



Proposed Changes to Energy Mix

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On August 30, 2022, the Ministry of Trade, Industry and Energy (“**MOTIE**”) released a working-level draft (the “**Draft**”) of the 10th Basic Plan for Power Supply and Demand (the “**10th Basic Plan**”). The 10th Basic Plan is a mid-to-long-term (15-year) plan that forecasts power demand and designs power facilities and power configurations for stabilization in power supply and demand. The 10th Basic Plan is still a draft and will be finalized after it is reported to the National Assembly’s Standing Committee and public hearings and the review of the Electricity Regulatory Committee are completed.

Key Takeaways

The Draft notes the "abolition of nuclear phase-out policy" and "strengthening energy security" as the core objectives of the 10th Basic Plan. With respect to the energy mix, the proportion of nuclear power is to be increased significantly and the proportion of renewable energy decreased significantly. This is in stark contrast with the greenhouse gas emission reduction targets of October 2021 and the predecessor 9th Basic Plan.

Key Details

According to the Draft, the peak demand for electricity in 2036 is predicted to be 117.3GW, and the energy to be generated in 2030 will consist of 32.8% of nuclear power, 21.2% of coal, 20.9% of LNG and 21.5% of renewable energy.

The following compares the foregoing with the emission reduction targets of October 2021.

Energy mix	October 2021	Draft
Nuclear	24.9%	32.8%*
Renewable energy	30.2%	21.5%
LNG generated	19.5%	20.9%

The Government intends to introduce a price-based pool (PBP)** and a two-way bidding pool***. It plans to establish a forward market as well as a real-time market and auxiliary service market for the dispersion of risks in the single market and diversification of energy in the electricity market.

The Government continues to pursue the gradual expansion of the permissible types of private power purchase agreements (PPAs).

* Six new nuclear plants to be added to existing 12.

** PBP: Under this scheme, power generation companies will directly bid on electricity prices and trade electricity through selected generators, unlike the current cost-based pool (CBP).

***A two-way bidding pool allows both supply-side and demand-side to bid.

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 LLC'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 the Projects & Energy sector.

[\[Korean version\]](#) 제10차 전력수급기본계획 실무안 공개

Key Contacts

Michael Chang

Senior Foreign Attorney

+82-2-316-4653

mchang@shinkim.com

Sang-Hyun Lee

Partner

+82-2-316-4068

shlee@shinkim.com

Su-Yong Jung

Partner

+82-2-316-4345

syjung@shinkim.com

Seung Gyu Yang

Partner

+82-2-316-4048

sgyang@shinkim.com

Jae Wook Ryu

Partner

+82-2-316-1635

Hyun Mi Cho

Partner

+82-2-316-1643

jwryu@shinkim.com

hmcho@shinkim.com

Se Ra Song

Foreign Attorney

+82-2-316-1695

srsong@shinkim.com

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