

## Key Points of Outlook for 2010

### **Shift to Low-Carbon Society and Electricity/Gas Utilities**

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Japan launched a new system for purchasing surplus of solar power generations in November under the law for promoting energy suppliers' uses of non-fossil energy sources and their effective uses of fossil energies (hereinafter called the energy supply structure advancement law). At the same time, the Ministry of Economy, Trade and Industry created a project team to consider an enhanced feed-in tariff system for electricity utilities' purchases of all power generations from renewable energy sources.

Whether the enhanced feed-in tariff system would be governed by the energy supply structure advancement law or a new law is still uncertain at present, depending on future discussions. This is because the government must consider targets for purchases (how to treat existing and large facilities), citizens' contributions (premium charges, an electricity purchase fund, etc.) and the impact on competition among energy sources. Under the energy supply structure advancement law put into effect in August 2009, meanwhile, electricity and gas utilities are required to submit non-fossil and renewable energy utilization goals in line with the standards provided by the Minister of Economy, Trade and Industry for such utilization. But the standards are now limited to those for the new system for purchasing surplus of solar power generations. No other standards have been developed.

On the standards under the energy supply structure advancement law, the government may be expected to reflect discussions at the project team on the purchases of all power generations from renewable energy sources. But the team has not aimed to work out such standards. The standards have yet to be developed for gas utilities' and petroleum products suppliers' effective uses of fossil energies. In the future, we may have to pay attention to the fair treatment of energy sources under the law.

Electricity and gas utilities are required to shift to a low-carbon energy consumption structure on the demand side as well as the supply side. They must tackle a great number of

challenges including environment value distribution and other incentive provisions (attribution of carbon dioxide values, cost-sharing methods, etc.) and assessment of various systems (heat pump, fuel cell and other systems where thermal values are difficult to measure). Under such situation, they will have to consider how to handle the energy supply structure advancement law over a short term. Over a medium to long term, they will have to consider the development of next-generation energy and social systems including smart grids and smart energy networks.

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