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Newsletter

CHAPTER
07

2026 National Assembly Audit:
Climate, Energy, Environment and Labor Committee

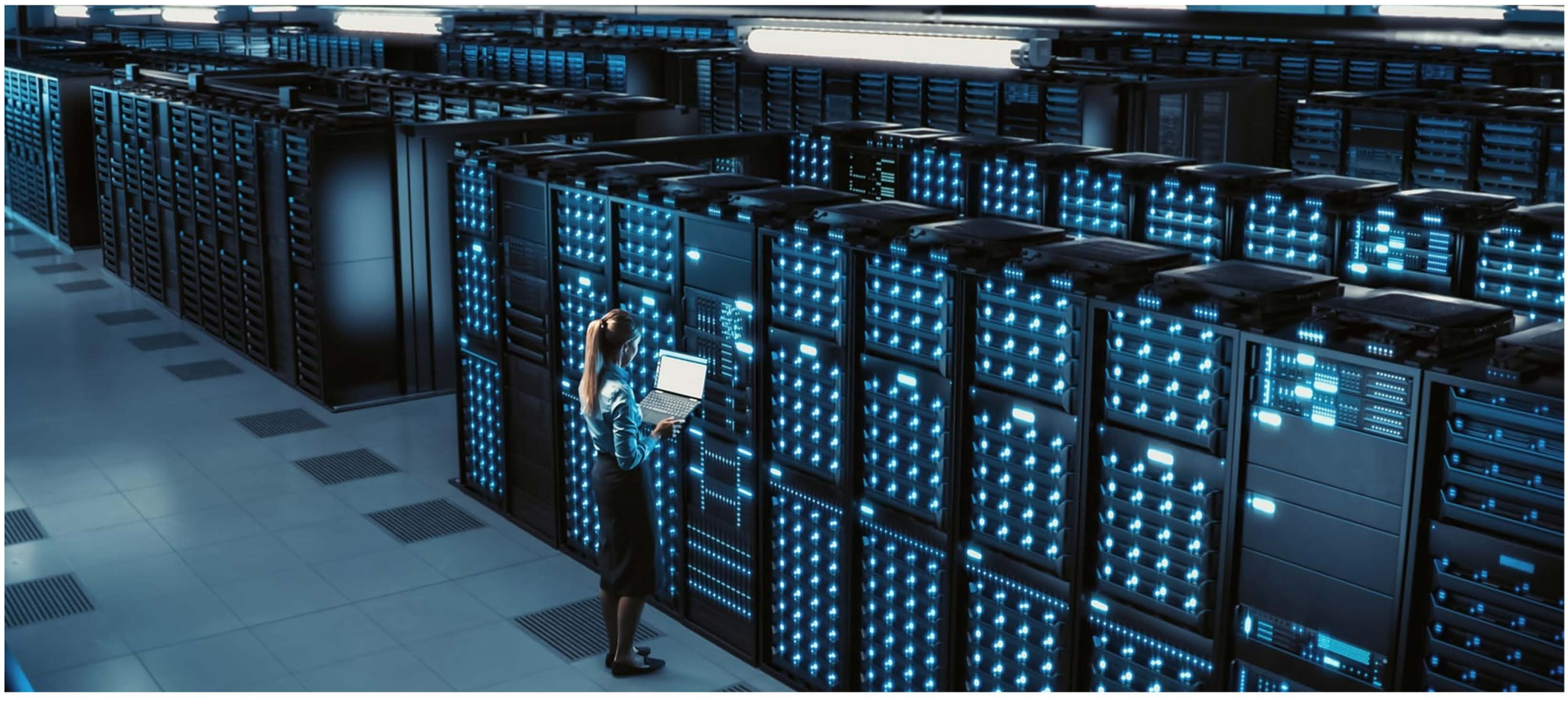
Power Costs and Grid Access for Manufacturing and AI Data Centers

GR Korea

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Why It Matters

Korea's October National Assembly audits examined delays in grid construction, funding for network expansion and plans for a dedicated AI data center tariff. For manufacturers and data center investors, the commercial issue extends beyond electricity prices to when power can be supplied and on what connection terms.



On August 26, the Ministry of Climate, Energy, and Environment (MCEE) proposed regional industrial electricity pricing across 11 regions, excluding Jeju, with reductions of up to KRW 18/kWh in the lowest-priced southern category. The announcement envisaged finalizing the design and amending the relevant notices and electricity supply terms before implementation. Separately, MCEE launched work on an AI data center grid code, targeting completion in 2026. The code is intended to set minimum technical requirements to support stable power supply.

Related Government Plans (MCEE)

Regional Electricity Pricing	**11** Regions (excluding Jeju)	**Up to KRW 18/kWh** Proposed reduction in the lowest-priced southern category	**Pending** Final design and regulatory changes
AI Data Center Grid Code	**Minimum technical requirements for stable power supply**		**2026** Target completion

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Key Policy Debate Issues

01

Grid delivery and funding

How can grid expansion be financed and completed
in time to meet new industrial and data center demand?

02

Electricity tariffs and cost allocation

How could regional industrial pricing and a dedicated
AI data center tariff affect power costs and
the allocation of additional network investment costs?

03

Technical connection requirements

How could the scope and timing of an AI data center grid code
affect facility design and supporting equipment?



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Recent Assembly Scrutiny

Grid Construction Delays and Investment Funding

At the October 19 audit of the Korea Electric Power Corporation (KEPCO), Democratic Party (DP) lawmaker Park Jee-hye cited KEPCO data showing that 111 of 204 transmission and substation projects scheduled for completion in 2021-2025 had been delayed. She requested a project-by-project breakdown of the causes and responsibility. DP lawmaker Ahn Ho-young asked how approximately KRW 113 trillion in transmission and distribution investment through 2038 under the 11th Basic Plan for Electricity Supply and Demand would be financed. KEPCO President Kim Dong-cheol said a limited tariff increase needed to be discussed with the government to support grid investment.



Park Jee-hye
DP lawmaker



Ahn Ho-young
DP lawmaker



Kim Dong-cheo
KEPCO President

AI Data Center Demand and Electricity Tariff Design

At the October 26 Comprehensive audit, Minister Kim Sung-hwan said AI data center demand in the 12th Basic Plan for Electricity Supply and Demand would reflect companies' project plans and realistic demand estimates. In response to lawmaker Seo Wang-jin, he said the dedicated tariff would be designed to avoid raising electricity bills for other consumers. Media reported that Minister Kim did not specify whether minimum charges or investment-cost recovery clauses would be adopted.



Seo Wang-jin
RKP lawmaker



Kim Sung-hwan
Minister of MCEE

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Business Implications

01



Manufacturing investment and operating timelines

For manufacturers considering new or expanded operations in Korea, potential tariff savings and the timing of grid access are separate investment considerations. A lower tariff has limited commercial value if the required connection is unavailable when operations begin. The effect of regional pricing will depend on the tariff category, geographic classification and final implementation terms applicable to each facility.

02



AI data center economics and network costs

For AI data center developers and operators, the proposed tariff involves more than the price per kilowatt-hour. Network-cost allocation and any provisions addressing unused contracted capacity, delays or withdrawal could affect project economics. The industrial pricing proposal does not, by itself, establish a data center's eligibility for the same reductions.

03



ESS, UPS and data center design

For suppliers of energy storage systems (ESS) and uninterruptible power supplies (UPS), the grid-code work may influence equipment specifications and system integration. MCEE's August announcement proposed discussing how supporting equipment could contribute to grid stability without compromising their original functions. Any resulting demand for equipment or integration services will depend on the scope of the final requirements and customers' investment decisions.

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Insights

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