

Accelerating investment in efficient and renewable district energy systems in Chile

Basic Information

GEF ID
10087

Countries
Chile

Project Title
Accelerating investment in efficient and renewable district energy systems in Chile

GEF Agency
UNEP

Agency ID
UNEP: 01388

GEF Focal Area(s)
Climate Change

Program Manager
Milena Vasquez

Part I – Project Information

Focal area elements

1. Is the project/program aligned with the relevant GEF focal area elements in Table A, as defined by the GEF 7 Programming Directions?

Secretariat Comment at PIF/Work Program Inclusion

Yes, the project is aligned with the Climate Change focal area strategy, and the objective: Promote innovation and technology transfer for sustainable energy breakthroughs for accelerating energy efficiency adoption.

Agency Response

Indicative project/program description summary

2. Are the components in Table B and as described in the PIF sound, appropriate, and sufficiently clear to achieve the project/program objectives and the core indicators?

Secretariat Comment at PIF/Work Program Inclusion
Yes.

Agency Response

Co-financing

3. Are the indicative expected amounts, sources and types of co-financing adequately documented and consistent with the requirements of the Co-Financing Policy and Guidelines, with a description on how the breakdown of co-financing was identified and meets the definition of investment mobilized?

Secretariat Comment at PIF/Work Program Inclusion

- The Agency of Sustainability Energy is listed as "Others", however, it is a government agency. Please change to government or clarify.

Comment cleared.

- In-kind co-financing cannot be investment mobilized. Please review the co-financing from the Ministry of Energy and either change the type of co-financing or from change the entry from investment mobilized to recurrent expenditures.

Comment cleared.

- In the description for how "investment mobilized" was identified it would be good to add that the co-finance is related to the grant scheme of the Ministry of Housing and how that will support the achievement of the objectives of the project.

Comment cleared.

Agency Response

- The Agency is now listed as "Government".
- Co-finance from Ministry of Energy is now listed as "Recurrent expenditures".
- Thank you for your suggestion, a reference to the grant scheme of the Ministry of Housing has been added.

GEF Resource Availability

4. Is the proposed GEF financing in Table D (including the Agency fee) in line with GEF policies and guidelines? Are they within the resources available from (mark all that apply):

Secretariat Comment at PIF/Work Program Inclusion
Yes.

Agency Response

The STAR allocation?

Secretariat Comment at PIF/Work Program Inclusion
Yes, Chile has \$2.99 M in CCM STAR allocation and this project is requesting a total of \$2.4 M.

Agency Response

The focal area allocation?

Secretariat Comment at PIF/Work Program Inclusion
Yes, Chile has \$2.99 M in CCM STAR allocation and this project is requesting a total of \$2.4 M.

Agency Response

The LDCF under the principle of equitable access

Secretariat Comment at PIF/Work Program Inclusion
n/a

Agency Response

The SCCF (Adaptation or Technology Transfer)?

Secretariat Comment at PIF/Work Program Inclusion
n/a

Agency Response

Focal area set-aside?

Secretariat Comment at PIF/Work Program Inclusion
n/a

Agency Response

Impact Program Incentive?

Secretariat Comment at PIF/Work Program Inclusion

n/a

Agency Response

Project Preparation Grant

5. Is PPG requested in Table E within the allowable cap? Has an exception (e.g. for regional projects) been sufficiently substantiated? (not applicable to PFD)

Secretariat Comment at PIF/Work Program Inclusion

Yes. The PPG of \$50,000 is within norm for a project of this size.

Agency Response

Core indicators

6. Are the identified core indicators in Table F calculated using the methodology included in the correspondent Guidelines? (GEF/C.54/11/Rev.01)

Secretariat Comment at PIF/Work Program Inclusion

As this is an energy efficiency project, we would expect indicator 6.3 Energy Saved to also be filled out.

Comment cleared.

Also, please consider adding a target for Indicator 11 Number of direct beneficiaries disaggregated by gender as a co-benefit of GEF investment.

Comment cleared.

Agency Response

Indicator 6.3 Energy saved has been added.

Target indicator 11 disaggregated by gender has been added.

Project/Program taxonomy

7. Is the project/ program properly tagged with the appropriate keywords as requested in Table G?

Secretariat Comment at PIF/Work Program Inclusion

Please apply in the Taxonomy, Rio Markers for Climate Change Adaptation and Climate Change Mitigation. Each project needs to select one marker (0,1 or 2) for adaptation AND one marker (0,1 or 2) for mitigation. For further details, please refer to the hover tip that links to the complete Taxonomy, including definitions of the Rio Markers.

Comment cleared. Mitigation 2 has been added.

In addition, please remove the following taxonomy keywords, which are not as aligned to the project: enabling activities, Sustainable Urban Systems and Transport, and Renewable Energy.

Unfortunately it seems like some of the taxonomy key words got duplicated.

Taxonomy was slightly revised and some duplication removed. Comment cleared.

Agency Response

Rio Markers have been added to both Taxonomy tables.
The three mentioned taxonomy keywords have been removed.

Part II – Project Justification

1. Has the project/program described the global environmental / adaptation problems, including the root causes and barriers that need to be addressed?

Secretariat Comment at PIF/Work Program Inclusion
Yes.

Agency Response

2. Is the baseline scenario or any associated baseline projects appropriately described?

Secretariat Comment at PIF/Work Program Inclusion
Yes.

Agency Response

3. Does the proposed alternative scenario describe the expected outcomes and components of the project/program?

Secretariat Comment at PIF/Work Program Inclusion
Yes.

Agency Response

4. Is the project/program aligned with focal area and/or Impact Program strategies?

Secretariat Comment at PIF/Work Program Inclusion
Yes.

Agency Response

5. Is the incremental / additional cost reasoning properly described as per the Guidelines provided in GEF/C.31/12?

Secretariat Comment at PIF/Work Program Inclusion
Yes.

Agency Response

6. Are the project's/program's indicative targeted contributions to global environmental benefits (measured through core indicators) reasonable and achievable? Or for adaptation benefits?

Secretariat Comment at PIF/Work Program Inclusion

It would be helpful to clarify either in the baseline, incremental reasoning, or benefits, what ratio of the total GHG emissions in Chile can be attributed to heating and hot water and the estimated potential for total CO₂ reduction in Chile through district energy. Please confirm if the GHG mitigation target includes estimates from a reduction in short lived climate pollutants as well, and if not please add additional information on the expected co-benefits, which can be further refined at CEO Endorsement.

Comment cleared.

Agency Response

With the data that is available the estimated direct CO₂ emissions due to wood burning for heating is approximately 1,100,000 CO₂ tons annually for cities in the centre and south of Chile. Additionally, CO₂ emissions related to water heating can be over 500,000 tons in the same study area. In total, direct CO₂ emissions from these sources account for around 1.5 million CO₂ tons/year. According to the national CO₂ inventory (2010) in Chile, Commercial, Public and Residential sector in the whole country accounts for 6,989 million tonsCO₂/year in total, so firewood heating and water heating in the residential sector only in the southern cities consists of approximately 21% of total CO₂ emissions of this sector. It is estimated that 30% of all residential heating could be supplied by DES. These figures will be further elaborated and

validated during the development phase. This information has been added to section 6 (Global environmental benefits).

While wood fuel is included in the emissions factor calculations not all other short lived climate pollutants have been included in the GHG mitigation target. In the PIF (page 7), it is mentioned that black carbon present on PM2.5 from wood burning is estimated at 9,811 tonsBC/year (44% of total BC emissions in Chile) and equivalent to 8.9 million tons of CO2, according to the national inventory of short-lived climate pollutants and we have included in section 6 (Global environmental benefits) references regarding the potential related to co-benefits. During the development phase this will be further elaborated.

7. Is there potential for innovation, sustainability and scaling up in this project?

Secretariat Comment at PIF/Work Program Inclusion

Yes. Additional information on considerations on how the National District Energy Financial Support Programme will be supported after the project should be strengthened.

Comment cleared.

Agency Response

Additional information regarding the National District Energy Financial Support Programme have been included in section 7, page 20.

Project/Program Map and Coordinates

Is there a preliminary geo-reference to the project's/program's intended location?

Secretariat Comment at PIF/Work Program Inclusion

Yes.

Agency Response

Stakeholders

Does the PIF/PFD include indicative information on Stakeholders engagement to date? If not, is the justification provided appropriate? Does the PIF/PFD include information about the proposed means of future engagement?

Secretariat Comment at PIF/Work Program Inclusion

Yes.

Agency Response

Gender Equality and Women's Empowerment

Is the articulation of gender context and indicative information on the importance and need to promote gender equality and the empowerment of women, adequate?

Secretariat Comment at PIF/Work Program Inclusion
Yes.

Agency Response

Private Sector Engagement

Is the case made for private sector engagement consistent with the proposed approach?

Secretariat Comment at PIF/Work Program Inclusion
Yes.

Agency Response

Risks

Does the project/program consider potential major risks, including the consequences of climate change, that might prevent the project objectives from being achieved or may be resulting from project/program implementation, and propose measures that address these risks to be further developed during the project design?

Secretariat Comment at PIF/Work Program Inclusion
Yes.

Agency Response

Coordination

Is the institutional arrangement for project/program coordination including management, monitoring and evaluation outlined? Is there a description of possible coordination with relevant GEF-financed projects/programs and other bilateral/multilateral initiatives in the project/program area?

Secretariat Comment at PIF/Work Program Inclusion

Thank you for providing information on the institutional arrangement.

Please provide additional details on coordination with relevant GEF-financed and other initiatives in energy efficiency in Chile.

Comment cleared.

Agency Response

More information about coordination with GEF funded initiatives (District Energy in Cities and Building Energy Efficiency Accelerator) has been included, as well as coordination with the national energy efficiency initiative “Comuna Energética” in the coordination section page 27.

Consistency with National Priorities

Has the project/program cited alignment with any of the recipient country’s national strategies and plans or reports and assessments under relevant conventions?

Secretariat Comment at PIF/Work Program Inclusion

The project is consistent with Chile's national strategies and commitments. Please clarify if there are any specific energy efficiency targets in Chile to which this project would be contributing.

Comment cleared.

Agency Response

The Energy Agenda in Chile (2014) has as one of its targets to promote the efficient use of energy and establishes a target of energy savings of 20% by 2025, considering the increase in energy consumption by then. The implementation of many programmes and campaigns, as well as the future Law for Energy Efficiency (submitted to congress in September 2018) aims for a total saving of 20,000 GWh/year.

Chile also has specific targets regarding district heating: The National Energy Strategy of Chile, Energía 2050, establishes under section n°24 of the area “Energy compatible with the Environment”, the need for action to initiate pilot projects of district heating in those zones under the Decontamination Plan. It also mentions the need to define business models that enable the economic viability of the projects in order to shift from individual heating systems to cost-effective district heating systems. The national strategy “Energía 2050” establishes that by 2050 the use of cost-effective biomass district heating systems should prevail in high polluted zones over the individual systems.

Under section n°23 of the same area “Energy compatible with the Environment”, the national strategy establishes that 65% of the fuels used in the national fuel matrix should be low GHG and low pollutants by 2050.

Under section n° 11 of the area “Energy as driver for development”, the National Energy Strategy establishes the goal of ensuring universal access to modern, reliable and affordable energy services to all Chilean population by 2050.

Additional specific targets have been added under section 7. Consistency with National Priorities (page 29).

Knowledge Management

Is the proposed “knowledge management (KM) approach” in line with GEF requirements to foster learning and sharing from relevant projects/programs, initiatives and evaluations; and contribute to the project’s/program’s overall impact and sustainability?

Secretariat Comment at PIF/Work Program Inclusion
Yes.

Agency Response

Part III – Country Endorsements

Has the project/program been endorsed by the country’s GEF Operational Focal Point and has the name and position been checked against the GEF data base?

Secretariat Comment at PIF/Work Program Inclusion
Yes, Mr. Miguel Stutzin endorsed the project in September 12, 2018.

Agency Response

GEFSEC DECISION

RECOMMENDATION

Is the PIF/PFD recommended for technical clearance? Is the PPG (if requested) being recommended for clearance?

Secretariat Comment at PIF/Work Program Inclusion

Not yet. Please address two small comments:

Project duration should be in months - it says 3 right now, so presumably that should be 36

Taxonomy - unfortunately it seems like the keywords got duplicated. If possible try to remove all key words and select only the ones you want. Right now besides duplication, it shows both Rio Markers (mitigation) 0 and 2.

Comments above have been addressed. PM recommends PIF and PPG clearance.

ADDITIONAL COMMENTS

Additional recommendations to be considered by Agency at the time of CEO endorsement/approval.

Secretariat Comment at PIF/Work Program Inclusion

Review Dates

	PIF Review	Agency Response
First Review	<input type="text"/>	<input type="text"/>
Additional Review (as necessary)	<input type="text"/>	<input type="text"/>
Additional Review (as necessary)	<input type="text"/>	<input type="text"/>
Additional Review (as necessary)	<input type="text"/>	<input type="text"/>
Additional Review (as necessary)	<input type="text"/>	<input type="text"/>