



# 2024 Korean energy policy direction

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The Ministry of Economy and Finance announced on 4 January 2024 the “2024 Economic Policy Directions”.

## Key takeaways

In relation to the energy sector, the key takeaways are as follows:

### (1) Introduction of the obligation to stockpile LNG

Like KOGAS, under the newly passed National Natural Resources Security Special Act, direct importers of LNG will be required to stockpile a certain amount of LNG.

### (2) Establishment of the 11th Basic Plan for Power Supply and Demand

The 11th Basic Plan is currently in the process of being drafted.

In alignment with the ‘Global Renewables and Energy Efficiency Pledge’ of COP28, the Korean Government has expressed its intention to participate in the Pledge, which aims to triple the amount of renewable energy generation. Accordingly, an expansion of renewable energy in the energy mix will be expected in the 11th Basic Plan. In this regard, there are residual concerns about securing power transmission lines for the increased renewable energy.

### (3) Revision of REC weighting

The Guidelines on the Management and Operation of New and Renewable Energy Mandatory Supply and Mandatory Fuel Mix System prescribe a review of the REC weighting every three years. The REC weighting will be revised in the second half of 2024. The Korean Government has announced its plan to revise REC weights in the direction of expanding large-scale solar and wind power. We believe that there is a high possibility that the REC weighting for offshore wind power will remain unchanged.

While solar energy plays an important role, it is expected that the Korean Government will take measures to lower the REC weighting for ground-based small-scale solar energy projects along with the end of the small-scale solar fixed-price contracts (FIT) system and the abolition of the unlimited access system for small-sized solar energy. It will be interesting to see if the REC weighting for roof-type solar energy will be increased.

#### **(4) Expansion of support for electricity network usage fees for direct PPAs**

In response to criticism about network usage fees payable to the Korea Electric Power Corporation, the Korean Government is proposing to increase support for network usage fees payable by SMEs that have entered into a direct PPA.

Given that the market of direct PPAs is in its early stage of being established in which large companies are mainly participating, there is a keen interest whether the increase of the support will increase the SMEs' participation in the market of direct PPAs.

#### **(5) Implementation of legislation on special offshore wind power laws**

The Government has announced its intention to continue to pursue the passing of the Special Act on Offshore Wind Power which seeks to simplify licensing procedures and to establish a consultative body consisting of private business entities, central government and local government to obtain acceptance from fisheries more efficiently.

**If you have any questions or need help with the above, please feel free to contact us. Our dedicated Project & Energy Group is recognised as a top ranking team in various international publications such as Chambers & Partners. It is the only Korean law firm that provides a one-stop service that can assist project and energy clients with regulatory advice, project finance, construction and operation and M&A.**

[\[Korean version\]](#) 2024년 경제정책방향 중 에너지정책방향

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