

Scientific and Technical Advisory Panel

The Scientific and Technical Advisory Panel, administered by UNEP, advises the Global Environment Facility
(Version 5)

STAP Scientific and Technical screening of the Project Identification Form (PIF)

Date of screening: May 05, 2010

Screener: Lev Neretin

Panel member validation by: Nijavalli H. Ravindranath
Consultant(s):

I. PIF Information *(Copied from the PIF)*

FULL SIZE PROJECT **GEF TRUST FUND**

GEF PROJECT ID: 3800

PROJECT DURATION :

COUNTRIES : Iran

PROJECT TITLE: LGGE Policy Reforms and Market Transformation of the Energy Efficient Buildings Sector in the I.R. Iran

GEF AGENCIES: UNDP

OTHER EXECUTING PARTNERS: Iran Fuel Conservation Organization of the Ministry of Petroleum (Lead Implementing Partner) Ministry of Housing and Urban Development, Ministry of Energy, Tehran Municipality, Private Sector (Cooperating Ministries and Agencies), Ministry of Industry

GEF FOCAL AREA: Climate Change

GEF-4 STRATEGIC PROGRAMS: CC-1;

II. STAP Advisory Response *(see table below for explanation)*

Based on this PIF screening, STAP's advisory response to the GEF Secretariat and GEF Agency(ies): **Consent**

III. Further guidance from STAP

The main focus of the project is on capacity building, implementation of pilot projects and monitoring in addition to the development of legislative policy and regulatory framework for promoting EE in buildings.

1. Provision or retrofit of high-performance building envelope provides much larger energy savings compared to those achieved by more efficient energy devices such as boilers, chillers etc. (e.g., Harvey D. (2009) Energy Efficiency 2: 139-163). STAP recognizes "unique" situation in Iran, where significant energy savings can be achieved through retrofit of existing boiler rooms, however, project proponents are advised to strengthen project Pilot component with support aimed at the replacement and upgrade of the existing building insulation envelopes and windows.
2. Pilot projects in government buildings: Even though the project aims at promoting EE in both residential and commercial buildings, the 424 pilot projects will be in government buildings alone. What is the rationale for excluding commercial and residential buildings and focusing on government buildings for retrofitting the heating system? If other activities promoting EE in commercial and residential buildings sectors are ongoing in the country, how does this project aim to coordinate with these activities?
3. Financial and fiscal barriers to EE: One of the major barriers, according to the PIF, in promoting EE is "Hefty subsidies and artificially low prices of energy carriers, particularly for households". How will this barrier be overcome? Legislative, Policy and Regulatory Framework and demonstration projects are unlikely to overcome this barrier. Furthermore, the incremental investment cost for installing EE systems is an additional major barrier not properly addressed in the PIF.
4. Cross-sectoral strategy and Action Plan (CSSAP) and technologies for intervention: The Action plan should identify large opportunities for EE and also identify technologies for intervention. STAP recommends that CSSAP guides the selection of technologies with maximum potential for EE for intervention.
5. Selection of technologies: Project aims at energy efficiency measures in both residential and commercial buildings. Project emphasis on space and water heating is justified in terms of energy savings in the residential sector. However, upgrading these two systems may not prove as the most effective for EE improvements in commercial buildings. STAP

recommends presenting evidence for energy saving potential in commercial buildings and justifying selection of mitigation options for this particular building segment at the CEO endorsement phase.

6. Project mitigation potential: Annex 2 to the PIF estimates project's mitigation potential over the period of 15 years of about 800,000tCO₂, while the project framework provides a two-fold higher figure. What's the reason for this discrepancy?

<i>STAP advisory response</i>	<i>Brief explanation of advisory response and action proposed</i>
1. Consent	STAP acknowledges that on scientific/technical grounds the concept has merit. However, STAP may state its views on the concept emphasising any issues that could be improved and the proponent is invited to approach STAP for advice at any time during the development of the project brief prior to submission for CEO endorsement.
2. Minor revision required.	STAP has identified specific scientific/technical suggestions or opportunities that should be discussed with the proponent as early as possible during development of the project brief. One or more options that remain open to STAP include: <ul style="list-style-type: none"> (i) Opening a dialogue between STAP and the proponent to clarify issues (ii) Setting a review point during early stage project development and agreeing terms of reference for an independent expert to be appointed to conduct this review The proponent should provide a report of the action agreed and taken, at the time of submission of the full project brief for CEO endorsement.
3. Major revision required	STAP proposes significant improvements or has concerns on the grounds of specified major scientific/technical omissions in the concept. If STAP provides this advisory response, a full explanation would also be provided. Normally, a STAP approved review will be mandatory prior to submission of the project brief for CEO endorsement. The proponent should provide a report of the action agreed and taken, at the time of submission of the full project brief for CEO endorsement.