

TC ABSTRACT

I. Basic Project Data

▪ Country/Region:	MEXICO/CID - Isthmus & DR
▪ TC Name:	Sustainable Energy for Mexico City
▪ TC Number:	ME-T1496
▪ Team Leader/Members:	Urteaga Dufour, Jose Antonio (INE/ENE) Team Leader; Irigoyen, Jose Luis (INE/ENE); Sanchez Alvarez, Lourdes Felicidad (VPC/FMP); Jose Luis Enriquez (CID/CME); Barrios Nunez, Uriel (CID/CME); Mauricio Castaneda (VPC/FMP); Miranda Monroy, Edna (CID/CME); De Dobrzynski, Esteban (LEG/SGO); Juan Herrera (INE/ENE); Juan Tulande Lopez (INE/ENE)
▪ Taxonomy:	Client Support
▪ Number and name of operation supported by the TC:	N/A
▪ Date of TC Abstract:	06 Jan 2023
▪ Beneficiary:	Mexico City Government
▪ Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK
▪ IDB funding requested:	US\$405,000.00
▪ Local counterpart funding:	US\$0.00
▪ Disbursement period:	24 months
▪ Types of consultants:	Individuals; Firms
▪ Prepared by Unit:	INE/ENE - Energy
▪ Unit of Disbursement Responsibility:	CID/CME - Country Office Mexico
▪ TC included in Country Strategy (y/n):	No
▪ TC included in CPD (y/n):	No
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Productivity and innovation; Institutional capacity and rule of law; Environmental sustainability

II. Objective and Justification

- 2.1. Support the implementation of its Sustainable Energy Program, as well as its Climate Action Strategy and Program, particularly the Ciudad Solar initiative.
- 2.2. Mexico City (CDMX) has the sixth place in electricity use of all states in the country with 5.7% of the total national use. In number of users in CDMX has the second place with 3.37 million. It is also the state household users with 2.95 million; in both cases around 7% of the total nationally. Improvement in Energy Efficiency (EE); the use of solar energy, through Distributed Generation (DG); and the installation of solar water heaters (SWH) in buildings is a crucial strategy for the development of sustainable and low-carbon infrastructure, and a key action to promote a strong, green, and inclusive economic recovery.
- 2.3. Based on the total number of homes in CDMX, considering only single-family homes, with piped water, and tile roofs, it is estimated that SWH can be installed in approximately 1.6 million homes. Regarding public buildings, in the most recent study conducted by SEDEMA and supported by the Bank, which includes 14 office buildings and the San Juan de Aragón Zoo, it is estimated that it is possible to achieve savings of between 25 % and 40% of the total electricity consumption of these buildings, through investments that are recovered between 2.8 and 7.1 years. In the case of hospitals, an energy diagnosis done to 10 public hospitals of the CDMX government

concluded that it is possible to achieve savings of 3,653 MWh/yr, with an investment of \$49.6 million MX that would be recovered in 4.5 years.

- 2.4. CDMx's Environmental and Climate Change Programme includes as one of its 7 pillars Solar City, which has objectives to promote the efficient use of energy and the use of renewables in the public and private sector. The five strategic actions of Solar City are: training of certified technicians in the installation of GD and SWH; financial support to micro, small and medium enterprises (SMEs) for the installation of DG and SWH; the strengthening of the CDMX Solar Environmental Standard to use SWH in residential and commercial buildings; promote DG in CDMX Government buildings; and the installation of a vegetable oil transformation plant to produce biodiesel.
- 2.5. CDMX in its Local Climate Change Action Strategy 2021-2050, in the CDMX Climate Action Programme 2021-2030, and in its mitigation commitments and targets, plans to reduce its Greenhouse gas (GHG) emissions by 10% by 2024, 24% by 2030, and 36% by 2050 from a 2016 baseline. While in its conditional targets and commitments it hopes to reach net zero by 2050.

III. Description of Activities and Outputs

- 3.1 **Component I: Business model for the implementation of an EE and DM program in public buildings in CDM.** Project for the implementation of EE and DG actions in buildings owned by the Government of CDMX, such as office buildings, hospitals, schools, and buildings for other facilities such as zoos: (i) preparation of a diagnosis of CDMX public buildings; (ii) application of the Information Platform for Energy Efficiency in Buildings in the Government of CDMX; (iii) business model; (iv) financing sources and elements for agreements between actors; and (v) development of a training program.
- 3.2 **Component II: Scope of a national EE and DG programme in public buildings.** EE and DG actions in public buildings at the country's state level: (i) estimate of electrical energy consumption by state, considering office buildings, hospitals, and schools, and other governments buildings; (ii) estimation of energy savings and photovoltaic generation by type of property; (iii) range of investments and profitability; (iv) general implementation and financing mechanism; and (v) identification of financing sources.
- 3.3 **Component III: EE, DG and SWH programme for the CDMX residential sector, and a proposal for its implementation at the national level.** Large-scale program for CDMX and a general proposal at the national level to implement EE, DG, and SWH actions in housing, which will include: (i) model to determine the potential of EE, DG and SWH in households in CDMX; (ii) program for CDMX, detailing the financial mechanism, funding sources, scope, implementation schedule; (iii) method for monitoring, reporting, and verification of the program; and (iv) proposal of the scope for a national EE, DG, and SWH program in the residential sector.

IV. Budget

Indicative Budget

Activity/Component	IDB/Fund Funding	Counterpart Funding	Total Funding
Business model for the implementation of an EE and DM program in public buildings in CDM	US\$250,000.00	US\$0.00	US\$250,000.00
Scope of a national EE and DG program in public buildings	US\$50,000.00	US\$0.00	US\$50,000.00
EE, DG and SWH programme for the CDMX	US\$105,000.00	US\$0.00	US\$105,000.00

residential sector, and a proposal for its implementation at the national level			
Total	US\$405,000.00	US\$0.00	US\$405,000.00

V. Executing Agency and Execution Structure

- 5.1. The Ministry of Finance and Public Credit (SHCP for its name in Spanish) of Mexico has agreed that the IADB execute the TCs in the country, in this case the executing agency will be the Energy Division (INE/ENE), to facilitate institutional coordination, as well as the adequate development of the studies to be carried out, in accordance with the guidelines of the TC Operational Guide (GN-2629-1). Execution will include: (i) hiring consulting firms and/or individual consultants; (ii) recurring meetings with each beneficiary government agency to achieve their participation and involvement in all stages of the activities, from the preparation and feedback of the terms of reference, to the review and follow-up of the deliverables; and (iii) administrative and technical monitoring of all contracts made by the IADB.
- 5.2. A Programme Committee will be formed that will be made up of representatives of the Embassy of the United Kingdom in Mexico and UKSIP, SEDEMA, SEDECO and IDB, and other CDMX Government dependencies that are considered necessary. The Committee will oversee: (i) confirm the objectives, scope and expected results of the programme; (ii) validate the Terms of Reference for each of the scheduled studies, considering, in the case of consulting firms, gender equality in the integration of specialist teams; and (iii) validate the results of the studies carried out. Procurement. The Bank will contract individual consultants, consulting firms in accordance with the Bank's current procurement policies and procedures: (i) individual consultants will be contracted in accordance with the guidelines established in AM-650; (ii) the process for hiring consulting firms will follow the Bank's Policy for the Selection and Hiring of Consulting Firms.

VI. Project Risks and Issues

- 6.1 No relevant risks are identified in the execution of the TC, with the sole exception of coordination between government institutions. As a mitigation measure, the IADB and UKSIP will continue their current dialogue with the different institutions to ensure their collaboration, through the work of the Program Coordination Committee, and follow-up meetings with the necessary periodicity to ensure the correct participation of the institutions.

VII. Environmental and Social Classification

- 7.1 The ESG classification for this operation is "undefined".