

Act on Promoting Green Contract

Act on Promotion of Contracts of the State and Other Entities, Which Show Consideration for Reduction of Emissions of Greenhouse Gases, etc.

(Act No.56 of 2007, Promulgated : May 23, 2007, Enacted: November 22 , 2007)



Based on the "**Act on Promotion of Contracts of the State and Other Entities, Which Show Consideration for Reduction of Emissions of Greenhouse Gases, etc.(Act on Promoting Green Contract or Green Contract Act)**" promulgated in May 2007, the state, independent administrative agencies, local governments, and local independent administrative agencies are to promote contracts to procure products and services with less environmental impact, taking into consideration various factors other than price while keeping in mind economic efficiency, in order to reduce greenhouse gas emissions.

Basic Policy based on Article 5 of the same act stipulates the basic matters for the promotion of contracts considering the reduction of greenhouse gas emissions by the state and independent administrative agencies, etc., and stipulates the types of Green Contracts (Contract Types) they should prioritize and their basic matters.

The purpose of this brochure is to facilitate understanding of the content outlined for each contract type in the Green Contract Act and the Basic Policy.

March 2025

Ministry of the Environment, Government of Japan

Aim of the Green Contract Act

To enable public authorities, such as the State and local governments, when making a contract, to:

- Maintain a fixed level of competition
- **Evaluate bids in terms of environmental performance as well as cost**
- Make contracts with suppliers of products and/ or services that offer the best environmental performance

The above mechanisms will be established and implemented systematically.



- ◎ Reduction of environmental load (emission of GHGs, etc.) by the State, etc.
- ◎ Establishment of sustainable society

Target Institutions

The following entities are subject to the Green Contract Act. The independent administrative agencies subject to this Act are specified by cabinet order.

Cabinet Order prescribing corporations under Article 2, Paragraph 3 of the Act on Promotion of Contracts Considering Reduction of Greenhouse Gas Emissions in the State, etc. (in Japanese)

Target Institutions to the Green Contract Act

Obligations of Government and Independent Administrative Agencies (Article 3, Article 5, Article 6, Article 8)	Effort obligations of Local Governments (Article 4, Article 11)
To make practical use of energy (Article 3)	To make practical use of energy (Article 4)
To promote green contracts (Article 3)	To promote green contracts (Article 4)
To develop a basic policy on the promotion of green contracts (Article 5)	Make effort to create the policy on the promotion of green contracts (Article 11.1)
To have the heads of the ministries and agencies take measures to promote green contracts in accordance with the above Contract Policy (Article 6)	To define the types of green contracts in the Contract Policy (Article 11.2) To take measures to promote green contracts in accordance with the Contract Policy (Article 11.3)
To compile and publish a summary of concluded green contracts, and inform the Minister for the Environment (Article 8)	To take measures to promote green contracts in accordance with the Contract Policy (Article 11.34)

Target Contract Types

The Green Contract Act prescribes contract methods for the following eight types of contracts.

Types of Contracts	Main Contract Methods
1. Contracts related to the supply of electricity	Implementation of the Bottom-Cut Method : Lowest Price Bidding Method with set conditions for participation in bidding
2. Contracts related to the procurement and lease of automobiles	Implementation of the Overall Greatest Value Method : Division Method
3. Contracts related to the procurement of ships	For the design of ships: Implementation of Green Proposal Procedure for ships For the procurement of small ship: Implementation of the Bottom-Cut Method-Lowest Price Bidding Method with set conditions for participation in bidding-
Contracts related to buildings	
4. Contracts related to building design	Implementation of the Green Proposal Method : New Construction and Large-scale Renovation
5. Contracts related to the maintenance and management of buildings	Overall Greatest Value Method, Lowest Price Bidding Method
Contracts related to the renovation of buildings	
6. Contracts related to ESCO projects(Energy Service Companies)	Proposal Method, Overall Greatest Value Method
7. Contracts related to other energy conservation renovation projects	Proposal Method, Overall Greatest Value Method
8. Contracts related to industrial waste management	Implementation of the Bottom-Cut Method- : Lowest Price Bidding Method with set conditions for participation in bidding

*Regarding contracts related to the supply of electricity, we are currently considering adopting the overall greatest value method in accordance with the provisions of Supplementary Provision 3.

Contracts related to the Supply of Electricity

Basic Concept

- Strive to enter into **contracts with retail electricity suppliers with low CO₂ emission factor**.
- Adopt **"Bottom-cut method"** that evaluates retail electricity suppliers based on their CO₂ emission factor and efforts to reduce environmental impact.
 - ▶ Disclosure of information on power source composition, non-fossil fuel certificate usage, and CO₂ emission factor is requirement for granting eligibility to participate in bidding.
 - ▶ **Set a uniform upper limit for CO₂ emission factor (emission factor threshold) across Japan.**
 - ▶ Set Bottom-cut criteria that allow multiple (three or more) retail electricity suppliers to participate in principle.
- **Specify in specifications, etc. the proportion of renewable energy electricity** in the electricity procured.
- Strive to procure renewable energy electricity that contributes to the expansion of renewable energy sources.
 - * Lowering the Bottom-cut criteria every year.
 - * Review the emission factor threshold with a view to lowering it at least once every two years.

Contract Method [Bottom-cut Method]

For businesses that disclose their power source composition, non-fossil fuel certificate usage, and CO₂ emission factor *1 and are below the emission factor threshold, the performance in the previous year for **"CO₂ emission factor," "The use of unutilized energy," "Renewable energy adoption status"** and **"Additional points"** will be evaluated using a points system, and retail electricity suppliers that achieve a total of 70 points or more for I to IV will be granted eligibility to participate in bidding.

The points and additional points for each category will be appropriately set by the procurer. The Ministry of the Environment of Japan provides examples of points and specifications for each supply area each year.

*1 The calculation and disclosure of power source mix and non-fossil fuel certificate usage will be carried out in accordance with the desirable methods for calculation and disclosure as indicated in the Ministry of Economy, Trade and Industry's **"Guidelines for Electricity Retail Sales."**

[Must Item]

I .CO₂ emission factor : approximately 70 points

II .The use of unutilized energy : approximately 10 points

III .Renewable energy adoption status: approximately 15 points

+

[Additional Item] Set by the procurer

IV .Provision of information on energy conservation, simple demand response initiatives, initiatives to generate and use renewable energy in the region : approximately 5 points

Electricity Supply Contract [Classification and Scoring Example] FY2025

Parameters	Example of Classification	Example of Score
I . CO ₂ emission factor per kilowatt-hour in the previous fiscal year (Emission factor after adjustment) (unit: kg-CO ₂ /kWh)	less than 0.350	70
	over 0.350 less than 0.375	65
	over 0.375 less than 0.400	60
	over 0.400 less than 0.425	55
	over 0.425 less than 0.450	50
	over 0.450 less than 0.475	45
	over 0.475 less than 0.500	40
	over 0.500 less than 0.520	35
	over 0.520	0
	Emission Factor Threshold	
II . The use of unutilized energy in the previous fiscal year	over 0.675%	10
	0% and over less than 0.675%	5
	Not used	0
III . Renewable energy adoption status in the previous fiscal year	over 15%	15
	over 8.0% less than 15.0%	10
	over 3% and less than 8.0%	5
	over 0% less than 3.0%	0
IV . Provision of information on energy conservation, simple demand response initiatives, initiatives to generate and use renewable energy in the region	Yes	5
	No	0

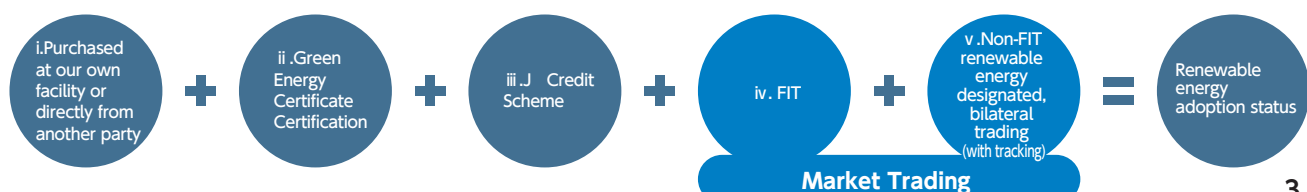
Evaluation Method for Renewable Energy Adoption Status [Bottom-cut]

The renewable energy adoption status as an evaluation item for the bottom-cut (above III) is evaluated based on the amount of renewable energy electricity used out of the electricity supplied by the business in the previous fiscal year (only the amount used to calculate the adjusted emission factor of the retail electricity suppliers in the previous fiscal year is evaluated).

The following i to v types of electricity are evaluated in the status of renewable energy adoption.

$$= \frac{\text{Renewable energy adoption rate (\%)}}{\text{Renewable energy electricity usage in the previous fiscal year (transmission end) [i + ii + iii + iv + v] (kWh)}} \times 100$$

$$= \frac{\text{Electricity supply (demand end) in the previous fiscal year (kWh)}}{\text{Renewable energy electricity usage in the previous fiscal year (transmission end) [i + ii + iii + iv + v] (kWh)}} \times 100$$



Definition of Renewable Energy

The **renewable energy adoption status** as an evaluation item for the bottom-cut and the definition (scope) of electricity that counts towards the minimum renewable energy ratio stated in the specifications are as follows:

Renewable energy adoption status
[Renewable energy as an evaluation item for bottom-cut]

The power sources stipulated in the Enforcement Regulations of the Act on Renewable Energy Special Measures are included. Large-scale hydroelectric power plants of 30,000 kW or more are not included.

The renewable energy ratio stated in the specifications [Renewable energy as electricity actually procure]

In addition to the power sources stipulated in the Enforcement Regulations of the Act on Renewable Energy Special Measures, large-scale hydroelectric power plants of 30,000 kW or more are also included.

*Power sources stipulated in the Enforcement Regulations of Act on Special Measures Concerning Procurement of Electricity from Renewable Energy Sources by Electricity Utilities or Act on Renewable Energy Special Measures (Act No. 108 of August 30, 2011): Solar power generation, Wind power generation, Hydroelectric power generation (less than 30,000 kW, excluding pumped storage power generation), Geothermal power generation, and Biomass power generation.

Emission Factor Threshold

A uniform upper limit on CO₂ emission factor (a minimum value that must be met) will be set across the country, and in principle procurement from electricity retailers with emission factor above the threshold will be avoided.

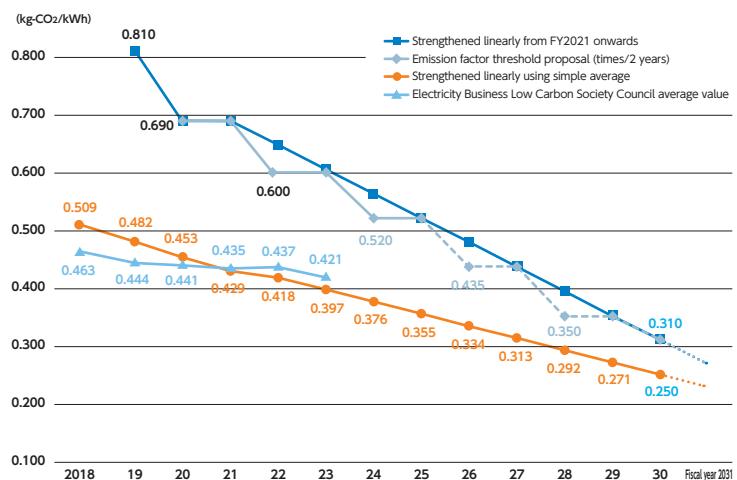
To contribute to reducing emission factor nationwide towards FY2030, the thresholds will be reviewed at least once every two years with the aim of lowering them through integrated operation with the bottom-cut criteria (example of point allocation) for bidding eligibility by supply area under the bottom-cut method.

Emission Factor Threshold

FY 2025 0.520kg-CO₂/kWh



FY 2031 0.310kg-CO₂/kWh

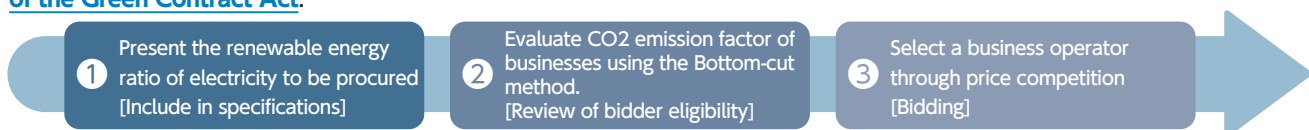


Minimum Renewable Energy Ratio in Electricity Procurement

The minimum renewable energy ratio in the total electricity procured by the government and independent administrative agencies, etc. is scheduled to be set at 40 percent in FY2025 and gradually increased thereafter, in light of the goal set out in the Government Action Plan, which aims to continuously raise the renewable energy ratio in electricity procured by the government and independent administrative agencies, etc. to 60 percent or more by FY2030.

Renewable Energy Procurement Process

The flow of the bidding process (image) when procuring renewable energy using the Bottom-cut method based on the Green Contract Act is as follows. Details of the procedure are described in [the explanatory materials for the Basic Policy of the Green Contract Act](#).



Other Points to Note related to Electricity Contract

- When evaluating CO₂ emission factor of retail electricity suppliers, it is recommended to use the most recent adjusted emission factor whenever possible.
- Low-voltage contracts:
 - If the contract is put up for bidding, it is required that Green Contracts be implemented for low-voltage power receiving facilities, etc.
 - If the contract is not put up for bidding (discretionary contract, etc.), green contracts are not required, but measures are required to increase the procurement of lower-carbon electricity by selecting businesses with low CO₂ emission factor or businesses with a high rate of renewable energy adoption, etc., and soliciting quotations.

Contracts related to the Procurement and Lease of Automobiles

Basic Concept

- The prerequisite is that the automobiles meets the Evaluation Criteria of the Green Procurement Act (if it is a specific procurement item under the Green Procurement Act).
- Evaluation is based on both environmental performance (fuel efficiency) and price *** Overall Greatest Value Method adopted
- Required performance is set appropriately so that administrative objectives can be achieved.
- Specific requirements are set by the procurer, taking into account usage conditions (mileage records, etc.).

Target Contracts

- Hybrid cars, Gasoline cars, Diesel cars, LG gas cars, etc. ⇒ Green Contracts will be implemented
- Electric cars, Plug-in hybrid cars, Fuel cell cars, Hydrogen cars ⇒ The procurer will decide whether to implement Green Contracts
 - ▶ Gasoline cars and Diesel cars can be compared as vehicle weight categories related to the same fuel standard using the calorific value converted fuel efficiency value. However, this does not prevent bidding by fuel type according to administrative purposes and uses, etc.
 - ▶ Specific procurement items under the Green Procurement Act: Passenger Cars, Small Buses, Small Freight Cars, Buses, etc., Trucks, etc., Tractors
 - ▶ Green procurement Act Evaluation Criteria: Passenger cars are Electric Cars, etc. (Electric Cars, Plug-in Hybrid Cars, Fuel Cell Cars, Hybrid Cars, and Hydrogen cars). For cars other than passenger cars, Electric Cars, etc. as much as possible, or at least next-generation cars or cars that meet certain fuel efficiency standards, etc.

Calculation based on Overall Greatest Value Method

Fuel efficiency and bid price are evaluated comprehensively, and a contract is made with the company with the highest evaluation value.

Calculation Method

For automobile that meet the specifications required for automobiles

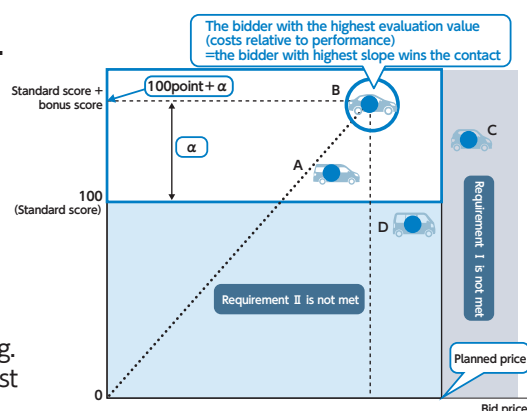
and evaluation criteria of the Green Procurement Act,

I .The bid price is within the estimated price range.

II .The minimum criteria for the evaluation items are met.

Overall greatest value method is made using the following calculation formula, with the following requirements in mind.

In the example on the right, C does not meet requirement I , and D does not meet requirement II , so they cannot participate in the bidding. A and B are compared, and a contract is made with B, which is the most cost-effective.



The automobile selected is the one with the best performance per 10,000yen

100 points are given if the requirements are met (compliance with the Green Procurement Act, etc)

Additional points are determined by the superiority or inferiority of the automobile's fuel efficiency

$$\text{Overall rating value} = \frac{\text{Environmental performance score}}{\text{Bid price score}} = \frac{\text{Standard score (100 points) + additional points}}{\text{Bid price / 10,000 yen}}$$

$$\text{Additional points} = \text{Full score (50 points)} \times \frac{(\text{Proposed vehicle fuel efficiency value (km/L)} - \text{Fuel efficiency standard value (km/L)})}{\text{Fuel efficiency standard value (km/L)}}$$

Fuel efficiency target value is twice the fuel efficiency standard value, and the maximum score (upper limit) for additional points is fixed at 50 points.

The denominator in the formula for calculating additional points : Fuel efficiency standard value = Fuel efficiency target value - Fuel efficiency standard value = Fuel efficiency standard value x 2 - Fuel efficiency standard value.

Other Points to Note

*If there are no automobiles that meet the fuel efficiency standards, the procurer will set specific ordering requirements and, after taking into consideration ensuring competitiveness not only in terms of price but also in terms of fuel efficiency, will determine whether or not to use the overall greatest value method (regardless of the criteria of the Green Procurement Act). If the overall greatest value method is implemented, the minimum fuel efficiency value shown in the specifications, etc. will be set as the fuel efficiency standard value and evaluation will be performed.

*In the case of leasing, the same overall greatest value method as the evaluation method for procuring will be applied (except when environmental performance does not contribute to the evaluation). The maximum number of additional points (50 points) will be changed depending on the length of the lease contract period (term of use).

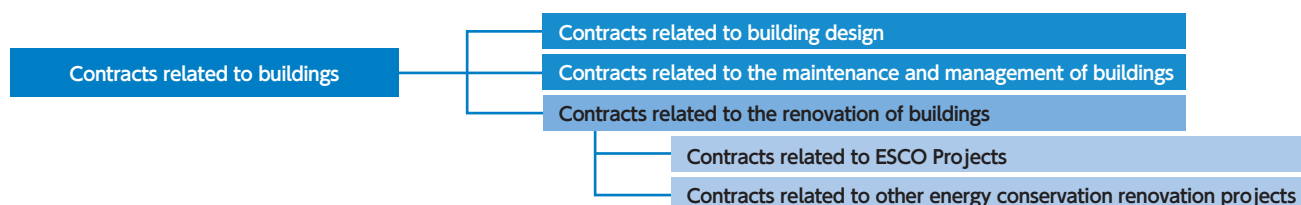
Contracts related to Buildings : Overall Image

Basic Concept

- When constructing new buildings, **in principle, aim to make them ZEBs and introduce renewable energy.**
- When renovating existing buildings, if necessary, **consider a mid- to long-term renovation plan with a view to ZEBs.**
- Consider effective collaboration and evaluation of measures and initiatives based on data measurement and analysis of the building's energy consumption, etc., and setting up a process to achieve the required performance.
 - ▶ Utilize the commissioning process and experts, etc.
 - ▶ Consider introducing energy management functions corresponding to the management level.

Composition of Contract Types related to Buildings

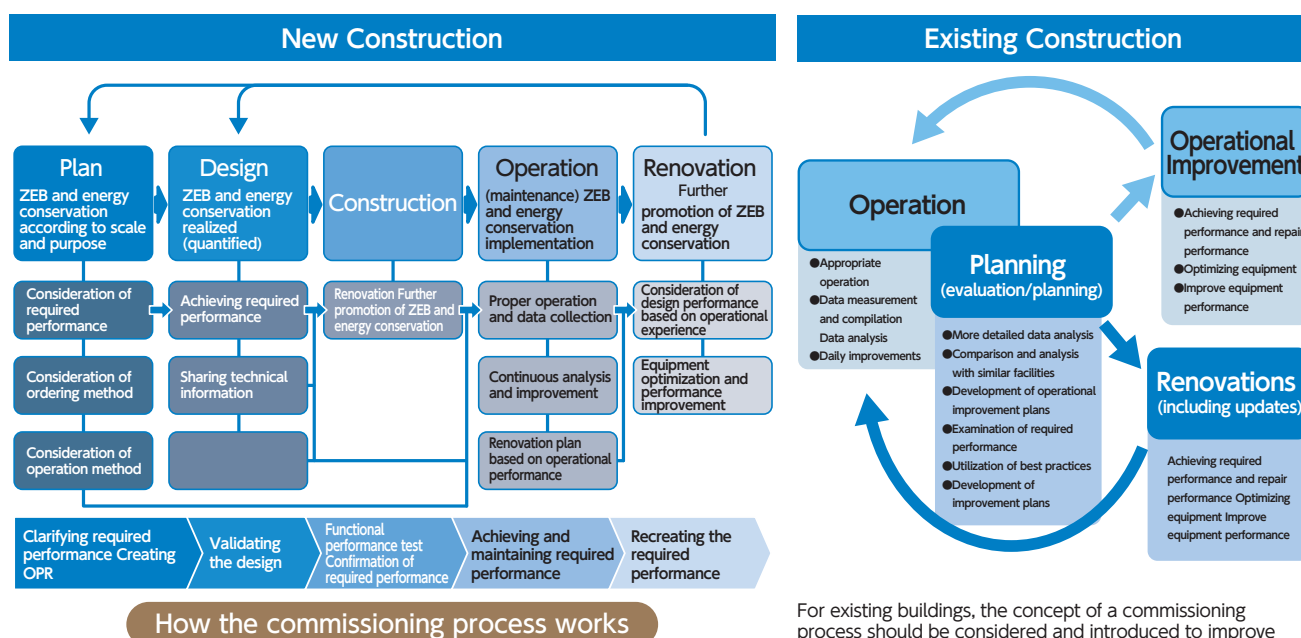
The types of contracts related to buildings stipulated in the Basic Policy are classified into building design, maintenance and management, and the renovation of buildings (ESCO projects and Contracts related to other energy conservation renovation projects) as shown below, and cooperation between contract types is required from the perspective of aiming for decarbonization throughout the life cycle of buildings.



The Importance of Cooperation between Types of Building Contracts

ZEBs need to be addressed through measures such as thorough energy-saving measures during planning and design stages and the introduction of renewable energy to decarbonize buildings. During the operation stage after construction, it is important to realize the performance required at the time of design, as well as to carry out appropriate maintenance, data measurement and analysis. In addition, during the renovation stage, in order to improve energy use and analyze other contract types, the results of data measurement and analysis obtained during maintenance and management need to be utilized.

Green contracts require a systematic and organic linkage of each contract type at each stage of **the building's life cycle and take steps to implement the commissioning process throughout the building's life cycle.**



Contracts related to Building Design

Basic Concept

● When ordering design work related to the construction or large-scale renovation of buildings, the “Green Proposal Method” is adopted as a general rule.

- ▶ The environmental conservation performance*1 of the facility required as a design outcome is specified in the contract documents.
- ▶ A lifetime carbon dioxide emissions (LCCO2) evaluation*2 is requested of the designer.
- ▶ The introduction of energy management functions is specified in the contract documents.

*1 Examples of environmental conservation performance: Long life of the facility, energy and resource conservation, use of renewable energy, use of materials such as wood that considers reducing the environmental impact.

*2 Environmental conservation standards for government facilities (essentially equivalent to ZEB Oriented or higher), evaluation method standards based on the Act on Promotion of Housing Quality Assurance, Comprehensive Assessment System for Building Environmental Efficiency (CASBEE), etc.

Contract Method

Green Proposal Method

What is the “Green proposal method?”

When ordering design work related to the construction or large-scale renovation of a building, technical proposals are solicited that take into consideration the reduction of greenhouse gas emissions (including the active use of renewable energy, etc.), and the most excellent designer is selected based on the evaluation of these proposals. If this method is adopted, it is necessary to publicly announce the fact and an overview of the proposal to ensure fairness, transparency, and objectivity.

Target Contracts

When ordering **design work for new buildings or large-scale renovations**, the **Green proposal method** is generally adopted.

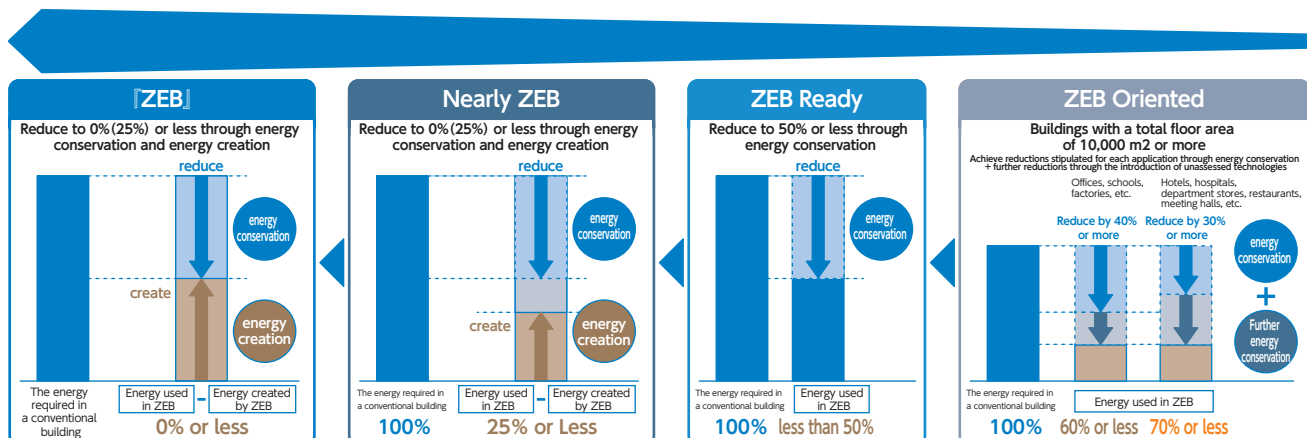
This method does not apply when matters other than greenhouse gas emission reduction are given priority in light of the business objectives, or when there is little room for design ingenuity in terms of greenhouse gas emission reduction, etc. However, even in such cases, it is necessary to consider the feasibility of implementing a contract that is as environmentally friendly as possible.

Environmental Conservation Standards for Government Facilities

The “Environmental Conservation Standards for Government Facilities” are unified standards to be used by all government ministries and agencies, which stipulate that, in principle, the energy consumption performance of new buildings must be “equivalent to or greater than ZEB Oriented,” and have been applied since April 1, 2022.

Evaluation Criteria for Green Proposals

The evaluation criteria for technical proposals is that they must include at least one content related to reducing greenhouse gas emissions. When setting the theme of the technical proposal, it is necessary to take into consideration maintenance and management while ensuring the required standards, such as design considerations for making the building ZEB or ZEB equivalent, maximum introduction of renewable energy, and a design concept that contributes to reducing the environmental impact by considering the climate, site, shape, surrounding conditions, etc.



Four definitions of ZEB Net Zero Energy Building
Source: Ministry of the Environment “ZEB PORTAL”

Contracts related to Maintenance and Management of Building

Basic Concept

- **The contract documents should clearly state that the reduction of greenhouse gas emissions is taken into consideration as a general rule.**
- In the case of the Overall Greatest Value Method, **proposals that include the reduction of greenhouse gas emissions are required** as a general rule.
- Consider a contract method that contributes to operational improvement based on the actual energy usage and characteristics of the facility.
 - ▶ Set a management level according to the facility size and operational management system, and to measure and analyze data on such as energy consumption.
 - ▶ Consider the possibility of a multi-year contract method, bulk ordering of multiple facilities, etc., based on the actual energy usage and characteristics of the building.
- Request the implementing company to improve operations using Eco-Tuning, etc., and use operational performance data when considering renovation plans.
- The specific required specifications and bidding conditions are set by the procurer based on the use and characteristics of the building.



Contract Method

Contract method: Overall Greatest Value Method, Lowest Price Bidding Method, etc.

Contract system: Multi-year contracts, bulk orders for multiple facilities, separate orders for data measurement, etc. are recommended.

Target business scope

The work covered by this contract is the following business that is expected to reduce greenhouse gas emissions through the appropriate operation and maintenance of facilities and equipment, and operational improvements (however, other work may be included at the discretion of the procurer).

1. Maintenance and management of electrical equipment
2. Maintenance and management of mechanical equipment
3. Maintenance and management of transportation equipment, mainly elevators

*Include decarbonization measures in specifications based on the “Green Contract Checklist for Building Maintenance Management.”

Setting Bidding Participation Requirements

- **In the case of the price competitive bidding method** (lowest price bidding method), in order to obtain results related to energy conservation and greenhouse gas emission reduction, it is necessary to set and confirm in advance that the business operator has the appropriate business execution capability as a bidding participation requirement.
 - ◇ Business performance and implementation system of the business operator
 - ◇ Specialized skills related to energy conservation and CO₂ reduction of the person who will be engaged in the work
 - ◇ Understanding and analysis of appropriate energy-related data

*It is desirable to create ordering specifications so that a business operator who is judged to be capable of continuous operational improvement is selected.
- **In the case of the overall greatest value method**, evaluation items related to the business operator’s business performance, implementation system, and expertise are set and evaluated.

Use of Checklists and Benchmark Indicators for Building Maintenance

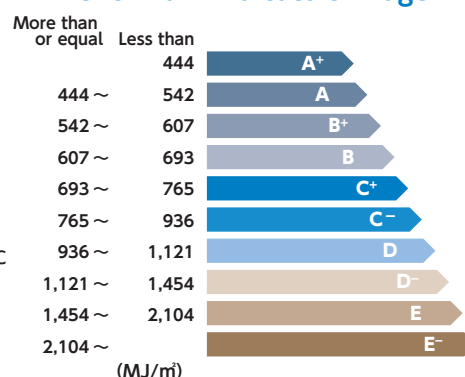
1. Use of maintenance checklists

In order to increase the implementation rate of green contracts in building maintenance contracts, we have created **Green Contract Checklist for Building Maintenance Management** showing specific measures to be implemented so that customers can take measures to reduce greenhouse gas emissions (mainly operational improvement measures) themselves.

2. Use of benchmark indicators

As an “indicator/yardstick” for quantitatively measuring the energy consumption of facilities, we decided to calculate the energy consumption and greenhouse gas emissions by facility use, region, unit area, etc. as basic information. By understanding the “positioning” of energy consumption, it is possible to consider effective measures, such as comparing with other facilities and using it as a reference for effective energy-saving measures.

Benchmark Indicators Image



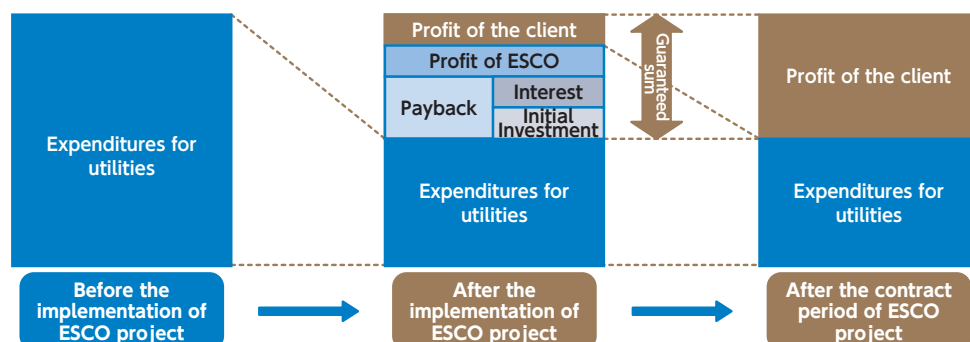
Contracts related to ESCO projects

Basic Concept

- Appropriately select renovation methods that contribute to energy conservation and decarbonization of existing buildings.
- When implementing ESCO projects, accurately grasp the status of existing facilities in advance and conduct feasibility studies.

ESCO Projects (Energy Conservation Improvement Projects)

ESCO refers to projects in which enterprises provide comprehensive energy-saving designs for public buildings, which ensure a reduction in expenditures for utilities (electricity, fuel, etc.) that is greater than the cost needed for designing, installing and maintaining the structure and equipment in the building.



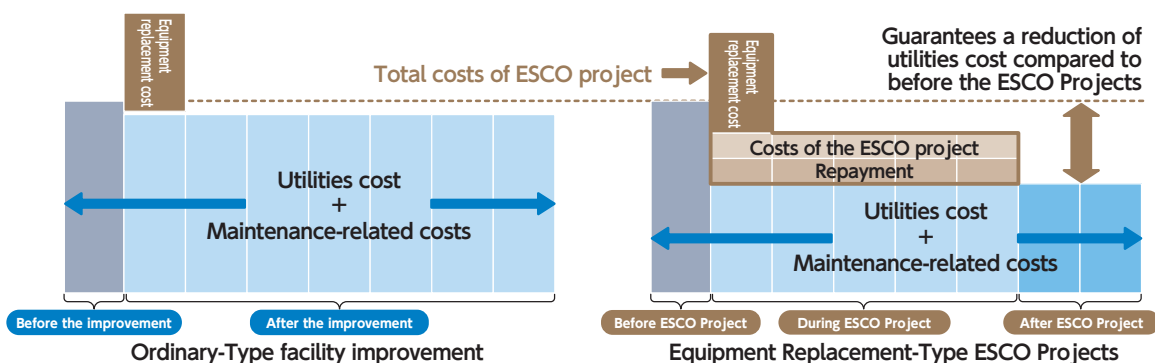
Contract Method

Proposal Method / Overall Greatest Value Method

According to Article 7 of the Green Contract Act, when entering into a contract for a national ESCO project, it is possible to incur liabilities for up to 10 years.

Equipment Replacement-Type ESCO Projects

If there is aging equipment that needs to be replaced, an "Equipment Replacement-type ESCO Project", in which the equipment replacement costs are incorporated into the project, can be undertaken.



Considering the Possibility of Introducing ESCO Projects

Since ESCO projects cover their costs through savings in utility costs, there must be a certain level of energy reduction potential in order for the business to be viable. The government and other agencies are required to consider the possibility of introducing ESCO projects to facilities that meet all of the following conditions, prioritizing energy-intensive facilities.

Note that in recent years, local governments have adopted the bulk method, in which ESCO projects are introduced to multiple nearby facilities at once, in cases where a normal ESCO projects would be difficult to establish due to the small size of the facility, energy usage, and utility costs.

Level of adoption	Primary energy consumption (equivalent value)		Annual utility costs
	Conventional ESCO projects	Equipment renewal ESCO projects	Over 50 million yen/facility
	2,000MJ/m2 or more	1,500MJ/m2 or more	

Contracts related to Other Energy Conservation Renovation

Basic Concept

- Actively implement thorough energy-saving measures at the time of renovation for existing buildings, which account for the majority of buildings owned by government and other institutions.
- For existing buildings, consider medium- to long-term renovation plans with a view to ZEB, as necessary, taking into account the energy-saving effects of renovation.
- Strive to utilize data such as facility energy consumption.
- Strive to expand energy management functions that contribute to operational improvements after renovation.
 - ▶ Consider optimizing equipment capacity based on actual energy usage.
 - ▶ Introduce data measurement and analysis tools and control systems that contribute to operational improvements.

Contract Method

Proposal Method, Overall Greatest Value Method

⇒Select a contract method that contributes to reducing energy consumption and greenhouse gas emissions, etc.

Proposal method	If the work is technically advanced or requires specialized technology, and better results can be expected by creating specifications based on technical proposals, select the proposal method. For design work other than large-scale renovations, select the proposal method as much as possible.
Overall Greatest Value Method	If the specifications can be determined in advance, but the technology presented by the bidder is expected to make a significant difference in the results of the project compared to the difference in procurement price, select the overall greatest value method. For work that is expected to improve quality by requesting technical proposals for the evaluation theme, select the standard overall greatest value method.

*The required specifications and bidding conditions are set by the procurer based on the purpose of the renovation.

Target business scope

Renovation projects that contribute to energy conservation and decarbonization other than ESCO projects

A wide range of renovation projects that contribute to energy conservation and decarbonization are eligible, including improving the insulation performance of the building structure (skin), improving energy conservation performance through the renewal of equipment, and installing renewable energy equipment and storage equipment.

However, projects in which items other than energy conservation and decarbonization are given priority, or projects in which there is no room for ingenuity in energy conservation and decarbonization, may be excluded after carefully examining whether there is truly no room for ingenuity. Although, It is required that this be implemented as much as possible, taking into account the purpose of the renovation of the building in question.

Important Points to Note when entering into a Contract

When entering into a contract, it is necessary to consider the mid- to long-term renovation plan with a view to ZEB based on the energy-saving effects of renovation, as well as the use of data and the expansion of energy management functions.

1. Renovations with a view to ZEB

- If a large-scale renovation is planned in the near future, consider the possibility of ensuring energy performance at ZEB standards

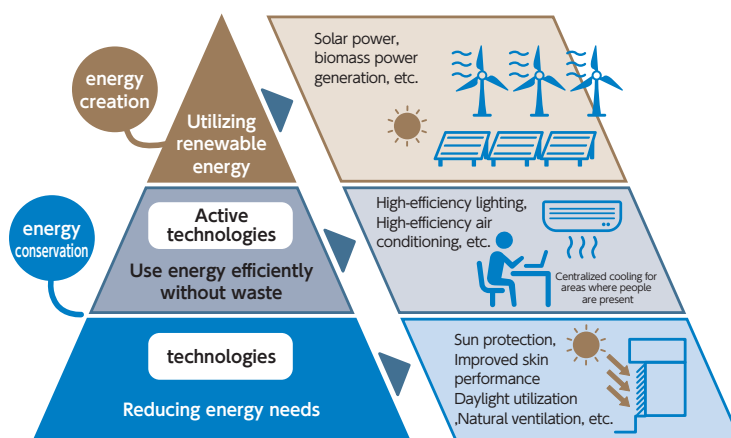
- Consider and set the long-term renovation timing and the level of energy-saving performance to be aimed for, and consider the gradual renovation content and costs based on the renovation plan.

2. Data utilization, energy management functions

- Based on the results of data measurement and analysis of the facility's energy consumption, etc., optimize the equipment capacity of heat sources, air conditioning, lighting, etc. during renovation (downsizing, etc.) to achieve energy-saving effects and reduce costs, etc.

- Introduction or update of data measurement and analysis tools and control systems for operational improvement

- It is also important to request the creation of operational guidelines for equipment, etc. and the handover to the facility manager, etc.



Source: Ministry of the Environment "ZEB PORTAL"

Contracts Related to the Industrial Waste Management

Basic Concept

- The Bottom-cut method is adopted based on the evaluation of initiatives to reduce greenhouse gas emissions, etc., and conformity with the Excellent Certification (Excellent Industrial Waste Processing Company Certification System)
- Consideration of the reduction of greenhouse gas emissions, etc. in each process from collection and transportation to intermediate treatment and final disposal, and the conservation of each environmental quality such as air, water, soil, noise, and vibration
- Specific conditions are set by the procurer, taking into account the characteristics of the type of industrial waste and the type of recycled resource, etc.

Contract Method

Bottom-cut Method

Evaluation Items using the Bottom-cut Method

The status of environmental consideration efforts and compliance with the excellent certification system will be evaluated, and only businesses that exceed a certain score will be able to participate in the bidding.

In the example of point allocation, businesses that score 60% or more of the maximum score will be granted eligibility to participate in bidding.

Excellent certified company will be those that meet the evaluation criteria for conformity with the excellent standards, regardless of individual evaluation criteria.

Evaluation Item	Evaluation Content and Criteria (example)	Scoring example
Environment-conscious Efforts		
Environment/CSR Report	Evaluated for creating and publishing environmental/CSR reports.	10
Greenhouse gases emission reduction plan/objectives	Evaluated for formulating greenhouse gas emission reduction plans, setting goals, and publishing them.	10
Worker training/Education	Evaluated for providing training and education to employees on proper disposal of industrial waste, environmental initiatives, etc.	5
Subtotal		25
Compliance with excellent certification standards		
Compliance (obedience to the act)	Evaluated for not having received specific adverse treatment	10
Business Transparency	Evaluated for publishing basic information on businesses, details of licenses they have obtained for industrial waste treatment, and the capacity of their industrial waste treatment facilities on the Internet, etc.	10
Environment conscious Efforts	Evaluated certification such as ISO14001 or Eco Action 21	10
Electronic information	Evaluated participation in and use of the electronic manifest system	10
processing systems	Evaluated based on the financial strength of the business operator, including the average capital adequacy ratio and ordinary profit amount, etc.	10
Financial soundness		50
Total		75

About the Excellent Industrial Waste Processing Company Certification System

This is a system whereby prefectures and designated cities review and certify superior industrial waste processors that meet stricter standards than the normal licensing standards. It was established based on the amendment to the Waste Management and Public Cleansing Act in 2010, and has been in operation since April 1, 2011, the day the amendment came into effect. For more information about the excellent industrial waste processing company certification system, please refer to the following website.

[Industrial waste knowledge: Excellent industrial waste processing company certification system ; Japan Industrial Waste Processing Promotion Center](#)

A list of certified companies can be found on the Industrial Waste Information Network.

[Industrial waste information network - Sanpai-kun](#)

You can search for relevant businesses based on criteria such as the municipality in which they are licensed and the type of industrial waste.



Contracts related to the Procurement of Ships

Basic Concept

- **Implementing a proposal process for the design of ships** When ordering an outline design or a basic design during the procurement of a ship, a **green proposal procedure for ships** will, in principle, be adopted.
 - Depending on the use of the relevant ship, this method will not be adopted for those ships to which considerations other than the reduction of greenhouse gases or other emissions are given particular priority, nor will it be adopted for those ships for which, from a design perspective, there are virtually no means by which greenhouse gases emissions can be reduced.
- **Environmental friendliness in the procurement of small ships**
Specification documents in the procurement of small ships must include the **fuel consumption rate** and the **emissions of nitrogen oxide by the propulsion machinery (power engine)**.
- Small craft: defined by the Ship Safety Act as a ship with a gross tonnage of less than 20 tons.
*Even in cases where it is difficult to apply the Green Contract Act, it is important to consider the realization of green contracts based on the basic principles of the Basic Policy as much as possible



Comparison of the Green Procurement Act and the Green Contract Act

The Green Procurement Act and the Green Contract Act aim to create a sustainable society by implementing demand-side initiatives, and cooperation between the two Acts aims to increase environmental awareness.

Item	Green Procurement Act	Green Contract Act
Features	○ Regulate environmental performance of products and services	○ Define recommended contracting methods (comprehensive evaluation method, proposal method, and others) by types of contracts
Purpose	○ Procurement of products and services which satisfy a certain level of environmental performance	○ Procurement of products and services with the best overall environmental performance considering their prices, etc.
Target items / Contracts	○ 288 items in 22 categories, including Paper, Stationery, Office Furniture, Imaging Equipment, Computers, Home Appliances, Air Conditioners, Lighting, Vehicles, Facilities, Public-Works Projects, and Services (basic policy decided by the Cabinet in January 2025)	○ 8 types of contracts: Electricity Procurement, Automobile Purchase and Lease, Ship Procurement, Buildings (Design, Maintenance and Renovation (ESCO Business and Other Energy Saving Renovation Business), and Industrial Waste (basic policy decided by the Cabinet in February 2023)
Target Institutions	○ Required for the State, independent administrative institutions, national universities and others ○ Effort requested from local governments and others	○ The same as to the left
Others	○ Evaluation Criteria for Eco-Friendly Goods and others approved by the government, etc. ○ Green procurement in accordance with the Basic Policy ○ To publicize the result of the procurement	○ Methods of the green contracts and others approved by the government, etc. ○ Green contracts in accordance with the Basic Policy ○ To publicize the result of the contract

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