Policy MRV

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Policy MRV

What is Policy MRV?

• Measuring emission reduction from policies, such as energy subsidies reform, energy taxes, and carbon pricing

• Developing and piloting *ex-post* MRV tool that allows attribution of emission impacts to individual/a mix of policies

Why Energy Policy MRV?

• Track policy performance and outcomes

• Support NDC implementation

• Key part of national MRV system

• Serves as building block for international financial support
Policy MRV: Characteristics

• Top-down measurement, with bottom-up data (as opposed to installation-/project-level MRV)
• Use modeling techniques → attribution through key impact channels
• Narrowly-defined MRV boundary and fully traceable
• Ex-post: evidence-based analytical investigation (not assumption-driven scenarios/projections)
• Build on existing reporting protocols, institutional framework, and data collection
• Relatively low incremental MRV cost
• User-friendly and flexible tool, regularly updated
Tariff reform: policy MRV-ed vs policy baseline*

*For visual illustration purpose of baseline concepts only.
**Tariff reform: policy MRV-ed vs policy baseline**

*For visual illustration purpose of baseline concepts only.*

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*Actual policy MRV-ed*

*Case A Baseline: pre-Program policy*

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*For visual illustration purpose of baseline concepts only.*
Tariff reform: policy MRV-ed vs policy baseline

Actual policy MRV-ed

CASE B Baseline: historical policy

CASE 1A Baseline: pre-Program policy

No subsidy: cost recovery tariff

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Tariff reform: policy MRV-ed vs policy baseline*

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Overview of methodology

Example: fuel and electricity pricing in power sector
Morocco: policy context

NDC

• Commits to reduce GHG emissions by 42% by 2030 compared to BAU emissions
  – 17% unconditional reduction; 25% with international support

National Energy Strategy

• Substantially reduce fossil fuel subsidies
• 52% of installed power capacity from renewable by 2030 (solar, wind, and hydro)
• Reduce energy consumption by 15% by 2030
• Increase use of imported natural gas/LNG in power generation
  – Power generation sector sustainability plan
Morocco: energy subsidies

- Gasoline and industrial fuel subsidies removed since early 2014
- Subsidies in electricity sector are large
  - Petroleum fuels (USD 600 million in 2014)
  - Tariff below cost recovery levels, despite recent reforms
    - Overuse of peakers, insufficient investment in new capacity (in the face of rapidly growing demand)
- Butane and diesel subsidies are still sizeable

➤ A well-designed subsidies reform in the electricity sector, coupled with transitional measures, has a significant potential for energy and emission savings, as well as improving sector efficiency and financial stability
Morocco: technical assistance project

• **Scope**
  – Electricity sector and associated fossil fuels
  – Key policies in National Energy Strategy (2009-2030)
    ▪ Fossil fuel subsidy reform in power sector
    ▪ Electricity tariff reform
    ▪ Incentives/regulations to promote renewable energy

• **Tasks**
  1. Development of Energy Policy MRV
  2. Pilot implementation of Energy Policy MRV
  3. Capacity building, consultation, and dissemination
Toward climate and carbon finance

Morocco: Policy MRV
- Technical Assistance
- Policy MRV methodology and tool

Emission Reductions

Potential policies:
- Fossil fuel subsidy reform (power sector)
- Electricity tariff reform
- Incentives to promote renewable energy

Morocco: Policy Crediting Program
- Carbon Partnership Facility (CPF) – pilot
- Transformative Carbon Asset Facility (TCAF) – full scale
- Crediting framework
Thank you!

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