

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

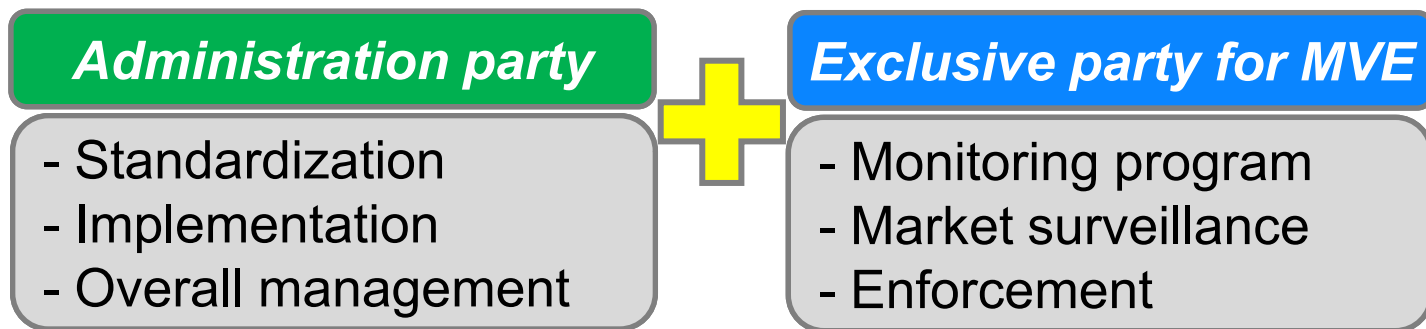


1. Introduction of MVE system

◆ 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



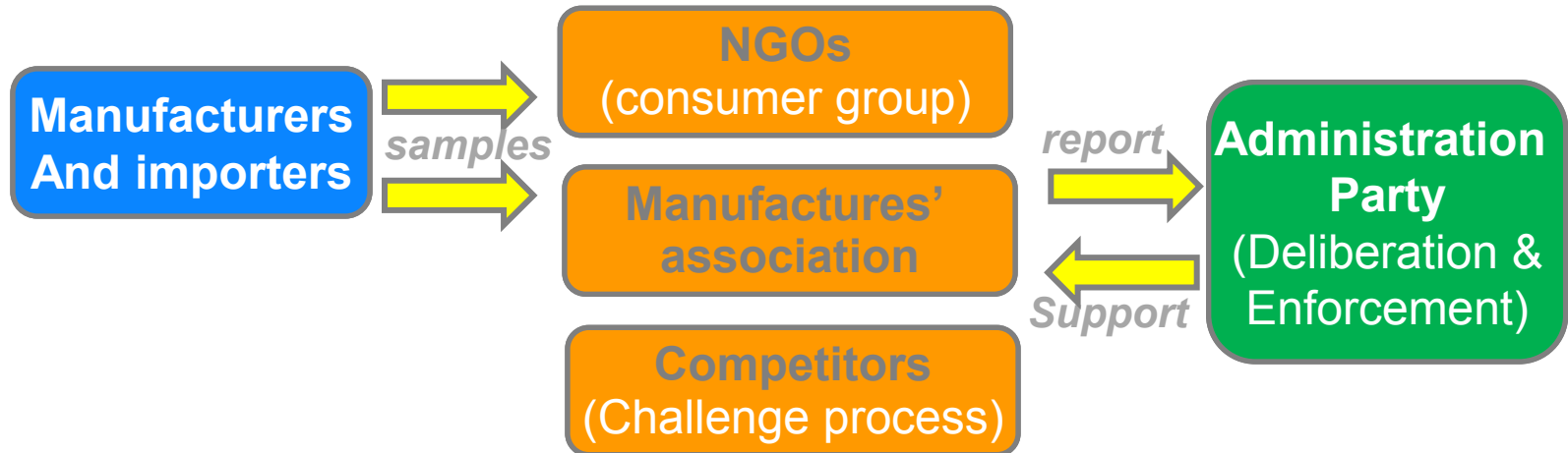
1. Introduction of MVE system

- 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!*



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?

category	Products reporting	Surveillance (Y2009)
Manufactured	75.8%	75.4%
Imported	24.2%	24.5%

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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