities (4.2)

<table>
<thead>
<tr>
<th>Output / Activities</th>
<th>Deliverables</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>4.2 Analysis of extensions to carbon tax program</strong></td>
<td></td>
</tr>
<tr>
<td>Compare carbon tax to ETS</td>
<td></td>
</tr>
<tr>
<td>Compare the cost and abatement potential of the current different mitigation policies and instruments</td>
<td></td>
</tr>
<tr>
<td>Assess the use of carbon taxes to replace current distortionary taxes</td>
<td></td>
</tr>
<tr>
<td>Model options for expanding carbon tax coverage</td>
<td></td>
</tr>
<tr>
<td>Develop a MRV process for ex-post assessment of impact of carbon tax</td>
<td></td>
</tr>
<tr>
<td>Assess the need for border tax adjustment in the long term</td>
<td></td>
</tr>
</tbody>
</table>

Argentina Carbon Tax Extension Study
Cross-cutting Activities: organization, management, communication and consultation
PMR Argentina: implementation arrangements

Key relevant Ministries
- Ministry of Environment & Sustainable Development (Chair)
- Ministry of Energy and Mining
- Ministry of Transport
- Ministry of Treasury
- Ministry of Environment & Sustainable Development

PMR project
- PMR Task Group
- Executive Coordinator
- Project Coordinator

PMTF (Project Management Task Force)

Stakeholder engagement
- National Cabinet on Climate Change (NCCC)
  - 17 ministries
- NCCC Sectoral Roundtables
  - Finance
  - Energy
  - Transport
- NCCC Extended Roundtable
  - NGOs, private sector, workers unions and academia
  - 23 Provinces (COFEMA)

World Bank
- PMR Grant Delivery Partner

Energy
- Carbon Tax
- Transport

Ministry of Environment & Sustainable Development (Chair)
Ministry of Energy and Mining
Ministry of Transport
Ministry of Treasury

Communication and Stakeholder Engagement
Program Management
### MRP timeline overview: intensive 24 months work program

<table>
<thead>
<tr>
<th>Output</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1 Modelling and analysis to support decision on RECs</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2.2 Definition of scope and target for REC</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>2.3 Design of overall REC scheme, including institutional, regulatory and technical infrastructure and MRV</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2.4 Design a pilot phase REC scheme</td>
<td>0</td>
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<td>0</td>
</tr>
<tr>
<td>3.1 Modelling and analysis to support decision on EECs</td>
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<td>0</td>
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<tr>
<td>3.2 Definition of scope and target for EEC</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>3.3 Design of overall EEC scheme, including institutional, regulatory and technical infrastructure and MRV</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>3.4 Design a pilot phase EEC scheme</td>
<td>0</td>
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<tr>
<td>4.1 Analysis of impacts of the existing carbon tax</td>
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<td>0</td>
</tr>
<tr>
<td>4.2 Analysis of extensions to carbon tax program</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>5.1 Analysis and prioritization of CPIs for transport</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>6.1 Project Management Task Force</td>
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</tbody>
</table>
# MRP Budget Overview by Component

<table>
<thead>
<tr>
<th>Budget by component</th>
<th>Estimated allocation from allocation</th>
<th>Funding source</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>PMR Grant (US$)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2018</td>
<td>2019</td>
</tr>
<tr>
<td>RECs</td>
<td>70,000</td>
<td>547,500</td>
</tr>
<tr>
<td>EECs</td>
<td>77,500</td>
<td>600,000</td>
</tr>
<tr>
<td>Carbon Tax</td>
<td>212,500</td>
<td>637,500</td>
</tr>
<tr>
<td>Transportation</td>
<td>51,667</td>
<td>103,333</td>
</tr>
<tr>
<td>Cross-cutting: organization, management, communication and consultation</td>
<td>83,125</td>
<td>166,250</td>
</tr>
<tr>
<td>Total</td>
<td>494,792</td>
<td>2,054,583</td>
</tr>
</tbody>
</table>
## MRP Budget Overview by Component

<table>
<thead>
<tr>
<th>Outputs</th>
<th>Estimated allocation from PMR Grant (US$)</th>
<th>Funding Source (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018 (6 m)</td>
<td>2019</td>
</tr>
<tr>
<td>2.1 Modelling and analysis to support decision on RECs as a CPI</td>
<td>70,000</td>
<td>70,000</td>
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<tr>
<td>2.2 Definition of scope and target for REC scheme</td>
<td>0</td>
<td>230,000</td>
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<tr>
<td>2.3 Design of overall REC scheme</td>
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<td>247,500</td>
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<tr>
<td>2.4 Design a pilot phase for REC scheme</td>
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<tr>
<td><strong>Sub-Total RECs</strong></td>
<td>70,000</td>
<td>547,500</td>
</tr>
<tr>
<td>3.1 Modelling and analysis to support decision on EECs as a CPI</td>
<td>77,500</td>
<td>77,500</td>
</tr>
<tr>
<td>3.2 Definition of scope and target for EEC scheme</td>
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<td>230,000</td>
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<tr>
<td>3.3 Design of overall EEC scheme</td>
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<td>292,500</td>
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<tr>
<td>3.4 Design a pilot phase for EECs scheme</td>
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<tr>
<td><strong>Sub-Total EECs</strong></td>
<td>77,500</td>
<td>600,000</td>
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<tr>
<td>4.1 Analysis of impacts of the existing carbon tax</td>
<td>61,250</td>
<td>183,750</td>
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<tr>
<td>4.2 Analysis of extensions to carbon tax program</td>
<td>151,250</td>
<td>453,750</td>
</tr>
<tr>
<td><strong>Sub-Total Carbon Tax</strong></td>
<td>212,500</td>
<td>637,500</td>
</tr>
<tr>
<td>5.1 Analysis and prioritization of CPIs for transport</td>
<td>51,667</td>
<td>103,333</td>
</tr>
<tr>
<td><strong>Sub-Total Transportation</strong></td>
<td>51,667</td>
<td>103,333</td>
</tr>
<tr>
<td>6.1 Project Management Task Force</td>
<td>74,525</td>
<td>149,050</td>
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<tr>
<td>6.2 Consultation, communication and outreach</td>
<td>8,600</td>
<td>17,200</td>
</tr>
<tr>
<td><strong>Sub-Total Cross-cutting</strong></td>
<td>83,125</td>
<td>166,250</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>494,792</td>
<td>2,054,583</td>
</tr>
</tbody>
</table>
Thank you
## REC Activities 2.1

### 2.1 Modeling and analysis to support decision on RECs as a CPI

<table>
<thead>
<tr>
<th>Activity</th>
<th>Description</th>
<th>REC scheme</th>
</tr>
</thead>
<tbody>
<tr>
<td>Screen modelling tools, identify data need, map barriers to RE and create high-level scenarios for RECs (e.g. scope, expansion of RE targets, type of obligation, compliance options, etc.)</td>
<td></td>
<td>Pre-Feasibility Study for Argentina</td>
</tr>
<tr>
<td>Model potential demand and market size under different RECs scenarios, as well as potential impacts on energy prices, energy consumption, transmission and distribution requirements, socio-economic (micro and macro) impacts and emissions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assess interaction of RECs with other policy instrument including carbon tax</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Facilitate engagement and workshop with government and key stakeholders to discuss recommendations on RECs</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## REC Activities 2.2

### 2.2 Definition of scope and target for REC scheme

<table>
<thead>
<tr>
<th>Activity</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Analyze renewable electricity supply curve (i.e. generation potential and costs by technology) to estimate costs of different REC scheme targets</td>
<td></td>
</tr>
<tr>
<td>Analyze the rationale for scope, coverage and target for the scheme based key quantitative and qualitative considerations (e.g. micro- and macroeconomic costs, grid impacts, voluntary market links, interaction other RE policies)</td>
<td></td>
</tr>
<tr>
<td>Facilitate stakeholder engagement and government decision on REC scheme scope, coverage, and target</td>
<td></td>
</tr>
</tbody>
</table>

Formal decision on scope and target for REC scheme
# REC Activities 2.3

## Design of REC scheme, including institutional, regulatory and technical infrastructure and MRV

<table>
<thead>
<tr>
<th>Activity</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Develop and implement data collection system for larger user energy consumption (i.e. potential obligated entities) and renewable energy production (current and planned)</td>
<td>RECs Activities 2.3 2.3 Design of REC scheme, including institutional, regulatory and technical infrastructure and MRV</td>
</tr>
<tr>
<td>Develop relevant templates, guidelines and tools to support MRV for RE generation and for compliance with targets, including verification requirements and guidelines</td>
<td>RECs Activities 2.3 2.3 Design of REC scheme, including institutional, regulatory and technical infrastructure and MRV</td>
</tr>
<tr>
<td>Analyze options for compliance flexibility, price controls and the potential for revenue recycling (i.e. form penalties)</td>
<td>RECs Activities 2.3 2.3 Design of REC scheme, including institutional, regulatory and technical infrastructure and MRV</td>
</tr>
<tr>
<td>Develop a plan for institutional, regulatory and capacity development</td>
<td>RECs Activities 2.3 2.3 Design of REC scheme, including institutional, regulatory and technical infrastructure and MRV</td>
</tr>
<tr>
<td>Design registry system, including functional specifications, options for procurement, interface needed with other systems, and financing options</td>
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</tr>
</tbody>
</table>
## RECs Activities 2.4

<table>
<thead>
<tr>
<th>2.4 Design a pilot phase for REC scheme</th>
</tr>
</thead>
<tbody>
<tr>
<td>Define scope of work for institutional structures, including any new entities needed</td>
</tr>
<tr>
<td>Support preparation of regulatory framework</td>
</tr>
<tr>
<td>Prepare a plan for rolling out the technical infrastructure</td>
</tr>
<tr>
<td>Propose the goals and a plan to put in place MRV systems for a defined group of actors for 1-2-year pilot</td>
</tr>
</tbody>
</table>

Proposed institutional & regulatory framework, technical infrastructure, and MRV system
### 3.1 Modeling and analysis to support decision on EECs as a CPI

<table>
<thead>
<tr>
<th>Description</th>
<th>EEC scheme Pre-Feasibility Study for Argentina</th>
</tr>
</thead>
<tbody>
<tr>
<td>Screen modelling tools, identify data need, map barriers to EE and create high-level scenarios for RECs (e.g. scope, expansion of RE targets, type of obligation, compliance options, etc.)</td>
<td></td>
</tr>
<tr>
<td>Model potential demand and market size under different RECs scenarios, as well as potential impacts on energy prices, energy consumption, transmission and distribution requirements, socio-economic (micro and macro) impacts and emissions</td>
<td></td>
</tr>
<tr>
<td>Assess interaction of EECs with other policy instrument including carbon tax</td>
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<tr>
<td>Facilitate engagement and workshop with government and key stakeholders to discuss recommendations on EECs</td>
<td></td>
</tr>
</tbody>
</table>
## EEC Activities 3.2

### 3.2 Definition of scope and target for EEC scheme

<table>
<thead>
<tr>
<th>Activity</th>
<th>Formal decision on scope and target for EEC scheme</th>
</tr>
</thead>
<tbody>
<tr>
<td>Analyze energy efficiency cost curve (i.e. savings potential and costs by technology) to estimate costs of different EECs scheme targets</td>
<td></td>
</tr>
<tr>
<td>Analyze the rationale for scope, coverage and targets for the scheme, based on based key quantitative and qualitative considerations</td>
<td></td>
</tr>
<tr>
<td>Facilitate stakeholder engagement and government decision on EEC scheme scope, coverage, and target</td>
<td></td>
</tr>
</tbody>
</table>
## EEC Activities 3.3

<table>
<thead>
<tr>
<th>3.3 Design of EEC scheme, including institutional, regulatory and technical infrastructure and MRV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Develop and implement data collection system for larger user energy consumption (i.e. potential obligated entities)</td>
</tr>
<tr>
<td>Develop relevant templates, guidelines and tools to support MRV for energy savings and for compliance with targets, including verification requirements and guidelines</td>
</tr>
<tr>
<td>Analyze possible flexibility mechanisms, compliance options, uses of penalty revenue and implications of voluntary entity participation</td>
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<tr>
<td>Develop a plan for institutional, regulatory and capacity development</td>
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<tr>
<td>Design registry system, including functional specifications, options for procurement, interface needed with other systems, and financing options</td>
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EECs Design Study for Argentina
**3.4 Design a pilot phase for EEC scheme**

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<th>Activity</th>
<th>Proposed institutional and regulatory framework, technical infrastructure, and MRV system</th>
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<td>Define scope of work for institutional structures, including any new entities needed</td>
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</tbody>
</table>
CPIs for Transport Sector
Transport sector and CPIs

• Transport sector a large and growing source of emissions, with significant mitigation potential identified as part of sectoral action plan

• Limited experience with CPIs, so need to understand how these could support specific mitigation programs and overall NDC goals

• Consider a range of possible instruments, based on international experience and Argentina’s situation
  • Domestic crediting scheme
  • International crediting (e.g. Article 6 mechanisms under the Paris Agreement and CORSIA)
  • Performance standard with permit trading
### Transportation Activities 5.1

<table>
<thead>
<tr>
<th><strong>Output / Activities</strong></th>
<th><strong>Deliverables</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>5.1 Analysis and prioritization of CPIs for transport</strong></td>
<td><strong>CPIs for Argentina’s transport sector study</strong></td>
</tr>
<tr>
<td>Review options for mitigation of GHG emissions and assess impact of a carbon price</td>
<td></td>
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<tr>
<td>Analyze and rank possible CPIs using criteria agreed with stakeholders</td>
<td></td>
</tr>
<tr>
<td>Prepare pre-feasibility which would include review needs for further development and implementation of chosen CPI(s)</td>
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</tr>
<tr>
<td>Analyze and track development of CORSIA system as a possible source of demand for emission reduction units or credits from the Argentina, particularly from the transport sector</td>
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</tr>
<tr>
<td>Consult stakeholders throughout with focus on agreeing evaluation criteria, action plans and reaching final agreement on development of options</td>
<td></td>
</tr>
</tbody>
</table>