

Korea Renewable Energy Policy Update – June 2026

Canonical: <https://northmoregordon.com/news/korea-renewable-energy-policy-update-june-2026/>

Details:

[Summary](#) | [Article](#) | [Current use](#) | [Related guidance](#)

About this update

This dated news record has been reorganised for clear reading and connected to current guidance.

Publication date: July 6, 2026.

Status note: Present-tense statements, market figures, deadlines and program details in the archived record belong to its publication date. Check current official sources before making a decision.

What this article reported

Overview

We wanted to share a 2026 market update on recent legislative developments in Korea's renewable energy sector that are relevant to the International Renewable Energy Certificates (IREC) business.

In May 2026, Korea's National Assembly advanced legislation to abolish the Renewable Portfolio Standard (RPS), signalling a significant shift in how the country supports renewable energy development. While this move is not directly targeted at IREC policy, it reflects the broader direction of Korea's energy transition and is relevant context for the work we are pursuing together. We set out the key details below.

Abolition of the Renewable Portfolio Standard (RPS)

The most significant development is a legislative move to dismantle Korea's Renewable Portfolio Standard, which has been the primary mechanism for renewable energy deployment since 2012. Korea's Climate, Energy, Environment and Labor Committee approved a substitute bill on 19 May that would replace the obligation-based K-REC trading system with a centrally procured, long-term contract model. Under the proposed framework, the government would pre-determine auction volumes, run competitive tenders, and award long-term contracts to selected developers.

Transition Arrangements for Existing K-REC Operators

The proposed legislation includes provisions to manage the transition for operators currently active under the RPS framework. Those operating before the law takes effect would be permitted to issue and trade K-RECs for a remaining period of up to 20 years. The K-REC spot market would also be phased out gradually over a three-year grace period, with a transition to a contract-based market.

What this means for IREC in Korea

While these are encouraging signs of policy momentum, we note that the legislative process is still ongoing and no confirmed timeline has been provided by Korean policymakers in respect of IRECs. We are monitoring these developments closely as the IREC legislation advances. Should you have any interest for I-RECs or renewables in general in Korea, please reach out to Meilin Wu m.wu@northmoregordon.com.

How to use this information now

For current use, confirm the applicable scheme rules, regulator notices, market date and reporting period. Keep historical prices or forecasts separate from present quotes and verified outcomes.

Separate source-reported facts from forecasts, targets and commentary. For a current project, retain the official source, version, effective date, assumptions and decision record in the evidence file.

Related guidance

Environmental certificates

Government schemes

Carbon advisory

Current articles and guidance

Contact Northmore Gordon

What is the Renewable Portfolio Standard (RPS) that Korea is proposing to abolish?

Korea's Renewable Portfolio Standard has been the primary mechanism for renewable energy deployment since 2012, requiring obligated entities to source specified percentages of electricity from renewable sources. The May 2026 legislative advance by Korea's National Assembly proposes eliminating this obligation-based system in favour of a centrally procured, long-term contract model where the government pre-determines auction volumes, runs competitive tenders, and awards contracts directly to selected developers. This represents a fundamental shift from market-driven obligation trading to government-directed procurement.

What is K-REC and how does it operate under the current RPS framework?

K-REC refers to Korea's renewable energy certificate trading system operating within the obligation-based RPS framework. Obligated entities purchase K-RECs to meet their renewable energy requirements, creating a spot market for tradable certificates. Under the proposed legislation approved by Korea's Climate, Energy, Environment and Labor Committee on 19 May 2026, this obligation-based K-REC trading system would be replaced by a centrally procured, long-term contract model. Existing K-REC operators would be permitted to issue and trade K-RECs for up to 20 years after the new law takes effect, with the spot market phased out gradually over a three-year grace period.

How does Korea's proposed renewable energy reform affect existing renewable energy operators?

Operators active under the RPS framework before the new law takes effect would be permitted to continue issuing and trading K-RECs for a remaining period of up to 20 years, providing a transition window for existing investments. However, the K-REC spot market would phase out gradually over three years, shifting to a contract-based market. This transition protects some existing operators while fundamentally restructuring how new renewable energy projects will be procured and financed, moving from obligation-driven purchasing to government-directed long-term contracts with pre-determined volumes and competitive tendering.

What is the relationship between Korea's RPS abolition and International Renewable Energy Certificates (IRECs)?

While Korea's proposed RPS abolition is not directly targeted at IREC policy, it reflects the broader direction of Korea's energy transition and is considered relevant context for IREC-related work. The shift from obligation-based trading to centrally procured contracts may influence how international renewable attributes are valued and integrated into Korea's market. However, as of June 2026, no confirmed timeline has been provided by Korean policymakers for IREC legislation, and the legislative process remains ongoing. We are monitoring these developments closely to understand implications

for renewable certificate procurement strategies.

What is the timeline for Korea's renewable energy legislative reform?

Korea's Climate, Energy, Environment and Labor Committee approved a substitute bill on 19 May 2026 to abolish the RPS, but the legislative process is still ongoing with no confirmed implementation date announced. Similarly, no confirmed timeline has been provided for related IREC legislation. This ongoing uncertainty means organisations with interests in Korean renewable energy markets should monitor developments closely and avoid assuming specific transition dates. We track these policy developments to support clients managing exposure to Korea's renewable energy framework changes.

How might Korea's move from obligation-based to centrally procured renewable energy affect procurement strategy?

The shift from Korea's obligation-based K-REC trading system to a centrally procured, long-term contract model represents a significant strategic change for renewable energy buyers and developers. Under the new framework, renewable energy procurement will be driven by government-determined auction volumes and competitive tender processes rather than obligated entity demand. This requires different commercial and planning approaches: developers must compete for government-awarded contracts; buyers cannot rely on spot market purchases; and long-term contract certainty replaces flexible obligation trading. Organisations operating in or sourcing from Korea should reassess procurement strategies in light of this transition from market-based to government-directed allocation.

What happens to Korea's renewable energy market during the proposed transition period?

Korea's transition to the new system includes a three-year grace period during which the K-REC spot market will phase out gradually, allowing a transition to contract-based trading. Existing K-REC operators remain permitted to issue and trade K-RECs for up to 20 years after the new law takes effect, providing continuity for some participants. However, the spot market will contract significantly during this grace period, meaning organisations relying on spot market liquidity must adjust expectations. The gradual phase-out provides some runway but should not be relied upon as a permanent market structure; early transition to contract-based procurement strategies is prudent for organisations exposed to Korean renewable energy markets.

Why is Korea proposing to replace its obligation-based renewable energy system?

Korea's proposed abolition of the RPS and shift to centrally procured, long-term contracts reflects a policy direction prioritising government control over renewable energy deployment volumes and developer selection. Rather than relying on obligated entities to drive demand through market-based certificate trading, the new model allows the government to pre-determine auction volumes, run competitive tenders, and award long-term contracts directly. This centralised approach provides greater control over deployment pace, technology mix, and developer participation but reduces flexibility for individual market participants. The timing and policy rationale reflect Korea's broader energy transition strategy, though detailed justification from policymakers has not been extensively documented as of June 2026.