

Key Points of Outlook for 2009

Developments at Home and Abroad Involving Renewable Energy

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The renewables portfolio standard (RPS) law plays a central role in promoting the introduction of renewable energy in Japan. Under the law, Japan has reviewed mandatory goals for the early introduction of renewable energy. But Japan was replaced by Germany around 2005 as the world's largest solar power user. Japanese firms' share of the global photovoltaic cell market has also declined. In a bid to regain the position, Japan in a run-up to last July's Group of Eight Toyako Summit in Hokkaido announced the so-called Fukuda Vision aimed at expanding photovoltaic power generation 10 times by 2020 and 40 times by 2030, resuming photovoltaic power generation promotion measures including subsidies and utilization of the RPS system. In the private sector, transactions have expanded in green power certificates. Transactions in green heat certificates are under consideration. Regarding biofuel, Japan has allowed bioethanol to account for up to 3% of gasoline. But such bioethanol-mixed gasoline has so far been introduced only experimentally in limited areas.

Outside Japan, the European Union in January 2008 announced renewable energy's target share of total energy supply at 20% for 2020. U.S. President-elect Barack Obama committed himself to expanding renewable energy during the presidential election campaigns. He specified the federal RPS system to boost renewable energy electricity's share of total electricity supply to 25% by 2025 and promised to invest \$150 billion in alternative energy development over the next 10 years. Renewable energy development investment has been positioned as one of the key employment and economy-boosting measures.

In Asia, China and India have emerged as major renewable energy users. In 2007, China became the fourth largest wind power generator in the world and India the fifth. They have developed local relevant industries and fast expanded wind power generation. China has also been leading markets for low-cost energy technologies including solar heat and biogas, as well as wind power. In ASEAN countries, utilization of biofuel

became a priority on an oil price spike in the first half of 2008. Particularly, the Philippines and Thailand proceeded with the introduction of biofuel. After oil prices declined fast in the second half of 2008 to make biofuel less attractive, we pay attention to how falling prices of palm oil and other biofuel materials would back up biofuel development efforts.

Another focus for attention is the establishment of the International Agency for Renewable Energies (IRENA) under the German and Danish initiative in January 2009. While the International Energy Agency has consisted of industrial countries, IRENA is designed to cover China, India and other developing countries as well.

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