

Korea's
Promotion Policies
for Energy-Efficient Products

International Workshop on Promotion of
Energy Efficient Procurement in Government Purchases

July 13-14, 2007

Lee Ki-hyun

KEMCO

khlee@kemco.or.kr

+82-10-3382-1448

Contents

Promotion Policies for Efficient Products

1. Korea's Energy Labels & Standards
2. Promotion Policies

Energy-Efficient Government Procurement

1. Outline
2. Management
3. Achievement
4. Prospective plans

Promotion Policies for Efficient Products

1. Korea's Energy Labels & Standards
2. Promotion Policies

1. Korea's Energy Labels & Standards

Energy Efficiency Labels & Standards Program (including MEPS)



- **Mandatory** program
- 5-grade labeling & MEPS
- 20 items : Refrigerators, Air-conditioners, Automobiles, etc.

Energy Labels & Standards

High-efficiency Appliance Certification Program



- **Voluntary** program
- 34 items : Motors, Pumps, Lighting equipment, etc.

e-Standby Program (Energy Saving Products)



- **Voluntary** program
- Standby Korea 2010
- 21 items: PCs, TVs, STBs, etc.

2. Promotion Policies

◆ Energy Efficiency Labels & Standards Program

■ Mandatory use in new apartment buildings

- Builders must install High Efficiency Lighting Products in new apartment buildings accommodating 50 households or more.
- Target : Incandescent lamps, Fluorescent lamps, and Fluorescent lamp ballasts with an efficiency grade of 2 or better, or High-efficiency Appliances.

■ Preferential government procurement

- The Office of Supply should procure energy efficient products as a top priority in government purchases.
- Target : 1st grade products, High-efficiency Appliances, Energy Saving Products, Renewable Certificate Equipment

2. Promotion Policies

◆ High-efficiency Appliance Certification Program (1)

- **Mandatory use in new apartment buildings**
- **Preferential government procurement**
- **Mandatory use in public buildings**
 - Government agencies or public organizations should use energy efficient products in their buildings.
 - Target : High-efficiency Appliances, Energy Saving Products
- **Supporting service charge for product testing for small and medium enterprises**
 - Small and medium enterprises can be provided with a service charge to test products up to two times a year.
 - Target : High-efficiency Appliances

2. Promotion Policies

◆ High-efficiency Appliance Certification Program (2)

■ Funding for rational utilization of energy

- Manufacturers or installers can benefit from funding offered for installation(20billion US\$) or operation(1billion US\$, small and medium enterprises only) of High-efficiency Appliances
- Target : High-efficiency Appliances

■ Tax deduction for investment in energy conservation

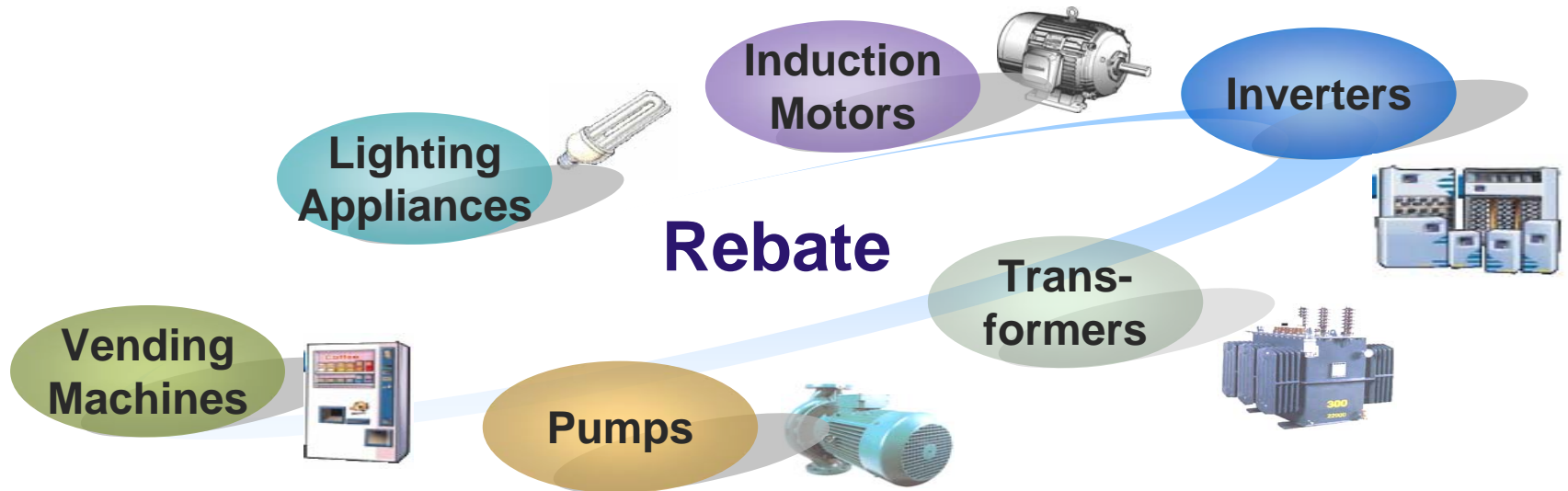
- Amounts up to 10% of total investment can be deducted from the income or corporation tax of installers of energy conservation facilities.
- Target : Induction Motors, Sensor Lighting Equipment, Pumps, Windows, Heat Recovery Ventilators, Transformers Lighting Equipment (FL, CFL, ballasts, reflectors),

2. Promotion Policies

◆ High-efficiency Appliance Certification Program (3)

■ Appliance supporting rebate

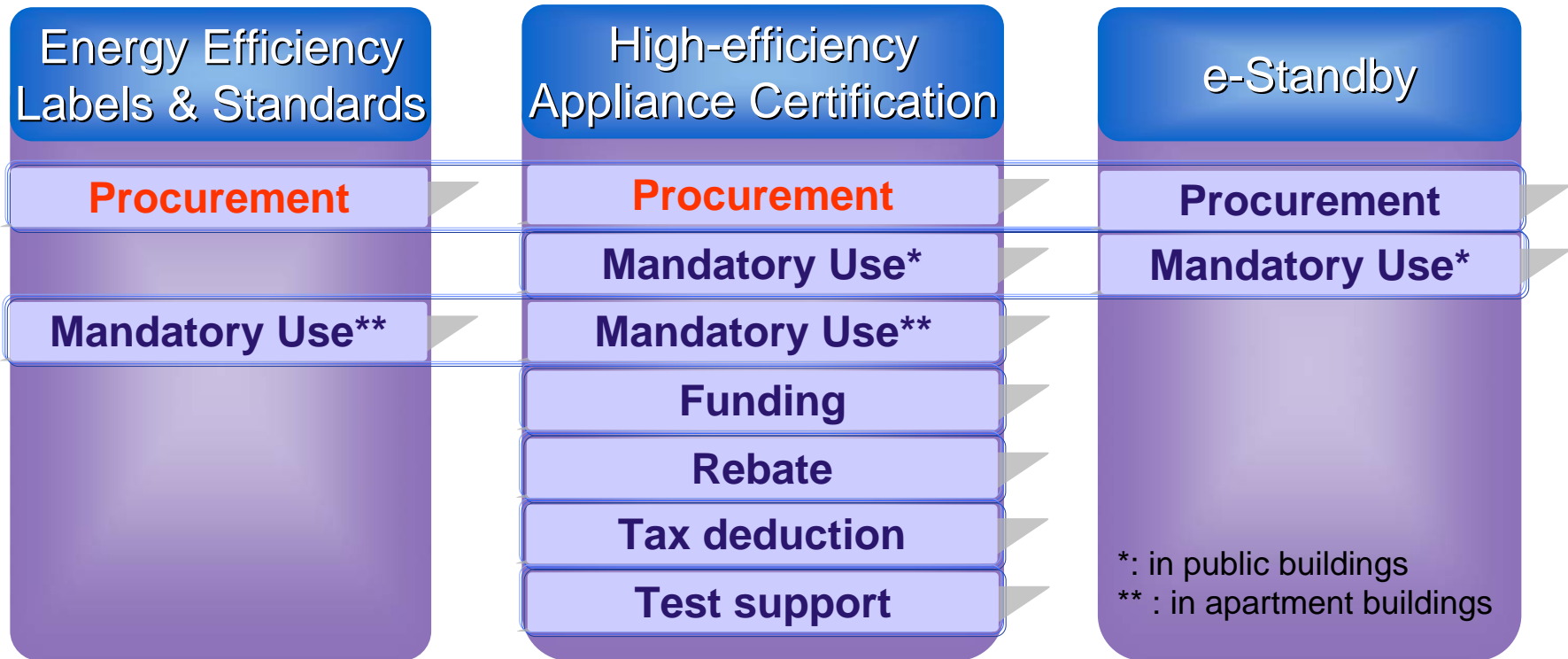
- Consumers and installers can benefit from rebates in the case of installation and replacement.
- Target : Induction motors, Inverters, Vending Machines, Pumps, Lighting Equipment, Transformers



2. Promotion Policies

◆ e-Standby Program

- Preferential government procurement
- Mandatory use in public buildings



Energy-Efficient Government Procurement

1. Outline

2. Management

3. Achievement

4. Prospective plans

1. Outline

◆ Objectives

- Enhancement of the efficiency of energy consuming products and deployment rates
- Formation of an early-stage private market for high-efficiency products by stimulating the public market

◆ Date of Enforcement

- Preferential procurement : November 2005
- Korean On-line E-procurement system : 1998 (2002)

◆ Participating Organizations

- MOCIE : Ministry of Commerce, Industry and Energy
- KEMCO : Korea Energy Management Corporation
- PPS : Public Procurement Service, The office of supply

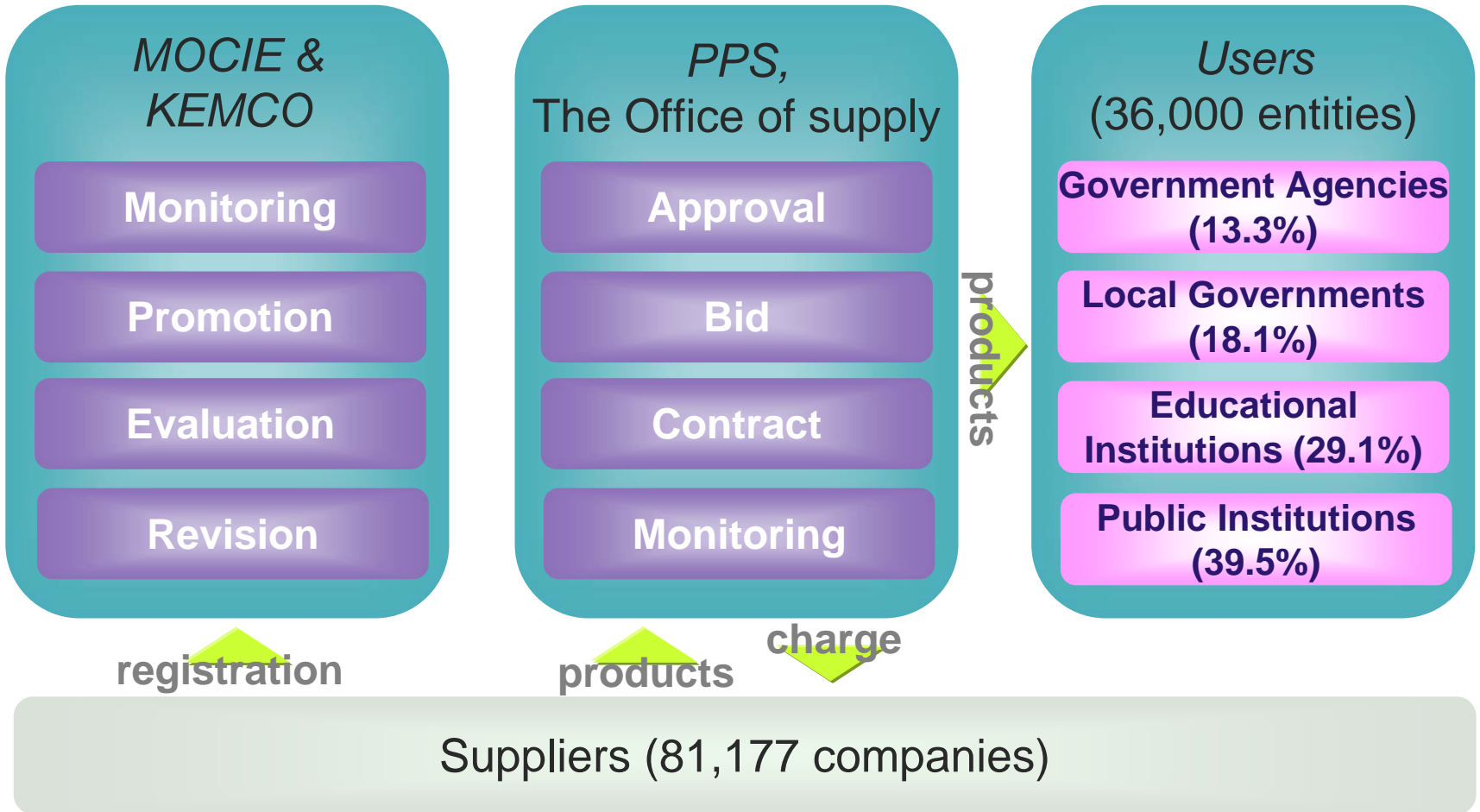
2. Management

◆ Target Products for Efficient Procurement

- Energy Efficiency Labels & Standards Program
 - Widespread and energy intensive products
 - Requirements : **products with the 1st efficiency grade**
- High Energy Efficient Certification Program
 - Industrial products with low deployment rates and high energy conservation potential
 - Requirements : **All certificated High-efficiency Appliances**
- e-Standby Program
 - Products with significant standby power
 - Requirements : **All registered Energy Saving Products**
 - * Especially, products with standby power below 1W

2. Management

◆ Outline of Procurement System



2. Management

◆ Incentives for Efficient Products (1)

■ Special on-line procurement system in KONEPS

- Special category only for energy efficient products in the Korean ON-line E-procurement System
- Consumer education and promotion of deployment rates

KONEPS

A single window for comprehensive information on procurement of all public organizations, providing one-click online service for effective government procurement

sophisticated e-procurement solution

Recipient of the first UN Public Service Award (UNPSA) 2003
“strong pull-through effect” (OECD) May, 2004
“the Best Practice Model for e-procurement” (UN) Nov, 2004
“International Standards” (UN/CEFACT) April, 2005



<http://shopping.g2b.go.kr/>

2. Management

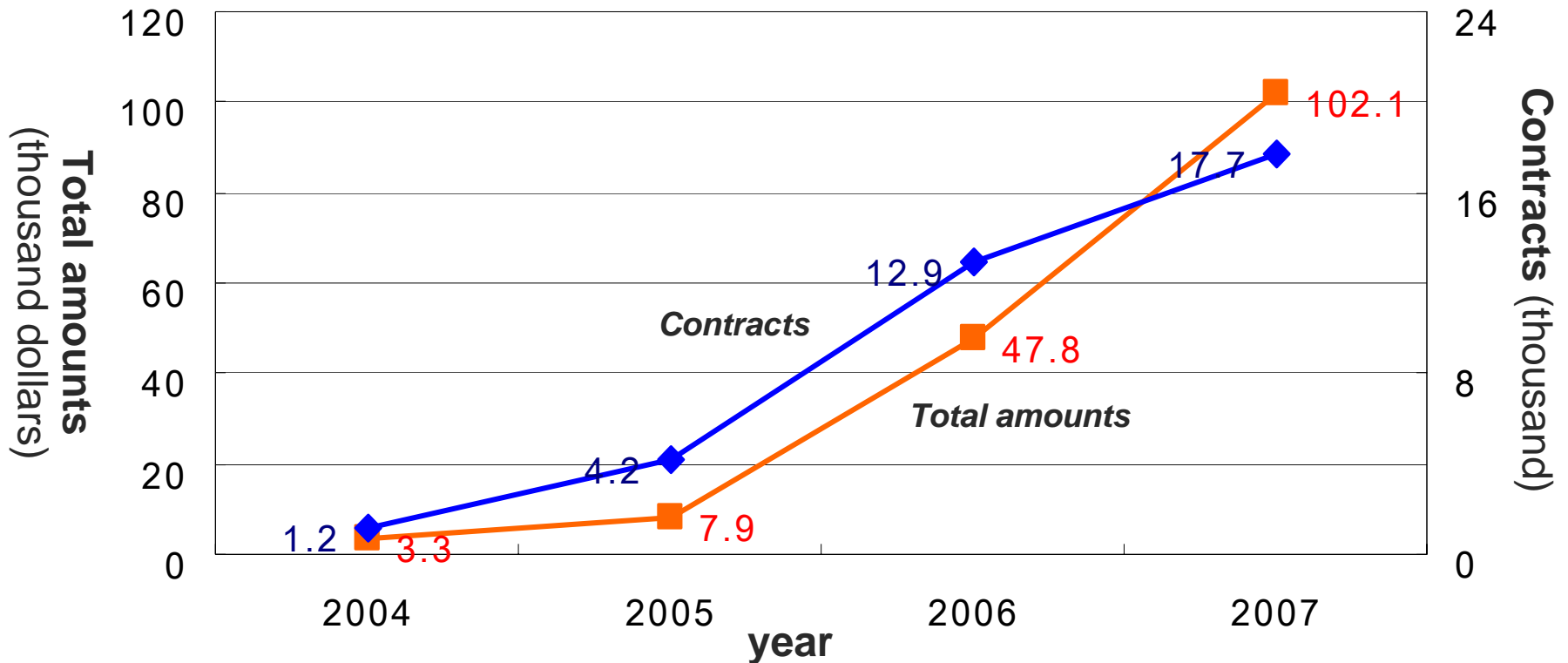
◆ Incentives for Efficient Products (2)

- **Alternative bidding system with extra points**
 - Contracts are awarded to the most appropriate bidder, taking into account quality, performance, and energy efficiency.
 - Registered energy-efficient products add a extra points to a bid evaluation.
 - Target: Pumps, Chillers, Air compressors, Fans & Blowers, Elevators, Escalators (6 items)
- The most powerful incentive for efficient procurement is the ***user's improved preference for efficient products, resulting from powerful promotion policies.***
 - Transition to mandatory policies and supports such as subsidies create greater demand for energy efficient products.

3. Achievement

◆ Scale of Procurement

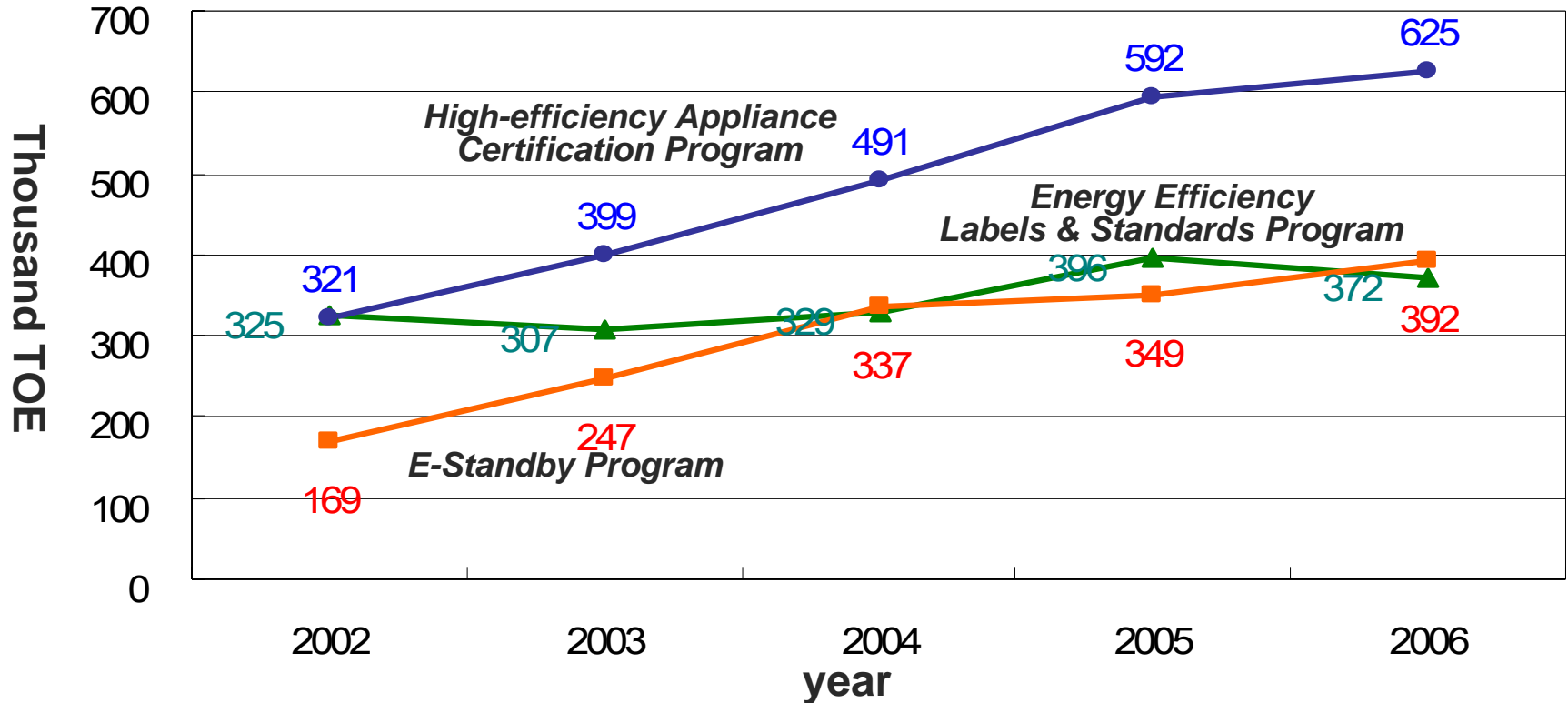
- Scale of Procurement services of energy-efficient products that users requires has gradually grown in size.



3. Achievement

◆ Conserved Energy

- Conserved energy has been increasing because of increased sales of energy efficient products.



4. Prospective Plan

◆ Reformation of Procurement Procedure

- Expand the coverage of the Alternative bidding system
- Encourage suppliers to elevate efficiency by means of increasing extra points

◆ Improved KONEPS

- Strengthen public awareness efforts to enhance the recognition of the merits of using efficient products
- Make access to the information and the shopping experience easier and more convenient

◆ Effective Promotion Policies

- Intensify the influencing power of various promotion tools

Thank You !

For more information,

Lee Ki-hyun (khlee@kemco.or.kr)

MOCIE : <http://english.mocie.go.kr>

KEMCO : <http://www.kemco.or.kr/english>

PPS : <http://www.pps.go.kr/english>