

(Provisional Translation)

**Regulatory reforms on renewable energy  
-Proposal from the Japan Climate Initiative (JCI)-**

The following is the JCI's first proposal of regulatory reform on renewable energy. In the future, we will collect the opinions of JCI members and make the proposal more concrete.

1. Reforms to make funding flow into renewable energy development
  - ① The government should set a long-term high renewable energy target and create an environment where companies and investors can make investment in renewable energy at ease.
  - ② In order to induce the assets of pension funds to ESG investment regardless of public or private, the government should introduce a mechanism in which all pension funds report whether or not they are implementing ESG investment, and if "No", disclose the reason etc.
2. Reforms to make it easier to supply renewable energy
  - ③ Deregulation on renewable energy development
    - Reform the operation of the Agricultural Land Act and the Act for Improvement of Agricultural Promotion Areas so that abandoned farmland can be used effectively
    - Relax the requirements for exemption from the agricultural developing area and approval of the diversion of agricultural land to enable effective use of land.
    - Review research and development restrictions on renewable energy in national forests and protected forests.
    - Position wind power generation facilities as public facilities.
    - Speed up environmental assessment procedures.
  - ④ Regulatory reform regarding the connection of renewable energy to the electric power grid
    - Report and disclose the usage record of the main transmission line.
    - Reform for more rational connection management, including existing power sources.
    - Enforce the merit order to set a rule of preferential connection of power with the lowest marginal cost.

3. Reforms needed to ensure credible and reliable renewable procurement
- ⑤ Reform non-fossil certificate scheme to enable credible and reliable attribute tracking scheme in line with global standards.
    - Reform current non-fossil certificate scheme, where certificates only convey information around the quarter of generation, to the one where all relevant attributes such as exact power source and region can be tracked. It is also important to make the scheme transparent and under credible and reliable governance scheme.
  - ⑥ Enable PPA (Power Purchase Agreement) between consumers and power generation companies
    - Reform regulations to allow companies as consumers to directly conclude power purchase agreements (PPAs) with power generation companies, which increases companies procurement options, and makes it easier to purchase renewable electricity that meets their required conditions.

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