



Government of Nepal
Ministry of Energy, Water Resources and Irrigation
Alternative Energy Promotion Development Board
Alternative Energy Promotion Centre
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Alternative Energy Promotion Centre
Khumaltar, Lalitpur
2053

Phone: (977) 1-5539390, 5539391
5539237
Fax: (977) 1-5542397
Web: www.aepc.gov.np
G.P.O. Box 14364, Kathmandu
Khumaltar, Lalitpur

Ref. No.: 1879 (075/076)

30 April 2019

Yannick Glemarec
Executive Director
Green Climate Fund
G-Tower, 175 Art center-daero
Yeonsu-gu, Incheon 22004
Republic of Korea

Dear Mr. Glemarec,

Subject: Request for input to the Strategic Plan of the Green Climate Fund

Greetings from Nepal! This is to confirm the receipt of your letter dated 28 March 2019, Ref DCP/OED/2019/155.76 to seek our ideas on the Fund's strategic ideas and overall direction and priorities of action. First of all, I would like to extend my gratitude to GCF Board for its accreditation approval to Alternative Energy Promotion Centre (AEPC) as a DAE.

As you may know, the promulgation of the Constitution in 2015 triggered significant changes on governance structures with the introduction of federal system. In this given context, AEPC under the aegis of the Ministry of Energy, Water Resources and Irrigation (MoEWRI) is re-orienting itself to be a "Centre of Excellence" in renewable energy. In addition, AEPC is also mandated to lead energy efficiency.

With reference to your request, I would like to request that the following are the strategic area of support to AEPC which are inputs in setting the fund's overall strategic direction:

1. Over the past decades, AEPC has mobilised public funds for promotion and development of renewable energy. The GoN currently allocates approximately ~USD 35 million to small scale renewable energy (micro/mini hydro, solar based technologies, biogas and ICS). Our calculations based on a 5 year annualised target of the up-coming 15th National Plan show that nearly USD 1 billion needs to be invested and AEPC needs to mobilise much higher amounts of funds and scaled up efforts on technical assistance. Leveraging private sector funds thus is a necessity and building up public-private partnership and delivery models needs support.
2. The MoEWRI is highly supportive of setting up a 'Renewable Energy Challenge Fund (RECH)' to stimulate ideas from both public and private sector to solve the challenges in driving a low carbon pathway through renewable energy and energy efficiency initiatives. The Fund will aim to partner and improve financial and technical capability of the sector towards a sustained market delivering high impact. AEPC aims to develop multiple windows of RECH targeting both off-grid and on-grid technologies. However, for grid



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connected renewables, energy efficiency, large biogas etc. to be supported through innovation and capacity enhancement, new technology frontiers and innovative business modelling will be required.

3. Nepal has been successfully implementing clean energy projects, but the enablers (policies, acts, standards and guidelines) need to be revised and updated regularly. With a big push for large hydropower development, the country needs to take much more ownership on development of sustainable clean energy projects for optimal energy mix where communities and local governments take more active role. Prone to natural disasters, the nation needs a healthy mix of climate resilient small renewable energy technologies projects alongside large scale renewable energy projects. There is also a need to underpin the nascent energy efficiency initiatives to achieve tangible targets across various sectors. In addition, resource based planning for grid and off-grid renewables is also a high necessity. Supporting knowledge and human capacity development is also a priority. Formation of GCF Practitioners' Alliances in addition to the readiness program can add immense value in supporting capacity development of institutions for climate change adaptation and mitigation project pipeline development, project implementation, monitoring and evaluation *inter alia*.

Lastly, we believe that the GCF can be a supporter, a catalyst for AEPC as it refines and reforms itself to be the champion for clean energy pathways for the country. We are committed to the goals of lowering GHG emissions.

Thank you once again for your continued cooperation and we look forward to working with you to help achieve the global goals on low carbon pathways.

Yours sincerely,

Mr. Madhusudan Adhikari
Executive Director