



Release of Korean Draft Dispersed Energy Promotion Regulations

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The Dispersed Energy Promotion Special Act (the “Dispersed Energy Act”) is to become effective as of 14 June 2024. The Ministry of Trade, Industry and Energy released on 19 December 2023 a draft of each of the Enforcement Decree and Enforcement Rule.

MOTIE is to revise the draft Enforcement Decree and draft Enforcement Rule having regard to any public opinion received up to 29 January 2024.

Key takeaways

The takeaways are as follows.

1. Those who are required to install dispersed energy facilities will be the owner of a building that is expected to use more than 200,000 MWh of energy annually, or the developer of a project with an area of over one million square meters. This threshold aims to balance the regional energy supply and demand and address the lack of transmission lines and to reduce transmission losses.
2. General power generation facilities which have at least 40 MW capacity or are located near the area where power is in demand that can minimise the need for the construction of transmission lines will also be deemed as dispersed energy power generation facilities.
3. Heat energy under the Integrated Energy Business Act is also included as dispersed energy taking into account the need to foster thermal energy as dispersed energy due to the difficulty of long-range transmission.
4. The areas that are required to conduct an electric grid impact assessment will be announced by MOTIE in the future. Acceptance by local residents will be one of the items to be assessed.
5. As a regulatory exception for dispersed energy-specialized areas, it is expected that dispersed energy suppliers will be able to directly install distribution facilities within the specialized areas. The basis for the installation, operation, and management of power distribution facilities has been established.
6. It is expected that direct power transactions within the specialized area will be facilitated by providing a basis for partial or full reduction of the usage fees of the distribution network when direct power transactions are

conducted within the specialized area.

7. Although the Dispersed Energy Act provides a basis for cost subsidies or loans to promote the development and distribution of dispersed energy, there is still a lack of clarity on how such support is to be provided to dispersed energy businesses.

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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