Enactment and Enforcing Processes of the Japanese Feed in Tariff Law: Difficulties for Maximizing Renewable’s Diffusion while Minimizing National Burden

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This paper discusses enactment and enforcing processes of the Japanese renewables Feed in Tariff (FIT) Law and its amendment of 2017. Thanks to the introduction FIT in 2012, the installed capacity of renewable energy is growing rapidly. As of 2015, the renewable electricity ratio in the generated electric power amount of Japan is 14.6 percent. Meanwhile, the levy burden (surcharge) reached JPY 2.1 trillion (aprx. USD18.7 billion). Through the enactment process of the FIT Law, the upper limit of the burden initially determined by the Japanese Diet was removed. A fundamental measure could not be taken to control the installation and the burden since the law does not allow for revisions on the system based on the results of renewable installation, even if the financial burden increases rapidly. Therefore, the Japanese Diet weakened the efficiency of the FIT Law in Japan.

Keywords
Feed in Tariff, FIT Law, Renewable Energy, Japanese Diet, Article 8 Committee

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I. Introduction

This paper will discuss the Act on Special Measures concerning Procurement of Electricity from Renewable Energy Sources by Electricity Utilities¹ (hereinafter Feed in Tariff Law: FIT Law) enacted in July 2012 and amended in April 2017 in Japan, respectively. The author will talk about the results and challenges for the past five years after the implementation of the FIT and further amendments. This study will focus on the legal provisions incorporated into the law to strike a balance between the “introduction and financial burden” in the operation of FIT and its operating system (in contrast, how the operation was not efficient due to lack of legal provisions).

Up to now, the relevant studies have examined the calculation process of the FIT purchase price² and the relationship between the Japanese solar photovoltaics (“PV”) policy³ and the industrial development.⁴ However, few studies have analyzed “the introduction and the financial burden” of FIT regulations and the system operation.

Renewables’ installation generally expands as the FIT purchase price rises; if the price is low then installed capacity shrinks. In Germany, e.g., FIT has faced mounting criticism due to its increased cost burden, most notably with regard to the adoption of PV.⁵ Accordingly, Japan should consider the cost burden rather than simply prioritizing the installed capacity. Under the Japanese FIT Law, the burden of the levy would not be excessive to electricity users.⁶ Therefore, a critical point at issue from the standpoint of policies’ efficiency is to supply more power at lower cost since the additional costs of FIT are ultimately added to electricity fee as surcharge.

¹ Act No. 108 of 2011. See An English translation of the Japanese law, available at http://www.japaneselawtranslation.go.jp/law/detail/?ft=1&re=01&dn=1&x=71&y=7&co=01&ia=03&ky=%E5%86%8D%E7%94%9F%E5%8F%AF%E8%83%BD%E3%82%A8%E3%83%8D%E3%83%AB%E3%82%AE%E3%83%BC&page=1 (last visited on Oct. 1, 2017).
⁶ FIT Law art. 3(4).