



Energy Efficient Public Procurement

Activity:	Promoting an Energy-Efficient Public Sector (PEPS)
Location:	Mexico
Problem:	Inefficient energy use at all levels of government, due to historic purchasing policies that favor low-first-cost products, budget constraints and disincentives, periodic changes of leadership, and competing policy priorities.
Solution:	Collaboration with municipalities, federal agencies, and other local organizations to provide guidance and technical support for energy-efficient procurement and overall public sector energy management.
Duration:	2004–2007
Implementers:	Lawrence Berkeley National Laboratory and ICLEI—Local Governments for Sustainability

Objective

The objective of the project is to provide support to municipal governments, federal agencies, and other local organizations to improve the energy efficiency of the public sector, through energy-efficient procurement and overall public sector energy management.

Background

The Promoting an Energy-efficient Public Sector (PEPS) project promotes economic growth in developing countries—through reductions in wasted energy and money savings—by increasing the efficiency of public sector energy use. The USAID-funded portion of the project is focusing on Mexico, with outreach and exploratory activities in India and other countries. The project consists of the following tasks:

- Work with stakeholders in Mexico to launch an energy-efficient procurement policy at the municipal level;
- Work with National agencies (CONAE, FIDE) in Mexico to design a national procurement initiative;

- Work with cities to actually carry out procurements and document experiences and results;
- Create globally applicable tools (e.g., website, guidebook, case studies) to assist government officials in initiating public sector energy management programs; and
- Carry out international workshops on public sector energy management.

Approach

In FY05, the program goals were accomplished by providing interested cities in Mexico (beginning with those that are partners in ICLEI’s Cities for Climate Protection program) with the tools and technical training necessary to adopt purchasing policies that give preference to energy-efficient products, through targeted workshops, technical site visits, web tools, and telephone and email exchanges.

Activities

Over the past few years, PEPS has made a number of key achievements in Mexico, including:



PEPS has expanded their program to more than 30 cities across Mexico and continues to provide support to develop procurement policies (*normas*) tailored to the cities specific needs.

PEPS has created a series of tools to assist cities with implementing procurements of energy-efficient equipment, including sample policy text, an energy savings calculator, a PEPS manual with equipment purchasing specifications, case studies of successful experiences in other cities, and a website containing these and other useful resources for Mexican municipalities.

PEPS continues to provide customized technical assistance to cities in order to carry out actual procurements and plans to complete about 20 by end 2006;

PEPS holds 1-2 workshops each year in different cities to showcase the program, allow cities that have undertaken procurements to share their experiences, demonstrations on various tools, presentations on financing options and issues for further review and discussion. A recent workshop was held in Aguascalientes in March 2006 and attended by more than 80 representatives from 20 municipalities.

Results

By the end of 2005, two municipalities (Cuatitlan Izcalli and Toluca) had adopted *normas* for energy-efficient procurement, and two others (Guasave and Queretaro) were close to adopting them. These four municipalities also completed energy-efficient procurements based on the PEPS guidelines. The total spending on PEPS-related purchases by the four cities was US\$1 million. Estimated annual savings from the purchases by these cities will be over 5,000 MWh, saving at least \$726,000/year. The associated reductions in power plant emissions

amount to 3,342 metric tons of eCO₂. About 15 new procurements are planned for 2006.

A new website was launched in 2006 to offer the various tools and information to interested cities.

(The website can be found at:

[www.conae.gob.mx/wb/CONAE/Programa PEPS I CLEI](http://www.conae.gob.mx/wb/CONAE/Programa_PEPS_I_CLEI).)

Training continues in 2006 with the workshop in Aguascalientes in March 2006 and a second one planned for August 2006.

Development Impact

The project strengthens energy sector governance through policy development, and improves the operational performance of public sector institutions in Mexico—beginning at the municipal level. It increases the ability of public institutions to manage their energy use, by increasing the knowledge and skills of public sector employees, and helps public sector institutions adopt international best practices in energy management (including procurement practices). This in turn frees up scarce budgetary resources for other critical development needs, while reducing infrastructure investment needs and improving the environment.

In the long term, the project also leverages the direct benefits of energy-saving actions within the government by stimulating broader changes in both the demand and supply sides of the market. The government sector's buying power and leadership offer a powerful non-regulatory means to stimulate demand for energy-efficient products and services. In turn, government initiatives can trigger a positive response from domestic suppliers of energy-related products and services, encouraging them to introduce more energy-efficient products at competitive prices once the public sector helps establish a reliable entry market. These market leadership dynamics multiply the benefits of public sector energy management programs, leading to reduced greenhouse gas emissions, avoided



pollution, and less demand on capital-constrained electric utility systems.

Lessons Learned

In 2000, PEPS began its effort to promote energy-efficient purchasing in Mexico by partnering with Mexico's energy efficiency and renewable energy agency, CONAE (Comisión Nacional para el Ahorro de Energía), and focusing on purchasing by federal agencies. After encountering a number of challenges at the federal level, PEPS shifted to municipal government purchasing. Under this new approach, LBNL and ICLEI recruited nine pilot participants from a network of cities already involved in ICLEI's Cities for Climate Protection (CCP) campaign. The pilot phase focused on municipal purchasing of a small initial group of energy-efficient products. Thus, a key lesson was the need for the PEPS initiative in Mexico to maintain flexibility in designing and implementing procurement programs.

During 2004 and 2005, PEPS developed procurement guidelines for the pilot phase products and provided training and technical assistance to nine pilot municipalities on buying energy-efficient products. There was also a goal to help a few cities actually implement procurements within the early years, which allowed for initial and tangible successes. By shifting its focus to municipalities, capitalizing on an existing network of motivated cities, and limiting the scope of the pilot phase, PEPS achieved demonstrable success at the municipal level after just one year—which has given the program momentum at all levels of government.

The demonstrated successes at the municipal level have created renewed interest in expanding the PEPS program to the federal level. In addition to expanding the network of participating cities, PEPS is now planning to refocus on partnering with CONAE to assist national government agencies with energy-efficient purchasing.

USAID Contact:

Jas Singh
Office of Infrastructure & Engineering
+1 202 712 4473
jsingh@usaid.gov

Project Contact:

Laura Van Wie McGrory
Lawrence Berkeley National Laboratory
+1 202 646 7963
LLVanWie@lbl.gov