



DPSP III: Financial Instruments for Brazil Energy Efficient Cities - FinBRAZEEC

Country / Region: **Brazil** | Project Id: **XCTFBR715A** | Fund Name: **CTF** |

Comment Type	Commenter Name	Commenter Profile	Comment	Date
Comment 1	Nicolas von Kalm	Germany	<p>Dear Mafalda, dear IBRD colleagues, thank you for the proposal that we are about to assess. So far we have the following rather technical questions for clarification:</p> <ul style="list-style-type: none"> - Cover Page vs PAD: shouldn't the Country / Region Brazil (instead of Latin America and the Caribbean)? - Cover Page vs PAD: why does the cover page mention "Convertible grants AND contingent recovery grants" while the PAD only mentions the latter? - GHG emissions reduction: <ul style="list-style-type: none"> o the relation "GHG emissions reduced or avoided over lifetime (tons of CO2-eq)" to "Annual GHG emissions reduced or avoided (tons of CO2-eq/year)" is 13 years (= 12,491,089 tCO2 / 960,853 tCO2/a). This equals exactly the expected lifetime of public street lighting but is above the expected lifetime of the other measure, industrial EE, which is 8 years. Shouldn't the average lifetime be somewhere between? o according to the values stated in the cover page a grid emission factor (GEF) of 1.44 tCO2/MWh can be calculated (12,491,089 tCO2 / 8,670,000 MWh). This figure is obviously too high and in contradiction to the GEF stated in the PAD (0.44 tCO2/MWh), please clarify. <p>We assume in any case that the financial instrument is classified as higher risk profile financial instrument and hence excluded from the general loss sharing mechanism.</p> <p>Kind regards, Nicolas</p>	Apr 26, 2018
Response 1	Monyl Nefer Toga Makang	IBRD	<p>Thanks for your analysis and detailed questions. Some explanations follow:</p> <p>#1. Cover page versus PAD. The country/region should be: Brazil / Latin America and Caribbean Region. Apologies for the oversight.</p> <p># 3. GHG emissions – total and on a yearly basis.</p> <p>Your observation is correct. Industrial Energy Efficient projects have a shorter-impact life than street lighting. So, the weighted average should be lower than 13 years. However, the way we converted total GHG into annual contribution was to divide by 13 (which is the life of the entire Finbrazeec project). This "annualized" methodology was the one requested by GCF. Having said that, there is indeed a mistake in the reporting of total MWh for the FinBrazeec project. The correct figure is 16,732 GWh, and the total GHG reduction is about 12.5 Million tons of CO2e. (see table).</p> <p>#4. GHG emission factor (contradiction)</p> <p>Even after the correction above, you will notice that if we divide the GHG abated by the GWh saved, the result is about 0.75, which is still much higher than the 0.44 grid-emission factor used in the calculations. The reason for this [apparent] contradiction is the fact that the total GHG abatement figure includes (for the case of industrial energy efficiency) not only savings in electricity, but also a significant amount of savings in thermal efficiency and in use of hydrocarbons.</p>	May 01, 2018
Response 2	Abhishek Bhaskar	CIF AU	<p>Convertible grants and contingent recovery grants are part of group 2 – financial products to be excluded from the CTF Net Income and loss sharing calculation.</p> <p>The two products referred to in the category "Convertible grants AND contingent recovery grants" in the template are the same in nature, only different nomenclature.</p>	May 03, 2018