

# INTEGRATED ENERGY SUPPLY ACT

Act No. 4425, Dec. 14, 1991

Amended by Act No. 4508, Dec. 2, 1992

Act No. 4541, Mar. 6, 1993

Act No. 4781, Aug. 3, 1994

Act No. 5454, Dec. 13, 1997

Act No. 5453, Dec. 13, 1997

Act No. 5831, Feb. 8, 1999

Act No. 6283, Dec. 23, 2000

Act No. 6601, Jan. 14, 2002

Act No. 6627, Jan. 26, 2002

Act No. 6656, Feb. 4, 2002

Act No. 7476, Mar. 31, 2005

Act No. 7428, Mar. 31, 2005

Act No. 7510, May 26, 2005

Act No. 7999, Sep. 27, 2006

Act No. 8014, Sep. 27, 2006

Act No. 8371, Apr. 11, 2007

Act No. 8370, Apr. 11, 2007

Act No. 8352, Apr. 11, 2007

Act No. 8351, Apr. 11, 2007

Act No. 8404, Apr. 27, 2007

Act No. 8487, May 25, 2007

Act No. 8635, Aug. 3, 2007

Act No. 8733, Dec. 21, 2007

Act No. 8819, Dec. 27, 2007

Act No. 8820, Dec. 27, 2007

Act No. 8852, Feb. 29, 2008

Act No. 8863, Feb. 29, 2008

Act No. 8976, Mar. 21, 2008

Act No. 9248, Dec. 26, 2008

Act No. 9313, Dec. 31, 2008



Act No. 9758, jun. 9, 2009  
Act No. 9933, Jan. 18, 2010  
Act No. 10219, Mar. 31, 2010  
Act No. 10272, Apr. 15, 2010  
Act No. 10599, Apr. 14, 2011  
Act No. 11690, Mar. 23, 2013  
Act No. 11965, Jul. 30, 2013  
Act No. 12248, Jan. 14, 2014  
Act No. 12312, Jan. 21, 2014  
Act No. 13090, Jan. 28, 2015  
Act No. 13746, Jan. 6, 2016  
Act No. 14476, Dec. 27, 2016  
Act No. 14480, Dec. 27, 2016  
Act No. 15000, Oct. 31, 2017  
Act No. 15022, Oct. 31, 2017  
Act No. 15090, Nov. 28, 2017  
Act No. 15577, Apr. 17, 2018

### **Article 1 (Purpose)**

The purpose of this Act is to actively cope with the United Nations Framework Convention on Climate Change and to contribute to energy conservation and enhancement of the convenience in the life of the people by expanding the integrated energy supply as distributed energy resources, operating the integrated energy supply reasonably, and prescribing the matters concerning the construction, operation and safety of integrated energy facilities. <Amended by Act No. 15090, Nov. 28, 2017>

### **Article 2 (Definitions)**

The definitions of terms used in this Act shall be as follows: <Amended by Act No. 15090, Nov. 28, 2017>

1. The term "integrated energy" means heat or heat and electricity supplied to at least two users;
2. The term "business" means any business which supplies integrated energy and meets the standards prescribed by Presidential Decree;
3. The term "business entity" means any person who has obtained a business license under Article 9;
4. The term "user" means any person who uses integrated energy supplied by a business entity (including any person who intends to be supplied with integrated energy);
5. The term "integrated energy facilities" means facilities for the production, transportation, distribution, or use of integrated energy, including facilities for supply and facilities for use;
6. The term "facilities for supply" means facilities for the production, transportation, or distribution of integrated energy under the control of a business entity;

7. The term "facilities for use" means facilities for the use of integrated energy under the control of a user;

8. The term "heat producer" means any person who produces or generates heat.

### **Article 3 (Master Plan for Integrated Energy Supply)**

(1) The Minister of Trade, Industry and Energy shall develop and publicly announce a master plan for integrated energy supply (hereinafter referred to as "master plan") every five years as prescribed by Presidential Decree. Where he/she has modified the mater plan, he/she shall also notify it publicly. <Amended by Act No. 11690, Mar. 23, 2013>

(2) Matters referred to in the following subparagraphs shall be included in a master plan pursuant to paragraph (1):

1. A medium- and long-term plan concerning integrated energy supply;
2. Subject matter of and standards for integrated energy supply;
3. Targets for energy conservation and for reduction in the amount of emission of air pollutants according to integrated energy supply;
4. Other matters deemed necessary concerning integrated energy supply.

(3) Where the Minister of Trade, Industry and Energy intends to formulate or modify a master plan, he/she shall consult in advance with the head of the relevant central administrative agency. <Amended by Act No. 11690, Mar. 23, 2013>

### **Article 4 (Consultation about Integrated Energy Supply)**

If the head of a central administrative agency, local government, public corporation (hereinafter referred to as "public corporation") pursuant to Article 5 of the Act on the Management of Public Institutions or public organization intends to formulate a plan of a housing construction project, housing site development project, industrial complex development project and other projects prescribed by Presidential Decree (hereinafter referred to as "development project"), he/she shall consult with the Minister of Trade, Industry and Energy about the appropriateness of integrated energy supply, as prescribed by Ordinance of the Ministry of Trade, Industry and Energy. The same shall also apply to cases where he/she intends to modify the plan. <Amended by Act No. 11690, Mar. 23, 2013>

### **Article 5 (Designation of Districts to be Supplied with Integrated Energy)**

(1) In cases of any of the following subparagraphs, the Minister of Trade, Industry and Energy shall designate and publicly announce districts to be supplied with integrated energy (hereinafter referred to as "area to be supplied"), as prescribed by Presidential Decree. The same shall also apply to cases where he/she has changed the matters announced: <Amended by Act No. 11690, Mar. 23, 2013>

1. Where it is necessary to carry out a master plan;
2. Where, as a result of consultation pursuant to Article 4, it is deemed appropriate to supply integrated energy;
3. Where it is deemed necessary to designate an area to be supplied.

(2) Where the Minister of Trade, Industry and Energy intends to designate an area to be supplied pursuant to paragraph (1), he/she shall publicly announce the important matter regarding designation of an area to be supplied for not less than 30 days in advance and hear opinions of the interested parties, such as the residents of the relevant area, and of a person who executes a development project and consult with the head of the relevant central administrative agency and the Special Metropolitan City Mayor, a Metropolitan City Mayor, a Special Self-Governing City Mayor, a Do Governor, or the Governor of a Special Self-Governing Province (hereinafter referred to as the "Mayor/Do Governor"). The same shall also apply to cases where he/she changes matters consulted upon after designating an area to be supplied: Provided, That this shall not apply to cases where he/she changes minor matters prescribed by Presidential Decree. <Amended by Act No. 11690, Mar. 23, 2013; Act No. 13746, Jan. 6, 2016>

(3) Any person who intends to supply integrated energy to a specific district may apply for designation of an area to be supplied to the Minister of Trade, Industry and Energy as prescribed by Ordinance of the Ministry of Trade, Industry and Energy. In such cases, the Minister of Trade, Industry and Energy shall examine whether it falls under any of the subparagraphs of paragraph (1) and notify an applicant of the result within the period stipulated by Ordinance of the Ministry of Trade, Industry and Energy. <Amended by Act No. 11690, Mar. 23, 2013>

#### **Article 6 (Permit, etc. for New Establishment of Heat Production Facilities)**

(1) Any person who intends to newly establish, re-establish, or extend heat production facilities, such as boilers, at standards higher than those prescribed by Presidential Decree in an area to be supplied shall obtain a permit from the Minister of Trade, Industry and Energy. <Amended by Act No. 11690, Mar. 23, 2013>

(2) Where any person who has obtained a permit pursuant to paragraph (1) changes the matters permitted, he/she shall obtain an amended permit from the Minister of Trade, Industry and Energy: Provided, That this shall not apply to any change in minor matters prescribed by Presidential Decree. <Amended by Act No. 11690, Mar. 23, 2013>

(3) Notwithstanding paragraphs 1 and 2, in the case of re-establishing or extending the heat production facilities already installed in the relevant area to be supplied and in any other cases prescribed by Presidential Decree, a permit or amended permit under paragraphs 1 and 2 may not be required. <Newly Inserted by Act No. 13746, Jan. 6, 2016>

(4) Where an application for a permit for new construction, etc. of heat production facilities as defined in paragraph (1) or an application for amended permit as defined in paragraph (2) is made, if such application falls under any of the following subparagraphs, the Minister of Trade, Industry and Energy shall grant a permit: <Amended by Act No. 11690, Mar. 23, 2013>

1. Where the demand for integrated energy in an area to be supplied exceeds the supply volume ;
2. Where separate air conditioning facilities or steam generating facilities (limited to the relevant facilities) are required due to the nature of uses of buildings other than housing in an area to be supplied where a district air conditioning and heating project is implemented;

3. Where an applicant for a permit or an amended permit is not stably supplied with integrated energy by a business entity.

(5) The Minister of Trade, Industry and Energy may order any person who has newly constructed, reconstructed, or extended heat production facilities in an area to be supplied without obtaining a permit or an amended permit pursuant to paragraph (1) or (2) to reinstate them. *<Amended by Act No. 11690, Mar. 23, 2013>*

**Article 7 Deleted.** *<by Act No. 5831, Feb. 8, 1999>*

**Article 8 (Subsidization)**

(1) The State or a local government may provide subsidies to a business entity in order to expand integrated energy supply.

(2) Any person who carries out a development project shall provide support such as securing building sites necessary for a business entity to conduct business in an area to which integrated energy is to be supplied, as prescribed by Presidential Decree.

(3) Where the State or a local government provides subsidies pursuant to paragraph (1), it may give priority to supporting any business entity who uses natural gas (including liquefied natural gas) or new and renewable energy pursuant to subparagraphs 1 and 2 of Article 2 of the Act on the Promotion of the Development, Use and Diffusion of New and Renewable Energy as fuel. *<Amended by Act No. 11965, Jul. 30, 2013>*

**Article 9 (Business License)**

(1) Any person who intends to conduct business shall obtain a license from the Minister of Trade, Industry and Energy for each supplied district. The same shall also apply to cases where he/she changes permitted matters prescribed by Ordinance of the Ministry of Trade, Industry and Energy. *<Amended by Act No. 11690, Mar. 23, 2013>*

(2) The criteria for licensing pursuant to paragraph (1) shall be as follows: *<Amended by Act No. 13746, Jan. 6, 2016>*

1. The commencement of business shall meet the general demand and contribute to the public good, such as energy conservation and environmental improvements;

2. The supplied volume shall meet the demand in a supplied district;

3. An applicant shall have financial resources and technical ability necessary for conducting business;

4. A supplied district shall not overlap with a supplied district of another business entity: Provided, That this shall not apply where all the following requirements are met and overlapping of supplied districts is allowed by the Minister of Trade, Industry and Energy:

(a) A supplied district for which a license application is to be made is not an area to be supplied;

(b) Where the existing business entity supplying integrated energy in a supplied district for which a license application is to be made is deemed unable to satisfy the demands of the relevant supplied district.

(3) Procedures for licensing pursuant to paragraph (1) and other necessary matters shall be prescribed by Ordinance of the Ministry of Trade, Industry and Energy. <Amended by Act No. 11690, Mar. 23, 2013>

#### **Article 10 (Grounds for Disqualification)**

A person who falls under any of the following subparagraphs shall not obtain a business license: <Amended by Act No. 12312, Jan. 21, 2014; Act No. 15090, Nov. 28, 2017>

1. An incompetent person under the adult guardianship;
2. A person who has been declared bankrupt and has not been reinstated;
3. A person in whose case two years have not passed since his/her license was cancelled (excluding cases where a license has been cancelled for reasons falling under subparagraphs 1 and 2 of Article 10) pursuant to Article 15;
4. A person in whose case two years have not passed since his/her imprisonment with labor for a violation of this Act, or the Energy Use Rationalization Act, or the Electric Utility Act was completely executed (including cases where the execution thereof is deemed to have been completed) or exempted;
5. A person who is under suspension of the execution of his/her imprisonment with labor for a violation of this Act, or the Energy Use Rationalization Act, or the Electric Utility Act;
6. A corporation which has an executive officer falling under any of the subparagraphs 1 through 5.

#### **Article 11 (Construction of Supply Facilities and Commencement of Business)**

(1) Any business entity shall construct supply facilities and commence business within a period determined by the Minister of Trade, Industry and Energy. In such cases, the Minister of Trade, Industry and Energy may determine such period for each supplied district or each supply facilities. <Amended by Act No. 11690, Mar. 23, 2013>

(2) Where the Minister of Trade, Industry and Energy receives an application for extension of a period under paragraph (1) from a business entity, he/she may extend the period if he/she deems that such application has justifiable grounds. <Amended by Act No. 11690, Mar. 23, 2013>

#### **Article 12 (Succession to Business)**

(1) Any person who falls under any of the following subparagraphs shall succeed to the status of the preceding business entity:

1. Where a business entity dies, his/her heir;
2. Where a business entity transfers the whole or a part of his/her business, the transferee thereof;
3. Where a business entity who is a corporation merges, a corporation which survives the merger or a corporation which is incorporated by the merger;

(2) Any person who acquires the whole of supply facilities in accordance with procedures falling under any of the following subparagraphs shall succeed to the status of the preceding business entity: <Amended by Act No. 10219, Mar. 31, 2010; Act No. 14476, Dec. 27, 2016>

1. Auction under the Civil Execution Act;
2. Realization under the Debtor Rehabilitation and Bankruptcy Act;

3. Sale of property under distraint under the National Tax Collection Act, the Customs Act or the Local Tax Collection Act;

4. Other procedures corresponding to subparagraphs 1 through 3.

(3) Any person who succeeds to the status of a business entity pursuant to paragraphs (1) and (2) shall report to the Minister of Trade, Industry and Energy within 30 days, as prescribed by Ordinance of the Ministry of Trade, Industry and Energy. *<Amended by Act No. 11690, Mar. 23, 2013>*

(4) Article 10 shall apply mutatis mutandis to grounds for disqualification of a successor pursuant to paragraph (1).

**Article 13 Deleted.** *<by Act No. 5831, Feb. 8, 1999>*

**Article 14 (Suspension and Closure of Business and Dissolution of Corporations)**

(1) Where a business entity intends to suspend or close the whole or part of his/her business, he/she shall obtain permission from the Minister of Trade, Industry and Energy. *<Amended by Act No. 11690, Mar. 23, 2013>*

(2) A resolution to dissolve a corporate business entity or the consent of all the partners to dissolution thereof is made, the liquidator shall notify the Minister of Trade, Industry and Energy of such fact without delay. *<Amended by Act No. 11690, Mar. 23, 2013; Act No. 13746, Jan. 6, 2016>*

(3) Where any business entity who has suspended his/her business with permission pursuant to paragraph (1) resumes his/her business, he/she shall report to the Minister of Trade, Industry and Energy. *<Amended by Act No. 11690, Mar. 23, 2013>*

**Article 15 (Cancellation of Business License)**

(1) Where a business entity falls under any of the following subparagraphs, the Minister of Trade, Industry and Energy may cancel his/her license or order him/her to suspend his/her business for a fixed period not exceeding six months: *<Amended by Act No. 11690, Mar. 23, 2013>*

1. Where he/she obtains a license or an amended license pursuant to Article 9 by fraud or other wrongful means;

2. Where he/she falls under any grounds for disqualification referred to in the subparagraphs of Article 10;

3. Where he/she fails to construct supply facilities or commence business within the period pursuant to Article 11 (1) or the period extended pursuant to paragraph (2) of the same Article;

4. Where he/she refuses to supply integrated energy without justifiable grounds, in violation of Article 16 (1);

5. Where he/she fails to execute an order to improve the business operation method, etc., pursuant to Article 20;

6. Where he/she fails to execute an order to improve or change, or to suspend or restrict the use of, integrated energy facilities or an order to suspend the supply of integrated energy pursuant to Article 26 (2).

(2) In cases of any of the following subparagraphs, paragraph (1) shall not apply until six months after a corporation falls under subparagraph 6 of Article 10 or until six months after the succession commences:

1. Where a corporation falls under subparagraph 6 of Article 10;
2. Where an heir who succeeds to the status of a business entity falls under any of subparagraphs 1 through 5 of Article 10.

(3) Where the Minister of Trade, Industry and Energy should order a business entity to suspend his/her business because he/she falls under any of the subparagraphs of paragraph (1), if such suspension of business is likely to cause serious inconvenience to users or to harm public interests, the Minister of Trade, Industry and Energy may impose and collect a penalty surcharge not exceeding 20 million won in lieu of suspension of business. *<Amended by Act No. 11690, Mar. 23, 2013>*

(4) The kinds of offenses subject to the imposition of a penalty surcharge pursuant to paragraph (3), the amount of a penalty surcharge according to the extent of violation, and other necessary matters shall be prescribed by Ordinance of the Ministry of Trade, Industry and Energy. *<Amended by Act No. 11690, Mar. 23, 2013>*

(5) Where any person who ought to pay a penalty surcharge pursuant to paragraph (3) fails to pay it by the deadline for payment, the Minister of Trade, Industry and Energy shall collect it in the same manner as national taxes in arrears are collected: Provided, That where the authority referred to in paragraph (1) is delegated to the Mayor/Do Governor, the Mayor/Do Governor shall collect it in the same manner as local taxes in arrears are collected. *<Amended by Act No. 11690, Mar. 23, 2013>*

#### **Article 16 (Supply Obligations)**

(1) No business entity shall refuse to supply integrated energy for users in a supplied district, for which he/she has obtained a license, without justifiable grounds.

(2) Where a heat producer has entered into a supply contract with a business entity pursuant to Article 19, he/she shall not refuse to supply heat without justifiable grounds.

#### **Article 17 (Supply Regulations)**

(1) A business entity shall formulate supply regulations on charges, reduction in charges, and other terms and conditions of supply as prescribed by Ordinance of the Ministry of Trade, Industry and Energy and report them to the Minister of Trade, Industry and Energy, and the same shall also apply to cases where he/she intends to modify them. In such cases, where he/she has obtained approval of, or approval for modification of, the electricity supply clauses from the Minister of Trade, Industry and Energy under Article 16 of the Electric Utility Act, he/she shall be deemed to have reported the matters related to electricity supply in the supply regulations or to have reported any modification of such matters. *<Amended by Act No. 11690, Mar. 23, 2013; Act No. 13746, Jan. 6, 2016>*

(2) Where a business entity reports the supply regulations or reports the modification thereof pursuant to paragraph (1), he/she shall not exceed the upper limit of charges designated and announced by the Minister of Trade, Industry and Energy, as prescribed by Presidential Decree. *<Amended by Act No. 11690, Mar. 23, 2013>*

(3) Where a business entity has reported the supply regulations or reported the modification thereof pursuant to paragraph (1), he/she shall advise the users of the point in writing without delay and announce it in his/her Internet homepage.

(4) A business entity shall supply integrated energy pursuant to the supply regulations which he/she has reported or of which he/she has reported any modification pursuant to paragraph (1).

(5) Users shall conform to the supply regulations which a business entity has reported or of which he/she has reported any modification pursuant to paragraph (1).

#### **Article 18 (Charges for Construction Costs)**

(1) A business entity may have the users bear the whole or part of construction costs for supply facilities.

(2) Charges prescribed in paragraph (1) shall be an amount calculated by multiplying units by use subject to charges by standard unit price. *<Newly Inserted by Act No. 13746, Jan. 6, 2016>*

(3) Matters necessary for the basis of the detailed calculation of charges, methods of imposition and collection thereof, etc., under paragraph (1) shall be prescribed by Presidential Decree. *<Amended by Act No. 13746, Jan. 6, 2016>*

#### **Article 19 (Terms of Supply of Heat Producers)**

(1) Where a heat producer intends to supply a business entity with heat, he/she shall conclude a supply contract on charges and other terms of supply, as prescribed by Ordinance of the Ministry of Trade, Industry and Energy. *<Amended by Act No. 11690, Mar. 23, 2013>*

(2) A heat producer shall supply heat according to a supply contract pursuant to paragraph (1).

(3) Where a heat producer or business entity fails to enter into a supply contract pursuant to paragraph (1), he/she may request the Minister of Trade, Industry and Energy to mediate between a heat producer and business entity. *<Amended by Act No. 11690, Mar. 23, 2013>*

(4) Where the Minister of Trade, Industry and Energy receives a request for mediation pursuant to paragraph (3), he/she shall notify the other party concerned thereof and provide him/her with an opportunity to submit a written opinion within a fixed period. *<Amended by Act No. 11690, Mar. 23, 2013>*

(5) Where a period pursuant to paragraph (4) expires, the Minister of Trade, Industry and Energy shall prepare a mediation plan and recommend the parties concerned to accept the same. *<Amended by Act No. 11690, Mar. 23, 2013>*

#### **Article 20 (Order to Improve Business Operation Method, etc.)**

In cases of any of the following subparagraphs, the Minister of Trade, Industry and Energy may order a business entity to improve the business operation method, etc.: *<Amended by Act No. 11690, Mar. 23, 2013>*

1. Despite the fact that the supply of integrated energy is hindered by an accident, where he/she fails to make necessary repairs or take other measures to remove such obstacle;

2. Where it is feared that the development of a housing site or industrial complex might be hindered because he/she has failed to construct supply facilities and commence business within the period determined by the Minister of Trade, Industry and Energy pursuant to Article 11;

3. Where he/she supplies integrated energy at a rate exceeding the upper limit of charges announced by the Minister of Trade, Industry and Energy pursuant to Article 17 (2);
4. Where he/she has users bear all or part of construction costs borne by them pursuant to Article 18 in excess of the standards prescribed by the supply regulations referred to in Article 17;
5. Where he/she fails to undergo an inspection of supply facilities pursuant to Article 23 or to conduct a self-inspection;
6. Where it is deemed that a method, etc., of the supply of integrated energy harms the convenience of users, in violation of this Act.

**Article 20-2 (Accounting, etc.)**

- (1) A business year of a business entity shall be from January 1 through December 31 every year.
- (2) The accounting standards determined by the Financial Services Commission pursuant to Article 13 of the Act on External Audit of Stock Companies shall apply to accounting of a business entity (excluding cases where a business entity is a local government).
- (3) Where a business entity concurrently conducts business other than business pursuant to subparagraph 2 of Article 2, he/she shall conduct a separate accounting of each business unit.

**Article 20-2 (Accounting, etc.)**

- (1) A business year of a business entity shall be from January 1 through December 31 every year.
- (2) The accounting standards determined by the Financial Services Commission pursuant to Article 5 of the Act on External Audit of Stock Companies, Etc. shall apply to accounting of a business entity (excluding cases where a business entity is a local government). *<Amended by Act No. 15022, Oct. 31, 2017>*
- (3) Where a business entity concurrently conducts business other than business pursuant to subparagraph 2 of Article 2, he/she shall conduct a separate accounting of each business unit.

**Article 20-3 (Accumulation of Construction Costs of Supply Facilities)**

- (1) Any person prescribed by Ordinance of the Ministry of Trade, Industry and Energy from among the business entities who have the users bear all or part of construction costs of supply facilities pursuant to Article 18 shall accumulate an amount equivalent to the depreciation cost of the supply facilities acquired with the amount borne by users (excluding any amount that are taxes and the public utilities charges pursuant to Article 21 of the Corporate Tax and are generated because the users bearing all or part of construction costs of supply facilities; hereinafter the same shall apply) each year as construction costs of supply facilities from among the unappropriated earned surplus generated in the business year. *<Amended by Act No. 11690, Mar. 23, 2013>*
- (2) Matters necessary for the method of accumulation of the accumulated money pursuant to paragraph (1) shall be prescribed by Ordinance of the Ministry of Trade, Industry and Energy. *<Amended by Act No. 11690, Mar. 23, 2013>*

**Article 21 (Technical Standards)**

The Minister of Trade, Industry and Energy shall determine and publicly announce the technical standards necessary for the construction and operation of integrated energy facilities (hereinafter referred to as

"technical standards"). The same shall also apply to cases where he/she amends them. <Amended by Act No. 11690, Mar. 23, 2013>

#### **Article 22 (Approval of Construction Plan)**

(1) Where a business entity performs works for the construction or alteration of supply facilities prescribed by Ordinance of the Ministry of Trade, Industry and Energy, except as otherwise provided for in Article 48 of the Occupational Safety and Health Act, he/she shall obtain approval of the construction plan from the Minister of Trade, Industry and Energy within a period determined by the Minister of Trade, Industry and Energy. The same shall also apply to cases where he/she intends to change it. <Amended by Act No. 11690, Mar. 23, 2013>

(2) Where a business entity has performed construction works referred to in paragraph (1) that are minor construction works prescribed by Ordinance of the Ministry of Trade, Industry and Energy, disaster restoration works, or other urgent works, he/she shall report to the Minister of Trade, Industry and Energy, as prescribed by Ordinance of the Ministry of Trade, Industry and Energy. <Amended by Act No. 11690, Mar. 23, 2013>

(3) The standards for approval pursuant to paragraph (1) shall be as follows:

1. A work plan shall conform to the matters for which a license or an amended license has been issued under Article 9;

2. Supply facilities shall meet the technical standards.

(4) Article 11 (2) shall apply mutatis mutandis to the extension of a period provided for in paragraph (1).

(5) The procedures for approval under paragraph (1) and reporting under paragraph (2) and other necessary matters shall be prescribed by Ordinance of the Ministry of Trade, Industry and Energy.

<Amended by Act No. 11690, Mar. 23, 2013>

#### **Article 23 (Inspection)**

(1) Where a business entity has performed construction works for the construction or alteration of supply facilities, he/she shall use them after he/she has passed an inspection by the Minister of Trade, Industry and Energy on each process of such construction work, as prescribed by Ordinance of the Ministry of Trade, Industry and Energy: Provided, That he/she may use supply facilities prescribed by Ordinance of the Ministry of Trade, Industry and Energy after he/she has conducted a self-inspection thereof, as prescribed by Ordinance of the Ministry of Trade, Industry and Energy. <Amended by Act No. 11690, Mar. 23, 2013>

(2) Where the Minister of Trade, Industry and Energy deems that there is no obstacle to safety and it is necessary to use supply facilities temporarily, notwithstanding paragraphs (1), he/she may allow a business entity to use the facilities temporarily, fixing a period and method of use. <Amended by Act No. 11690, Mar. 23, 2013>

(3) A business entity shall undergo a regular inspection on supply facilities of the Minister of Trade, Industry and Energy, as prescribed by Ordinance of the Ministry of Trade, Industry and Energy. <Amended by Act No. 11690, Mar. 23, 2013>

(4) The Minister of Trade, Industry and Energy shall, without delay, issue an inspection certificate specifying the term of validity of inspection to a business entity who has passed the inspection pursuant to paragraph (1) or (3). *<Amended by Act No. 11690, Mar. 23, 2013>*

(5) Where a business entity has conducted his/her own inspection pursuant to the proviso to paragraph (1), he/she shall submit the records thereof to the Minister of Trade, Industry and Energy, as prescribed by Ordinance of the Ministry of Trade, Industry and Energy. *<Amended by Act No. 11690, Mar. 23, 2013>*

#### **Article 24 (Confirmation and Checkups)**

(1) In cases of any of the following subparagraphs, the Minister of Trade, Industry and Energy may have public officials under his/her control gain access to a place of business of a business entity to confirm and check the supply facilities or other things related to safety management; *<Amended by Act No. 11690, Mar. 23, 2013>*

1. Where it is necessary to ascertain whether there are any grounds to order the improvement in the business operation method, etc., pursuant to Article 20;
2. Where it is necessary to ascertain whether supply facilities meet the technical standards of integrated energy facilities pursuant to Article 21;
3. Where it is necessary to judge whether to permit temporary use of supply facilities pursuant to Article 23 (2);
4. Where it is necessary to ascertain whether there are any grounds to order the improvement or replacement, suspension of or restriction on use of integrated energy facilities, or the suspension of supply pursuant to Article 26 (2);
5. Where it is necessary for the safety management of supply facilities pursuant to this Act.

(2) In cases falling under any of the following subparagraphs, the Minister of Trade, Industry and Energy may require public officials under his/her control to enter a place where facilities for use are installed and to confirm and check them: Provided, That where a place where facilities for use are installed is used for residential purposes, he/she shall consult in advance with the relevant resident about the time and period of inspection: *<Amended by Act No. 11690, Mar. 23, 2013>*

1. Where it is necessary to judge whether the supply regulations pursuant to Article 17 (1) are observed;
2. Where it is necessary to ascertain whether facilities for use meet the technical standards for integrated energy facilities pursuant to Article 21;
3. Where it is necessary to ascertain whether there are any grounds to order the improvement or replacement, suspension of or restriction on use of integrated energy facilities, or the suspension of supply pursuant to Article 26 (2);
4. Where it is necessary for the safety management of facilities for use pursuant to this Act.

(3) Where it is necessary to ascertain whether a business entity has newly constructed, reconstructed or extended heat production facilities without obtaining a permit or an amended permit under Article 6 (1) or (2), the Minister of Trade, Industry and Energy may have public officials under his/her control gain access to the place of business, and confirm and check the heat production facilities and other things related to the

safety management. *<Amended by Act No. 11690, Mar. 23, 2013>*

(4) Any person who conducts confirmation and checkups pursuant to paragraphs (1) through (3) shall carry an identification indicating his/her authority and produce it to the persons concerned.

#### **Article 25 (Inspection of Facilities for Use)**

(1) A business entity shall inspect whether facilities for use meet the technical standards, as prescribed by Ordinance of the Ministry of Trade, Industry and Energy. *<Amended by Act No. 11690, Mar. 23, 2013>*

(2) Where a business entity has conducted an inspection under paragraph (1), he/she shall notify the relevant user of the result of such inspection and issue an inspection certificate, as prescribed by Ordinance of the Ministry of Trade, Industry and Energy. *<Amended by Act No. 11690, Mar. 23, 2013>*

(3) Where a business entity has conducted an inspection under paragraph (1), he/she shall prepare and keep records thereof, as prescribed by Ordinance of the Ministry of Trade, Industry and Energy. *<Amended by Act No. 11690, Mar. 23, 2013>*

(4) The proviso to Article 24 (2) and Article 24 (4) shall apply mutatis mutandis to the inspection pursuant to paragraph (1).

#### **Article 26 (Maintenance of Facilities)**

(1) A business entity and user shall maintain integrated energy facilities in accordance with the technical standards.

(2) Where the Minister of Trade, Industry and Energy deems it necessary to take urgent measures to prevent harm to the public, he/she may order a business entity or user to improve or replace, or to suspend or restrict the use of, such integrated energy facilities or order a business entity to suspend the supply of integrated energy. *<Amended by Act No. 11690, Mar. 23, 2013>*

#### **Article 27 (Regulations of Safety Management)**

(1) A business entity shall formulate regulations of safety management in accordance with the standards prescribed by Ordinance of the Ministry of Trade, Industry and Energy for safety management of supply facilities and report them to the Minister of Trade, Industry and Energy before he/she commences business. The same shall also apply in cases where he/she has modified the regulations. *<Amended by Act No. 11690, Mar. 23, 2013>*

(2) A business entity and his/her employees shall abide by the regulations of safety management pursuant to paragraph (1).

#### **Article 28 Deleted.** *<by Act No. 5831, Feb. 8, 1999>*

#### **Article 29 (Establishment of Korea District Heating Corporation)**

The Korea District Heating Corporation (hereinafter referred to as the "Corporation") shall be established to efficiently supply integrated energy for residential districts, commercial districts, etc.

#### **Article 30 (Legal Personality)**

The Corporation shall be a juristic person.

#### **Article 31 (Matters to be Entered in Articles of Association)**

(1) The matters referred to in the following subparagraphs shall be included in the articles of association of the Corporation:

1. Objectives;
2. Name;
3. Matters regarding the principal office and places of business;
4. Matters regarding capital;
5. Matters regarding shares;
6. Matters regarding executive officers and employees;
7. Matters regarding general meetings of shareholders;
8. Matters regarding the board of directors;
9. Matters regarding the affairs and the execution thereof;
10. Matters regarding accounting;
11. Matters regarding methods of making public notice;
12. Matters regarding flotation of debentures;
13. Matters regarding a modification of the articles of association.

(2) Where the Corporation intends to modify the articles of association, it shall obtain authorization of the Minister of Trade, Industry and Energy. *<Amended by Act No. 11690, Mar. 23, 2013>*

#### **Article 32 (Capital and Investment)**

(1) The capital of the Corporation shall be two hundred billion won.

(2) The capital referred to in paragraph (1) shall be invested by the State, a local government, and any public institution prescribed in the Act on the Management of Public Institutions and, if necessary, within the extent not exceeding 1/2 of the capital, the general public may be invited as shareholders as prescribed by the articles of association. *<Amended by Act No. 15577, Apr. 17, 2018>*

(3) Investments pursuant to paragraph (2) may be made in kind or in cash.

#### **Article 32-2 (Restrictions on Holding of Shares of Same Person)**

(1) One shareholder and a person in the special relationship with him/her as prescribed by Presidential Decree (hereinafter referred to as "same person") shall neither hold nor have virtual control over shares exceeding the ratio prescribed by the articles of association within 7/100 of the total number of shares issued with voting right of the Corporation.

(2) Where the same person holds or has virtual control over shares exceeding the limit prescribed by paragraph (1), he/she shall dispose of the shares exceeding the limit without delay. In such cases, even before he/she disposes of the shares, the extent of exercise of the voting right of the relevant shares shall be restricted to the limit prescribed by paragraph (1).

(3) Where the same person holds or has virtual control over shares exceeding the ratio prescribed by paragraph (1), the Minister of Trade, Industry and Energy may order such same person to meet the ratio within a fixed period not exceeding six months. *<Amended by Act No. 11690, Mar. 23, 2013>*

(4) Cases where the same person holds or has virtual control over shares in paragraphs (1) through (3) shall be based on the virtual relationship between shareholders, notwithstanding the name of shareholders.

#### **Article 33 (Shares)**

(1) The capital of the Corporation shall be divided into shares.

(2) Kinds of shares, an amount of one share, time of issue of shares, the total number of shares to be issued, the amount, time and method of payment of share capital and other necessary matters shall be prescribed by the articles of association. <Amended by Act No. 15577, Apr. 17, 2018>

#### **Article 34 (Prohibition of Use of Similar Names)**

No person, other than the Corporation under this Act, shall use the name of the Korea District Heating Corporation or any name similar thereto.

#### **Article 35 (Executive Officers)**

(1) The Corporation shall have not more than nine directors, including one president and one auditor as its executive officers.

(2) The directors shall be categorized into standing directors and non-standing directors as prescribed by the articles of association. In such cases, the fixed number of standing directors, including the president, shall be less than 50/100 of the fixed number of directors.

(3) Of the executive officers, the term of office of the president shall be three years, the term of office of a director and auditor shall be two years, and they may serve consecutive terms of one year each.

#### **Article 36 (Appointment of Employees)**

(1) The employees of the Corporation shall be appointed and dismissed by the president, as prescribed by the articles of association.

(2) The appointment of employees shall be based on the following:

1. The results of an examination;
2. Service record;
3. The actual proof of other abilities.

**Articles 37 and 38 Deleted.** <by Act No. 9933, Jan. 18, 2010>

#### **Article 39 (Appointment of Representative)**

The president may appoint a representative who has the authority to do all judicial or extrajudicial acts in relation to the affairs of the Corporation from among the employees, as prescribed by the articles of association.

#### **Article 40 (Prohibition of Divulgence of Confidential Information)**

No person who is or was an executive officer or employee of the Corporation shall divulge or misappropriate any confidential information learned in the course of his/her duties.

#### **Article 41 (Projects)**

(1) The Corporation shall engage in the following projects: <Amended by Act No. 11965, Jul. 30, 2013>

1. Production, transportation, and distribution of integrated energy and other projects related thereto;

2. Construction and operation of supply facilities;
  3. New and renewable energy projects pursuant to subparagraphs 1 and 2 of Article 2 of the Act on the Promotion of the Development, Use and Diffusion of New and Renewable Energy;
  4. Research into, and technical development of, projects related to those referred to in subparagraphs 1 through 3;
  5. Investment in or contribution to projects referred to in subparagraphs 1 through 4;
  6. Projects incidental to those referred to in subparagraphs 1 through 5;
  7. Other projects entrusted by the State or a local government.
- (2) The Corporation may conduct projects referred to in paragraph (1) overseas.
- (3) The scope of investment in or contribution to research and technical development referred to in paragraph (1) 4, target institutions and other necessary matters shall be prescribed by Presidential Decree.

#### **Article 42 (Disposal of Profit and Loss)**

(1) In cases where the Corporation makes a profit as a result of settlement of accounts of each business year, it shall dispose of such profit through a resolution of a general meeting of shareholders in the following order:

1. Making up any loss brought forward;
2. Accumulation of 1/10 of a profit or more as earned surplus reserve until it reaches 1/2 of the capital;
3. Accumulation as reserve for business expansion;
4. Paying dividends to the shareholders;
5. Earned surplus brought forward.

(2) In cases where the Corporation makes a loss as a result of settlement of accounts of a business year, it shall make up the loss from reserves for business expansion pursuant to paragraph (1) 3, and, if such reserve fails to make up the loss, it shall make up the loss with the earned surplus reserve pursuant to paragraph (1) 2, and the amount of loss left after making up shall be carried forward to the next business year.

(3) The earned surplus reserve pursuant to paragraph (1) 2 may be transferred to capital as prescribed by Presidential Decree.

#### **Article 43 (Supervision)**

The Minister of Trade, Industry and Energy shall give directions and supervision on the affairs related to the matters referred to in the following subparagraphs for the Corporation to attain its management objectives: <Amended by Act No. 11690, Mar. 23, 2013>

1. Production, transportation and distribution of integrated energy;
2. Construction and operation of supply facilities;
3. Adjustment of the organizational structure and the number of staff members;
4. Compilation of the budget and settlement of accounts;
5. A business plan and the results of business.

#### **Article 44 (Application of Commercial Act Mutatis Mutandis)**

Except as otherwise provided for in this Act and the Act on the Management of Public Institutions, the provisions regarding stock companies of the Commercial Act shall apply mutatis mutandis to the Corporation: Provided, That Article 292 of the Commercial Act shall not apply mutatis mutandis.

**Article 44-2 Deleted.** <by Act No. 15577, Apr. 17, 2018>

#### **Article 45 (Use of Public Land)**

(1) Where it is necessary to construct supply facilities on a road, bridge, sewer, river, or bank or on or under other public land, a business entity may use it with permission from the manager thereof within the extent that such use does not interfere with the utility thereof.

(2) No manager of public land shall refuse the use pursuant to paragraph (1) without justifiable grounds.

#### **Article 46 (Expropriation and Use of Land)**

(1) Where it is necessary for construction of supply facilities or for a field investigation, survey and construction therefor, or for maintenance and repair thereof, a business entity may expropriate or use land or buildings thereon or other things (hereinafter referred to as "land, etc.") of a third person or alter or remove plants and other obstacles (hereinafter referred to as "plants, etc.") of a third person.

(2) The Act on Acquisition of and Compensation for Land, etc. for Public Works Projects shall apply mutatis mutandis to procedures, etc., of expropriation, use, alteration, or removal pursuant to paragraph (1).

(3) Notwithstanding paragraph (2), where a business entity falls under any of the following subparagraphs, he/she may use land, etc., of a third person temporarily or alter or remove plants, etc., of a third person: Provided, That where land, etc., of a third person is being used for residential purposes, he/she shall consult in advance with the residents about the date and period of use:

1. Temporary use of land, etc., of a third person within 15 days where supply facilities are damaged or likely to be damaged due to a natural disaster or other emergency;
2. Alteration or removal of plants, etc., where it is deemed that the relevant supply facilities may be damaged substantially or leakage or other disasters may occur by neglecting plants, etc., which are obstacles to the supply facilities.

(4) Where a business entity temporarily uses land, etc., of a third person or alters or removes plants, etc., of a third person pursuant to paragraph (3), he/she shall notify an owner or occupant thereof of such fact without delay.

(5) Where a business entity has inflicted a loss on an owner or occupant of land, etc., due to expropriation, use, alteration, or removal pursuant to paragraph (1) or (3), he/she shall compensate for such loss by applying the Act on Acquisition of and Compensation for Land, etc. for Public Works Projects mutatis mutandis.

#### **Article 47 (Period of Application for Adjudication by Business Entities)**

Notwithstanding Articles 23 (1) and 28 (1) of the Act on Acquisition of and Compensation for Land, etc. for Public Works Projects, in cases where a business entity is unable to enter into an agreement or fails to

arrive at an agreement when he/she intends to expropriate or use land, etc., under the Act on Acquisition of and Compensation for Land, etc. for Public Works Projects after obtaining approval of a work plan pursuant to Article 22, he/she may file an application for adjudication on the expropriation or use of land, etc., within the period for commencement of business pursuant to Article 11.

**Article 48 (Relation to the Electric Utility Act)**

(1) Where a business entity has obtained a license or an amended license under Article 9 regarding the supply of electricity under this Act, he/she shall be deemed to have obtained a license for electricity generation business pursuant to Article 7 (1) of the Electric Utility Act.

(2) The safety management on the installation, maintenance, repair, etc. of electric equipment prescribed by Ordinance of the Ministry of Trade, Industry and Energy among the integrated energy facilities shall be governed by the Electric Utility Act. <Amended by Act No. 11690, Mar. 23, 2013>

**Article 49 (Approval, Permission, etc. Deemed Granted under other Acts)**

(1) When the Minister of Trade, Industry and Energy approves a construction work plan pursuant to Article 22 (1), with regard to matters concerning permission, authorization, approval, designation, consultation, report, or license (hereinafter referred to as "approval, permission, etc." in this Article) referred to in the following subparagraphs on which the Minister of Trade, Industry and Energy has consulted with the head of the relevant administrative agency pursuant to paragraph (2), a business entity shall be deemed to have been granted the relevant approval, permission, etc.: <Amended by Act No. 10272, Apr. 15, 2010; Act No. 10599, Apr. 14, 2011; Act No. 11690, Mar. 23, 2013; Act No. 12248, Jan. 14, 2014; Act No. 14480, Dec. 27, 2016>

1. Permission for the occupation or use of the common utility duct pursuant to Article 44-3 (2) of the National Land Planning and Utilization Act, permission for development pursuant to Article 56 of the same Act, designation of an implementer of an urban/Gun planning facilities project pursuant to Article 86 of the same Act, and approval of an execution plan pursuant to Article 88 of the same Act;
2. Permission for a person who is not a road management agency to implement road construction works pursuant to Article 36 of the Road Act, permission for the occupation and use of a road pursuant to Article 61 of the same Act, and consultation with the relevant road management agency or approval therefrom pursuant to Article 107 of the same Act;
3. Permission for the construction of a private road pursuant to Article 4 of the Private Road Act;
4. Authorization for industrial water supply service pursuant to Article 49 of the Water Supply and Waterworks Installation Act and authorization for the installation of a private water supply facility pursuant to Article 52 (1) of the same Act;
5. Permission for the occupation and use of public sewers pursuant to Article 24 of the Sewerage Act, and report on the installation of drainage facilities pursuant to Article 27 of the same Act;
6. Permission for the execution of river conservation works pursuant to Article 30 (1) of the River Act, authorization for a plan for executing river works pursuant to Article 30 (5) of the same Act, and permission for the occupation and use or any other act in a river area pursuant to Article 33 (1) of the

same Act;

7. Permission for the occupation and use of public waters pursuant to Article 8 of the Public Waters Management Act and approval or reporting of an execution plan pursuant to Article 17 of the same Act, and a license to reclaim the public waters pursuant to Article 28 of the same Act and approval of an plan for executing reclamation of the public waters pursuant to Article 38 of the same Act;

8. Deleted; <by Act No. 10272, Apr. 15, 2010>

9. Permission for an act in a park zone pursuant to Article 23 (1) of the Natural Parks Act;

10. Permission for the occupation and use of an urban park pursuant to Article 24 (1) of the Act on Urban Parks, Greenbelts, etc. and permission for an act in an urban natural park zone pursuant to the proviso to Article 27 (1) of the same Act;

11. Permission for the diversion of farmland pursuant to Article 34 (1) of the Farmland Act;

12. Permission for an act in grassland pursuant to Article 21-2 of the Grassland Act;

13. Permission for access to a restricted and protected area or such, under Article 9 (1) 1 of the Protection of Military Bases and Installations Act and consultation on permission or such, by an administrative agency under Article 13 of the same Act;

14. Approval of the use of fuel pursuant to Article 9 (5) of the Clean Air Conservation Act;

15. Permission for an act in an urban development area pursuant to Article 9 (5) of the Urban Development Act;

16. Permission for small river conservation work pursuant to Article 10 of the Small River Maintenance Act;

17. Permission for the use of agricultural infrastructure or water for a purpose other than their original purpose pursuant to Article 23 of the Rearrangement of Agricultural and Fishing Villages Act;

18. Approval or report of the installation of waste disposal facilities pursuant to Article 29 (2) of the Wastes Control Act.

(2) Where the Minister of Trade, Industry and Energy intends to approve a business entity's construction work plan pursuant to Article 22, he/she shall consult with the head of the administrative agency concerned if the plan includes matters falling under any of the subparagraphs of paragraph (1). In such cases, the head of the administrative agency concerned shall submit his/her opinion within a period prescribed by Presidential Decree from the date on which he/she receives a request for consultation from the Minister of Trade, Industry and Energy. <Amended by Act No. 11690, Mar. 23, 2013>

#### **Article 50 (Inspections)**

(1) The Minister of Trade, Industry and Energy may, within the extent necessary for enforcing this Act, require a public official under his/her control to gain access to an office, a place of business or other place of work of a business entity or a heat producer who concludes a supply contract with the business entity and inspect books, documents, and other materials. <Amended by Act No. 11690, Mar. 23, 2013>

(2) Any public official who has access and inspects pursuant to paragraph (1) shall carry an identification indicating his/her authority and produce it to the persons concerned.

### **Article 51 (Hearings)**

Where the Minister of Trade, Industry and Energy intends to cancel a license pursuant to Article 15 (1), he/she shall hold a hearing. <Amended by Act No. 11690, Mar. 23, 2013>

### **Article 52 (Fees)**

Any person who intends to be inspected pursuant to Article 23 shall pay a fee, as prescribed by the Minister of the Ministry of Trade, Industry and Energy. <Amended by Act No. 11690, Mar. 23, 2013>

### **Article 53 (Delegation and Entrustment of Authority)**

The Minister of Trade, Industry and Energy may, as prescribed by Presidential Decree, delegate part of his/her authority under this Act to the Mayor/Do Governor or entrust part of his/her authority to the Korea Energy Agency established under the Energy Use Rationalization Act. <Amended by Act No. 11690, Mar. 23, 2013; Act No. 13090, Jan. 28, 2015>

### **Article 54 (Penalty Provisions)**

(1) Any person who interferes with the smooth supply of integrated energy by destroying or removing supply facilities or disrupting the normal functioning of supply facilities by other methods shall be punished by imprisonment with labor for not less than one year but not more than ten years.

(2) Any person who interferes with the smooth supply of integrated energy by manipulating supply facilities without the consent of a business entity shall be punished by imprisonment with labor for not more than five years or by a fine not exceeding 50 million won, or such imprisonment with labor and a fine may be imposed concurrently. <Amended by Act. No. 12312 Jan. 21, 2014>

(3) A person who is engaged in business and causes disruptions to the supply of integrated energy by failing to fulfill his/her duty to manage supply facilities safely shall be punished pursuant to paragraph (2).

(4) Any person who kills or injures any other person by doing an act pursuant to paragraphs (1) through (3) shall be punished by imprisonment with labor for a limited term of not less than five years.

(5) Any attempt to commit a crime described in paragraphs (1) and (2) shall be punished.

### **Article 55 (Penalty Provisions)**

Any person who falls under any of the following subparagraphs shall be punished by imprisonment with labor for not more than three years or by a fine not exceeding 30 million won: <Amended by Act. No. 12312 Jan. 21, 2014>

1. Any person who conducts business without obtaining a license or an amended license under Article 9 (1);
2. Any person who suspends or closes the whole or part of business without obtaining permission pursuant to Article 14 (1);
3. Any person who contravenes the cancellation of license or the disposition of business suspension pursuant to Article 15 (1);
4. Any person who violates an order to improve or replace integrated energy facilities or to suspend or restrict the use thereof, or an order to suspend the supply of integrated energy pursuant to Article 26 (3);

5. Any person who violates a correction order pursuant to Article 32-2 (3).

#### **Article 56 (Penalty Provisions)**

Any of the following persons shall be punished by imprisonment with labor for not more than two years or by a fine not exceeding 20 million won: <Amended by Act. No. 12312 Jan. 21, 2014; Act No. 15000, Oct. 31, 2017>

1. Any person who constructs, reconstructs or extends heat production facilities without obtaining a permit or an amended permit under Article 6 (1) or (2);
2. Any person who fails to construct supply facilities or to commence business, in violation of Article 11 (1);
3. Any person who refuses to supply integrated energy, in violation of Article 16 (1);
4. Any person who refuses to supply heat, in violation of Article 16 (2);
5. Any person who performs construction works without obtaining approval or approval for alteration pursuant to Article 22 (1);
6. Any person who uses supply facilities, in violation of Article 23 (1) or (2);
7. Any person who divulges or steals any confidential information, in violation of Article 40.

#### **Article 57 (Penalty Provisions)**

Any of the following persons shall be punished by imprisonment with labor for not more than one year or by a fine not exceeding ten million won: <Amended by Act. No. 12312 Jan. 21, 2014; Act No. 13746, Jan. 6, 2016>

1. Any person who violates an order to reinstate heat production facilities pursuant to Article 6 (5);
2. Any person who supplies integrated energy, in violation of Article 17 (4) or Article 19 (2);
3. Any person who violates an order to improve operational method, etc., pursuant to Article 20;
4. Any person who fails to accumulate the cost of construction of supply facilities, in violation of Article 20-3;
5. Any person who refuses, interferes with, or evades an inspection pursuant to Article 23 (3);
6. Deleted. <by Act No. 15000, Oct. 31, 2017>

#### **Article 58 (Penalty Provisions)**

Any person who falls under any of the following subparagraphs shall be punished by a fine not exceeding three million won:

1. Any person who performs accounting, in violation of Article 20-2 (3);
2. Any person who refuses, interferes with or evades a confirmation and checkup or an inspection pursuant to Article 24 (1) through (3), 25 (1), or 50 (1);
3. Any person who fails to report safety management regulations, in violation of Article 27 (1);

#### **Article 59 (Joint Penalty Provisions)**

Where the representative of a corporation, or an agent, employee of, or any other person employed by a corporation or individual commits an offense referred to in Article 54 (2), (3), (5) or 55 through 58 in conducting the business affairs of the corporation or individual, not only shall such offender be punished,

but also the corporation or individual shall be punished by a fine prescribed in any of the relevant provisions: Provided, That this shall not apply where such corporation or individual is not negligent in giving due attention or supervision with respect to the relevant affairs in order to prevent such offence.

#### **Article 60 (Administrative Fines)**

(1) Any of the following persons shall be punished by an administrative fine not exceeding two million won:

1. Any person who fails to make a report pursuant to Article 12 (3), 17 (1) or 22 (2) or makes any false report;
2. Any person who fails to notify or to publicly announce the supply regulations, in violation of Article 17 (3);
3. Any person who uses similar names, in violation of Article 34;

(2) Administrative fines pursuant to paragraph (1) shall be imposed and collected by the Minister of Trade, Industry and Energy (where the authority is delegated to the Mayor/Do Governor pursuant to Article 53, referring to the Mayor/Do Governor), as prescribed by Presidential Decree. <Amended by Act No. 11690, Mar. 23, 2013>

#### **Article 61 (Legal Fiction as Public Official in Application of Penalty Provisions)**

The executive officers and employees of the Korea Energy Agency who are engaged in the affairs entrusted by the Minister of Trade, Industry and Energy pursuant to Article 53 shall be deemed public officials in applying Articles 129 through 132 of the Criminal Act. <Amended by Act No. 11690, Mar. 23, 2013; Act No. 13090, Jan. 28, 2015>

### ADDENDA

#### **Article 1 (Enforcement Date)**

This Act shall enter into force six months after the date of its promulgation: Provided, That the provisions of Articles 29 through 44 and Articles 6 through 9 of the Addenda shall enter into force on the date of its promulgation.

#### **Article 2 (Transitional Measures concerning Integrated Energy Supply Plan)**

The integrated energy supply plan referred to in Article 38 of the Energy Use Rationalization Act at the time this Act enters into force shall be deemed the master plan referred to in Article 3.

#### **Article 3 (Transitional Measures concerning Project Managers)**

A person who has obtained permission for the heat supply project pursuant to Article 40 of the Energy Use Rationalization Act shall be deemed a project manager referred to in this Act.

#### **Article 4 (Transitional Measures concerning Dispositions, etc.)**

A designation, permission, authorization, approval or inspection granted or report, consultation, or other dispositions made with respect to the heat supply project pursuant to the Energy Use Rationalization Act at the time this Act enters into force shall be deemed a designation, permission, authorization, approval or inspection deemed granted or report, inspection, consultation, or other dispositions deemed

made, under this Act.

#### **Article 5 (Transitional Measures concerning Application of Penalty Provisions)**

The application of penalty provisions to the offenses under the Energy Use Rationalization Act before this Act enters into force shall be governed by such provisions.

#### **Article 6 (Preparation of Incorporation)**

(1) The Minister of Commerce, Industry and Energy shall commission five or less incorporators within one month after this Act enters into force and have them deal with the affairs on the incorporation of the Corporation.

(2) The incorporators shall draw up the articles of incorporation and obtain authorization from the Minister of Commerce, Industry and Energy.

(3) Where the incorporators obtain the authorization referred to in paragraph (2), they shall, without delay, file for a registration of incorporation of the Corporation by a joint signature and then transfer the business to the president of the Corporation.

(4) The incorporators shall be recommissioned when the transfer of business is completed.

(5) The expenses incurred in incorporating the Corporation shall be paid by the Corporation.

#### **Article 7 (Transitional Measures concerning Corporation)**

(1) The Korea District Heating Corporation Co., Ltd. (hereinafter referred to as the "Korea Heating Co., Ltd.") established pursuant to Article 172 of the Commercial Act at the time this Act enters into force may request the Minister of Commerce, Industry and Energy for the Corporation to be established pursuant to this Act to succeed to all its rights and obligations through a resolution passed at a general meeting of shareholders.

(2) The Korea Heating Co., Ltd. which has obtained approval from the Minister of Commerce, Industry and Energy after making a request referred to in paragraph (1) shall be deemed to have been dissolved upon the establishment of the Corporation, notwithstanding the provisions on the dissolution and liquidation of a stock company in the Commercial Act.

#### **Article 8 (Succession to Property, Right, and Obligation)**

(1) The Corporation shall, by a universal title, succeed to all properties, rights, and obligations of the Korea Heating Co., Ltd. that dissolves in accordance with the provision of Article 7 (2) of the Addenda, and the title of Korea Heating Co., Ltd. in the registry concerning properties, rights, and obligations and in other public records shall be deemed the title of the Corporation.

(2) The equivalent value of properties to which the Corporation succeeds as stipulated in paragraph (1) shall be the book value available at the time of such succession.

#### **Article 9 (Transitional Measures concerning Employees)**

The employees of the Korea Heating Co., Ltd. at the time this Act enters into force shall be deemed the employees of the Corporation.

#### **Article 10 Omitted.**

### **Article 11 (Relationship to other Acts)**

Where other statutes cite the Energy Use Rationalization Act or its provisions at the time this Act enters into force, if the Act includes the corresponding provisions, this Act or the corresponding provisions of this Act shall be deemed to have been cited.

ADDENDA <Act No. 4508, Dec. 2, 1992>

### **Article 1 (Enforcement Date)**

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

### **Articles 2 through 6 Omitted.**

ADDENDA <Act No. 4541, Mar. 6, 1993>

### **Article 1 (Enforcement Date)**

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

### **Articles 2 through 5 Omitted.**

ADDENDA <Act No. 4781, Aug. 3, 1994>

### **Article 1 (Enforcement Date)**

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

### **Articles 2 through 6 Omitted.**

ADDENDA <Act No. 5453, Dec. 13, 1997>

### **Article 1 (Enforcement Date)**

This Act shall enter into force on January 1, 1998. (Proviso Omitted.)

### **Article 2 Omitted.**

ADDENDUM <Act No. 5454, Dec. 13, 1997>

This Act shall enter into force on January 1, 1998. (Proviso Omitted.)

ADDENDA <Act No. 5831, Feb. 8, 1999>

- (1) (Enforcement Date) This Article shall enter into force six months after the date of its promulgation.
- (2) (Transitional Measures concerning Business Transfer and Taking Over and Business Entity's Application for Merger Authorization) As for business transfer and taking over and a business entity's application for merger authorization under the former provisions of Article 13 at the time this Act enters into force, former provisions shall apply.
- (3) (Transitional Measures concerning Auditor's Term of Office) As for the term of office of an auditor who is in office at the time this Act enters into force, notwithstanding the amended provisions of Article 35 (4), former provisions shall apply, and his/her period of service under the former provisions shall be counted

towards the calculation of his/her term of office.

(4) (Transitional Measures concerning Penalty Provisions) As for the application of penalty provisions for an act performed before this Act enters into force, former provisions shall apply.

(5) Omitted.

ADDENDA <Act No. 6283, Dec. 23, 2000>

**Article 1 (Enforcement Date)**

This Act shall enter into force two months after the date of its promulgation. (Proviso Omitted.)

**Articles 2 through 14 Omitted.**

ADDENDA <Act No. 6601, Jan. 14, 2002>

(1) (Enforcement Date) This Act shall enter into force on the date of its promulgation.

(2) (Applicability concerning Accumulation of Supply Facilities Construction Cost) The amended provisions of Article 20-3 shall apply from the first accounting for a business year that ends after this Act enters into force.

(3) (Transitional Measures concerning Capital Surplus) In performing accounting under Addenda (2), a business entity who is subject to the accounting standards under the former provisions of Article 20-2 (3) at the time this Act enters into force shall accumulate an amount of depreciation expenses incurred from the business year when it, or he/she purchases a supply facility or facilities using the amount of capital surplus paid by a user under the former accounting standards and allocate such expenses as supply facilities construction costs provided in the amended provisions of Article 20-3.

ADDENDA <Act No. 6627, Jan. 26, 2002>

**Article 1 (Enforcement Date)**

This Act shall enter into force on July 1, 2002.

**Articles 2 through 7 Omitted.**

ADDENDA <Act No. 6656, Feb. 4, 2002>

**Article 1 (Enforcement Date)**

This Act shall enter into force on January 1, 2003.

**Articles 2 through 12 Omitted.**

ADDENDA <Act No. 7428, Mar. 31, 2005>

**Article 1 (Enforcement Date)**

This Act shall enter into force one year after the date of its promulgation.

**Articles 2 through 6 Omitted.**

ADDENDA <Act No. 7476, Mar. 31, 2005>

**Article 1 (Enforcement Date)**

This Act shall enter into force six months after the date of its promulgation.

**Articles 2 through 10 Omitted.**

ADDENDA <Act No. 7510, May 26, 2005>

(1) (Enforcement Date) This Act shall enter into force on the date of its promulgation.

(2) (Applicability to Approval, Permission, etc. Deemed Granted) The amended provisions of Article 49 shall apply from the first construction work approved after this Act enters into force.

ADDENDUM <Act No. 7999, Sep. 27, 2006>

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

ADDENDA <Act No. 8014, Sep. 27, 2006>

**Article 1 (Enforcement Date)**

This Act shall enter into force one year after the date of its promulgation.

**Articles 2 through 11 Omitted.**

ADDENDA <Act No. 8351, Apr. 11, 2007>

**Article 1 (Enforcement Date)**

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

**Articles 2 through 15 Omitted.**

ADDENDA <Act No. 8352, Apr. 11, 2007>

**Article 1 (Enforcement Date)**

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

**Articles 2 through 16 Omitted.**

ADDENDA <Act No. 8370, Apr. 11, 2007>

**Article 1 (Enforcement Date)**

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

**Articles 2 through 20 Omitted.**

ADDENDA <Act No. 8371, Apr. 11, 2007>

**Article 1 (Enforcement Date)**

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

**Articles 2 through 10 Omitted.**

ADDENDA <Act No. 8404, Apr. 27, 2007>

**Article 1 (Enforcement Date)**

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

**Articles 2 through 14 Omitted.**

ADDENDUM <Act No. 8487, May 25, 2007>

This Act shall enter into force six months after the date of its promulgation.

ADDENDA <Act No. 8635, Aug. 3, 2007>

**Article 1 (Enforcement Date)**

This Act shall enter into force one year and six months after the date of its promulgation. (Proviso Omitted.)

**Articles 2 through 44 Omitted.**

ADDENDA <Act No. 8733, Dec. 21, 2007>

**Article 1 (Enforcement Date)**

This Act shall enter into force nine months after the date of its promulgation. (Proviso Omitted.)

**Articles 2 through 11 Omitted.**

ADDENDA <Act No. 8819, Dec. 27, 2007>

**Article 1 (Enforcement Date)**

This Act shall enter into force six months after the date of its promulgation. (Proviso Omitted.)

**Articles 2 through 9 Omitted.**

ADDENDA <Act No. 8820, Dec. 27, 2007>

**Article 1 (Enforcement Date)**

This Act shall enter into force six months after the date of its promulgation. (Proviso Omitted.)

**Articles 2 through 9 Omitted.**

ADDENDA <Act No. 8852, Feb. 29, 2008>

**Article 1 (Enforcement Date)**

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

**Articles 2 through 7 Omitted.**

ADDENDA <Act No. 8863, Feb. 29, 2008>

**Article 1 (Enforcement Date)**

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

**Articles 2 through 5 Omitted.**

ADDENDA <Act No. 8976, Mar. 21, 2008>

**Article 1 (Enforcement Date)**

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

**Articles 2 through 10 Omitted.**

ADDENDUM <Act No. 9248, Dec. 26, 2008>

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

ADDENDA <Act No. 9313, Dec. 31, 2008>

**Article 1 (Enforcement Date)**

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

**Articles 2 and 3 Omitted.**

ADDENDA <Act No. 9758, Jun. 9, 2009>

**Article 1 (Enforcement Date)**

This Act shall enter into force six months after the date of its promulgation. (Proviso Omitted.)

**Articles 2 through 23 Omitted.**

ADDENDA <Act No. 9933, Jan. 18, 2010>

(1) (Enforcement Date) This Act shall enter into force six months after the date of its promulgation: Provided, That the amended provisions of Article 32-2 and subparagraph 5 of Article 55 shall enter into force on the date of its promulgation.

(2) (Special Cases concerning Shareholding Limitation of Same Person) The amended provisions of Article 32-2 (1) through (3) shall not apply to those in possession of shares of a corporation in excess of a limit provided in the amended provisions of Article 32-2 (1) at the time this Act enters into force under the proviso to paragraph (1) of Addenda.

ADDENDA <Act No. 10219, Mar. 31, 2010>

**Article 1 (Enforcement Date)**

This Act shall enter into force on January 1, 2011.

**Articles 2 through 12 Omitted.**

ADDENDA <Act No. 10272, Apr. 15, 2010>

**Article 1 (Enforcement Date)**

This Act shall enter into force six months after the date of its promulgation.

**Articles 2 through 14 Omitted.**

ADDENDA <Act No. 10599, Apr. 14, 2011>

**Article 1 (Enforcement Date)**

This Act shall enter into force one year after the date of its promulgation. (Proviso Omitted.)

**Articles 2 through 9 Omitted.**

ADDENDA <Act No. 11690, Mar. 23, 2013>

**Article 1 (Enforcement Date)**

(1) This Act shall enter into force on the date of its promulgation.

(2) Omitted.

**Articles 2 through 7 Omitted.**

ADDENDA <Act No. 11965, Jul. 30, 2013>

**Article 1 (Enforcement Date)**

This Act shall enter into force three months after the date of its promulgation. (Proviso Omitted.)

**Articles 2 through 4 Omitted.**

ADDENDA <Act No. 12248, Jan. 14, 2014>

**Article 1 (Enforcement Date)**

This Act shall enter into force six months after the date of its promulgation.

**Articles 2 through 25 Omitted.**

ADDENDA <Act No. 12312, Jan. 21, 2014>

**Article 1 (Enforcement Date)**

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

**Article 2 (Transitional Measures concerning Incompetent)**

An incompetent person under the adult guardianship under the amended provisions of subparagraph 1 of Article 10 shall be deemed to include persons who have been declared and are currently incompetent or quasi-incompetent under Article 2 of the Addenda to the amended Civil Act (Act No. 10429).

ADDENDA <Act No. 13090, Jan. 28, 2015>

**Article 1 (Enforcement Date)**

This Act shall enter into force six months after the date of its promulgation.

**Articles 2 and 3 Omitted.**

ADDENDA <Act No. 13746, Jan. 6, 2016>

**Article 1 (Enforcement Date)**

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

**Article 2 (Applicability to Report on Resolution to Dissolve, etc. Corporate Entity)**

The amended provisions of Article 14 (2) shall apply where a resolution to dissolve a corporate business entity or the consent of all partners to dissolution thereof is made after this Act enters into force.

ADDENDA <Act No. 14476, Dec. 27, 2016>

**Article 1 (Enforcement Date)**

This Act shall enter into force three months after the date of its promulgation. (Proviso Omitted.)

**Articles 2 through 5 Omitted.**

ADDENDA <Act No. 14480, Dec. 27, 2016>

**Article 1 (Enforcement Date)**

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

**Articles 2 through 7 Omitted.**

ADDENDUM <Act No. 15000, Oct. 31, 2017>

This Act shall enter into force three months after the date of its promulgation.

ADDENDUM <Act No. 15090, Nov. 28, 2017>

This Act shall enter into force six months after the date of its promulgation.

ADDENDA <Act No. 15022, Oct. 31, 2017>

**Article 1 (Enforcement Date)**

This Act shall enter into force one year after the date of its promulgation.

**Articles 2 through 15 Omitted.**

ADDENDUM <Act No. 15577, Apr. 17, 2018>

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