

JWPA's opinion on the decision of FIT for FY 2014

1. Deferment of tariff (22 yen/kWh) for onshore wind power

We appreciate it as a reasonable measure.

However, promotion of wind power development in Japan lags far behind solar power as wind power business is obligated to conduct the environmental impact assessment which requires 3 to 4 years, and wind power does not enjoy enough benefit from current attractive tariff so far. We strongly demand that current tariff level shall be maintained beyond next fiscal year, after 3 years of complimentary period.

In addition, in the new basic energy plan of Japanese government, wind power is positioned as the most promising renewable energy source since its vast potentials in development and its competitiveness in economic viability. While retention of the current tariff is required, we expect further efforts for the realization of nationwide integration of the electricity system, promotion of priority connection and priority power supply, enhancement and the development of power grid networks, and also the optimized scoping of the environmental impact assessment method adapting the characteristic of wind power development, and the mitigation of related laws and regulations.

2. New tariff (36 yen/kWh) for offshore wind power

According to the JWPA's cost estimation, reasonable tariff of offshore wind power is no less than 50 yen/kWh in current Japan. It seems to be extremely difficult to raise the required funds based on the new tariff of 36 yen/kWh, and the drastic expansion of offshore wind power may not be achieved at this tariff.

Compared with European countries which have already facilitated substantial infrastructure such as harbors and vessels with the background of their traditional marine industry, Japan doesn't possess such infrastructure for offshore wind development. There are very few developers who have engaged in offshore wind power development. And only few skilled human resources are available in Japan who own the experience of offshore construction at the site. Therefore, it is difficult to precisely assess the risk for installation and operation of offshore wind turbines quantitatively in Japan. In order to enhance the investment in offshore wind

business under the current situation in Japan, we suggest that introduction of the measures to secure the business predictability and to mitigate the basic business risks. By establishing the risk evaluation standard, various financial supports, infrastructure development, human resources development, and so on. We expect for the future strong supportive measures by Japanese government.