It is expected that the South Korean Government’s strong initiatives and plans to deploy clean energy and attain the goals stated in the “Renewable Energy 3020” initiative will open up investment opportunities for both Korean and international sponsors, investors and financiers.

Joo Hee Lee, Managing Partner, Seoul
Executive summary

> The emerging offshore wind market in Asia (including, in particular, Taiwan, South Korea and Japan) has been drawing significant interest from both international and domestic developers, investors and financiers.

> In December 2017, the South Korean Government (the “Government”) announced its plan to increase the share of renewable energy from 7.0% in 2016 to 20% by the year 2030 – called the “Renewable Energy 3020” implementation plan. In June 2019, the Government set out its initiatives and guidelines for its energy policy and strategies from 2019 to 2040 in the “3rd Basic Energy Plan”. The 3rd Basic Energy Plan reinforces the Government’s plan to increase renewable energy share, as set out in the “Renewable Energy 3020” implementation plan.

> Large-scale solar projects are a possible solution to achieve the renewable energy target but are constrained by land, environmental and permit issues. An increasing focus has therefore been put on offshore wind power. New offshore wind facilities with installed capacity of 12GW are targeted to be built in Korea between 2018 and 2030 in order to meet the 20% target.

> A key challenge for developing offshore wind projects in Korea is the lack of track record of large-scale commercial offshore wind projects, in particular, those with international participation, as most of the offshore wind projects developed to date have been led by the Government. Potential grid constraints and lack of a well-developed REC sale and purchase agreement are additional key concerns.

> Despite the challenges, the Korean offshore wind market remains attractive given the favourable topography (for example in the South and North Jeolla provinces), the well-developed infrastructure and the strong initiative and support by the Government.

> The key support mechanism for renewable energy projects is the Renewable Portfolio Standard ("RPS") scheme which replaced the previous feed-in-tariff mechanism. The RPS scheme requires large generators (with 500MW or higher generating capacity) to produce a minimum proportion of their power using new and renewable energy sources or to satisfy this requirement by purchasing renewable energy certificates ("RECs") from renewable energy generators.

> Offshore wind energy has been given the highest weight value for RECs by the Government, ranging from 2.0x to 3.5x depending on the distance between the interconnection facilities.

> This paper also examines the key regulatory bodies, legislative framework and permits relevant to the development of offshore wind projects in Korea.
Background
1 Background

While Korea’s offshore wind industry is at its initial stage of development, the industry stands at a turning point with the election of President Moon Jae-in in 2017. By reducing the country’s reliance on coal and nuclear energy, Moon’s energy policy focuses on increasing renewable and other clean energy in order to bring Korea’s use of renewable energy to OECD standards. New offshore wind facilities with installed capacity of 12GW are targeted to be built in Korea between 2018 and 2030 in accordance with the “Renewable Energy 3020” implementation plan announced by the Government on 20 December 2017, which sets out the Government’s plan to increase the share of renewable energy from 7.0% in 2016 to 20% by the year 2030. This initiative has been reaffirmed in the “3rd Basic Energy Plan” released by the Government in June 2019 which sets out a more long-term target of increasing the share of energy generated from renewable sources to 30-35% by the year 2040 and ceasing the build of new coal-fired or nuclear power plants. A detailed plan on how this could be achieved will be addressed and implemented in the “9th Basic Plan for Long-term Electricity Supply and Demand” which is expected to be released by the end of 2019.

1.1 Clean energy – Breakdown by energy source

On 29 December 2017, the Ministry of Trade, Industry and Energy (“MOTIE”) released the “8th Basic Plan for Long-term Electricity Supply and Demand”, which supplements and details the Government’s plans to deploy clean energy and attain the goal stated in the Renewable Energy 3020 initiative by carrying out large-scale projects and power generation businesses that promote residents’ participation.

- **2017**: 15.1GW in total
  - Solar PV: 0.2GW (1%)
  - Waste: 0.3GW (2%)
  - Bio: 3.5GW (25%)
  - Hydro power: 2.3GW (15%)
  - Wind power: 5.7GW (38%)
  - Others: 0.5GW (3%)

- **2020 (2018-2030)**: 48.7GW in total
  - Solar PV: 1.2GW (2%)
  - Waste: 0.4GW (1%)
  - Bio: 1.8GW (6%)
  - Hydro power: 1.2GW (2%)
  - Wind power: 30.8GW (63%)
  -Others: 3.6GW (7%)

- **2030**: 63.8GW in total
  - Solar PV: 2.3GW (4%)
  - Waste: 1.0GW (6%)
  - Bio: 3.5GW (5%)
  - Hydro power: 2.5GW (4%)
  - Wind power: 36.5GW (57%)
  - Others: 3.8GW (6%)

Source: English Translation of Renewable Energy 3020
1.2 Clean energy – Breakdown by project size

![Diagram showing project breakdown]

Source: English Translation of Renewable Energy 3020

1.3 Clean energy – Policy supports

To accelerate Korea’s renewable energy deployment and create a competitive market for the sector, the Government replaced the feed-in tariff system with the RPS scheme in 2012. The RPS scheme requires 21 state-owned and private companies with installed capacity of 500MW or larger to produce a minimum portion of their power using new and renewable energy sources, with the yearly RPS target designed to rise gradually from 2012 to 2023. Power companies are required to meet their RPS targets by investing in renewable energy installations themselves or by purchasing RECs on the Korea Electric Power Exchange (the “KPX”). Please see Section 3 (Policy and Regulatory Overview) for a more detailed description of the RPS scheme.

The REC weight value (which is assigned based on the technology used, location and size of the installation) for offshore wind was adjusted for the second time on 25 June 2018, following experts’ analysis showing offshore wind to be superior to other energy sources including solar and onshore wind in terms of economic efficiency and meeting policy goals.

1.4 Renewable energy – Analysis of generation costs

![Chart showing generation costs]

Source: English translation of the presentation slides used during the “2018 REC Weight Value Adjustment Public Hearing”
1.5 Renewable energy – Analysis of policy performance

The final score of each energy source was determined by integrating the factors related to economic efficiency and policy performance as shown in the chart below. Offshore wind energy was scored the second highest after renewable-linked ESS. Please see Section 3 (Policy and Regulatory Overview) for a more detailed description of the REC system.

Source: English translation of the presentation slides used during the “2018 REC Weight Value Adjustment Public Hearing”

1.6 REC weight value – Integrated evaluation

The final score of each energy source was determined by integrating the factors related to economic efficiency and policy performance as shown in the chart below. Offshore wind energy was scored the second highest after renewable-linked ESS. Please see Section 3 (Policy and Regulatory Overview) for a more detailed description of the REC system.

Source: English translation of the presentation slides used during the “2018 REC Weight Value Adjustment Public Hearing”
1.7 Challenges

The Government’s initiatives are focused more on offshore wind than onshore wind due to issues related to residents’ acceptability as well as limitations in land space. However, implementation of government-led offshore wind projects have been delayed for several years due to a number of setbacks and challenges.

Below are some of the challenges which have been highlighted in relation to developing an offshore wind project in Korea:

1.7.1 Opposition from local residents

Offshore wind farm development projects carried out so far have faced strong opposition from local residents. For example, fishermen living in Ulsan and nearby cities have expressed concerns relating to possible reduction of fishing zones and disruptions to the marine ecosystem caused by the noise, vibration and chemical leakage from turbines and electromagnetic fields created from high-voltage power lines. Residents’ strong opposition is said to have led to delays in the approval and permit procedures in previously developed projects. In order to address this, the Government has introduced development models which promote co-existence of offshore wind projects with the fisheries industry and equity participation by the residents.

1.7.2 Meteorological impediments

Compared with Europe, where the intensity of wind allows for the development of large-scale wind turbines, the lower intensity of wind in Korea requires power companies to develop low-velocity offshore wind power generation facilities.

1.7.3 Lack of track record

Except for China and now Taiwan, most countries in Asia lack the track record of developing and operating large-scale commercial offshore wind projects unlike the U.K. and Germany, which lead the global offshore wind market.

While Korea has a strong track record of delivering large scale energy and infrastructure projects, offshore wind is still at a nascent stage. In particular, there is currently no well-established sale and purchase agreement for RECs generated from wind farms in Korea. As such, the terms and conditions of those agreements will require a certain amount of negotiation between the parties to meet the bankability concerns of international financiers.

1.7.4 Military restrictions

Many of Korea’s naval bases are situated in the southern coast which provides favourable conditions for constructing offshore wind installations. However, the Ministry of National Defence (“MOND”) has expressed opposition to the construction of wind power installations that could interfere with military operations. A continuous dialogue between MOTIE and MOND would be needed in order to address such concerns of the MOND.
1.8 Positive factors
Positive factors that make offshore wind in Korea attractive, are:

1.8.1 Topography
The maritime environment of the Southern and Northern Jeolla provinces, where more than 90% of the ongoing offshore wind projects are located, provides favourable conditions for constructing offshore wind installations. In particular, the South Jeolla province holds 45% of the nation’s offshore wind power potential (9.9GW out of 22GW), and the velocity and direction of wind in this area is more stable than other parts of the country.

1.8.2 Government’s policy initiative to expand offshore wind power
In June 2018, as a follow-up to the Renewable Energy 3020 initiative, the Government announced plans to expand offshore wind power generation together with other sectors such as the shipbuilding and marine industries. The Government’s support for offshore wind projects in cooperation with municipalities is also expected to boost the development of this sector.

1.8.3 Competitiveness of other related industries
Offshore wind turbines use many of the same technologies used in the shipbuilding industry. Korea has one of the most technologically advanced shipbuilding industries in the world and experts are of the view that applying these technologies to the development of offshore wind turbines would enable Korea to catch up to other leading nations in the offshore wind industry. For instance, more than 750 parts manufacturers, shipbuilders and offshore plant builders are located in the country’s southeast region and there have been comments by the industry that the Government could consider establishing a floating offshore wind farm cluster in this region, thereby utilising the synergies resulting from various manufacturers and builders being located in the same region.

1.8.4 Strong legal system
Korea has a well established legal system recognising the rule of law. Large commercial disputes are heard by the regular civil courts (other than patent related disputes which are brought before the patent court). Korean courts will also give effect to choice of foreign governing law in commercial contracts between private parties and will recognise and enforce foreign judgments without re-examining the merits, subject to satisfaction of the usual conditions (including reciprocity of judgements and no breach of public policy).

There are no general restrictions on the investment by foreign investors into the offshore wind sector in Korea, although foreign exchange and other regulatory requirements (primarily of a procedural nature) may apply.
Growth Potential of Offshore Wind in Korea
2 Growth Potential of Offshore Wind in Korea

2.1 Offshore wind – Growth potential

Renewable Energy 3020 plan is providing growth momentum to offshore wind in Korea.

The Renewable Energy 3020 plan contemplates the new build of 12GW of offshore wind power by 2030.

As of October 2019, there is or are currently i) one offshore wind farm in commercial operation on Jeju Island (30MW), ii) three offshore wind turbines in operation in Jeju and Gunsan for research purposes (totalling 8MW), iii) one offshore wind farm under construction in Buan, North Jeolla Province (60MW, as part of the Southwest Offshore Wind Project), iv) four projects in Ulsan in development and v) 22 projects in preliminary development (totalling 4.8GW). A map showing these projects is set out below.

A notable progress reported recently is that certain large foreign investors have teamed up with Korean partners to develop floating offshore wind farms in Ulsan, one of which could potentially start construction in 2022 and operation in 2024. Ulsan has been an active supporter of the offshore wind sector and has signed a Memorandum of Understanding with several foreign and domestic investors to develop and implement floating offshore wind farms in Korea. Success of these front-running projects should attract more long-term investment from foreign and domestic sponsors, investors and financiers in the future.

2.1.1 Offshore wind farms in the pipeline


(Original source is modified to include references to the 2GW Offshore Wind Projects in Ulsan.)
Policy and Regulatory Overview
3 Policy and Regulatory Overview

3.1 Electricity sale – Cost based pool system
Save for limited kinds of exempted sales, Korean generators compete to sell power into an hourly auction pool operated by KPX, with Korea Electric Power Corporation (“KEPCO”) acting as sole buyer – see Section 3.5 below for further information relating to KEPCO and KPX.

Wholesale electricity prices have two main components: i) a system marginal price (“SMP”) largely representing variable costs of generation and ii) a capacity payment (“Capacity Payment”) largely representing fixed costs of generation.

KPX determines SMP on an hourly basis by reference to the variable cost of generation of the most expensive generating unit which is entitled to be dispatched to meet the projected electricity demand for that trading hour.

Renewable energy generators only pay SMP but not Capacity Payments. Renewable energy generators also benefit from the RPS scheme as outlined below as well as priority of dispatch over non-renewable energy generators.

3.2 Renewable Portfolio Standard scheme
The key support mechanism for renewable energy projects is the RPS scheme which replaced the previous feed-in-tariff mechanism in 2012.

The RPS scheme requires generators (both state and non-state owned) which have power generating facilities of over 500MW to produce a minimum portion of their power using new and renewable energy sources (the “Required Generators”). There are currently 21 Required Generators. Non-complying power companies must pay a financial penalty up to an amount which is 50% above the average market price of RECs for that year.

As shown in the table below, the minimum portion of new and renewable energy sources which Required Generators must use is 6% as at 2019. This figure is set to increase to 10% by 2023.

<table>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Portion (%)</td>
<td>3.0</td>
<td>3.5</td>
<td>4.0</td>
<td>5.0</td>
<td>6.0</td>
<td>7.0</td>
<td>8.0</td>
<td>9.0</td>
<td>10.0</td>
</tr>
</tbody>
</table>

Required Generators may satisfy the requirements under the RPS scheme by either investing in eligible generation themselves or purchasing RECs. The number of RECs allocated for electricity from renewable sources varies depending on the technology used, the location of the project and the size of the installation.

1 These targets are subject to review and adjustment by MOTIE every three years.
3.3 Renewable Energy Certificate (REC)

Eligible renewable generators are issued with RECs by the Korea Energy Agency in numbers which reflect the MWh they generate and the relevant weight values – please see below the table setting out the current effective weight values for offshore wind. Only those generation facilities which are certified and registered as a qualifying facility by the head of the New and Renewable Energy Center are eligible for RECs.

The current weight values for offshore wind are set out below.

<table>
<thead>
<tr>
<th>Standard</th>
<th>Weight Value</th>
</tr>
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<tbody>
<tr>
<td>Interconnection distance of 5km or less</td>
<td>2.0</td>
</tr>
<tr>
<td>Interconnection distance of more than 5km but less than or equal to 10km</td>
<td>2.5</td>
</tr>
<tr>
<td>Interconnection distance of more than 10km but less than or equal to 15km</td>
<td>3.0</td>
</tr>
<tr>
<td>Interconnection distance of more than 15km</td>
<td>3.5</td>
</tr>
</tbody>
</table>

RECs may be sold to the Required Generators separately from the underlying electricity with respect to which those RECs were issued. RECs can be traded either on the spot market (operated by the KPX) or under long term contracts. Given the high capital cost of offshore wind projects and likely need for investor certainty as well as to support any long term project financing, it is expected that developers of offshore wind projects will favour long term contracts over spot trading.

The six state owned power generation companies (the “GenCos”) are required to purchase a minimum amount of RECs using the fixed price contract regime administered by the New and Renewable Energy Center. This regime contemplates a 20 year sale at a fixed price based on a standard form contract (as set out in the Regulations on the Issuance of Supply Certificates and Operation of the Trading Market) where the REC seller is selected through a bidding process. To date, participating sellers in this bidding process have been solar power generators. However, there are no legal restrictions for offshore wind developers to participate in such bidding process.

“North Asia is attracting significant attention from the global renewables industry. With the right support from the Government to underpin its ambitious plan, South Korea could become a market leader in the development of offshore wind projects.”

James McLaren, Partner, Hong Kong
Asia Head of Renewable Energy
3.4 Other regulatory and policy initiatives
Korea has implemented a number of other regulatory and policy initiatives to reduce carbon emissions and support the renewable energy sector, including:

3.4.1 Recent amendments to the EB Act
Amendments to the Electricity Business Act (the “EB Act”) (promulgated in March 2017) require MOTIE to give comprehensive consideration to the economic feasibility, environmental impact and public safety of electrical generation facilities when preparing a basic and comprehensive electricity policy and KPX likewise must give comprehensive consideration to the economic, environmental and safety impacts in the operation of the electricity market and power system in Korea.

3.4.2 Renewable Support Regulations
The Regulations relating to Support for New and Renewable Energy Facilities etc. (the “Renewable Support Regulations”) was enacted by MOTIE pursuant to the Act on the Development, Use and Diffusion of New and Renewable Energy (the “Renewable Energy Act”). Pursuant to the Renewable Support Regulations, the Korean Government lends funds required for the manufacture, production and installation of new and renewable energy facilities through financial institutions, as decided by the head of the New and Renewable Energy Center. According to the New and Renewable Energy Center website, the lending process is as follows: i) the Center prepares an annual business plan and publishes it on its website; ii) a loan applicant applies online; iii) the Center reviews such applications and issues a “recommendation letter”; and iv) the recipient of such recommendation letter submits an application to certain financial institutions to receive funding. Loans of up to KRW10,000,000,000 may be granted for the purpose of financing the installation of new and renewable energy facilities, with repayment deferred for 5 years and then repaid in instalments over 10 years, with a quarterly floating interest rate (as published by the Center on its website) applying.

3.5 KEPCO, KPX and key regulatory bodies
3.5.1 KEPCO
The majority state-owned entity KEPCO controls almost all aspects of electricity generation, transmission, distribution, and retail sales in Korea. In 2001, KEPCO’s generation assets were divided into the GenCos. Although this initial restructuring included plans to subsequently divest KEPCO of these subsidiaries, the reform stalled in 2004, and KEPCO still owns each of them. Apart from KEPCO, a small number of independent power producers (“IPPs”) participate in the Korean electricity market. As of October 2019, KEPCO and the GenCos produce about 69% of all electricity and the IPPs produce the remaining 31% of electricity.

3.5.2 KPX
KPX, also established in 2001 as part of the electricity sector reform, coordinates the wholesale electric power market and determines prices charged by generators to the KEPCO grid. As mentioned above, generation companies compete to sell power into an hourly auction pool operated by the KPX, with KEPCO acting as sole buyer. The auction pool is a “cost-based pool,” meaning that the generation companies are required to bid at their variable cost of operations. That said, end-use electricity prices in Korea are regulated by the government and not necessarily tied to the actual cost of generation and distribution.

3.5.3 MOTIE
Under the EB Act, MOTIE is vested with the responsibility of establishing and implementing overarching policies relating to the energy sector including the electricity market. MOTIE’s primary responsibilities include (among others): i) preparation of policies for the supply and demand of electricity; ii) issuing licences for electricity generation businesses; iii) approval of charges for the use of KEPCO’s transmission and distribution assets; iv) oversight of KEPCO and KPX; v) oversight of compliance by electricity generation businesses; and vi) approving applications for the construction of new electricity generation projects and conducting pre-use inspections.
3.5.4 Korea Energy Agency

The Korea Energy Agency was established in 1980 to implement “energy use rationalisation” projects for the purposes of reducing greenhouse gas emissions and promoting Korea’s healthy economic development. The Korea Energy Agency is responsible for systematic optimisation of energy consumption, the identification of energy saving methods in energy intensive businesses and providing energy audit services.

3.5.5 New and Renewable Energy Center

The New and Renewable Energy Center focusses on the development of new and renewable energy. The Korea Energy Agency and the New and Renewable Energy Center work closely together in the implementation of the RPS regime. The New and Renewable Energy Center’s role includes certifying generation facilities and assigning the relevant weight value to each facility for the purpose of REC issuance. The Korea Energy Agency issues the RECs to each generation facility in accordance with the certification and weight value assigned by the New and Renewable Energy Center.

3.6 Legislative framework

The primary legislative instruments for the renewable energy sector in Korea are the EB Act and the Renewable Energy Act.

In addition, a range of other laws and regulations (together with subordinate presidential and ministerial decrees) will be relevant to the development of an offshore wind project in Korea including (among others) those relating to the environment, construction, planning, land and sea-bed rights, fisheries rights and health and safety.

These include:

> National Land Planning and Utilization Act;
> Public Waters Management and Reclamation Act;
> Electric Power Source Development Promotion Act;
> Environmental Impact Assessment Act;
> Act on the Allocation and Trading of Greenhouse Gas Emission Permits;
> Rules on Operation of the Electricity Market;
> Regulations on Issuance of Authorized Certificate and Trade Market Operation;
> Transmission/Distribution Regulation;
> Basic Energy Plan;
> Basic Plan on Supply and Demand of Electricity; and
> Basic Plan for New and Renewable Energy.

The generation, transmission and distribution of electricity in South Korea is a regulated business with the principal legislation governing such regulation being the EB Act. The EB Act provides for, among other things: i) the granting of licences to engage in specified electricity businesses (including, in particular, generation, transmission, distribution and retail sales); ii) protection of electricity customers; iii) prohibition of certain unfair activities; iv) a wholesale electricity market, constitution and responsibilities of the electricity regulatory body; and v) safety management relating to electricity equipment.

The Renewable Energy Act prescribes key matters in relation to new and renewable energy businesses including the rules and procedures with respect to the RPS scheme discussed in Section 3.2 above.
3.7 Key permits and approvals

The permitting process for the development of an offshore wind project in Korea involves liaising with different authorities, including MOTIE, KPX, KEPCO, local government, Korea Electrical Safety Corporation, the New and Renewable Energy Center, the Ministry of Environment, the Public Waters Management Agency and the Ministry of Oceans and Fisheries.

An offshore wind project in Korea would typically require at least:

- the issuance of an electricity business licence;
- the issuance of an environmental impact approval;
- the issuance of a development activity permit;
- approval/reporting of a construction plan for electric installations;
- pre-use inspection;
- execution of electricity supply and demand contract;
- registration as member of the KPX;
- business commencement reporting; and
- facility certification.

3.8 Grid allocation and connection

KEPCO presently holds a monopoly over the transmission, distribution and sale of electricity in Korea. Developers of offshore wind projects are required to enter into a grid connection agreement with KEPCO, the terms of which are regulated by KEPCO’s Rules on the Use of Transmission and Distribution Facilities.

KEPCO is required to agree to connect to its grid all electricity generation projects which have obtained the necessary permits and approvals, including the electricity business licence. In order for a developer to obtain its electricity business licence, KEPCO must give its confirmation to MOTIE that there is sufficient grid capacity to connect the new project. There is currently no system in place for priority in grid connection for offshore wind or other renewable energy projects.
Conclusion

Implementation of Renewable Energy 3020 and the 3rd Basic Energy Plan will open up numerous investment opportunities for both Korean and international sponsors, investors and financiers.

With the challenges that come with solar and onshore wind, the South Korean Government is putting more focus on offshore wind thereby giving higher REC weight values to offshore wind projects.

There however remain a number of areas which will no doubt need to be analysed and mitigated against for successful development and implementation of offshore wind projects in Korea, in particular in the context of international project financing. These include, among other things, the new RPS and REC regime, the grid related arrangements with KEPCO and the Government’s requirements for participation of local residents in the project.
## Appendix – Glossary

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
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<tbody>
<tr>
<td>3rd Basic Energy Plan</td>
<td>The Basic Energy Plan released by MOTIE in June 2019</td>
</tr>
<tr>
<td>Capacity Payment</td>
<td>Capacity payment, largely representing fixed costs of generation</td>
</tr>
<tr>
<td>EB Act</td>
<td>Electricity Business Act (also known as the Electric Utility Act)</td>
</tr>
<tr>
<td>ESS</td>
<td>Energy Storage System</td>
</tr>
<tr>
<td>GenCos</td>
<td>The six separate subsidiary power generation companies, which are Korea East-West Power (EWP), Korea Midland Power (KOMIPO), Korea South-Eastern Power (KOEN), Korea Southern Power (KOSPO), Korea Western Power (KOWEPO) and Korea Hydro &amp; Nuclear Power (KHNP)</td>
</tr>
<tr>
<td>IPP</td>
<td>Independent power producer</td>
</tr>
<tr>
<td>KEPCO</td>
<td>Korea Electric Power Corporation</td>
</tr>
<tr>
<td>Korea</td>
<td>Republic of Korea</td>
</tr>
<tr>
<td>Korea Energy Agency</td>
<td>An administrative body that carries out certain tasks delegated to it by MOTIE</td>
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<tr>
<td>KPX</td>
<td>Korea Electric Power Exchange/Korea Power Exchange</td>
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<tr>
<td>KRW</td>
<td>Korean Won</td>
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<tr>
<td>MOND</td>
<td>The Ministry of National Defence</td>
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<tr>
<td>MOTIE</td>
<td>The Ministry of Trade, Industry and Energy</td>
</tr>
<tr>
<td>REC</td>
<td>Renewable energy certificate</td>
</tr>
<tr>
<td>Renewable Energy 3020</td>
<td>“Renewable Energy 3020 Implementation Plan” announced by MOTIE on 20 December 2017</td>
</tr>
<tr>
<td>Renewable Support Regulations</td>
<td>Regulations relating to the Support for New and Renewable Energy Facilities etc.</td>
</tr>
<tr>
<td>Required Generators</td>
<td>State-owned and private power producers that have power generating facilities with installed capacity over 500MW (excluding new and renewable energy facilities)</td>
</tr>
<tr>
<td>RPS</td>
<td>Renewable portfolio standard</td>
</tr>
<tr>
<td>SMP</td>
<td>System marginal price, largely representing variable costs of generation under a merit order system</td>
</tr>
<tr>
<td>Transmission/Distribution Regulation</td>
<td>Regulation on Use of Transmission/Distribution Infrastructure of KEPCO</td>
</tr>
</tbody>
</table>
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