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

Date of screening: 07 October 2008
Screener: Select STAP Sec screener
Panel member validation by: N.H. Ravindranath

I. PIF Information

Full size project GEF Trust Fund
GEFSEC PROJECT ID: 3601
GEF AGENCY PROJECT ID: GF/XXX/09/XXX
COUNTRY(IES): PHILIPPINES
PROJECT TITLE: Industrial Energy Efficiency
GEF AGENCY(IES): UNIDO
OTHER EXECUTING PARTNERS: Department of Energy, Department of Trade and Industry-Bureau of Product Standards, Government of the Philippines
GEF FOCAL AREA(S): CLIMATE CHANGE
GEF-4 STRATEGIC PROGRAM(S): CC-SP2
NAME OF PARENT PROGRAM/UMBRELLA PROJECT:

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

STAP consents to the Industrial Energy Efficiency project of the Philippines. The project aims to introduce a National Energy Management Standard incorporating energy system optimisation, compatible with the ISO standards. STAP makes the following suggestions and seeks clarifications, which could be incorporated in the full project brief:

1. **Technological Intervention and Innovation:** The project aims to improve the Industrial Energy Efficiency through provision of tools and capacity building for Industrial Energy system optimisation, along with promulgation of energy management standards. The innovative aspect is not clear. Probably energy systems efficiency optimisation is an innovative aspect.

   o The Economic rationale for System vs. Component efficiency improvement approaches could be analysed and presented.
   o The set of Components which address the issues or the barriers could be presented in the Section A of part-II for clarity.
   o Where would the energy savings or GHG emissions avoided be higher per $ of investment, whether under the Systems approach or the Component approach.
   o The proposal states that the Energy Intensive Industries such as Steel, Chemicals, Automotives, Food etc will be targeted. Given the limited financing available under the GEF project what is the rationale for selecting the large industries such as: Steel for System Level Optimisation. Is it not prudent to select cost effective (low cost $ per Ton of CO2) SMEs instead of large industries given the limited budget. IPCC (2007) highlights energy efficiency improvement opportunity through benchmarking, energy efficient motors, furnaces, boilers, lighting and heating/ventilation/air conditioning and process integration. It is suggested to highlight the rationale on which sectors and which technologies will be the focus of the GEF project interventions.
   o The rationale for selecting Energy Efficiency Award winning industrial establishments for intervention, rather than normal industrial establishments could be explained.
2. **Barriers and Components**: The Industrial Energy Efficiency improvement potential is estimated to be in the range of 20 -25%. What are the barriers for achieving this efficiency? A prioritised listing of National and Sectoral barriers would facilitate the development of targeted Components and activities to overcome the Barriers.

3. **Baselines and Control Groups**: It is useful to make projection of the potential Industrial Energy Efficiency improvements under the baselines scenario, in the absence of the GEF project. It is also desirable to have Control Group of industries not covered under the GEF project for comparative assessment of Industrial Energy Efficiency conservation.

4. **Risks**: The risk of incremental investment or operation cost due to the shift in Energy Efficient system and potential lack of access to the low cost credit could be discussed.

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<tr>
<th>STAP advisory response</th>
<th>Brief explanation of advisory response and action proposed</th>
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<tbody>
<tr>
<td>1. Consent</td>
<td>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.</td>
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<td>2. Minor revision required.</td>
<td>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: (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.</td>
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<td>3. Major revision required</td>
<td>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.</td>
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