

Proposal of the Republic of Korea on Export Credits and Coal-Fired Power Plants at the OECD's Export Credit Committees in November 2015

Basic position

- o Korea fully shares the view on the need for discussions on reducing coal fired power plant(CFPP) in order to address climate change and hopes to arrive at a conclusion that would actually lead to reduction of green house gas.
- However, we would like to note that more consideration should be made on the energy welfare of the developing countries which lack in energy source options,
- and also participation of non-OECD countries such as China and India in this effort to guarantee tangible results in reducing green house gas should be promoted.

ROK's Proposal

- o Korea believes that it is appropriate to carry out the discussions with the developing countries; however, respecting the OECD's continued effort in leading the discussion, Korea plans to take part in further discussions on the establishment of a reasonable guideline based on the Chairman's revised proposal.
- o With a consideration for achieving tangible outcome in reducing green house gas and giving regards to the energy welfare of the developing countries, Korea proposes making the categorization CFPP by technology, capacity and country classification.

<Export credit support>

Technology class	Steam parameter (Pressure level/ temperature)	Terms of ECA support		
		HIC	MIC	LIC
Subcritical technology	Pressure below 221bar	Ineligible	10years only if unit is $\leq 400\text{MW}^*$	12years only if unit is $\leq 400\text{MW}$
Supercritical technology	Pressure above 221bar Temperature above 550C/550C	Ineligible	10 years	12 years
Ultra-supercritical technology	Pressure above 221bar Temperature above 566C/593C	12 years		

* unit size

- o Additional discussion on the measures to induce non-OECD countries to participate in restricting official export credits for CFPPs is needed.

Clauses needing further review

1. Prior notifications: apply the duty on prior notifications at a minimum level.

- The current debate on the duty of prior notification exceeds the scope of conventional ECA's notification duty and requiring prior consent from other member countries may impose excessive restriction on the choice of energy.
- ⇒ Thus, in the case of introducing the prior notification, it is more desirable to be implemented only for the purpose of information provision.
- If the carbon emission analysis and financial condition are included in the requirements of prior notification, it may overburden the developing countries with increase in economic cost and time.
- ⇒ Thus, it is more desirable to limit the requirements of prior notification to the level that does not hinder project management and bidding (financial conditions should be made as ex-post notification).

2. Review clause: review after 3 years

- Coal fired power plant projects require 2~3 years for planning, bidding, granting contracts, etc. Therefore, it would require 3 years at minimum to verify their performance and effects of coal fired power plant according to this restriction.

3. Grace period : 1~2 years of grace period required

- Provide a minimum grace period of one or two years so that industries and others can be ready.