Japan News Brief and Action Alert

Japan's Feed-In Tariff (FIT) Scheme

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One of Japan's most effective practices for distributing renewable energy has been the Feed-In Tariff (FIT) scheme introduced in July 2012 by the Ministry of Economy, Trade, and Industry (METI) under the Act on Special M es Concerning the Procurement of Renewable Energy by Operators of Electric Utilities. The new FIT scheme r t mandatory for power companies to buy electricity generated by certified power generating renewable sources, inclu

solar, wind, hydro, geothermal, and biomass at fixed prices set by the government for a given period, so that the pros of stable revenue would facilitate investment in renewable power generation.

The system has indeed sharply boosted the introduction of solar power, whose facilities can be built relatively easily quickly. Prior to 2012, the accumulated Japanese solar PV capacity had amounted to just 5.6 GW, of which 84% was residential purposes (Asahi, 2018). Solar power output during the peak-demand period in summer 2014 reached 6.3 million kilowatts—the equivalent of six nuclear reactors. By the end of April 2014, 9.77 gigawatts of renewable ener capacity had been installed and started operation, a much faster pace than in the previous ten years. The new FIT sch further altered the dynamic of residential vs nonresidential use. For example, by the end of 2017, nonresidential use accounted for about 75% of the total shipments PV modules until the end of the FY 2017, and about 79% of the tota capacity installed in 2017 (Arias, 2018).

By that time, the newly installed generation capacity from renewables certified by the FIT scheme had exceeded 72 million kilowatts, but approximately 96% of that capacity was from solar power. To further scale-up the proliferation renewable energy under the FIT scheme, the government can seek to harness the potential of other kinds of renewa energy. Today, this FIT scheme has enabled Japan to be on track of reaching its target of renewable power capacity accounting for 22% to 24% of the total power mix installed by 2030 as long as half the already-approved projects un the FIT scheme will be built (*Japan on track*, 2021).

The new FIT scheme was intended as a temporary system to encourage the transition to renewable energy, and a revision is expected to be introduced by March 31st 2021. It must target the limits identified above. A FIT system is highly recommended for use in other countries as it holds great potential for diversifying the participation of differe sectors into renewable energy, including local governments, businesses, and citizens.

Learn More: Sources

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