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° Report

Against the Current II

Electric Utility Licensing: Shortcomings and Solutions

Introduction

This paper examines Korea's electric utility licensing system with a focus on the role of community acceptance – the leading cause of suspended reviews and denied licenses for offshore wind projects. By analyzing relevant legislation, legislative amendments, and licensing outcomes, this study addresses two key questions:

1. **Is community acceptance a valid criterion in electric utility licensing, and is it reasonable to suspend reviews on the basis of insufficient acceptance?**
2. **If so, what institutional improvements are needed to ensure fair and predictable licensing?**

While this paper does not explore issues related to financial or technical qualifications, it argues that a comprehensive reform of the licensing framework – including, but not limited to, the electric utility license – is essential to accelerate offshore wind deployment.

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1. Overview of Electric Utility Licensing

1) Definitions of Electric Utility Licensing

According to the *Electric Utility Act* (hereinafter "the Act"), electricity generation is classified as one type of electric utility business[1], the primary purpose of which is "to generate and supply electricity to electric sales business entities through the electricity market." The aim is not self-consumption but market-based generation and trade. Article 7 of the Act stipulates that "a person who intends to operate the electric utility business shall obtain a license by type and scale of the electric utility business from the Minister of Trade, Industry and Energy or the competent Mayor/Do Governor (hereinafter referred to as "permitting authority")." Accordingly, any electricity generation business intending to supply electricity through the market must obtain an electric utility license. In the case of offshore wind, additional approvals for site use and construction are also required.

2) Licensing Criteria under the Current System

According to the Act, the qualifications for obtaining an electric utility license are: (1) possessing the financial and technological capabilities to operate the electric utility business in an optimal manner, and (2) being capable of carrying out the business as planned. Offshore wind generation businesses are also subject to an additional notice-and-comment procedure.[2]

Eligibility for these qualifications is evaluated under Article 7 of the *Enforcement Rule of the Electric Utility Act* and Table 1 of the *Notice on Detailed Licensing Criteria for Electricity Generation Businesses, Calculation Standards for Electricity Pricing, Margin of Error for Electric Meters, and Operation of the Electric Power System* (hereinafter "the Notice on Detailed Licensing Criteria").

1 Electric utility businesses include electricity generation businesses, electric transmission businesses, electric distribution businesses, electric sales businesses, and district electric businesses, in accordance with Article 2, Paragraph 1 of the Act.

2 The licensing criteria for offshore wind generation businesses are provided in (1) Article 7, Paragraph 5 of the Act, (2) Article 4 of the Enforcement Decree of the Act, (3) Article 7, Paragraphs 1 to 4 of the Enforcement Rule of the Act, and (4) Table 1 Licensing Criteria for Electricity Generation Businesses of the Notice on Detailed Licensing Criteria.

Qualifications	Assessment Criteria
1. Financial Capability	
The applicant must demonstrate a valid and actionable financing plan (Article 7, Paragraph 1, Subparagraph 1 of the Enforcement Rule)	• The total project cost must be calculated reasonably. • The total project cost must be sufficient to cover the establishment and operation of the business. • The equity ratio must be 15% or higher. • The financing plan must be actionable and supported by legally binding documents*. • Equity capital: legally binding documents to evidence investor commitment (e.g., an equity commitment letter or a joint development agreement) • Debt capital: e.g., a letter of intent • The applicant must hold paid-in capital equal to at least 1% of the total cost. • The funding plan for initial development expenses* must be reasonable and supported by documents. * Initial development expenses cover the costs incurred before the commencement of work under Article 61 of the Act.
The applicant must hold an acceptable credit rating (Article 7, Paragraph 1, Subparagraph 2 of the Enforcement Rule)	• The applicant's credit rating must be B or higher, as evaluated by a credit information company under the Credit ***Information Use and Protection Act***.
2. Technical Capability	
The applicant must submit detailed and actionable plans for the construction and operation of electric installations (Article 7, Paragraph 2, Subparagraph 1 of the Enforcement Rule)	• The plans for key construction works must be detailed and actionable. - If the applicant plans to cooperate with a company with the expertise and experience of constructing and operating electric installations, documentation is required, including a contract or a letter of intent for cooperation, unless the company is participating as an investor.
The applicant must demonstrate detailed and actionable plans to secure qualified personnel with the technical capacity to construct and operate electric installations (Article 7, Paragraph 2, Subparagraph 2 of the Enforcement Rule)	• The applicant must demonstrate actionable plans to secure and assign technically qualified personnel throughout the project lifecycle. - If the applicant plans to cooperate with a company with the expertise and experience of constructing and operating electric installations, documentation is required, including a contract or a letter of intent for cooperation, unless the company is participating as an investor.
3. Implementation Capability	
The level of acceptance at the selected site must be high (Article 7, Paragraph 3, Subparagraph 1 of the Enforcement Rule)	• The level of acceptance at the selected site is assessed based on the reasonableness of regional authorities' opinions and the applicant's efforts to enhance acceptance. (Approval by regional authorities is deemed obtained if a consent form has been submitted during site selection, applicant assessment, or applicant prioritization.)

Qualifications		Assessment Criteria
The applicant's business plan must include detailed and actionable supporting plans (Article 7, Paragraph 3, Subparagraph 2 of the Enforcement Rule)	Site acquisition and equipment layout plans (incl. an ash handling system for coal-fired power generation)	• The applicant must submit supporting documents to prove ownership or control of the selected site, such as consent from landowners.(For public land or waters, a letter of intent for preliminary review – whether tentative or conditional – is considered valid unless explicit disapproval is issued.) • The applicant must submit valid documents to prove plot and layout plans. • For offshore wind generation, site acquisition and layout plans must be environmentally acceptable and actionable. • For onshore wind generation, if state forests under the control of the Korea Forest Service are involved, the applicant must consult, in advance, competent authorities under Articles 6 and 52 of the ***Enforcement Decree of the Mountainous Districts Management Act***, and submit the outcome of consultation. • For offshore wind generation, the applicant must comply with Table 2 Standards on Wind Measurement and Site Claims Resolution. • In the case of competing claims to the same site in public land or waters, the applicant must comply with Table 2 Standards on Wind Measurement and Site Claims Resolution.
	Grid connection plans	• The applicant must submit a grid connection plan and a grid connection diagram and official confirmation from relevant authorities (e.g., KEPCO or KPX).
	Feedstock and industrial water sourcing plans	• The applicant must submit supporting documents to prove feedstock and industrial water sourcing plans, including agreements with eligible suppliers.
The applicant must demonstrate the capacity to complete construction on schedule and ensure consistent and stable operations of the business (Article 7, Paragraph 3, Subparagraph 3 of the Enforcement Rule)		• The applicant or its largest shareholder must demonstrate the capacity to ensure consistent and stable operations of the generation business. • The applicant must submit valid and reasonable documents regarding annual revenue and expenditure estimates for five years following business commencement. • The applicant must submit a reasonable and valid generation cost statement. • The timelines for business preparation and electric installation authorization must be reasonable and valid. • For fuel cells, the applicant must submit a supplier-signed letter of intent, specifying the energy capacity and delivery timeline for power generation units.

Source: Table 1 Licensing Criteria for Electricity Generation Businesses of the Notice on Detailed Licensing Criteria

The third qualification – implementation capability – leaves room for varying interpretations by permitting authorities. While relevant legislation sets out criteria for each qualification, assessments of whether a business plan is "actionable" or "reasonable," or whether sufficient "efforts" have been made, remain inherently subjective. As a result, the evaluation of applicant qualifications may fall within the discretion of individual permitting authorities.

2. Problems with the Acceptance Requirement

1) Offshore Wind and Other Renewable Energy Subject to an Extra Notice-and-Comment Requirement

As noted, qualified applicants must possess the financial and technical capabilities to operate the electric utility business efficiently, as well as the implementation capability to carry out the business as planned. However, *power generation businesses that utilize solar PVs, wind power, or fuel cells* are additionally required to undergo a procedure of "**gathering opinions from residents through advance notice**" (Article 7, Paragraph 5, Subparagraph 5 of the Act). This additional requirement raises concerns regarding its constitutionality, particularly in relation to the principle of equality before the law.

2) Contradictions between the Electricity Regulatory Commission's Statement and the Outcomes of Legislative Amendments and License Reviews

Electric utility licensing is intended as a preliminary assessment of whether an applicant meets the financial, technical, and implementation capability requirements. If these qualifications are met, a license should be granted. This position aligns with the *Statement on the Community Acceptance of Renewable Power Generation* issued in 2015 by the Electricity Regulatory Commission, the statutory body responsible for reviewing and deliberating electric utility licenses. In the statement, the Commission clarified that matters related to site conditions and the business environment, including community acceptance, should be addressed after the licensing stage:

> Electric utility licensing is, by nature, **the process of granting permission to initiate an electricity generation business**. Once a license is obtained, the applicant must sequentially receive: (1) approval of an execution plan under Article 5 of the *Electric Power Source Development Promotion Act*; (2) permission for development activities under Article 56 of the *National Land Planning and Utilization Act*; and (3) authorization for electric installation under Article 61 of the *Electric Utility Act*, before commencing construction of a power plant…

> Accordingly, **matters related to site conditions and the broader business environment – including community acceptance – should be considered after the electric utility license is issued**, during the stages in which detailed implementation plans are evaluated. It is therefore reasonable for such factors to be assessed during the approval phases for execution plans or development activities.

Source: ***Statement on the Community Acceptance of Renewable Power Generation*** **(Electricity Regulatory Commission, 2015)**

Despite this, current regulations require renewable power generation businesses to conduct community consultation at the time of application submission. In practice, community acceptance has become a decisive factor in license reviews and deliberations. Between 2014 and 2024, 54% of suspended reviews were attributed to insufficient community acceptance or the opinions of regional authorities.[3] In effect, community acceptance now functions as a de facto licensing criterion. Although local community consent – or a lack thereof – is not a statutory requirement, permitting authorities have routinely demanded such consent. This informal requirement has since been institutionalized through legislative amendments, creating potential constitutional issues and contradicting the Commission's 2015 statement.[4]

3) Ambiguity and Inconsistency arising from Acceptance: *Suyong* (受容) or *Suyong* (受用)?

The Korean term *suyong*, commonly associated with the English concept of "acceptance," appears twice in the electric utility regulations. First, in Article 7, Paragraph 3, Subparagraph 1 of the Enforcement Rule, which refers to "전기설비 건설 예정지역의 수용(受用) 정도가 높을 것," or "the level of acceptance at the selected site must be high." Second, in Table 1, Subparagraph 3 of the Notice on Detailed Licensing Criteria, pursuant to Article 7, Paragraph 5 of the Enforcement Rule, where it states "수용성 제고노력," meaning "efforts to enhance acceptance."

3 Between 2014 and 2024, a total of 92 cases resulted in either the suspension of license reviews or the denial of permission. The leading cause was insufficient community acceptance (54%, or 50 cases), followed by difficulties in site acquisition or site control (41%, or 38 cases), other reasons (26%, or 24 cases), inadequate financial capability (17%, or 16 cases), and grid connection issues (13%, or 12 cases).

4 Song K. H. (2020). Recent Trends and Implications of Cases about Permission for Development Activities or Use to Photovoltaic Power Generation Business. Lawyers, 53, 240.

The term *suyong* can be written as either 受用 or 受容, each with distinct meanings. *Suyong* (受用) refers to the act of receiving and utilizing something offered, while *suyong* (受容) implies agreement with or approval of an idea or proposal. Based on the former, the phrase "the level of acceptance at the selected site must be high" could be interpreted as: the selected site must exhibit a high level of electricity consumption from the generation business. However, the lack of clarity regarding the intended meaning (受用 vs. 受容) has led to considerable debate. Some interpret the provision as requiring a high level of localized consumption[5], while others argue that the use of 受用 is a miswriting of 受容[6], especially given the rationality of the provision and its potential implications on detailed criteria.

This ambiguity has increased uncertainty in the licensing process. If acceptance is understood as *suyong* (受用), the relationship between site-specific electricity use and the applicant's implementation capability remains unclear. Conversely, if interpreted as *suyong* (受容), it suggests that a high level of regional or community approval is necessary to obtain a license. These divergent readings have contributed to legal disputes.

In revocation lawsuits challenging denied applications, permitting authorities have argued that community acceptance qualifies as a licensing criterion. They cite Article 7, Paragraph 5, Subparagraph 2 of the Act ("to be able to perform the electric utility business as planned") and Article 7, Paragraph 3, Subparagraph 1 of the Enforcement Rule ("the level of acceptance at the selected site must be high") to support this position. As additional justification, they reference the notice-and-comment procedure mandated by Article 7, Paragraph 5, Subparagraph 5 of the Act ("gathering opinions from residents through advance notice").

5 According to a government response to a court request for information dated January 15, 2021, the Ministry of Trade, Industry and Energy (MOTIE) explained that Article 7, Paragraph 3, Subparagraph 1 of the *Enforcement Rule of the Electric Utility Act* was introduced to enhance the assessment of an electric utility business's implementation capability. The provision requires applicants to submit a business plan – including supporting plans for construction and operation of electric installations, site acquisition, and equipment layout – along with supporting documents that reflect regional authorities' opinions and the applicant's site control and layout approach. The Ministry further clarified that *suyong* (受用) should be understood as the intention of regional authorities to receive and use the electricity generated by the business, and that the term is not a typographical error for *suyong* (受容). (Reference: Seoul High Court Case 2020Nu621)

6 Ji, C. G. (2019, May 27). Problems with the Electric Utility Licensing Criteria under the Enforcement Rule of the Electric Utility Act. Law Times. https://www.lawtimes.co.kr/news/153324

However, relevant court rulings have consistently treated the notice-and-comment provision as procedural, not substantive, requirements. The Seoul High Court explained: "Following the March 3, 2020 amendment to the *Electric Utility Act*, Article 7, Paragraph 5, Subparagraph 5 was newly established, requiring electric power generation businesses using solar PVs, wind power, or fuel cells to notify and gather opinions from residents in advance. According to a government response dated January 15, 2021, the Ministry of Trade, Industry and Energy (MOTIE) stated that the purpose of this amendment was to raise community acceptance by establishing a procedure preceding application submission. The intention was not to introduce a new substantive licensing criterion. In effect, if authorities judge an applicant as incapable of implementing an electric utility project and deny an application solely because local residents oppose the project, they are applying a stringent standard of community acceptance that exceeds the intended scope of the newly added provision."[7]

4) Permitting Authorities' Subjective Interpretations of Community Acceptance and Stakeholders

Over the past decade, the leading cause of suspended or denied license reviews has been insufficient community acceptance – an assessment that allows considerable room for subjective interpretation.

Under the electric utility regulations and the Guidelines for the Review and Deliberation of Electric Utility Licenses[8], the Electricity Regulatory Commission evaluates the level of acceptance at the selected site by reviewing opinion letters submitted by relevant regional authorities. These letters are issued in response to official requests regarding the construction of generation and grid connection facilities at the site. The Commission also considers supporting documents submitted by applicants outlining their efforts to improve local acceptance. In its evaluation, the Commission takes into account both the reasonableness of the opinions received and the applicant's proactive engagement with local stakeholders.[9] However, the

7 *Seoul High Court Case 2020Nu621*, Seoul High Court, 1 February 2021.

8 The Electricity Regulatory Commission refers to the Guidelines to enhance the efficiency of permission review and deliberation.

9 In accordance with Article 7, Paragraph 5 of the Enforcement Rule of the Act, Table 1, Subparagraph 3 of the Notice on Detailed Licensing Criteria outlines the assessment criteria for implementation capability (as defined in Article 7, Paragraph 3, Subparagraph 1 of the Enforcement Rule). It specifies that implementation capability should be evaluated based on the reasonableness of regional authorities' opinions and the applicant's efforts to enhance local acceptance.

ambiguity surrounding the term suyong has introduced uncertainty into the licensing process, making it susceptible to arbitrary interpretation and undermining the predictability expected under the rule of law.

In practice, local authorities have interpreted *suyong* as community acceptance (受容), rather than localized electricity consumption (受用). As a result, the scope of stakeholders involved in consultation has varied significantly depending on how individual authorities define their roles. This inconsistency stems from the structure of the current review process. Initially, before a formal review begins, the Commission's Secretariat sends a request for opinions to relevant regional authorities. In turn, these authorities independently determine which stakeholders should be consulted.

The mayor of a Metropolitan City or City, or the governor of Do typically sends consultation letters to subordinate local units – *Eup, Myeon, or Dong* – within their jurisdiction. These district heads then convene Ri heads to collect opinions.[10] In some instances, the scope of stakeholders has been narrowly defined to include only those residing near the selected site. In others, the scope has been extended to include distant communities outside even the zone of indirect influence.

10 In some cases, heads of Ris sided with business operators and consented to offshore wind development, failing to adequately represent local residents and thereby distorting the community's collective opinion.

3. Policy Recommendations

Current electric utility licensing laws and regulations do not explicitly define community acceptance as a determining criterion, nor do they require that it be assessed based on regional authorities' opinions. On this basis, some may argue that licensing reviews should not be suspended or denied due to insufficient community acceptance. This paper offers an alternative perspective. A licensing system must operate under the rule of law – not through discretionary or inconsistent interpretation. While ignoring community acceptance may allow more licenses to be issued, this does not necessarily translate into increased deployment of offshore wind power, especially considering the rationale behind repeated legislative amendments to the system.[11]

Under the current system[12], site selection effectively begins when a potential applicant installs wind measurement equipment to identify eligible sites[13] – well before the formal licensing review stage. Although the Korean government has revised relevant laws several times to improve community acceptance during licensing, the sequence of procedures remains unchanged: community consultation takes place only after a site has been selected. As a result, the intended impact of these amendments has been limited. The fundamental solution lies in reforming the structure of the electric utility licensing system. Such reform is set in motion by the *Special Act on the Promotion of Offshore Wind Power and Industrial Development* (hereinafter, "the OSW Special Act"), enacted on March 25, 2025. This legislation mandates community engagement beginning at the site selection stage.

11 Construction delays and low community acceptance have been major obstacles to offshore wind deployment. In response, additional procedures were introduced to strengthen community engagement starting from the licensing review stage. Subsequently, preliminary investigations were added to assess the environmental impact and overall suitability of selected sites. (Reference: Appendix 1. Timeline of Amendments to the Electric Utility Act and the Electric Utility Licensing System)

12 The current system refers to the existing process for offshore wind development before the *Special Act on the Promotion of Offshore Wind Power and Industrial Development* (hereinafter, "the OSW Special Act") takes effect.

13 An eligible site refers to a geographical area where wind resources can be measured using measurement equipment. It is a location that may be considered for offshore wind development permission pursuant to Article 7, Paragraph 1 of the Act. (Reference: The Notice on Detailed Licensing Criteria)

However, the current licensing system will remain in force for three years following the law's promulgation[14], underscoring the need for interim solutions to address existing gaps.

Licensing criteria lose significance if permitting authorities apply them arbitrarily. Currently, the assessment of acceptance at a selected site depends on opinion letters submitted by regional authorities. These opinions have become the leading reason for suspended reviews or rejected licenses between 2014 and 2024. To improve the credibility and predictability of the licensing process, the following measures are needed:

First, the scope of stakeholders to be consulted during community engagement must be clearly defined. Marine spatial consulting services can help identify major fishing activities and key groups of fishermen based on data such as catch volume and fish density. Alternatively, a community consultative body could be formed in line with the Guidelines for Offshore Wind Development through Stakeholder Engagement, issued by MOTIE in 2023.

Second, clear guidelines are needed for preparing opinion letters and conducting community consultation. These letters are part of the supporting documents required to assess the applicant's implementation capability and are used to evaluate acceptance levels at the selected site.[15] Of all suspended reviews from 2014 to 2024, 54% were attributed to issues with local acceptance and regional authorities' opinions. Despite their significance, opinion letters often do not clarify whether consultation included affected communities or fishermen, or whether the views expressed were representative and verified. While applicants can refer to the Guidelines for the Review and Deliberation of Electric Utility Licenses, no equivalent guidance exists for regional authorities drafting opinion letters used in license reviews. To address this gap, detailed procedural guidelines – similar to those governing public waters management and reclamation – should be established.

14 Article 33 and Addendum 1 of the OSW Special Act

15 Refer to (1) Table 1-2 and (2) Article 7, Paragraph 3, Subparagraph 1 of the Enforcement Rule, and (3) Table 1 of the Notice on Detailed Licensing Criteria.

4. Conclusion

The Offshore Wind Special Act can be traced back to the "Special Act on the Promotion of Wind Power Deployment," introduced by Representative Woni Kim. Approximately four years after the bill was proposed, a regulatory framework tailored to offshore wind was established—enabling government-led spatial planning, integrated administrative procedures, and adjustments to the timing of electric utility licensing. Under the Special Act, electric utility licensing is granted during the approval stage of an execution plan – after government-led spatial planning and site designation have been completed. In other words, licensing is issued only after the suitability and acquisition of sites are confirmed, which stands in stark contrast to the current system.

Nevertheless, unresolved issues persist regarding the transparency of licensing criteria and the definition of stakeholders. Despite the enactment of the OSW Special Act, business operators must still obtain individual licenses – including the electric utility license – for which the assessment criteria require greater clarity and detail. It is also essential to define the scope of stakeholders for consultation and to establish clear evaluation criteria for community acceptance. These improvements should apply not only to electric utility licensing, but also to licensing for public waters occupancy or use[16], the establishment and operation of public-private councils under the Special Act[17], and the designation of preliminary and development zones. To ensure the sustainable development of offshore wind, the government must urgently establish a regulatory foundation by promptly designating offshore wind zones and enhancing the predictability and transparency of the current licensing system.

16 Solutions For Our Climate studied the shortcomings of the public water occupancy or use permission system, pointing out the ambiguity in defining the scope of stakeholders subject to community consultation. (Reference: Solutions For Our Climate. 2025. *Against the Current I – Public Waters Occupancy or Use Permit Processing Delays and Policy Recommendations)*

17 A public-private council must reach an agreement on the conditions necessary to secure community acceptance, while the criteria for designating development zones include the ability to secure stakeholder support and promote environmental sustainability.

Appendices

1. Timeline of Amendments to the *Electric Utility Act* and the Electric Utility Licensing System

The *Electric Utility Act* was enacted in December 1961 with the aim of promoting the growth of the electric utility sector and serving the public interest by establishing a legal foundation for electric utility businesses, including the electric utility licensing system. While this 64-year-old law applies to all generation sources, it has primarily supported conventional power sources and legacy market structures – namely nuclear, coal, and LNG – which together account for around 90% of Korea's electricity output[18]. Because the same licensing procedures apply to both conventional and renewable generation projects, structural issues have persisted, leading to numerous amendments since 2014.

Amendments specific to offshore wind have focused on strengthening implementation capability, as construction delays and low community acceptance have been key barriers to deployment. As a result, new procedures have been introduced at the electric utility licensing stage to improve local acceptance, including preliminary reviews of site suitability and environmental impacts.

While the law originally outlined assessment criteria for financial and technical capabilities under Article 7, Paragraph 5, Subparagraph 1 of the *Electric Utility Act*, implementation capability was not addressed until the Enforcement Rule was amended in July 2014. This amendment introduced the following provisions: 1) the level of acceptance at the selected site must be high; 2) the applicant's business plan must include detailed and actionable supporting plans[19]; and 3) the applicant must demonstrate the capacity to complete construction on schedule and ensure consistent and stable operations of the business.

18 The combined output from renewable, coal and LNG generation reached 93.4% in 2010 and 88.9% in 2023. (Reference: Electric power statistics by KEPCO)

19 According to Table 1, Subparagraph 1, Items (f) to (i) of the Enforcement Rule, supporting plans must include plans for site acquisition, equipment layout, grid connection, and feedstock and industrial water sourcing (including a greenhouse gas reduction plan for coal-fired power generation).

Following the launch of the Renewable Energy 3020 Implementation Plan in 2017, license applications for offshore wind surged, raising concerns about overdevelopment. In response, the Electricity Regulatory Commission decided at the 208th meeting in October 2017 to suspend license reviews for offshore wind projects until a more sustainable and systematic licensing approach could be established, such as improving existing licensing criteria. Given the capital-intensive nature of offshore wind and the need for substantial financial and implementation capabilities, the licensing system was reformed to ensure that only qualified applicants could proceed.[20]

Key regulatory improvements followed. In August 2018, the Notice on Detailed Licensing Criteria was amended to require offshore wind projects to submit wind measurement data collected over at least 365 days. This change was intended to deter unqualified projects from prematurely applying for an electric utility license solely to secure control over project sites or grid access. In March 2020, a mandatory notice-and-comment procedure was introduced for solar PV, wind, and fuel cell projects to increase community acceptance.

In January 2021, another amendment to the Notice incorporated a preliminary environmental impact review as part of licensing criteria. Since environmental concerns were a major obstacle to offshore wind development, this addition aimed to enhance certainty in applied projects and mitigate potential conflicts in local communities.

The most recent amendment was the 2023 revision to the Detailed Licensing Criteria, which aimed to enhance project implementation—such as the timely completion of power plants—by improving both the licensing criteria and the preparation period system. Under this revision, the criteria for assessing financial capability were strengthened, and the conditions for extending both the preparation period and the construction plan approval period were further specified. In addition, a validity period for wind measurement equipment was newly introduced, requiring that applications for an electric utility license be submitted within three years of obtaining installation approval.

Administrative services have also evolved. In March 2022, a marine spatial consulting service was launched to help project developers assess site feasibility before applying for a license, thus identifying and addressing potential uncertainties as early as

20 Park, Y. S. (2017, November 6). Regulatory Reforms Prompt Suspension of Offshore Wind Licensing. Electric Power Journal. https://www.epj.co.kr/news/articleView.html?idxno=13225

possible. Under this service, when project operators apply for consulting, MOTIE coordinates reviews by the Ministries of Oceans and Fisheries, Environment, and National Defense and informs applicants of the outcome, which is then submitted with the license application.

However, this service proved time-consuming, delaying projects and preventing operators from applying for licensing in a timely manner. To address this, a new offshore wind spatial consulting service was introduced in May 2024. This new service provides analyses on site suitability based on spatial planning maps. Applicants may choose either consulting service and submit the report to the Electricity Regulatory Commission. Although not legally binding, the reports are used in the environmental impact review during the licensing review process.

Affected Legislation	Key Changes	Rationale
The Enforcement Rule of the Electric Utility Act [Effective as of July 31, 2014] [Ordinance of the Ministry of Trade, Industry and Energy No. 70; July 31, 2014; Partial amendments]	**Article 4, Paragraph 1** The main clause will be revised to read "who intend to apply for an electric utility license shall submit an application using Appendix 1." The proviso clause will be amended as described below. Subparagraphs 1 to 3 will be revised as stated below, and Subparagraphs 4 to 12 will be deleted. For electricity generation projects with an installed capacity of 3,000 KW or less, the application shall be submitted to the head of a Special Metropolitan City, Metropolitan City, Special Self-Governing City, *Do*, or Special Self-Governing Province (hereinafter, "Mayors/*Do* Governor"). 1. A business plan prepared in accordance with Table 1 and supporting documentation specified in Table 1-2 2. A corporate charter, balance sheets, and income statements, if the applicant is a registered legal entity. If the entity is under formation, only the corporate charter is required. 3. A shareholder register. If the applicant is a recently established entity whose financial capability cannot yet be evaluated, the largest shareholder shall be deemed equivalent to the applicant. This provision shall not apply to electricity generation projects with an installed capacity of 3,000 KW or less. **Article 7, Paragraph 1** Subparagraphs 1 and 2 will be amended as follows: 1. The applicant must submit a valid and actionable financing plan pursuant to Table 1, Subparagraph 1, Item (j). 2. The applicant must hold an acceptable credit rating under Table 1-2, Subparagraph 1, Item (a). **Article 7** Paragraph 2, Subparagraph 1 will be amended, and Paragraphs 3 and 4 will be newly established as follows:	This amendment aims to resolve persistent issues in the current electric utility licensing system, particularly with regard to the evaluation of implementation capability. Applicants will be required to submit more detailed business plans, including supporting documents for electric installation and operation, site acquisition, and equipment layout plans. They must also submit supporting documents, such as opinion letters from regional authorities at the selected site. The amendment also introduces provisions concerning the collection and use of resident registration numbers related to electric utility business operations, in accordance with the amended ***Personal Information Protection Act*** (Act No. 11990; Promulgated on August 6, 2013; Effective as of August 7, 2014).

Affected Legislation	Key Changes	Rationale
	1. The applicant must submit detailed and actionable plans for the construction and operation of electric installations under Table 1, Subparagraph 1, Items (d) and (e). ③ The applicant's ability to implement the electric utility business as planned, under Article 7, Paragraph 5, Subparagraph 2 of the Electric Utility Act, shall be assessed according to the following criteria: 1. The level of acceptance at the selected site must be high; 2. The applicant's business plan must include detailed and actionable supporting plans in accordance with Table 1, Subparagraph 1, Items (f) to (i); and 3. The applicant must demonstrate the capacity to complete construction on schedule and ensure consistent and stable operations of the business. ④ The Minister of Trade, Industry and Energy may establish and publicly notify detailed criteria for the requirements under Paragraphs 1 to 3… Table 1 will be revised as an appendix. Table 1-2 will be newly established as an appendix.	
The Notice on Detailed Licensing Criteria for Electricity Generation Businesses, Calculation Standards for Electricity Pricing, Margin of Error for Electric Meters, and Operation of the Electric Power System [Effective as of August 13, 2018] [Notice of the Ministry of Trade, Industry and Energy No. 2018-160; August 13, 2018; Partial amendments]	**A. Reduced timeline for business preparation** The default timeline for business preparation – currently set at three years from the date of electric utility license issuance, regardless of project size – will be shortened to 18 months for small-scale solar PV projects that are exempt from environmental impact assessment. **B. Simplified documentation requirements** Under current regulations, applicants must submit both plot plans and engineering plans as part of the equipment layout documentation. This requirement will be streamlined to require only plot plans. **C. Strengthened implementation requirements for offshore wind projects** New requirements on wind measurement will be established. Offshore wind projects will be required to submit wind measurement data collected over a minimum period of 365 days. This measure is intended to deter unqualified applicants from prematurely applying for electric utility licenses solely to secure control over project sites or grid access.	While the current electric utility licensing framework includes criteria to evaluate applicants' overall financial, technical and implementation capabilities, many licensed renewable projects continue to face delays during the construction phase. In response, the amendment aims to enhance the viability of licensed projects by tightening assessment criteria, thereby contributing to the execution of the Renewable Energy 3020 Implementation Plan.
The Electric Utility Act [Effective as of October 1, 2020] [Act No. 17170; March 31, 2020; Partial amendments]	**A. New establishment of Article 7, Paragraph 5, Subparagraph 5** Electricity generation projects utilizing solar PVs, wind power, or fuel cells will be required to gather opinions from residents through advance notice on the details of the electricity generation business.	The amendment aims to address shortcomings in the current electric utility licensing system. The new notice-and-comment procedure is intended to enhance public acceptance of renewable generation projects – especially those using solar PVs, wind power, and fuel cells – by requiring early-stage community engagement before license applications are submitted.

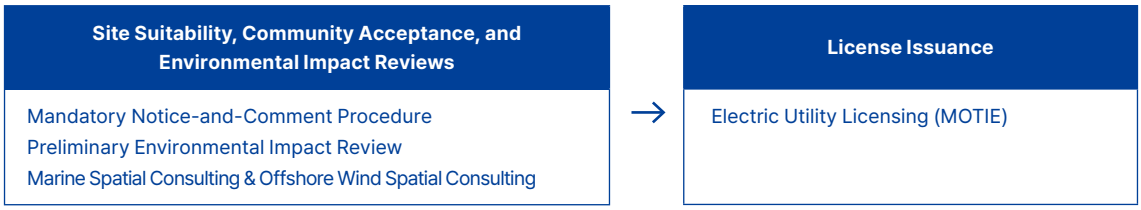
Affected Legislation	Key Changes	Rationale
The Notice on Detailed Licensing Criteria for Electricity Generation Businesses, Calculation Standards for Electricity Pricing, Margin of Error for Electric Meters, and Operation of the Electric Power System [Effective as of January 29, 2021] [Notice of the Ministry of Trade, Industry and Energy No. 2021-25; January 29, 2021; Partial amendments]	**A. Environmental impact review requirement for offshore wind** Offshore wind projects will be required to undergo an environmental impact review as part of the electric utility licensing process. Previously, this requirement applied only to onshore wind projects.	Environmental concerns have emerged as a leading obstacle to offshore wind development, contributing to community opposition and increasing project uncertainty. This amendment intends to mitigate such risks by incorporating environmental impact review into the licensing criteria for offshore wind projects.
The Notice on Detailed Licensing Criteria for Electricity Generation Businesses, Calculation Standards for Electricity Pricing, Margin of Error for Electric Meters, and Operation of the Electric Power System [Effective as of August 1, 2023] [Notice of the Ministry of Trade, Industry and Energy No. 2023-156; August 1, 2023; Partial amendments]	**A. Strengthened licensing criteria (Proposed Table 1)** - The equity ratio requirement will increase from 10% to 15%. - A new requirement will be introduced: applicants must have paid-in capital equal to at least 1% of the total project cost. **B. Detailed conditions for extending project timelines (Proposed Article 8)** - Allowable timeframes for electric installation authorization – from approval to commencement – will vary by renewable energy type: * two years for solar PV, two years for fuel cells, four years for onshore wind, and five years for offshore wind - Clear conditions will be established for granting extensions to the business preparation and electric installation authorization periods: * For business preparation: Applicants must demonstrate that development activity permission has been obtained or is obtainable, and offer reasonable justification for delay. * For electric installation authorization: Applicants must have completed environmental impact assessment and provide reasonable justification for delay. **C. Clearer rules on wind measurement equipment installation (Proposed Table 2)** - Eligible timeframe: electric utility license applications must be submitted within three years of receiving approval to install wind measurement equipment * In cases of force majeure (e.g., natural disasters, fires), the affected period will be excluded from the three-year limit, for up to 365 days. - Eligible site: classification standards and eligible surface areas will be clarified. * Offshore measurement: the conditional expansion clause will be removed, while the default surface area will expand from a 5 km to a 7 km radius. * Onshore measurement: the surface area radius will be standardized to 2 km, regardless of classfication.	This amendment aims to strengthen implementation capability by encouraging timely project execution. Clear wind measurement provisions are intended to help applicants move swiftly from wind resource assessment to license application. Enhanced licensing criteria and refined project timelines will support more efficient and timely development of renewable energy projects.

Affected Legislation	Key Changes	Rationale
	- Measurement period: wind data will be considered valid if collected for at least 90% of a 365-day period. - Prioritization criteria: when multiple applications are made for the same site, priority will be based on the date of approval for equipment installation, not the date of approval for equipment modification. For offshore wind, the measurement equipment must be installed within 12 months of receiving installation approval.	

This sequence of amendments, as well as the latest outcomes of permission reviews, reflects a policy shift – from emphasizing basic financial and technical qualifications to focusing on implementation capability, community acceptance, and environmental impact. While these changes represent progress, they have also introduced new procedural burdens. In particular, some post-licensing requirements have simply been shifted to earlier stages of the process without corresponding adjustments in sequencing, only creating confusion on the ground. For instance, Article 7, Paragraph 3, Subparagraph 2 of the Enforcement Rule requires the submission of site acquisition and equipment layout plans to demonstrate that a business plan is actionable. However, site acquisition or control is only possible after obtaining permission to occupy or use public waters – a final stage in the offshore wind licensing process. If the current sequence remains unchanged, applicants will be required to demonstrate capabilities they cannot yet legally fulfill during the electric utility licensing stage.

Standard Licensing Process Before Amendments

Standard Licensing Process After Amendments



2. Current Electric Utility Licensing Process

1) Pre-application

A potential applicant must first install wind measurement equipment, which serves as a prerequisite for obtaining an electric utility license. The licensing criteria are outlined in the Notice on Detailed Licensing Criteria, pursuant to Article 7, Paragraph 6 of the Act and Article 7, Paragraph 4 of its Enforcement Rule. Table 2 of the Notice requires applicants to collect wind measurement data for at least 365 days prior to submitting their application.[21]

2) Notice & Comment and Application Submission

The applicant must publish a public notice in a daily newspaper primarily circulated in the area of the selected site at least 14 days before submitting the application.[22] The notice must include key project information, such as the project title, location and area, applicant name, and the timeline and process for submitting comments. This notice-and-comment procedure was established through the amendment to the Act on March 31, 2020, to enhance local acceptance of solar, wind, and fuel cell projects.[23]

The applicant must then submit the electric utility license application along with the required supporting documentation. These documents must demonstrate the applicant's financial, technical, and implementation capabilities, among other qualifications.

Since a marine spatial consulting service was introduced in March 2022, applicants have also been encouraged to submit a consulting report evaluating the suitability of

21 The wind measurement requirement was introduced through the August 13, 2018 amendment to the Notice on Detailed Licensing Criteria, aiming to prevent unqualified applicants from prematurely applying for an electric utility license to secure project sites or grid access.

22 Electricity generation projects subject to small-scale environmental impact assessment, sea area use impact assessment, or fuel cell power generation with an installed capacity exceeding 3,000 KW must issue an advance notice no later than seven days prior to application submission, as defined in Article 7, Paragraph 5, Subparagraph 5 of the Act.

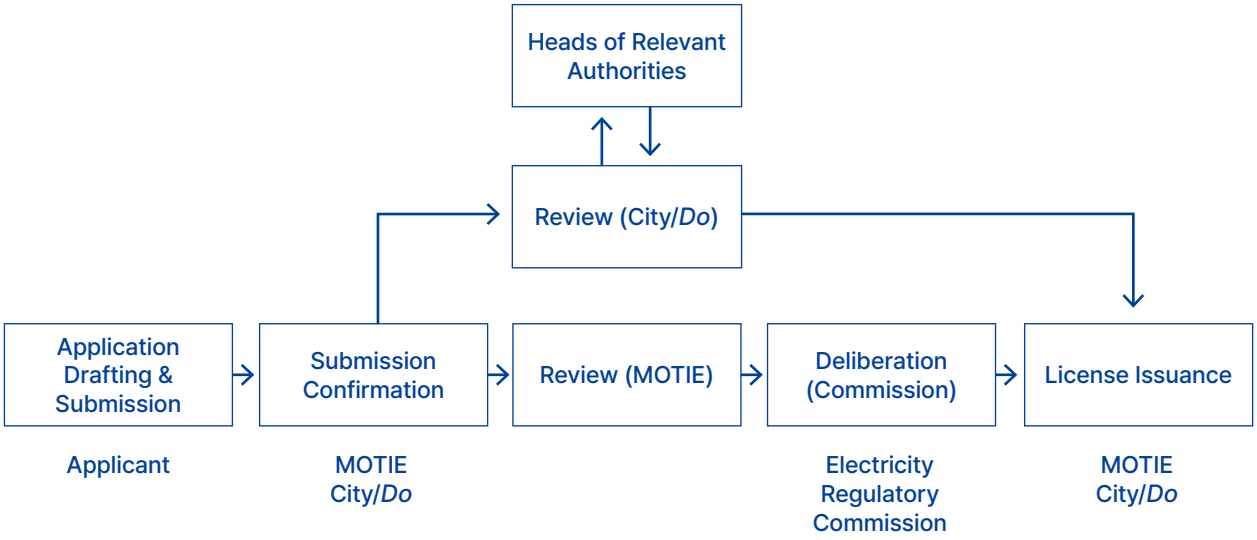
23 Article 7, Paragraph 5, Subparagraph 5 of the Act was amended to include a new provision requiring electric power generation businesses utilizing solar PVs, wind power or fuel cells, as referred to in Article 2 of the *Act on the Promotion of the Development, Use and Diffusion of New and Renewable Energy*, to undergo the process of gathering opinions from residents through advance notice on the details of the electricity generation business as prescribed by Presidential Decree.

the selected site. While not mandatory, the report has become essential in practice, as it is reviewed during the licensing process in accordance with internal review guidelines.[24] As another offshore wind spatial consulting service was established in May 2024, applicants may choose between the services.

3) Review and Deliberation

Permitting authority rests with either the Minister of MOTIE or the relevant Mayor/*Do* Governor.[25] For projects located outside of Jeju Special Self-Governing Province with a capacity of 3 MW or less, the Mayor/*Do* Governor grants the license. However, due to their inherently large capacity, offshore wind projects typically fall under the jurisdiction of the Minister. In such cases, a review by the Electricity Regulatory Commission is also required. If the applicant meets the procedural and substantive requirements, an electric utility license is granted, allowing the applicant to proceed with subsequent permitting processes necessary for offshore wind development.

Electric Utility Licensing Process



The above table shows the detailed licensing process.

24 Park, Y. S. (2022, September 29). Offshore Wind Sector Unsettled by Marine Spatial Consulting. Electric Power Journal. https://www.epj.co.kr/news/articleView.html?idxno=31209

25 The relevant permitting authority varies depending on the type and scale of the business (Article 7, Paragraph 1 of the Act).

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Against the Current II

Electric Utility Licensing: Shortcomings and Solutions

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Solutions for Our Climate(SFOC) is an independent policy research and advocacy group that aims to make emissions trajectories across Asia compatible with the Paris Agreement 1.5°C warming target.