

**ENERGY CHARTER  
SECRETARIAT**

---

CCDEC 2024

1 EEF

---

Brussels, 31 January 2024

Related documents: CC 807, Message 2132/24
---

**DECISION OF THE ENERGY CHARTER CONFERENCE**

**Subject: Adoption by Correspondence - Recommendations of the In-Depth Review of the Energy Efficiency Policy of Mongolia**

By document CC 807 dated 12 January 2024, the Energy Charter Conference (the Conference) was invited to welcome the report on the In-depth Review of the Energy Efficiency Policy of Mongolia and endorse the recommendations made to the Government of Mongolia.

As specified by Rule 20(b) of the Rules of Procedure concerning the adoption of decisions by correspondence, members of the Conference were informed that any delegation not in a position to approve the proposed decision should notify the Secretariat of its position in writing by no later than 31 January 2024.

Having received no objections within the specified time limit, on 31 January 2024, the Conference **welcomed** the report on the In-depth Review of the Energy Efficiency Policy of Mongolia and **endorsed** the recommendations made to the Government of Mongolia.

The endorsed recommendations are enclosed.

Keywords: In-depth review, Energy Efficiency, Mongolia

## **RECOMMENDATIONS OF THE IN-DEPTH REVIEW OF THE ENERGY EFFICIENCY POLICY OF MONGOLIA**

### ***General Recommendations***

1. The independence of the energy regulator should be strengthened.
2. Develop and adopt a comprehensive long-term energy strategy that covers all energy sectors and takes into account the “energy efficiency first” principle and demand side management.
3. Create an energy efficiency unit in each Regulatory Board of aimags and the capital city. The regional EE units should be responsible for the implementation of energy efficiency programs in the region and for the efficient coordination of activities with the ERC. Increase the human, technical and resource capacity of the Energy Conservation Council.
4. Prioritize the development and approval of incentive tariff methodologies according to the best international practice. The utilities have to be incentivized to reduce their losses and operational costs and improve their decision-making process based on the least costs approach regarding network development.
5. Gradually introduce the cost-reflective energy tariffs along with the improvement of quality and reliability of supply which will eliminate the need for subsidies. All consumers should be confident that they are paying a fair price for reliable services. Ensure that the tariff reform still provides sufficient mechanisms to protect socially vulnerable consumers. Consumers should be regularly informed about the real costs of electricity supplied, including the return on the investments needed to maintain the reliability of supply.
6. It may be advantageous to assign energy efficiency policy implementation responsibilities to the ERC, while policy evaluation functions should be kept within the MoE. Ensure effective feedback loops by improving coordination between the development, implementation and the evaluation of energy efficiency policy, energy sector strategy development and energy system planning. Monitoring and evaluation results should be publicly available.
7. Carry out an energy efficiency potential assessment on technical and economic EE potential in all sectors in general and sub-sectors in particular. The studies may include different levels of energy efficiency ambition and the needed investments.
8. Create a national policy framework for EE finance in various sectors. A separate fund for Energy Efficiency investments could be created based on stable revenue streams.
9. Launch a targeted public communication campaign promoting the multiple benefits of energy efficiency. Consider the establishment of sustainable energy information centers promoting energy efficiency and renewable energy solutions.

### ***Recommendations: Industry***

10. Ensure high quality energy audits, introduce specific financial incentives that can be used for mandatory implementation of certain energy conservation measures.
11. Prioritize eco-design requirements for all industrial appliances.
12. Develop and approve a methodology for ancillary services. Network operators can be required to encourage the demand side to participate in the ancillary service market.
13. Introduce Monitoring and Verification Platform (MVP) for tracking down energy consumption of designated consumers to track energy savings. It could contribute to the development of efficiency indicators and benchmarking analysis.
14. Establish specific energy efficiency targets for each sub-sector based on the sectoral energy savings target and monitor the progress through the M&V Platform.
15. Introduce financial incentives for the implementation of energy efficiency measures.

### ***Recommendations: Energy***

16. Introduce auction mechanism for construction of high efficient and maneuvering generation plants that will provide input for achieving flexibility and acceptance of more renewable energy to the grid. Gradually close down the outdated units of CHPs and replace them with new flexible and maneuvering units.
17. Improve the decision-making process related to the development and rehabilitation of power networks. The decision should be based on the least costs approach and equally consider supply and demand-side options.
18. Improve tariff menu to address the problem of peak demand of the power grid.
19. Prioritize the reduction of specific fuel consumption and power plants' own use. Introduce incentives for the management and the staff of the plant to improve overall plant efficiency and reduce fuel consumption. Increase transparency and regularly publish data on key performance indicators of the power-generating sector.
20. Provide incentives for the transmission and distribution operators to decrease power losses. Saved costs should remain with the companies and to be used for their needs.
21. Switch state renewable electricity support scheme from the feed-in-tariff model to cost competitive auctions. Consider conducting the auctions prepared by the Ministry of energy land plots and grid connection points
22. Strengthen state policy and introduce financial mechanisms to stimulate development of consumer RES installations (e.g. rooftop solar).

### ***Recommendations: District Heating***

23. Prioritize the installation of heat meters per building. Introduce the billing system based on the amount of heat consumed to provide ‘fair treatment’ and motivate building occupants to implement the energy efficiency measures.
24. Create a financial support mechanism to renovate district heating systems e.g. cost-reflective heat tariffs, incentives. The DH companies should be allowed to use energy savings for the repayment of investment in EE and, once the debt has been repaid, to keep the energy savings each year.
25. Provide incentives for the transmission and distribution operators to decrease heat losses. Saved costs should remain with the companies and to be used for their needs.
26. Assess the installation of small scale HOBs for remote areas to reduce water leakages and associated heat losses for DH companies.
27. Conduct a separate assessment of the waste heat potential of the industrial sector and further integration of the waste heat into the district heating system.
28. Assess the potential of biomass and municipal solid waste incineration.

### ***Recommendations: Buildings***

29. Assign a single state authority for greater coordination of the implementation of energy efficiency policies, ranging from research activities to financing schemes and dedicated programmes.
30. Conduct up-to-date assessment of energy efficiency potential in residential, commercial and public buildings. The analysis should also include the potential impact of EE policy measures on job creation, the development of local insulation materials market and a wider economic impact.
31. Introduce specific targets on improving energy efficiency in new and existing buildings and implement the M&V Platform to track the progress.
32. Prioritize the mandatory application of minimum energy performance requirements for new and renovated buildings.
33. Promote the exemplary role of the public sector with regard to building renovation.
34. Develop a system of tariff incentives to change consumer behavior and promote investment in energy efficiency.
35. Introduce incentives for local authorities and the owners of public buildings to reduce energy consumption and implement EE measures. Local authorities should be allowed to use energy savings for the repayment of investment in EE and, once the debt has been repaid, to keep the energy savings each year.
36. Create appropriate conditions for the ESCOs companies functioning. Prioritize the development of EPC legislation for the public sector.

37. Make buildings' energy performance certificate compulsory for all newly constructed and renovated buildings, further introducing it as a mandatory element of renting and selling contracts.

***Recommendations: Energy Using Products***

38. Introduce eco-design requirements for specific product groups with the highest energy efficiency potential and least difficult to implement. Prioritize the adoption of the draft energy labeling regulations.
39. Improve data collection of energy-consuming products and develop a list of energy efficient equipment and materials. It could be used as a reference for developing targeted energy efficiency programmes.
40. Introduction of green public procurement requirements in the relevant law or introduce other legislative changes mandating authorities to prioritize the purchase of appliances with the highest energy efficiency rating.
41. Introduce financial support mechanism for the replacement of inefficient products while encouraging the purchase of energy-efficient appliances.
42. Provide general support and assistance to facilitate a higher uptake of highly efficient products and appliances. Develop targeted awareness-raising campaigns to enhance consumers' awareness of the benefits of using more energy-efficient appliances.

***Recommendations: Transport***

43. Amend the Law on Taxation of Motor Vehicles and create additional incentives to motivate users to buy less polluting cars. Introduce the maximum allowed age for the imported vehicles.
44. Establish EURO 5 standard as a minimum fuel quality.
45. Prioritize the establishment of test facilities to ensure the high quality fuel integration.
46. Introduce car emissions labeling and mandate its availability at the moment of vehicle selling. Implement the tire labelling scheme and make it available at the moment of tire selling.
47. Assess the impact of the development of electric transport on the reliability and potential increase in electricity deficit.
48. Prioritize the renovation and promotion of public transportation by increasing the quality of service. Unify all public transport providers in one single system/platform, which will simplify route planning and increase the attractiveness of municipal transport.
49. Promote eco driving as one of the most economically efficient measures to reduce CO<sub>2</sub> emissions and save fuel, especially using seminars for instructors. Organize campaigns for spreading main advice on green driving.