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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Eighty-second Meeting
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**DEVELOPMENT OF THE COST GUIDELINES FOR THE PHASE-DOWN OF HFCs IN
ARTICLE 5 COUNTRIES: DRAFT CRITERIA FOR FUNDING
(DECISION 81/67(f))**

Background

1. Pursuant to the adoption of the Kigali Amendment and related decision XXVIII/2, at its 77th meeting, the Executive Committee had discussed issues arising from the Amendment that were relevant to the Executive Committee.¹ Those discussions led to the decision to hold a special four-day meeting, the 78th meeting, to address matters arising from decision XXVIII/2.

2. At its 78th meeting,² 79th meeting,³ 80th meeting,⁴ and 81st meeting⁵ the Executive Committee discussed the development of the cost guidelines for the phase-down of HFCs in Article 5 countries, and decided to include in a draft template text related to the following elements of decision XXVIII/2, which were relevant to the work of the Executive Committee:

- Flexibility in implementation that enabled parties to select their own strategies and priorities in sectors and technologies, in line with paragraph 13
- Cut-off dates for eligible capacity, in line with paragraph 17
- Second and third conversions, in line with paragraph 18
- Sustained aggregate reductions, in line with paragraph 19
- Categories of eligible incremental cost for the consumption manufacturing sector, in line with sub-paragraph 15(a)
- Categories of eligible incremental cost for the production sector, in line with sub-paragraph 15(b)
- Categories of eligible incremental cost for the refrigeration servicing sector, in line with sub-paragraph 15(c)

¹ UNEP/OzL.Pro/ExCom/77/70/Rev.1

² UNEP/OzL.Pro/ExCom/78/5 and Corr.1

³ UNEP/OzL.Pro/ExCom/79/46

⁴ UNEP/OzL.Pro/ExCom/80/55

⁵ UNEP/OzL.Pro/ExCom/81/53

- Eligibility of Annex F substances subject to high-ambient-temperature exemptions, in line with paragraph 35
3. In addition, the following elements of decision XXVIII/2 had remained under discussion:
- Energy efficiency, in line with paragraph 22
 - Capacity building to address safety, in line with paragraph 23
 - Disposal, in line with paragraph 24
4. The Executive Committee also agreed not to include text on “other costs”⁶ in the draft template of the cost guidelines for the phase-down of HFCs.
5. At the closure of its discussions at the 81st meeting, the Executive Committee decided that it would continue to use the draft template of the cost guidelines for the phase-down of HFCs and the list of outstanding elements for further discussion, contained in Annexes I and II, respectively, to the present document, as the working documents for discussions, at the 82nd and future meetings, on the development of cost guidelines for the phase-down of HFCs in Article 5 countries, noting that additional elements could be added as required (decision 81/67(f)).

Outstanding issues requiring further discussion

6. In addition to the text related to the elements of decision XXVIII/2 that had been included in the draft template of the cost guidelines for HFC phase-down (Annex I to the present document), the Executive Committee identified outstanding issues requiring further discussion in some of the elements of decision XXVIII/2 as described below.

Eligible incremental costs for the consumption manufacturing sector

7. In addition to the text related to the categories of eligible incremental cost for the consumption manufacturing sector in line with sub-paragraph 15(a) of decision XXVIII/2 that had been included in the draft template of the cost guidelines for HFC phase-down, the Executive Committee had several discussions on cost-effectiveness thresholds for the phase-out of HFCs. It noted that the cost-effectiveness thresholds for the phase-out of CFCs and HCFCs were not necessarily applicable for HFCs; moreover, there was limited experience at the Fund in phasing out HFCs in certain sectors, and the associated incremental costs may differ from the costs associated with phasing out other controlled substances. Accordingly, the Executive Committee had considered that additional information was required to enable it to reach a decision on eligible incremental costs, and had agreed, in decisions 78/3 and 79/45, to consider approving a limited number of stand-alone HFC investment projects, to be considered on a case-by-case basis in terms of technology maturity, replicability and geographic distribution.

8. Accordingly, the Executive Committee invited bilateral and implementing agencies to prepare and present project proposals for conversion to alternatives to HFCs and promotion of new technologies, for submission during the period up to and including the 84th meeting, especially in sectors and regions that were not covered by projects that had been approved in the period up to and including the 81st meeting (decision 81/53(b)).

9. To date, seven stand-alone investment projects have been approved at a total cost of US \$11,511,871 (plus agency support cost) to phase down 837.45 mt (1.34 million mt CO₂-eq) of HFCs in the air-conditioning, domestic and commercial refrigeration manufacturing sectors in six countries.⁷

⁶ Paragraph 25 of decision XXVIII/2 on “other costs” states that “Parties may identify other cost items to be added to the indicative list of incremental costs emanating as a result of the conversion to low-GWP alternatives”.

10. The Executive Committee may wish to note that four HFC investment project proposals in China, Ecuador, Egypt and Zimbabwe, that were submitted to the 81st meeting, and one new project proposal in Thailand, at a total cost of US \$4,042,863 (plus agency support cost), have been submitted to the 82nd meeting.

Methodology for determining the starting point for aggregate reductions

11. In addition to the text related to the sustained aggregate reductions, in line with paragraph 19 of decision XXVIII/2 that have been included in the draft template of the cost guidelines for the phase-down of HFCs, at the 81st meeting the Secretariat was requested to prepare a preliminary information document containing key considerations that could assist the Executive Committee in developing a methodology for establishing the starting point for sustained aggregate reductions under the Kigali Amendment for the consumption and production sectors, taking into account the discussions that had taken place at the meeting (decision 81/67(e)).

12. In response to decision 81/67(e), the Secretariat has submitted to the 82nd meeting document UNEP/OzL.Pro/ExCom/82/66.

Eligible incremental costs for the refrigeration servicing sector

13. In addition to the text related to the categories of eligible incremental cost for the refrigeration servicing sector, in line with sub-paragraph 15(c) of decision XXVIII/2, that have been included in the draft template of the cost guidelines for the phase-down of HFCs, the Secretariat was requested to prepare, in cooperation with bilateral and implementing agencies, a preliminary document on all aspects relating to the sector that supported HFC phase-down, for submission to the 82nd meeting. The document needed, *inter alia*, to take into account previous policy documents, case studies, monitoring and evaluation reviews, and the work undertaken in developing and implementing training and technical assistance programmes. It was to contain analysis of the existing capacities in Article 5 countries that had had funding approved for the refrigeration servicing sector and how those capacities could be utilized for HFC phase-down. The document was also to include the minimum information needed for the development of training and competency-based certification programmes and modules for service technicians and customs officers for the transition to alternatives (decision 80/76(c)).

14. The Executive Committee has, so far, limited discussions on the element on capacity building to address safety, in line with paragraph 23 of decision XXVIII/2. At its 81st meeting, the Executive Committee decided to consider, at the 82nd meeting, the matter of prioritization of technical assistance and capacity building to address safety issues associated with alternatives with low and zero global-warming potential (GWP) for all sectors, in light of the paper being prepared by the Secretariat in response to decision 80/76 regarding aspects of refrigeration servicing sector that supported HFC phase-down (decision 81/67(c)).

15. In response to decisions 80/76(c) and 81/67(c), the Secretariat has submitted to the 82nd meeting document UNEP/OzL.Pro/ExCom/82/64.

Energy efficiency

16. The Executive Committee discussed the element on energy efficiency, in line with paragraph 22 of decision XXVIII/2. At its 77th meeting, the Executive Committee considered the Note from the Secretariat on issues relevant to the Executive Committee arising from the Twenty-eighth Meeting of the

⁷ HFC-investment projects have been approved for Argentina, Bangladesh, Dominican Republic, Jordan, Lebanon, and Mexico (two).

Parties to the Montreal Protocol.⁸ The Secretariat's recommendation contained in paragraph 77(c)(iii) of the document has been maintained, as modified by the Executive Committee, in square brackets in Annex II to the present document (outstanding issues for further discussion), under section II, additional work to be requested to the Secretariat. In addition, Annex II contains as an Appendix, a conference room paper (CRP) with text of a proposed decision on energy efficiency submitted by the Government of Austria to the 80th meeting.⁹

17. At its 81st meeting, the Executive Committee requested the Secretariat to provide to the 82nd meeting the summary of the parties' deliberations at the 40th Meeting of the Open-Ended Working Group of the Parties to the Montreal Protocol and the Thirtieth Meeting of the Parties to the Montreal Protocol in relation to the report by the Technology and Economic Assessment Panel on issues related to energy efficiency in response to decision XXIX/10 (decision 81/67(b)).

18. In response to decision 81/67(b), the Secretariat had submitted to the 82nd meeting document UNEP/OzL.Pro/ExCom/82/65 including the summary of the parties' deliberations at the 40th Meeting of the Open-Ended Working Group. Prior to the 82nd meeting, the Secretariat will issue an addendum to the document summarizing the outcomes of the discussions of the Thirtieth Meeting of the Parties on issues related to energy efficiency while phasing down HFCs.

Disposal

19. On the element on disposal, in line with paragraph 24 of decision XXVIII/2, at its 81st meeting the Committee decided to consider, at its 82nd meeting, issues related to funding the cost-effective management of stockpiles of used or unwanted controlled substances, including through destruction, in light of the paper on ODS disposal being prepared by the Secretariat in response to decision 79/18(e) (decision 81/67(d)).

20. In response to decision 81/67(d), the Secretariat has submitted to the 82nd meeting document UNEP/OzL.Pro/ExCom/82/21. The document presents for the 11 completed pilot ODS disposal projects, lessons learned, and includes issues related to project design, synergy with other projects, opportunities for resource mobilization, and the cost-effectiveness of the projects.

Other general matters related to HFC phase-down

21. The document on the HFC cost guidelines for the phase-down of HFC submitted to the 80th meeting included overarching aspects¹⁰ for consideration by the Executive Committee at that or a future meeting, noting that those aspects were already being applied in the context of the enabling activities and the stand-alone HFC investment projects. The Executive Committee did not reach an agreement on the overarching aspects at its 80th or 81st meeting.

Outcome of the Thirtieth Meeting of the Parties

22. In response to paragraph 11 of decision XXVIII/2, whereby the parties requested the Executive Committee to develop, within two years of the adoption of the Amendment, guidelines for the phase-down of HFC production and consumption and to report back to the parties, the Executive Committee submitted to the parties the report of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol to the Thirtieth Meeting of the Parties.¹¹ Part I of the report¹²

⁸ UNEP/OzL.Pro/ExCom/77/70/Rev.1

⁹ The CRP was originally appended to Annex XXIX (outstanding issues for further discussion) of the report of the 80th meeting, and has since then been maintained as outstanding issues for further discussion.

¹⁰ As contained in paragraph 43 of document UNEP/OzL.Pro/ExCom/80/55.

¹¹ UNEP/OzL.Pro.30/10

describes policy matters related to the Kigali Amendment addressed by the Executive Committee since its 77th meeting.

23. The Executive Committee may wish to note that the Thirtieth Meeting of the Parties will discuss, under agenda item 4(c) of the preparatory segment, the progress by the Executive Committee of the Multilateral Fund in the development of guidelines for financing the phase-down of hydrofluorocarbons; and under agenda item 4 of the high-level segment, the presentation by the Chair of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol on the work of the Executive Committee, the Multilateral Fund Secretariat and the Fund's implementing agencies, which includes the policy matters related to the Kigali Amendment that have been addressed by the Committee.

24. The Executive Committee may wish to note that prior to the 82nd meeting, the Secretariat may issue an addendum to the present document summarizing the outcomes of the discussions of the Thirtieth Meeting of the Parties on issues related to the development of the cost guidelines for the phase-down of HFCs in Article 5 countries.

Recommendation

25. The Executive Committee may wish:

- (a) To note document UNEP/OzL.Pro/ExCom/82/67 on development of the cost guidelines for the phase-down of HFCs in Article 5 countries: draft criteria for funding;
- (b) When continuing its deliberation of the cost guidelines for the phase-down of HFCs in Article 5 countries:

In relation to sustained aggregate reductions in HFC consumption and production

- (i) To take into consideration the preliminary information containing key considerations that could assist the Executive Committee in developing a methodology for establishing the starting point for sustained aggregate reductions under the Kigali Amendment for the consumption and production sectors, contained in document UNEP/OzL.Pro/ExCom/82/66, in its discussion on the methodology [to be proposed by the Executive Committee] for determining the starting point for sustained aggregate reduction in HFC consumption and production, noting that the starting should be expressed in [CO₂ equivalent and/or metric tonnes], and [add text for production];

In relation to the consumption manufacturing sector

- (ii) [To consider at a future meeting to request the Secretariat to undertake additional work, including to determine cost-effectiveness thresholds and thresholds for incremental operating costs for HFC-phase-down activities in the consumption manufacturing sector once progress in the implementation of HFC investment projects has been made;]

In relation to the eligible incremental costs for the refrigeration servicing sector

- (iii) To take into consideration the preliminary document on all aspects relating to the refrigeration servicing sector that supported HFC phase-down, including the element on capacity building to address safety, in line with paragraph 23 of

¹² Paragraphs 5 to 33 and Annexes I, II and III of document UNEP/OzL.Pro.30/10

decision XXVIII/2, contained in document UNEP/OzL.Pro/ExCom/82/64, in its discussion on eligible incremental costs for the refrigeration servicing sector, in line with paragraph 16 of decision XXVIII/2, [including consideration of maintaining energy efficiency in the servicing/end-user sector]];

In relation to energy efficiency

- (iv) To take into consideration the summary of the parties' deliberations at the 40th Meeting of the Open-Ended Working Group of the Parties to the Montreal Protocol and the Thirtieth Meeting of the Parties to the Montreal Protocol in relation to the report by the Technology and Economic Assessment Panel on issues related to energy efficiency in response to decision XXIX/10, contained in document UNEP/OzL.Pro/ExCom/82/65, the additional work on energy efficiency to be requested to the Secretariat and the Conference Room Paper submitted by the Government of Austria to the 80th meeting included in Annex II to the present document, in its discussions [to develop cost guidance associated with maintaining and/or enhancing the energy efficiency of low-GWP or zero-GWP replacement technologies and equipment, when phasing down HFCs, [including in the servicing sector [and end-user sector]]];

In relation to disposal

- (v) To take into consideration the issues related to funding the cost-effective management of stockpiles of used or unwanted controlled substances, including through destruction, in light of the paper on ODS disposal being prepared by the Secretariat in response to decision 79/18(e), contained in document UNEP/OzL.Pro/ExCom/82/21 in its discussions on the element of disposal, in line with paragraph 24 of decision XXVIII/2;

In relation to other general matters related to HFC phase-down

- (vi) [To agree on the following prerequisites for an Article 5 country to access Multilateral Fund funding other than for enabling activities for the phase-down of HFC consumption and production:
- a. Ratification, acceptance, or accession to the Kigali Amendment;
 - b. Establishment of an agreed starting point for a sustained aggregate reduction in HFC consumption and production, on the understanding that any phase-down of HFCs resulting from any project that might be approved by the Executive Committee would be deducted from the country's starting point;
- (vii) [To agree that institutions and capacities in Article 5 countries developed with Multilateral Fund assistance for the phase-out of ODS should be used to the extent possible for the phase-down of HFCs;]
- (viii) [To agree that the existing policies and guidelines of the Multilateral Fund [where applicable] for funding the phase-out of ODS would be applicable to the funding of HFC phase-down [unless decided otherwise] [as long as agreed upon] by the Executive Committee [taking into account in particular decision XXVIII/2].]]

Annex I

DRAFT TEMPLATE OF THE COST GUIDELINES FOR THE PHASE-DOWN OF HFCs (As of the 81st meeting)

Background

1. The present Annex contains the draft cost guidelines for the phase-down of HFCs based on the relevant elements of decision XXVIII/2 agreed by the Parties at their Twenty-eight Meeting. These draft cost guidelines contain elements agreed at the 78th and 80th meetings, and will be updated pursuant to further discussions at the 82nd and future meetings of the Executive Committee.

Draft cost guidelines for the phase-down of HFCs

Flexibility in implementation that enables parties to select their own strategies and priorities in sectors and technologies

2. Article 5 countries will have flexibility to prioritize HFCs, define sectors, select technologies and alternatives and elaborate and implement their strategies to meet agreed HFC obligations, based on their specific needs and national circumstances, following a country-driven approach.

Cut-off date for eligible capacity

3. The cut-off date for eligible capacity is 1 January 2020 for those parties with baseline years from 2020 to 2022, and 1 January 2024 for those parties with baseline years from 2024 to 2026.

Second and third conversions

4. To apply the following principles for second and third conversion projects:

- (a) First conversions, in the context of a phase-down of HFCs, are defined as conversions to low-global warming potential (GWP) or zero-GWP alternatives of enterprises that have never received any direct or indirect support, in part or in full, from the Multilateral Fund, including enterprises that converted to HFCs with their own resources;
- (b) Enterprises that have already converted to HFCs in phasing out CFCs and/or HCFCs will be eligible to receive funding from the Multilateral Fund to meet agreed incremental costs in the same manner as enterprises eligible for first conversions;
- (c) Enterprises that convert from HCFCs to high-GWP HFCs, after the date of adoption of the Amendment, under HPMPs already approved by the Executive Committee will be eligible to receive funding from the Multilateral Fund for a subsequent conversion to low-GWP or zero-GWP alternatives to meet agreed incremental costs in the same manner as enterprises eligible for first conversions;
- (d) Enterprises that convert from HCFCs to high-GWP HFCs with their own resources before 2025 under the Amendment will be eligible to receive funding from the Multilateral Fund to meet agreed incremental costs in the same manner as enterprises eligible for first conversions; and
- (e) Enterprises that convert from HFCs to lower-GWP HFCs with Multilateral Fund support when no other alternatives are available will be eligible to receive funding from

the Multilateral Fund for a subsequent conversion to low-GWP or zero-GWP alternatives if necessary to meet the final HFC phase-down step.

Sustained aggregate reductions

5. The remaining eligible consumption for funding in tonnage will be determined on the basis of the starting point of national aggregate consumption less the amount funded by previously approved projects in future multi-year agreement templates for HFC phase-down plans.

Eligible incremental cost

Consumption manufacturing sector

6. To make the following categories of costs eligible and to include them in the cost calculation associated with the phase-down of HFCs in the consumption manufacturing sector:

- (a) Incremental capital costs (ICCs);
- (b) Incremental operating costs (IOCs) for a duration to be determined by the Executive Committee;
- (c) Technical assistance activities;
- (d) Research and development, when required to adapt and optimize alternatives to HFCs with low or zero GWP;
- (e) Costs of patents and designs, and incremental costs of royalties, when necessary and cost-effective;
- (f) Costs of the safe introduction of flammable and toxic alternatives.

Production sector

7. To make the following categories of costs eligible and to include them in the cost calculation associated with the phase-down of HFCs in the production sector:

- (a) Lost profit due to the shutdown/closure of production facilities, as well as production reduction;
- (b) Compensation for displaced workers;
- (c) Dismantling of production facilities;
- (d) Technical assistance activities;
- (e) Research and development related to the production of low-GWP or zero-GWP alternatives to HFCs with a view to lowering the costs of alternatives;
- (f) Costs of patents and designs or incremental costs of royalties;
- (g) Costs of converting facilities to produce low-GWP or zero-GWP alternatives to HFCs when technically feasible and cost-effective;

- (h) Costs of reducing emissions of HFC-23, a by-product from the production process of HCFC-22, by reducing its emission rate in the process, destroying it from the off-gas, or by collecting and converting it to other environmentally safe chemicals; such costs should be funded by the Multilateral Fund to meet the obligations of Article 5 parties specified under the Amendment.

Refrigeration servicing sector

8. To make the following categories of costs eligible and to include them in the cost calculation associated with the phase-down of HFCs in the refrigeration servicing sector:

- (a) Public-awareness activities;
- (b) Policy development and implementation;
- (c) Certification programmes and training of technicians on safe handling, good practice and safety in respect of alternatives, including training equipment;
- (d) Training of customs officers;
- (e) Prevention of illegal trade of HFCs;
- (f) Servicing tools;
- (g) Refrigerant testing equipment for the refrigeration and air-conditioning sector;
- (h) Recycling and recovery of HFCs.

Energy efficiency

Capacity building to address safety

Disposal

Eligibility of Annex F substances subject to high ambient temperature exemptions

9. That amounts of Annex F substances that are subject to the high-ambient-temperature exemption are not eligible for funding under the Multilateral Fund while they are exempted for that party.

Annex II

OUTSTANDING ISSUES FOR FURTHER DISCUSSION BY THE EXECUTIVE COMMITTEE ON THE COST GUIDELINES FOR THE PHASE-DOWN OF HFCs (As of the 81st meeting)

I. IN RELATION TO THE COST GUIDELINES

Sustained aggregate reductions

- (a) To use the following methodology [to be proposed by the Executive Committee] for determining the starting point for sustained aggregate reduction in HFC consumption and production, noting that the starting point should be expressed in [[CO₂ equivalent] and/or [metric tonnes]]
- (b) [add text for production]

Eligible incremental cost

Refrigeration servicing sector

- (c) [Consideration of paragraph 16 of decision XXVIII/2, [including consideration of maintaining energy efficiency in the servicing/end-user sector]]

Energy efficiency

- (d) [To continue discussing how it wishes to develop cost guidance associated with maintaining and/or enhancing the energy efficiency of low-GWP or zero-GWP replacement technologies and equipment, when phasing down HFCs, [including in the servicing sector [and end-user sector],] after reviewing additional relevant information, including the information provided by the TEAP in its assessment of energy efficiency at the 40th OEWG meeting;]

Capacity building to address safety

Disposal

II. ADDITIONAL WORK TO BE REQUESTED TO THE SECRETARIAT¹

In relation to the consumption manufacturing sector

- (a) [The Executive Committee decided to consider at a future meeting to request the Secretariat to undertake additional work, including to determine cost-effectiveness thresholds and thresholds for IOCs for HFC-phase-down activities in the consumption manufacturing sector once progress in the implementation of HFC investment projects has been made;]

¹ Contained in paragraph 46 of document UNEP/OzL.Pro/ExCom/80/55.

In relation to energy efficiency

- (b) [To request the Secretariat to contract an independent consultant to:
- (i) Prepare, for the [82nd meeting], a document on issues associated with maintaining and/or enhancing the energy efficiency of low-GWP or zero-GWP replacement technologies and equipment when phasing down HFCs, including:
 - a. Incremental costs for maintaining and/or enhancing energy efficiency in the manufacturing and servicing of refrigeration and air-conditioning equipment, including in situ manufacturing;
 - b. Pay-back periods and economic benefits associated with energy-efficiency improvements in the refrigeration and air-conditioning sector;
 - c. Possible modalities for funding, including operational modalities for co-funding with other institutions at the national and global level, in order to maintain and/or enhance energy efficiency and address associated challenges in the refrigeration and air-conditioning sector;
 - d. Requirements for establishing minimum energy-efficiency standards, including the testing and verification of energy efficiency in equipment;
 - e. The institutional and regulatory framework needed in Article 5 countries to support and monitor improvements in energy efficiency, including in the refrigeration and air-conditioning servicing sector;
 - (ii) Consider, when preparing the document, appropriate standards and directives, such as the four European Union directives for reducing greenhouse gas emissions in Europe on Energy Efficiency, Ecodesign, Energy Performance of Buildings and Industrial Emissions, to determine the best available technologies;
 - (iii) Consider, when preparing the document, the Conference Room Paper submitted by the Government of Austria to the 80th meeting (Appendix to the present Annex);
- (c) To allocate US \$XXX for the preparation of the study.]

III. OTHER GENERAL MATTERS RELATED TO HFC PHASE-DOWN²

- (a) To agree on the following prerequisites for an Article 5 country to access Multilateral Fund funding other than for enabling activities for the phase-down of HFC consumption and production:
- (i) Ratification, acceptance, or accession to the Kigali Amendment;
 - (ii) Establishment of an agreed starting point for a sustained aggregate reduction in HFC consumption and production, on the understanding that any phase-down of HFCs resulting from any project that might be approved by the Executive Committee would be deducted from the country's starting point;

² As contained in paragraph 43 of document UNEP/OzL.Pro/ExCom/80/55.

- (b) [To agree that institutions and capacities in Article 5 countries developed with Multilateral Fund assistance for the phase-out of ODS should be used to the extent possible for the phase-down of HFCs];
- (c) [To agree that the existing policies and guidelines of the Multilateral Fund [where applicable] for funding the phase-out of ODS would be applicable to the funding of HFC phase-down [unless decided otherwise] [as long as agreed upon] by the Executive Committee [taking into account in particular decision XXVIII/2];]

Appendix

TEXT FOR DISCUSSION RELATED TO THE DEVELOPMENT OF THE COST GUIDELINES FOR THE PHASE-DOWN OF HFCS IN ARTICLE 5 COUNTRIES: DRAFT CRITERIA FOR FUNDING (DECISIONS 78/3(i) AND 79/44(b))

(A Conference Room Paper submitted by the Government of Austria to the 80th meeting)

Energy Efficiency

1. The Executive Committee may wish to consider the following elements when requesting the Secretariat to do additional work on energy efficiency as proposed by the Government of Austria based on the summary document prepared by the Chair at the 78th meeting.

- (a) Prepare, for the [81st meeting], a document on issues associated with maintaining and/or enhancing the energy efficiency of low-GWP or zero-GWP replacement technologies and equipment when phasing down HFCs, including:
 - (i) Inventory of energy efficiency activities already undertaken and /or funded by GEF and GCF and implementing agencies, in the refrigeration, heat-pump, and air-conditioning and production sectors; including typical level of funding, co-financing committed Pay-back periods and economic benefits associated with energy-efficiency and estimate or range of cost effectiveness;
 - (ii) Cost guidance, methodologies, processes, monitoring, verification associated with energy efficiency interventions of other institutions, especially GEF and GCF;
 - (iii) Identification of costs for maintaining and/or enhancing energy efficiency in the manufacturing and servicing of refrigeration and air-conditioning equipment, including in situ manufacturing;
 - (iv) Possible modalities for funding, including operational modalities for co-funding and/or cooperation/coordination with other institutions at the national and global level, in order to maintain and/or enhance energy efficiency and address associated challenges and address associated challenges in the production sector and the refrigeration and air-conditioning sectors;
 - (v) Examples of minimum energy-efficiency standards and labelling, including the Requirements for establishing them and ensuring the testing and verification of energy efficiency in equipment;
 - (vi) The institutional and regulatory framework needed in Article 5 countries to support and monitor improvements in energy efficiency, including in the refrigeration and air-conditioning servicing sector; and
- (b) To consider, when preparing the document, appropriate standards, such as LEED and BREEAM, and directives, such as the four European Union directives for reducing greenhouse gas emissions in Europe on Energy Efficiency, Eco-design, Energy Performance of Buildings and Industrial Emissions, to determine the best available technologies.