

## Joint Statement by JWPA and GWEC at GOWS-J 2022

A new socio-economic landscape has arisen, and countries around the world are facing the unprecedented twin challenges of ensuring energy security and affordability while meeting climate goals. The Russian invasion of Ukraine in February 2022 has resulted in spiraling power and fuel prices and increasingly high rates of inflation, which also affect Japan. The global energy transition so far has been too slow, and the current global power crisis has revealed the continued dangers of relying on fossil fuels. The only lasting way to solve the challenges of energy security, climate change, and affordability is a swift transition away from fossil fuels towards renewables.

Acceleration of the transition through the deployment of renewables will produce home-grown energy, lessening economic impacts, lowering electricity costs for consumers, and putting the world on a global pathway to achieving Net Zero. As the renewable energy technology with the most decarbonization potential, offshore wind represents a key opportunity for countries to further the energy transition at scale.

With its significant and sizeable offshore wind potential, and strong industrial capabilities, Japan can be an offshore wind leader and seize the Asian offshore wind opportunity, but only if an accelerated approach is put in place. But at present, Japan is in danger of falling behind in key OECD international country comparisons on offshore wind, as countries rush to put in place extra measures in the wake of the energy crisis.

Following COP26, there has been a significant raising of ambition when it comes to offshore wind globally, with many countries setting offshore-wind-specific targets. The energy crisis has compounded this effect, with governments either adopting offshore-wind-specific targets

for the first time, increasing targets, or putting in place new legislation to stimulate the deployment of offshore wind. In Japan we hope to build on the long tradition of effective public-private partnership to now seize this opportunity and truly push forwards offshore wind at scale.

In Japan, both the public and private sectors have started to move toward the introduction of offshore wind. In 2020, Japan declared that it would achieve climate neutrality by 2050. The Japanese Government (specifically the Ministry of Economy, Trade and Industry and Ministry of Land, Infrastructure, Transport and Tourism) established the Public-Private Council on Enhancement of Industrial Competitiveness for Offshore Wind Power Generation (hereinafter, "Public-Private Council") in 2020. In December 2020, the council formulated the Vision for Offshore Wind Power Industry (1st) (hereinafter, "Vision"), and the government and industry players agreed to set key targets.

However, in order to achieve these goals, it is crucial to implement the necessary measures in the right order, at the right time, and promptly. In order to achieve climate neutrality by 2050, Japan must decarbonize electric power and change the energy supply and demand structure of the industrial, transportation, residential, and commercial sectors without delay.

To move away from dependence on fossil fuels, and rapidly grow offshore wind and industry, it is essential to accelerate measures such as rationalizing programs, building infrastructure, creating and nurturing the industry, and developing talent, and to carry out such measures in parallel. The following is a list of the challenges that must be overcome and approaches to doing so.

## 11 Measures Accelerating Implementation of Offshore Wind

### 1 Reliable project pipeline to ensure achievement of targets

Building a foundation for an offshore wind power industry and developing and activating a stable market requires continuous and stable project formation (i.e., a reliable project pipeline). This pipeline must be communicated globally to encourage investment to develop Japan's offshore wind power industry.

### 2 Creating a work process chart for achieving targets

To establish competitiveness in the global market and strike a balance between nurturing the industry and reducing costs, the government must implement diverse cross-agency measures. It is important for Japan to formulate a work process chart that indicates the critical path and grand design, and effectively carry out initiatives.

### 3 Expansion of sea area utilization to EEZ, marine spatial planning

Currently, the Act on Promoting Utilization of Sea Areas in Development of Power Generation Facilities Using Maritime Renewable Energy Resources assumes the utilization of sea areas within territorial waters. Considering the implementation of floating offshore wind in the near future, it is necessary to urgently develop systems and laws that presuppose the use of exclusive economic zones (EEZs). However, at the same time, it is also necessary to work on the formulation of a marine spatial plan, similar to those commonly implemented in Europe, that defines the general use of Japan's waters.

### 4 Implementation of a central system without delay

In order to accelerate project formation and reduce costs, it is absolutely crucial to increase business predictability and reduce development risks. To accomplish this, Japan must promptly implement a central system that streamlines the entire business development process and reduces business risks without delay.

### 5 Centralized operation of the grid on a nationwide level

Currently, the role of general transmission and distribution service providers is limited to management and operation of the grid in their area. To minimize curtailment and maximize the use of renewable energy and to enhance resilience to increasingly more severe natural disasters on the nationwide level, cross-regional consumption is needed, and a system to centrally manage and operate the power grid on a nationwide level must be built.

### 6 Creating and nurturing the domestic industry

To both nurture the domestic industry and reduce costs, it is crucial to create industrial policies such as subsidies that align with these objectives and implement appropriate public offerings and bidding that support said policies, while balancing the trade-off of the short-term cost increase from nurturing the domestic industry.

JWPA has positioned the period up to 2030 for forming the foundation of the offshore wind power industry. To accomplish this, in parallel with establishing new supply chains in fields where domestic formation is rational, it is essential to make maximum use of cost-effective existing domestic industries and supply chains. In the next five years, we should build momentum for the foundation of domestic industry. After that, we

should work to expand the industry and enhance its proficiency in line with the expansion of the market, leading to the prompt formation of a domestic industry that has international competitiveness and the cost reduction.

## 7 Strategic development of floating offshore wind

In order to beat the international competition in the highly competitive floating offshore wind field and build a domestic industry, it is crucial that Japan start as soon as possible to develop some commercial farms with globally most advanced technology by 2030. To accomplish this, Japan needs to strategically select a sea area for developing a floating wind farm where a staged and complete development process—from pre-commercial farm to commercial farm—can be carried out and start designing a program to ensure implementation of this process without delay.

## 8 Development of an infrastructure that integrates electric power and hydrogen use

To achieve carbon neutrality by 2050, Japan must decarbonize not only the power sector, but also fuel and heat in the industrial, residential, business, and transportation sectors. Using green hydrogen made from renewables would be an effective way to do this. Systematically building an infrastructure that integrates electric power and hydrogen use in Japan would be effective as well.

## 9 Developing and retaining offshore wind talent

A great number of people in a variety of operations will be needed in each offshore wind power business process (surveying, design, manufacturing, assembly, installation, operation, maintenance, and removal). Developing and retaining talent are essential elements for achieving the targets. They are also indispensable key factors for the creation and development of domestic industries and supply chains.

## 10 Forming consensus with the regional community, and among stakeholders in development areas

Any power generation business should be rooted in the community and based on a win-win relationship with said community. Formulation of sea area utilization plans must be decided after listening to feedback and obtaining the understanding of a broad range of stakeholders through marine utilization planning on a macro level. Key in developing individual projects is explaining the details of the plan to the community well in advance at the initial stages and obtaining its understanding to ensure the plan pays due consideration to regional characteristics and circumstances.

## 11 Continued partnership between government and industry

The reason Japan was able to create an offshore wind power public offering despite having no experience in the field was thanks to the government establishing the Public-Private Council and the efforts of both the public and private sectors to achieve successful meetings. To accelerate implementation of offshore wind and achieve goals set out at the Public-Private Council, it is necessary to continue the Public-Private Council and have the government and industries work together to confirm the future course and specific measures.