

First Proposal on Energy Policy (Outline)

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1. Fundamental Concepts

- (1) Ongoing commitment toward early restoration from the accident at the Fukushima Daiichi Nuclear Power Station is of utmost importance.
- (2) As factors including high corporate tax rates and inappropriate measures to fight climate change dull Japan's competitive advantage as a business location, in order to avert further hollowing-out of the economy the government should promptly set a course ensuring stable electricity supply for the next five years or so.
- (3) Looking to the medium- to long-term (2020–2030), the government should review priorities among the 3Es (energy security, economic growth, and environmental protection) and create a new "best mix" for energy. Japan requires policies that place more emphasis on energy security (stable energy supply) and the economic aspect of energy, with safety as a major prerequisite. Japan should continue to combat climate change on a worldwide scale through the development and diffusion of world-leading technologies.
- (4) We should avoid rash debate over the electricity business and focus on realistic discussion that includes the issue of the government's involvement in nuclear energy.
- (5) In reviewing energy policy, the government should release objective data and ensure transparent and open public discussion.

2. Urgent Measures Required to Ensure Stable Electricity Supply in the Short Term

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| (1) Swiftly formulate and publicize an action plan for ensuring stable electricity supply over the next five years or so | (2) Promptly re-start nuclear power stations still shut down following regularly scheduled inspections | (3) Ensure smooth procurement and transport of fossil fuels through public-private cooperation |
| (4) Support introduction of private power generation equipment and storage batteries | (5) Support introduction of energy-saving devices, etc., support energy-saving improvements of buildings, and promote national energy conservation campaigns | (6) Continue deregulation initiatives introduced this summer to balance supply and demand |

3. Review Energy Policy from a Medium- to Long-Term Perspective

Need for New "Best Mix" for Energy

Open public discussion should be conducted after objectively analyzing aspects including the advantages and disadvantages of each energy form.

- (1) Nuclear energy development should continue to be promoted steadily, while assuring safety as a major prerequisite
 - Improve safety, including rigorous measures to prevent the recurrence of accidents and a radical review of safety standards
 - Re-examine information disclosure protocols
- (2) For fossil fuels, stable procurement/supply and highly efficient use are crucial
 - Government and private sector must cooperate to ensure acquisition of upstream rights and interests as well as diversification of fuel sources and suppliers
 - Strengthen R&D in fields such as highly efficient thermal power generation and commercialization of carbon dioxide capture and storage
- (3) Renewable energy is important from such perspectives as improving energy self-sufficiency
 - Based on the potential of introducing renewable energy forms, formulate realistic plans suited to Japan's natural environment
 - Increase efficiency and reduce costs by supporting R&D and capital investment and encouraging competition among operators
 - Ease regulations on location and other aspects of geothermal power stations, wind farms, etc.
- (4) Proactive support for energy conservation is crucial
 - Provide policy support for introduction of energy-saving devices and investment in plant and equipment, prioritize R&D, review lifestyles and work styles through national campaigns

Energy Supply System

- (1) Create stronger links between centralized and distributed power sources
 - Realize the best mix of centralized and distributed power sources to achieve stable supply, high efficiency, and emergency responsiveness by reinforcing both types of energy supply and enhancing complementarity
 - Examine emergency back-up power sources, how costs for these will be borne, and who will take responsibility for supply
- (2) Develop disaster-resistant infrastructure
 - Examine enhancement of frequency converter stations and installation of interconnection transmission lines between regions, including government support
 - Maintain and strengthen oil supply chain, including utilization of national stockpiles
 - Examine how future gas pipeline projects should be pursued
- (3) Build smart grids
 - Accelerate efforts to commercialize smart grids through trial projects in model cities, etc.

Need for Review of Future Measures to Fight Climate Change

- (1) Maintain/enhance world-leading levels of energy efficiency in manufacturing processes and products through industry-led initiatives
- (2) Accelerate efforts to realize bilateral offset mechanisms
- (3) Review Japan's currently proposed medium-term targets for greenhouse gas reduction and individual measures to fight climate change from a zero base