

# ACT ON THE PROMOTION OF ELECTRIFICATION IN AGRICULTURAL AND FISHING VILLAGES

Act No. 1737, Dec. 30, 1965  
Amended by Act No. 1907, Mar. 3, 1967  
Act No. 2015, May 22, 1968  
Act No. 3011, Dec. 16, 1977  
Act No. 3781, Dec. 31, 1984  
Act No. 4213, Jan. 13, 1990  
Act No. 4541, Mar. 6, 1993  
Act No. 5454, Dec. 13, 1997  
Act No. 6283, Dec. 23, 2000  
Act No. 6313, Dec. 29, 2000  
Act No. 6949, Jul. 29, 2003  
Act No. 7058, Dec. 31, 2003  
Act No. 7684, Oct. 6, 2005  
Act No. 8764, Dec. 21, 2007  
Act No. 8852, Feb. 29, 2008

## Article 1 (Purpose)

The purpose of this Act is to improve the productivity of agriculture and fisheries and improve the livelihood of farmers and fishermen by promoting the supply of electricity to agricultural and fishing villages where electricity is unavailable.

## Article 2 (Definitions)

The terms used in this Act shall be defined as follows:

1. The term "works for installation of independent power facilities" means works for installation of power production facilities (including works for installation of power production facilities by solar heat, wind power or other alternative energy) and works for installation of power distribution facilities (excluding works for installation of power transmission and substation; hereinafter the same shall apply) to install facilities supplying electricity (hereinafter referred to as "independent power production facilities") to an island where a power distribution business operator under subparagraph 8 of Article 2 of the Electric Utility Act (hereinafter referred to as "power distribution business operator") is unable to supply electricity;

2. The term "electricity provider" means Korea Electric Power Corporation under the Korea Electric Power Corporation Act;

3. The term "unit works" means works for installation of power distribution facilities recognized by the electricity provider as one batch of works or works for installation of independent power facilities recognized by a Special Metropolitan City Mayor, a Metropolitan City Mayor, a Do Governor, the Governor of a Special Self-Governing Province, or the head of a Si/Gun (hereinafter referred to as "head of a local government") as one batch of works, which are electric installation works performed in accordance with this Act in order to promote the supply of electricity to an area where electricity is not supplied;

4. The term "contract demand" means the maximum electric power that an electricity user may use by agreement by and between the electricity provider (in cases of an area where electricity is supplied through independent power production facilities, referring to the head of a Si/Gun) and an electricity user.

#### **Article 2-2 (Areas Subject to Application)**

In spite of the administrative district, an area subject to the application of this Act shall be an area meeting the standards prescribed by Presidential Decree as a village, most of the residents of which are engaged in agriculture and fisheries as at the time a plan for the electrification of agricultural and fishing villages under this Act is formulated.

#### **Article 3 (Financial Resources for Construction Expenses)**

(1) Expenses incurred in works for installation of power distribution facilities and expenses incurred in works for installation of independent power facilities and expenses incurred in works for replacement of independent power production facilities in an area where the electricity provider or a person other than the electricity provider intends to supply electricity shall be covered by the following funds:

1. Financial loans;
2. Temporary shares of the electricity users in the expenses prescribed by Presidential Decree;
3. Subsidies of the State and a local government.

(2) An electricity user shall bear expenses for interior wiring works.

(3) The limit of a financial loan under paragraph (1) 1 shall be prescribed by Presidential Decree in consideration of a repayment borne by an electricity user pursuant to Article 11 and his/her capacity to bear electric charges.

(4) Subsidies under paragraph (1) 3 shall be the amount calculated by subtracting a financial loan under paragraph (1) 1 and temporary shares of the electricity users in expenses under paragraph (1) 2 from expenses incurred in works under paragraph (1), and shall be borne by the State and a local government.

(5) The apportionment of the State and a local government in subsidies under paragraph (4) shall be prescribed by Presidential Decree.

#### **Article 3-2 (Support to Areas other Than Areas Subject to Application)**

Where the electricity provider or a person other than the electricity provider intends to supply electricity to an area other than an area subject to the application under Article 2-2, the State may support a financial loan under Article 3 (1) 1 (hereinafter referred to as "financial loan") for expenses incurred in works for installation of power distribution facilities and expenses incurred in works for installation of independent power facilities and works for replacement of independent power production facilities in such an area.

#### **Article 4 (Business Plan)**

(1) A Special Metropolitan City Mayor, a Metropolitan City Mayor, a Do Governor or the Governor of a Special Self-governing Province (hereinafter referred to as the "Mayor/Do Governor") shall compile applications filed by persons who intend to use electricity supplied by the electricity provider in accordance with this Act by unit work and then send a business plan for supplying electricity to agricultural and fishing villages for the next year, by the end of March every year.

(2) The electricity provider shall compile plans submitted pursuant to paragraph (1) and prepare a business plan and funding plan for supplying electricity to agricultural and fishing villages and submit the same to the Minister of Knowledge Economy by the end of March every year. *<Amended by Act No. 8852, Feb. 29, 2008>*

#### **Article 5 (Measures for Funds)**

(1) The Minister of Knowledge Economy shall examine and finalize on a business plan and funding plan for supplying electricity to agricultural and fishing villages submitted pursuant to Article 4 (2) and appropriate financial loans and State subsidies incurred therein, in the budget for the next year. *<Amended by Act No. 8852, Feb. 29, 2008>*

(2) The Minister of Knowledge Economy shall send the Mayor/Do Governor and the electricity provider a business plan and funding plan for supplying electricity to agricultural and fishing villages examined and finalized on pursuant to paragraph (1), and the Mayor/Do Governor shall appropriate subsidies that he/she is to bear pursuant to Article 3 (1) 3 in the budget for the next year. *<Amended by Act No. 8852, Feb. 29, 2008>*

#### **Article 6 (Financing of Construction Expenses)**

(1) The State shall accommodate the electricity provider with a financial loan for the electricity users.

(2) The electricity users (including a person who starts to use electricity after unit work is completed) and the electricity provider under this Act shall take responsibility for the repayment of a financial loan by unit work jointly and severally.

(3) The electricity provider shall not use a financial loan for the purpose other than the purpose prescribed by this Act.

#### **Article 7 (Deposit of Shares in Expenses)**

(1) Where the budget is allocated pursuant to Article 5 (1), the Minister of Knowledge Economy shall send the finalized business plan and funding plan for supplying electricity to agricultural and fishing villages to the competent Mayor/Do Governor and the electricity provider. *<Amended by Act No. 8852, Feb. 29, 2008>*

(2) Where the Mayor/Do Governor receives a business plan and funding plan for supplying electricity to agricultural and fishing villages pursuant to paragraph (1), he/she shall have the electricity users deposit temporary shares in expenses under Article 3 (1) 2 and subsidies of a local government under Article 5 (2) with the electricity provider, by unit work within two months.

(3) A person who intends to use electricity shall pay temporary shares in expenses under Article 3 (1) 2 to the head of a Si/Gun in lump sum by unit work within the period under paragraph (2), and submit the certificate thereof and a request for installation of electric facilities to the electricity provider.

#### **Article 8 (Performance of Work)**

Where the electricity provider receives a financial loan, subsidies of the State and a local government and a request for installation of electric facilities under Article 7 (3), it shall start such works without delay according to the relevant business plan.

#### **Article 9 (Change of Business Plan)**

(1) Where the electricity provider is unable to perform works due to extenuating circumstances among the planned installation works for which the budget has been allocated under Article 5 (1), it shall report the reason therefor to the Minister of Knowledge Economy. *<Amended by Act No. 8852, Feb. 29, 2008>*

(2) Where the Minister of Knowledge Economy receives a report under paragraph (1), if he/she deems the grounds therefor appropriate, he/she may change a business plan and divert the construction expenses therefor to another unit work. *<Amended by Act No. 8852, Feb. 29, 2008>*

#### **Article 10 Deleted.** *<Act No. 3781, Dec. 31, 1984>*

#### **Article 11 (Period, etc. of Repayment)**

(1) The electricity provider shall repay a financial loan for 30 years in equal installments and is entitled to a five-year grace period.

(2) Repayment under paragraph (1) shall be made free of interest.

(3) If necessary, the head of a local government may have the electricity provider report the results of repayment of a financial loan.

#### **Article 12 (Collection, etc. of Repayments)**

(1) The electricity provider shall collect a repayment of a financial loan from the electricity users (including a person who starts to use electricity after unit work is completed; hereinafter the same shall apply in this Article) along with electric charges when it collects monthly electric charges.

(2) The electricity provider shall collect a repayment for the relevant year by unit work, in equal portions, based on the total number of houses calculated pursuant to the following subparagraphs:

1. Up to the contract demand of three kilowatt, an electricity user shall be deemed one house;

2. Where the contract demand exceeds three kilowatt, the value given by dividing the contract demand by three kilowatt (rounding off the fractions to two decimal places) shall be deemed the number of houses of the electricity users.

(3) The electricity provider shall repay a repayment of financial loan collected from the electricity users four times a year and report such repayment to the Minister of Knowledge Economy. *<Amended by Act No.*

8852, Feb. 29, 2008>

(4) Where a monthly apportionment of a repayment of other electricity users exceeds a monthly apportionment of a repayment to be borne at the time of works for installation of power distribution facilities owing to giving up farming and the discontinuance of use by electricity users in an area of unit work where the electricity provider provides electricity, the electricity provider shall bear such excess first and then the Government shall reflect such excess in the budget for the next year and make up for the same.

**Article 12-2 (Acquisition of Facilities by Power Distribution Business Operator)**

(1) A power distribution business operator shall cooperate in installation works that the electricity provider performs to supply electricity to an area where electricity is not supplied.

(2) Where the electricity provider completes the installation of power distribution facilities in accordance with this Act to promote the supply of electricity to an area where electricity is not supplied, a power distribution business operator shall acquire such power distribution facilities immediately and supply electricity. In such cases, a power distribution business operator shall acquire power distribution facilities without compensation.

**Article 13 (Business Plan)**

The Mayor/Do Governor shall, by unit work, compile applications of persons who intend to use electricity supplied by independent power production facilities or to replace independent power production facilities, and prepare a business plan and funding plan for supplying electricity to agricultural and fishing villages for the next year and submit the same to the Minister of Knowledge Economy by the end of March every year. <Amended by Act No. 8852, Feb. 29, 2008>

**Article 14 (Measures for Funds)**

(1) The Government shall examine and finalize on a business plan and funding plan for supplying electricity to agricultural and fishing villages under Article 13 and appropriate financial loans and state subsidies incurred therein in the budget for the next year.

(2) The Minister of Knowledge Economy shall send the Mayor/Do Governor and the electricity provider a business plan and funding plan for supplying electricity to agricultural and fishing villages examined and finalized pursuant to paragraph (1), and the head of a local government shall appropriate subsidies to be borne pursuant to Article 3 (1) 3 in the budget for the next year. <Amended by Act No. 8852, Feb. 29, 2008>

**Article 15 (Sending Business Plan for Supplying Electricity to Agricultural and Fishing Villages)**

(1) Where the budget under Article 14 (1) is allocated, the Minister of Knowledge Economy shall send the competent Mayor/Do Governor and the electricity provider the decided business plan and funding plan for supplying electricity to agricultural and fishing villages. <Amended by Act No. 8852, Feb. 29, 2008>

(2) Where the Mayor/Do Governor receives a business plan and funding plan for supplying electricity to agricultural and fishing villages pursuant to paragraph (1), he/she shall inform the head of the competent Si/Gun thereof.

### **Article 16 (Performance of Works)**

Where the head of a Si/Gun is notified of a business plan and funding plan for supplying electricity to agricultural and fishing villages pursuant to Article 15 (2), he/she shall start such works without delay in accordance with such business plan.

**Article 17 Deleted.** <by Act No. 7684, Oct. 6, 2005>

### **Article 18 (Installation, Management and Operation of Independent Power Production Facilities)**

(1) The head of a Si/Gun shall install, manage and operate independent power production facilities, however, if he/she deems it necessary for the efficient installation, management and operation of independent power production facilities, he/she may request a person deemed appropriate for the installation, management and operation of independent power production facilities to install, manage and operate the same facilities.

(2) The head of a local government may subsidize some expenses incurred in the operation of independent power production facilities to a person who installs, manages and operates independent power production facilities under paragraph (1).

**Article 19 Deleted.** <by Act No. 6313, Dec. 29, 2000>

### **Article 20 (Support, etc. by Electricity Provider)**

(1) Where the head of a Si/Gun makes a request for technical support, such as design and supervision of works for installation of independent power facilities, the electricity provider shall comply with such request.

(2) The electricity provider shall make the regular round of an area where electricity is supplied with independent power production facilities and conduct regular repairs and educate persons in charge of the management and operation thereof.

(3) The electricity provider may acquire independent power production facilities according to the standards determined by the Minister of Knowledge Economy and supply electricity to a collective residential area with not less than ten houses as an area where electricity is supplied by independent power production facilities after consultation with the head of the competent Si/Gun. In such cases, the electricity provider shall acquire independent power production facilities without compensation. <Amended by Act No. 8852, Feb. 29, 2008>

(4) The electricity provider shall support the total amount of expenses (excluding expenses covered by electric charges) incurred in the operation of independent power production facilities for a collective residential area with not less than ten houses (excluding an area where the electricity provider supplies electricity by taking over independent power production facilities pursuant to paragraph (3)) where electricity is supplied by independent power production facilities.

### **Article 20-2 (Support by Electric Power Infrastructure Fund)**

The following expenses incurred by the electricity provider may be funded from the Electric Power Infrastructure Fund under Article 48 of the Electric Utility Act:

1. An excess of a repayment borne by the electricity provider and the head of a Si/Gun pursuant to Article 12 (4) or 21;
2. Expenses for technical support under Article 20 (1);
3. Expenses incurred in regular repair and education under Article 20 (2);
4. Expenses incurred in acquiring independent power production facilities and the supply of electricity pursuant to Article 20 (3) (excluding expenses covered by electric charges);
5. Expenses supporting expenses incurred in the operation of independent power production facilities pursuant to Article 20 (4).

**Article 21 (Provisions Applicable Mutatis Mutandis to Works for Installation of Independent Power Production Facilities)**

Articles 6, 9, 11 (1) and (2) and 12 shall apply mutatis mutandis to works for installation of independent power facilities. In such cases, the "electricity provider" in Article 6 (1) and (2) shall be construed as "head of a Si/Gun", the "electricity provider" in Article 9 (1) shall be construed as "Mayor/Do Governor", "Article 5 (1)" in Article 9 (1) shall be construed as "Article 14 (1)", and the "electricity provider" in Article 12 shall be construed as "head of a Si/Gun", respectively.

**Article 22 (Supervision)**

(1) The Minister of Knowledge Economy may supervise the use of a financial loan and the progress of works for installation of power distribution facilities and works for installation of independent power facilities, and he/she may order the correction thereof, if necessary.

(2) Where the head of a local government deems it necessary, he/she may request the electricity provider to report the use of a financial loan and the progress of works for installation of power distribution facilities.

**Article 23 (Relationships with other Acts)**

This Act shall not exclude the application of the Electric Utility Act.

**ADDENDA**

(1) (Enforcement Date) This Act shall enter into force on the date of its promulgation.

(2) (Transitional Measures) Notwithstanding the date prescribed by Article 4, a business plan for the year 1966 shall be as determined by the Minister of Commerce and Industry.

**ADDENDA <Act No. 1907, Mar. 3, 1967>**

(1) (Enforcement Date) This Act shall enter into force on the date of its promulgation.

(2) (Transitional Measures) A loan not repaid as at the time this Act enters into force shall be repaid over 30 years in equal installments and have a five-year grace period from the date this Act enters into force.

**ADDENDUM <Act No. 2015, May 22, 1968>**

This Act shall enter into force on the date of its promulgation.

ADDENDA <Act No. 3011, Dec. 16, 1977>

- (1) (Enforcement Date) This Act shall enter into force on the date of its promulgation.
- (2) through (5) Omitted.

ADDENDA <Act No. 3781, Dec. 31, 1984>

- (1) (Enforcement Date) This Act shall enter into force on the date of its promulgation.
- (2) (Transitional Measures) The amended provisions of Article 12 (3) shall apply to electric installation work completed or in progress in accordance with the former provisions as at the time this Act enters into force.

ADDENDA <Act No. 4213, Jan. 13, 1990>

- (1) (Enforcement Date) This Act shall enter into force on January 1, 1991.
- (2) (Transitional Measures concerning Financial Resources of Construction Expenses) The former provisions shall apply to financial resources of unit works for which an application for electric installation under Article 7 (3) has already been submitted and unit works, an electrification plan and funding plan for which has been sent or notified in accordance with the former provisions of Article 15 (1) or (2) at the time this Act enters into force.
- (3) (Applicability to Performance of Works for Installation of Independent Power Production Facilities and Works for Replacement of Independent Power Production Facilities) Works for installation of independent power facilities and works for replacement of independent power production facilities under Article 3 (1) shall be performed preferentially for a collective residential area with not less than 100 houses within three years from the date this Act enters into force.

ADDENDA <Act No. 4541, Mar. 6, 1993>

**Article 1 (Enforcement Date)**

This Act shall enter into force on the date of its promulgation. (Proviso Omitted.)

**Articles 2 through 5 Omitted.**

ADDENDUM <Act No. 5454, Dec. 13, 1997>

This Act shall enter into force on January 1, 1998. (Proviso Omitted.)

ADDENDA <Act No. 6283, Dec. 23, 2000>

**Article 1 (Enforcement Date)**

This Act shall enter into force two months after the date of its promulgation. (Proviso Omitted.)

**Articles 2 through 14 Omitted.**

ADDENDUM <Act No. 6313, Dec. 29, 2000>

This Act shall enter into force three months after the date of its promulgation.

ADDENDUM <Act No. 6949, Jul. 29, 2003>

This Act shall enter into force on January 1, 2004.

ADDENDA <Act No. 7058, Dec. 31, 2003>

**Article 1 (Enforcement Date)**

This Act shall enter into force on January 1, 2004.

**Article 2 Omitted.**

ADDENDA <Act No. 7684, Oct. 6, 2005>

**Article 1 (Enforcement Date)**

This Act shall enter into force on January 1, 2006.

**Article 2 (Special Cases concerning Repayment of Financial Loans)**

(1) An electricity user provided with a financial loan in accordance with the former provisions at the time this Act enters into force shall be deemed provided with a loan in accordance with the provisions of this Act.

(2) Where an amount of financial loan repaid per house of an electricity user exceeds an amount of financial loan repaid per house of an electricity user before this Act enters into force due to the amendment of this Act in an area of unit works where the electricity provider (including the head of a local government; hereinafter the same shall apply) conducted an electrification in accordance with the former provisions, the electricity provider shall bear such excess first and the Government shall reflect such excess in the budget for the next year and make up for the same.

(3) Notwithstanding paragraphs (1) and (2), the former provisions shall apply to a financial loan, the repayment of which an electricity user fell into arrears before this Act enters into force.

(4) Notwithstanding the amended provisions of Article 20-2, an excess borne by the electricity provider under paragraph (2) shall be supported from the Electric Power Infrastructure Fund.

(5) Where a repayment has been calculated, by unit work, by dividing the amount of repayment by the number of houses of the electricity users irrespective of the size of contract demand before this Act enters into force, notwithstanding the amended provisions of Article 12 (2), the former calculation method shall apply thereto.

ADDENDA <Act No. 8764, Dec. 21, 2007>

(1) (Enforcement Date) This Act shall enter into force on the date of its promulgation.

(2) Omitted.

ADDENDA <Act No. 8852, Feb. 29, 2008>

**Article 1 (Enforcement Date)**

This Act shall enter into force on the date of its promulgation. (Proviso Omitted.)

**Articles 2 through 7 Omitted.**

