Executive Committee
Guidelines for HCFC Phase-out Management Plans

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HPMP Guidelines

- Backdrop to Guidance for HCFC Phaseout Management Plans (HPMPs)
- Guidelines for the Development of Stage 1 HPMPs
- Indicative Outline and Contents of HPMPs
- Next steps
19th MOP: ExCom asked to assist countries prepare management plans for accelerated HCFC phaseout

53rd ExCom:
- Discussion paper presented on options for assessing and defining eligible incremental costs for HCFC phase-out.
- ExCom members believe that HCFC phaseout plans (HPMPs) should identify strategies and assistance required to meet the consumption freeze and achieve subsequent reductions while highlighting the most efficient and cost-effective way of meeting the freeze.
- ExCom stresses the urgency of approving HPMPs as soon as possible to address accelerated HCFC phase-out.
53rd ExCom (cont.):

- MLF Secretariat requested to draft guidelines based on existing guidance for country programs and sector plans – along with a discussion paper on costs of HCFC phaseout;

- “Legal prerequisite” for MLF assistance for HCFC phaseout: Ratification of/accession to the Copenhagen Amendment. Funding for HPMPs possible with Government commitment to ratify;

- Until HCFC-specific policy and decisions are in place, existing ExCom policies, procedures and decisions are applicable.

Decision 53/7
ExCom members agree on guidelines but disagree on treatment of:
- Co-financing and mobilizing additional resources
- Starting Point for reductions
- Aggregate reductions
- Cut-off dates for financing conversions/second stage conversions

Article 5 countries fear that:
- Co-financing will delay projects and co-benefits should be limited to low GWP of alternatives only
- Too much uncertainty surrounding HCFC needs and alternatives for deciding on a baseline figure

All agree on the need to move quickly with HPMPs
HPMP Guidelines

- Countries should adopt a staged approach for implementing HPMPs;

- Guidelines apply to Stage 1 which targets the 2013 freeze and 2015 10% reductions;

- Approved in advance of HCFC policy and costing to permit countries to start as soon as possible;

- HPMPs differ according to consumption categories:
  - Countries with HCFC consumption in the servicing sector only
  - Countries with HCFC consumption both in manufacturing and servicing sectors
HPMP Guidelines

- **Servicing sector consumption only**
  - HPMPs developed using RMP guidelines
  - Performance-based according to completion of activities

- **Manufacturing and servicing**
  - National or sector phaseout-plan
  - Provide starting points for aggregate reductions along with annual reduction targets
  - Performance based
Investment projects can be implemented prior to HPMP completion for demonstration purposes provided that:

- Phaseout is counted against consumption identified in the HPMP.
- There is an explanation how the project(s) fit into the HPMP.

Additional funding may be provided for assistance to institute HCFC control measures (legislation, regulation and licensing systems) during HPMP preparation but confirmation that these measures were implemented is a prerequisite to HPMP funding.
HPMP Guidelines

- HPMPs should address **Cost Information** based on:
  - Most recent HCFC cost guidelines at time of submission
  - Alternative cost scenarios based on
    - different cut-off dates for new capacity (if no date decided by ExCom)
    - for funding eligibility of manufacturing facilities (as per proposed list of dates from the 53rd ExCom & July 1995 policy)
  - Alternative cost scenarios for IOC and capital costs for second conversions;
  - Incremental costs of regulating import/supply of HCFC-based equipment and benefits to the servicing sector
  - Cost/benefit information based on full range of alternatives considered with associated ODP and other environmental impacts (taking into account GWP, energy use, etc)
HPMP Guidelines

- Countries and IAs should explore potential financial incentives/opportunities for additional resources to maximize environmental benefits

- HPMPs should address use of institutional arrangements already developed by the MLF (IS, training networks, etc)

- HPMPs should at a minimum fulfill data requirements listed in the indicative outline for development of HPMPs
Outline and Contents of HPMPs

General Information
- Country background
- Substances to be covered by the plan and country category
- Overview of CFC phaseout activities, lessons learned that would be applicable to HCFC and a list of previously MLF-funded projects

Description of existing policy, legal and institutional framework, including
- General ODS and specific HCFC information;
- Stakeholder roles and description of involvement in the HPMP development process
Outline and Contents of HPMPs

- Data collection and surveys
  - Description of survey methodology/approach
  - “HCFC supply scenario” – production, imports, exports, levels of blends and feedstocks
  - HCFC consumption levels and sector distribution
  - Description of HCFC consuming sector at the enterprise level, including previously funded enterprises
  - Forecasts of HCFC use
  - Data validation
  - Information on alternatives and prices
Outline and Contents of HPMPs

- Strategy and plan for implementing HCFC phaseout
  - Discussion of overall strategy taken to achieve targets for HCFC phaseout, including
    - Required policy to control supply and promote alternatives;
    - Plan for coordination with country’s climate change, chemical management and energy policies;
    - Measures that would reduce HCFC consumption upfront for little investment
  - Developed on the basis of a staged approach, with Stage 1 lasting until 2015. Further stages would be indicative but a cost estimate should be included. (MLF funding and country commitment would expected to be only for Stage 1.)
  - Detailed strategy and plan for the servicing sector
Strategy and plan for implementing HCFC phaseout – Summary of items to include:

- Description of planned activities
  - Institutional activities
  - Investment projects
  - Capacity building, including policy analysis and awareness raising
- Timetable
- Management of HCFC supply and demand
- Specific activities for the servicing sector
Costs

- Should include estimates of the costs of activities proposed that are advanced enough to enable a determination of funds required for implementation of Stage 1
- Costs should not only be considered under current MLF guidance for CFCs and other ODS but indicate total costs as well as all sources of funding
- Information should also be provided for current HCFC-consuming enterprises that may have converted from CFCs to HCFCs.
Outline and Contents of HPMPs

- Costs

  - Standard data should be provided:
    - Number of enterprises and sector(s) involved
    - Enterprise baseline equipment and consumption
    - Date of installation and production levels
    - Comparison of costs/viability of alternative technology considered

  - For servicing, same data as for NCPPPs (number of shops, estimated number of technicians, equipment used and needed, estimated amount of ODS used and recovered, etc)

  - Other non-investment activities (policies, training, public awareness) should be components of an overall phaseout management plan
Outline and Contents of HPMPs

- Project coordination, management and monitoring
  - Description of the management structure for HPMP implementation
  - Role of Implementing Agency
  - Description of the financial and project oversight (including reporting frequency)
  - Independent verification of achievement of performance targets
Next Steps

- Funding for HPMP preparation is pending until more clarity is received on how costs are determined for preparation (that there is elaboration on the factors used to determine costs);

- Implementing Agencies can resubmit requests for HPMP preparation funds at the 55th ExCom.