BOND SPOTLIGHT

# KOMIPW transition framework maps coal-to-hydrogen pathway

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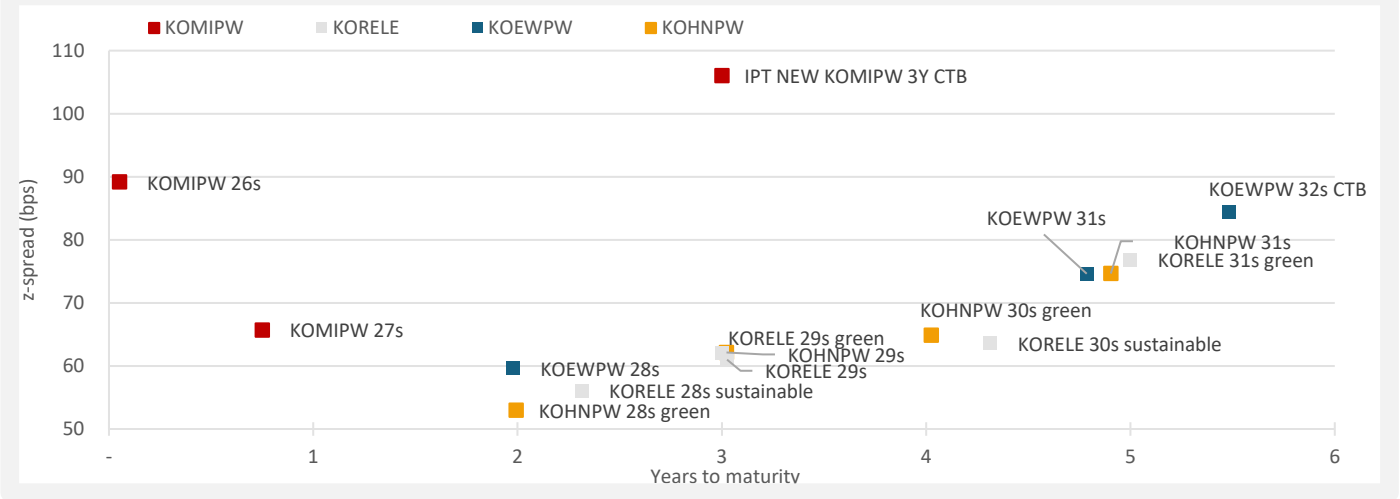

## SUMMARY

- KOMIPW is marketing a USD three-year Climate Transition Bond (CTB), the second USD CTB from a Korean utility after KOEWPW.
- Initial price talk is 3-year US Treasury plus 85bps.
- Like KOEWPW, the framework restricts eligible CCGT investment to projects replacing specified coal-fired capacity.
- KOMIPW provides time-bound project-level milestones, including coal-retirement dates, hydrogen-conversion targets and eventual CCGT closure dates.


Korea Midland Power or KOMIPO (ticker KOMIPW), is marketing a USD three-year Climate Transition Bond on 21 July 2026, becoming the second Korean utility to access the USD Climate Transition Bond market after Korea East-West Power (ticker KOEWPW) on 6 July 2026.[1] The transaction also follows green bond issuance from Korea Electric Power Corporation, or KEPCO (ticker KORELE), and the Export-Import Bank of Korea, or KEXIM (ticker EIBKOR), on 13 July 2026.[2] The proposed 3-year senior unsecured bond has initial price talk (IPT) at Treasuries plus 85bps (equivalent to ~ z-spread of 106bps).[3]

Like KOEWPW, KOMIPW restricts transition-eligible gas investment to projects that replace specified coal-fired capacity and form part of a longer-term hydrogen pathway. KOMIPW provides project-level timing detail by linking the retirement of Boryeong coal units 5 and 6 in 2027 and 2028 to 1,039MW of replacement combined-cycle gas turbine capacity. It also targets 20% hydrogen use by 2028, 100% by 2040 and closure of the replacement plants in 2057 and 2058. These milestones provide investors with time-bound measures against which to assess implementation.

Figure 1. Selected USD bond comparables for KOMIPW in the Korean utility sector. Source: Bloomberg Finance L.P., accessed 21 Jul 2026.




[1] "Korea East-West Power: new Climate Transition Bond", AFII, 6 Jul 2026.
[2] "South Korea deepens green bond push: KORELE and EIBKOR", AFII, 13 Jul 2026.
[3] Details from Bloomberg.

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## Pricing

Pricing is expected the same day and would usually tighten substantially from IPT, subject to market conditions. Pricing will be assessed against KOMIPW's existing curve and KEPCO subsidiary USD comparables, given KEPCO's 100% ownership of KOMIPW and the expected bond ratings of Aa2/AA by Moody's and S&P. Comparable Korean utility bonds trade at z-spreads of around 52bps to 90bps, see Figure 1. The elevated z-spread on KOMIPW 2026 is less comparable because the bond has only around one month remaining to maturity.

This suggests that tightening of around 35bps to 40bps from IPT at Treasuries plus 85bps (equivalent to ~ z-spread of 106bps) would leave the new KOMIPW 2029 bond broadly aligned with the existing KOMIPW and KEPCO subsidiary curves.

Final pricing, orderbook quality and secondary spread performance will indicate how investors price KOMIPW's coal-heavy generation profile, coal-to-gas transition use of proceeds and the Climate Transition Bond label relative to existing Korean utility bonds.

## KOMIPW transaction details

Korea Midland Power is rated Aa2 by Moody's and AA by S&P, both with stable outlooks, with the proposed bonds expected to carry the same ratings. The ratings reflect KEPCO's full ownership and KOMIPW's strategic role in Korea's electricity system.

KOMIPW is marketing a three-year Regulation S senior unsecured Climate Transition Bond due 28 July 2029. Proceeds will be allocated to eligible green and transition projects under its July 2026 Green and Climate Transition Finance Framework.[4] KOMIPW also has a USD300 million bond (ISIN XS2367816076) maturing in August 2026. The timing gives the transaction some characteristics of a maturity refinancing at the balance-sheet level. However, an amount equal to the CTB's net proceeds must still be allocated to eligible project expenditure rather than to the conventional bond maturity itself.

As of March 2026, KOMIPW had 10,781MW of domestic generation capacity, equivalent to approximately 6.8% of Korea's total. Its portfolio comprised 6,106MW of coal, 4,310MW of LNG combined-cycle generation and 365MW of renewables, leaving approximately 97% of capacity exposed to coal (57%) and LNG (40%).

## A time-bound coal-replacement pathway

The July 2026 framework updates KOMIPW's 2018 Green Bond Framework by adding climate-transition projects and aligning with the 2025 ICMA Green Bond Principles, Climate Transition Finance Handbook and Climate Transition Bond Guidelines. DNV issued a second-party opinion on 9 July 2026.[5] KOMIPW previously issued a green bond in 2019, whose proceeds were fully allocated.

Eligible transition projects focus on LNG or blended-gas combined-cycle plants that directly replace coal-fired capacity and meet relevant Korea Taxonomy conditions. The framework identifies the 523.4MW Boryeong and 516MW Haman projects, linked to the retirement of Boryeong coal units 5 and 6 in 2027 and 2028.

[4] "KOMIPO 2026 Green and Climate Transition Finance Framework", KOMIPO, Jul 2026.
[5] "KOMIPO 2026 Green and Climate Transition Finance Framework SPO DNV", KOMIPO, Jul 2026.

Together, the projects provide 1,039MW of replacement capacity, equivalent to around 10% of KOMIPW's current installed capacity, and broadly replace 1,000MW of retiring coal capacity.and KRW1.45 trillion of planned investment. The plants will initially operate mainly on LNG, with KOMIPW targeting 20% hydrogen use by 2028 and 100% by 2040. The Boryeong and Haman CCGTs are scheduled to cease operations in 2057 and 2058, respectively, limiting their operating lives to approximately 30 years.

KOEWPW's framework uses a similar eligibility structure, permitting LNG or blended-gas generation where projects replace or convert coal-fired plants and meet the framework's decarbonisation criteria.[6] It identifies six replacement projects: Shin-Honam, Donghae, Yongin, Ulsan New and Dangjin units 5 and 6. Its hydrogen pathway is presented at portfolio level, including an estimate that approximately 830,000 tonnes of clean hydrogen annually would be required to support 17TWh of carbon-free generation by 2040.

The two frameworks therefore link eligible gas investment to coal replacement and a longer-term hydrogen pathway, but present the pathway differently. KOMIPW provides hydrogen-use and closure dates for two identified projects, while KOEWPW identifies a wider group of replacement projects and discloses a portfolio-level clean-hydrogen requirement.

For KOMIPW, the disclosed dates provide reference points for monitoring coal retirement, fuel conversion and eventual plant closure. Implementation remains dependent on hydrogen supply, infrastructure, technology and cost. Delays in conversion could leave the plants operating mainly on LNG for longer than envisaged.

## Conclusions

Recent Korean utility issuance indicates that investors are willing to provide capital through both green and Climate Transition Bond formats, including to issuers whose current generation portfolios remain heavily exposed to coal and LNG. Market absorption demonstrates financing appetite, but does not by itself validate the underlying transition pathway.

As the Climate Transition Bond market develops, the label can help formalise how transition is expected to occur across different national and sectoral contexts. ICMA's guidelines allow for these differences, while requiring issuers to explain how financed projects support their transition strategies, align with relevant decarbonisation pathways, deliver emissions reductions beyond business as usual and mitigate carbon-lock-in risks. For fossil-related projects, time-bound fuel-conversion, phase-out and asset-closure milestones are particularly relevant safeguards.[7]

Both KOMIPW and KOEWPW link eligible CCGT investment to coal retirement and a longer-term shift towards lower-carbon fuels. KOMIPW expresses this through project-level hydrogen and closure dates, while KOEWPW combines coal-retirement dates with a portfolio-level hydrogen pathway. Post-issuance allocation and progress reporting will ultimately determine whether the frameworks translate labelled funding into measurable decarbonisation.

[6] "Green and climate transition finance framework", Korea East-West Power, Jun 2026.
[7] "Climate Transition Bond Guidelines", ICMA, Nov 2025.

## Version log

| Date | Comment |
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| 21 Jul 2026 | Document published |

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