



Task 1 Strategic PV Analysis and Outreach

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National Survey Report of PV Power Applications in Korea 2019



KOREA ENERGY
AGENCY



What is IEA PVPS TCP?

The International Energy Agency (IEA), founded in 1974, is an autonomous body within the framework of the Organization for Economic Cooperation and Development (OECD). The Technology Collaboration Programme (TCP) was created with a belief that the future of energy security and sustainability starts with global collaboration. The programme is made up of 6.000 experts across government, academia, and industry dedicated to advancing common research and the application of specific energy technologies.

The IEA Photovoltaic Power Systems Programme (IEA PVPS) is one of the TCP's within the IEA and was established in 1993. The mission of the programme is to “enhance the international collaborative efforts which facilitate the role of photovoltaic solar energy as a cornerstone in the transition to sustainable energy systems.” In order to achieve this, the Programme's participants have undertaken a variety of joint research projects in PV power systems applications. The overall programme is headed by an Executive Committee, comprised of one delegate from each country or organisation member, which designates distinct ‘Tasks,’ that may be research projects or activity areas.

The IEA PVPS participating countries are Australia, Austria, Belgium, Canada, Chile, China, Denmark, Finland, France, Germany, Israel, Italy, Japan, Korea, Malaysia, Mexico, Morocco, the Netherlands, Norway, Portugal, South Africa, Spain, Sweden, Switzerland, Thailand, Turkey, and the United States of America. The European Commission, Solar Power Europe, the Smart Electric Power Alliance (SEPA), the Solar Energy Industries Association and the Copper Alliance are also members.

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What is IEA PVPS Task 1?

The objective of Task 1 of the IEA Photovoltaic Power Systems Programme is to promote and facilitate the exchange and dissemination of information on the technical, economic, environmental and social aspects of PV power systems. Task 1 activities support the broader PVPS objectives: to contribute to cost reduction of PV power applications, to increase awareness of the potential and value of PV power systems, to foster the removal of both technical and non-technical barriers and to enhance technology co-operation. An important deliverable of Task 1 is the annual “Trends in photovoltaic applications” report. In parallel, National Survey Reports are produced annually by each Task 1 participant. This document is the country National Survey Report for the year 2019. Information from this document will be used as input to the annual Trends in photovoltaic applications report.

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COVER PICTURE

New Concept Solar Car, Hyundai Motor Co.



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ACKNOWLEDGEMENTS

This paper received valuable contributions from several IEA-PVPS Task 1 members and other international experts. Many thanks to: Korea Energy Agency and KEPCO



1 INSTALLATION DATA

The PV power systems market is defined as the market of all nationally installed (terrestrial) PV applications with a PV capacity of 40 W or more. A PV system consists of modules, inverters, batteries and all installation and control components for modules, inverters and batteries. Other applications such as small mobile devices are not considered in this report.

For the purposes of this report, PV installations are included in the 2019 statistics if the PV modules were installed and connected to the grid between 1 January and 31 December 2019, although commissioning may have taken place at a later date.

1.1 Applications for Photovoltaics

In Korea, photovoltaic system is mainly applied to the electric power generation. Since 2012, Renewable Portfolio Standard (RPS) was introduced as a flagship renewable energy program, replacing the previous FiT scheme, and thanks to the new RPS scheme (initially with PV set-aside requirement of 1,5 GW cap), significant PV deployment has been achieved: 295 MW in 2012, 531 MW in 2013, 926 MW in 2014, 1 134 MW in 2015, 909 MW in 2016, 1 362 MW in 2017, 2 367 MW in 2018, and 3 789 MW in 2019, respectively. At the end of 2019, the total installed PV capacity was about 11,8 GW, among those the grid-connected centralized system accounted for around 91% of the total cumulative installed power. The grid-connected distributed system amounted to around 9% of the total cumulative installed PV power. The share of off-grid non-domestic and domestic systems has continued to decrease and represents less than 1% of the total cumulative installed PV power. The total capacity of 11 768 MW corresponds to 9,0% of total electricity generation capacity of about 131 168 MW.

PV in buildings is getting more and more interest in urban area, and recent zero-energy complex project in Nowon-gu, Seoul demonstrated successful results, receiving many visitors. Floating PV on the lakes and dams is also getting popular in Korea (with potential of ~10 GW). In July 2017, Korea Rural Community Corporation conducted a study about South Korea's potential of on-water PV and estimated 3,26 GW from water reservoir (10% of the total reservoir), 2,633 GW from fresh-water lakes (20% of the total) and 73 MW from irrigation and drain channels (2% of the total). In addition, K-Water can utilize 8% of the dams, which sums up to 3,7 GW. Therefore, the total on-water PV potential in Korea is estimated to be about 9,7 GW. Agricultural PV (in short agri-PV) is getting higher attention, since the new government announced 'RE 3020 Plan,' and many demonstration projects are being undertaken by power producing companies collaborating with local authorities. However, real projects are being delayed due to disadvantageous regulations on using farming land for PV installations. BIPV and VIPV are also being developed through government-led R&D projects which focus on the compatibility of PV modules to design, esthetic appearance as well as functional flexibility. Hyundai-Kia motor company demonstrated a passenger car with VIPV attached in 2018 and started to mass-produce these cars in 2019.

1.2 Total photovoltaic power installed

The annual installation data was obtained from the total capacity of the PV systems approved to be installed in the year of 2019 by the NREC (New & Renewable Energy Centre) at KEA (Korea Energy Agency). In Korea, PV installation statistics is categorized



into two sectors, PV for 'business' and PV for 'self-use.' Thus, in the tables, 'Decentralized' is assumed as 'self-use' which includes PV installations in households, public facilities, education facilities, welfare facilities, industrial facilities, commercial facilities and others (off-grids), and 'Centralized' is assumed as 'business' which include all the PV installations under RPS scheme. 2019 data were taken from the '2019 NRE Deployment Statistics' published by KEA in November 2019.

Table 1: Annual PV power installed during calendar year 2019

		Installed PV capacity in 2019 [MW]	AC or DC
PV capacity	Off-grid	-	DC
	Decentralized	254,0	DC
	Centralized	3 535,1	DC
	Total	3 789,0	DC

Table 2: Data collection process

If data are reported in AC, please mention a conversion coefficient to estimate DC installations.	N/A
Is the collection process done by an official body or a private company/Association?	Korea Energy Agency
Link to official statistics (if this exists)	www.kemco.or.kr
	within $\pm 1\%$ data accuracy



Table 3: The cumulative installed PV power in 4 sub-markets

Year	Off-grid [MW] (including large hybrids)	Grid-connected distributed [MW] (BAPV, BIPV)	Grid-connected centralized [MW] (Ground, floating, agricultural...)	Total [MW]
1992				
1993				
1994				
1995				
1996				
1997				
1998		0,6	-	0,6
1999		3,6	-	3,6
2000		4,1	-	4,1
2001		4,9	-	4,9
2002		5,4	-	5,4
2003		6,0	-	6,0
2004		8,3	0,2	8,5
2005		12,1	1,4	13,5
2006		25,3	10,5	35,8
2007		41,8	39,4	81,2
2008		58,4	298,5	356,9
2009		82,6	441,1	523,7
2010		116,8	533,5	650,3
2011		152,7	576,5	729,2
2012		214,9	809,4	1 024,3
2013		278,1	1 276,9	1 555,0
2014		347,1	2 134,2	2 481,3
2015		440,9	3 174,3	3 615,2
2016		551,1	3 950,6	4 501,7
2017		665,0	5 169,5	5 834,5
2018		840,4	7 258,8	8 099,1
2019		1 094,6	10 673,1	11 767,7

**Table 4: Other PV market information**

	2018
Number of PV systems in operation in your country (a split per market segment is interesting)	unknown
Decommissioned PV systems during the year [MW]	120,4
Repowered PV systems during the year [MW]	unknown
Total capacity connected to the low voltage distribution grid [MW]	-
Total capacity connected to the medium voltage distribution grid [MW]	-
Total capacity connected to the high voltage transmission grid [MW]	-

Table 5: PV power and the broader national energy market

	2018	2019
Total power generation capacities [GW]	121,592 GW	131,168 GW
Total renewable power generation capacities (including hydropower) [GW]	19,027 GW	19,651 GW*
Total electricity demand [TWh]	526,149 TWh	587,981 TWh
Total energy demand [TWh]	232 700 ktoe (= 2 705 TWh)	230 600 ktoe (= 2 681 TWh)
New power generation capacities installed [GW]	4,684 GW	9,576 GW
New renewable power generation capacities (including hydropower) [GW]	3,533 GW	4,478 GW*
Estimated total PV electricity production (including self-consumed PV electricity) in [GWh]	9 208 GWh	12 996 GWh
Total PV electricity production as a % of total electricity consumption	1,8%	2,2%

*The RE law in Korea has been changed in October, 2019 not to include the non-renewable waste from the RE statistics. The renewable energy statistics will not include the value of non-renewable waste from 2020 statistics. The value of 2019 data including non-renewable waste is 23,171 GW.



1.3 Key enablers of PV development

Table 6: Information on key enablers

	Description	Annual Volume	Total Volume	Source
Decentralized storage systems In [MW,MWh or #]				
Residential Heat Pumps [#]				
Electric cars [#]	EV & FCEV	EV 46 966, FCEV 4 189	EV 89 918, FCEV 5 083	Ministry of Land, Infrastructure & Transportation
Electric buses and trucks [#]				
Other				



2 COMPETITIVENESS OF PV ELECTRICITY

2.1 Module prices

A summary of typical module and system prices is provided in the following tables. All the prices shown in Table 7 and Table 8 are the calculated average values. The minimum module price that has been achieved in 2019 was 280 KRW/W_p and was imported.

Table 7: Typical module prices for a number of years

Year	Lowest price of a standard module crystalline silicon	Highest price of a standard module crystalline silicon	Typical price of a standard module crystalline silicon
...			
...			
2005			
2006			
2007			
2008			
2009			
2010			
2011	1 200		1 400
2012	800		1 000
2013	634		974
2014	634		974
2015	634		974
2016	456		646
2017	450 (import)	800 (import)	500
2018	360 (import)	900 (import)	410
2019	280 (import)	600 (locally manufactured)	370



2.2 System prices

The price of grid-connected systems varied from 1 100 KRW/W to 5 000 KRW/W depending on the type and size of installations. As far as ground-mounted installations are concerned, the regulatory framework under which the above-mentioned prices have been encountered is RPS.

Table 8: Turnkey PV system prices of different typical PV systems

Category/Size	Typical applications and brief details	Current prices [KRW/W]
Off-grid 1-5 kW	A stand-alone PV system is a system that is installed to generate electricity to a device or a household that is not connected to the public grid. (write the typical off-grid application and since in your country)	(optional)
Residential BAPV 5-10 kW	Grid-connected, roof-mounted, distributed PV systems installed to produce electricity to grid-connected households. Typically roof-mounted systems on villas and single-family homes.	1 412 - 1 852
Residential BIPV 5-10 kW	Grid-connected, building integrated, distributed PV systems installed to produce electricity to grid-connected households. Typically, on villas and single-family homes.	3 000 - 5 000
Small commercial BAPV 10-100 kW	Grid-connected, roof-mounted, distributed PV systems installed to produce electricity to grid-connected commercial buildings, such as public buildings, multi-family houses, agriculture barns, grocery stores etc.	1 269 - 1 707
Small commercial BIPV 10-100 kW	Grid-connected, building integrated, distributed PV systems installed to produce electricity to grid-connected commercial buildings, such as public buildings, multi-family houses, agriculture barns, grocery stores etc.	3 000 - 5 000
Large commercial BAPV 100-250 kW	Grid-connected, roof-mounted, distributed PV systems installed to produce electricity to grid-connected large commercial buildings, such as public buildings, multi-family houses, agriculture barns, grocery stores etc.	1 244 - 1 672
Large commercial BIPV 100-250 kW	Grid-connected, building integrated, distributed PV systems installed to produce electricity to grid-connected commercial buildings, such as public buildings, multi-family houses, agriculture barns, grocery stores etc.	2 500 - 4 000
Industrial BAPV >250 kW	Grid-connected, roof-mounted, distributed PV systems installed to produce electricity to grid-connected industrial buildings, warehouses, etc.	1 204 - 1 619
Small centralized PV 1-20 MW	Grid-connected, ground-mounted, centralized PV systems that work as central power station. The electricity generated in this type of facility is not tied to a specific customer and the purpose is to produce electricity for sale.	1 100 – 1 700



Large centralized PV >20 MW	Grid-connected, ground-mounted, centralized PV systems that work as central power station. The electricity generated in this type of facility is not tied to a specific customer and the purpose is to produce electricity for sale.	1 100 - 1 600
Floating Centralized PV	Grid-connected, mounted on a structure that floats on the surface of the water, distributed PV systems installed to produce electricity using public waters, such as reservoirs, artificial basins, lakes, etc.	1 350 - 1 800
Agricultural PV	Grid-connected, farming land-mounted, centralized PV systems that work as a central power station. The electricity generated in this type of facility is not tied to a specific customer, and the purpose is to produce electricity for sale.	2 057 - 3 000

Table 92: National trends in system prices for different applications

Year	Residential BAPV Grid-connected, roof-mounted, distributed PV system 5-10 kW [KRW/W]	Small commercial BAPV Grid-connected, roof-mounted, distributed PV systems 10-100 kW [KRW/W]	Large commercial BAPV Grid-connected, roof-mounted, distributed PV systems 100-250 kW [KRW/W]	Small centralized PV Grid-connected, ground-mounted, centralized PV systems 10-20 MW [KRW/W]
2006				
2007				
2008				
2009				
2010				
2011	4 000			
2012	3 000			
2013	3 000			
2014	3 000	2 900	2 900	2 250
2015	1 750	2 250	2 250	1 700
2016	1 600	1 550	1 500	1 500
2017	1 520	1 500	1 450	1 500
2018	1 474	1 430	1 400	1 582
2019	1 434	1 400	1 350	1 465



2.3 Cost breakdown of PV installations

The cost breakdown of a typical 5-10 kW roof-mounted, grid-connected, distributed PV system on a residential single-family house and a typical >10 MW grid-connected, ground-mounted, centralized PV systems at the end of 2019 is presented in Table 10 and Table 11, respectively.

The cost structure presented is from the customer's point of view. Thus, it does not reflect the installer companies' overall costs and revenues. The “average” category in Table 10 and Table 11 represents the average cost for each cost category and is the average of the typical cost structure. The average cost is taking the whole system into account and summarizes the average end price to customer. The “low” and “high” categories are the lowest and highest cost that has been reported within each segment. These costs are individual posts, i.e., summarizing these costs do not give an accurate system price. The cost information below was collected from the interviews with a few major PV system installation companies in Korea, and the level of reliability is within $\pm 15\%$.

Table 10: Cost breakdown for a grid-connected roof-mounted, distributed residential PV system of 5-10 kW

Cost category	Average [KRW/W]	Low [KRW/W]	High [KRW/W]
Hardware			
Module	380	350	520
Inverter	200	150	250
Mounting material	270	230	310
Other electronics (cables, etc.)	150	120	170
Subtotal Hardware	1 000		
Soft costs			
Planning			
Installation work	200	180	220
Shipping and travel expenses to customer	50	50	50
Permits and commissioning (i.e., cost for electrician, etc.)	50	50	50
Project margin	134	119	160
Subtotal Soft costs	434		
Total (excluding VAT)	1 434		
Average VAT	0,1		



Total (including VAT)	1 577,4	
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Table 31: Cost breakdown for a grid-connected, ground-mounted, centralized PV systems of >10 MW

Cost category	Average [KRW/W]	Low [KRW/W]	High [KRW/W]
Hardware			
Module	320	280	480
Inverter	70	60	80
Mounting material	280	250	320
Other electronics (cables, etc.)	250	230	350
Subtotal Hardware	920		
Soft costs			
Planning	30	25	35
Installation work	200	180	270
Shipping and travel expenses to customer	70	50	90
Permits and commissioning (i.e., cost for electrician, etc.)	170	130	180
Project margin	75	70	90
Subtotal Soft costs	545		
Total (excluding VAT)	1 465		
Average VAT	0,1		
Total (including VAT)	1 611,5		



2.4 Financial parameters and specific financing programs

Table 12: PV financing information in 2019

Different market segments	Loan rate [%]
Average rate of loans – residential installations	3,5 - 4,0
Average rate of loans – commercial installations	3,5 - 5,0 (1,75 for Agricultural PV)
Average cost of capital – industrial and ground-mounted installations	4,0 (Project Financing)

2.5 Specific investments programs

Table 13: Summary of existing investment schemes

Investment Schemes	Introduced in Korea
Third party ownership (no investment)	No
Renting	No
Leasing	Korea Energy Agency (KEA) offers solar lease program for households which use electricity more than 200 kWh/month on the average in the previous year period. The household pays less than 80% of the typical electricity bill for (PV leasing fee + electricity fare), and the leasing company provides O&M services and makes profit from collecting leasing fee from the household and selling renewable energy point (REP) to the RPS obligators.
Financing through utilities	No
Investment in PV plants against free electricity	No
Crowd funding (investment in PV plants)	Private companies attract investors for PV power plants by crowdfunding scheme, and typical earning rate is about 7-8%.
Community solar	Maximum 20% increase in REC multiplier is given when community residents are involved in the projects under RPS scheme.
International organization financing	No
Other (please specify)	-



2.6 Additional country information

Table 14: Country information

Retail electricity prices for a household [KRW/kWh]	93,3~280,6 KRW/kWh for low voltage ¹ (93,3 for 0-200 kWh; 187,9 for 201-400 kWh; 280,6 for >400 kWh) ²			
Retail electricity prices for a commercial company [KRW/kWh] ³	53,7~196,6 KRW/kWh			
Retail electricity prices for an industrial company [KRW/kWh]	52,8~196,6 KRW/kWh			
Population at the end of 2019	51,850 million			
Country size [km ²]	100 401 km ²			
Average PV yield in [kWh/kW]	1 104,4 kWh/kWp			
Name and market share of major electric utilities		Electricity production [%]	Share of grid Subscribers [%]	Number of retail customers [%]
	KEPCO	100	100	100
	Name			
	Name			
	...			

¹Low voltage: 110-380 V; High voltage A: 3 300-66 000 V; High voltage B: 154 000 V; High voltage C: 345 000 V or higher.

²For hot summer season (July and August), retail electricity prices are adjusted favourably to the consumers to reduce the total price: 93,3 for 0-300 kWh; 187,9 for 301-450 kWh; 280,6 for >450 kWh.

³Retail electricity prices for a commercial company varies depending on the contract power (lower or higher than 300 kW), existence or absence of divided meters, time or season of use (summer, spring & fall, winter, day or night), and supply voltage. Electricity prices for educational facilities and farming use follow different fare structure.



3 POLICY FRAMEWORK

This chapter describes the support policies aiming directly or indirectly to drive the development of PV. Direct support policies have a direct influence on PV development by incentivizing or simplifying or defining adequate policies. Indirect support policies change the regulatory environment in a way that can push PV development.

Table 45: Summary of PV support measures

Category	Residential		Commercial + Industrial		Centralized		
	Measures in 2019	On-going	New	On-going	New	On-going	New
Feed-in tariffs	Yes	-	-	-	-	-	-
Feed-in premium (above market price)	-	-	-	-	-	-	-
Capital subsidies	Yes	-	-	-	-	-	-
Green certificates	-	-	-	-	-	-	-
Renewable portfolio standards with/without PV requirements	-	-	Yes	-	-	-	-
Income tax credits	-	-	-	-	-	-	-
Self-consumption	-	-	-	-	-	-	-
Net-metering	Yes	-	-	-	-	-	-
Net-billing	-	-	-	-	-	-	-
Collective self-consumption and virtual net-metering	-	-	-	-	-	-	-
Commercial bank activities e.g., green mortgages promoting PV	-	-	-	-	-	-	-
Activities of electricity utility businesses	-	-	-	-	-	-	-
Sustainable building requirements	-	Yes	-	-	-	-	-
BIPV incentives	-	-	-	-	-	-	-
Other (specify)	-	-	-	-	-	-	-



3.1 National targets for PV

In July 2020, Government announced Korean-type Green New Deal Plan to recover Korean economy suffered from COVID-19 and move towards carbon-neutral society. Government also declared the leapfrog towards low-carbon and eco-friendly nation by disseminating 26,3 GW of PV and wind by 2022 and 42,7 GW by 2025, which is one step forward from Renewable Energy 3020 plan announced in 2017. Electricity generation targets for 2022 and 2025 will be determined later in 2020 by 9th Electricity Demand and Supply Plan and 5th New & Renewable Energy Basic Plan. For PV sector in particular, a Common-use PV Research Centre will be established by 2023 to fortify competitiveness of domestic PV manufacturing enterprises. The Centre will also assist PV companies in quality evaluation and performance certification of the developed products.

To promote new & renewable energy (NRE) market, the mandated percentage of NRE for public institutions will be raised to 40% by 2030 from currently 30%, and the RPS requirement percentage will be set for 8% in 2021, 9% in 2022, and 10% in 2023. The NRE law will be revised in such a way that the legal upper limit of 10% RPS be discarded and changed to be determined by 'Enforcement Decree.' Especially, to promote the dissemination of low-carbon PV products, a 'Carbon Accreditation Measure' will be introduced and applied to the market with detailed criteria with 'Operational Notice.'

3.2 Direct support policies for PV installations

Since the beginning of the current government in 2017, Korea has been trying to change its energy infrastructure from using a centralized system with more than 75 percent coal and nuclear into a more distributed system based on renewable energy resources. This new policy is supported by many citizens suffering from coal power plants (fine dust problems) together with the nuclear safety issue (magnified by the recent earthquakes near the nuke-populated areas). Government announced the 'Renewable Energy 3020 Plan' in 2017, which aims at supplying 20% of the electricity from renewable sources. In this context, many support measures will be used and are expected to be newly introduced. Korea's current policy structure to promote PV deployment can be categorized into four areas: 1) subsidies for installation, 2) incentives, 3) obligatory measures, and 4) infrastructure building. The 'Third Energy Master Plan' announced in 2019 and follow-up plans will provide the legal ground for future energy transition in Korea.

3.2.1 Subsidy programs for PV installation

<Subsidy for Residential Installation>

This program was launched in 2004 that merged the existing 100 000 rooftop PV system installation program, and aims at constructing one million green homes utilizing PV as well as solar thermal, geothermal, small-size wind, fuel cell and bio-energy until 2020. In general, single-family houses and multi-family houses including apartments can benefit from this program. The KEA provides maximum 60% of the initial PV system cost for single-family and private multi-family houses, and maximum 100% for public multi-family rent houses. The maximum PV capacity allowed for a household is 3 kW.

<Subsidy for Building Installation>

The KEA supports up to 50% of the installation cost for PV systems (below 50 kW) in buildings excluding private homes. In addition, the KEA supports maximum 80% of initial cost for special



purpose demonstration and pre-planned systems in order to help the developed technologies and systems to diffuse into the market.

<Subsidy for Local Government>

The KEA supports up to 45% of the installation cost for PV systems in local government owned buildings, facilities and welfare facilities. In the case of BIPV, up to 70% of the installation cost is supported by KEA. For systems installed in 2020, the REMS (Renewable Electricity Monitoring System) should be installed with further support in its cost.

<Subsidy for Hybrid Installation>

This is a new NRE subsidy program started in 2013. A consortium led either by local authority or public institution with NRE manufacturing companies and individuals can apply for this program. The program is designed to help diffuse the NRE into socially disadvantaged and vulnerable regions and classes such as islands, remote areas (not connected to the grid), long-term rental housing district, etc. Local adaptability is one of the most important criteria for this program, and thus, the optimal integration of various NRE resources (PV, wind, electricity and heat) and the complex between areas (home, business and public) are primarily considered to benefit from this program.

<Solar Lease Program>

In 2013, MOTIE (through KNREC) introduced this new scheme to promote PV deployment and launched a few demo projects for 60 detached houses. The Solar Lease program fully began in 2014, and it is designed in such a way that the private companies take care of installations and maintenance without support from the Government, while consumers pay the leasing fee. Household owners of using more than 200 kWh/month (monthly average in the recent one-year period) can apply for this program. Owners pay PV system leasing fee (monthly maximum: 70 000 KRW) which is on the average less than 80% of the typical electricity bill) for minimum 7 years and can use the PV system with no initial investment and O&M cost for the leasing period. PV leasing companies recover the investment by earning PV leasing fee from the households and selling REP (Renewable Energy Point) to RPS obligators with no multiplier. Leasing fee, lease period and REP price are properly set to motivate the participation of PV leasing companies and consumers. The maximum PV capacity allowed for a household is 3 kW for houses of consuming 200~599 kWh electricity monthly average and maximum 9 kW for houses of consuming 600 kWh or higher electricity monthly average. In 2019, total 20,000 households were benefited from this measure, saving energy of 6,600 toe and reducing the government subsidy as much as 13,3 billion KRW.

<Korean-type Feed in Tariff (FiT)>

To improve the bankability of small-scale distributed PV system installations, a new temporary (5 years for the period of 2018-2022) subsidy measure was introduced in 2018. A fixed contract price (for maximum 20 years) will be provided for systems less than 30 kW with no restriction, and for systems less than 100 kW if they are run by farmers, fishermen or Co-ops.

3.2.2 Incentive programs for PV installation

<Capital Subsidy (NRE Loan) Program>

This program is aimed at tackling the up-front cost barrier, either for specific equipment for NRE use or facilities for NRE products. KEA (Korea Energy Agency) through KNREC (Korea New & Renewable Energy Centre) evaluates the proposal from the companies and provide the financing fund to participating financial institutions such as banks, and the participating



banks lend money (up to 90% of the necessary fund) to the companies with low interest rate (typically 1,75% variable), grace period option (1 to 5 years) and amortization option (2 to 10 years). This subsidy loan can be used for financing facilities (purchase, installation, upgrade, etc.), production funds as well as the working capital.

3.2.3 Obligatory programs for PV installation

<RPS Program for Power Businesses>

The RPS is a mandated requirement that the electricity utility business sources a portion of their electricity supplies from renewable energies. In Korea, 21 obligators (electricity utility companies with electricity generation capacity of 500 MW or above) are required to supply 10% of their electricity from NRE sources by 2023, starting from 2% in 2012. The PV set-aside requirement was set to be 1,5 GW by 2015, and the goal was surpassed. In 2019 alone, 2 980 MW was installed under this program (78.6% of the total installation), while total 497 MW was installed for the entire period under FIT program which was ended in 2011. The RPS is expected to be the major driving force for PV installations in the next few years in Korea with improved details such as boosting small-scale installations (for systems less than 100 kW size) by adjusting the REC and multipliers and unifying the PV and non-PV markets. To further enhance the predictability of profit (to attract project financing entities), Government launched a new long-term (max. 20 years) fixed price (SMP+REC) RPS scheme in 2017. This scheme has an advantage of guaranteeing the long-term power purchase with a fixed price which is determined by the market-following system including the competitive bidding. The fixed price of the first half of 2019 was 167 KRW/kWh. To facilitate the involvement of local communities, Government also launched a new REC multiplier scheme, in which maximum 20% increase in REC multiplier when community residents are involved in the projects. Grid connection of PV systems is guaranteed up to 1 MW by the Government since 2017. Newly adjusted REC multiplier scheme based on five evaluation criteria (economic feasibility, environmental effect, potential, industry promotion effect, and policy priority) is summarized below.

[REC Multipliers in RPS]

Multiplier	Eligible Energy Sources	
	Installation Type	Details
1,2	On land (general)	Less than 100 kW
1,0		100 kW ~ 3 000 kW
0,7		More than 3 000 kW
0,7	On forestland	Regardless of capacities
1,5	On building or existing facilities	Less than or equal to 3 000 kW
1,0		More than 3 000 kW
1,5	Floating on the water surface	
1,0	Self-use PV electricity transaction	

<NRE Mandatory Use for Public Buildings>



The new buildings of public institutions, the floor area of which exceeds 1,000 m², are obliged by law to use more than 27% (in 2019) of their total expected energy from newly installed renewable energy resources. Public institutions include state administrative bodies, local autonomous entities, and state-run companies and institutions. The building energy mandate percentage will increase up to 30% by 2020 and 40% by 2030.

3.2.4 BIPV development measures

The KEA (Korea Energy Agency) supports up to 70% of the installation cost for BIPV systems in local government owned buildings, facilities and welfare facilities.

<Accreditation of Zero-energy Buildings>

The Ministry of Trade, Industry & Energy (MOTIE) and the Ministry of Land, Infrastructure & Transport (MOLIT) together operate this measure by the 'Green Building Construction Support Law.' Central government administration institutions, local governments, public institutions, provincial/municipal office of educations are obliged to get accredited for zero-energy for the buildings with the floor area greater than 1 000 m². Incentives for the accreditation include mitigation in construction constraints by 15% (floor area ratio to height), 15% reduction in acquisition tax, 15% mitigation in infrastructure facility donation requirement, prioritized subsidy for NRE installations, enlargement of loan limit for public rent/parcel out, long-term low-interest loans (maximum 15 billion KRW) for the investment in energy saving facilities. The MOLIT has a plan to make the nearly ZEB as a mandatory requirement for all new buildings from 2020, first making the nearly ZEB to be obligatory for the public buildings.

3.3 Self-consumption measures

Self-consumption measures are discussed in Korea but not specifically introduced as new measures yet.

Table 56: Summary of self-consumption regulations for small private PV systems in 2019

PV self-consumption	1	Right to self-consume	
	2	Revenues from self-consumed PV	
	3	Charges to finance Transmission, Distribution grids & Renewable Levies	
Excess PV electricity	4	Revenues from excess PV electricity injected into the grid	
	5	Maximum timeframe for compensation of fluxes	
	6	Geographical compensation (virtual self-consumption or metering)	
Other characteristics	7	Regulatory scheme duration	
	8	Third party ownership accepted	



	9	Grid codes and/or additional taxes/fees impacting the revenues of the prosumer	
	10	Regulations on enablers of self-consumption (storage, DSM...)	
	11	PV system size limitations	
	12	Electricity system limitations	
	13	Additional features	

3.4 Collective self-consumption, community solar and similar measures

Collective self-consumption, community solar and similar measures are discussed in Korea but not specifically introduced as new measures yet.

In Korea, community solar is increasing due to the recent announcement by the Government. The new scheme provides maximum 20% increase in REC multiplier when community residents are involved in the projects.

3.5 Tenders, auctions & similar schemes

Tenders, auctions and similar measures are discussed in Korea but not specifically introduced as new measures except the fixed price bidding (Korean-type FiT) for small size systems as described earlier.

<Tenders and Auctions>

Currently Korea's RPS scheme relies on the auction system with upper and lower bound managed by the Government.

<Opening of Negawatt Electricity Market>

Government announced the opening of DRR (Demand Response Resource) electricity trading market as of November 25, 2014 by approving the revision of 'Electricity Trading Market Operating Rules' on October 3, 2014. This so-called 'Negawatt Electricity Market' was launched as one of 'the Six Energy-related New Industry Development Plan for Climate Change Response.' Now new businesses for trading saved electricity are slowly growing since 2016.

3.6 Other utility-scale measures including floating and agricultural PV

Measures favouring the development of large-scale PV, ground-mounted, floating, or agricultural are discussed in Korea but not specifically introduced as new measures except the REC weighting factor of 1,5 for floating PV as described in Section 3.2.3.

<Floating PV Installation>

Floating PV on the lakes is getting popular in Korea (with potential of ~10 GW). In July 2017, Korea Rural Community Corporation conducted a study about South Korea's potential of on-water PV and estimated 3,26 GW from water reservoir (10% of the total reservoir), 2,633 GW



from fresh-water lakes (20% of the total) and 73 MW from irrigation and drain channels (2% of the total). In addition, K-Water can utilize 8% of the dams, which sums up to 3,7 GW. Therefore, the total on-water PV potential in Korea is estimated to be about 9,7 GW. Floating PV gets 1,5 REC multipliers under current RPS scheme and thus is very attractive to the developers. Also, Korean government recently announced 'The 4 GW Saemangeum Project' in the region southwest of the capital city and that includes about 2,8 GW of PV and 1 GW of off-shore wind. The Saemangeum area was originally in the sea, and now it is reclaimed but still many parts are covered by salty water. Thus, the technology developed for floating PV will have more opportunities to be used in that area but in a salty water situation.

<Agricultural PV Installation>

Agricultural PV (in short Agri-PV) is getting higher attention since the new government announced 'RE3020 Plan,' and many demonstration projects are undertaken by power producing companies collaborating with local authorities. The 3,3 GW by 2022 and 10 GW by 2030 Agri-PV installation is planned by the Government, and congress level discussions are on the way to facilitate Agri-PV installations.

3.7 Social Policies

Energy Peace Foundation, a non-profit organization, and Solar Terrace company installed 30 kW mini-PV systems for 100 energy-vulnerable households (300 W/household) in Seoul with the financial aid from Seoul Metropolitan government. This type of mini-PV installations is becoming popular in Korea to reduce the electricity bill burden during the summer.

Korean government also runs the so-called 'Energy Voucher' system to help the handicapped or vulnerable households to pay the energy bills during the summer and winter periods.

<RE100>

A voluntary campaign by enterprises (led by CDP Committee) towards 100% renewable electricity for company's electricity consumption - total 221 companies including Google and Apple are currently participating in RE100 campaign. A demonstration project was initiated in the second half of 2019 for a few Korean companies. Companies can get REGOs through green pricing or direct installations of RE power plants. Government will legalize the RE100 measures with the modification of electricity business law to introduce PPAs and then implement this in full-scale later.

3.8 Retrospective measures applied to PV

3.9 Indirect policy issues

3.9.1 Rural electrification measures

Rural electrification measures are adopted and implemented mainly by the local authorities. For example, Incheon city implemented a project, installing PV power of 250 kW, small size (10 kW) wind power of 40 kW, energy storage of 1 125 kW in Backa island, and finished the project at the end of 2014 to make the island carbon-free. Similarly, PV power of 120 kW and wind power of 30 kW were installed in Jungma island, which will provide 388 000 kWh electricity annually. 1 200 kWh size ESS (Energy Storage System) was also installed, and the diesel power is now serving as the supplementary power for the island. These types of measures and programs are being gradually expanded by many other local governments in Korea.



'Carbon-free Island Jeju by 2030 Project' was jointly planned by Jeju provincial government and central government in 2012 and will be expanded to more islands in Korea. Wind power, PV, geothermal, ESS, and EV will be utilized within the smart grid infrastructure to increase the NRE portion in the energy mix for the islands. Jeju island plans to make the island completely fossil free by 2030.

<Eco-friendly Energy Town Program>

A new demo program has been launched by the Korean government (MOTIE, MOE and MSIP) in 2014 for three regions (Gwangju (MOTIE), Hongcheon (MOE) and Jincheon (MSIP)), which is designed to deploy eco-friendly energy generation facilities to the avoiding facilities or sites such as waste incinerators and waste landfill sites. The Korean government has a plan to strengthen and expand this program into the whole nation since 2015 by improving the program details from the lessons learned from these demo programs.

3.9.2 Support for electricity storage and demand response measures

ESS demo project was first launched in 2009, and the early ESS was typically used for frequency regulation purposes. Due to the recent support from the Government since 2016, mainly giving incentives in electricity fare for consumers equipped with ESS system for peak-load reduction, the cumulative ESS installation was remarkably increased in the recent few years (30 MWh in 2013, 206 MWh in 2016, 723 MWh in 2017, and 3 632 MWh in 2018). Consumers can get maximum 50% savings in their electricity use under the current scheme.

However, the market shrank 33.9% in 2019 compared to that of 2018 due to frequent fire incidents and reduced REC weighting factor scheme.

<Support Measures for PV+ESS Installation>

Government provides very attractive REC weighting factor for PV power with ESS system. It is a temporary subsidy, though, giving 5,0 REC weighting factors for 2018 and 2019, and it will be decreased to 4,0 in 2020. Also, self-use PV electricity transactions get 1,0 REC weighting factors. However, the PV+ESS weighting factor bonus will expire in 2020.

3.9.3 Support for electric vehicles (and VIPV)

The Government recently announced a very aggressive plan to expand the domestic production of eco-friendly vehicles, in which the cumulative EVs will be 430 0000 vehicles by 2022 (89 918 vehicles as of 2019), and the cumulative hydrogen fuel cell vehicles will be 65 000 vehicles by 2022 (5 083 vehicles as of 2019). To achieve these goals, the obligatory purchase percentage of eco-friendly vehicles by public entities will rise to 100% by 2020, and 2 000 hydrogen buses (cumulative) will be deployed by 2022. Ten hydrogen taxis will be operating in Seoul as a demonstration and test since 2019. Charging infrastructures for EVs and hydrogen fuel cell cars will be prepared by local governments with support from the central government. Currently this movement in Korea is not directly related with the Vehicle Integrated Photovoltaics (VIPV) development, but automobile companies (Hyundai/Kia) are developing VIPV as an option for eco-friendly vehicles. The first VIPV electric vehicle showed up in 2019 made by Hyundai/Kia.

3.9.4 Curtailment policies

Curtailment policies are discussed in Korea but not specifically introduced as new measures yet.



3.10 Financing and cost of support measures

The cost of PV incentives in Korea is mainly covered by the central and regional governments (tax payers' money). Some costs are covered by the 21 RPS obligators indirectly affecting the electricity prices (Government controls the electricity price).



4 INDUSTRY

4.1 Production of feedstocks, ingots and wafers (crystalline silicon industry)

Table 67: Silicon feedstock, ingot and wafer producer's production information for 2019

Manufacturers	Process & technology	Total Production	Product destination	Price
OCI*	Silicon feedstock [Tonnes]	52 000	China, Taiwan, Germany, etc.	-
HK Silicon	sc-Si ingots. [Tonnes]	15 000	Shipment has been recorded to be zero	-
Hanwha Chemical	mc-Si ingots [Tonnes]	15 000	China, Korea, etc.	-
Total	[Tonnes]	82 000		
Woongjin Energy	sc-Si ingots (mono) [MW]	2 000	Germany, USA, Korea, etc	-
Total	[MW]	2 000		
Woongjin Energy	sc-Si wafers (mono) [MW]	2 000	Germany, USA, Korea, etc	-
Total	[MW]	2 000		

*OCI's total production capacity is 79 000 tonnes including 27 000 tonnes capacity in Malaysia.

The production of poly Si from OCI plants in Korea has been sluggish in recent years because of low profitability. Instead, OCI has been increasing the production capacity in Malaysian plants. The Malaysian plant is advantageous for OCI, because it can operate at much lower electricity cost which plays a crucial role in lowering the total cost of polysilicon production.

HK Silicon went bankrupt in 2017 and has not been operational until now. Hanwha Chemical also underwent the hardships in polysilicon business due to low product price and small production volume.

Although Woongjin Energy enhanced productivity, it has been experiencing serious difficulties in management due to accumulated deficits and filed for court receivership in 2019.

4.2 Production of photovoltaic cells and modules (including TF and CPV)

Module manufacturing is defined as the industry where the process of the production of PV modules (the encapsulation) is done. A company may also be involved in the production of ingots, wafers or the processing of cells, in addition to fabricating the modules with frames,



junction boxes etc. The manufacturing of modules may only be counted to a country if the encapsulation takes place in that country.

Total PV cell and module manufacture together with production capacity information is summarised in Table below.

Table 78: PV cell and module production and production capacity information for 2019

Cell/Module manufacturer	Technology	Total Production [MW]		Maximum Production Capacity [MW/yr]	
		Cell	Module	Cell	Module
Wafer-based PV manufactures					
LG Electronics*	Sc-Si	1 981	1 603	1 981	1 681
Hyundai Energy Solution*	Sc-Si	700	900	700	1 800
Shinsung ENG	sc-Si / mc-Si	220	250	600	400
Woongjin Energy	mc-Si		0		80
KPE	mc-Si	0		60	
Solarpark Korea	mc-Si		480		600
S-Energy	mc-Si		170		216
HanSol Technics	mc-Si		540		540
LS IS	mc-Si		0		100
SDN	mc-Si		24		30
JSPV	mc-Si		400		400
Topsun	mc-Si		240		300
Solartech	mc-Si		0		50
BJ Power	mc-Si	4	4	5	25
Solarriver	sc-Si / mc-Si		16		20
Solar Flex	sc-Si / mc-Si	24	24	30	30
Hanwha Solution**	sc-Si / mc-Si	4 000	4 000	4 300	4 300
Thin film manufacturers					
Manufactory 6					
Cells for concentration					
Manufactory 7					
Totals		6 929	8 651	7 676	10 572



*LG Electronics is using PERT cells to mass-produce n-type modules including bifacial modules. LG Electronics also opened its module production in Alabama, USA with 500 MW capacity.

**Hanwha Q-cells (Hanwha Solution) China plant has the additional capacity of 2 600 MW cells and 2 600 MW modules, and its Malaysian plant has the additional capacity of 2 100 MW cells and 2 100 MW modules. Hanwha opened a new US plant with the capacity of 1 700 MW modules.

Korean players have been pursuing the technological edge of premium solar cells and modules, incorporating diverse technical approaches such as n-type mono wafer, PERC (Passivated Emitter and Rear Contact) process, half-cell technology and bifacial modules.

4.3 Manufacturers and suppliers of other components

<PV Inverters (for Grid-connection and Stand-alone Systems) and their Typical Prices>

As the volume of Korean PV market increases, many foreign inverter players like Chinese companies and European makers have been breaking into Korean PV market by establishing sales points and service networks in Korea.

On the other hand, it is estimated that Korean government would tighten up the criteria of safety standards related with inverters. It is due to the increasing fire accidents and O&M troubles connected with the inverters.

<Storage Batteries>

In Korea, PV systems combined with ESS were spotlighted, because the system has been awarded with higher subsidies, multiplied REC (Renewable Energy Certificate) values. However, the systems combining PV and ESS recently suffered from many unspecified fire accidents. It hindered developers from investing in PV systems combined with ESS, because there were not clear clues.



5 PV IN THE ECONOMY

This chapter aims to provide information on the benefits of PV for the economy.

5.1 Labour places

Table 198: Estimated PV-related full-time labour places in 2019

Market category	Number of full-time labour places
Research and development (not including companies)	
Manufacturing of products throughout the PV value chain from feedstock to systems, including company R&D	7 567
Distributors of PV products	3 401
System and installation companies	8 304
Electricity utility businesses and government	
Other	
Total	19 272

5.2 Business value

Table 90: Rough estimation of the value of the PV business in 2019 (VAT is excluded)

Sub-market	Capacity installed [MW]	Average price [KRW/W]	Value	Sub-market
Off-grid	0	0	0	0
Grid-connected distributed	253,985	1 434	364 214 490 000	364 214 490 000
Grid-connected centralized	3 535,059	1 611,5	5 696 747 580 000	5 696 747 580 000
Value of PV business in 2019				6 060 962 070 000

*Total PV value-chain companies' sales of Korea was 6 850 700 000 000 KRW (domestic sales: 2 319 700 000 000 KRW, export: 2 694 100 000 000 KRW, overseas production/sales: 1 836 900 000 000) according to 2020 New and Renewable Energy Industry Statistics by KEA.

In Korea, the PV industry value chain for crystalline silicon solar cells is completely established from raw materials (polysilicon), ingot and wafers, cells, modules, systems and power plants. Among these, polysilicon production capacity is currently No. 2 in the world, and silicon solar cell capacity is currently No. 1 in the world. The Korean-made products are mostly exported to foreign countries including China, EU, Japan and USA.



6 INTEREST FROM ELECTRICITY STAKEHOLDERS

6.1 Structure of the electricity system

Structure of the electricity system in Korea can be summarized as below:

- Vertically integrated structure
- Retailers and network businesses-integrated (monopoly)
- Public ownership (government owned)
- Regulated by central government

6.2 Interest from electricity utility businesses

Since 2012, the RPS scheme started and replaced the FiT which lasted until 2011. Total 21 companies including electricity generation companies, electricity generation business companies and other corporates which have the electricity generation capacity greater than 500 MW have participated the RPS scheme mandatorily. In 2012, only 64.7% of the first year's RPS duties were attained, while 95.7% of RPS PV set-aside amounts were attained. This caused the cost of REC (Renewable Energy Credit) for PV to drop significantly together with the fast-falling PV product prices. The electricity utility businesses preferred to have more PV to replace the non-PV RPS to lower the cost and fulfil their duties. In March 2016, PV REC market and non-PV REC were merged into one. After the market merger, the annual average REC price increased from 92 638 KRW/MWh in 2015 to 144 136 KRW/MWh in 2016. In 2017, 92.9% of the duties was attained, supplying 17 626 GWh (duties: 18 975 GWh). The REC price was also stabilized down to average 131 000 KRW/kW. However, since the new government announced RE3020 plan in 2017 and incentivized PV installations, due to oversupply of PV systems with ever-decreasing PV system cost, the REC price has fallen very rapidly in the last three years.

In the RPS scheme, REC weighting factor is introduced to balance the utilization/dissemination and promotion of technology development. In determining the PV REC weighting factors, considerations were given to address the following five criteria: 1. Influence on environment, 2. Technology development and industry vitalization, 3. Cost in electricity generation, 4. Potential amount, and 5. Policy priority. In practice, however, there exist some mismatches and conflicts to hinder the RPS participants from fulfilling their duties. Some regions with large PV potential have either low REC weighting factor or under strict regulation. The first year's RPS practice revealed many of these problems. Thus, Korean government simplified the REC weighting factor scheme in 2014, and minor adjustments were made from time to time to reflect the issues arising from implementation.

Electricity utility businesses in general were originally hesitant to participate aggressively in the PV deployment, asking for more support from the Government. However, since the start of new government in 2017 and due to the recent RE3020 plan, electricity utility businesses are now actively engaged in PV deployment. Large-scale PV deployment projects are being announced competitively by the electricity utility businesses. Especially, recently announced 4 GW Saemangeum project that includes about 2,8 GW of PV and 1 GW of off-shore wind is expected to drive the electricity utility businesses more into participating in the PV installations.



Solar lease program (third party ownership) is introduced in 2014, and grew fast in the following years. A so-called “Negawatt” market was also introduced in 2014 and has been fully operational. This is an electricity trade scheme not on a production or supply basis but on a saving and peak time trading basis.

KEPCO, the largest and only electricity business company in Korea, participated in many PV related activities including “Energy-independent Islands Project” and “Korea Smart-grid Project.” Especially after the announcement of “RE3020 Plan,” KEPCO started to more actively engage in various PV development and dissemination projects. Most of the KEPCO’s subsidiary companies such as KHNP (Korea Hydro and Nuclear Power Co., Ltd.), KOEN, KOMIPO, KOSPO, EWP, KOWEPO are beginning to participate in RE deployment including many large-scale PV installations.

K-water, which owns large hydro-dams in Korea, started to pursue several Floating PV (FPV) projects in Korea and has a plan of installing total 10 GW of FPV.

6.3 Interest from municipalities and local governments

The Capital city, Seoul has been campaigning “One Less Nuclear Power Plant for Seoul” since 2011 and conducted many programs to reduce the electricity consumption and to increase the NRE dissemination. This plan is to reduce the energy consumption in Seoul as much as 2 million toe (equivalent to the energy supplied by one nuclear power plant). As a result, Seoul’s electricity consumption was reduced from 46 903 GWh in 2011 to 45 019 GWh in 2014. Seoul revived a modified type of FIT scheme to facilitate the PV deployment in the energy production area. The second phase of “One Less Nuclear Power Plant for Seoul” began in 2015 targeting total 4 million toe reduction and GHG 10 million ton reduction, and the goals involve the 20% electricity independence rate (currently 13%) of Seoul by 2020. In particular, cumulative 42 332 PV systems (37 405 kW) including 31 951 (8 630 kW) mini-PV (typically 250-300 W) for households was installed in 2017, and citizen crowd-funded PV power plants were also launched in 2015. Seoul metropolitan government announced a new slogan of ‘City of Sun 2022’ which aims at deploying 157 384 kW (605 185 systems) PV power plants by 2022.

Chungbuk Province’s slogan is “A Land of Life and Sun.” In this province, more than 50% of Korean-made PV modules (more than 70% of PV cells) are produced, and about 100 PV related companies are in business. The province is holding ‘Solar Festival’ every year and recently established a plan to construct a PV R&BD hub (called ‘Asia Solar Valley’). Chungbuk Technopark is located in Cheongju city and actively engaged in PV module (including BIPV) testing and certification. The province is trying to host the KITECH (Korea Institute of Industrial Technology) Chungbuk Branch and building a ‘PV Tech Support Center’ for region’s SMEs. KIER (Korea Institute of Energy Research), a national laboratory covering all kinds of energy except nuclear energy, is also located in the neighboring metropolitan city, Daejeon.

The metropolitan city, Daegu is advocating “Solar City” as its slogan, and hosting many world-renowned international meetings, conferences and expos. Recently, Daegu hosted “Solar City Congress,” and has been regularly hosting IGEEC (International Green Energy Expo and Conference) every year in which PVMI (PV Market Insight) conference is held regularly as a parallel event. The “22nd World Energy Congress” in 2013, “7th World Water Forum” and “ISES Solar World Congress” in 2015 were held in Daegu. Solar Cell/Module RIC (Regional Innovation Centre) and MOTIE-sponsored MW-scale PV Testbed are located in Yeungnam University in the neighboring Gyeongbuk province which also emphasizes Green Energy Industry as its new growth engine industry. Daegyeong PV test-bed located at GERI (Gumi Electronics & Information Technology Research Institute) also resides in Gyeongbuk Province.



Gyeongbuk province also launched a project called “Sunlight Energy Farming” in 2015 to secure regular incomes for rural households (relatively disadvantaged from recent FTA with foreign countries) using low interest rate fund from provincial government and REC purchasing agreement with KHNP (Korea Hydro & Nuclear Power).

Jeonnam Province selected “NRE Industry” as one of its major leading industries of the region and has invested its resources to promote PV industry development and PV deployment. Jeonnam province has the best insolation in Korea and thus the largest number of PV power plants in Korea. KEPCO, KPX, Honam PV test-bed at Jeonnam Technopark and KITECH (Korea Institute of Industrial Technology) Jeonnam Branch are both located in Jeonnam province and the neighbouring city, Gwangju (meaning ‘Sunshine Village’). GEI (Green Energy Institute) is also located in the neighbouring city, Mokpo.

Jeonbuk Province launched with a strong support from central government ‘4 GW Saemangeum RE’ project and have a plan to construct renewable energy industry complex near the Saemangeum area.

Jeju Special Self-governing Province launched the ‘Carbon-free Island Jeju’ project and aims at becoming a 100% carbon-free island by 2030.

Other provinces including Busan metropolitan city (the second largest city in Korea), Gyeonggi province, Ulsan city and Chungnam province also began to be actively engaged in PV deployment and PV related industry development since the start of the new government.

7 HIGHLIGHTS AND PROSPECTS

7.1 Highlights

Since "The Renewable Portfolio Standards" (RPS) replaced the Korean FiT at the end of 2011, the Korean PV market followed an upward trend that stabilized around the GW mark: The country installed 3 789 MW in 2019, after having installed 2 367 MW in 2018.

Utility-scale PV plants accounted for around 3 535 MW of the installed capacity in 2019. Distributed PV systems amounted to around 9,3% of the total cumulative capacity. The share of off-grid PV systems has continued to decrease and represents less than 1% of the total cumulative installed PV capacity. At the end of 2019, the total installed capacity reached 11,8 GW. PV contributed to 2,2% of the total electricity consumption in 2019.

Various incentives have been used to support PV development. In 2014, the ‘Fourth Basic Plan for the Promotion of Technological Development, Use, and Diffusion of New and Renewable Energy’ based on the ‘Second National Energy Basic Plan’ was issued. This plan includes many new subsidy measures including the development of ‘Eco-friendly Energy Towns,’ ‘Energy-independent Islands,’ and ‘Solar Lease Programs.’

The RPS scheme launched in 2012 will be active until 2024 and is expected to be the major driving force for PV installations in Korea, with improved details such as boosting the small-scale installations (less than 100 kW size) by adjusting the REC and multipliers, and unifying the PV and non-PV markets.

To improve the bankability of small-scale distributed PV system installations, a new temporary (5 years for the period of 2018-2022) subsidy measure was introduced in 2018. A fixed-price



contract (so-called 'Korean-type FiT') for max. 20 years will be provided for systems less than 30 kW with no restriction, and for systems less than 100 kW if they are run by farmers, fishermen or Co-ops.

Korean PV industry, established the complete value chain for crystalline silicon solar cells from raw materials (polysilicon), ingot and wafers, cells, modules, systems and to power plants, continued to grow and expand its production capacities. Among these, OCI's polysilicon production capacity is currently No. 2 in the world, and Hanwha Q-Cells' silicon solar cell capacity is currently No. 1 in the world. Korean cell players have been pursuing the technological edge of premium solar cell and module incorporating diverse technical approaches such as n-type mono wafer, PERC (Passivated Emitter and Rear Contact) process, half-cell technology and bifacial modules. The Korean-made products are largely exported to foreign countries including China, EU, Japan and USA. In the next generation PV technology area, Korea is leading the research on perovskite solar cell and its tandem cell technology. VIPV is also being developed by research institutes, and Hyundai/Kia motor company demonstrated the production of VIPV cars in 2019.

7.2 Prospects

In 2019, the 'Third Energy Master Plan' was announced which aims at supplying 30~35% of the electricity generation by renewable sources by 2040. Due to the availability of sites and public acceptance, PV is expected to be the major renewable source to fulfil the target set in the Master Plan. The '9th Electricity Supply & Demand Plan' and the '5th Basic Plan for the Promotion of Technological Development, Use, and Diffusion of New and Renewable Energy" will be announced in the last quarter of 2020 which will show specific targets of PV capacity by the year 2034.

