

Feed-in-tariff (FIT) / Feed-in-premium (FIP)

Policy Overview	Policy Engagement Overview	Entities Engaged on Policy
-----------------	----------------------------	----------------------------

Policy Overview

Based on the "[Act on Special Measures Concerning the Procurement of Renewable Energy Electricity by Electricity Utilities \(Renewable Energy Special Measures Act\)](#)" enacted in 2011, the [Feed-in tariff \(FIT\)](#) system was introduced in 2012 with the aim of promoting renewable energy. Under the FIT system, the government guarantees that electric power companies will purchase electricity generated from renewable energy sources at a certain price for a certain period of time. The maximum profit can be obtained by the renewable electricity producers by selling the maximum amount of electricity, regardless of the supply and demand situation of electricity at the time. The "FIT surcharge" is the source of funding for the purchase of renewable energy by electric power companies. In principle, this levy is imposed on everyone who uses electricity. (Businesses that use large amounts of electricity, such as manufacturers, are [eligible for a reduction or exemption](#).) In other words, it is a mechanism whereby the entire nation bears the cost of introducing renewable energy.

The [Feed-in Premium \(FIP\)](#) was introduced in April 2022 as a new system to incentivize investment in renewable energy while encouraging integration into the electricity market. Under this system, a certain premium is added to the market price, instead of purchasing electricity at a fixed price as under the FIT. Therefore, renewable energy power producers have an incentive to act based on market supply and demand conditions. Currently, only power plants with a capacity of 50 kW or more (high-voltage and special high-voltage) are eligible for the FIP system.

Evidence Profile



Key

■ OPPOSING ■ NOT SUPPORTING ■ MIXED/UNCLEAR
■ SUPPORTING ■ STRONGLY SUPPORTING