



Partnership for Market Readiness

Template for Expression of Interest and Questionnaire on Market Readiness Capacity

November 12, 2010

A. Expression of interest

Partnership for Market Readiness (PMR)

Expression of interest in participating in the PMR

Countries seeking support from the PMR are requested to prepare a cover letter, including a short statement confirming the country's interest in participating in the PMR. The cover letter should be accompanied by an Annex containing the following information:

1. Name of the government agency submitting expression of interest

MINISTRY OF ENVIRONMENT HOUSING AND TERRITORIAL DEVELOPMENT

2. Name and contact information of designated PMR Government focal point

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3. Domestic mitigation action: outline what are the purposes and main objectives of your country's mitigation strategy.

- a. Provide an overview of domestic mitigation policies and plans and the status of the implementation - at both the national and sub-national levels.

Colombia is currently formulating its Low carbon development strategy. The process is expected to be completed by 2012 and it has been divided into four phases. Phases one and two will be dedicated to establish the marginal abatement costs of mitigation actions in the industry, transport, agriculture, waste and power sectors and to identify capacity needs from an institutional perspective. An analysis of national capacity to measure and report emissions and mitigation actions and a proposal on how to improve such capacities will also take place along sectoral studies.

Phase three will be dedicated to the design of the Colombian Low Carbon Development Strategy taking into consideration results from phases one and two. At this stage, the following activities will take place:

- Analysis and prioritization of mitigation potentials from phases one and two from a cross-sectoral perspective
- Analysis and recommendation on how to address the mitigation potential from a cross-sectoral perspective (i.e. policies, regulations, markets)
- Governance analysis: Institutional proposal to achieve and ensure mitigation actions, programs, policies. This includes an analysis on how to remove institutional barriers and go beyond the current capacity mainly dedicated to CDM and involve all sectors in mitigation actions. All institutions involved will need a "readiness" training phase to incorporate the LCDS into their plans and be able to implement them accordingly.
- Analysis of current and potential financing options and a proposal framework to effectively channel different available financial resources addressing the specific mitigation options in Colombia (linked to the institutional arrangements)
- Analysis of how mitigation options could be incorporated into national development strategies and goals

Under the Copenhagen accord, Colombia submitted some indicative actions including:

- Unilateral action: participation of renewable energy in the energy mix of no less than 77% of the total installed capacity by 2020
- Actions seeking support: 1. reduce deforestation in the Amazon region to 0 by 2020

and 2. increase blend in fuels to 20% as a mandatory measure by 2020.

Energy efficiency and renewable energy plan 2010 – 2015 PROURE

The plan adopted by resolution 18919/2010 from the Ministry of Mines and Energy has established some indicative goals in energy efficiency and renewable energy (non conventional sources) by 2015. The following table summarizes the main objectives:

MEASURE/ACTIVITY	Description of activity	Components
Energy efficiency in residential buildings:	Achieve electricity savings of 8.66% by 2015	1. Lighting: replace 32 million bulbs in low income households
		2. A/C/cooling appliances: replace 2 000 000 refrigerators
		3. Efficient cookstoves in rural households
Energy efficiency in industries	Achieve electricity savings of 3.4% by 2015 and other energy sources 0.25%	Replacement of 14000 kW in industrial motors
		Boilers maintenance and good practices
		Lighting: replacement of bulbs in 500 industries
Energy efficiency in public and commercial buildings	Achieve electricity savings of 2.66% by 2015	Replacement of 240.000 coolers in small and medium commercial stores
		Lighting: replacement of bulbs in hospitals
		Street lighting: baseline determination, energy efficiency standards,
Renewable energy - non conventional sources	Non conventional sources in the National Grid System	Achieve 3.5% participation of non conventional sources (in Colombia non conventional includes: solar, wind, geothermal, ocean, biomass). Hydro is excluded because it is a conventional source in Colombia

	Non conventional sources in off-grid regions	Achieve 20% of participation of non conventional sources in the total installed capacity in off-grid regions.
<p>b. Briefly identify the key sectors targeted by the mitigation strategy.</p> <ul style="list-style-type: none"> • Transport: public, private and freight transport • Industry/services/commercial sector: energy efficiency • Agriculture 		
<p>4. Market Instruments¹: briefly outline experience to date with relevant market instruments as well as future plans.</p> <p>a. Provide a brief description of experience to date with market-based instruments, e.g., type of instrument, dates of implementation, scope, and key outcomes. The power generation sector currently works as a market oriented sector which favours the lowest cost of a technology under a marginal scheme. So far, it has resulted in a participation of hydro electricity of 67% in average for the last 5 years.</p> <p>b. To the extent that one (or more) specific market instrument is already identified for future implementation; provide a brief overview of the status of development/implementation and its relevance to the country's overall mitigation strategy.</p>		
<p>5. Support from the PMR: provide a short summary of your current assessment of the capacity needs and gaps for which support from the PMR is being sought. To the extent that one (or more) specific market instrument is identified, outline the type of support that your country may be seeking from the PMR.</p> <p>1. Renewable energy: non conventional sources in Colombia include wind, solar, geothermal and biomass. Hydro is a conventional source and therefore it is not considered in the general RE indicative goal. One of the expected outcomes of the energy efficiency and renewable energy plan is to find innovative instruments to achieve a greater participation of non conventional sources in the energy mix. The energy sector is highly reluctant to modify the current rules of market operation to allow the entrance of non conventional sources. It is therefore necessary to look for innovative/attractive solutions (including market opportunities) to achieve the renewable energy indicative goal from the Copenhagen Accord and PROURE's goals. An in depth assessment of the market operation is necessary in order to avoid any distortion in the current market but create attractive incentives for RE participation.</p> <p>2. Energy efficiency: the indicative goals of the energy sector were estimated from secondary information and some relatively recent but incomplete surveys. One of the key issues under the LCDS is to collect information on mitigation potentials from the industry and commercial sectors. This is also crucial for the establishment of a possible energy efficiency market (one of the options considered under PROURE). The support sought in this area is data gathering complementing other initiatives such as the possible</p>		

¹ Without prejudging future developments on market instruments, this question refers to instruments providing a price signal that create an incentive to use or invest in climate-friendly technologies and/or processes. Such market instruments can include domestic instruments (e.g., emissions trading and non-GHG based schemes such as renewable energy and energy efficiency trading systems) and international market instruments such as reformed CDM, sectoral, and NAMA crediting.

cooperation with WRI to participate in reformed CDM (standardized baselines) or sectoral crediting.
<p>6. Institutional setting: how would you plan to coordinate the PMR efforts at the domestic level, i.e., which Ministry would lead and which government agencies would be involved? Lead: Ministry of environment, housing and territorial development in close collaboration with UPME (Mining and energy planning unit from the Ministry of Mines and Energy).</p>
<p>7. Stakeholder participation: are there intentions/plans /processes to engage non-governmental stakeholders (e.g., private sector)? If so, provide brief description. ANDI: National Industry Association XM: Energy/power market operator ACOLGEN: Power generators association ANDESCO: Public services companies association</p>