Restructuring the Electricity Supply Industry in the Republic of Korea

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Up to the present, the Korea Electric Power Corporation (KEPCO) has been a vertically integrated electricity supply utility established as a statutory corporation in the Republic of Korea. It has been the only company engaged in the generation, transmission, and distribution of electricity in the country, owning 94% of the total electricity generating capacity.

The restructuring plan announced by the government involved a gradual transition to wholesale competition over four years, with the introduction of retail competition for small consumers after the year 2009. In the initial period, KEPCO’s generation assets will be divided into a number of companies for divestment and/or privatization. Subsequently, KEPCO’s distribution assets will also be divided into a number of companies. There will be a separate national transmission company offering access to the grid on nondiscriminatory terms to promote efficient operation of the electricity market.

The government’s restructuring plan also includes solutions to related issues such as regulation and regulatory institutions, employee issues, tariffs, and the government’s long-term strategy for the energy sector.

The general timetable for the restructuring process has four phases. Phase 1 (through December 1999) involves preparation for development of a cost-based generation-pool and a wholesale power pool. Phase 2 (through December 2002) is focused on competition in generation via implementation of the cost-based pool and the price-based pool. Phase 3 (years 2003-2009) involves participation of privatized generation and supply companies in a two-way bidding pool. Finally, Phase 4 (after the year 2009) leads into retail competition.

This paper describes the progress made thus far and discusses the issues identified and resolved in the process. By restructuring the industry, we expect to achieve greater efficiency through competition and to guarantee a reliable supply of inexpensive electricity over the long run, expanding and ensuring the customer’s choices.

INTRODUCTION

Up to now, the development of the electricity supply industry has been driven by the government. This was inevitable, because we had to meet rapidly growing electricity demand with a shortage of private capital to support economic growth. However, most of these circumstances are now changing. The economy is no
longer at the stage of economic development, but is in urgent need of a reorganized economic system, in which the principle of competition takes a major role in every industry.

In line with these changes, the electricity supply industry also faces a new phase—the need to advance beyond the existing system, in which a single public corporation operates most of the electricity supply industry, and to develop a market-based system driven by price and competition. The restructuring of the electricity supply industry, now in progress, is the response to these needs and is an autonomous effort to improve on the performance of our electricity industry.

By restructuring the electricity supply industry, we expect the industry to shed the inefficiency that any monopoly system brings with it and to increase efficiency through competition. Of course, the ultimate objective of all these reforms is to guarantee the reliable supply of inexpensive electricity over the long run. In this vein, the restructuring of the electricity industry must be a gateway through which we should pass in order to reshape and improve the Korean economy. KEPCO also recognizes that one of its greatest tasks is to achieve efficiency of resource allocation through restructuring and to provide an inexpensive and stable supply of electricity.

An additional benefit that the electricity market reform and industry privatization brings to the government is a substantial reduction in public debt, particularly in future years. With rapid growth in electricity demand expected to continue, the estimated investment needed in new generation capacity over the next decade is around US$30 billion. Without the reforms and privatization, much of this would have been funded by raising public debt. It may be argued that some of this capacity could have been provided by independent power producers (IPPs). But in such cases, in the absence of a competitive market, KEPCO would still have been required to accept much of the financial risk associated with such projects.

We are aware, however, that if the industry (which has been monopolized by KEPCO) were to move directly into a competitive system, both the electricity industry and its customers would necessarily encounter a number of difficulties. That is the reason why we have designed, and are ready to execute, a phased plan that splits the complete restructuring process into several intermediate steps.

As a first step, we plan to separate the generation sector from KEPCO into subsidiary companies by the end of 1999. This will introduce some initial competition in the generation sector. We have also made preparations to establish a new electricity market, or “pool,” which is essential for effective competition in generation, while still maintaining the orderly operation of the power system.

In 2003, by which time we expect a competitive system to have taken shape in generation, the distribution sector also will be separated into subsidiary companies. At this stage, a wholesale competition system, based on trading
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Electricity through a two-way pool, will ensue. In 2009, we will enter the final stage of restructuring by introducing retail competition, in which every consumer will have the opportunity to choose freely among competing suppliers, as in any common commodity industry.

DEVELOPMENT AND OBJECTIVES OF THE RESTRUCTURING PLAN

Electricity supply is regarded as a capital-intensive industry, thus typically taking the form of a natural monopoly in operation so as to exploit economies of scale. As technological conditions change, however, the previous view is no longer valid. The development of technologies, such as the combined-cycle gas turbine, has reduced the relevance of economies of scale in the generation sector. Furthermore, we now have highly advanced computer and telecommunications technology available. These new conditions mean that we are now able to apply the principles of a market economy, that is “competition and choice,” to the electricity industry.

From movements all over the world toward competitive electricity markets, we may be greatly reassured about the necessity and the benefits of restructuring. The United Kingdom led the global movement by undertaking restructuring in 1990 and introducing competition to its electricity supply industry. Several other countries, such as Norway and Sweden, followed and have already completed restructuring. More and more countries, such as the United States, Finland, and Australia, are currently pursuing restructuring. In a word, it is the global trend now.

In the Republic of Korea, starting in 1994, the government carried out a two-year evaluation of the management of KEPCO to ascertain where improvements might be made. The result of the evaluation suggested that we should privatize the company in stages. Further, the prescription emphasized the necessity of restructuring the industry as a prerequisite for privatization.

Accordingly, in 1997 the Electricity Industry Restructuring Committee was formed, comprising 12 members who were experts from various related fields. By late 1998, the committee had held 12 formal meetings and discussed relevant schemes for restructuring on the basis of the specific conditions pertaining in the country. After the current government took office, the Ministry of Planning and Budget (MOPB) issued a directive to privatize KEPCO, including the restructuring scheme for the electricity supply industry.

On 16 November 1998, a public hearing was held on the “Draft Plan for Restructuring of the Electricity Supply Industry.” This plan had been set up through the deliberation of the Restructuring Committee. Through consultation processes of this kind, the government adjusted the plan to reflect public opinion, and finally, on 21 January 1999, published the “Basic Plan for Restructuring of
the Electricity Supply Industry.” In June 1999, with the purpose of ensuring the systematic implementation of restructuring, the Ministry of Commerce, Industry, and Energy (MOCIE) launched the Electricity Industry Restructuring Group. At the same time, KEPCO established the Electricity Industry Restructuring Center. These new organizations have made up a basic system for advancing actual restructuring.

DETAILS OF THE PHASED RESTRUCTURING PROCESS

Power Generation Competition Phase (2000 - 2002)

The establishment of generation subsidiaries, due to occur this year, will introduce the first stage of generation competition. From this beginning, the electricity supply industry, which has previously been subject to a monopoly system, will enter a new era.

Generation competition will be realized by making structural changes to the industry. The generation sector will be separated from KEPCO and divided into several power generation companies (see Figure 1). These newly established subsidiary companies will bring about competition in generation. To allocate the power plants owned by KEPCO appropriately to each subsidiary, we have considered four practical aspects as follows.

First, in terms of fair competition, we paid attention to the various elements necessary to prevent the possible misuse of market power, to diversify fuels used in generation, and to constitute a balanced mix of power sources. Second, in terms of business, we tried to make sure that each subsidiary obtained some measure of firm value to do business on its own. Third, in terms of technology, we tried to guarantee secure operation of the electricity supply system, providing against the occurrence of low voltage and high load with unexpected occurrences in the power system. Finally, in preparation for future privatization, we considered how to maximize the selling prices of the subsidiaries.

According to the criteria stated above, we divided 42 hydroelectric or thermoelectric power plants, each of which is either currently in service or is under construction, into five subsidiary companies. We also plan to set up another separate subsidiary to take over the nuclear power plants. In the allocation of hydroelectric or thermoelectric power plants, each subsidiary is to take over, on average, 7.7 million kW of plant, including a large coal-fired power plant as a main plant. The key coal-fired power plants allocated to the five subsidiaries—that is, the Samchunpo Plant, the Boryung Plant, the Taean Plant, the Hadong Plant, and the Dangjin Plant—can be operated around the clock to meet base-load demand.
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Figure 1. Competition in generation

We will retain the nuclear sector as a subsidiary of KEPCO. The government has decided not to privatize the nuclear sector after taking into account such factors as problems relating to safety supervision, the domestic condition of energy demand and supply, the development of nuclear generating technology, and the capability of constructing new capacity. In order to improve efficiency, at least within each company, responsible management systems will be introduced to each of the four generating segments of the nuclear subsidiary.

The transmission and distribution sectors are to remain part of KEPCO. On the other hand, we also have a plan to launch a system in which eligible customers who consume greater amounts of electricity have the opportunity to purchase electricity directly from generating companies in the wholesale market. This is important because the expansion of the range of consumer choice is a foundation for the gradual introduction of the competitive system.

The new competitive system in the generation sector requires the existence of a competitive bidding market for electricity. We must therefore arrange a new system of power transactions (see Figure 2). In the new system, electricity will no longer be traded in the current limited way, but will be traded in essentially the same way as most other commodities.

To promote fair and active competition among generation companies, based on variable cost, we must complete a number of preliminary tasks. First of all, the rules governing the commercial transactions between the participants, to be called “Pool Market Operations Rules,” will be established. An electricity transaction program for hourly bidding will also be developed, and the necessary
operating personnel will be trained to carry out that task. Other tasks also need to be developed and defined.

![Diagram of Wholesale Competition]

Figure 2. Wholesale competition

When the generation sector is separated from KEPCO, approximately 16,000 people (45% of the labor force), 34 trillion won (55% of the assets), and 14 trillion won (58% of the budget) will be transferred to the new generation sector. We acknowledge that a large number of people employed in the electricity industry are feeling very anxious about the future consequences of the restructuring program for them. In particular we know that many employees of KEPCO are concerned about their employment prospects in the future. We claim, contrary to the common concerns, that the restructuring will create more new jobs, but acknowledge that the nature of some jobs will change, requiring staff to adopt a flexible approach and to be prepared to train in different areas of work.

In preparation for generation competition, the Board of Directors of KEPCO approved the separation plan on November 2, and we completed the necessary legal procedure for reporting to the Stock Exchange. As for the remaining formal procedures for separation, the general meeting of stockholders of KEPCO will give final approval to the plan in December, and once the National Assembly passes the Special Law on the Restructuring we will complete the registration process for establishment of the new generation companies. Once we have completed all these procedures which will introduce structural changes as
outlined above, together with a suite of new regulatory arrangements, we will find ourselves actually in the era of generation competition.

**Wholesale Competition Phase (2003–2008)**

Following the initial stage of generation competition, from 2003, the wholesale competition system will be introduced. At this stage, in addition to the separation of the generation sector, we will also separate the distribution sector from the transmission sector and establish several regional distribution companies. The new industry structure will enable each of the distribution companies to choose the power producer who is willing to sell at a lower price. We then expect more intensive competition to be stimulated in the generation sector, and management to be rationalized in the distribution sector.

To be precise, the wholesale competition system is the one in which there exists, on the one hand, many generation companies to deal with the generation side and, on the other hand, many distribution companies to deal with the demand side. Wholesale transactions between generation and distribution companies will then take place. In a similar way to the preceding case of generation subsidiaries entering into the stage of generation competition, the regionally established “distribution subsidiary companies” will also gradually be privatized.

To split up the distribution sector regionally, we should take into account factors such as profitability and the regional distribution of customers. In consideration of the factors, we will be able to ensure well-proportioned separation of the “Regional Distribution Companies” (RDCs), to ensure that differences between retail prices are minimized. As a preparation for this separation, we have begun to prepare detailed schemes to consider how to divide distribution companies and how to operate, support, and regulate them.

Direct power transactions that are to be allowed only to certain large customers in the generation competition phase, will be extended in the wholesale competition phase. Accordingly, new types of power traders, like electricity intermediaries, are expected to emerge.

Small customers will still be obliged to purchase electricity only from the distribution companies with franchises for selling in their geographic area. In this phase, we will come to see a two-way competitive-bidding market in operation, in which generation companies, distribution companies, and large customers participate and trade electricity through a centrally operated pool.

In the wholesale competition phase, nondiscriminatory access to the transmission network will be guaranteed. So, the network will be open to anyone who agrees to observe the given rules and pay regulated access fees. The energy prices, transmission prices, and distribution prices that apply to those customers
who do not have a right to choose their supplier, are to be set monopolistically as before. Therefore, the government will have to regulate such prices.

**Retail Competition Phase (after 2009)**

Through the preceding stages of generation competition and distribution competition, from 2009, the complete retail competition system is due to be introduced. In this phase, because electricity sales become totally freed, every customer will have the opportunity to freely choose between competing suppliers. This will be the final stage of the restructuring (see Figure 3).

The retail competition system implies a perfectly competitive market for electricity trade. Therefore, every customer will be able to freely purchase electricity from all sorts of suppliers, such as electricity intermediaries, consumer unions, and specialized electricity dealers.

![Figure 3. Retail competition](image)

**INSTITUTIONAL AND POLICY ISSUES FOR RESTRUCTURING**

Restructuring the electricity industry is not a simple project, in that it requires a transition from a longtime monopoly by KEPCO to a competitive market. So, there are many things to examine as supplementary requirements.

Above all, the government should make definite policy decisions with regard to matters for which related legal arrangements and supporting policies are
needed. As a participant in the new market, KEPCO should also settle several urgent problems to ensure true competition.

Legal Arrangements
In the case of the United Kingdom, where restructuring of the electricity industry was completed during the early 1990s, support from appropriate legal arrangements and strong determination of the government are said to have played an important role in the success of the restructuring.

In the Republic of Korea, however, the laws that are necessary to support the restructuring institutionally are not yet ready. We need to amend the Electricity Business Act, to provide an institutional foundation for the introduction of competition. And we also need to prepare a definite legal framework for the operations of the power trade market and direct power transactions.

Especially, in order to advance the restructuring efficiently, we need to take special measures such as simplifying the procedures of subsidiary establishment and exempting them from duties to purchase all sorts of public bonds, as well as removing institutional hindrances to the subsidiary establishment. To understand the necessity of the measures, it should be noted that, on dividing the subsidiaries in the generation sector as part of the restructuring, the new generation subsidiaries will be multiple companies in the legal sense, but each will maintain the economic position it held prior to the restructuring. If the government, ignoring this, were to impose taxes on the separation, from which no income is derived, this would lead to a burden imposed on customers—being transferred in the form of increased electricity prices.

Besides, we plan to promote amendments of various laws that are relevant to the new competitive system to be introduced into the electricity industry, including a Law on Supporting the Neighboring Regions of the Power Plants. The laws adjusted to the new system will provide a better environment for competition. We are currently coordinating with the government and the National Assembly the overall amendments of the Electricity Business Act and the Special Law. Our objective is to pass the bill to effect these amendments at the regular session of the National Assembly this year.

Primary Urgent Issues
To operate the electricity supply industry effectively through the restructuring process, a number of policy issues, other than these legal arrangements, must be resolved urgently.

Adjustment of the Energy Policy
Among others, it is important to bear in mind that the electricity industry is closely related to other energy sectors, such as liquefied natural gas (LNG) and
domestic coal. Therefore, it is desirable that we proceed with restructuring in accordance with the general energy policy of the nation.

Korea Gas Corporation (KOGAS) enjoys the exclusive right to import LNG. Under the current policy, KEPCO has no choice but to purchase a fixed amount of LNG for generation from KOGAS. However, to ensure effective operation of the generation competition system and to prevent economic distortions, the generation companies should be allowed to decide freely about purchasing LNG, as they do in the case of other fuels for generation. This issue is connected directly with the restructuring of the gas industry itself.

KEPCO has, so far, consistently purchased domestic coal with significantly low thermal efficiency in the cause of protecting the domestic industry. Of course, in the new competitive system, the problem of demand and supply for domestic coal must follow the solution of market competition in the long run. However, in consideration of the realistic difficulties concerned with regional economies and unemployment, we need to assist the domestic coal industry for a defined future period, and help achieve rationalization of the industry. We currently plan to coordinate with the government to set up an institutional arrangement by which the generation sector will purchase a certain amount of domestic coal for a certain length of time into the future.

Normalization of Electricity Prices
Not to mention the public charges, under regulation with policy objectives, KEPCO has lived with low electricity prices. The government’s pricing policy has kept the investment to be compensated at a rate much lower than the optimal rate of return, by maintaining cheap electricity prices. Furthermore, the policy of cross-subsidization among different types of customers has distorted the structure of tariffs. We now need to correct and normalize prices, to provide a basis for the beneficially competitive market, ahead of the restructuring.

Resolution of the Foreign-Currency-Denominated Bond-Default Issue
In July 1999, the law firm Freehill Hollingdale and Page (FHP) presented an opinion that the restructuring of the electricity supply industry, including the establishment of power generation subsidiaries, requires consent from foreign creditors, owing to the form of the bonds held by creditors of KEPCO.

Accordingly, a task force team, responsible for resolving the foreign-currency-denominated bonds-default issue, was formed on 24 July 1999, to facilitate the structuring of the electricity industry.

An “information release” was prepared and distributed to the creditors in August 1999, to explain the restructuring. In September 1999, government officials (MOCIE and MPB) and KEPCO formed three teams and visited the United States and Asian and European countries, to make presentations.
Through the presentations, KEPCO succeeded in persuading creditors in the United States (representing US$3.27 billion) and Japan (representing US$1.04 billion) to consent to the restructuring proposal and focused on a portion of European investors who did not give their consent.

It was a difficult effort to identify and persuade investors to give their consent. Some investors would neither meet the KEPCO team nor even provide their business cards. Despite these difficulties, the team was able to obtain the consent of investors holding US$1.43 billion in bonds during the first and second bondholders meetings (15-16 and 30 September 1999).

In order to secure the 75% vote necessary to pass the consent resolution over non-consenting bondholders (about US$810 million), KEPCO purchased bonds worth US$0.68 billion below par, using the state-of-the-art financial technique called a Dutch auction. Also the Italian-lira-denominated bonds worth US$0.12 billion were exchanged for new bonds. After receiving consent from the 20 billion yen bondholders on 2 November, consent for a total of US$6.87 billion was obtained. The Board of Directors met on 2 November and approved the establishment of power generation subsidiaries, which resolved the entire issue of bond default.

Plans for Supply Security

Up to now, the government and KEPCO have been in complete control of the plans for the demand and supply of electricity. Under these circumstances, it was natural that there was no problem about maintaining adequate margins of generating capacity over demand. In the restructured industry, however, each of the individual generation companies separated from KEPCO will make its own independent commercial decisions on investment. Maintaining an adequate generation margin in the future may, therefore, arise as a critical problem.

Looking ahead to the short and medium term, the problem of adequate generation margins is not thought to be significant. The power plants scheduled for completion by 2006 will be allocated to the individual generation companies according to the Fourth Long-Term Plan for Demand and Supply of Electricity. The margin of generating capacity over demand will therefore be maintained above 17.8% until that year. In addition, to stimulate the building of new generating capacity, we have allowed for the use of “contracts for differences” to enable the generation companies to easily finance the construction of new facilities and, in addition, we have introduced a capacity payment rule as a device for covering a portion of a generator’s fixed costs.

The draft of the amended Electricity Business Act includes long-term measures for the problem of ensuring adequate generating capacity into the future. The draft requires the Minister of Commerce, Industry, and Energy to set up and announce the Basic Plan for Demand and Supply of Electricity, which,
after privatization, will provide appropriate information on which the generation companies will be able to make their investment strategies and decisions. According to the draft, the minister will be required to set up the Basic Plan for Demand and Supply of Electricity through the deliberation of the Electricity Committee every two years. We are also preparing rules for fair and transparent market transactions and preparing for the establishment of an independent regulatory agency to supervise power transactions for fairness.

In addition, the System and Market Rules will provide for the establishment of a Transmission Network Planning Committee, chaired by the Transmission Company, with all appropriate parties, including the Regulating Committee, being represented. This committee will facilitate the development of the Transmission Network Development Plan, which will be issued annually by the Transmission Company. The plan will cover a period of seven years into the future and will include details of all significant changes to the power system as a whole—for example, transmission equipment reinforcement and extension plans, and projected generation additions and retirements. The Transmission Network Development Plan will provide the major input into the Basic Plan for Demand and Supply of Electricity, and may even replace it.

**Opposition of the Labor Union**

Negative opinions, especially of the labor union, on the restructuring and privatization are not an easy problem to solve. The labor union is continuously pursuing an organized movement against the restructuring, jointly with the Federation of Korean Trade Unions and the Korean Confederation of Trade Unions. Its members are anxious about employment insecurity that may be caused by the separation of subsidiaries from KEPCO. On the other hand, some nongovernmental organizations launched the Nationwide Council against the Overseas Sale of the Electricity Industry and joined the movement of the labor union. The activities are based on their view that privatization and overseas sales imply the outflow of national wealth.

It is imperative that we first correct the misunderstanding that privatization through restructuring is equivalent to outflow of national wealth and obtain public support more widely through publicizing the necessity of restructuring. For this purpose, we are trying to promote positive opinions, by holding international seminars on the electricity industry restructuring, utilizing mass communications for publicity, and encouraging experts to prepare articles for publication in newspapers. In addition, high-ranking government officials’ public relations initiatives are increasing credibility among the people, and other activities, like special education of managers, are helping to induce domestic and overseas public opinions in a positive direction.
Establishment of the Electricity Exchange
There are plans to establish an Electricity Exchange, to be known as the Korea Power Exchange (KPX), to run the cost-based pool system through the establishment of generation subsidiaries. KPX will carry out the services concerned with entering into contracts of electricity transactions and settling the transactions, managing membership of market participants, and establishing a dispute-resolution process for mediating disputes between participants, forecasting demand and setting up the plan for demand and supply. It will therefore start in the form of a nonprofit organization, carrying out the functions that integrate those of a market operator and those of a system operator.

After the Board of Directors approves the establishment early in December 1999, we will have a meeting of promoters, and the inaugural general meeting will take place. And finally, with the registration for its establishment early in January 2000, the Electricity Exchange will be launched formally.

Privatization of the Generation Subsidiaries
The government’s Basic Plan for Restructuring stated that, late in 1999, we would begin to undertake privatization of the generation companies. Implementing the sales of generation companies, however, is actually impossible until the market structure is sufficiently established, since the normal and stable operation of the competitive market is a prerequisite for privatization.

In reality, on the other hand, there are concerns among some people about the sales of generation companies, in the sense that the sales of these generation assets would imply an outflow of national wealth and may result in strengthening the current dominance of the conglomerates. The labor union feels insecure about its members’ employment prospects after privatization and is pursuing an adverse publicity campaign jointly with some nongovernmental organizations. At the present time the opposition campaign has attracted much public and media attention, and the positive benefits of privatization, such as the shedding of the inefficiencies of a large monopoly, have not been made clearly known to the public. These positive benefits have been clearly manifested in other countries around the world, and this message should be made known in the Republic of Korea, to give assurance to the people that privatization can bring many benefits.

The issue of restructuring and privatization is not one that should be allowed to be stopped by the opposition of some groups of people. So we established the Research and Planning Team for Privatizing the Electricity Industry and will have the team design reasonable plans for privatization, which reflect opinions from various fields, through public hearings and other sources.

The Research and Planning Team, which is composed of neutral persons from academic institutions, research institutions, and labor unions, started late in November 1999 and will continue its work until late in March 2000. The objec-
tive of the Research and Planning Team will be to set up a privatization plan to fit into our specific conditions. The team will consider matters such as the objective of privatization, the structure of ownership and management, and schemes and safety devices for advancing privatization. The government, after public hearings, is due to confirm the team’s draft plan as a formal plan.

**STATUS OF RELIANCE ON CONSULTING SERVICES**

We have made good use of the services from professional consulting agencies, to deal with specialized parts of the work and to minimize initial errors anticipated in implementing the restructuring.

Andersen Consulting services the areas of project management, finance, and accounting. KEMA Consulting is engaged in the area of technology. And Freehill, Hollingdale, and Page (FHP) is engaged to consult on legal aspects jointly with the law firm Bae, Kim, and Lee. These agencies were selected through the process of open competition in the middle of 1999, and are due to provide consulting services, at most for ten months (in the case of technology) and at least for eight months.

The progress in their work up to October 1999 was as follows. Andersen Consulting has completed grouping and financial structure setting for establishing the generation subsidiaries. It is continuing its consulting services on developing the strategy for advancing privatization of the subsidiaries.

KEMA Consulting is developing the cost-based pool in order to establish the electricity market and transaction system for restructuring and is due to develop the price-based pool needed for the wholesale competition system from next year.

FHP is providing services by supporting amendments to the Electricity Business Act and the establishment of the Special Law, designing regulatory policy and assisting at a high level in relation to price regulation, in preparation for drafting the Tariff or Pricing Order.

**CONCLUSIONS**

As we stated at the beginning, by restructuring the electricity supply industry in the Republic of Korea, we expect the industry to achieve greater efficiency through competition and to continue to guarantee a reliable supply of inexpensive electricity over the long run, expanding and ensuring customers’ choices.

Therefore, the restructuring of the electricity industry must be a gateway through which we should pass in order to reshape and improve the national economy. We will try to hold the efforts of all the employees in electricity supply industry together to introduce the best competitive system. Ultimately, we will
seek to achieve efficiency of resource allocation and provide an inexpensive and stable supply of electricity, so as to deliver benefits to every single citizen.