

## BATF-06-08 ~ 11, BATF-07-37 & BATF-08-47—Market Transformation

<b>Project number:</b> <i>BATF-06-08 ~ 11, BATF-07-37 &amp; BATF-08-47</i>		<b>Date:</b> 31 August 2006
<b>Title of project:</b> Market Transformation		
<b>Leading member &amp; co-leading member:</b> Leading Member=Japan & Co-Leading Member=China		
<b>Participants:</b> All AP6 member countries		
<b>Project Overseer:</b> Keitaro Kimura, Deputy Director, Ministry of Economy, Trade and Industry of Japan		
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<b>Financial information</b>	<b>Total cost of proposal:</b> To be determined	
<b>Type of project:</b> <input type="checkbox"/> demonstration/pilot <input type="checkbox"/> national policy, law, regulation <input type="checkbox"/> appliance testing/labeling <input checked="" type="checkbox"/> seminar/symposium <input checked="" type="checkbox"/> training & technical assistance <input checked="" type="checkbox"/> public/consumer information <input checked="" type="checkbox"/> database/website <input type="checkbox"/> survey, analysis, research <input type="checkbox"/> others ( <i>please specify</i> )		
<b>Project start date:</b> September 2006		<b>Project end date:</b> December 2008
<b>Project summary:</b> <p>This project leads Partner countries to change their domestic markets into the places where energy-efficient appliances are facilitated to penetrate. With cooperation of retailers/intermediators as well as practical use of several incentives, consumers will enrich their pragmatic knowledge of economic value of energy-efficiency and enhance their motivation for purchasing highly energy-efficient appliances. Manufacturers will also respond to demand and incentives and market highly efficient equipment. The result will be a reduction of environmental burden, and private companies making profits to sustain production and innovation of energy-efficient appliances.</p> <p>We will summarize measures Partner countries have already taken or are planning to take to motivate consumers to purchase energy-efficiency appliances, and publish as “best practices handbook.” Based on the best practices, we will possibly carry out such demonstrative activities as implementing model practices and benchmark them into specified areas in each Partner country.</p>		
<b>Signature of Project Overseer:</b> Keitaro Kimura <b>Date:</b> 25 August 2006		
<b>Signature of Task Force Chair:</b> Hakdo Kim <b>Date:</b> 31 August 2006		
<b>Remark:</b>		

### ***Goals and Objectives***

This project leads Partner countries to change their domestic markets into the places where energy-efficient appliances are facilitated to penetrate.

And the project expects that the market transformation would save energy consumption and CO<sub>2</sub> emission for using appliances.

### ***Performance Indicators***

Means to present the contributions to energy saving and reduction of CO<sub>2</sub> emission by measures of the project adopted should be considered. In addition to these indicators, the following ones would be applicable:

- Replies of retailers or consumers to questionnaires about the result of adoption of practical policies/programs.
- Manufacturers' reports of changes in volume of energy-efficient equipment models supplied to market.
- Measures newly adopted with reference to 'best practices handbook', and number of applications for the measures.
- Volume of access to the website of the Task Force.

Every indicator nominated in the proposal is understood as probable at present. Approaches to indicators; definition, effect, data collection, etc., should be considered.

The "Market transformation" project (sharing best practice for market transformation in member countries) is highly prioritized in the following statements from the Partnership Work Plan:

- "...sharing knowledge, experience and good practice examples of how industrial efficiency, energy efficiency and environmental outcomes can be improved..."
- "In progressing its work, each Task Force will build on the wide range of actions already in place in Partners through national programmes and... seek to leverage existing initiatives to ensure maximum return on our resources."
- "Use cooperative mechanisms to support the further uptake of increasingly more energy-efficient appliances."

### ***Background***

As the global population increases, energy consumption can be expected to increase proportionally in the commercial and residential sectors.

Every Partner country has national programs for energy conservation, such as the labeling system, but further conservation will be possible, for example through improving consumers' recognition of and motivation to participate in these programs. This can be

done by introducing measures other Partner countries have already demonstrated as effective methods of education or motivation for consumers or suppliers. This project will share and utilize measures other Partner countries have already taken.

In Japan, for example, the energy-saving labeling system was introduced in 2000 to inform consumers about the energy efficiency of home appliances and to promote energy-efficient products. These labels indicate how much the product's energy efficiency is improved. The government is going to revise the system in 2006 to show the estimated annual energy charge on the label.

Japan has another rationalized system for retailers. This energy-efficient product retailer assessment system was introduced in 2003. Retailers who actively promote energy-efficient products or provide appropriate energy conservation information are selected and receive awards to use the "Outlets that Excel at Promoting Energy-Efficient Product" logo.

In addition to national programs in place in member countries, the project will identify and build on existing cooperative projects involving Partner countries to encourage wider implementation of measures to promote markets for energy-efficient equipment. The United States, for example, is supporting cooperative activities on consumer education, incentives and government procurement with partner organizations in China and India. These programs are also supported by international organizations such as the Global Environment Facility, the Energy Foundation and the United Nations Development Program. They can provide a foundation for near-term value-added activities by the BATF, as well as documenting successful practices.

### ***Methodology***

We are looking for more practical measures to facilitate market transformation by reviewing and analyzing the following initiatives in member countries. The range of investigations may become wider as the project progresses. In the course of the project, we may propose to form sub-project groups as appropriate.

#### *(1) Programs to Cultivate the Consumer Market*

- National campaign to choose eco-friendly products (against global warming)
- How to provide consumers with information on energy-efficient appliances. (e.g. labeling with annual energy consumption cost); and
- Education for consumers, or supporting measures.

Education through retailers (e.g. promoting energy-efficient product retailer assessment systems).

Environmental preference to be a "green consumer," one who actively chooses eco-friendly products.

*(2) Programs to Shape the Leading Market (Government Procurement and Incentives)*

- Government procurement

Coordination with labeled products programs, incorporation of energy efficiency requirement, etc.

Development of materials and training programs for government procurement officials, etc.

- Political incentives needed for market creation.

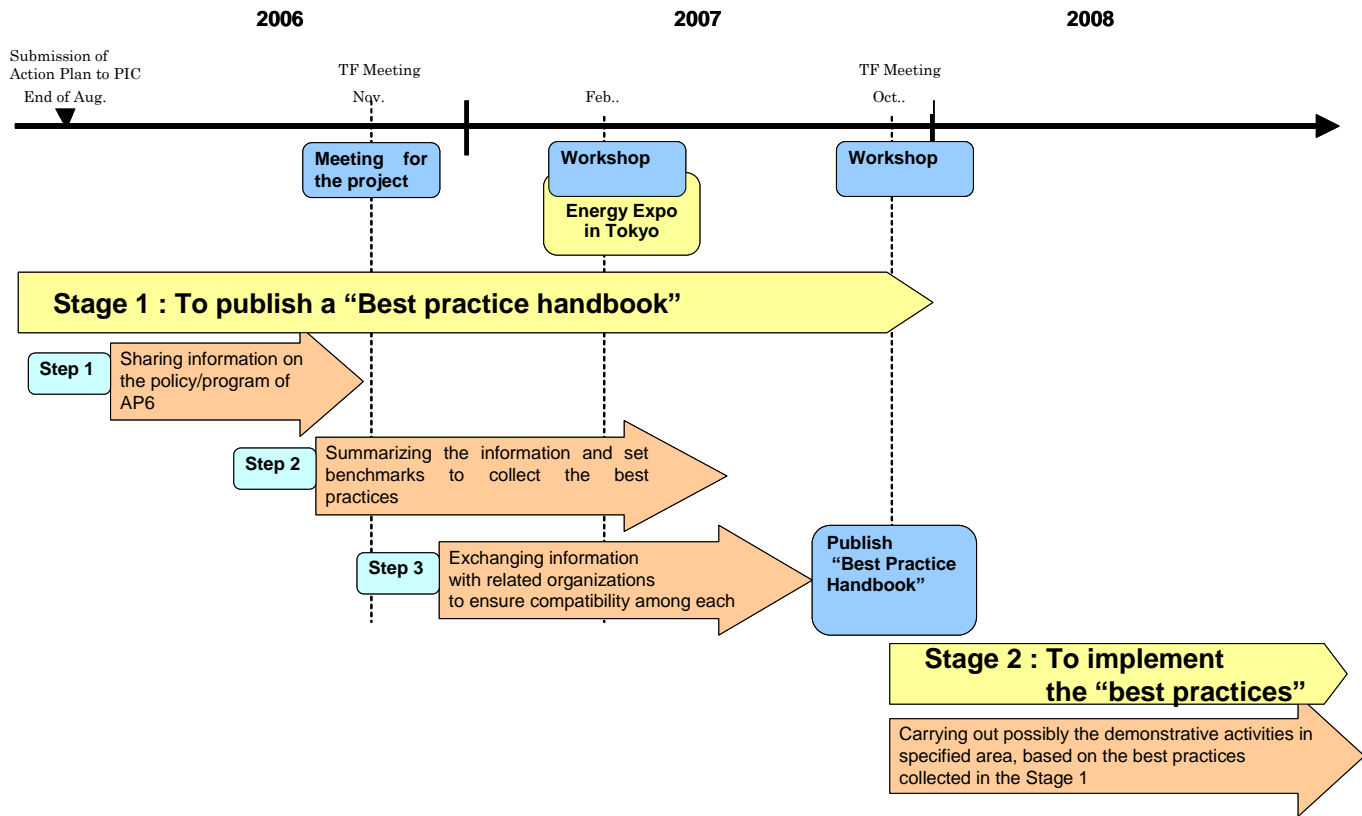
Incentives for steady supply and introduction of efficient products (subsidies, tax credits, etc.).

Investment and support for developing innovative technologies.

The output on finances or contracts may be transferred to or cooperated with project BATF PR-082006 on financing and contracting.

This project should be separated into two stages. In each step presented below, information exchange and further understanding will be progressed by investigating existing policies and measures in Partner countries. At the Task Force meeting and workshops, we will review and benchmark the outputs from the tasks of each step.

## Milestones



### *Dissemination of Project Results*

- The target audience: consumers, retailers, and government policymakers.
- Electronic formats will be uploaded on the website. Members can print copies if necessary.

### *Assessment of Project*

This issue will be discussed in the project team together with the discussion on performance indicators.

### *Participation and Management*

#### *Management*

- Leader: Mr. Keitaro Kimura, Ministry of Economy, Trade and Industry, Japan
- Co-Leader: Ms. Huo Dufang, China Household Electrical Appliances Association

#### *Participation*

All Partner countries participate in this project.

It is also desirable that more retailers or other businesses in every Partner as well as governments and industries will participate in it.

The Leader and Co-leader will carry out the following tasks:

- Setting and management of schedule to lead the project.
- Assigning tasks to the members.
- Summarizing the results of opinions and information from each member.
- Compiling the outcome (best practices handbook).

#### Proposal to Chair and Co-Chair of the Task Force

An “electronic forum” for each project should be set up on the website of the Task Force, currently under construction. The Leader and Co-leader of this project should manage the electronic forum of this project on behalf of the Task Force Chair and Co-Chair.

As the lead, Japan is preparing US\$43,500 for the common activities of this project, such as publishing the handbook and making a basic questionnaire. Other necessary costs may need to be borne by individual member countries. These include:

- Travel expenses for attending the project meeting/workshops.
- Expenses of detailed survey on circumstances of individual country, etc.

#### ***Estimated Budget and Funding Sources***

##### *To be Considered*

<b>Task</b>	<b>FY2006 Funding</b>	<b>2007 Funding</b>	<b>2008 Funding</b>	<b>2009 Funding</b>	<b>2010 Funding</b>
1. Workshop (Feb. 2007)	JP: US\$8500 (cash) for venue, materials, etc.				
2. Survey (Consultancy)	JP: US\$35,000 (cash) for organizing the members' data, etc.				
3. Other necessary Expenses	US\$100,000				
Project total	US\$143,500	US\$ 143,500			US\$287,000 + Funding for Stage 2 (see note)