



Korean Direct Power Transactions in Dispersed Energy Specialised Areas

2024.10.02

Under Article 43 of the Dispersed Energy Promotion Special Act (the “**Dispersed Energy Act**”), which took effect on June 14, 2024, dispersed energy suppliers who install power generation facilities in a dispersed energy-specialised area (a “**Specialised Zone**”) can supply electricity directly to electricity users in such zones without having to go through the electricity market.

Further details relating to direct power transactions within a Specialised Zone have been set out in a public notice released on 5 September 2024. The public are free to provide comments on the details to the Ministry of Trade, Industry and Energy (MOTIE) until 30 September.

Key Takeaways

1. The notice establishes a broad framework for the matters to be covered by a direct power transaction contract such as the contract period, and the method of calculating the power price.
2. Dispersed energy suppliers must supply at least 70% of the monthly power usage of electricity users, and if the electricity produced by the supplier falls short of such minimum supply, such supplier may receive electricity from KEPCO for an additional fee and sell it to the electricity user.
3. Excess electricity after supplying to electricity users can be traded in the electricity market or traded with electricity sellers.
4. The term of the direct power transaction contract must be a minimum of one year. The monthly power price is calculated by multiplying the transaction unit price by the supply volume for each time slot.
5. Direct power transactions must be through the transmission and distribution network installed by KEPCO. If it is necessary to expand the transmission and distribution network, the dispersed energy supplier is required to apply to KEPCO for the construction of the relevant facilities and cannot build such facilities itself.
6. MOTIE is finalising guidelines for the designation of Specialised Zones before the end of the year, and in Q1 2025 designate the relevant zone through a public RFP process.
7. A report is to be filed with MOTIE for the execution, or amendment of, a direct power transaction contract. Such report must be made by the dispersed energy supplier through KEPCO at least three months prior to the

scheduled date of initial power supply.

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.

[\[Korean version\]](#) 분산에너지 특화지역에서의 전력 직접거래 등에 관한 고시 행정예고

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