

ENFORCEMENT DECREE OF THE ACT ON THE PROMOTION OF THE DEVELOPMENT, USE AND DIFFUSION OF NEW AND RENEWABLE ENERGY

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Amended by Presidential Decree No. 19513, jun. 12, 2006
Presidential Decree No. 20678, Feb. 29, 2008
Presidential Decree No. 20977, Aug. 26, 2008
Presidential Decree No. 20997, Sep. 10, 2008
Presidential Decree No. 21441, Apr. 21, 2009
Presidential Decree No. 21629, Jul. 16, 2009
Presidential Decree No. 22117, Apr. 13, 2010
Presidential Decree No. 22382, Sep. 17, 2010
Presidential Decree No. 23640, Feb. 28, 2012
Presidential Decree No. 24338, Jan. 28, 2013
Presidential Decree No. 24442, Mar. 23, 2013
Presidential Decree No. 24955, Dec. 11, 2013
Presidential Decree No. 25050, Dec. 30, 2013
Presidential Decree No. 25111, Jan. 21, 2014
Presidential Decree No. 25322, Apr. 24, 2014
Presidential Decree No. 25840, Dec. 9, 2014
Presidential Decree No. 26169, Mar. 30, 2015
Presidential Decree No. 26316, jun. 15, 2015
Presidential Decree No. 26439, Jul. 24, 2015
Presidential Decree No. 27660, Dec. 5, 2016
Presidential Decree No. 28212, Jul. 26, 2017

Article 1 (Purpose)

The purpose of this Decree is to provide for matters mandated by the Act on the Promotion of the Development, Use and Diffusion of New and Renewable Energy and those necessary for the enforcement thereof.

Article 2 (Criteria for and Scope of Energy from Liquefied or Gasified Coal, etc.)

(1) The energy “which falls within the criteria and scope prescribed by Presidential Decree” referred to in subparagraph 1 (c) of Article 2 of the Act on the Promotion of the Development, Use and Diffusion of New and Renewable Energy (hereinafter referred to as the “Act”) means energy from liquefied or gasified coal and energy from gasified heavy residual oil prescribed in subparagraphs 1 and 2 of attached Table 1.

(2) Energy “which falls within the criteria and scope prescribed by Presidential Decree” referred to in subparagraph 2 (f) of Article 2 of the Act means bio energy prescribed in subparagraph 3 of attached Table 1.

(3) Energy “which falls within the criteria and scope prescribed by Presidential Decree” referred to in subparagraph 2 (g) of Article 2 of the Act means waste energy prescribed in subparagraph 4 of attached Table 1.

(4) “Other energy prescribed by Presidential Decree” referred to in subparagraph 2 (h) of Article 2 of the Act means hydrothermal energy prescribed in subparagraph 5 of attached Table 1.

Article 3 (Prior Consultations on Plans concerning Technological Development, etc. of New and Renewable Energy)

(1) “Any other person prescribed by Presidential Decree” referred to in Article 7 of the Act means any of the following persons:

1. A person who has received contributions from the government;
2. A person who has received investments from the government or any person falling under subparagraph 1 who has received at least 50 percent of its paid-in capital.

(2) A person who intends to have consultation on a plan for the technological development, use, and distribution of new and renewable energy (hereinafter referred to as “new and renewable energy”) pursuant to Article 7 of the Act shall submit the relevant plan to the Minister of Trade, Industry and Energy by four months prior to the beginning of the business year for its implementation. *<Amended by Presidential Decree No. 24442, Mar. 23, 2013>*

(3) Upon receiving the plan referred to in paragraph (2), the Minister of Trade, Industry and Energy shall review the following matters and notify a person who has requested consultation of his/her opinions: *<Amended by Presidential Decree No. 24442, Mar. 23, 2013>*

1. Its harmonization with a basic plan for the promotion of technological development, use, and distribution of new and renewable energy referred to in Article 5 of the Act (hereinafter referred to as “basic plan”);
2. Timeliness;
3. Redundancy with other plans;
4. Possibility of joint research.

Article 4 (Composition of New and Renewable Energy Policy Council)

(1) The New and Renewable Energy Policy Council referred to in Article 8 (1) of the Act (hereinafter referred to as the “Council”) shall consist of up to 20 members, including one chairperson.

(2) The chairperson of the Council shall be appointed by the Minister of Trade, Industry and Energy from among public officials in the general service belonging to the Senior Executive Service who are responsible for duties related to energy, and the following persons shall serve as its members: <Amended by Presidential Decree No. 24442, Mar. 23, 2013; Presidential Decree No. 28212, Jul. 26, 2017>

1. One public official of Grade 3 or in the general service of the Senior Executive Service each from the Ministry of Strategy and Finance, the Ministry of Science and ICT, the Ministry of Agriculture, Food and Rural Affairs, the Ministry of Trade, Industry and Energy, the Minister of Environment, the Ministry of Land, Infrastructure and Transport, and the Ministry of Oceans and Fisheries, who shall be appointed by the head of the relevant Ministry;
2. A person commissioned by the Minister of Trade, Industry and Energy from among those who have abundant knowledge about and experience in the field of new and renewable energy.

Article 4-2 (Dismissal, etc. of Members of Council)

(1) A person who has appointed a member of the Council pursuant to Article 4 (2) 1 may revoke his/her appointment in any of the following cases:

1. Where the appointed member becomes incapable of performing his/her duties due to a mental or physical disorder;
2. Where the appointed member engages in misconduct in connection with his/her duties;
3. Where the appointed member is deemed unsuitable to serve as a member due to delinquency of a duty, injury to dignity, or on any other reason;
4. Where the appointed member voluntarily admits that it is impracticable for him/her to perform his/her duties as a member.

(2) The Minister of Trade, Industry and Energy may dismiss a member prescribed in Article 4 (2) 2 from office if he/she falls under any subparagraph of paragraph (1).

Article 5 (Operation of Council)

(1) The chairperson of the Council shall convene and preside over meetings of the Council.

(2) A majority of the members of the Council shall constitute a quorum, and any decision thereof shall require the affirmative vote of at least a majority of those present.

Article 6 (Secretary, etc.)

(1) The Council shall have one secretary and one clerk.

(2) The secretary and the clerk shall be appointed by the Minister of Trade, Industry and Energy from among public officials belonging to the Ministry of Trade, Industry and Energy. <Amended by Presidential Decree No. 24442, Mar. 23, 2013>

Article 7 (New and Renewable Energy Expert Committee)

(1) Where it is necessary for efficient deliberation of the Council, the New and Renewable Energy Expert Committee (hereinafter referred to as the "Expert Committee") shall be established under the Council.

(2) The members of the Expert Committee shall be commissioned by the Minister of Trade, Industry and Energy from among those who have professional knowledge about new and renewable energy. <Amended

by Presidential Decree No. 24442, Mar. 23, 2013>

Article 7-2 (Dismissal of Members of Expert Committee)

Where any member of the Expert Committee prescribed in Article 7 (2) falls under any subparagraph of Article 4-2 (1), the Minister of Trade, Industry and Energy may dismiss the relevant member.

Article 8 (Allowances, etc.)

Any member of the Council or Expert Committee who has attended its meeting may be paid allowances and travel expenses, within budgetary limits: Provided, That the foregoing shall not apply where a member who is a public official attends a meeting of the Council in direct connection with his/her competent duties.

Article 9 (Detailed Rules of Operation)

Matters necessary for the operation of the Council or Expert Committee, other than those prescribed in Articles 4, 4-2, 5 through 7, 7-2 and 8, shall be determined by the chairperson of the Council by resolution of the Council. *<Amended by Presidential Decree No. 27660, Dec. 5, 2016>*

Article 10 (Amendment of Insignificant Matters of Basic Plans Excluded from Matters subject to Deliberation of Council)

“Any modification to insignificant matters prescribed by Presidential Decree” referred to in the proviso to Article 8 (2) 1 of the Act means where the details of a basic plan for executing it are amended without affecting the size of the budget prescribed in the relevant basic plan.

Article 11 (Projects Eligible for Using Project Funds Created)

“Projects prescribed by Presidential Decree” referred to in subparagraph 16 of Article 10 of the Act mean any of the following projects:

1. Support for academic activities related to the technological development, use, and distribution of new and renewable energy;
2. Support for and management of projects for the technological development, use, and distribution of new and renewable energy conducted by a new and renewable energy center provided for in Article 31 (1) of the Act (hereinafter referred to as a “center”).

Article 12 (Collection of Technical Royalties, etc.)

(1) The head or representative of an entity that has concluded an agreement with the Minister of Trade, Industry and Energy pursuant to Article 11 (1) of the Act (hereinafter referred to as “project managing entity”) may allow a person who wishes to use the outcomes of a research and development project for new and renewable energy in its production process to do so at his/her request. *<Amended by Presidential Decree No. 24442, Mar. 23, 2013>*

(2) Where any person who has used the outcomes of a research and development project for new and renewable energy in its production process pursuant to paragraph (1) benefits therefrom in the forms of production of new products, cost reduction or quality improvement, the head or representative of the relevant project managing entity may collect technical royalties from such person in accordance with the relevant agreement: Provided, That technical royalties may be reduced or exempted in cases of a person

who meets the definition of a small and medium enterprise under Article 2 of the Framework Act on Small and Medium Enterprises, among those who have participated in the relevant research and development project for new and renewable energy.

Article 13 (Methods for Providing Contributions)

The Minister of Trade, Industry and Energy shall pay contributions prescribed in Article 11 (2) of the Act (hereinafter referred to as “contributions”) in installments: Provided, That the Minister of Trade, Industry and Energy may make a lump-sum payment when it is deemed necessary in consideration of the scale and commencement date of the relevant project. <Amended by Presidential Decree No. 24442, Mar. 23, 2013>

Article 14 (Use and Management of Contributions)

(1) Contributions shall not be used for any purpose other than to pay expenses incurred in performing projects prescribed in any subparagraph of Article 10 of the Act.

(2) A person in receipt of contributions shall manage them by establishing a separate account.

Article 15 (Mandatory Supply Rates, etc. of New and Renewable Energy)

(1) The mandatory supply rates of new and renewable energy as a share of the projected amount of energy use prescribed in Article 12 (2) of the Act shall be as follows: <Amended by Presidential Decree No. 24442, Mar. 23, 2013>

1. Buildings with total floor area of at least 1,000 square meters that is subject to new establishment, extension or remodeling among the buildings used for the purposes provided for in subparagraphs 5 through 16, 23 (a) through (c), 24, and 26 through 28 of attached Table 1 of the Enforcement Decree of the Building Act (excluding buildings determined and publicly announced by the Minister of Trade, Industry and Energy, among the buildings in which it is deemed unreasonable to install new or renewable energy facilities, in consideration of the purpose of construction, functions, design conditions or unique construction conditions of the relevant buildings): At least the rate specified in attached Table 2;

2. Buildings other than those falling under subparagraph 1: At least the rate determined and publicly announced by the Minister of Trade, Industry and Energy for each type of buildings classified based on their purposes.

(2) “Total floor area” referred to in paragraph (1) 1 means the total floor area provided for in Article 119 (1) 4 of the Enforcement Decree of the Building Act, and, where two or more buildings are located on one site, it refers to the total floor area of the buildings that have obtained the same building permission.

(3) The standards and methods for calculating the projected amount of energy use of buildings prescribed in paragraph (1) shall be determined and publicly announced by the Minister of Trade, Industry and Energy in consideration of the balanced distribution of new and renewable energy, facilitation of technological development, industrial promotion, etc. <Amended by Presidential Decree No. 24442, Mar. 23, 2013>

Article 16 (Entities Required to Install New and Renewable Energy Facilities)

(1) “At least the amount prescribed by Presidential Decree” referred to in Article 12 (2) 3 of the Act means at least five billion won per year.

(2) A corporation in receipt of “investment at least at the ratio or amount prescribed by Presidential Decree” referred to in Article 12 (2) 5 of the Act means any of the following corporations:

1. Corporations in receipt of investments, amounting to at least 50 percent of its paid-in capital;
2. Corporations in receipt of investments, amounting to at least five billion won in paid-in capital.

Article 17 (Submission, etc. of Plans for Installing New and Renewable Energy Facilities)

(1) Where the head or representative of an entity falling under any subparagraph of Article 12 (2) of the Act (hereinafter referred to as “entity subject to mandatory installation”) intends to newly establish, extend or remodel a building falling under any subparagraph of Article 15 (1) pursuant to Article 12 (2) of the Act, he/she shall submit a plan for installing new and renewable energy facilities (hereinafter referred to as “installation plan”) to the Minister of Trade, Industry and Energy prior to applying for building permission for the relevant building. *<Amended by Presidential Decree No. 24442, Mar. 23, 2013>*

(2) The Minister of Trade, Industry and Energy shall, within 30 days from the date of receiving the installation plan, review its feasibility and notify the head or representative of the relevant entity subject to mandatory installation of the outcomes of such review. *<Amended by Presidential Decree No. 24442, Mar. 23, 2013>*

(3) Where the Minister of Trade, Industry and Energy determines that the submitted installation plan fails to meet the criteria prescribed in Article 15 (1) after reviewing it, he/she may provide prior notice to the head or representative of the relevant entity subject to mandatory installation regarding such determination and hear his/her opinions. *<Amended by Presidential Decree No. 24442, Mar. 23, 2013>*

Article 18 (Installation, Verification, etc. of New and Renewable Energy Facilities)

(1) The head or representative of an entity subject to mandatory installation shall install new and renewable energy facilities by taking into consideration the outcomes of review prescribed in Article 17 (2), and submit an application for verification of the installation of new and renewable energy facilities to the Minister of Trade, Industry and Energy within 30 days from the completion date of the installation. *<Amended by Presidential Decree No. 24442, Mar. 23, 2013>*

(2) The Minister of Trade, Industry and Energy in receipt of the application for verification of the installation of new and renewable energy facilities referred to in paragraph (1) shall issue a certificate of the installation of new and renewable energy facilities after examining whether the outcomes of review prescribed in Article 17 (2) have been incorporated into the installation process. *<Amended by Presidential Decree No. 24442, Mar. 23, 2013>*

(3) The Minister of Trade, Industry and Energy may regularly inspect the current status of the installation of new and renewable energy facilities and the use of new and renewable energy by entities subject to mandatory installation, and make a public announcement thereon. *<Amended by Presidential Decree No. 24442, Mar. 23, 2013>*

Article 18-2 Deleted. <by Presidential Decree No. 26316, Jun. 15, 2015>

Article 18-3 (Mandatory Suppliers of New and Renewable Energy)

(1) “Person prescribed by Presidential Decree” referred to in Article 12-5 (1) of the Act means any of the following persons:

1. A person who owns a power generation facility with a capacity of at least 500,000 kilowatts (excluding new and renewable energy facilities) among those falling under Article 12-5 (1) 1 or 2 of the Act;
2. The Korea Water Resources Corporation established under the Korea Water Resources Corporation Act;
3. The Korea District Heating Corporation established under Article 29 of the Integrated Energy Supply Act.

(2) The Minister of Trade, Industry and Energy shall publicly announce a list of the persons who fall under any subparagraph of paragraph (1) (hereinafter referred to as “mandatory supplier”). <Amended by Presidential Decree No. 24442, Mar. 23, 2013>

Article 18-4 (Total Annual Amount of Mandatory Supply, etc.)

(1) The total annual amount of mandatory supply provided for in the former part of Article 12-5 (2) of the Act (hereinafter referred to as “mandatory supply”) shall be at least the amount of power generation calculated by multiplying the total amount of power generated by mandatory suppliers, as calculated using the following formula, by the rate specified in attached Table 3. In such cases, the amount of mandatory supply shall be calculated based on supply certificates prescribed in Article 12-7 of the Act (hereinafter referred to as “supply certificate”). <Amended by Presidential Decree No. 25111, Jan. 21, 2014>

(2) The Minister of Trade, Industry and Energy shall review the rates prescribed in attached Table 3 every three years by taking into account the technology development related to new and renewable energy, etc.: Provided, That the review period may be shortened in consideration of the goal of distribution of new and renewable energy, accomplishment of such goal, circumstantial changes, etc. <Amended by Presidential Decree No. 24442, Mar. 23, 2013; Presidential Decree No. 25322, Apr. 24, 2014>

(3) With respect to the types of new and renewable energy that may be subject to mandatory supply and the amount of mandatory supply provided for in the latter part of Article 12-5 (2) of the Act, the criteria applicable until December 31, 2015 shall be as shown in attached Table 4. In such cases, the amount of mandatory supply by mandatory supplier shall be determined and publicly announced by the Minister of Trade, Industry and Energy. <Amended by Presidential Decree No. 24442, Mar. 23, 2013; Presidential Decree No. 25322, Apr. 24, 2014>

(4) With respect to new and renewable energy to be supplied pursuant to paragraph (3), a mandatory supplier may purchase a supply certificate and appropriate it for mandatory supply in accordance with the rates, methods, etc. determined and publicly announced by the Minister of Trade, Industry and Energy. <Amended by Presidential Decree No. 24442, Mar. 23, 2013; Presidential Decree No. 25322, Apr. 24, 2014>

(5) In accordance with Article 12-5 (4) of the Act, a mandatory supplier may defer the performance of its obligation of mandatory supply for up to 20 percent of the annual amount of its mandatory supply (excluding the portion of mandatory supply corresponding to previously delayed performance of its obligation of mandatory supply; hereinafter the same shall apply). In such cases, the mandatory supplier shall supply at least 20 percent of the deferred amount of mandatory supply each year in preference to the annual mandatory amount for the relevant year until the supply of the deferred amount of mandatory supply is completed. *<Amended by Presidential Decree No. 25322, Apr. 24, 2014>*

(6) Where a mandatory supplier intends to defer the performance of its obligation of mandatory supply pursuant to Article 12-5 (4) of the Act, he/she shall report the amount of mandatory supply to be deferred, the reasons for deferment, etc. to the Minister of Trade, Industry and Energy by the end of February of the following year. *<Amended by Presidential Decree No. 24442, Mar. 23, 2013>*

Article 18-5 (Methods for Calculating Penalty Surcharges)

(1) The amount of penalty surcharges provided for in Article 12-6 (1) of the Act shall be calculated on the basis of the average transaction price based on supply certificates for the relevant year for each kind of new and renewable energy prescribed in the former and latter parts of Article 12-5 (2) of the Act.

(2) The average transaction price based on supply certificates referred to in paragraph (1) shall be calculated by calculating the average of transaction prices weighted by trading volume stated in supply certificates.

(3) Where the price calculated pursuant to paragraph (2) is deemed inappropriate to be considered as the average transaction price for the relevant year due to insufficient trading volume according to supply certificates or any other reasons, the amount calculated in consideration of the following matters shall be deemed the average transaction price based on supply certificates:

1. The average transaction price based on supply certificates for the relevant year;
2. The average transaction price based on supply certificates for the immediately preceding three years;
3. The power generation cost by type of new and renewable energy sources.

(4) When imposing a penalty surcharge prescribed in paragraph (1), the Minister of Trade, Industry and Energy may increase or reduce the amount of the penalty surcharge by taking into consideration the amount of mandatory supply that has not been supplied, the reasons for such failure to supply, the scale of economic benefits gained from such failure to supply, the number of times when penalty surcharges have been imposed previously, etc. In such cases, when increasing the amount of a penalty surcharge, the total amount of the penalty surcharge shall not exceed the amount prescribed in Article 12-6 (1) of the Act.

<Amended by Presidential Decree No. 24442, Mar. 23, 2013>

Article 18-6 (Imposition and Payment of Penalty Surcharges)

(1) Where the Minister of Trade, Industry and Energy provides notice on the imposition of a penalty surcharge in order to impose a penalty surcharge pursuant to Article 12-6 (1) of the Act, he/she shall do so by a document clearly stating the amount of mandatory supply that has not been supplied and the amount of the penalty surcharge. *<Amended by Presidential Decree No. 24442, Mar. 23, 2013>*

(2) Any person in receipt of notice referred to in paragraph (1) shall pay the relevant penalty surcharge to a receiving agency designated by the Minister of Trade, Industry and Energy within 30 days from the date of receipt of the notice: Provided, That where it is not possible to pay the penalty surcharge within the aforementioned period due to natural disasters or any other extenuating circumstances, the payment shall be made within seven days from the date the relevant cause ceases to exist. *<Amended by Presidential Decree No. 24442, Mar. 23, 2013>*

(3) A receiving agency that has received the penalty surcharge pursuant to paragraph (2) shall issue a receipt to a person who has paid the relevant penalty surcharge.

(4) A receiving agency in receipt of the penalty surcharge pursuant to paragraph (2) shall notify the Minister of Trade, Industry and Energy of such fact, without delay. *<Amended by Presidential Decree No. 24442, Mar. 23, 2013>*

(5) Penalty surcharges shall not be paid in installments.

Article 18-7 (Restriction on Issuance of Supply Certificates of New and Renewable Energy, etc.)

(1) In accordance with Article 12-7 (7) of the Act, the Minister of Trade, Industry and Energy may formulate a trade plan, covering the transaction price, trading volume, etc. according to supply certificates issued for the State, and trade supply certificates pursuant to such plan. *<Newly Inserted by Presidential Decree No. 26316, Jun. 15, 2015>*

(2) “Where a new and renewable energy supplier has been provided with governmental support prescribed by Presidential Decree, such as support for new and renewable energy facilities, etc.” in Article 12-7 (8) of the Act means where a new and renewable energy supplier has received grants from the State or local governments for new and renewable energy facilities supported pursuant to a project falling under any subparagraph of Article 10 of the Act or other statutes. *<Amended by Presidential Decree No. 26316, Jun. 15, 2015>*

(3) In cases of a new and renewable energy supplier (referring to a person who supplies energy using new and renewable energy) in receipt of grants prescribed in paragraph (2), a supply certificate shall be issued concerning the portion excluding the ratio corresponding to such grants, and a supply certificate concerning the portion corresponding to the grants shall be issued to the State or local government by reflecting its support ratio. *<Amended by Presidential Decree No. 26316, Jun. 15, 2015>*

(4) The Minister of Trade, Industry and Energy shall conduct business affairs related to the trade and management of supply certificates issued pursuant to the proviso to Article 12-7 (1) of the Act and Article 12-7 (3), but the Minister of Trade, Industry and Energy may designate an institution for vicariously conducting such business affairs. *<Amended by Presidential Decree No. 24442, Mar. 23, 2013; Presidential Decree No. 26316, Jun. 15, 2015>*

(5) The proceeds from trading supply certificates pursuant to paragraph (4) shall be used as a financial resource of the Electrical Industry Foundation Fund established under the Electric Utility Act.

Article 18-8 (Application, etc. for Issuance of New and Renewable Energy Supply Certificates)

(1) In accordance with the regulations on the issuance of supply certificates and operation of the trading market prescribed in Article 12-9 (2) of the Act, any person who intends to obtain a supply certificate pursuant to Article 12-7 (2) of the Act shall apply for the issuance of a supply certificate within 90 days from the date of supplying new and renewable energy.

(2) A supply certification institution in receipt of the application for issuance prescribed in paragraph (1) shall issue a supply certificate within 30 days from the date of the application for issuance.

Article 18-9 (Weighted Values of New and Renewable Energy)

The weighted value of new and renewable energy prescribed in the latter part of Article 12-7 (3) of the Act shall be as determined and publicly announced by the Minister of Trade, Industry and Energy in consideration of the following matters in relation to the relevant new and renewable energy: <Amended by Presidential Decree No. 24442, Mar. 23, 2013; Presidential Decree No. 25322, Apr. 24, 2014>

1. Impacts on the environment, technology development and industrial revitalization;
2. Power generation cost;
3. Resource potential;
4. Effects on reduction of greenhouse gas emission;
5. Effects on power supply stability;
6. Level of acceptance of local residents.

Article 18-10 (Amount of Penalty Surcharges)

The amount of penalty surcharges based on the type, severity, etc. of violations prescribed in Article 12-10 (3) of the Act shall be as shown in attached Table 5.

Article 18-11 (Compensation for Cost for Performance of Obligation by Mandatory Suppliers)

The government shall endeavor to ensure that a mandatory supplier is compensated for additional costs incurred in performing its mandatory supply obligation by an appropriate level through the electricity market defined in subparagraph 13 of Article 2 of the Electric Utility Act; and that the operator of the electric sales business defined in subparagraph 10 of Article 2 of the same Act that participates in the electricity market is able to recover the relevant costs by calculating them into electricity charges.

Article 18-12 (Criteria for and Scope of New and Renewable Energy Fuels)

The new and renewable energy fuels “which fall within the criteria and scope prescribed by the Presidential Decree” referred to in Article 12-11 (1) of the Act mean any of the following fuels (excluding the fuels produced using wastes defined in subparagraph 1 of Article 2 of the Wastes Control Act):

1. Hydrogen;
2. Synthetic gas obtained in the process of gasifying heavy residual oil;
3. Biogas converted from biological organisms, bioethanol, liquified bio oil and synthetic gas;
4. Biodiesel converted from oil and fat of animals and plants;
5. Solid fuels such as wood chips, pellets, charcoal, etc. converted from biological organisms.

Article 18-13 (New and Renewable Energy Quality Inspection Agencies)

“New and renewable energy quality inspection agency prescribed by Presidential Decree” referred to in Article 12-12 (1) of the Act means any of the following agencies:

1. The Korea Petroleum Quality and Distribution Authority established under Article 25-2 of the Petroleum and Alternative Fuel Business Act;
2. The Korea Gas Safety Corporation established under Article 28 of the High-Pressure Gas Safety Control Act;
3. The Korea Forestry Promotion Institute established under Article 29-2 of the Forestry and Mountain Villages Development Promotion Act.

Article 19 (Promotion of Use and Distribution of New and Renewable Energy)

Where it is necessary to promote the use and distribution of new and renewable energy, the Minister of Trade, Industry and Energy may request that the relevant central administrative agencies or local governments establish related plans, enhance institutions, reflect necessary budgets, and use new and renewable energy facilities that have obtained certification prescribed in Article 13 (1) of the Act (hereinafter referred to as “facility certification”). *<Amended by Presidential Decree No. 24442, Mar. 23, 2013>*

Article 20 Deleted. *<by Presidential Decree No. 26316, Jun. 15, 2015>*

Article 20-2 (Subscription to Insurance or Joining Mutual Aid, etc.)

(1) The insurance or mutual aid to be purchased or joined by a person who obtains facility certification pursuant to Article 13-2 (1) of the Act shall meet the following criteria:

1. The maximum amount of compensation per accident shall be at least 100 million won;
2. The maximum amount of compensation per victim shall be at least 100 million won;
3. The compensation for damage prescribed in Article 3 (1) of the Product Liability Act shall be guaranteed when any defect defined in subparagraph 2 of Article 2 of the same Act occurs in new and renewable energy facilities that have obtained facility certification.

(2) The subscription periods and targets of the insurance or mutual aid prescribed in Article 13-2 (2) of the Act shall be as follows: *<Amended by Presidential Decree No. 26316, Jun. 15, 2015>*

1. The subscription period: The period of validity of certification granted by the facility certification institution prescribed in Article 13 (2) of the Act (hereinafter referred to as "facility certification institution");
2. The subscription target: New and renewable energy facilities that have obtained facility certification.

(3) The person who has obtained facility certification shall submit an insurance policy or mutual aid certificate to the head of the facility certification institution.

(4) Matters necessary for the procedures for subscribing to insurance or joining mutual aid, the insured amount, the timing for submitting an insurance policy or mutual aid certificate, etc. pursuant to paragraphs (1) through (3) shall be determined and publicly announced by the Minister of Trade, Industry and Energy.

Article 21 Deleted. *<by Presidential Decree No. 26316, Jun. 15, 2015>*

Article 22 (Criteria for Calculation of Standard Price for Subsidizing Power Generation Price Differences)

The criteria for calculating the standard price by source of electricity generation provided for in the latter part of Article 17 (1) of the Act shall be as follows:

1. The standard construction cost of new and renewable energy power plants, operation and maintenance cost, cost for recovery of investment, and various taxes and public charges;
2. The facility utilization rates, lifespan, and accident repair rates of new and renewable energy power plants, and the design values and actual values of the new and renewable energy consumption rates, etc. at new and renewable energy power plants;
3. The charges on the use of transmission and distribution lines by entities engaged in new and renewable energy power generation business;
4. The commercialization level of new and renewable energy generation technologies, and the market conditions for diffusion of such technologies;
5. The management conditions and operational performance of entities currently engaged in new and renewable energy power generation business;
6. The electricity charges and the level of transaction prices of electric power supplied through new and renewable energy generation in the electricity market.

Article 23 (Scope of Support for International Standardization of New and Renewable Energy Technologies)

The scope of support prescribed in Article 20 (2) of the Act shall be as follows:

1. The expenses incurred in purchasing equipment, facilities, etc. necessary for evaluating the conformity with the international standards and for establishing a basis for mutual recognition;
2. The expenses incurred in developing international standards, proposing international standards, etc.;
3. The expenses incurred in promoting international cooperation in relation to international standardization;
4. The expenses incurred in nurturing professional human resources related to international standardization.

Article 24 (Procedures, etc. for Designation of Commonly Used Items among New and Renewable Energy Facilities and their Components)

(1) Any person who intends to request the designation of certain new and renewable energy facilities and their components as commonly used items pursuant to Article 21 (2) and (4) of the Act shall submit a request for designation which shall identify the name and specifications of the relevant items, reasons for request for designation, expected effects of designation, etc. to the Minister of Trade, Industry and Energy, together with a written description on the relevant items, as prescribed by Ordinance of the Ministry of Trade, Industry and Energy. *<Amended by Presidential Decree No. 24442, Mar. 23, 2013>*

(2) Where the Minister of Trade, Industry and Energy receives a request for designation prescribed in paragraph (1), he/she may designate the relevant new and renewable energy facilities and their components as commonly used items after hearing the opinions of experts and interested persons, as prescribed by Ordinance of the Ministry of Trade, Industry and Energy. *<Amended by Presidential Decree*

No. 24442, Mar. 23, 2013>

(3) In accordance with Article 21 (3) of the Act, the Minister of Trade, Industry and Energy may loan funds necessary for developing, manufacturing, and controlling the supply of and demand for commonly used items within the rates classified as follows: *<Amended by Presidential Decree No. 24442, Mar. 23, 2013>*

1. Small and medium entrepreneurs: 80 percent of the necessary funds;
2. Persons, other than small and medium entrepreneurs, working in partnership with small and medium entrepreneurs: 70 percent of the necessary funds;
3. Other persons deemed eligible to receive loans by the Minister of Trade, Industry and Energy: 50 percent of the necessary funds.

Articles 25 through 26 Deleted. *<by Presidential Decree No. 26316, Jun. 15, 2015>*

Article 26-2 (Obligation to Blend New and Renewable Energy Fuels)

In accordance with Article 23-2 (1) of the Act, a petroleum refinery business entity or a petroleum export-import business entity defined in Article 2 of the Petroleum and Alternative Fuel Business Act (hereinafter referred to as “person with fuel blending obligation”) shall blend at least a certain amount of new and renewable energy fuels computed with the formula prescribed in attached Table 6 into transport fuels each year.

Article 26-3 (Submission of Materials)

(1) In accordance with Article 23-2 (2) of the Act, the Minister of Trade, Industry and Energy may require a person with fuel blending obligation to submit any of the following materials:

1. Any of the following materials related to verifying the performance of the obligation to blend new and renewable energy fuels:
 - (a) The production amount of transport fuels;
 - (b) The domestic sales volume of transport fuels;
 - (c) The inventory of transport fuels;
 - (d) The export and import volumes of transport fuels;
 - (e) Self-consumption volumes of transport fuels;
2. Any of the following materials related to facilities for blending new and renewable energy fuels:
 - (a) The current status of facilities for blending new and renewable energy fuels;
 - (b) Changes to facilities for blending new and renewable energy fuels;
 - (c) Records of using facilities for blending new and renewable energy fuels;
3. Any of the following materials related to the business of persons with fuel blending obligation:
 - (a) Records on transactions of transport fuels and new and renewable energy fuels;
 - (b) Average transaction price of new and renewable energy fuels;
 - (c) Closing financial Statements;
4. Other materials deemed necessary by the Minister of Trade, Industry and Energy to verify the performance of the obligation to blend new and renewable energy fuels.

(2) The period and methods for submission of materials by persons with fuel blending obligation, and other necessary matters under paragraph (1) shall be determined and publicly announced by the Minister of Trade, Industry and Energy.

Article 26-4 (Methods for Calculation of Penalty Surcharges for Failure to Perform Obligation to Blend New and Renewable Energy Fuels)

(1) The amount of a penalty surcharge prescribed in Article 23-3 (1) of the Act shall be calculated by multiplying the amount corresponding to non-performance of the fuel blending obligation in the relevant year (referring to the amount calculated by subtracting the amount of new and renewable energy fuels that are actually blended in the relevant year from the amount calculated in accordance with the formula prescribed in attached Table 6 for each year; hereinafter the same shall apply) by the average transaction price of new and renewable energy fuels required to be blended in the relevant year.

(2) The Minister of Trade, Industry and Energy may increase or reduce the amount of a penalty surcharge by taking into consideration the amount corresponding to non-performance of the fuel blending obligation, the reasons for such failure to perform the fuel blending obligation, the scale of economic benefits arising from such failure to perform the fuel blending obligation, the number of times when penalty surcharges have been imposed previously, etc. In such cases, when aggravating the amount of a penalty surcharge, the total amount of the penalty surcharge shall not exceed the maximum amount of a penalty surcharge prescribed in Article 23-3 (1) of the Act.

Article 26-5 (Imposition and Payment of Penalty Surcharges for Failure to Perform Obligation to Blend New and Renewable Energy Fuels)

(1) Where the Minister of Trade, Industry and Energy provides notice on the imposition of a penalty surcharge in order to impose a penalty surcharge pursuant to Article 23-3 (1) of the Act, he/she shall do so by a document clearly stating the amount corresponding to non-performance of the fuel blending obligation and the amount of the penalty surcharge.

(2) Any person in receipt of notice referred to in paragraph (1) shall pay the relevant penalty surcharge to a receiving agency designated by the Minister of Trade, Industry and Energy within 30 days from the date of receipt of the notice: Provided, That where it is not possible to pay the penalty surcharge within the aforementioned period due to a natural disaster of any extenuating circumstance, the payment shall be made within seven days from the date the relevant cause ceases to exist.

(3) A receiving agency that has received the penalty surcharge pursuant to paragraph (2) shall issue a receipt to a person who has paid the relevant penalty surcharge.

(4) A receiving agency in receipt of the penalty surcharge pursuant to paragraph (2) shall notify the Minister of Trade, Industry and Energy of such fact, without delay.

(5) Penalty surcharges shall not be paid in installments.

Article 26-6 (Amount of Penalty Surcharges Imposed in Lieu of Business Suspension of Agency Responsible for Managing Fuel Blending Obligation)

The amount of penalty surcharges according to the type, severity, etc. of violations pursuant to Article 23-6 (3) of the Act shall be as shown in attached Table 7.

Article 27 (Institutions for Conducting Distribution Projects)

(1) Where the Minister of Trade, Industry and Energy intends to conduct a distribution project falling under any subparagraph of Article 27 (1) of the Act (hereafter in this Article referred to as “distribution project”), he/she shall select an institution for conducting a distribution project from among any of the following: *<Amended by Presidential Decree No. 24442, Mar. 23, 2013>*

1. A person falling under any subparagraph of Article 11 (1) of the Act;
2. The center.

(2) Where it is necessary to promote distribution projects, the Minister of Trade, Industry and Energy may subsidize expenses incurred in conducting distribution projects to institutions for conducting distribution projects referred to in paragraph (1), within budgetary limits. *<Amended by Presidential Decree No. 24442, Mar. 23, 2013>*

(3) The distribution projects eligible for support, conditions of support, procedures for promotion, and other necessary matters shall be determined and publicly prescribed by the Minister of Trade, Industry and Energy. *<Amended by Presidential Decree No. 24442, Mar. 23, 2013>*

Article 28 (Mutual Aid Agreements)

(1) Where any mutual aid association referred to in Article 30-2 (1) of the Act intends to conduct any mutual aid business provided for in paragraph (2) of the same Article, a mutual aid agreement shall be established.

(2) Any mutual aid agreement referred to in paragraph (1) shall contain the following matters:

1. The scope of the mutual aid business;
2. The details of the mutual aid contract;
3. Mutual aid money and mutual aid fees;
4. Liability reserve to be appropriated for mutual aid fees;
5. Other matters necessary to operate the mutual aid business.

Article 29 (Institution for Establishing Center)

“Energy-related institute prescribed by Presidential Decree” referred to in the main sentence of Article 31 (1) of the Act means the Korea Energy Agency established under Article 45 (1) of the Energy Use Rationalization Act. *<Amended by Presidential Decree No. 26439, Jul. 24, 2015>*

Article 30 (Delegation and Entrustment Authority)

(1) In accordance with Article 32 (1) of the Act, the Minister of Trade, Industry and Energy shall delegate the following authority to the Administrator of the Korean Agency for Technology and Standards: *<Amended by Presidential Decree No. 24442, Mar. 23, 2013; Presidential Decree No. 24955, Dec. 11, 2013; Presidential Decree No. 26316, Jun. 15, 2015>*

1. Deleted; *<by Presidential Decree No. 26316, Jun. 15, 2015>*

2. Provision of administrative support to the facility certification institution prescribed in Article 13 (2) of the Act;

3. Deleted; <by Presidential Decree No. 26316, Jun. 15, 2015>

4. Provision of support to facility certification institutions necessary for establishing a foundation for standardization or international activities pursuant to Article 20 (1) of the Act;

5. Designation of commonly used items prescribed in Article 21 of the Act;

6. and 7. Deleted. <by Presidential Decree No. 26316, Jun. 15, 2015>

(2) In accordance with Article 32 (1) of the Act, the Minister of Trade, Industry and Energy shall delegate the authority concerning distribution projects prescribed in Article 27 (1) 3 of the Act to the Special Metropolitan City Mayor, a Metropolitan City Mayor, a Do Governor, or the Governor of a Special Self-Governing Province. <Amended by Presidential Decree No. 24442, Mar. 23, 2013>

(3) In accordance with Article 32 (2) of the Act, the Minister of Trade, Industry and Energy shall entrust the following duties to the center: <Amended by Presidential Decree No. 24442, Mar. 23, 2013; Presidential Decree No. 25322, Apr. 24, 2014>

1. Receiving installation plans; announcing outcomes of its review; and hearing opinions pursuant to Article 12 (2) of the Act and Article 17 of this Decree;

2. Receiving an application for verification of the installation of new and renewable energy facilities; and issuing a certificate of the installation of new and renewable energy facilities provided for in Article 12 (2) of the Act and Article 18 of this Decree;

3. and 4. Deleted. <by Presidential Decree No. 26316, Jun. 15, 2015>

(4) In accordance with Article 32 (2) of the Act, the Minister of Trade, Industry and Energy shall entrust the duties related to concluding an agreement on projects for developing new and renewable energy technologies prescribed in Article 11 (1) of the Act to the Korea Institute of Energy Technology Evaluation and Planning established under Article 13 of the Energy Act. <Amended by Presidential Decree No. 24442, Mar. 23, 2013>

Article 30-2 (Re-examination of Regulations)

(1) The Minister of Trade, Industry and Energy shall examine the appropriateness of the submission of a plan for installing new and renewable energy facilities referred to in Article 17 every five years, beginning from the base date of January 1, 2016 (referring to the date not later than the base date of every fifth year), and shall take necessary measures such as making improvements. <Newly Inserted by Presidential Decree No. 27660, Dec. 5, 2016>

(2) The Minister of Trade, Industry and Energy shall examine the appropriateness of the criteria for the insurance or mutual aid prescribed in Article 20-2, its subscription period and target every two years, beginning from the base date of January 1, 2015 (referring to the date not later than the base date of every second year), and shall take necessary measures such as making improvements.

Article 31 (Criteria for Imposition of Administrative Fines)

The criteria for imposing administrative fines pursuant to Article 35 (1) of the Act shall be as shown in attached Table 8.

ADDENDA

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation.

Article 2 (Transitional Measures concerning Alternative Energy Expert Committee, etc.)

(1) The Alternative Energy Expert Committee pursuant to Article 7 (1) of the Enforcement Decree of the Act on the Promotion of the Development and Use of Alternative Energy as at the time this Decree enters into force shall be deemed the New and Renewable Energy Expert Committee pursuant to Article 7 (1) of this Decree.

(2) A plan for installing alternative energy facilities pursuant to Article 16-4 (1) of the Enforcement Decree of the Act on the Promotion of the Development and Use of Alternative Energy as at the time this Decree enters into force shall be deemed a plan for installing new and renewable energy facilities pursuant to Article 17 (1) of this Decree.

(3) An application for verification of the installation of alternative energy facilities and a certificate of the installation of alternative energy facilities pursuant to Article 16-5 (1) and (2) of the Enforcement Decree of the Act on the Promotion of the Development and Use of Alternative Energy as at the time this Decree enters into force shall be deemed an application for verification of the installation of new and renewable energy facilities and a certificate of the installation of new and renewable energy facilities pursuant to Article 18 (1) and (2) of this Decree.

Article 3 Omitted.

Article 4 (Relationship with Other Statutes)

Where the Enforcement Decree of the Act on the Promotion of the Development and Use of Alternative Energy or any provision thereof is cited by another statute as at the time this Decree enters into force, if this Decree includes corresponding provisions, this Decree or such corresponding provisions of this Decree shall be deemed cited in lieu of the provisions of the Enforcement Decree of the Act on the Promotion of the Development and Use of Alternative Energy.

ADDENDA <Presidential Decree No. 19513, Jun. 12, 2006>

Article 1 (Enforcement Date)

This Decree shall enter into force on July 1, 2006.

Articles 2 through 4 Omitted.

ADDENDA <Presidential Decree No. 20678, Feb. 29, 2008>

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation. (Proviso Omitted.)

Articles 2 through 7 Omitted.

ADDENDA <Presidential Decree No. 20977, Aug. 26, 2008>

Article 1 (Enforcement Date)

This Decree shall enter into force on August 28, 2008.

Articles 2 through 5 Omitted.

ADDENDUM <Presidential Decree No. 20997, Sep. 10, 2008>

This Decree shall enter into force on the date of its promulgation: Provided, That the amended provisions of Article 15 (1) 1 (limited to matters related to buildings undergoing extension or remodeling) and Article 17 (1) shall enter into force on March 15 2009.

ADDENDA <Presidential Decree No. 21441, Apr. 21, 2009>

Article 1 (Enforcement Date)

This Decree shall enter into force on May 1, 2009.

Article 2 Omitted.

ADDENDA <Presidential Decree No. 21629, Jul. 16, 2009>

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation.

Articles 2 through 5 Omitted.

ADDENDA <Presidential Decree No. 22117, Apr. 13, 2010>

Article 1 (Enforcement Date)

This Decree shall enter into force on April 14, 2010.

Article 2 Omitted.

ADDENDA <Presidential Decree No. 22382, Sep. 17, 2010>

Article 1 (Enforcement Date)

This Decree shall enter into force on date of its promulgation: Provided, That the amended provisions of Articles 15 and 18-2 shall enter into force on April 13, 2011, and the amended provisions of Articles 18-3 through 18-11 shall enter into force on January 1, 2012.

Article 2 (Special Cases concerning Total Floor Area of Buildings subject to Mandatory Use of New and Renewable Energy)

Notwithstanding the amended provisions of Article 15 (1) 1, in cases of buildings to be newly built, extended, or remodeled after acquiring approval of a business plan or building permission, etc., among

the buildings subject to mandatory installation of new and renewable energy facilities pursuant to Article 12 (2) of the Act, the total floor area of such buildings shall be at least 3,000 square meters until December 31, 2011.

Article 2 (Special Cases concerning Deferment of Performance of Obligation of Mandatory Supply)

Notwithstanding the amended provisions of Article 18-4 (5), until December 31, 2014, a portion of mandatory supply for which a mandatory supplier can defer its performance of obligation to supply to the following year shall be up to 30 percent of the amount of mandatory supply.

ADDENDUM <Presidential Decree No. 23640, Feb. 28, 2012>

This Decree shall enter into force on the date of its promulgation.

ADDENDUM <Presidential Decree No. 24338, Jan. 28, 2013>

This Decree shall enter into force on the date of its promulgation.

ADDENDA <Presidential Decree No. 24442, Mar. 23, 2013>

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation. (Proviso Omitted.)

Articles 2 through 12 Omitted.

ADDENDA <Presidential Decree No. 24955, Dec. 11, 2013>

Article 1 (Enforcement Date)

This Decree shall enter into force on December 12, 2013.

Articles 2 through 4 Omitted.

ADDENDUM <Presidential Decree No. 25050, Dec. 30, 2013>

This Decree shall enter into force on January 1, 2014. (Proviso Omitted.)

ADDENDUM <Presidential Decree No. 25111, Jan. 21, 2014>

This Decree shall enter into force on the date of its promulgation.

ADDENDUM <Presidential Decree No. 25322, Apr. 24, 2014>

This Decree shall enter into force on the date of its promulgation.

ADDENDA <Presidential Decree No. 25840, Dec. 9, 2014>

Article 1 (Enforcement Date)

This Decree shall enter into force on January 1, 2015.

Articles 2 through 16 Omitted.

ADDENDUM <Presidential Decree No. 26169, Mar. 30, 2015>

This Decree shall enter into force on the date of its promulgation.

ADDENDA <Presidential Decree No. 26316, Jun. 15, 2015>

Article 1 (Enforcement Date)

This Decree shall enter into force on July 29, 2015: Provided, That the amended provisions of Articles 26-2 through 26-6 and attached Tables 6 through 8 shall enter into force on July 31, 2015.

Article 2 (Special Cases concerning Blending of New and Renewable Energy Fuels)

(1) When calculating the mandatory blending amount for 2015 of a person with fuel blending obligation falling under Remark 4 (a) of attached Table 6, the domestic sales volume shall be calculated covering the period from July 31, 2015 to December 31, 2015.

(2) When calculating the mandatory blending amount for 2015 of a person with fuel blending obligation falling under Remark 4 (b) of attached Table 6, the domestic sales volume shall be 154/365 of the domestic sales volume for 2014.

Article 3 Omitted.

ADDENDA <Presidential Decree No. 26439, Jul. 24, 2015>

Article 1 (Enforcement Date)

This Decree shall enter into force on July 29, 2015.

Article 2 Omitted.

ADDENDUM <Presidential Decree No. 27660, Dec. 5, 2016>

This Decree shall enter into force on the date of its promulgation.

ADDENDA <Presidential Decree No. 28212, Jul. 26, 2017>

Article 1 (Enforcement Date)

This Decree shall enter into force on the date of its promulgation.

Articles 2 through 4 Omitted.