STAKEHOLDER ENGAGEMENT

PARTNERSHIP FOR MARKET READINESS
MRV TRAINING WORKSHOP
BEIJING, CHINA
SEPTEMBER 23-25, 2013

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Key Concepts, Options and Trade-offs

- What is stakeholder engagement?
- Who are the stakeholders?
- What are the engagement methods?
- What drives decisions on who, what, when?

Input from experts

- Trade-offs with stakeholder engagement
- Preparing a stakeholder engagement plan

Summary
What is stakeholder engagement?

- Stakeholder engagement allows and ensures that relevant parties throughout a society are appropriately consulted and informed in the design, implementation and operation of an MRV program
  - Comes in many different forms
  - Has been a major driver of success for facility-level MRV programs
  - Usually involves difficult conversations and some conflict, but it has significant benefits
What is stakeholder engagement?

◆ The benefits of effective stakeholder engagement include:
  ▪ Ensuring **transparency**
  ▪ Establishing **relationships** with interested parties
  ▪ Increasing **understanding** of the issues
  ▪ Increasing the **buy-in** (acceptance) of the process

◆ What other benefits do we see from effective stakeholder engagement?
◆ What are the challenges?
What is stakeholder engagement?

Key topics which are usually addressed:

- Design and implementation of the program
- Program participation, administration, compliance and enforcement
- Technical issues (eligibility, methodologies, data, calculations, factors, QA/QC, etc)
- Program results, performance and improvements

Sometimes a single engagement session will cover many of these topics
Who are the stakeholders?

 Facility-level MRV programs usually involve a wide variety of stakeholders:

- Program participants in all of the sectors covered by the program, including different personnel within the program participants (engineers, environment, health & safety, legal)
- Verifiers, technical experts and other service providers involved in the program such as consultants, accountants and lawyers
- Government (national and sub-national)
- General public, NGOs, trade associations, etc
What are the engagement methods?

Examples of engagement methods (1):

- Publication of documents and guidance material (websites, print)
- “One-to-many” presentations, such as in large gatherings of interested stakeholders
- “One-to-some” presentations, where the group is smaller and more interactive
- Formal and informal training and capacity building delivered online or in-person
What are the engagement methods?

Examples of engagement methods (2):

- Small group in person discussions or conference calls, where an agenda guides the conversation
- One-to-one in-person meetings, telephone calls
- Emails, letters, submissions
- Call center operations, where scripted responses are provided to common questions
- Webinars, RSS feeds
- An increasing range of modern electronic communication tools...
There are three key drivers for decisions on who, what and when for engagement

- **Diversity of participants** in the stakeholder engagement (e.g. technical specialists, lawyers, general public, other government agencies)

- **Regulatory culture** in the jurisdiction and the covered sectors, and how stakeholders expect to be engaged and informed of regulatory changes

- **Readiness** of the program participants, and how prepared the facilities are for the MRV program (training needs assessments can help with this)
A stakeholder engagement plan from an existing facility-level MRV program

- How long did it take to prepare?
- Was it difficult to do?
- How did you think about the key aspects?
  - objectives of the engagement
  - which stakeholder engagement methods to use
  - which stakeholders to engage and when
  - what issues are important
  - what will indicate success
- How often is it updated and what changes?
Steps in Structuring PAT Mechanism

1. Constituted PAT Steering committee
2. Draft Mechanism for Overall Structure for PAT
3. Approval of NMEEE Including PAT Scheme by Cabinet
4. Constituted Sector Technical Committees for the Formulation Target Setting Methodology
5. Collection of PAT Baseline Data
6. Developed Rules for Implementation of Pat Based on Consultation Workshops
7. Notified Rules & Targets for Designated Consumers
8. Prepared PAT Consultation Document
9. Conducted Stakeholder Consultation Workshop
### Chronology of PAT Notification

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
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<tbody>
<tr>
<td>30 June 2008</td>
<td>Hon’ble PM releases the National Action Plan of Climate Change</td>
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<tr>
<td>September 2008</td>
<td>NMEEE endorsed by steering Committee, MoP</td>
</tr>
<tr>
<td>3 October 2008</td>
<td>Discussion on Draft outline in PMO</td>
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<tr>
<td>14 Nov 2008</td>
<td>First consultation workshop at Mumbai</td>
</tr>
<tr>
<td>August 2009</td>
<td>PM’s council on Climate Change approves NMEEE in principle</td>
</tr>
<tr>
<td>December 2009</td>
<td>EFC recommends the implementation plan of NMEEE to Cabinet with a</td>
</tr>
<tr>
<td></td>
<td>financial outlay of Rs. 235.35 Crs</td>
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<tr>
<td>8 March 2010</td>
<td>The Energy Conservation (Amendment) Bill was introduced in the Lok Sabha</td>
</tr>
<tr>
<td>May 2010</td>
<td>Cabinet approves the financial outlay Amendment to Energy Conservation Act, 2001 passed in parliament</td>
</tr>
<tr>
<td>December 2010</td>
<td>Request for Proposal for Conducting Baseline Energy Audit of the Designated Consumers under the Perform Achieve and Trade (PAT) Scheme</td>
</tr>
<tr>
<td>2011</td>
<td>Finalization of rules, methodology and targets</td>
</tr>
<tr>
<td>30 March 2012</td>
<td>PAT Notification and PAT Rules released by MoP</td>
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</tbody>
</table>
Stakeholder Consultation Process

- Stakeholder Consultation Process was integral part of the development of PAT Mechanism
- Government of India involved industry and various other stakeholders in design of PAT Scheme
- GoI had set up three Working Groups to design key elements under National Mission for Enhanced Energy Efficiency
- GoI had set up Working Group to develop PAT Mechanism under Chairmanship of Shri Anil Kumar, Additional Secretary
- Four Sub-Groups were established to look into various aspects of the PAT Scheme
ToR and Composition of Sub-Group 1

◆ Terms of Reference (ToR):
  ▪ The task for this sub-group is to recommend methodology for setting up specific energy consumption norms for each designated consumer in the baseline year and target year.

◆ Composition of Sub-Group

◆ Subgroup on Industry
  ▪ **Chair:** Representative of Ministry of Textiles
  ▪ **Convener:** Energy Economist, BEE
  ▪ **Members:** IIT-D, TERI, Representatives of FICCI, CII, DIPP, Ministries of Fertilizers, Petroleum and Natural Gas, and of Sectoral Manufacturers Associations of Fertilizer, Textiles, Cement and Pulp & Paper sectors

◆ Subgroup on Power Generation
  ▪ **Chair:** Representative of CEA
  ▪ **Convener:** Energy Economist, BEE
  ▪ **Members:** Representative of CERC, NTPC, HPGC and MSPGCL
ToR and Composition of Sub-Group 2

◆ Terms of Reference (ToR):
  ▪ The SWG-2 has to anticipate the issues and offer recommendations for systems and processes for efficient implementation of the Energy Savings Certificates (ESCerts).

◆ Composition:
  ◆ Chair: Representative of Ministry of Environment & Forests
  ◆ Convener: Technical Specialist GTZ-BEE
  ◆ Members: CII, FICCI, Ministry of Petroleum & NG, Det Norske Veritas AS
ToR and Composition of Sub-Group 3

◆ Terms of Reference (ToR):
  - The ToR for this sub-group is as under:
  - To recommend regulations and institutions necessary for trading of Energy Saving Certificates (ESCerts)
  - To recommend the appropriate trading process for ESCerts
  - To recommend the issuance process for EScerts to those designated consumers who exceed their target SEC reduction

◆ Composition:
  - Chair: Joint Secretary, EC, MOP
  - Convener: Secretary, BEE
  - Members: Representatives of CII, FICCI, NSDL, Power Exchange, MoEF
ToR and Composition of Sub-Group 4

◆ Terms of Reference (ToR):
  - The SWG-4 has to identify opportunities for
  - Cross-sectoral use of ESCerts and
  - Outline the mechanism for synergizing renewable energy certificates (RECs) with Energy Savings Certificates (ESCerts)

◆ Composition:
  - **Chair:** Secretary - CERC
  - **Convener:** Technical Specialist GTZ-BEE
  - **Members:** CII, FICCI, NSDL, Power Exchange, MNRE, Consultants
## Stakeholder Participation Awareness

### Sector-wise awareness levels regarding PAT Scheme

<table>
<thead>
<tr>
<th>Sectors</th>
<th>Level of awareness</th>
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<tbody>
<tr>
<td>Aluminum</td>
<td>Limited awareness and understanding</td>
</tr>
<tr>
<td>Cement</td>
<td>Awareness at top management and energy manager levels</td>
</tr>
<tr>
<td>Chlor alkali</td>
<td>High level of awareness</td>
</tr>
<tr>
<td>Fertilizers</td>
<td>Low awareness in general</td>
</tr>
<tr>
<td>Iron and Steel</td>
<td>Adequate awareness</td>
</tr>
<tr>
<td>Pulp and Paper</td>
<td>Limited to a small group</td>
</tr>
<tr>
<td>Textiles</td>
<td>Very low levels of awareness</td>
</tr>
<tr>
<td>Thermal Power Plants</td>
<td>Adequate awareness in centrally and privately owned plants but low awareness in state owned power plants</td>
</tr>
</tbody>
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*Source: Confederation of Indian Industry, 2011*
Stakeholder Participation

- PAT’s design phase involved extensive consultations with the DCs through workshop and sector and plant level meetings
- This was aimed at enhancing awareness and improve industry’s preparedness
- The objective was to incorporate comments and recommendations of each workshop after being reviewed to evolve robust acceptable mechanism
- Stakeholder Consultation process featured approximately 100 workshops and meetings bringing together DCs, state government officials, and energy auditors and managers
  - Over 50 workshops organized by BEE across the country before PAT notification to create awareness, evolve consensus on target setting etc
  - Over 25 workshops organized after PAT notification to create awareness, normalization process, implementation of MRV etc
  - BEE has created sector wise expert committees which held regular consultation meetings
Stakeholder Consultation: Issues and challenges

- Diversity of various sectors in terms of
  - Scale of operation,
  - Ownership structure,
  - Skill sets and organizations structure in place
  - Existing level of awareness with respect to energy efficiency
  - Level of preparedness to market based mechanism

- Setting the acceptable targets and MRV process acceptable to sector

- Involving sector experts, industry associations and all DCs

- Ensuring confidence in PAT mechanism, realistic targets, MRV & its timeline

- Creating awareness as well as capacity building of wide range of stakeholders
Stakeholder engagement is about informing and consulting with the relevant parties.

There are many different stakeholders involved in facility-level MRV programs.

There are lots of engagement methods.

Various issues should be considered when developing a stakeholder engagement plan:
- budget, stakeholder expectations, size & coverage of the program, diversity of stakeholders, regulatory culture, readiness.
Quiz Questions

◆ What are the common topics for stakeholder engagement in facility-level MRV programs?

◆ When should stakeholders be engaged?

◆ What are the benefits of having a Stakeholder Engagement Plan?
Common topics: see slide 4

Stakeholders should be engaged across the entire life cycle of an MRV program

A Stakeholder Engagement Plan provides:
- a structured approach to articulating the plan
- objectives of the engagement
- which stakeholder engagement method to use
- which stakeholders will be engaged
- what issues are important
- what will indicate success
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