

Measures to improve energy-efficient housing projects to reduce heating costs of the low-income class

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1> The regressive feature of heating cost was confirmed based on the fact that such cost took a large share of disposable income of the low-income bracket

2> 'Energy-efficiency improvement project for the low-income class' has been implemented since 2007 to reduce the economic burden on the low-income class from heating cost

- (Purpose) To reduce housing expenses and improve energy welfare of low-income class by enhancing the environment of energy use

- (Project owner) Korea Energy Foundation commissioned by the Ministry of Trade, Industry and Energy (MOTIE)

- (Project details) Provide support for construction (insulation, installation of doors and windows, and flooring) and supply heating materials (boilers), and conduct energy diagnosis, etc.

- (Outcomes) Supported about 460,000 houses during the period of 2007 and 2018 with the injection of KRW 470 billion

3> Problems of 'energy-efficiency improvement project for the low-income class' were identified with regard to project target, amount of money provided, supervision system, and diagnosis method

- Difficult to find households to provide support if local governments were inactive to discover and recommend them

- Difficult to maximize the implications of project as the same rules and criteria were applied unilaterally

- Private construction companies could report a fake document or add inefficient construction details when they visited the houses for investigation or conducted the construction

- The allocation of insufficient amount of money to diagnosis lead to conduct general analysis on energy consumption by simply measuring the size of heating areas, instead of a precise examination using advanced diagnosis tools

4> Recommend to 'integrate housing improvement project for efficient project implementation', 'differentiate the allocation of subsidies based on the types of housing units and occupation', and 'strengthen the energy diagnosis and establish a cross management and monitoring system' to reduce problems



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Policy implications

- ① (Integrate housing improvement projects) Recommend to integrate housing improvement projects that are currently implemented by several entities simultaneously based on the demand of users in the short-term and unify the source of project providers in the long-term
- ② (Differentiate the allocation of subsidies) Consider an option to increase the amount provided to detached houses with owners that have a huge impact of improving energy efficiency and ensure a stable injection of government fund
- ③ (Mutual monitoring and management system) Strengthen the energy diagnosis by increasing diagnosis fees and direct hiring of personnel in charge of diagnosis, conduct cross monitoring on companies responsible for housing energy diagnosis and constructors to amend monitoring and management system