

NOTABLE ENERGY DEVELOPMENTS JAPAN

Japan is pleased to submit this report to EWG23 May 15-16, 2002.

I . **Fundamental law on Energy**

8 Nov. 2001, the bill of **Fundamental law on Energy** was introduced to the Diet. The aim of this law is to indicate the basic Japanese energy policy directions.

Main contents

1. Basic Policy on Energy demand & supply
 - Ensure stable energy supply
 - Adoption to environment
 - Application of market mechanism
2. Responsibility of public sector and private sector
 - National government
 - Settlement and taking effect on the comprehensive plan for Energy demand and supply.
 - Local government
 - Concrete actions according to the national plan and endeavor to use articles that less effect to environment.
 - Private sector has obligation to cooperate with national and local government to implement the plan and endeavor to use the energy that is more stable and efficient with voluntary and creative sense.
3. Endeavor of the people
 - The people endeavors to use energy efficiently and to apply new energy.
4. Report to the diet
 - The government has to report to the diet the general situation on the measure for energy demand and supply every year.
5. Settle on the Basic Energy Plan for energy demand and supply
 - The government settles on the Basic Energy Plan and has to consider it's validity and amend it if necessary in every five years.
6. Promotion for international cooperation
7. Diffusion of the knowledge on energy

II. Special Measures Law Concerning Promotion of the Use of New Energy by the Electricity Suppliers

Objective of Legislation

- In Japan, the trend towards lower levels of dependency upon oil. Japan's dependency level on the Middle East has been increasing. In addition, the site acquisition lead times for nuclear power stations have been lengthening. In light of these and other changes, the fundamental promotion of the utilization of new energies such as wind power and photo voltaic energy and the endeavor to diversify power sources have become extremely important issues.
- Based upon these respective circumstances, Japan will also enact a new law. The new law will obligate electric power companies to use at least a specified minimum share of their electricity generation from new energy electricity.

Main contents

- The Minister of Economy, Trade and Industry (herein after METI) will stipulate utilization targets for new energy electricity, following consultation with the Advisory Committee for Resources and Energy.
- METI takes into consideration the utilization targets and require electric power companies to source at least a specified minimum share of their annual electricity supplies from new energy electricity.
- With regard to the fulfillment of obligations by electric power companies, companies will be able to 1) generate the electricity themselves 2) purchase new energy electricity from elsewhere 3) have other electric power companies fulfil their obligations by proxy. As a result of the above, electric power companies will be able to consider economic efficiency and other factors in selecting the most advantageous method.
- Those generating new energy electricity can receive approval from METI, with regard to whether the electricity power generation facilities meet the criteria for classification as “new energy electricity”.
- Electric power companies do not fulfil their obligations without fair reason, METI can stipulate a time limit and issue a recommendation advising fulfillment of obligations,
or issue an order.

III. Amendment of the Law Concerning the Rational Use of Energy

Objective of Amendment

- Simultaneous achievement of environmental protection, efficiency and stable energy supplies.

- Improvement of high dependency on oil supplies from Middle East and correspondence of reducing CO₂ emission. (Kyoto Protocol)
- Based on these situation, the amended law will obligate to introduce a new system that big scale building (include a existing and new constructing) should be applied “Energy management system” and establish the new system so that the government could grasp the energy supply and consumption situation.

Main contents

- Expansion of designated coverage that is applied “Energy management system” to all category and obligating to settle on the future energy conservation plan and submit it. Further more, they are required to report to the government periodically.
- Relaxation of procedure and introduction of practicable measure.