IEA / CERT Side Event 15 NOV 2016

# Policy Challenge and Solutions in the Japanese context

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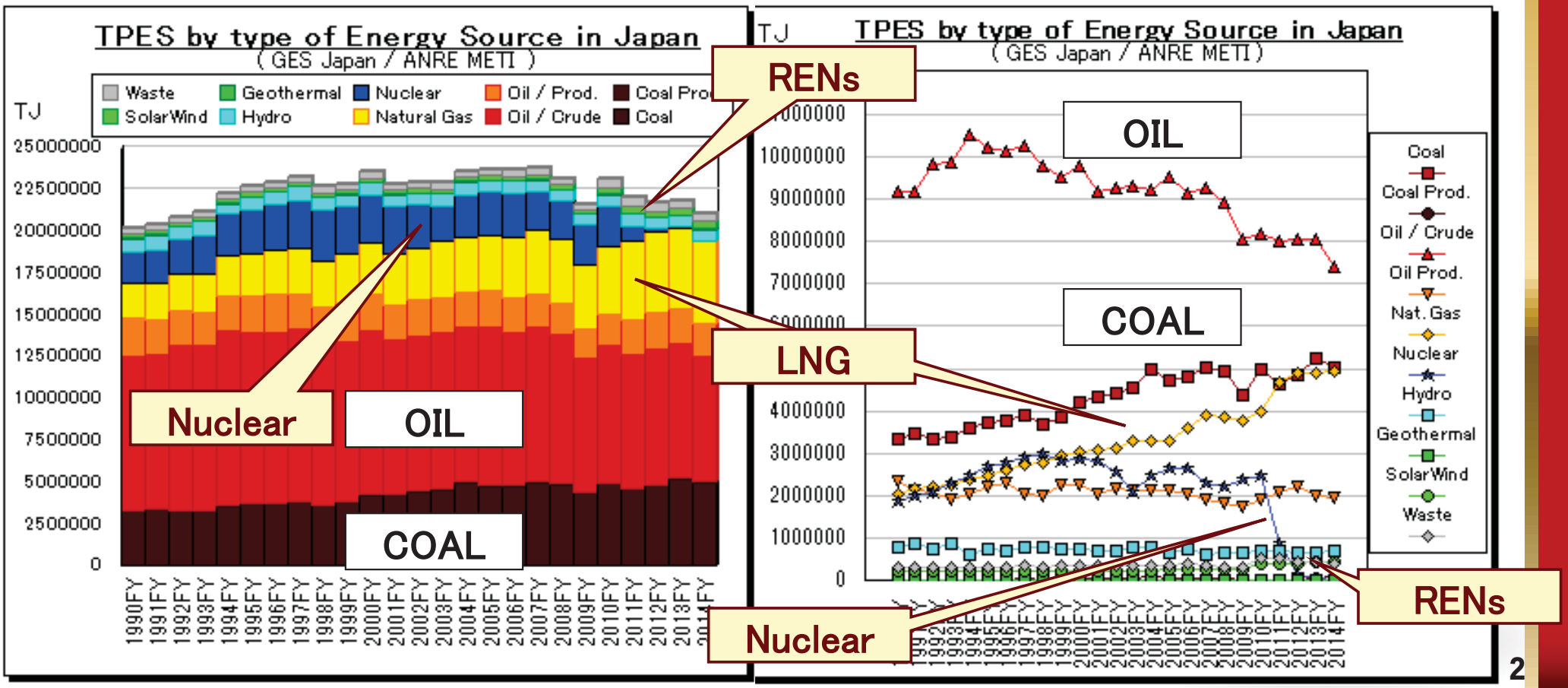
# 1. What happened after Fukushima Nuclear Accident ?

## 1-1. Supply Side – Primary Energy Supply

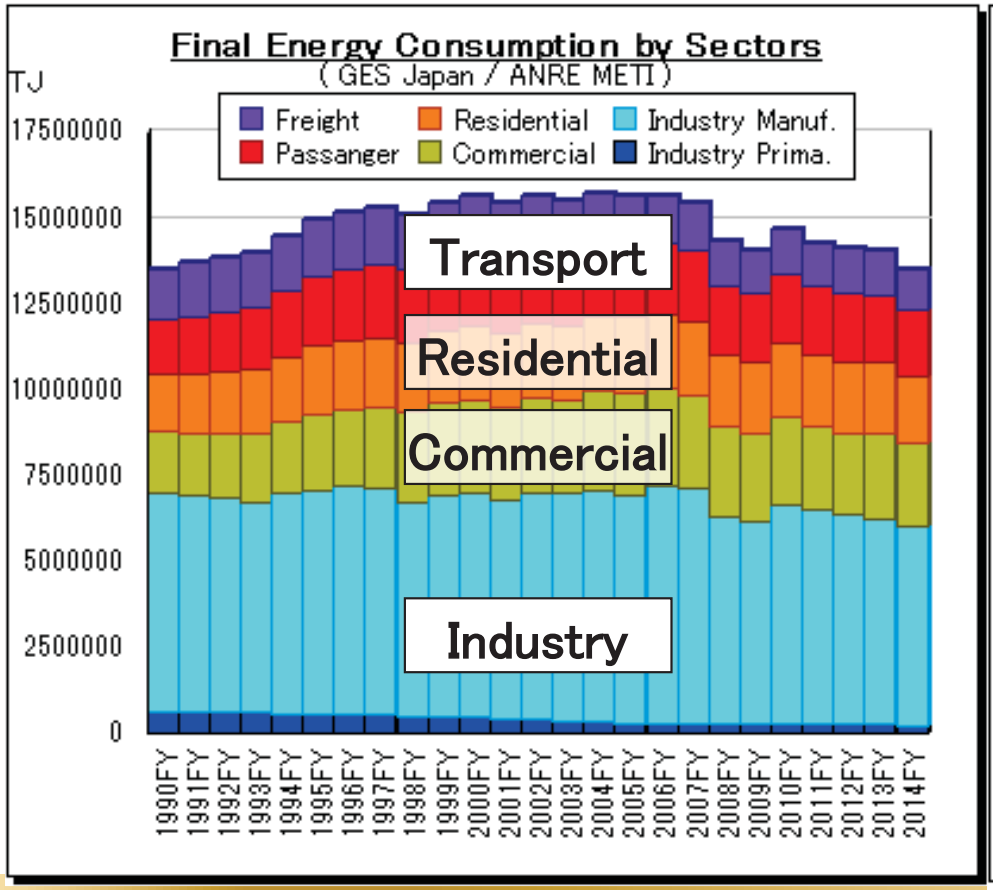
- Stoppage of **Nuclear** power supply seems to be altered by **LNG** supply, at least short term.
- **RENs** are still small though strong FIT measures.

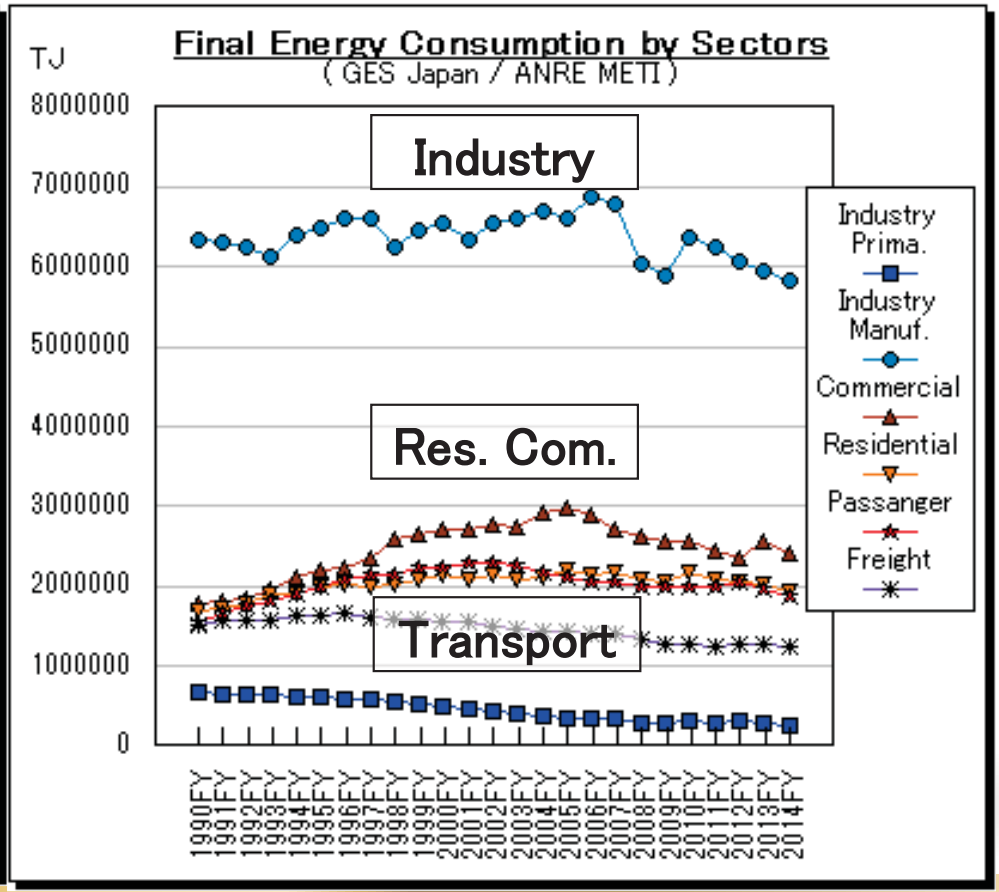


# 1. What happened after Fukushima Nuclear Accident ?

## 1-2. Demand Side – Final Energy Consumption

- Successful stabilization observed across the sectors, but not sure this trend continues long.
- Uncertainty in Transport. & Res. Com. sectors

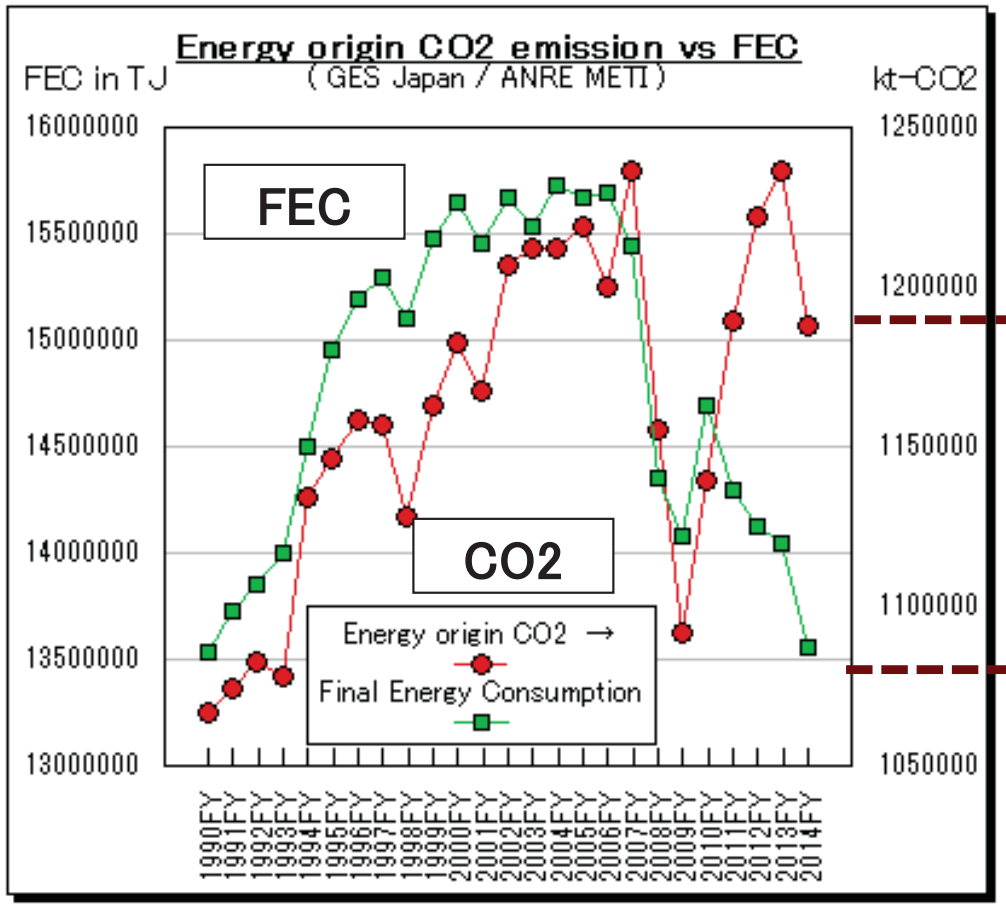


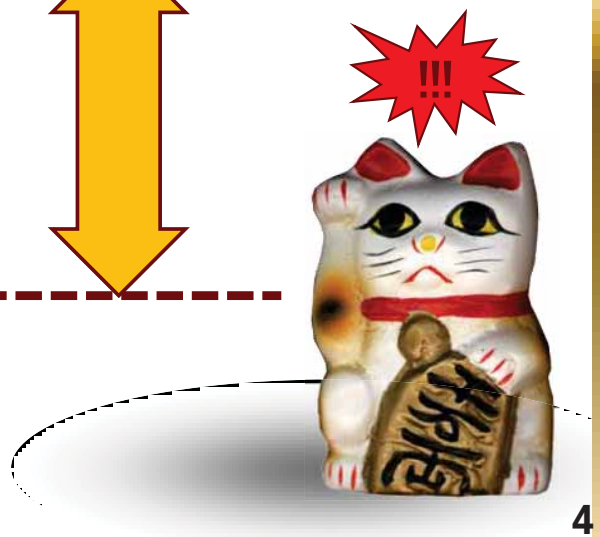



# 1. What happened after Fukushima Nuclear Accident ?

## 1-3. Energy origin CO2 emission

- Around 100Mt-CO2 additional gap between FEC and CO2 emission trends occurred due to the stoppage of Nuclear power supply

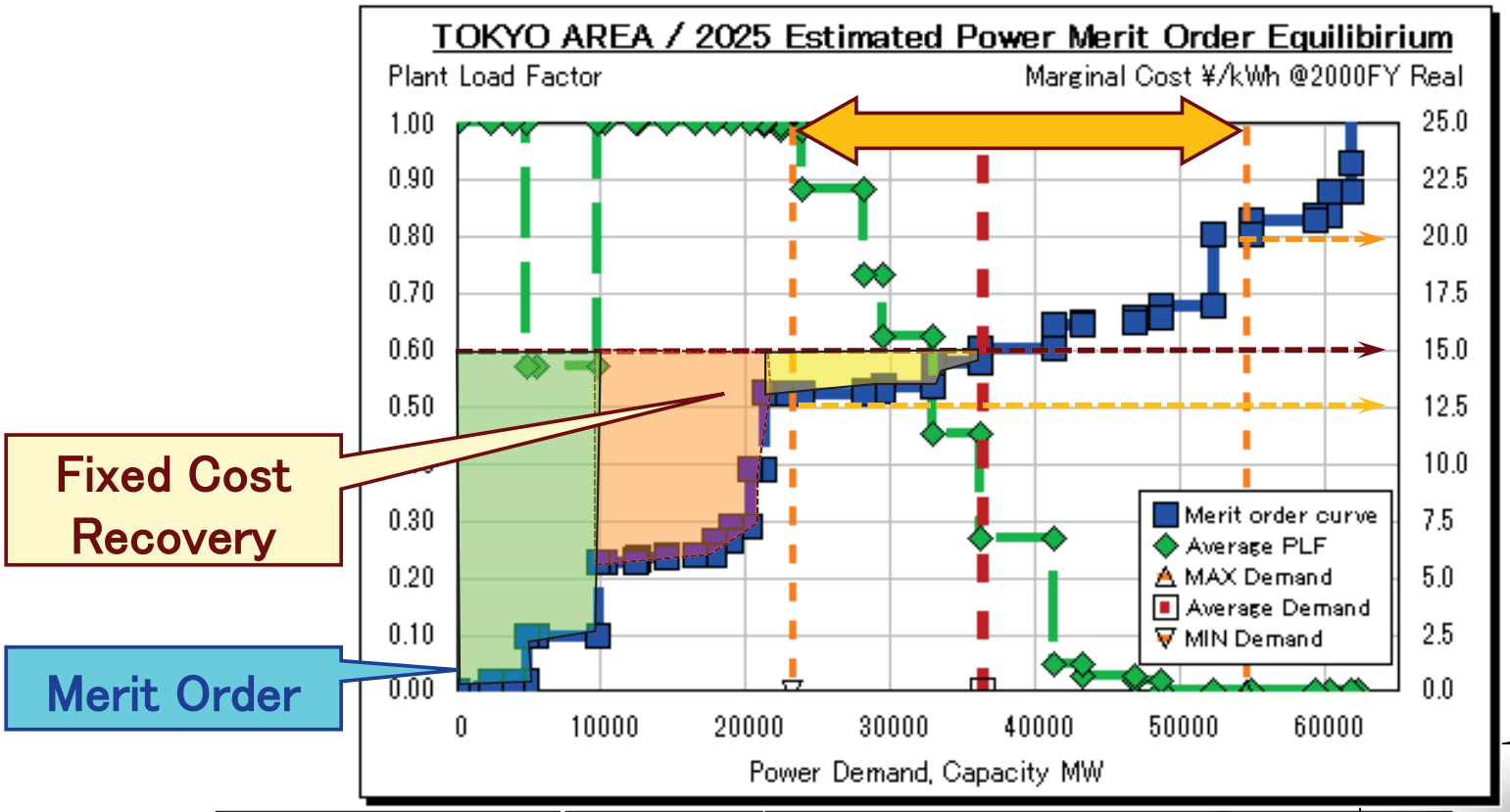


# 2. What will happen hereafter towards 2030 ?

## 2-1. Supply Side – "COAL Strikes Back"

- Electricity market de-regulation paves way for Coal fired power plants due to their low cost
- Coal may better than Nuclear, but emission ・・・




# 2. What will happen hereafter towards 2030 ?

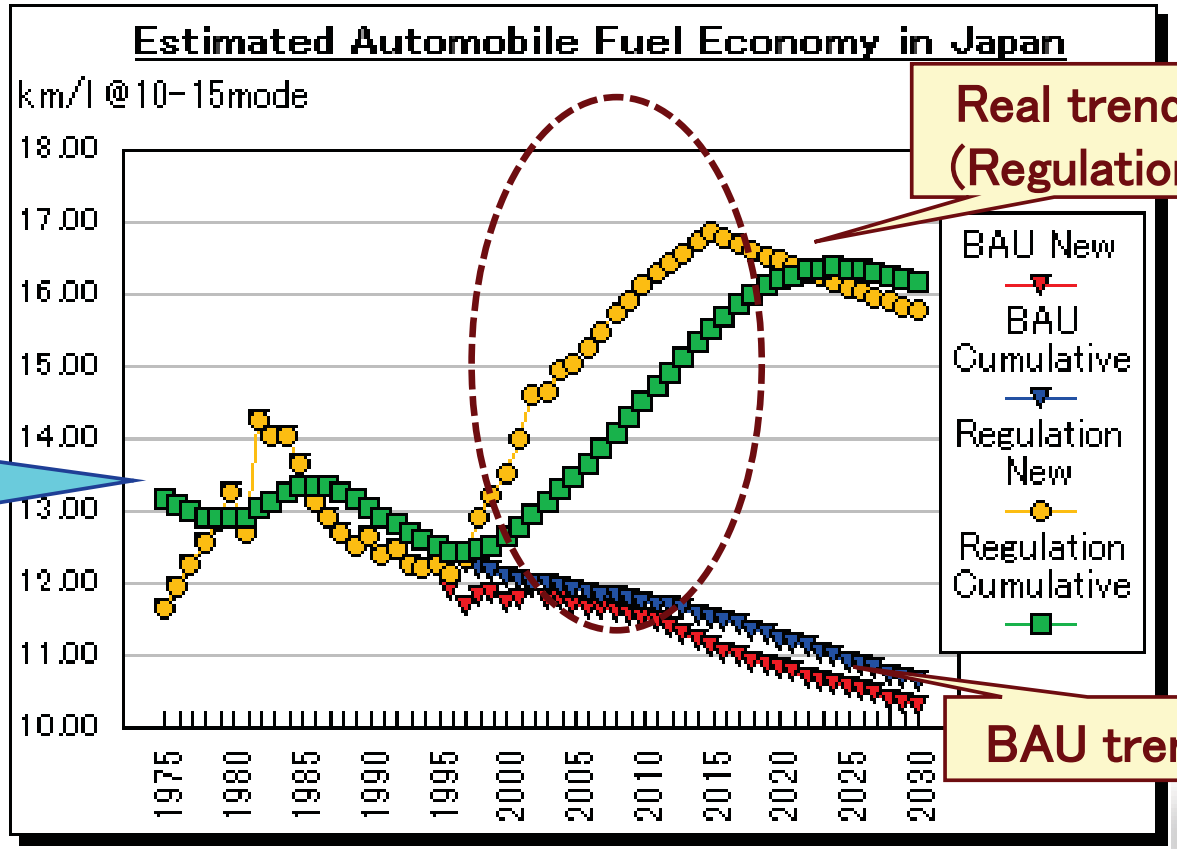
## 2-2. Demand Side – Rebound of efficiency regulation

- 3 and 4 waves of mandatory efficiency standard for home appliance and automobile contributed stabilization so far, but their effect shall saturate

Good

Automobile Fuel Economy

Bad




## 3. What could be possible option towards 2030 ?

### 3-1. Supply Side

- **Re-establish "Reliable" Nuclear Power Supply**
  - Strong safety governance measure necessary
- **Accommodate Coal increase, with effective use of "Paris Art. 6" to minimize Climate Change impact**
  - Clear initiative for Methane abatement, CCS and other cost-effective scale offsets are necessary
- **Steadily prepare for REN with Natural Gas supported supply system and infrastructure**
  - Reinforced Power Grids for REN and
  - Transboundary Natural Gas P/L needed

## 3. What could be possible option towards 2030 ?

### 3-2. Demand Side

- **No compromise in challenge for energy efficiency innovation that enables continuous improvement**
  - Clear policy commitment facilitates investment and finance by private sector and reduce costs
  - Expansion of scope, equipment, fuel types for efficiency standard might be more effective
- **Flexibility for alternative policy measures such as taxation, pricing and normative regulation**
  - Continuous efficiency standard policy shall cause “saturation” and “low awareness”

# 4. Expectation for IEA/CERT

## 4-0. Important expected role of IEA/CERT from viewpoint of ex-policymaker of Japan

- **Clearing house for Useful policy option & analysis**
  - Provide unique and deep policy info., including analysis & intuitive both success and failure case
  - Lower policy development hurdles for "new" policy introduction; Bio-gas, Bio-transport fuel
- **Timely policy recommendation and advice from neutral standpoint**
  - Sometimes energy policy introduction are jammed by so primitive misunderstandings