



ENERGY EFFICIENCY FOR CLEAN DEVELOPMENT PROGRAM (EECDP)

USAID ENERGY EFFICIENCY OPPORTUNITY STUDY – TELANGANA

THE CHALLENGE

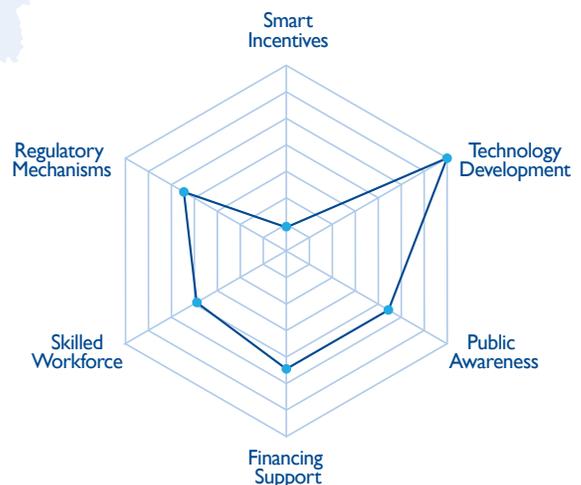
Energy efficiency is an essential cornerstone of a successful clean energy strategy, acting as a clean “fuel” to meet significant portions of consumer electricity demand. Efficiency also supports increased electricity access, job creation, affordability of renewable energy, and economic growth. Accelerating deployment of energy efficiency requires selecting strategic market interventions that deliver large impacts. This document highlights the opportunities for scaling up energy efficiency in Telangana and for building an enabling environment to deliver energy efficiency savings.

As the youngest state in India, Telangana initiated energy efficiency activities in residential lighting, street lighting, and the agricultural pumping sector after its formation in 2014. Telangana has huge potential to improve energy efficiency across other untapped sectors. However, two persistent and overarching barriers have emerged: (1) a disincentive for utilities/municipal authorities to invest in energy efficiency programs because they reduce revenues, and (2) limited availability of finance through banks and other financing institutions for energy efficiency projects.

THE BUILDING BLOCKS

The graph below shows how the enabling environment in Telangana measures up against six common building blocks for energy efficiency. These building blocks represent market characteristics and infrastructure that provide a foundation to scale up energy efficiency, and they function as indicators for the success of different interventions. Due to the variability among countries, understanding the unique strengths and barriers of specific markets is key to identifying successful energy efficiency program opportunities. Policy and program activities to strengthen smart incentives are needed to persuade consumers to make energy-efficient purchasing choices. Additional activities to build financing support, capacity (skilled workforce), public awareness, and regulatory mechanisms for energy efficiency will also lead to greater program opportunities in the market and increased sustainability.

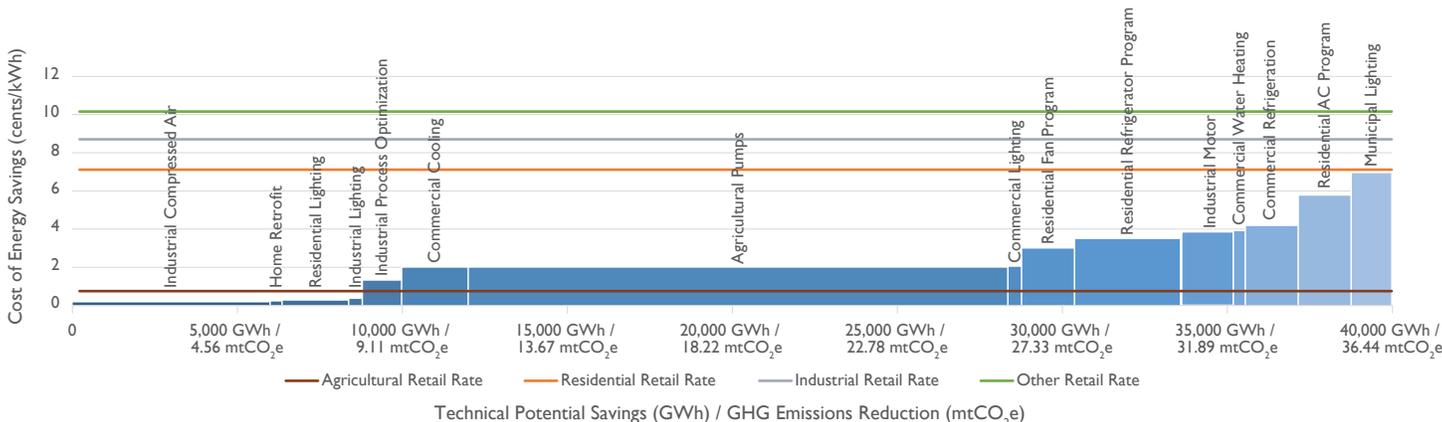
Energy Efficiency Building Block Achievement



THE OPPORTUNITIES

Energy efficiency opportunities are typically compared by **cost-effectiveness** (i.e., the cost of saving a unit of energy). The cost-effectiveness of the opportunities assessed in this study is shown below in Figure 1. Programs with the lowest bars save energy at the least cost. This study also assessed the **energy savings potential** of each opportunity, as shown by the width of the bars. Programs with the widest bars have the greatest impact potential on the market.

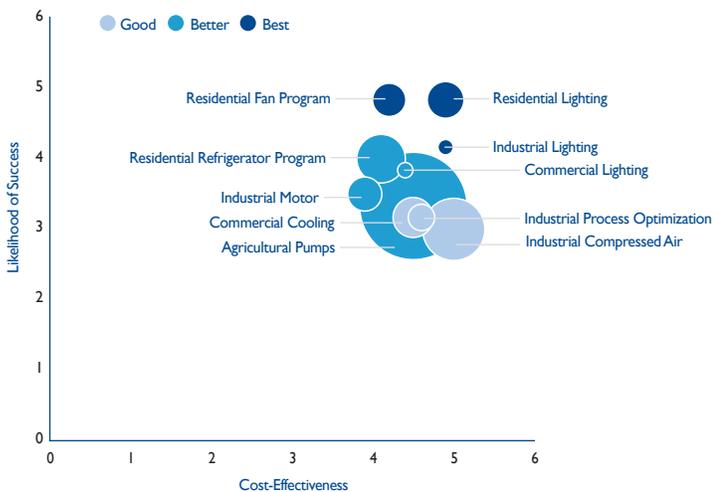
Figure 1: Top Energy Efficiency Programs Ranked by Cost-Effectiveness



To support stakeholders in prioritizing energy efficiency program development and implementation, this study additionally assessed the **likelihood of success** for each opportunity. Evaluating opportunities against all three factors—cost-effectiveness, energy savings potential, and likelihood of success—enables more informed decision-making. Early program success builds positive public and political opinion around energy efficiency and improves the market environment for programs that may be more difficult to implement but offer significant savings potential.

Figure 2, below, shows the likelihood of success for the 10 most cost-effective opportunities in Telangana and the associated impact potential. Residential Lighting, Residential Fan, and Industrial Lighting are recommended as the Best programs to implement in the near-term, based on likelihood of success. However, other factors can be considered to reprioritize opportunities, since all offer cost-effective savings. Across the top 10 opportunities, the **combined 33,257 GWh of potential savings represent 42% of projected total electricity consumption in Telangana in 2018**. This is equal to 30 million tons of greenhouse gas (GHG) emissions reduction.

Figure 2: Top 10 Energy Efficiency Opportunities



Guidance for Reading Figure 2

Likelihood of Success: Based on an assessment of six indicators (market transformation potential, political feasibility, program complexity, environmental aspects, economic aspects, and equity). The higher the score, the higher the likelihood of success of the individual energy efficiency opportunity.

Cost-Effectiveness: Calculated using location-specific data on product costs and energy savings potential. The higher the score, the higher the cost-effectiveness of the individual opportunity.

Size of Opportunity: The size of each circle indicates the energy savings potential of the individual energy efficiency opportunity.

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