CLIMATE CHANGE LEGISLATION IN

IRAN

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A Review of Climate Change Legislation in 99 Countries

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Iran

Legislative Process

The Islamic Republic of Iran has a semi-democratic political system established after the Islamic Revolution of 1979. The political system is based upon governance by an Islamic jurist. The system is comprised of a Supreme Leader, as well as the Executive, Legislative and Judicial branches of power. Although the Constitution affirms the independence of each of the three branches from each other, it states that all three branches are under the direction of the Supreme Leader.

The Supreme Leader is the spiritual leader, commander-in-chief of the armed forces and controls intelligence and security operations. He is elected by the Assembly of Experts on the basis of his personality (leadership abilities, his religious qualifications and his popular esteem). The Supreme Leader appoints the head of the judicial branch, the head of state radio and television, and the supreme commander of the Islamic Revolutionary Guard Corps. He also appoints six of the 12 members of the Council of Guardians, and he designates the members of the Expediency Council.

The head of the Executive branch is the President, who is directly elected by the popular vote to a four-year term, for a maximum of two terms. He is the second highest-ranking official and is responsible for the implementation of the Constitution and for the exercise of executive powers, except for matters directly related to the Supreme Leader. The President appoints and supervises the Council of Ministers. The Government is comprised of the ministers and vice-presidents in charge of different government ministries or organisations. Presently there are 21 ministers and 10 vice-presidents, including the head of the Environmental Protection Organisation. The ministers are accountable to the President as well as to Parliament. The last presidential elections in Iran took place in 2013, and the next elections should be in 2017.

The Parliament has 290 members elected directly for four-year terms and is the main legislative body. It ratifies all laws and international treaties and approves the national Budget. Elections are direct and by secret popular ballot. Each Member of Parliament represents a particular geographic area. The last parliamentary elections took place in 2012, and the next elections should be in 2016.

The upper house, the Council of Guardians, approves all laws ratified by Parliament. Its responsibility is to verify that the law is not in contradiction with Islamic law and the Constitution. They are 12 members; six Islamic Jurists who are Ayatollahs appointed by the Leader, and a further six high level attorneys elected by Parliament. The Council can approve or veto legislation passed by Parliament on the grounds that it is inconsistent with the Constitution and/or Islamic law. Following a veto, Parliament can amend the legislation in order to address the Council's concerns. If Parliament and the Council of Guardians fail to resolve their differences, the Expediency Council is empowered to make the final decision. The Expediency Council also serves as the Leader's advisory body to formulate the 'general policies' of the country. These range from economic to environmental, social or judicial matters. The Council's recommendations become law when they are ratified by the Leader.

Approach to Climate Change

Iran signed the UNFCCC at the Rio de Janeiro Earth Summit in 1992, and ratified the Convention in 1996. It ratified the Kyoto Protocol in 2005, and established the Designated National Authority (DNA) to implement CDM projects in 2006. The National Rules of Procedure for Approval of the CDM projects were approved in 2009. These Rules indicate the procedure and also eligibility criteria for CDM project approval. The National CDM Committee comprises nominated members from key ministries and organisations under supervision of the Department of Environment (DNA). Iran's Initial National Communication to the UNFCCC was submitted in 2003. The Second National

Communication to the UNFCCC was submitted in 2011, and the Third National Communication is now being prepared.

Iran is yet to develop an official national climate change action plan. So far the country has envisioned climate change within the broader objective of achieving sustainable development. This vision was incorporated into the 2025 Vision of Iran, the Fifth Five-Year National Development Plan, as well as in other macro policies and sectoral plans. Some of these strategies are based on the 2009 National Rules of Procedure for Implementation of the UNFCCC.

The 2025 Vision of Iran introduces a number of key objectives in areas such as culture, politics, economy, defence, education and environment. The document notes that by 2025 Iran should be a developed country that ranks as number one in the region. The government estimates that the adoption of policies established in the 2025 Development Vision of Iran, the country will promote 30% GHG emission reduction by 2025 in comparison with business as usual. If Iran has international technical/financial assistance, a further 34% reduction in emissions will be possible.

The Fifth Five-Year National Development Plan (FYDP) covering 2010 to 2015 aims to identify a development model that could promote social justice, human dignity, social security and equitable distribution of income to prevent poverty. The Plan mandates all relevant ministries to develop and implement programmes leading to reduction of GHGs and to manage the adverse impacts of climate change over water resources, agriculture and forestry, human health, biodiversity and coastal zones. The sixth FYDP is currently under development.

The National Rules of Procedure for Implementation of the UNFCCC and the Kyoto Protocol were approved in 2009, and revised in 2012. These National Rules of Procedure provide a path for implementation of climate strategies and the climate action plan, which mandates all ministries and organisations to incorporate climate change considerations in drawing up their development plans.

The National Climate Change Committee (NCCC), also called the National Climate Change Working Group (NCCWG), is responsible for implementation climate strategies and action plans. It comprises the deputy ministries of the most relevant ministries, under the responsibility of the Department of Environment. The Committee is organised into sectorial working groups, as well as an inter-sector layer, which ensures that the policies and projects promote climate change adaptation and mitigation across areas, as well as across regional and provincial spheres.

Energy supply

The energy sector accounts for 77% of overall GHG emissions because Iran is a major producer of oil, with the second largest reserves in the world and emits about 34m tonnes per annum of CO_2 from gas flaring, while the produced oil is exported. Iran also has the world's second largest gas reserves and is the fourth largest producer of gas. Considering this context, the government climate change policy concentrates on mitigation in the energy sector.

The energy sector is overseen by the Supreme Energy Council, which is chaired by the President and comprises the Ministers of Petroleum, Energy, Economy, Trade, Agriculture, and Mines and Industry, amongst others. The state-owned National Iranian Oil Company (NIOC), under the supervision of the Ministry of Petroleum, is responsible for all upstream oil projects, encompassing the production and export infrastructure.

In recent years, the government has encouraged the domestic use of gas as a way of releasing more oil for export and promoting climate mitigation within the country. There has been an increase in the share of gas fired technologies, including gas turbine and combined cycle technologies. The development of renewable energy is also receiving greater governmental attention.

Between 2004 and 2010, a National Renewable Energy Master Plan was developed. The Plan aimed to develop the use of renewable energy and related technology improvements, and was co-ordinated with other national development programmes, such as the Five Year Development Plan. The Plan established a target of 500MW total installed capacity of renewable energy by 2010, from small-scale hydro power (80MW), wind power (250MW), solar thermal power (17.25MW), photovoltaic (3MW), geothermal (100 MW), and solar hot water (50MW). The Plan did not include large hydro power, which already has a capacity of 8,000MW. The Plan relied on investment of EUR350m (USD439m) from the Ministry of Energy, EUR100m (USD125.5m) from the private sector, and EUR300m (USD376.5m) from international organisations, foreign direct investment, and other foreign financial sources.

Iran is required to generate 5,000 MW from renewable energies by 2015, as stipulated in the Fifth Five-Year Economic Development Plan (2010-15). To achieve this renewable portfolio standard, policies are being implemented to encourage investment from the private sector, and to support manufacturers and design companies to develop competitive wind and solar technologies. The government approved a feed-in tariff set at EUR0.13/kWh (USD0.16/kWh) for the next five years for wind, biogas, solar, small hydro (less than 15MW) and biomass energy. The Ministry of Energy has guaranteed to purchase all electricity produced from renewable energy.

The government also established the Renewable Energy Development Fund. The 2014 Annual Budget Law required the Ministry of Energy to include in electricity bills an amount of IRR30/kWh (USD0.001) in addition to the price of electricity sold, and to deposit it into the fund account. The fund shall be expended to develop and maintain rural electricity grids, and to generate renewable and clean electricity.

Iran benefits from having one of the world's highest amounts of solar insolation. The government-sponsored Renewable Energy Organisation of Iran (SUNA), part of the Ministry of Energy, has been developing applications for renewable energy. In August 2014, Iran's first major solar park was inaugurated in the city of Malard, with the capacity to produce 514kW of electricity.

Energy demand

Iran is in the unique position of simultaneously holding the world's largest gas reserves while being the world's third largest natural gas market after the USA and Russia to compensate for domestic production shortfalls.

Policies to price energy are at the forefront of potential mitigation efforts. The Second National Communication to the UNFCCC lists eight mitigation policies that could contribute to the achievement of the 30% GHG emission reduction target by 2025 (funded by the government) and 34% GHG emission reduction by 2025 (with international technical/financial assistance). Seven of these mitigation policies involve addressing energy demand:

- Increase the energy efficiency of end-use sectors at the rate of 2% per year until 2025 (energy intensity will be reduced from 2.04boe/IRRm GDP in 2007 to 1.48boe/IRRm in 2025). Measures that will be implemented in the domestic and commercial sector, industry, agriculture, etc. through the use of efficient appliances and machinery, renovation in industries, process optimisation and installing Small Combined Heat and Power (SCHP) units. Most of this improved efficiency will be implemented through the small SCHP units in large buildings, public institutions and industries.
- Increase of the share of CNG in transport from 2.5% in 2007 to 25% in 2025 at the rate of 1.25% per year.
- Increase the share of natural gas in the industry sector from 59.4% in 2007 to 82% in 2025 at the constant rate of 1.8% per year.
- Increase the share of natural gas in residential and commercial sectors from 66.5% in 2007 to 88% in 2025 at the constant rate of 1.55% per year.

- Increase of the share of natural gas in power plants from 73% in 2007 to 100% in 2025 at the constant rate of 1.74% per year.
- Increase of the share of renewable and low-carbon electricity production industries in total electricity generation of the country by increasing the capacity of hydropower from 7,073.8MW in 2007 to 19,000MW in 2025, wind from 74MW in 2007 to 6,000MW in 2025 and nuclear power plants from zero in 2007 to 20,000MW in 2025 at a constant growth rate of 1% per year.
- Increase power plant efficiency from 34% in 2007 to 52% in 2025 at the rate of 1% per year. The policy will be implemented through measures such as installing combined cycle power plants and distributed electricity generation systems. In the Fifth Five-Year Economic Development Plan, about 3,000MW of Small Combined Heat and Power generators will be installed.
- Decrease the loss of the electricity distribution and transmission network from 24% in 2007 to 15% in 2025 at the rate of 0.5% per year.

Operating under the auspices of the Ministry of Petroleum, the Iran Fuel Conservation Organisation (IFCO) is responsible for optimizing energy consumption, protecting the environment and increasing energy efficiency. Following the 2011 Energy Conservation Law, the IFCO aims to halve energy intensity in Iran by 2020 (end of the Sixth Five-Year Economic Development Plan). Specific areas of focus include: optimising fuel consumption in different sectors; developing new energy conversion technologies; reducing long-term costs associated with energy demand; developing standards and guidelines for optimisation of energy consumption; supporting research and development of new technologies in energy efficiency; optimising fuel consumption in transportation systems; optimising energy consumption in buildings and production processes; developing a culture of energy conservation across society; creating incentive systems; and supporting the activities of the private sector, universities and research institutions in the promotion of energy-saving technologies and energy management improvement.

The government has established an energy efficiency labelling of energy consuming products, including refrigerators/freezers, evaporative coolers, centrifugal pumps, and washing machines. Minimum energy performance standards and testing are part of the process, overviewed by the Standards and Industrial Research Organisation.

REDD+ and LULUCF

Approximately half of land in Iran is rangelands (52.1%). The other half is occupied by deserts (19.7%), agriculture (11.2%), forests (8.7%) and industrial/residential (8.3%). According to the last emissions inventory (2000), forestry contributed to only 2% of GHG emissions. The government is implementing policies to promote the protection of natural resources, increased distribution of fossil fuels to villagers and tribes, and increased forest rehabilitation and afforestation. The Second National Communication to the UNFCCC predicts that the net amount of CO2 emissions in forestry and land use will be reduced to zero by 2020. With this objective, it calls for a number of targets to be achieved by 2025: reduction of illegal forest harvesting and land use change by 20% per year, decrease wood harvesting by 10% per year (although this will be at the expense of increasing fossil fuel demand), and reduce GHG emissions by 20% through reforestation and forest rehabilitation.

Regional initiatives include a pilot carbon sequestration project supported by the UNDP. The project was initiated in South Khorassan and is now being replicated in six other provinces (Tehran; Kerman; Semnan; Alborz; Markazi; Bushehr). In addition to identifying methods to absorb atmospheric carbon, the project promoted a participatory rangeland rehabilitation model, creating alternative jobs for the rural poor while making contributions to climate change mitigation.

Transportation

The transportation sector is responsible for an estimated 19.5% of national CO2 emissions. To reduce emissions, the government has been upgrading the public transportation fleet (buses and rail), promoting urban traffic management policies and increasing the share of compressed natural gas (CNG) in transport. CNG is being promoted by the Iranian Fuel Conservation Organisation (IFCO, subsidiary of NIOC). The High Council for Environment requires a minimum of 20,000 public transport vehicles in Tehran to convert their fuel from petrol to hybrid forms. The Budget Laws of 2003 and 2004 called for the development of public transport and the conversion of vehicles to CNG. The Budget Law of 2007 called for phased-out cars to be replaced by cars running on CNG and hybrid fuel. The Second National Communication to the UNFCCC refers to an increase from 2.5% in 2007 to 25% in 2025, at the rate of 1.25% per year.

Adaptation

Iran is involved in international and regional programmes to monitor changes in the marine and coastal environment as result of climate change, including the Caspian Environment Programme, the Regional Organisation for the Protection of the Marine Environment (ROPME), The Global Coral Reef Monitoring Network (GCRMN) and ReefCheck. A Vulnerability and Adaptation Assessment has been conducted by National Climate Change office, under the responsibility of the Department of Environment and in co-operation with other ministries and organisations.

Iran: Legislative portfolio

Name of law	**2014 Annual Budget Law**
Date	12 June 2013
Summary	The Ministry of Energy must include in electricity bills IRR30/kWh (USD0.001) as electricity duties, in addition to the price of electricity sold, except for the bills of rural households. The money shall be deposited into the account of Iran Power Generation, transmission & Distribution Management Co (TAVANIR) with the State Treasury, and spent exclusively on development and maintenance of rural electricity grids and generation of renewable and clean electricity. The funds shall not be considered as revenue for the related companies. To implement efficiency improvement, priority should be given to: installation of steam units in combined cycle plants; development of renewable energy; reduction in losses; optimisation of energy consumption; reducing liquid fuel consumption; and increasing the share of fuel exports. The Ministry of Energy can sign contracts to a total value of IRR120,000bn (USD4.48bn) with investors in private and public sectors for: efficiency and generation improvement in governmental and private sectors' power plants; development of RE plants; and reduction of losses and optimisation of energy consumption. The Budget Act promotes efficient power plant operation through the installation of steam sections in Combined Cycle Power plants, development of renewable energy, reducing waste, optimisation of consumption, liquid fuel saving and fuel export increase. The Ministry of Energy can through TAVANIR assign contracts with applicant investors for installation of RE plants.

Name of law	**Law on Altering Energy Consumption Patterns**
Date	11 April 2011
Summary	This Law establishes the general information and definitions, policies and major guidelines, structure and organisations, criteria and standards for energy consumption. It follows the Communicated Policy from the Supreme Leader on Consumption Patterns of 2010, which called for a change in the culture of consumption, promotion of a culture of thrift and frugality, fight against wastefulness, and promotion of productivity and

	efficiency. According to the Policy, this change of consumption patterns requires the use of cultural and educational capacities, promoted through public education, training programs at various levels, and an emphasis on accountable indicators. It calls for the improvement of energy efficiency in power plants, industries, in the transport sector, and in residential and commercial buildings. This improvement should be promoted through the establishment of energy standards and labelling, financial incentives, among other mechanisms. The Law aims to reduce energy intensity by half in 2020.

Name of law	**The Law of Governmental Financial Provisions**
Date	22 February 2006
Summary	This Law was authorised by the 4th FYDP in order to attract investment from the non-governmental sector in producing electricity from renewable sources. The Ministry of Energy is obliged to purchase produced electricity from private and state owned power plants at a guaranteed price. This price will be proposed by the National Management and Planning Organisation. A feed-in tariff for renewables was set in 2008 by the Council of Ministers at IRR1,300/kWh (USD0.048) for peak and normal load hours, and IRR900/kWh (USD0.033) for off-peak hours. To reduce the consumption of fossil fuels and to encourage investment in renewables, it establishes a rate of at least IRR650/KWh (USD0.024) for peak and normal hours, and at least IRR450/KWh (USD0.017) for off-peak hours (Maximum 4 hours per day/night).

Iran: Executive portfolio

Name of Policy	**Holistic Scientific Plan**
Date	8 May 2011
Summary	The Holistic Scientific Plan establishes strategic areas and priorities in the field of science and technology. It aims to promote new and renewable energy technology and knowhow and build power plants in the country using sources like wind, solar, fuel cell and geothermal. Such aim will be achieved through investments on research and technology in solar and wind electricity generation activities in the country; allocation of a definite and increasing percentage of research budgets on research on renewable energies; establishment and implementation of renewable energy pilot projects.

Name of Policy	**Subsidy Reform Plan**
Date	5 January 2010
Summary	The Subsidy Reform Plan established a government expenditure of 30% of the net fund gained by implementing this law on grants, loan interest subsidies or managed funds for the following purposes: technology structure modification of manufacturing divisions to improve energy efficiency; water; and expansion of electricity generation from renewable resources. The objective of the policy, amongst others, is to encourage the private sector to invest in renewable energy. The second phase of the plan is currently is in process.

Name of Policy	**Fifth Five-Year National Development Plan - FYDP (2010-2015)**
Date	10 January 2009
Summary	The 5th FYDP (2010-2015) adopted an environmental assessment of strategic policies and plans as well as an ecosystem-based approach to the management of wetlands and biodiversity. It also incorporated climate change considerations. In order to reduce the country's dependence on oil and gas and diversify energy supply,

	the 5th FYDP calls for the optimisation of production and an increase in power plant efficiency, reducing waste and development of Combined Heat and Power. With this objective, affiliated companies are required: (i) to subsidise the purchase of electricity from dispersed small-scale electricity producers through long-term contracts and to convert 12,000MW to gas; (ii) to guarantee long-term contracts to purchase electricity generated from renewable energy sources and clean energy; and (iii) support the development of small-scale power plants that generate electricity by the private sector and co-operative companies. In order to save energy, and support and encourage consumers to use less energy, maintain energy reserves and protect the environment, the Ministries of Energy, Petroleum and Industry and Mine can apply financial incentives to optimise energy consumption, and encourage production of energy-saving products with high quality. Organisations and companies that reduce their emissions under the International frameworks, such as the Clean Development mechanisms, are permitted to trade or sell their CERs. In order to create an infrastructure for wind farms and solar manufacturing equipment and the development of clean energy usage, the government is entitled to the protection of private and cooperative sectors through managed funds and interest subsidy facility, producing up to five thousand megawatts of wind and solar energy. The state is obliged to modify the patterns of exploitation of forests, rangelands, water and soil through (i) use renewable energy instead of firewood; (ii) promote agricultural development and intensification of the fight against timber trafficking and wood products, forest and pasture, and cut tariffs on imports of wood; (iii) support livestock production; (iv) build in forest areas according to relevant laws and regulations; (v) increase forest land and implement watershed operations up to 8m hectares by the end of the fifth FYDP; (vi) implement desertification operations and crisis control centres. In order to retrofit buildings and modify energy consumption patterns in buildings and housing, municipalities are required to comply with the National Building Regulations. The Department of Environmental Protection is required to take necessary measures to reduce air pollution to international standards, including the promotion of GHG mitigation policies.

Name of Policy	**National Rules of Procedure for Implementation of the UNFCCC and the Kyoto Protocol**
Date	Approved by the Cabinet in August 2009, and revised in 2012
Summary	These National Rules of Procedure were prepared by the Department of Environment, and establish that all ministries and organisations will be required to develop their own respective plans to deal with climate change. Their duties include: • Preparation of GHG measurements of their activities on a regular basis • Promotion of mitigation policies • Assessment of the vulnerability of each sector to the impact of climate change and development of adaptation programs • Assessing the technological needs for mitigation and adaptation • Research and education programs • Capacity building to raise the awareness of policy makers and experts • Enhancing their overall capabilities to monitor climate change. Based on these National Rules, another document was issued, the Rules of procedure on Clean Development Mechanism projects to be adopted under the Kyoto Protocol by the Designated National Authority. A National Working Group, led by the Department of Environment's deputy, has been introduced to undertake responsibility for co-ordination and implementation of the strategies and Action Plan.

Name of Policy	**General Policies on Energy decreed by the Supreme Leader**
Date	22 January 2001
Summary	The General Policies on Energy called for an increase in gas production capacity, according to the country's reserves, to meet domestic consumption and maximum replacement of petroleum products. It also required: optimum consumption and reduced energy intensity; diversification of the country's energy resources, with efforts to increase the share of renewables energies, primarily hydropower; to acquire the technical knowledge of renewable energy technologies such as wind and solar and fuel cells, and power and geothermal in the country.

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