PILOTING SCALED-UP CREDITING IN SRI LANKAN POWER SECTOR: UNDERSTANDING CONTRIBUTION OF CREDITING TO THE IMPLEMENTATION OF NDC

TECHNICAL WORKSHOP ON SCALED-UP CREDITING APPROACHES
31 MAY 2016
Program recap

- **Objective:** Govt NCRE objective: 20% NCRE by 2020
- **CPF Program objective:** Support increase in NCRE power generation above the baseline through carbon finance
- **Technologies identified:** Renewables (wind, hydro, biomass/dendro, solar)
- **Stakeholders:** Ceylon Electricity Board, Sri Lanka Carbon Fund, Min Power, Min Environment, Sustainable Energy Authority, Public Utilities Commission, Min Finance, organized private sector
- **Overall design:** Sector crediting scheme for emission reductions generated above the baseline and “own effort”, depends on INDC treatment
- **Financial aspects:** Public or private sector finance projects – largely based on strength of power purchase agreement with CEB, supported by commercial banks and any other climate finance becoming available
- **Institutional capacity:** CEB & Sri Lanka Carbon fund
Sri Lanka INDC (for the power sector)

- **Unconditional emission reduction target**
  - emission reduction from existing hydro, Non-Conventional Renewable Energy (NCRE) and future hydro developments
  - expected to be 4.88 million tCO2 by 2030, a 4% reduction against the 2010 baseline. This translates to a cumulative emission reduction for the period of 2015-2030 of 74.56 million tCO2.

- **Conditional Emission reduction target**
  - through future NCRE developments
  - amounts to 3.33 million tCO2 in 2030 and cumulatively 30.21 million tCO2 for the period of 2015-2030.
  - emission reduction from external support is 16% in 2030, when compared to the likely demand in 2030 following the reductions of the national commitment.
Crediting approach (an illustration)

The actual NCRE generation, when monitored at regular intervals, can be higher, lower or same compared to the aspirational target generation levels. Setting aspirational targets expected to create the necessary momentum within the Government’s long term generation planning and to consider renewable energy as one of the options for ensuring energy security.
Scenario # 1: Country transfers credits and do not claim entire ‘conditional’ target under INDC

Fig a: Scenario where Sri Lanka can claim only X% as achieving conditional INDC target

Fig b: Scenario where Sri Lanka can claim only (4%+X%) as achieving un-conditional INDC target
Scenario #2: Country transfers credits and increases its ambition further to claim ‘conditional’ target under INDC
Baseline & above baseline (for ex-ante estimations)

The expected cumulative emission reduction potential during the period 2016 – 2025 is around 5 million tCO2e.