

Japan Renewable Energy Foundation International Symposium
“Towards YR2030 and Beyond”
Executive Report

Thursday, Sept. 6, 2012

Japan Renewable Energy Foundation held an international symposium titled “Towards YR2030 and Beyond” on Sept. 6, 2012. More than 600 people participated in the event, which took place at Iino Hall in central Tokyo. The outline of the discussion was as follows;

Opening Remarks & Keynote Speech

Masayoshi Son, JREF founder and chairman, said in an opening address that many companies are already entering into the field of renewable energy. This is an important development because Japan needs a significant amount of alternative energy as it seeks to eliminate nuclear power by 2030. Son called for a drastic reform of the electricity system as a means of promoting renewable energy. Such a reform, according to Son, should include nothing less than the breakup of powerful utilities that dominate the industry today, unbundling the power generation sector and the grid operation sector into companies of separate ownership. In response to criticism that renewable energy may be too expensive, Son said nuclear power can be more costly if a numerous risks are taken into account. Thermal power may also turn out to be more expensive than current estimates when the cost to the environment is considered. Japan shouldn't cling on to nuclear power just so it can keep electricity prices low, Son said, adding that prices should be determined by a well-functioning market.

Yukio Hatoyama, a former prime minister, also spoke. One of the biggest challenges facing Japan, he said, is to reduce emissions of carbon dioxide as global warming continues to worsen. Hatoyama urged the nation to create a better future by implementing measures that are available today. Renewable energy has huge potential, and it will enable Japan to meet the future target. Japan should remove obstacles to market entry and nurture newcomers as they fight vested interests, he said.

Motohisa Furukawa, State Minister for National Policy, said renewable energy is a key to realize the general public's wish to abolish nuclear plants, and it will also induce

innovation and boost the economy. The government should compile a strategy to promote green businesses, raise awareness of individuals, and encourage people to actively participate in the initiative, he said.

Hiroaki Niihara, Director-General of the Energy Conservation and Renewable Energy Department at the Agency for Natural Resources and Energy, was yet another speaker. Niihara said the recent introduction of the Feed-in Tariff system would mark a significant turning point for Japan's nascent renewable energy industry. He said the use of solar power, along with conventional hydropower, has been on a steady rise, and that wind farms and geothermal power plants can be highly cost competitive. The cost for power grids to connect distributed generators will also eventually pay for itself, he said.

Session 1: Remarkable Global Progress of Renewable Energy

JREF Director Mika Ohbayashi served as a moderator for this session, during which representatives of the participating countries discussed their nations' remarkable progress in promoting renewable energy.

Christine Wassilew, counselor of environmental issues at the German Embassy in Japan, talked about the current composition of power sources in Germany and the target for 2020. Wassilew said the public and the business community alike support investments in renewable energy in Germany, and pointed out that the government, society, and the business community must reach a consensus in order for the country to make a genuine energy shift into wind, solar, and bioenergy sources. They must agree on specific details of the plan, how to finance it, and when to carry it out, according to Wassilew.

Lars Georg Jensen, Chief Advisor of international affairs at the Danish Energy Agency, said Denmark relied on imports for 99 percent of its energy needs at the time of the oil crisis in the 1970s. Forty years later, the country has diversified its energy sources and adopted a goal of meeting 100 percent of its energy needs through renewable energy including wind power, bioenergy, and co-generation systems.

Li Junfeng, President of China Renewable Energy Industries Association, said China has been expanding its use of renewable energy since 2002, through adopting FIT, granting subsidies, setting clear-cut goals, as well as increased spending on research

and development. Li also discussed China's plan to obtain 15 percent of its energy from renewable sources, such as wind power, solar power, and bioenergy, by 2020.

Session2: Renewable Energy Scenario in Asia and the Possible Impact of Interconnection

Tomas Kåberger, JREF Executive Board Chair, moderated this session, which discussed the expanding use of renewable energy in Asia and the importance of interconnection among the countries in the region.

Osgonbaatar Jambaljamts, Director of the National Renewable Energy Center of Mongolia, said Asian nations should share the risks and the benefits through their participation into the Asian Super Grid initiative. Mongolia has great potential when it comes to renewable energy production. The country, for instance, has winds that can generate as much as 1.1 million megawatts of electricity, he said.

Olga Ulasevich, who heads the International Cooperation Division of FSBO Russian Energy Agency of the Ministry of the Russian Federation, said the country lacks information and experience when it comes to renewable energy, but further deployment of renewable energy and technology transfer can be accelerated through strengthening international partnerships. She said that it is an important challenge to build the power infrastructure in the country, and introduced the government's policy to accelerate energy development projects in the Far East.

Huh Jeung-Soo, Chief Director of Korea Energy Management Corp., introduced his country's efforts to create markets with power generation, heat, and public transportation for renewable energy. Commenting on the Asia Super Grid program, he said cooperation among Northeast Asian countries would make possible an effective allocation of resources which is also environmentally friendly. The project would also promote dialogue between governments and create business opportunities, he said.

Huh was asked by a member of the audience whether the concept of distributed renewable energy, which is aimed to be decentralized, and the concept of Asian Super Grid, which will naturally centralize the distribution, were based on two competing concepts. Huh responded by saying that the interconnection of power grid is necessary to maintain a good balance between supply and demand, and that international interconnection on the power grid would rather complement the distributed renewable

energy.

Session3: Future Perspective of Electricity Market – Ideal Way of Unbundling and Market Integration

This session was moderated by Tetsunari Iida, Executive Director of the Tokyo-based Institute for Sustainable Energy Policies. Panelists discussed the essential points regarding the separation of utilities' power generation and transmission operations, and the creation of a new electricity system through the integration of renewable energy.

Felix Christian Matthes, Research Coordinator of Energy and Climate Policy at the Institute for Applied Ecology in Germany, briefed on the country's power industry deregulation. Renewable sources already provide a significant portion of Germany's daytime energy consumption, according to Matthes. The next step would be a more complete integration of renewable energy into the nation's energy market and electricity system, as well as upgrading of the power grids.

Kåberger said efforts to deregulate the electricity industry in Sweden also faced strong political resistance. He emphasized the importance of making the electricity market as simple and transparent as possible in order to achieve successful deregulation.

Hiroshi Takahashi, a Research Fellow at Fujitsu Research Institute, said last year's rolling blackouts after the earthquake served as a call for a change that Japan now needs a number of decentralized independent power suppliers instead of having a handful of centralized mega suppliers. In order to secure stable supply of electricity, Japan must make effective use of the market and power grids, he said. Takahashi said consumers should help break the monopoly by demanding freedom to choose utilities and power sources, and that such voices would pave the way for newcomers, and newcomers would promote deregulation.

Iida concluded the session by saying that Japan is presently ripe for a big change, since Japanese consumers now have heightened awareness regarding the electricity industry and nuclear power than anyone else in the world.

Round Table Discussion: It's time to Bring Proper Competition in the Electricity Market
Takejiro Sueyoshi, JREF Executive Board Vice Chair, moderated this session, in which

Son and Vice Tokyo Governor Naoki Inose had a spirited debate on the power market reform now being discussed at the government level.

Inose said monopoly is problematic because it produces waste, and introduced some examples that the Tokyo Metropolitan Government, as a major shareholder of Tokyo Electric Power Co., held the company responsible for its actions. The power industry has strong political influence, but there is a chance now to blow a gaping hole in the market and create a competitive environment, he said.

Son responded by emphasizing that Japan must reform the industry and separate utilities' power generation and distribution operations. Newcomers can gain entrance into the market only if it's fair and competitive. Newcomers create competition, which in turn allows the industry to provide power at reasonable prices.

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