



Developments in Korean Hydrogen Laws

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1. Hydrogen Business Bill

On 17 January 2025, 24 lawmakers from the ruling and opposition parties jointly proposed the Hydrogen and Hydrogen Compounds Business Bill (the “Hydrogen Business Bill”).

The Hydrogen Business Bill sets out certain obligations of hydrogen and hydrogen compound suppliers to promote their participation in the hydrogen business and fair competition, establishes a stable supply and demand management system, and establishes the foundations for a sound hydrogen market.

Key takeaways

- The Hydrogen Business Bill sets out the licensing requirements for entry by various stakeholders into the hydrogen business.
- Business operators providing pipelines or terminal are required to:
 - (i) provide shared access to their infrastructure for other business entities and obtain approval from the Ministry of Trade, Industry, and Energy (MOTIE) for pipeline/terminal facility usage fees and other terms and conditions of use; and
 - (ii) establish a facility construction plan for approval by MOTIE. Once approved, the project is deemed to have received all necessary legal licenses/permits under other applicable laws.
- Under the Bill certain hydrogen business entities must submit a five-year hydrogen (compound) supply plan annually. Based on these plans, the Government forecasts hydrogen (compound) supply and demand and imposes stockpiling obligation on designated hydrogen (compound) stockpile entities.
- The Bill has been submitted to the relevant Parliamentary Committee for review. The timetable for its review and subsequent legislative process is unclear. It may take considerable time before the Bill is enacted.

2. Status of Amendments to Hydrogen Act

- This Amendment Bill was previously introduced in the 21st National Assembly, but elapsed with the expiration of the legislative term. A new amendment bill with the same provisions was reintroduced in the 22nd National Assembly (August 2024). It prioritizes subsidizing the production costs of zero-carbon hydrogen (e.g., green hydrogen) over those of low-carbon hydrogen (e.g., blue hydrogen) and other forms of hydrogen.
- This Amendment Bill is under currently review with the relevant Parliamentary Committee. Under the National Assembly's review report, MOTIE opposes this legislative amendment. Accordingly, its passage remains uncertain.

3. 2024 Clean Hydrogen Power Generation Bidding Market Updates

- In last year's clean hydrogen power generation market, a total capacity of 6,500 GWh was allocated for bidding, but only 750 GWh was awarded to a single public electricity generation company (Korea Southern Power Co., Ltd., aka. KOSPO). All other bidders were not selected as their bid prices exceeded the maximum bid price limit.
- At the end of 2024, clean hydrogen power generation contracts were signed, and after a three-year preparation period, commercial operation is expected to begin by the end of 2027. It is understood that power generation companies have independently issued Invitations to Bid (ITBs) for clean ammonia supply, each conducting separate bidding processes. KOSPO has reportedly signed a clean ammonia fuel supply contract with Samsung C&T, which is expected to import blue ammonia from Saudi Aramco for supply to KOSPO.
- As the awarded volume in 2024 accounted for only about 11% of the initially allocated volume, the remaining volume is expected to roll over to this year, potentially increasing the total allocation. However, based on our understanding, the stance of MOTIE remains uncertain. It is unclear whether the entire unawarded volume will be carried over, and we cannot rule out the possibility of the total allocation not increasing cannot be excluded.

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.

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