



Promoting the Korean Hydrogen Economy

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On 9 May 2022, amendments to the Hydrogen Economy Promotion and Hydrogen Safety Management Act has been passed by the Trade, Industry, Energy, SMEs, and Startups Committee. It still requires review by the Legislation and Judiciary Committee before it will be submitted to the plenary session of the National Assembly for resolution.

Key takeaways

In line with the Government's commitment to carbon neutrality, the amendments focus on clean hydrogen at all stages of its life cycle, including production, distribution, and use of hydrogen.

Highlights of the amendments include:

- defining clean hydrogen;
- requiring certain hydrogen businesses to supply clean hydrogen; and
- establishing a market to purchase and supply hydrogen power.

Other matters to keep an eye on are whether only electricity generated by clean hydrogen should be included in the mandatory purchase and supply quantity obligations, how much weighting is to be assigned to power produced by gray hydrogen or blue hydrogen, etc. These matters are likely to be addressed under the Presidential Decree.

Key details

Article	Category	Description
Article 2	Definition of Clean Hydrogen	Any of the following hydrogen or hydrogen compounds that received a clean hydrogen certificate : (1) Carbon-free Hydrogen : hydrogen that does not emit greenhouse gas (2) Low-carbon Hydrogen : hydrogen that emits only up to the level set by the

		Presidential Decree (3) Low-carbon Hydrogen Compounds: hydrogen compounds that are created for purposes like hydrogen delivery and emit greenhouse gas only up to the level set by the Presidential Decree
Article 25	Pricing System of Natural Gas for Hydrogen Generation	A separate pricing system applies to natural gas used for the production of hydrogen that will be used in hydrogen power generation
Article 25-2	Clean Hydrogen Certificate per Types	Certification is issued for different types of hydrogen or hydrogen compounds that satisfy certain requirements, such as amount of carbon dioxides emitted in the process of production, import, etc.
Article 25-5 Article 25-8	Obligation to Sell and Use Clean Hydrogen	Operators of hydrogen fuel facilities, or businesses that can reduce greenhouse gas emissions by utilizing hydrogen as a raw material or fuel, must sell or use clean hydrogen for a specified percentage of hydrogen sales or use. Penalties may be imposed and collected for non-compliance.
Article 25-6	Obligation to Purchase and Supply Hydrogen Power Quantity	Suppliers of electricity identified under the Presidential Decree must purchase and supply a certain quantity of hydrogen power set every year by the Presidential Decree via the "hydrogen auction market".
Article 2 to Addendum	Exemption for Non-issuance of RECs	Following the amendments coming into effect, RECs will no longer be issued for hydrogen energy and fuel cells. There is no retrospective application of this.

If you have any questions or require assistance regarding the above, please feel free to contact us via the following key contacts. Shin & Kim's Project-Energy Group offers unrivaled, in-depth consultation regarding new and renewable energy laws and systems, project finance, mergers and acquisitions of energy companies, construction of power plants, and complete project development. We are recognized by many legal surveys and are recognised in Chambers as a Band 1 firm in Projects & Energy.

[\[Korean version\]](#) 수소경제육성 및 수소 안전관리에 관한 법률 개정안

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