



Draft Concept Note, April 2014

Establishment of the Caribbean Centre for Renewable Energy and Energy Efficiency (CCREEE) Under the Global Network of Regional Sustainable Energy Centres

1. Background

The United Nations Industrial Development Organization (UNIDO) in cooperation with SIDS DOCK (represented by the Caribbean Community Climate Change Centre) and the Austrian Development Agency (ADA) are assisting the Caribbean Countries in the establishment of the Caribbean Centre for Renewable Energy and Energy Efficiency (CCREEE). The initiative follows-up on an official request of SIDS DOCK to UNIDO and the Austrian Government to assist in the creation of regional sustainable energy centers for SIDS in the Caribbean, Pacific, Africa and the Indian Ocean.

The proposal for the creation of such a SE4ALL Centre of Excellence responds to the difficult energy situation in many of the Caribbean islands. The countries are facing the challenges of affordable energy services, energy security and climate change mitigation and adaptation simultaneously. By developing their renewable energy sources and putting in place energy efficiency measures, many of the islands have significant opportunities to reduce their overall fossil fuel consumption and thus improve their energy security, while at the same time promoting clean economic growth and lessening dependence on costly, imported petroleum fuels.

There is a common understanding that a coordinated regional approach is a cost-effective way to boost positive trends and address existing barriers for sustainable energy investments and markets in the Caribbean. The proposal for creating CCREEE takes place at the background of promising developments. Some islands have adopted national renewable power generation targets and investments in renewable energy power stations, mini-grids and stand-alone systems are growing. Simultaneously, various initiatives for the introduction of energy efficiency standards for appliances and buildings, phasing out of inefficient lamps and reduction of technical and commercial transmission and distribution losses are underway. But despite the articulation of what may be deemed a progressive agenda within the region, barriers to renewable energy use and energy efficiency applications remain. These barriers are multi-faceted, diverse and often specific to individual technologies and sectors. This implies that effective policy solutions and actions are needed for addressing the particular features of individual energy service markets, the circumstances of different types of energy-using organization, and the multiple barriers to energy efficiency within the Caribbean. The barriers can be summarized as follows:

- a. Weak execution of sustainable energy policy commitments (e.g. laws, standards, incentives, investments)
- b. Standard procedures (e.g. Power Purchase Agreements) to guide the involvement of Independent Power Producers (IPPs) or Public Private Partnerships (PPPs) are weakly implemented
- c. Lack of capacities of local energy training institutions and other RE&EE market enablers (e.g. utility experts, project developers, banks, installers);
- d. Lack of local RE&EE consultants and hardware and service companies
- e. Weak experience of utilities with RE grid integration and management of grid losses and energy management standards
- f. Lack of coordination and strategic steering of ongoing RE off-grid activities
- g. Due to small island markets and high transaction costs investors are hesitant to invest
- h. Lack of awareness on the economics and technical feasibility of RE technologies and EE measures (e.g. standards for buildings and appliances, demand side management)

In this context, the proposed regional Centre will create the needed regional capacity to support the coordination and implementation of regional sustainable energy policy commitments and activities. It will position itself as regional coordinative hub and think-tank for sustainable energy issues and activities in the Caribbean. The proposal concerning the regional centre is fully aligned with the CARICOM Energy Policy (CEP), adopted in March 2013 and the Caribbean Sustainable Energy Roadmap and Strategy (C-SERMS), which is currently under development. CCREEE would simultaneously contribute to the achievement of the SIDS DOCK objectives to improve energy efficiency by 25 per cent (2005 baseline), to increase the renewable energy share in power generation to a minimum of 50 percent and to reduce fuel use in conventional transportation by 20-30 per cent by 2033. Moreover, the Centre would contribute to the global 2030 objectives of the UN Sustainable Energy for All (SE4ALL) Initiative. Essentially therefore, the Centre is expected to create strong linkages and synergies with ongoing global, regional and national initiatives that seek to enhance the existing capacities within Caribbean states.

2. Vision and objective of the Centre

The Centre will seek primarily to: (i) increase access to modern, affordable and reliable energy services; and (ii) improve energy security and the mitigation of negative externalities of the regional energy systems (e.g. local pollution and GHG emissions) by facilitating knowledge and technology transfer, promoting small and medium scale renewable energy industries, as well as driving the use of energy planning tools and decision-support systems to create an enabling environment for renewable energy and energy efficiency markets and investments.

In general, the activities will be directed towards mitigating existing barriers to renewable energy use and energy efficiency applications with particular focus on the promotion of Inclusive and Sustainable Industrial Development (ISID).

3. Scope of mandate

The detailed technical design of the Centre will be determined during the consultative preparatory process: UNIDO contracted a consultancy company which will execute broad regional stakeholder consultations to determine the scope of interventions for the Centre. Given the regional situation however, there is an expectation that the Centre is likely to focus on the following:

1. **Energy Planning Support:** Energy planning within this context refers to the process of developing long-range policies to help guide the future of a local, national and regional energy systems. The Centre will utilize methodologies and modeling tools for energy systems to support decision-making in the priority area of transition planning for the deployment of low carbon technologies and their supporting infrastructures within CARICOM countries.
2. **Project Planning and Management:** The Centre is expected to support and execute renewable energy and energy efficiency activities and projects within CARICOM countries, focusing primarily on activities and projects with regional impact or national projects which demonstrate high potential for scaling-up or regional replication.
3. **Finance and Legislation Support:** The Centre will focus on the identification of mechanisms to eliminate barriers and gaps that currently retard or prohibit the development of suitable regulatory systems and fiscal policies which can provide greater incentives for the development of sustainable renewable energy and energy efficiency markets within the realities of the Caribbean economy. In particular, the reduction or the removal of non-cost barriers can be considered as “low-hanging fruits” and will be given priority.
4. **Policy Advocacy and Awareness:** It is apparent that the current economic situation and its impacts on the Caribbean region have made it difficult for policymakers to sufficiently focus on the medium-term strategies that are required for sustainable economic development; this is exacerbated in countries that are constrained by limited technical capacity within the public sector. The Centre will seek to address **market distortions** that unreasonably “discriminate” against sustainable energy systems and serve to increase their cost relative to conventional sources. Advocacy for appropriate policies, and simultaneous awareness building on the issues identified, is deemed important to “re-balancing” of the regional energy markets.

5. **Capacity Building and Training:** Analytically, two interconnected aspects of capacity may be distinguished: *inter alia*, collective capabilities and individual competencies. The notion of “collective” refers, in this case, to a particular institutional entity that manages a set of fundamental political, social, and legal ground rules that establishes the basis for the *supply, transformation, delivery* and *use* of energy resources on the national or regional scale whilst “individual” refers to the trained, technical personnel with a set of critical skills that are essential for the successful transition to a low carbon economy. The Centre is expected to manage a *dedicated, deliberate* and *programmatic* capacity development strategy for supporting the attainment of renewable energy and energy efficiency targets within the Caribbean. An advantage of the Centre is the benefit of “regional pooling”, which will provide the institutional capacity necessary to plan, resource and manage the capacity building and training activities for the regional energy sector, as well as the respective national energy sectors, in a more sustainable way.
6. **Technical Assistance and Advisement:** Increasingly, Caribbean governments are looking to regional institutions to help fill the professional needs of the national energy sectors; given the limitation of financial resources at the national level to retain professional capacity, it is anticipated that this trend will continue. There is clear need for more technical assistance to the public sector especially within the context that an expansion of the sustainable energy markets within the Caribbean is likely to entail an increase in demand for new and more sophisticated skills, which may either be limited or unavailable.

4. Strategic Positioning of the Centre

The Centre will **focus on activities which demonstrate high relevance for leveraging investments in RE&EE infrastructure, services, local businesses and industry**. Cooperation with a wide range of public/private and local/international stakeholders during implementation will maximize the local added value, north-south and south-south technology and know-how transfer to the Caribbean region. It will strengthen and cooperate with existing local and regional organs so as to avoid duplication of effort and competition with already existing institutions and companies.

The approach of the Centre is one that will seek to maximize impact on the sustainable energy economy within the region.

5. Institutional Set-Up of the Centre

The institutional design of the Centre will be determined during the consultative preparatory process. CCREEE will be well incorporated in the existing regional institutional energy framework. It is proposed that the Centre be an independent body but within the legal, administrative and financial rules and regulations of the host organization, as well as the principles applied to regional bodies. It will have its own legal identity.

6. Financial sustainability

Financial sustainability will be a key element of the Centre. The Austrian Government has committed funding through UNIDO for the start-up and first operational phase of the centre; within the early operational stages, co-funding from local, regional and international sources will be mobilized. The Centre will have a strong focus on grant making through participation in funded projects and will also provide “fee for services” activities. There is also an expectation that the Centre will earn revenue from a limited number of profit-making projects and activities.

7. Mile-Stones of Preparatory Process

The partners have launched a consultative preparatory process to determine the technical and institutional design of the Centre. It is envisaged to finalize the process by end of 2014. The process will include the following milestones:

1. Development of a needs assessment gap analysis including broad stakeholder consultations, which are to be executed by consultants during May to July 2014. UNIDO has contracted a consultancy company to undertake the stakeholder consultations; the consultants will contact key stakeholders in the individual countries.
2. Development of the draft project document on the technical and institutional design of the Centre.
3. Validation workshop on the needs assessment and Project Document is scheduled to take place from 17th to 18th July 2014.
4. Finalization of Project Document and envisaged adoption by the Caribbean Ministries of Energy by end of 2014.
5. Competitive selection process for the host organization/country based on selection criteria included in the Project Document.
6. Establishment of physical office in the first quarter of 2015.

8. CCREEE Preparatory Contacts

For further information please contact the preparatory team of the Caribbean Centre for Renewable Energy and Energy Efficiency (CCREEE) by e-mail: info@ccreee.org.