OUTPUTS FROM THE REEEP PROGRAMME BOARD PREPARATORY MEETING

FOR THE LATIN AMERICA AND CARIBBEAN REGION

Report submitted by:

Mark Lambrides

REEEP LAC Regional Secretariat

Office for Sustainable Development and Environment

Organization of American States (OAS)

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International REEEP Secretariat
Vienna International Center / D1732
Wagramerstrasse 5
A - 1400 Vienna
Phone: +43 1 26026-3678
Fax: +43 1 21346-3678
www.reeep.org

REGIONAL PROGRAMME PRIORITIES

REEEP REGION – LATIN AMERICA AND THE CARIBBEAN

BACKGROUND – REGIONAL RENEWABLE ENERGY AND ENERGY EFFICIENCY SITUATION – LATIN AMERICA AND THE CARIBBEAN (LAC)

The potential for renewable energy and energy efficiency applications throughout LAC are significant. In terms of renewables, the region has significant natural resources including solar, wind, geothermal, biomass, and hydro. The region is largely urban in its demographic makeup and as it continues to modernize and grow economically, there is a critical need to improve industrial, commercial, and residential energy efficiency.

Up until the 1990s, electricity generation in South and Central America was based almost exclusively on hydropower and thermal power. Brazil generated over 90% of its power from large-scale hydropower, whereas Mexico has traditionally used thermal generation for three-quarters of its capacity. More recently, much of the new capacity in the region has come from natural gas, as several countries have important reserves (Trinidad, Bolivia, Mexico). The degree of electrification varies throughout the region, with the total coverage for LAC in the range of 75%.

There is growing interest in the use of renewable energy and energy efficiency to meet the electricity needs of both on- and off-grid customers. As a region, the countries of the Americas made commitment in preparation for the WSSD in Johannesburg to use 10% renewables overall, by 2010. Sustainable energy projects have recently been developed or are in development in many countries of the region, including: large scale wind energy projects in Brazil, Mexico, Jamaica, and Argentina; geothermal power plants in Mexico, Guatemala, Nicaragua, Chile, and in the Eastern Caribbean; modern biomass, small hydropower, and solar energy in many of the countries; large-scale energy efficiency programs initiatives, are in place in Mexico, Brazil, Argentina, Peru, and Chile.

IMPACT OF CURRENT AND PAST REEEP PROJECTS

There have been ten projects funded by (including those currently funded) in the LAC region.

- The projects include three regional projects (Caribbean, South America, and/or Central America) and seven projects limited to one LAC country.
- The projects include both energy efficiency and renewable energy projects, with several addressing the two sectors together.
- A list of the projects is provided below:

Project Title	Country	Implementing Organization	Status
Innovative Financing to Accelerate Solar Water Heating	Caribbean Region and Brazil	Green Markets International	On-Going
Establishment of an RE/EE Financing Facility in Brazil	Brazil	LaGuardia Foundation	On-Going
Regional Program on Electrical Energy Efficiency in Industrial and Commercial Service Sectors in Central America and Mexico	Central America and Mexico	BUN-CA	On-Going

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Regulatory Methodologies for Renewable Energy	Mexico	CRE	On-Going
Promoting Small-Scale Renewable Energy Technologies in Under-Served Poor Communities through Awareness Raising and Educational Programs	Brazil		Completed
Assessing the Potential for Developing Electricity Generation and Clean Development Mechanism Projects in the Animal Manure Management Sector in Two Regions in Mexico	Mexico	Global Opportunities Fund	Completed
Assessing the potential for tradable renewable energy certificates to support renewable energy in developing countries	Brazil, China & S. Africa	GOF Programme	Completed
Global Sustainable Energy Islands Initiative (GSEII)	Caribbean	OAS	REEEP Component Completed
Water Pumping for Productive uses in Brazil's Northeast region	Brazil	LaGuardia Foundation	Completed
Building a better tomorrow: The social, economic and environmental benefits of deploying energy efficiency practices in the building sector	Mexico, USA and Europe	ASE (with AEAEE and CONAE_	Completed. Mexico event in planning for November 2005

- Several important impacts have resulted from the implementation of the project completed or in development:
    - The GSEII Project in the Caribbean led to the establishment of a Solar Hot Water Heating Finance Program. Originally launched in St. Lucia, is provides cost-effective financing for residential systems. The project attracted cost sharing from USAID and the United Nations Foundation (UNF).
    - Installation of five integrated irrigation for productive use projects were undertaken in the states of Alagoas and Bahia, Brazil, allowing the analysis of a variety of agricultural products for final and intermediate use with various approaches to irrigation and the supply of energy. Cost-sharing for this project included with support the City of Milan and the Blue Moon Fund.
    - Critical studies and capacity building on issues including TRECs, renewables for underserved poor communities, and CDM projects.
    - The newly awarded renewable energy regulatory project in Mexico, demonstrates the commitment of this country to increasing the use of renewables as this will compliment the renewable energy law that is currently considered for adoption by its legislature. The combination of the law and the regulations have the potential to dramatically expand the market for renewables in Mexico.

FUTURE PROGRAMME PRIORITIES

FINANCING

Rank	Programming Need	Brief Comments, if any
1	Seed funds and technical assistance for project preparation	The region commented that there is financing/resources available though a variety of sources (i.e. CDM, multi-lateral development banks, etc.) but that initial project design (pre-feasibility) is often a barrier prior to application for project finance.
2	Support development of innovative financial services: a. Guarantee funds b. Provision of standard bidding documents and model contracts for financing c. Project financing strategies d. ESCO business models	There is a lack of specialized financial services to support the development of renewable energy and energy efficiency in the LAC region.
3	Support a regional assessment of the economic potential for the development of renewable energy and energy efficiency.	The region commented that many of the indicators (including natural resource availability, environmental concerns, energy profiles, etc.) critical for project selection and preparation are lacking.
4	Deliver training in financial aspects of renewable energy and energy efficiency, including: a. Innovative financial tools b. Business model development c. Best practices	Targets of this support would include: financial institutions in the region (banks, fund managers); project developers; and government decision makers.
5	Provide start up funding and guidance for the establishment of national and/or regional programs for the development of renewable energy and energy efficiency.	

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POLICY & REGULATION

Rank	Programming Need	Brief Comments, if any
1	Disseminate best practice legislative, regulatory, fiscal, and normative models for renewable energy and energy efficiency.	This may include legal drafting guidelines to assist governments in the preparation of supportive renewable energy and energy efficiency laws and regulations. There a many approaches within the region that may be transferred within.
2	Provide support for the coordination and harmonization of national and regional policies for renewable energy and energy efficiency.	
3	Support institutional strengthening of stakeholders in the policy development process for renewable energy and energy efficiency.	
4	Development of innovative policies to address the specific needs of a wide range of renewable energy and energy efficiency services: a. Transportation sector and basic combustibles (fuels) b. Biomass c. Green products d. Solar hot water heating e. Energy efficient buildings f. Cogeneration g. Natural resource regime (geothermal, wind, hydro)	There are very specific policy requirements of different technologies, resources, and services that need specialized treatment.
5	Evaluation of the social impact of the hydroelectric plants.	There are abundant untapped hydro resources in the region. These are sometimes opposed due to the lack of information regarding their affects.
6	Promote policies for the inclusion of the renewable energy and energy efficiency in the academic curriculum at all levels.	

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REEEP REGIONAL PREPARATORY MEETING – LAC

Location:	Hotel Royal Pedregal, Mexico City, Mexico
Co-Hosts:	Ministry of Energy (SENER), Mexico and the REEEP LAC Regional Secretariat (OAS)
Date:	8 September 2005
Agenda:	Attached
Participants:	There were 48 registered participants in the meeting. This included representatives from 11 countries. The following REEEP Partner countries were represented: Mexico, Brazil, St. Lucia, Chile, and Guatemala. A copy of the participants list is attached.

Meeting Summary:

The REEEP LAC Regional Preparatory Meeting was opened by the Secretary of Energy, Fernando Elizondo Barragán. Secretary Barragán discussed Mexico's commitment to renewable energy and energy efficiency, and made reference to the pending renewable energy law. The law will be complimented by the regulations that will be prepared with the assistance of a REEEP project grant. The President of the Energy Regulatory Commission (CRE) signed this agreement, together with REEEP International Secretariat Representative Michael Allen. This signing ceremony was followed by a brief press conference.

Upon reconvening, a series of presentations from REEEP Partner country representatives were offered. These included: Brazil, Chile, Guatemala, Mexico, and St. Lucia. Representatives from key LAC regional organizations continued by providing their perspectives on the clean energy challenges. A representative from UN/ECLAC, CARICOM, and the Latin American Energy Organization (OLADE) offered their views. A copy of each of these presentations has been uploaded onto the REEEP website.

The participants engaged in a very active discussion regarding regional priorities. Meeting organizers provided blank tables to each participant, each of whom was offered the opportunity to submit up to five priorities per category (Finance, and Policy and Regulation). All of these recommendations were collected and presented. Based on the group's feedback a prioritized list of interventions for REEEP was prepared and is presented above.

Finally, the participants were asked to nominate a representative to participate on the REEEP Programme Board. A single nomination was offered, the Secretariat for Energy Planning and Technological Development of the Ministry of Energy. The participants unanimously approved this nomination.

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renewable energy & energy efficiency partnership

LAC REGIONAL REPRESENTATIVE TO THE REEEP PROGRAMME BOARD

At the LAC Regional Preparatory Meeting in Mexico City, Mexico, on September 8, 2005, the participants endorsed for representation to the REEEP Programme Board, the **Under Secretary of Energy for Energy Planning and Technological Development, Ministry of Energy, Mexico**.

The Under Secretary is: Carlos Garza

Contact information for the office of Under Secretary Garza:

Carlos Garza

E-Mail: carlosgarza@energia.gob.mx

Telephone: (52-55) 5000 6012

Representing Under Secretary Garza at the September 2005 Programme Board Meeting will be:

Dr. Juan Mata, Director for Energy and the Environment, Ministry of Energy, Mexico.

Dr. Juan Mata

E-Mail: jmata@energia.gob.mx

Telephone: (52-55) 5000 6000 ext. 1023