

**REPORT**

**SECOND MINISTERIAL MEETING**

**ENERGY AND CLIMATE PARTNERSHIP OF THE AMERICAS (ECPA)**

**MAY 25 TO 26, 2015, MERIDA, MEXICO**

**MINISTERIAL PLENARY**

The session started with a discussion where Cletus Springer, Director of the OAS Department of Sustainable Development in charge of the Clearinghouse, presented the following report of the roundtables held the prior day:

**Energy Efficiency: Buildings**

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| <b>CONCLUSIONS</b> | <ul style="list-style-type: none"> <li>• Governments in the Americas are leading the efforts on energy efficiency in buildings through establishment of laws, building and construction codes, standards, pilot projects, and public awareness.</li> <li>• Government officials from Mexico, Chile, Venezuela, Peru, Costa Rica, Nicaragua and El Salvador discussed their efforts on improving energy efficiency in buildings, as well as the use, creation and import of technologies and appliances.</li> <li>• Governments, private sector and civil society acknowledged the importance of increased coordination, technical assistance, capacity building and funding for local and municipal governments to improve their capacity to implement and enforce energy efficiency laws and building codes, and raise public awareness.</li> <li>• Energy efficiency should be deemed a cross-cutting issue as it affects economic growth, health, transportation, and innovation.</li> <li>• Regional cooperation should be expanded to facilitate learning and dissemination of best practices on energy efficiency in buildings, taking into account existing initiatives to avoid effort duplication.</li> </ul> |
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| <b>ACTIONS AND RECOMMENDATIONS</b> | <p><b><u>Reduce financing barriers:</u></b></p> <p>Government action should support the development and dissemination of financing and incentive programs that will enable builders and</p> |
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homeowners to overcome first-cost barriers to adoption of more energy-efficiency technologies.

**Create financial incentives:**

The private sector is willing to become more energy-efficient, but governments need to provide incentives through tax policy or depreciation credits to encourage greater investment. Banks need to better understand the economic value and potential gains of these projects. In addition to cost reduction, quality is very important in the short-term to achieve medium and long-term energy efficiency goals, reduce the impact of climate change, and curb GHG emissions in ECPA countries.

**Strengthen the development, adoption and enforcement of national building codes:**

Monitoring of energy efficiency standards and codes remains a challenge for the public and private sectors. Participants should work together to develop a database on energy efficiency efforts in buildings and construction to track tangible progress in this area and provide policy makers the information they need to assess public policies, laws and codes.

**Better coordination of efforts, resources and cooperation:**

Governments, private sector, and academia stakeholders need to better coordinate rather than working in an independent, isolated manner given their different respective interests.

**Creation of a unified and quality market for energy efficient goods:**

Regional cooperation on appliance and equipment standards and labeling should be established.

**Increased reliance at the local level:**

Clean energy transformation of the built environment will rely upon engagement, capacity building and empowerment at the municipal level.

**Energy Poverty: Access to Energy**

**CONCLUSIONS**

There has been substantial progress in increasing electrification rates throughout the Americas, with an average rate in Latin

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|   | <p>America of more than 92%.</p> <p>However, there are still millions that have not been reached. Energy access should be included in social programs and should be integrated into national planning.</p> <p>ECPA could bring significant value by serving as a site for information sharing that provides direct access to basic information relating to best practices in three main areas: 1) energy access planning; 2) financing; and 3) social engagement to design and implement programs.</p>   |
| <p><b>ACTIONS AND RECOMMENDATIONS</b></p> | <p><b><u>Challenge:</u></b></p> <p>Although the statistics relating to energy access in Latin America and the Caribbean are very favorable (with electricity access averaging 90%, except for Haiti), achieving 100% energy access is very challenging, as the last citizens are the most costly to electrify.</p> <p><b><u>Sharing best practices would help:</u></b></p> <p>There are many successful electrification models for both rural and marginalized urban communities. Projects must be carefully thought through and planned.</p>  |
| <p><b>ACCIONES Y RECOMENDACIONES</b></p>  | <p><b><u>More data:</u></b></p> <p>More up-to-date and detailed information is necessary to address challenges. Institutions that maintain data should be strengthened in this area.</p> <p><b><u>Make access commercially sustainable:</u></b></p> <p>For the private sector, projects for electrification must be commercially sustainable (costs covered), and government policies can help by establishing a regulatory framework with appropriate structures and clarity that will attract investment and ensure long-term sustainability.</p> <p><b><u>Focus on community involvement:</u></b></p> <p>Community involvement and support for projects is critical to a project's success. Electrification projects must provide a minimum level of quality of service to ensure it brings sufficient benefits for</p> |

the community's support.

**Need for resources and financing:**

Financial resources are necessary to make this work; international finance and multilateral institutions could support this process by making financial tools available.

**Include renewable technologies:**

Renewable technologies, often the most economic and technically feasible for rural and isolated areas, should play a major role in increasing energy access and should be prioritized.

**Energy Infrastructure: Electricity Interconnections and Public Consultations**

**CONCLUSIONS**

Interconnection offers clear benefits for fragmented markets.

Central America's experience illustrates need to focus not just on infrastructure but also on strengthening regulatory framework for long-term trade. Political commitment is required, must be backed up by trust, acknowledge mutual benefit. Integrating Mexican power into SIEPAC may require legal agreement and a re-plan of the Mexico-Guatemala interconnection.

Public consultation on energy infrastructure needs to be done early and well, to ensure community buy-in, to reduce political and social risks for investors, ensure long-term sustainability, and enable the massive investments required over long time frames to meet rising demand from cleaner sources.

Many countries lack mechanisms for consultation, even though ILO 169 and national laws often provide mandates for consultation. Governments, utilities, and communities often don't speak the same language, and project developers too often view consultation as challenge or cost rather than essential relationship and often have difficulty knowing with whom to consult.

**ACTIONS AND  
RECOMMENDATIONS**

**Overcoming regulatory, technical and transmission related barriers:**

Challenges on this front have been identified within SIEPACs experience and a key part for their success is perceiving interconnection projects as integration projects.

**Taking advantage from the existing and political commitment:**

A clear priority for regional interconnection projects should be the optimization of existent infrastructure. Political will is key to achieve the integration projects and needs to be supported by technical and economic viability studies to give a certain level of certainty to investors.

**Private sector and civil society involvement:**

Public and private partnerships are key to link both sector's efforts and benefit regional electricity projects.

**Develop a framework for previous consultations:**

Some identified key and common items to start developing such a framework are

- a) Developing clear definition on de concept of "consultation";
- b) Identifying key players within communities and best timing;
- c) Governments as a dialogue facilitator between investors and communities; assuring consultations have legal support and assure legitimacy.

**Taking social impacts into account:**

Economic compensations are not enough. There is a need to consider economic development as the driving force for compensation

## Climate Change: Mitigation and Adaptation for Cities

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| <p><b>CONCLUSIONS</b></p>                 | <p>Tackling climate change requires a new approach of current paradigms and structural change.</p> <p>The identified challenges for cities are a) a lack of long-term urban and development planning, b) lack of local regulation capacity, c) lack of qualified and committed actors to enforce climate regulations and norms, d) high vulnerability of municipalities.</p> <p>There is a need to link economic growth, energy security, food security and climate change, as well as better information for decision makers, finance, public policy development and action follow-up.</p> <p>Underlining international diplomacy cooperation and capacity building.</p>   |
| <p><b>ACTIONS AND RECOMMENDATIONS</b></p> | <p><b><u>Long-term planning and resources:</u></b></p> <p>Cities cannot deal with climate challenges on their own and the challenges of climate change are particularly difficult in the context of city administration and leadership. There is a strong need to communicate urgency to city leaders, in order to avoid investment in infrastructure that does not take climate resilience into consideration. Specifically, urban planning should understand and assess which communities are most vulnerable to climate change events.</p> <p><b><u>Thinking about systems in an integrated way:</u></b></p> <p>This includes water and wastewater treatment and solid waste. For example, Mexico is focused on recovering methane from solid waste landfills.</p> <p><b><u>Work on finance:</u></b></p> <p>This includes considering how to get the right kinds of financing to projects. Public, private, and national financing are imperative to ensure that programs can be implemented in cities. Getting investment funds to small communities without a larger state or regional focus can be particularly difficult.</p> <p><b><u>Connection between development and sustainability:</u></b></p> <p>These cannot be separated. Clean energy development can bring</p> |

growth and jobs, improving the rate of human development.

**Innovation is the key:**

To help counter GHG emissions, clean energy innovation can generate new technology and innovation to help municipalities. In addition, labs can encourage civil society participation in climate efforts, not just the government.

**Developing standards:**

Mandatory standards are needed where there are proven technologies available at reasonable cost. Additionally, a legal framework to stimulate and force markets is important.

**Renewable Energy: Potential Resource Mapping and Energy Diversification**

**CONCLUSIONS**

Mapping of natural resources and diversification of the energy mix are closely related priorities.

Perspectives of academia, private sector, civil society and public sector need to be taken into account to develop a better knowledge of resource availability, as a key element to sustainably develop available renewable resources.

International cooperation is key for resource mapping and development the efforts to map and develop natural resources and a couple of Latin American and Caribbean countries have been able to create a national atlas with international support.

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| <p><b>ACTIONS AND RECOMMENDATIONS</b></p> | <p><b><u>Enhance and focus international cooperation :</u></b></p> <p>Avoiding duplication and dispersion of resources, combining efforts to share best practices and experiences among countries and international organizations, identifying synergies and creating partnerships is needed.</p> <p><b><u>Inter sectorial coordination:</u></b></p> <p>Dialogue, interaction and a framework to link all involved sectors will enhance and strengthen knowledge of natural resources as the first stepping stone for viable renewable energy projects.</p> <p><b><u>Attracting investment:</u></b></p> <p>Clear and suitable legal frameworks, through experience and best practices sharing are key elements to create a suitable environment for private investors.</p> |
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**Cleaner and More Efficient Fossil Fuels: Natural Gas**

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| <p><b>CONCLUSIONS</b></p>                 | <p>Natural gas is a transition fuel, which needs to be promoted in order to foster environmentally friendly industrial development. There is a false dilemma in terms of hydrocarbons vs. renewables. Both can be effectively combined in a secure energy matrix.</p> <p>Together with the development of infrastructure, we need to pay attention to transparent and reliable pricing.</p>   |
| <p><b>ACTIONS AND RECOMMENDATIONS</b></p> | <p><b><u>Economies of scale:</u></b></p> <p>This will need to be an important feature of any plan to expand access to natural gas. Current low prices can aid with moving in that direction, but greater expansion will require the benefits that come with wider operations in this sector.</p> <p><b><u>Reaching global climate change goals:</u></b></p> <p>With the current goal of not exceeding 2 degrees of warming, there is strong incentive to work directly on renewables. Regardless, natural gas will play a large role.</p> |



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|  | <p><b><u>Natural gas is a solution to energy security issues:</u></b></p> <p>For the entire region, reliance on natural gas can provide a solution. To achieve this, a proper coordination mechanism (such as ECPA) will be necessary.</p> <p><b><u>Cooperation and support:</u></b></p> <p>Island countries will need regular input from others, in addition to sustained support to move to natural gas.</p> |
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### Financing and Investment

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| <p><b>CONCLUSIONS</b></p>                 | <p>Financing is a cross-cutting issue in the energy agenda. It is an indispensable component of every energy project. There is an underlining need to enable a proper environment for private financing in the region. Investment is linked to clearly established rules and legislation. It is key not to lose sight of individual countries' conditions even if the overall goal is to achieve integration.</p> <p>The driving question has been how to promote finance and investment from a flexible and voluntary cooperation platform like ECPA?</p>  |
| <p><b>ACTIONS AND RECOMMENDATIONS</b></p> | <p><b><u>Enabling investment environment:</u></b></p> <p>There is a clear need to enhance international cooperation to share best experiences and practices to create enabling environments that provides certainty and reduce risk for potential investors.</p> <p><b><u>Promoting and enhancing coordination:</u></b></p> <p>Financial institutions such as development banks, local banks, international institutions are needed to work together to bring enough resources to the table and sharing risks.</p> <p><b><u>Task force creation:</u></b></p> <p>Create a taskforce on financing, integrated by international development and financing institutions to produce specific recommendations for countries to spur financing in the energy sector.</p> |

## Future of ECPA

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| <p><b>CONCLUSIONS</b></p>                 | <p>The need to develop a detailed work plan with tangible deliverables in the medium run was highlighted.</p> <p>To avoid effort duplication ECPA needs to partner with other regional and possibly even extra regional energy cooperation organizations and initiatives. This will help in deepening its scope.</p> <p>There is a need of a vision a mission and country leaderships to strengthen project development and implementation.</p>  |
| <p><b>ACTIONS AND RECOMMENDATIONS</b></p> | <p>Key elements to start working on an ECPA Action Plan, towards the next Ministerial:</p> <ul style="list-style-type: none"> <li>• Ongoing reporting of work on specific initiatives and planning leading to 2017.</li> <li>• Mission and vision statements.</li> <li>• Specific and structured projects.</li> <li>• Continue with a flexible governance structure that can enhance follow-up and accountability.</li> <li>• Finance and Investment as a cross-cutting issues.</li> <li>• Collaboration with other mechanisms and organizations (Strategic partnerships)</li> <li>• Private sector involvement</li> <li>• Shared leadership of action items between countries (distributed leadership) – keeping current pillars and creating specific working groups (such as the existing on energy efficiency and heavy oil).</li> </ul> |

After Mr. Springer concluded his remarks, the representative of Venezuela, José Luis Rodríguez, urged the countries present to reflect on energy consumption levels and on habits that contribute to excessive and unreasonable energy use, since new technologies cannot solve the current energy situation on their own. He added, moreover, that if the current unsustainable rate of consumption continued, the harm to the environment would not only be inevitable, but might even be

irreversible, in spite of the development of new technologies. He spoke specifically about greater use of collective transport.

The United States Secretary of Energy, Ernest J. Moniz, congratulated the panelists and the rapporteurs and initiated the discussion on the “Future of the ECPA,” saying that the presentation on the Partnership given by Cletus Springer, Director of the OAS Department of Sustainable Development, had been most thorough. Secretary Moniz considered the effectiveness of roundtables and the work of the Government of Mexico through the ECPA Working Group on Energy Efficiency. He also underscored the importance of a mindset shift by mankind, given that there was no technology that did not require a human commitment for coming up with sustainable development solutions and that, in that respect, demand management was a critical element of any energy efficiency program.

Secretary Moniz said that it was necessary to continue cultivating the success attained in renewable-technology cost reductions, particularly in the area of wind energy development. He referred to the need for better mapping of that and other renewable sources, and that the US government was willing to do its part. He also took the opportunity to share his government's experience with the trade and industry sectors, which had voluntarily decided to set national energy-saving and conservation targets. This measure had brought about a 2.55 percent reduction in energy consumption in both sectors. This had been a low-resource strategy that the Department of Energy had found effective for promoting more energy-efficient buildings.

He also mentioned the need to modernize electricity grids with a view to incorporating renewable energies and enabling greater energy efficiency. He also took the opportunity to revisit the discussions of the roundtable on natural gas, which mentioned the expectation that the US would become a major LNG exporter in the coming decade. The first exports were expected for the coming year and projected to be somewhere in excess of 9 billion cubic feet (255 million cubic meters) a day of natural gas. Exports were envisaged to the Western Hemisphere, particularly the Caribbean and Central America. He said that the US had an interesting approach with regard to those regions, which it was developing in partnership with the IDB. In addition, President Obama and Vice President Biden were working directly with those regions to promote energy security, energy for economic development, and climate change resilience. Returning to the subject of the future of the ECPA, Secretary Moniz suggested that one of the next tasks of the partnership should be to look for ways to strengthen the voice of Caribbean nations in the Partnership.

He concluded his remarks by saying that the US regarded the ECPA as an important vehicle to which it reaffirmed its commitment. It was hoped that the ECPA would be present at COP21 in Paris as a process symptomatic of the Western Hemisphere's leadership on climate change. The most important thing for the future of the initiative was to implement a plan of action with goals and concrete results aligned with the agreements reached in Paris.

For his part, the Minister of Natural Resources of Canada, Greg Rickford, offered his country's support in the area of energy efficiency in buildings, where Canada has considerable experience, particularly in public administration buildings. He also noted the high level of electrical

interconnection and energy infrastructure in his country, which was bringing greater stability and more-efficient use of fossil fuels, an area that warranted particular attention in the ECPA Plan of Action, bearing in mind that several countries in the region were considering the use of conventional services to increase their output.

Minister Rickford concluded his contribution by highlighting the importance of having plenary meetings to enable discussions of this nature to evolve, particularly when the aim was to join efforts with a view collectively to setting common guidelines, such as regulatory frameworks for energy sectors as a means to avoid inconsistencies. He reiterated Canada's support for carrying out mapping exercises as part of the next steps for the ECPA, given the integration and interconnection that existed in North America, where such mapping would be highly useful at the trilateral level since natural disasters are oblivious to political boundaries and affect more than one country.

The Vice Minister for the Environment of Costa Rica, Irene Cañas, suggested that an effort should be made to combine the various initiatives that advance renewable energies, energy efficiency, and improved consumption patterns. She recommended pooling efforts with other organizations that shared similar objectives in order to be more efficient in use of resources and work jointly on climate change issues. She referred specifically to the situation in Central America where there was a need for coordination of all such initiatives. She said that it would be a major milestone to organize and integrate all the different regional energy and climate change initiatives.

Cletus Springer, Director of the OAS Department of Sustainable Development referred to the consequences that natural disasters can trigger and how they should be addressed as a crosscutting issue for the region, like education and health. He agreed with Minister Rickford that mapping exercises helped to reduce the vulnerability of electrical installations. Mr. Springer concluded by inviting the government representatives to identify means, strategies, and practical ways of moving forward with the ECPA Work Plan, including the possibility of appointing a steering committee.

Secretary Moniz highlighted the importance of resilience to extreme weather and natural disasters, a subject that warranted more attention prior to 2017, when the next ministerial meeting would be held. Secretary Moniz offered to share his country's expertise in energy infrastructure. He also referred to progress in the transportation sector, where cleaner electricity alternatives were being advanced. He said that given that the challenges associated with transportation were complex issues faced by all the countries in the region, they should be given special attention ahead of the 2017 ministerial. Secretary Moniz also addressed the subject of solar energy to meet electricity demand in remote communities. He concluded his remarks by saying that the debate on fossil fuels was a highly complex one and suggesting that the ECPA was a suitable vehicle to give it the attention that it merited.

For his part, Pedro Joaquín Coldwell, Mexico's Energy Secretary, mentioned the opposition to the arrival of wind energy companies that existed in certain remote communities. He said that while Mexico had an official protocol for dealing with situations of that nature, it was imperative to work on raising awareness about the subject in order to find areas of agreement between communities and government. He said that it was important to identify ways that would allow companies to

involve communities more in those processes, so that they might better understand the rewards by alternatives of that type and, in that way, get behind initiatives for the introduction of alternative energy sources. Photovoltaic energy also represented a more economic and efficient alternative electricity generation source for small communities in very remote areas, he said.

The Minister of Energy of Chile, Máximo Pacheco, drew attention to the relationships between energy and housing, energy and transport, and energy and transmission as key concepts for comprehensively addressing energy challenges. He also took the opportunity to say that the ECPA consisted not only of meetings but also of the work done ahead of those meetings. He said that the challenge, therefore, was also to share best practices, experience, and lessons learned on a number of those issues. He suggested that the ECPA might serve as a forward-looking forum to examine emerging large-scale trends in the region, with a view to designing policies and regulatory frameworks that also took inequality—a common issue in the Hemisphere—into account and prevented energy access and use becoming a magnifier of inequality in the Americas. He also referred to management capacity building and human resources development through nurturing talent and skills. He urged the integration of indigenous peoples and the incorporation of their worldviews in the regional energy agenda. The Minister of Energy of Chile announced that the third ministerial meeting of the ECPA would be held in Santiago, Chile, in October 2017. He also mentioned the challenges posed by the use of firewood as fuel. In Chile and other countries firewood could only be used as a solid fuel with a certificate of origin to ensure that moisture levels did not have a harmful impact in homes or on the environment, and to ensure the proper use and treatment of forests.

The Secretary for Energy of Mexico, Pedro Joaquín Coldwell, introduced the topic of the design of the plans of action ahead of Paris (COP21) and Chile (ECPA Ministerial in 2017) before offering the floor to Cletus Springer. Mr. Springer referred to the need to foster political leadership that would prepare the region both for Paris and for what came afterward. He also praised the current leadership of Mexico and that of Chile as the host of the next ECPA ministerial. He said that Mexico and Chile should help in drafting a mission and vision statement based on the objectives sought for Paris and beyond. He added that certain technical guidelines needed to be agreed upon to determine what structure would help to position the ECPA as a hemispheric mechanism.

Santiago Levy, Vice President for Sectors and Knowledge of the IDB, reiterated his support for the Government of Chile and placed at its disposal the technical resources of the IADB for preparing documents or seminars in advance of 2017. Minister Pacheco added that he would seek the support of the ECPA clearinghouse to follow up on the work plan with technical assistance from the IDB. He highlighted what the Vice Minister of Costa Rica had said with regard to the need to coordinate and integrate likeminded regional initiatives to avoid overlap among ongoing efforts. He also mentioned plans for an effort at the minister level prior to the next ministerial meeting, as a means to ensure their participation. Dr. Mauricio David Bejarano Martí, Vice Minister of Mines and Energy of the Ministry of Public Works and Communications of Paraguay also supported the need to integrate and coordinate regional energy and climate efforts.

The Energy Secretary of Mexico suggested the formation of a steering committee composed of the USA as promoter of the ECPA, the OAS to be in charge of the clearinghouse, the IDB as the entity responsible for providing technical assistance, Mexico as leader and host of the current ministerial, and Chile as the host of the next ministerial, in order jointly to spearhead the preparation of the ECPA work plan. Jamaica asked to be a member of the steering committee.

Guillermo Koutoudjian of the Argentine Energy Ministry suggested that the plan of action and energy guidelines adopted by the UNASUR heads of state be considered as useful inputs in drawing up the Work Plan. Haiti, Dominican Republic, and Puerto Rico were jointly working on an energy plan and asked to be included in the steering committee. The representative of Venezuela, José Luis Rodríguez, also noted the need to consider subregional energy efforts and to work closely with the Latin American Energy Organization (OLADE), a prestigious organization with a long track record that provides technical cooperation to several countries in the region on different energy initiatives.

The Energy Secretary of Mexico thanked the OAS, the IDB, and the delegates for their participation and adjourned the meeting.