Simple Regulatory Framework and Voluntary Participation in Green Growth

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I. Why we need the New Regulation Framework for Green Growth?

**Conventional Environmental Regulation**
- Prevention
- Precaution
- Polluter Pays

**The Better Regulation for Green Growth**
- Reduction and Mitigation
- Growth and Innovation

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**GHG, New Objects to be Regulated**

➡️ The need for New Regulatory Method and Legislative Strategy

- Alleviating the Regulatory Burden (GHG) through the better regulation and the green economy
- Leading the industry to change Corporate Strategy ➡️ Adaptation to Climate Change ➡️ Development of Green Technology ➡️ Creating Jobs
II. The Regulatory Authority

- One Control Tower in the Departments

Top-level Committee
(Green Growth Committee)

Dep. A  (Energy)
Dep. B  (Environment)
Dep. C  (Agriculture)
Dep. D  (Construction)

Local Government

- Improving the Efficiency of Implementing policy
- Prevention of Overlap and Vacuum (or Gap) among the Governmental Bodies’ Policies  Reconciliation of Local Government’s Policies
- Appropriate Budget Allocation
- Preventing Double Regulations
III. The Regulation Methods for Green Growth

1. Less Penalties, More Incentives

- **Regulatory Framework**
  Designing the Government Support System to Convert Smokestack Industry to Green Industry by Incentive System

- **Support Part**
  Green Financing and Establishing Fund from Public and Private Sector

- **Effect**
  Principle Based Regulation for Green Growth → Balancing between Regulations and Incentives → Encouraging or Leading Emitter’s Voluntary Participation in Green Growth Area

→ Incentive not only by Government, but also by Market
III. The Regulation Methods for Green Growth

2. New Regulatory Method for GHG Reduction

- Non-Discrimination within Same Industrial Sector
- Differentiating Industrial Sectors according to Annual or Phase Reduction Target
- Setting an Attainable GHG Reduction Target
- Application of Differential Regulatory Methods to Controlled Entities
- Linking the International Carbon Market

3. The Consideration for Industry or Company

- Flexible Implementation ➤ Open Legitimacy Exit for the Complete Adaptation to Climate Change ex) M.R.V. System, National GHG Inventories, Civil Penalties, ETS etc
- Make up for the Weak Point in Unilateral Administrative Orders from Government
- Consideration for each Industrial Sector, such as International Trade and Carbon Intensity

Cost Effective Regulation
IV. Green Growth Regulation in Korea

1. Milestone

- Green New Deal was announced (‘09.1)
  - A recovery package of $38.5 billion for 2009-2012 on 9 key green projects

- Nat’l GHG Emissions Reduction Target (‘09.11) was established
  - 30% from BAU

- Nat’l Strategy for Low Carbon, Green Growth & its 5 Year Implementation Plan were established (‘09.7)
  - Public Investment of $86 billion for 2009-2012

- The Framework Act on Low Carbon, Green Growth and its Enforcement Decree took effect (‘10.4)

- Global Green Growth Institute was launched (‘10.6)
  - Provision of Support to Developing Countries in their green growth efforts
IV. Green Growth Regulation in Korea

2. The Support Part for Green Growth

- Assistance to Green Industry
- R & D
- Tax Incentive
- Green Finance

Establishment of a Systematic Foundation

Encouragement

Controlled Entities

Voluntary Participation

Green Growth Area
IV. Green Growth Regulation in Korea

3. The Prevention of Green Bubble

Public organizations finance the establishment of green investment companies. This involves investments in green technology and green business. A certified green technology is combined with green industry, and the enterprise that generates green sales is over 30/100 of total gross. This ensures sustainable growth in Korea.
IV. Green Growth Regulation in Korea

4. M.R.V. System in Korea

Procedure of Command & Control

Ministry of Environment

GHG Inventory System (GIR)

Role
- Directive/Standard Setting
- Controlled Entity
- Designated
- Fact-Finding
- Verification Authority
- Sectoral Control Authority

Fact Finding
Inspection Assessment

Role
- Setting up the Reduction Planning & Reporting Registry
- Data Management

M.IFAFF (Agriculture/Farming)
M.KE (Industry/Power)
M.E (Waste)
M.LTM (Building/Trans)

Controlled Entity
Controlled Entity
Controlled Entity
Controlled Entity

Designation
C&C
Assessment
Objection
Planning
Reporting
Third Party E.
V. Future Issues

1. Credibility

- The GHG Emission Data from each Entity (Business and Facility)
- Public Verification or Third Party Verification
- Attainable Monitoring and Reporting Process

2. Establishment of Global Standard

- Principle Based Regulation
- Assisting all Countries to participate voluntarily in Green Growth Regulation
- Optimized Regulatory Method for each State’s Situation
- Automatic Convergence toward Green Growth (Simple Regulation and More Incentive), Not Compulsory Unification of GHG Regulation