



# Korea's Second 2025 ESS Central Contract Market Tender

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On 27 November 2025, Korea Power Exchange (KPX) announced the 2025 Second Energy Storage System (ESS) Central Contract Market competitive tender, comprising of a tender on the mainland and a pilot in Jeju Island. The tenders will procure 540 MW of new, stand alone ESS by 2027 — 500 MW on the mainland and 40 MW on Jeju Island — to support grid stability and manage renewable intermittency under the Electric Utility Act (Article 43) and the Rules on the Operation of the Electricity Market (Chapter 15).

## 1. Key takeaways

- **Contract term and performance:** 15-year term. For the mainland, ESS installations must achieve at least 383 charge/discharge cycles per year (5,745 over the term). The guaranteed lifespan and operating efficiency must be maintained at no less than 70% and 65%, respectively, for the full 15-year term.
- **Tender schedule:** Proposals and business plan are due 12 January 2026, together with supporting documents by 16 January 2026.
- **Eligible facilities:** New, stand-alone ESS. Facilities that have been traded under other schemes (e.g., RPS) or received subsidies are restricted from participating.
- **Technical and system design requirements:** Must comply with KEPCO interconnection standards. Adequacy of power generation facility test reports must be confirmed before trial operation. Bid stage evidence should address interconnection and control capability. Grid forming capability applies if the requirement is adopted before contract conclusion.
- **Bidding rules:** One facility per bid. Facilities in the same administrative district are presumed a single facility unless proven otherwise.
- **Consortium:** Where bidders participate as a consortium, project implementation must proceed through a special purpose company (SPC).
- **Successful bid criteria:** 50:50 price vs non price. Projects scoring below 40% on any specified non price indicator are excluded from evaluation for price.
- **Non price criteria:** Greater weight on fire and facility safety and grid stability. More granular testing (e.g., flash point, thermal runaway onset/behaviour). Projects must submit a battery installation plan with appropriate SOC

(State of Charge) limits to prevent overcharge.

- **Completion and penalties:** Completion deadline is December 2027. Penalties for delays have been tightened, with delays exceeding 60 days from the scheduled completion date being subject to the penalty (previously 180 days).

## 2. Jeju Island-specific provisions

- **Arbitrage mechanism:** Daily charge/discharge plans (up to six hours/day within rated storage). Operators can charge at low SMP and discharge at high SMP. KPX reflects submitted plans in the day ahead and real time generation plans and issues dispatch instructions accordingly.
- **Revenue calculation:** Revenues are settled against a monthly expected arbitrage revenue equal to 40% of the bid price  $\times$  24 hours  $\times$  calendar days (28 to 31)  $\times$  awarded capacity (MW). Three bands apply to actual arbitrage revenue: up to 1x expected arbitrage revenue ( $\times$ 1.0), 1 to 3x ( $\times$ 0.25), and above 3x ( $\times$ 1.0).
- **Price split:** Contract price set at 60% of the bid price. 40% is reserved for expected arbitrage revenues.
- **Operational control:** KPX may determine the charge/discharge plan for the entire planned volume to maintain system stability, and operators must comply with any published requirements (including prohibited discharge hours announced the day before).
- **Project costs:** Unlike the mainland, Jeju Island total project cost estimates include charging costs as operators can generate revenue through arbitrage.

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.

[\[Korean version\]](#) 2025년 제2차 ESS 중앙계약시장 경쟁입찰 공고

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