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Promoting Korean Hydrogen Power in 2026

2026.11.10

On 30 October 2026, the Korea Power Exchange announced the "2026 Competitive Auction for the General Hydrogen Power Generation Market" (the "General Auction") and the "2026 Competitive Auction for the Clean Hydrogen Power Generation Market" (the "Clean Auction").

Key Takeaways

General Hydrogen Power. The General Auction focuses on fuel cell power generation using clean, by-product, and reformed hydrogen. Total volume is reduced to 930 GWh/year with a 20-year contract period from 1,300 GWh/year in 2025.

- **Modified Auction Rules.** A power generation business licence is no longer required to participate in the General Auction, but preferred bidder status will be revoked if the licence is not obtained by 30 June 2027. Bidders must now meet flexibility performance technical requirements to be eligible to participate.
- **Adjusted Evaluation Scores.** Each of the following criteria: 'General Evaluation', 'Environmental Contribution', 'Energy Efficiency' and 'Clean Hydrogen Utilization' receive more points in the non-price evaluation, and a new 'CCUS' (Carbon Capture, Utilization and Storage) item has been introduced. 'Grid Evaluation' and 'Adequacy of Financing Plan' receive fewer points, and 'Permitting Progress' is now excluded from the evaluation criteria.

Clean Hydrogen Power. The Clean Auction focusses on LNG-hydrogen co-firing and 100% hydrogen-fired generation projects, using clean hydrogen only. Total volume is reduced to 500 GWh/year with a 15-year contract period from 3,000 GWh/year in 2025.

- **Modified Auction Rules.** Co-fired facilities that generate electricity using coal together with clean hydrogen or ammonia are no longer eligible to participate. Preferred bidders are now selected in a two-stage process: (i) by non-price evaluation scores (up to 150% of the total auction volume), and (ii) by the combined price and non-price scores. The weight of the non-price evaluation in the final combined score has increased.
- **Adjusted Evaluation Scores.** The 'Industrial and Economic Contribution' and 'Energy Security' categories receive more points in the non-price evaluation, and 'Greenhouse Gas Reduction Contribution' receives fewer points.
- **Revised Delay Penalties.** Completion Delay Penalties now apply 72 months after contract execution. Co-firing generators must use clean hydrogen as fuel to be recognized as having passed the Commercial Operation Date. Co-firing rate shortfall penalties apply on the earlier of 12 months after COD and when Completion Delay Penalties

begin.

- **Operational Risks.** Following commercial operation, if a project falls outside the certified clean hydrogen grade, the contract may be terminated after a six-month grace period. Failure to maintain an annual co-firing ratio of at least 20%, or contracting for excess power volumes relative to actual fuel procurement commitments, may also constitute grounds for termination.

Contract Risks for Both Auctions. If a project fails to satisfy the commitments made in its bid proposal during the operating period, the contract price may be reduced.

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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