
New Enterprise Model of Renewable Energy

2017. 7

Korea Hydro & Nuclear Power Co.



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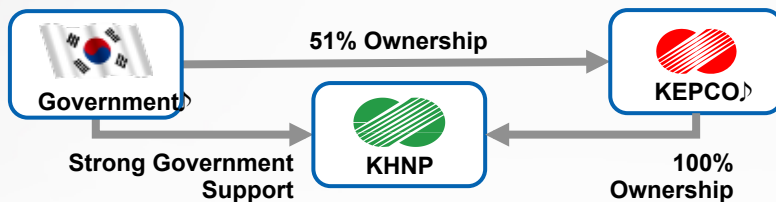


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KHNP Overview

KHNP plays a key role in the national electricity supply as the sole nuclear power generator in Korea

Ownership Structure



- Established on **April 2, 2001**, as a result of a corporate spin-off from KEPCO
- A **public enterprise** indirectly owned by the Korean government via KEPCO

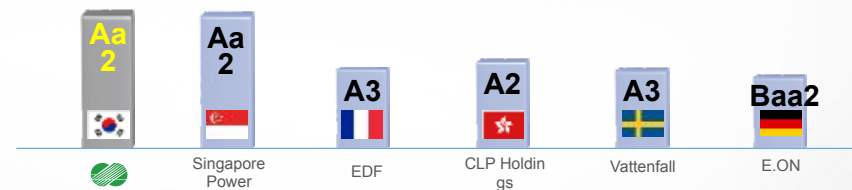
Solid Credit Ratings

- Moody's (**Aa2/Stable**)
- S&P (**AA/Stable**)
- Fitch (**AA-/Stable**)

Quick Facts (as of March 31, 2017)

| | |
|---------------------|--|
| Establishment | Spun-off from KEPCO in 2001 |
| Ownership | 100% owned by KEPCO (which is majority owned by the Korean government) |
| Employees | 11,303 |
| Assets | KRW52,688 bn(USD 52 bn) |
| Sales | KRW2,688 bn(USD 2.7 bn) |
| Operating Profit | KRW740 bn (Margin: 27.5%), (USD 740 Mil) |
| Generation Capacity | 28,439MW with 82 units (Nuclear: 23,116MW with 25 units) |

Global Peer Comparison – Moody's



Global Peer Comparison – S&P



Net Capacity

83Units **28,538MW**

Nuclear Power

| | | |
|---------|--------|------------------|
| Kori | ●●●● | 3,137MW |
| Saeul | ●●●○ | 3,400MW |
| Hanbit | ●●●●●● | 5,900MW |
| Wolsong | ●●●●●● | 4,779MW |
| Hanul | ●●●●●● | 5,900MW (△2,800) |

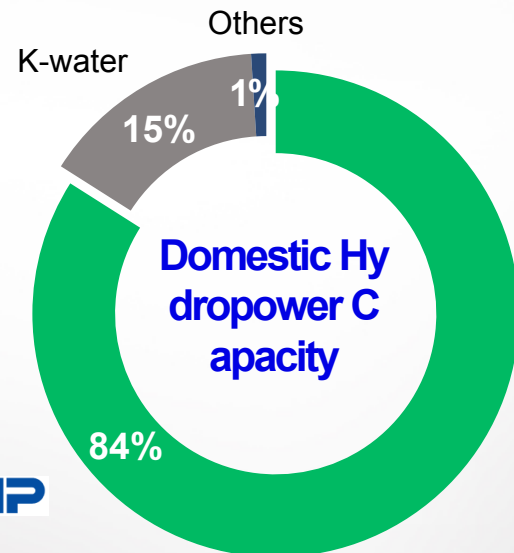
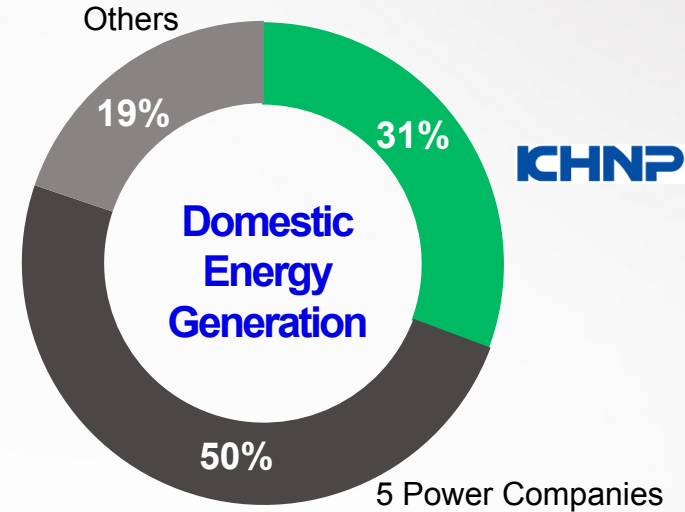
SUM ●●●●●● 25Units 23,116MW

Hydro Power(Including PSP)

SUM ●●●●●● 51Units 5,306MW

Renewable

SUM ●●●●●● 7Units 116MW



A green square with a white border containing the number 2 in a bold, black, sans-serif font.

2

Model Proposal

Segregation of Duties

Project Development

Financing

Construction Equipment

O & M



Agreement

Business policy

- ▶ Government Agency
- ▶ Public Enterprise

Government

SP
C

Enterprise

Bank

- ▶ Energy Enterprise
- ▶ Manufacturer

Experience

- ▶ MDB, ECA
- ▶ Commercial Bank

Finance, Advice

PPP Mode Specific Project

Current

- ▶ Specific Project
- ▶ Balancing governance inside entity
- ▶ Less flexibility

New Mode Multiple Projects

Proposal

- ▶ Open to additional projects
- ▶ Balancing business inside industry
- ▶ Diversified approach for renewable energy

-
- **Business portfolio**
 - **Resolve political interests**
 - **Increased investment due to more transparency**
-
- **Hands on experience of entity**
 - **Decisions made by SPC for overall business decisions**
 - **Spread of technology, Know-how**
-
- **Higher Credit, Easier Funding**
 - **Reasonable returns to stakeholders**
 - **Various funding schemes**
-

① Diversification

② Efficiency

③ Credit Enhancement

- Passive approach
- Policy oriented
- Less practical
- Motivation of participants
- Fixed compensation, Stable job
- Conflicts in integration process
- Fear to sunk cost

① Bureaucracy

② Agency Problem

③ Trial and Error

Greater Synergy if GOALS are similar

MDB

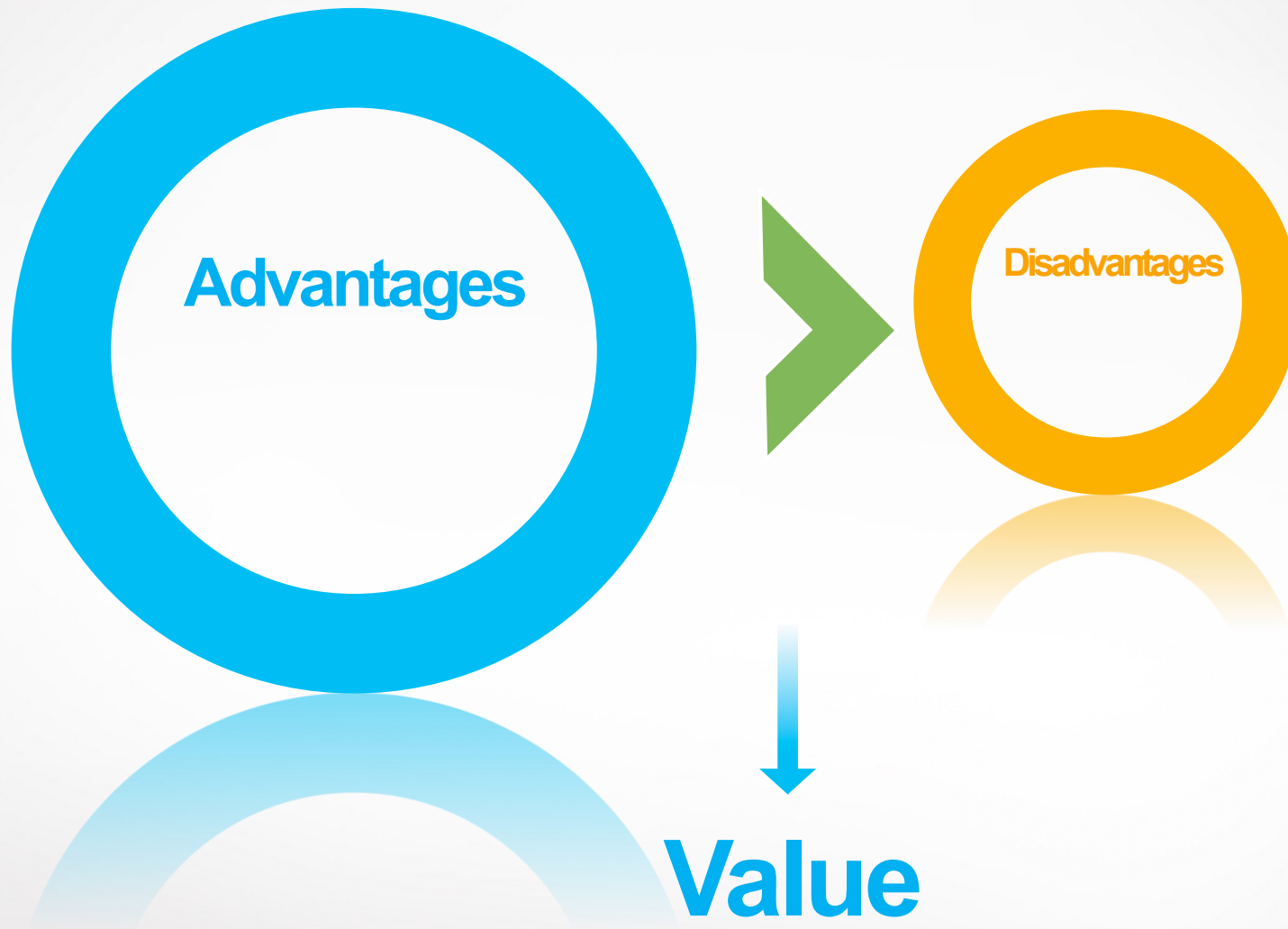
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PUBLIC
ENTERPRISE

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GOVERNMENT

PRIVATE
SECTOR



Thank You

