

U.S. Comments on GEF work program Luzar, Jeffrey B to: gcoordination 06/19/2012 01:44 PM Cc: "holland, keri j", Bella.Tonkonogy, "san martini, federico m" Hide Details From: "Luzar, Jeffrey B" <LuzarJB@state.gov>

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The United States would like to submit the following comments on the work program, specifically regarding GEF ID 4602 (Azerbaijan) Initiation of the HCFCs Phase out and Promotion of HFCs-Free Energy Efficient Refrigeration and Air-Conditioning Systems. We offer the technical comments below as a complement to the broader comments on this and other projects that we offered during the discussion of the work program at the June 2012 GEF Council meeting. While we support the objectives of the proposed project for Azerbaijan, we have additional questions about the project and feel that there are several ways in which it could be strengthened.

We appreciated that the project document noted that the intent of this project is to pursue non-HFC options to avoid a future second transition. However, there seemed to be some instances where the project varied from this policy preference. Furthermore, unlike proposals that are brought before the Executive Committee of the Montreal Protocol for approval, the project proposal does not seem to include a commitment to specific reduction commitments nor to a particular technology.

We also would note a substantial concern that Azerbaijan's licensing system is not functioning successfully. We appreciate that the project would work to correct this. Similarly, we note with concern the discrepancy between Azerbaijan's reported Article 7 consumption and actual consumption. The project document notes that three main barriers are the lack of institutional capacity to monitor and limit consumption, lack of technical and financial capacity to phase out HCFCs in manufacturing and servicing, and lack of stakeholder engagement and commitment. These seem quite serious given Azerbaijan already now needs to be 75% below its HCFC baseline. Many of the ideas listed in the project document (e.g., technician certification, best practices for leak repair) are important tools to

address this.

We are not familiar with the blending of methyl formate with HFC-134a. We understand such a blend might improve energy efficiency and decrease flammability. However, it's unclear, without knowing more about the blends, whether there would be significant improvements. For example, will the facility still need static-free conditions? To what extent is the insulating value improved?

We also have a question about the cost effectiveness of the project, which the project document indicates is 6-7 \$/kg. We would like to know how this figure is calculated. Our calculations appear to indicate a higher number. Similarly, the document indicates that Azerbaijan must phase out 16.7 ODP tonnes by 2015 and a further 2.2 ODP tonnes by 2020. Would it be possible to clarify how those figures are calculated? (Given Azerbaijan's baseline of 14.9 ODP tons and its current consumption of 18.95 ODP tons (263.1 metric tonnes) of HCFCs, it appears that Azerbaijan would have had to phase out 15.2 ODP tons by 2010, a further 2.2 ODP tones by 2015 (vice 2020), and by 2020 a further 1.48 ODP tons to have a consumption no greater than 0.5% of its baseline.

Finally, we would note that Azerbaijan has yet to ratify the Beijing Amendment of the Montreal Protocol. We hope Azerbaijan is able to ratify that amendment as soon as possible. Sincerely,

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