

ACT ON THE SPECIAL ACCOUNT FOR ENERGY AND RESOURCES-RELATED PROJECTS

Act No. 4752, Mar. 24, 1994
Amended by Act No. 5092, Dec. 29, 1995
Act No. 5184, Dec. 12, 1996
Act No. 5454, Dec. 13, 1997
Act No. 5597, Dec. 28, 1998
Act No. 5622, Dec. 31, 1998
Act No. 6101, Dec. 31, 1999
Act No. 6589, Dec. 31, 2001
Act No. 7240, Oct. 22, 2004
Act No. 7284, Dec. 31, 2004
Act No. 7553, May 31, 2005
Act No. 8050, Oct. 4, 2006
Act No. 8152, Dec. 30, 2006
Act No. 8355, Apr. 11, 2007
Act No. 8765, Dec. 21, 2007
Act No. 8852, Feb. 29, 2008
Act No. 9346, Jan. 30, 2009
Act No. 9929, Jan. 1, 2010
Act No. 10594, Apr. 14, 2011
Act No. 11603, Jan. 1, 2013
Act No. 11690, Mar. 23, 2013
Act No. 12154, Jan. 1, 2014
Act No. 12930, Dec. 30, 2014

Article 1 (Purpose)

The purpose of this Act is to establish special accounts for projects related to energy and resources and set forth matters regarding the operation of the special accounts in order to ensure stable supply and demand of energy and energy prices and to effectively implement projects related to energy and resources.

<Amended by Act No. 12154, Jan. 1, 2014>

Article 2 (Definitions)

The term "projects related to energy and resources" means the following projects: *<Amended by Act No. 12930, Dec. 30, 2014>*

1. Projects for the development, production, transportation, storage, supply, and quality control of energy and underground resources (including marine mineral resources; the same shall apply hereinafter);
2. Projects for restructuring industries related to energy and underground resources;
3. Projects for saving energy and new and renewable energy;
4. Projects for safety control of gas and improvement of distribution structure;
5. Projects for energy welfare;
6. Research and development related to projects under subparagraphs 1 through 5 and projects incidental to such projects.

Article 3 (Operation and Management of Account)

(1) The special accounts for projects related to energy and resources (hereinafter referred to as the "Special Accounts") shall be operated and managed by the Minister of Trade, Industry and Energy. *<Amended by Act No. 11690, Mar. 23, 2013; Act No. 12154, Jan. 1, 2014>*

(2) The budget for Special Accounts may be classified by each organization of central administrative agencies. *<Newly Inserted by Act No. 12154, Jan. 1, 2014>*

Article 4 (Classification of Accounts)

The special accounts shall be classified into investment accounts and loan accounts.

Article 5 (Revenue and Expenditure of Investment Account)

(1) The revenue of the investment account shall be as follows:

1. Penalty surcharges under Articles 14 and 35 of the Petroleum and Petroleum Substitute Fuel Business Act;
2. Dues and additional dues under Articles 18 and 37 of the Petroleum and Petroleum Substitute Fuel Business Act;
3. Penalty surcharges under Article 10-8 of the Urban Gas Business Act;
4. Charges and additional dues under Article 87 of the Mining Industry Act;
5. Charges for safety control and additional charges under Article 34-2 of the High-Pressure Gas Safety Control Act;
6. The Mining Damage Prevention Funds raised pursuant to Article 22 of the Mining Damage Prevention and Restoration Act and additional charges under Article 26 of the said Act;
7. Payments under Article 11 (1) 4 of the Korea National Oil Corporation Act;
8. Revenue from the sale or management of assets in the investment account;
9. The principal of deposits in the Special Accounts and interest accruing thereon;
10. Transfers from general accounts under Article 7;

11. Transfers and deposits from other special accounts or other funds;
12. Loans borrowed pursuant to Article 8;
13. Transfers from the loan account;
14. Revenue other than the revenue under subparagraphs 1 through 13.

(2) The expenditure of the investment account shall be as follows:

1. Project costs necessary for projects related to energy and resources (in principle, the Mining Damage Prevention Funds and additional charges under paragraph (1) 6 shall be used preferentially for projects implemented for the prevention of mining damage pursuant to the Mining Damage Prevention and Restoration Act);
2. Contributions to, or subsidies for, projects related to energy and resources (subsidies for guarantee of performance of obligations shall be included herein but, in principle, the Mining Damage Prevention Funds and additional charges under paragraph (1) 6 shall be used preferentially for the projects implemented for the prevention of mining damage pursuant to the Mining Damage Prevention and Restoration Act);
3. Contributions to, or investments in corporations, institutions, or organizations that perform projects related to energy and resources;
4. Transfers to the loan account;
5. Repayment of the principal of loans and deposits in the investment account and interest thereon;
6. Expenses incurred by operation and management of the investment account.

(3) Projects related to energy and resources under paragraph (2) 1 through 3 and the scope of the corporations, institutions, or organizations that shall perform such projects shall be prescribed by Presidential Decree.

Article 6 (Revenue and Expenditure of Loan Account)

(1) The revenue of the loan account shall be as follows:

1. Revenue from principal of loans and interest accrued thereon;
2. Revenue from principal of deposits in the Special Accounts and interest accrued thereon;
3. Transfers from general accounts under Article 7;
4. Transfers and deposits from other special accounts or other funds;
5. Loans borrowed pursuant to Article 8;
6. Transfers from the investment account;
7. Revenue other than the revenue under subparagraphs 1 through 6.

(2) The expenditure of the loan account shall be as follows:

1. Loans extended to institutions eligible for loans to finance projects related to energy and resources;
2. Transfers to the investment account;
3. Repayment of the principal of loans and deposits in the loan account and interest accrued thereon;
4. Expenses incurred for the operation and management of the loan account.

- (3) Institutions eligible for the loans under paragraph (2) 1 shall be prescribed by Presidential Decree.
- (4) If a business entity engaged in a project related to energy and resources to which a loan has been extended by an institution eligible for a loan under paragraph (2) 1 is unable to repay the loan due to the failure of such project, the Minister of Trade, Industry and Energy may fully or partially release the business entity from the obligation to pay the principal and interest thereon, as prescribed by Presidential Decree. *<Amended by Article No. 11690, Mar. 23, 2013>*

Article 7 (Transfers from General Accounts)

In order to secure financial resources to cover expenditures, special accounts may receive transfers from general accounts, as allocated in the relevant budget. *<Amended by Act No. 12154, Jan. 1, 2014>*

Article 8 (Loans)

- (1) If funds for expenditure are insufficient, the Special Accounts may obtain a long-term loan within the maximum amount approved by the National Assembly.
- (2) If funds for disbursements are temporarily insufficient, the Special Accounts may obtain a temporary loan at the expense of the Special Accounts.
- (3) The principal of the temporary loans under paragraph (2) and interest thereon shall be paid off within the pertinent fiscal year.

Article 9 (Carry-forward of Expenditure Budget)

An amount not disbursed during the pertinent fiscal year, out of the expenditure budget of the Special Accounts, may be carried forward to the following fiscal year and may be used during the following fiscal year, notwithstanding Article 48 (1) of the National Finance Act.

Article 10 (Disposition of Surplus)

The surplus remaining on the settlement of the Special Accounts at the end of each year shall be transferred to the revenue for the following fiscal year.

Article 11 (Reserve Fund)

In order to appropriate funds for unpredictable expenditure not included in the budget or expenditure exceeding the budget, the Special Accounts may reflect a reserve fund in the expenditure budget.

Article 12 (Principles of Corporate Accounting)

- (1) When it is necessary, the Special Accounts may apply the principles of corporate accounting to accounting practices.
- (2) When the principles of corporate accounting are applied pursuant to paragraph (1), the provisions inconsistent with the principles of corporate accounting in the National Finance Act shall not apply.

Article 13 Deleted. *<Deleted by Act No. 9929, Jan. 1, 2010>*

Article 14 (Entrustment of Accounting)

- (1) The Minister of Trade, Industry and Energy may entrust part of its affairs relating to the operation and management of the Special Accounts to a corporation, an institution, or an organization prescribed by Presidential Decree. *<Amended by Article No. 11690, Mar. 23, 2013>*

(2) When the Minister of Trade, Industry and Energy entrusts the affairs relating to the operation and management of the Special Accounts pursuant to paragraph (1), he/she may appoint accounting personnel who will be responsible for the performance of the relevant affairs, from among the executive officers and employees of the entrusted corporation, institution, or organization. *<Amended by Article No. 11690, Mar. 23, 2013>*

(3) When the Minister of Trade, Industry and Energy entrusts the affairs relating to the operation and management of the Special Accounts pursuant to paragraph (1), he/she may pay handling fees or reimburse necessary expenses from the Special Accounts, as prescribed by the Minister of Trade, Industry and Energy. *<Amended by Article No. 11690, Mar. 23, 2013>*

(4) As for the accounting personnel appointed pursuant to paragraph (2), the Act on Liability of Accounting Personnel, Etc. shall apply mutatis mutandis.

Article 15 (Supervision and Orders)

The Minister of Trade, Industry and Energy may order the corporation, institution, or organization to whom affairs are entrusted pursuant to Article 14 (1) to submit reports or relevant documents with regard to the operation and management of the Special Accounts or the financial management of the Special Accounts within the extent necessary for supervision, or require public officials under his/her jurisdiction to supervise its affairs. *<Amended by Article No. 11690, Mar. 23, 2013>*

ADDENDA

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 1995.

Article 2 Omitted.

Article 3 (Transitional Measures Following Abolition of Fund for Rationalization of Use of Energy)

(1) The Special Accounts shall succeed to assets, claims, debts and other rights and obligations that belong to the Fund for Rationalization of Use of Energy under Article 51 of the former Energy Use Rationalization Act, which shall be repealed upon this Act enters into force.

(2) The previous provisions shall apply to the execution of the fund management plan for 1994 with regard to the Fund for Rationalization of Use of Energy, which shall be abolished upon this Act enters into force, and the settlement of accounts of the fund.

Article 4 (Vesting of Assets of Funds for Development of Overseas Resources)

(1) Assets, claims, debts, and other rights and obligations that belong to the fund established in the Korea Resources Corporation, among the funds for the development of overseas resources under Article 11 of the Overseas Resources Development Business Act in force as at the time when this Act enters into force (hereinafter referred to as the "funds for the development of overseas mineral resources"), shall vest in the Special Accounts on the enforcement date of this Act: Provided, That fixed assets acquired with the former funds for the development of overseas mineral resources shall be deemed subsidies granted to the Korea Resources Corporation from these Accounts.

(2) The value of assets to be deemed subsidies pursuant to the proviso to paragraph (1) shall be based on the book value as of December 31, 1994.

(3) As to the execution of the fund management plan for 1994 for the fund for the development of overseas mineral resources, which shall vest in these Accounts pursuant to paragraph (1), and the settlement of accounts of the fund, the previous provisions shall apply.

Article 5 (Succession to Petroleum Business Fund, etc.)

Assets, claims, debts, and other rights and obligations to which these Accounts shall succeed from the former Petroleum Business Fund, the Fund for the Development of the Coal Industry, the Fund for the Stabilization of the Coal Industry, the Fund for the Rationalization of Use of Energy, and the Fund for the Development of Overseas Mineral Resources pursuant to Article 2 of the Addenda to the amended Petroleum Business Act (Act No. 4753), Article 2 of the Addenda to the amended Coal Industry Act, and Articles 3 and 4 of the Addenda to this Act or assets, claims, debts, and other rights and obligations that shall vest in these Accounts pursuant to the said Acts shall attribute to the following accounts as classified in the following:

1. The lending business and assets, rights, and obligations incidental to the lending business shall belong to the buffer account for loans and oil price;
2. The assets, rights, and obligations except those under subparagraph 1 shall belong to the investment account.

ADDENDA <Act No. 5092, Dec. 29, 1995>

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 1997. (Proviso Omitted.)

Articles 2 through 5 Omitted.

ADDENDA <Act No. 5184, Dec. 12, 1996>

- (1) (Enforcement Date) This Act shall enter into force on January 1, 1997.
- (2) Omitted.

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

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

ADDENDA <Act No. 5597, Dec. 28, 1998>

- (1) (Enforcement Date) This Act shall enter into force on January 1, 1999.
- (2) (Conversion of Assets Acquired with Subsidies and Owned by the Korea Oil Development Corporation to Investment) Assets approved by the Minister of Commerce, Industry and Energy according to resolution by the board of directors of the Korea Oil Development Corporation, among the assets acquired with subsidies from these Accounts to the Korea Oil Development Corporation under the Korea Oil Development

Corporation Act pursuant to former Article 5 (2) 2 (hereinafter referred to as the "Korea Oil Development Corporation") for the purposes of constructing petroleum storage bases, maintaining and repairing petroleum storage bases, and purchasing petroleum for storage before this Act enters into force and owned by the Korea Oil Development Corporation, shall be deemed those invested in the Korea Oil Development Corporation from the Special Accounts pursuant to the amended provisions of Article 5 (2) 3. The value of the assets that shall be deemed invested in such cases shall be based on the book value of the Korea Oil Development Corporation as of December 31, 1998.

ADDENDA <Act No. 5622, Dec. 31, 1998>

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 1999.

Article 2 (Transitional Measures Following Change of Name)

- (1) The Korea Oil Development Corporation existing as at the time this Act enters into force shall be deemed the Korea National Oil Corporation.
- (2) Actions taken and other legal relationships made in the name of the Korea Oil Development Corporation before this Act enters into force shall be deemed taken or made in the name of the Korea National Oil Corporation.
- (3) The title of the Korea Oil Development Corporation on registers and other official records as at the time this Act enters into force shall be deemed the title of the Korea National Oil Corporation.
- (4) A citation of the Korea Oil Development Corporation Act or the Korea Oil Development Corporation by any other Act or subordinate statute in force as at the time this Act enters into force shall be deemed a citation of the Korea National Oil Corporation Act or the Korea National Oil Corporation in lieu thereof.

Article 3 Omitted.

ADDENDA <Act No. 6101, Dec. 31, 1999>

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2000. (Proviso Omitted.)

Articles 2 through 4 Omitted.

ADDENDA <Act No. 6589, Dec. 31, 2001>

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2002. (Proviso Omitted.)

Articles 2 through 8 Omitted.

ADDENDA <Act No. 7240, Oct. 22, 2004>

Article 1 (Enforcement Date)

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

Articles 2 through 6 Omitted.

ADDENDA <Act No. 7284, Dec. 31, 2004>

Article 1 (Enforcement Date)

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

Articles 2 through 5 Omitted.

ADDENDUM <Act No. 7553, May 31, 2005>

This Act shall enter into force one year after the date of its promulgation.

ADDENDA <Act No. 8050, Oct. 4, 2006>

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2007. (Proviso Omitted.)

Articles 2 through 12 Omitted.

ADDENDUM <Act No. 8152, Dec. 30, 2006>

This Act shall enter into force on January 1, 2007.

ADDENDA <Act No. 8355, Apr. 11, 2007>

Article 1 (Enforcement Date)

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

Articles 2 through 6 Omitted.

ADDENDA <Act No. 8765, Dec. 21, 2007>

Article 1 (Enforcement Date)

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

Articles 2 through 7 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.

ADDENDA <Act No. 9346, Jan. 30, 2009>

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2014.

Articles 2 and 3 Omitted.

ADDENDA <Act No. 9929, Jan. 1, 2010>

(1) (Enforcement Date) This Act shall enter into force on February 8, 2010.

(2) (Transitional Measure Following Abolition of Reserve Fund for Buffering Oil Price) The reserve fund for buffering oil price under Article 13 (including interest thereon), which shall be abolished as this Act enters into force, shall be transferred as revenue to the investment account of the Special Accounts for Projects for Energy and Resources on the enforcement date of this Act.

ADDENDUM <Act No. 10594, Apr. 14, 2011>

This Act shall enter into force on the date of its promulgation: Provided, That the amended provisions of Article 7 shall enter into force on January 1, 2013.

ADDENDA <Act No. 11603, Jan. 1, 2013>

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2013.

Articles 2 and 3 Omitted.

ADDENDA <Act No. 11690, Mar. 23, 2013>

Article 1 (Enforcement Date)

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

(2) Omitted.

Articles 2 through 7 Omitted.

ADDENDA <Act No. 12154, Jan. 1, 2014>

Article 1 (Enforcement Date)

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

Article 2 Omitted.

ADDENDUM <Act No. 12930, Dec. 30, 2014>

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