

**WEC Energy Efficiency Policies and Indicators**  
**21<sup>st</sup> World Energy Congress, Montreal**  
**Session 2.11 (Tuesday, September 14, 2010, 3:00-4:15pm)**

**Singh Talking Points**

First, let me thank the chair for the opportunity to join in this important roundtable discussion today. The WEC report is an excellent snapshot of EE policies and programs around the world today and we feel it is timely and will be of tremendous value to our client countries around the world.

As the report articulates well, EE can play an important role in country economic development. EE is one of the most cost-effective and critical Instruments to help meet the global growth in energy demand; EE can contribute to enhanced energy security, increased competitiveness and job creation, higher reliability of energy systems, reduced vulnerability to high and volatile energy prices, and lower environmental impacts from the energy sector, including GHG emissions. In the public sector, EE can create essential budgetary space to allow for other development priorities.

So, what's the problem? The rate of implementation of EE policies and measures and the deployment of EE technologies and best practices lag well behind the opportunities that exist. Some countries have been promoting EE for years only to realize very modest results. The reality is that delivering large scale EE is not straightforward and an inherently complex institutional problem – how to identify, package, finance, implement and monitor many small projects dispersed throughout the economy. Proper incentives for all stakeholders—from energy suppliers to consumers to manufacturers to financiers—to affect change are often lacking and uneven. Other barriers that inhibit the scaling up of EE are also well documented: the absence of effective EE institutions, inadequate regulatory policies, lack of awareness and information, poor data, and the difficulty financing large EE projects.

What are we doing about it? The World Bank is committed to improving EE in our client countries. Between our fiscal years 2008 to 2010, the World Bank Group has invested over US\$8.2 billion in clean energy (RE and EE), about a fourfold increase from the previous 3-year period. Of this, \$4.7 billion was for EE, or just under 20% of energy sector lending. Last year alone, we financed an additional \$1.8 billion for EE. Despite these welcome gains, much more can and needs to be done.

As noted at the outset, we believe the WEC study is very well researched and valuable, and we broadly endorse the set of recommendations proposed. Developing countries lack the resources and time to relearn what developed countries have already experienced with respect to EE promotion and policies and this report shows there is growing convergence on the most effective policy measures. We agree for the need for more rational pricing to help establish a proper incentive base and the need for strong institutional support to help organize the market. Similarly, appropriate attention should also be given to financing, product quality, regulatory enforcement, behavior change, cooperation, data collection and sharing, etc. We also fully agree with the need for more international cooperation and coordination, particularly in the area of product certification which may be done more efficiently internationally rather than country by country.

One issue we face time and time again relates to the appropriate role of government in promoting EE. While we can all agree there is a role for government to play, there are vast differences in perspectives. Some countries have created government-owned funds, ESCOs, utility programs to promote EE, subsidies and incentives; some rely more on policies and regulations; others have hoped that market-based systems with modest incentives will help transform their markets—some actually do all three. From the perspective of many of our client countries, incentive schemes while effective, are often unaffordable for such governments and are politically difficult, given that many consumers in these

countries are among the wealthiest. Regulations, which can be the least-cost way to transform markets, require effective local institutions, which can take years to cultivate. While enacting them is achievable, many of our client countries lack the proper institutional governance, enforcement regimes, data systems, and resources to fully enforce them.

Secondly is the importance of contextualizing winning EE policies and programs. The fact that some policies have been enormously successful in some countries but not in others points to the local variability in local conditions and stages of market development. Those measures that have been localized to fit prevailing circumstances have generally worked much better. However, this is easier said than done. For example, some measures, such as utility DSM, require a strong regulatory environment, progressive utility management, proper pricing incentives, an engaged customer base, access to financing and EE products, etc. in order to work most effectively. Energy service companies (ESCOs) require strong enforcement of contracts, well-developed legal and finance infrastructure, good data, access to financing, etc. to have the best chances to develop. Without such necessary preconditions, simpler or alternate models may need to be developed.

In terms of less developed countries, we completely agree more needs to be done. The poor can least afford to waste energy. Simpler models, easier access to climate/carbon financing, improved sharing of data, etc. all can help. It is important, though to respect individual country incentives for policies, such as standards. The reality is that most EE technologies come from OECD countries. Middle income countries with strong local manufacturing, some with a high percentage of small and medium enterprises, are thus under pressure not to accept standards that favor imported equipment. Least developed countries often do not have domestic supply but worry about the affordability of higher efficient appliances. Similarly, banning of secondhand equipment, while offering clear EE gains, can also be difficult to enact since such equipment may represent the only affordable option for poor families to refrigerate foods or pump water for their crops. Perhaps ways to better use mechanisms, such as carbon finance, to offer newer, more efficient models as an alternative to the used equipment with minimal price differentials may be one possibility.

In conclusion, we reiterate that this report is extremely valuable and provides an encouraging snapshot of the global status of energy efficiency today. Clearly, there is a positive trend in the area of EE policies and the international community should do all they can to encourage and support furthering and deepening this trend. A few additional points:

- Given the pressing challenges, governments need to hold programs more accountable for results. There is pressure to focus on measurement of outputs, such as workshops, dollars disbursed, or people trained, rather than energy saved. As a result, sometimes public resources may not be as effectively used as they could. We are pleased through to see an increased trend towards national level targets and improved monitoring around the world.
- Second, there is a need for even stronger political will at all levels. Countries need to sustain their commitment and send consistent signals that EE is a priority, followed up with appropriate actions. Improving EE levels in their own facilities is a good place to start. Internationally, more support is needed to help countries develop their own policies, programs and markets.
- Third, much better integrated planning is needed, both at the national and city levels. How new infrastructure planning is done, how cities grow, all have major implications on energy use – where we live and work, how we move, what powers our businesses, need to be considered upfront. Once infrastructure is in place, it can last for decades.

Thank you.