Considerations for MVE
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1. Introduction of MVE system

◆ Considerations

Policy recommendations (OECD/IEA, 2008)

- Considering and planning for optimal MVE procedures at the time new policies and measures are formulated
- Establishing legal and institutional infrastructure for ensuring compliance with energy efficiency requirements
- Ensuring transparent and fair procedures for assessing compliance; including specification of the methods, frequency and scope of monitoring activities
- Ensuring regular and public reporting of monitoring activities, including instances of non-compliance
- Establishing and implementing a suite of enforcement actions commensurate with the scale of non-compliance and the value of lost energy savings
- Establishing and implementing a robust system for evaluating policy and program success during and after implementation
1. Introduction of MVE system

◆ Practical suggestion

■ Legal and institutional infrastructure
  - Detailed process should be specified in the regulation.
    - Sampling methodology and compliance rates target
  - Rational determination of the non-compliance
    - Prudent consideration on reconfirm (additional test) opportunity
    - *Without specified regulation, it can be too arbitrary.*
  - Third party for MVE, independent from operating party
    - Objective monitoring by the qualified exclusive MVE party

Adminstration party
- Standardization
- Implementation
- Overall management

Exclusive party for MVE
- Monitoring program
- Market surveillance
- Enforcement
1. Introduction of MVE system

- Stable budget allocations
  - *Without enough budget, MVE system can not work effectively!*

  *Budget makes plan, or plan makes budget?*
  - Specified regulation on mandatory scope of MVE activities
  - Feasible long term road map (Means and end)

- Wide cooperation with other related parties
  - *With enough budget and partner, it can work more effectively!*

![Diagram showing cooperation between Manufacturers, NGOs, Manufactures’ association, Competitors, and Administration Party.](image)
1. Introduction of MVE system

- Regular and public reporting
  - All the information, especially the non-compliance should be open to public and affect consumer’s choice.
  - It helps transparent and predictable management of programs.

- Enforcement actions
  - Practical and tough sanctions preventing non-compliance
    - *And they should be really enforced according to the regulation.*

**Does enforcement work as the real enforcement in the market?**
- Sanctions in proportion to sales of non-compliance and financial supporting or incentives, from which the products benefit
- Separate legal expert team dealing with legal affairs

- Evaluating policy and program success
  - Compliance rates and result of MVE have to be assessed.
  - Global cooperation such as global harmonization of process
1. Introduction of MVE system

◆ Issues in Korea

- Cooperation with stakeholders
  - Manufactures, importers, dealers, and any parties involved in the program can conduct check test at their own expenses.
  - And they can require the follow-up measures to KEMCO.
  - Benchmarking CECED’s Challenge Process
- Consumer groups such as Korea Consumer Agency participate in post market surveillance and report test results annually.

- Research for amendment of MVE system
  - Reexamining of overall MVE process and regulation
  - Appropriate size of post market surveillance
    - How to cooperate with manufacturers and importers for MVE.
  - Effective public reporting and enforcement mechanism
2. Manufacturing vs importing countries

Considerations

Manufacturing countries

- Stable growth of industry is more crucial issue.
  - Nobody wants to make decision that leads to industry contract
- Inducing technical developments through prospect
  - Improvement of competitiveness of domestic companies

Importing countries

- Actual energy saving effect is more crucial issue.
  - Less limitation or impact on domestic industrial progress
- Introduction of more stringent MVE is relatively easier in theory.

However, what really makes difference is not industrial structure, but;
- Constructive cooperation relationship with industry
- Governments’ strong willingness for rational MVE
2. Manufacturing vs importing countries

**Practical suggestion**

- Operation plan closely related to the market
  - *MVE has to begin with research, and end with research.*
  - Considering ‘*Where we are*’ enable us to decide ‘*where to go*’

- Close cooperation with industry
  - Periodic education on programs and MVE systems
    - Gathering the opinions of participants in industry
  - *Support them to realize that to be compliant is best policy*
  - *Communicate and persuade companies using data*
    - ‘*Information is power*’ and it helps you in negotiations.

- Stronger and improved MVE system
  - Rational management of MVE with sufficient information
  - Effective sanctions that restrain non-compliance
2. Manufacturing vs importing countries

**Issue in Korea**

- manufacturing country?, or importing country?

<table>
<thead>
<tr>
<th>category</th>
<th>Products reporting</th>
<th>Surveillance (Y2009)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufactured</td>
<td>75.8%</td>
<td>75.4%</td>
</tr>
<tr>
<td>Imported</td>
<td>24.2%</td>
<td>24.5%</td>
</tr>
</tbody>
</table>

Source: Energy Efficiency Label and Standard Program

**Sampling rule for surveillance (Rational Energy Utilization ACT…)**
- High non-compliance rates in the past years
- Changes of test method or strengthening of the standards
- Products with high sales, public interest or some issues

- Government-driven policy supported by industry
  - Experts in industry participate in management of programs.
    - Research on technology and market helps government’s decision.
    - Support energy conservation policy positively
    - Propose alternatives or directly participate in MVE as stakeholders
Thank You!

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