

September 2, 2010

**Comments from the United States on the IBRD
Mexico: Efficient Lighting and Appliances Project**

Patricia, et al:

On behalf of Billy Pizer, I would like to register U.S. support for the approval of CTF funds for “Component B” of the Mexico Efficient Lighting and Appliances Project.

· We very much support the approach taken in the appliance replacement program. We look forward to the data that this program will generate for the future benefit of similar programs in other countries, particularly with regard to the “household eligibility criteria” which has been selected.

· We would like to reemphasize two parts of the project design that will be particularly critical to the success of this program. The first, supported under “Component C” of the proposal, is the implementation of a strong and well coordinated information and awareness campaign. The second is strong procedures, including dedicated funding, to ensure that the inefficient appliances being replaced are removed from use and efficiently destroyed.

· We also wish to note our concern that subsidized electricity tariffs strongly influence the economics of the program. A key reason that an international loan to fund these programs is economically favorable for the GoM is that the associated electricity savings reduces subsidy payments. However, these subsidized electricity tariffs will increase the size of the support required from the CTF to spur consumer action and, more problematically, will limit the catalytic effect of these programs by creating a disincentive to subsequent consumer investment in energy efficiency. Strong consideration should be given to finding ways to reduce or eliminate the subsidies, perhaps paired with alternative forms of compensation for low-income households and businesses.

Thanks,

Daniel

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Daniel Riley

Office of Environment & Energy
U.S. Treasury Department