

Key Points of Outlook for 2009

## **Developments Involving Electricity Industry**

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The Electricity Industry Committee of the Advisory Committee for Natural Resources and Energy submitted a report on the fuel cost adjustment system in mid-January 2009 and will release a report by this spring on a desirable electricity billing system based on growing needs for addressing the global warming problem. A research panel on low-carbon electricity supply systems, launched in July 2008, will also compile a report by this spring. These reports will give conclusions on the direction of responses to the global warming problem, how best to share relevant costs, and the electricity billing system.

These reports may include technological development and measures before materialization, providing a launching pad for consideration of details for medium to long-term development of low-carbon electricity supply systems. Regarding renewable energy, only the effects of massive introduction of photovoltaic systems are subject to consideration for the immediate future. Other renewable energy options may be considered further

In this respect, a policy unit of the advisory committee's Coordinating Subcommittee gave a draft interim report on amendments to the Law Concerning Promotion of the Development and Introduction of Alternative Energy in December 2008, calling for introduction of alternative energy-inducing regulations in electricity and other energy industries. The focus of attention would be alternative energy introduction goals for the electricity industry. Particularly, the electricity industry is frequently required to make long-term investment for which strict numerical goals are not suitable. This point should be considered carefully. Although deregulation has allowed bulk and larger customers to choose electricity suppliers, considerations may have to be given to how best to balance such deregulation and low-carbon electricity supply systems.

Outside Japan, the European Parliament adopted the European Union's energy and climate change package in December 2008. Under the package, the focus of attention for the electricity industry would be how best to achieve high goals for introduction of renewable energy. In some regions of Europe, renewable energy power generation has expanded fast, causing concerns about maintenance of reliability of electricity supply. Attracting attention in future will be technological and institutional measures to secure compatibility between policy goals and stable electricity supply. In the United States where the new Obama administration will be inaugurated, renewable energy promotion and other policies for low-carbon electricity supply systems may be adopted. In 2009, the relationship between renewable energy power generation and the electricity industry will attract attention at home and abroad. In discussing the relationship, we may have to give considerations to differences among electricity supply systems at home and abroad.

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