

## **Renewable energy policy and politics in Japan**

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Energy policy in Japan has not been very successful. Despite GHG increasing by 8% and CO<sub>2</sub> increasing by 14% from 1990 to 2005, there is still no political consensus on effective policy measures like carbon tax, cap and trade. Although there is potential for renewable energy, political will has been poor, as reflected in too small national targets of 1.3% by 2010 and 1.63% by 2014. On the contrary, there has long been strong political and financial support for nuclear energy although it has high risk with respect to both safety and economics.

Energy market restructuring in Japan began in the late 1990s and it has retained the regional and functional monopolies in the electricity supply sector. Current market monopoly in electricity sector is 97.6%. The regional electricity companies are large and have big influence with the national and local governments. While the ruling party is supportive of the management of electricity companies, the main opposition party is close to their labour union.

The markets for wind and solar PV power have not grown fast enough in Japan. In 1992, ten power companies started voluntary net-metering program for solar PV and wind power as part of climate change mitigation efforts. In 1998 the ten monopolies announced to introduce “15 years fixed price program for wind” instead of fade-out of voluntary net-metering program. This program boosted the wind power market in Japan. Hokkaido Electric Power Co. raised the ‘grid stability issue’ as an excuse to limit the introduction of wind power. Following this, other companies joined and METI set barriers for wind power instead of finding solutions. Small target and slow progress set by Japanese RPS allow the monopolies to set the ceiling for new renewable and bidding.

In case of solar PV the government’s bold subsidy program began in 1994 and it boosted the PV market in combination with ten power companies’ voluntary net-metering program. However, the subsidy had cut down every year and finally ended in 2005. And RPS has been introduced in 2003, that worked reverse on solar PV rather than boosted it. Japan’s RPS targets are the least among regions/countries like EU, Germany, UK, France, China, and states in the USA. The power companies and METI have exercised strong influence to limit the quota on wind and solar PV.

Thus the wind power market has been falling into “political risk trap” in Japan, and the PV market has been falling into “absence of support policy” trap. This experience shows that there is a need for a combination of strong political commitment and innovative integration for renewable energy program in Japan.