



New Government Energy Policy Direction

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The government announced “New Government Energy Policy Direction” (the “**New Energy Policy**”) at the cabinet meeting that was presided by the President Yoon on July 5, 2022.

The New Energy Policy elaborates on the government’s campaign promises, with the goal of expanding the nuclear energy ratio to a minimum of 30% by 2030, establishing energy security, shifting focus from energy supply to energy demand efficiency, and alleviating monopoly on sale of electricity.

Key Takeaways

The New Energy Policy intends to “replace prior government’s energy policies, including the prior administration’s “Energy Conversion (Denuclearization) Roadmap” (October 2010) and the Third Energy Master Plan (June 2019).

No specific measures have been announced by the Yoon administration to enhance the competitiveness of new and renewable energy industries, despite its expression of support for technology development and expert training. As such, the details of support the new government will provide for the new and renewable energy sectors (e.g., technology, experts, and direct PPA) remain to be seen.

Key Details of the New Energy Policy

Matter	Policy	Description
Re-establish Energy Mix	Expand Nuclear Power Ratio	• Expand nuclear power ratio to at least 30 % with the expedited construction of Shin-hanul units 3 and 4 and continuous operation of nuclear power plants
	Adjust Renewable Energy Ratio	• Determine appropriate renewable (including solar and wind) energy ratio in light of feasibility and resident’s willingness to accept

		※ To be reflected in the “10th Basic Plan for Power Supply”
	Establish Electricity Grid	<ul style="list-style-type: none"> • Prepare ways to stabilize renewable energy system • Enact the “Special Act on Facilitation of Distributed Energy”
Ensure Resource Security	Enact Special Act	<ul style="list-style-type: none"> • Enact the “Special Act on Resource Security” • Establish resource security control towers (including Resource Security Committee, Resource Security Center, etc.) • Expand the scope of resource security <p>※ Not only the key resources (oil, gas, and coal) but also minerals, hydrogen, other renewable energy, uranium, etc., will be part of the “resource security.”</p>
	Oil and Gas	<ul style="list-style-type: none"> • Increase government oil reserves, LNG storage facilities, private parties’ joint-use of gas storage facilities of KOGAS, private parties’ direct imports of LNG, etc.
Shift from Energy Supply to Energy Efficiency	Regulate Corporate Demands	<ul style="list-style-type: none"> • Incentivize high energy consumption companies (annual consumption of at least 200,000 TOE) to set and agree to innovative efficiency targets
	Regulate Transportation Sector	<ul style="list-style-type: none"> • Price electricity vehicles’ electricity bills by different classes • Introduce a fuel economy system for medium and large vans and trucks
Improve Electricity Market Structure	Alleviate Market Monopoly	<ul style="list-style-type: none"> • Gradually alleviate monopolistic sales structure by expanding permissible transactions of the direct PPA
	Electricity Price	<ul style="list-style-type: none"> • Transition step-by-step to the price-bidding pool system and introduce a bilateral bidding system that allows the demand side to bid as well • Provide the principle to compensate the total production cost and expand charges linked with the production cost

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

[\[Korean version\]](#) 「새정부 에너지정책 방향」 발표

Key Contacts

Michael Chang

Senior Foreign Attorney

+82-2-316-4653

mchang@shinkim.com

Su-Yong Jung

Partner

+82-2-316-4345

syjung@shinkim.com

Hyun Mi Cho

Partner

+82-2-316-1643

hmcho@shinkim.com

Se Ra Song

Foreign Attorney

+82-2-316-1695

srsong@shinkim.com

Sang-Hyun Lee

Partner

+82-2-316-4068

shlee@shinkim.com

Seung Gyu Yang

Partner

+82-2-316-4048

sgyang@shinkim.com

Jae Wook Ryu

Partner

+82-2-316-1635

jwryu@shinkim.com