

UK Comments following the SREP sub-committee meeting of June 2011

Use of subsidies under SREP

The UK broadly supports the conclusion of the presentation, that in order to be effective, subsidies need to be context-appropriate, and considered carefully, on a case-by-case basis. There may be emerging technologies which could enable developing countries to leapfrog some mature technologies, so we should not restrict our focus to mature technologies. We are not in favour of subsidies for fossil fuels, which are often present, and distort the true economics of energy alternatives. The case for Renewable Energy needs to be made against a comprehensive set of risks of using fossil fuels, including supply and prices of feedstock.

The UK is doing some detailed work on the use of subsidies for renewable energy, and may look to provide further comments when this work has been completed.

Proposal for the allocation of the Funding Reserve under SREP

The UK is keen to ensure that investment plans result in substantive transformation, and that the benefits of transformation in pilot countries have a positive impact upon as many people as possible. We therefore suggest that the criteria for the use of the reserve fund be weighted in favour of countries that are characterised by their high populations, relative to the other pilot countries. We would like to see the reserve fund used for pilot countries that are best ready to absorb additional funding (Option 2), based on support for their investment plans (assuming that there are some aspects that cannot be funded within the current funding envelope). Ideally, we would like the reserve funds to be deployed in areas of results based financing, and leveraging private sector funding.