



“Special Act on the Promotion of the Artificial Intelligence Data Center Industry” Passes National Assembly Plenary Session

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On May 7, the National Assembly passed the Special Act on the Promotion of the Artificial Intelligence Data Center Industry (the “AIDC Special Act” or “Act”). The Act aims to stimulate investment in AI Data Centers (AIDCs)—a core infrastructure for the government’s vision to become a top-three global AI powerhouse. The Act is scheduled to take effect in February 2027. It has long been pointed out that factors such as power shortages and complex licensing procedures have hindered investment in AIDCs. The Act is designed to resolve these challenges, thereby promoting the swift construction and stable operation of AIDCs.

Notably, as the Act consolidates six bills proposed by both ruling and opposition parties during the 22nd National Assembly, it reflects a bipartisan commitment to support AIDCs as strategic national infrastructure. The main provisions of the AIDC Special Act are as follows.

* Six bills introduced in the 22nd National Assembly were consolidated:

(Ruling Party) 4 bills proposed by Representatives Jeong Dong-Young, Han Min-Soo, Hwang Jeong-Ah, and Cho In-Cheol;
(Opposition Party) 2 bills proposed by Representatives Kim Jang-Gyeom and Lee Hae-Min

1. Key Provisions

(1) A national framework for promoting the AIDC industry has been established.

■ Establishing the legal definition of AIDC

- Article 2 of the AIDC Special Act defines AIDC as a facility established under Article 25(1) of the AI Framework Act that meets the equipment and scale standards to be specified by Presidential Decree (to be finalized).

■ Establishing comprehensive national policies and conducting status surveys

- Comprehensive policies will be established to facilitate swift construction and stable operation of AIDCs, thereby bolstering national competitiveness (Article 5). Furthermore, a cooperative framework with public and private institutions will be established to ensure smooth implementation (Article 6).
- In addition, the Minister of Science and ICT will conduct regular status surveys and publicize the results to promote growth in the relevant industries (Article 7), and implement policies based on accurate statistics (Article 8).

■ Infrastructure and related support

- The government has established a comprehensive framework for support, enabling the prioritized execution of AIDC-related projects—such as constructing roads and power/water facilities—as well as providing capital investment (Article 12), training specialized personnel (Article 14), and promoting international cooperation and overseas expansion (Article 15).

(2) Regulations will be relaxed to promote investment in AIDC.

■ Introduction of “One-Stop” licensing and “Timeout” systems

- A one-stop system has been established (Article 18(1)) to allow AIDC operators to submit a single integrated application to the Minister of Science and ICT for the necessary permits and approvals required by relevant laws. This includes power system impact assessments under the Special Act on Activation of Distributed Energy, consultations on energy use plans under the Energy Use Rationalization Act, and building permits under the Building Act.
- With the introduction of timeout system (Article 18(9)), uncertainty regarding infrastructure construction is expected to decrease. Under this system, unless the head of a relevant agency rejects the permit or approval relating to its jurisdiction in the integrated application, such permit or approval will be considered complete on the day after the prescribed review period expires under the relevant law (e.g., 150 days for power system impact assessments under the Special Act on Activation of Distributed Energy and 90 days for consultations on energy use plans under the Energy Use Rationalization Act).

■ Exemption from “power system impact assessment” for AIDCs outside the Seoul metropolitan area

- To alleviate concentration of facilities in the Seoul metropolitan area, special exemptions will be granted (Article 19) to exempt power system impact assessment* under the Special Act on Activation of Distributed Energy for the construction or expansion of AIDCs outside the Seoul metropolitan area.

* Power system impact assessment is a framework for analyzing and managing the impact of large-scale power-consuming facilities on the power grid in advance.

■ Other special provisions regarding related laws

- A special provision for direct power purchase agreements (PPAs*) has been introduced (Article 20), allowing renewable energy operators under the Electric Utility Act to supply electricity directly to AIDC operators without going through the power market.

* A power purchase agreement is a contract between an electricity generator and a buyer to trade electricity at a pre-agreed price for a specified duration.

° Meanwhile, a proposal to grant a special exception for LNG-based direct PPAs for non-metropolitan AIDCs was also discussed. However, this provision was excluded during the Legislation and Judiciary Committee’s review process due to concerns that directly linking LNG power plant to specific facilities could impose a burden on the operation of the national power grid.

- To address the impracticality of applying standard building regulations—such as elevator and parking requirements intended for occupant-heavy buildings—to AIDCs which are server-centric facilities, a legal basis has been established to allow for different standard based on the specific characteristics and scale of AIDCs (Article 20).

2. Implications

- The existing legal framework did not sufficiently reflect the industrial characteristics of AIDCs, such as their need for large-scale power consumption. Furthermore, licensing delays and regulatory burdens have created limitations in fostering investment.
- With this legislation introducing bold regulatory reforms—such as the “timeout system” and the exemption from power system impact assessments for AIDCs outside the Seoul metropolitan area—the investment climate for AIDCs is expected to improve significantly. Furthermore, the Act clearly underscores a policy shift toward recognizing AIDCs not as mere facilities, but as national strategic infrastructure that determines competitiveness in the AI industry.
- Consequently, relevant companies will need to develop investment strategies that comprehensively consider factors such as site selection, energy procurement structures, and licensing strategies.
- Following the enactment of the Act, close monitoring of enforcement decrees and subordinate regulations will be required for proactive preparation.

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