



Japan's Energy Management Market Overview

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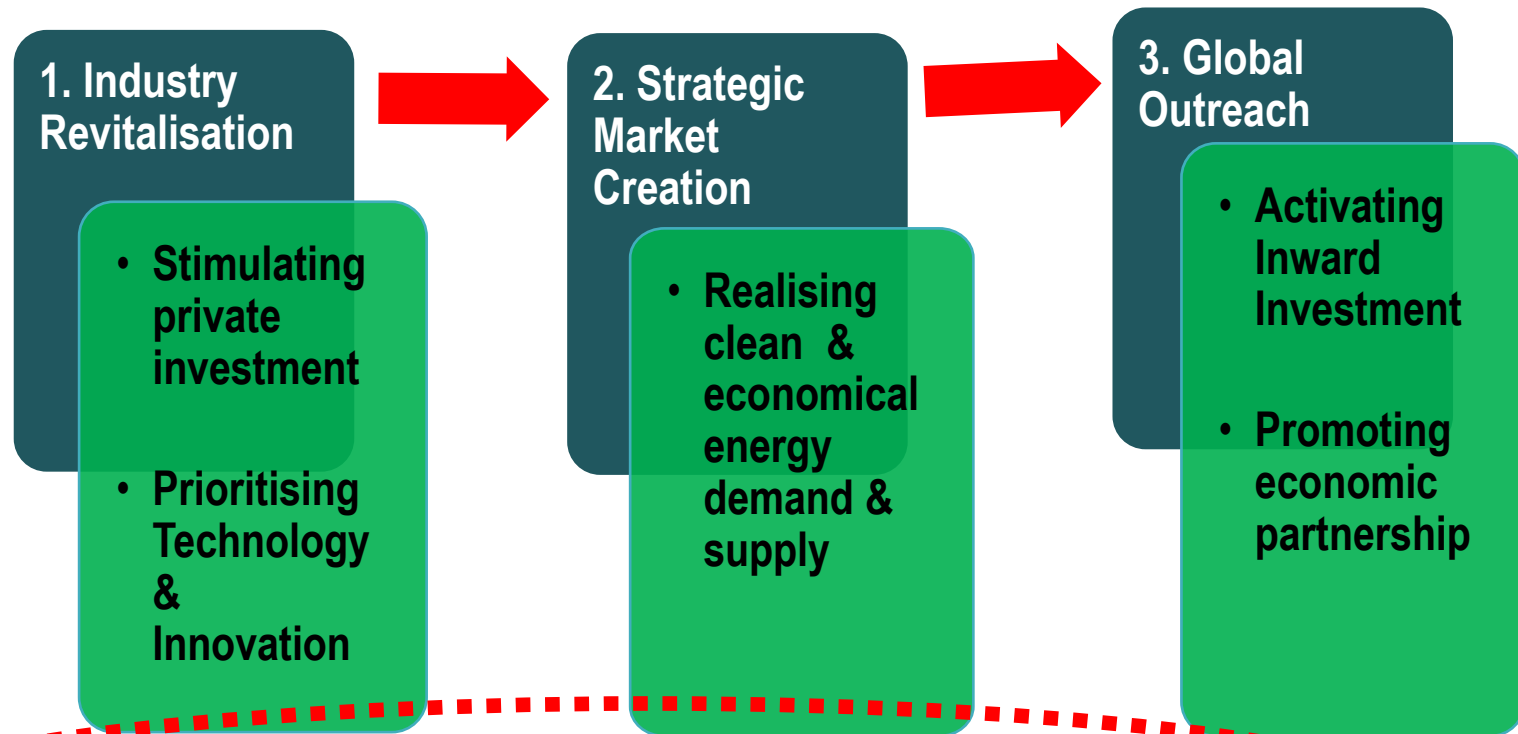
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Japan Power Market Snapshot

- World's third largest economy and second largest electricity market in the OECD.
- Prior to the Fukushima Daiichi Nuclear Accident – power generation mix was dominated by fossil fuels (c.60%) and nuclear (c.30%).
- Post Fukushima Daiichi Nuclear Accident – big increase in fossil fuel imports for thermal generation leading to:
 - Increasing electricity prices
 - High dependency on imports
 - Increase in Japan's greenhouse gas emissions
- Energy policy has shifted – to reduce dependency on fossil fuels and secure energy supply:
 - Changing power generation mix: Shift away from nuclear and thermal power generation towards renewable energy, and expanding the mix of renewable power sources
 - Market liberalization: Liberalization of power generation, liberalization of retail supply, ensuring independence / fairness of transmission and distribution
 - Rising awareness of energy conservation: Efforts towards increased management of energy use

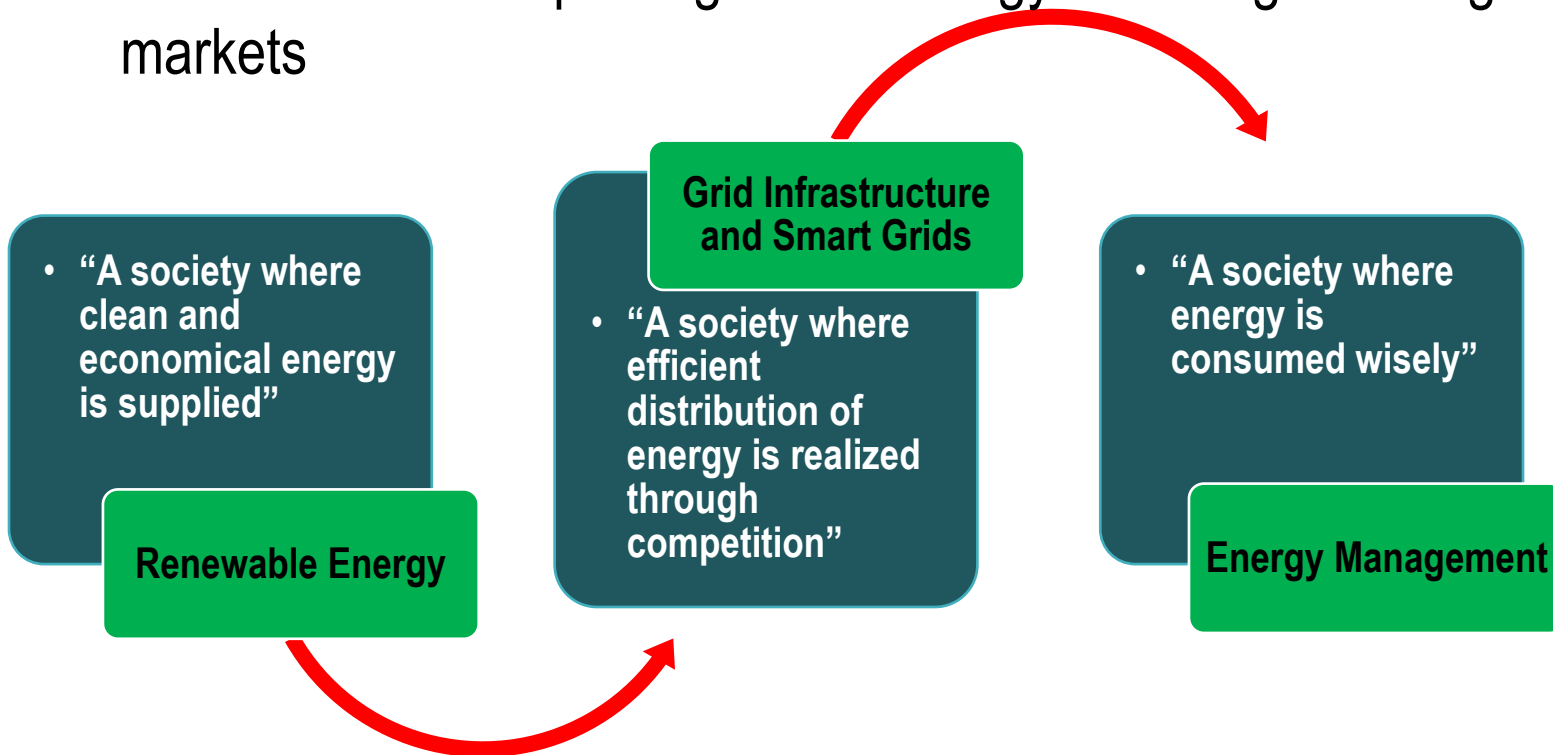
Japan's Revitalisation Strategy - Growth Strategy based on three core plans



The message: Japan is open to inward investment in the renewable energy and energy efficiency space

Energy – A Strategic Growth Market

- ❑ Realising clean and economical energy demand and supply is a core element of Japan's growth strategy – leading to new growth markets



- ❑ As a result, opportunities are being created for inward investment into three core energy markets

Energy Management Initiatives

- Establishment of energy management industry
 - By the early 2020s, smart meters will be introduced into all households and businesses.
- Phased obligation to comply with energy-saving standards
 - Newly constructed houses and buildings to meet the energy efficiency standard by 2020.
- Fuel cell technology
 - 5.3 million residential fuel cells to be introduced in the market by 2030.
- Improving performance of next-generation automobiles

Energy Management Market Opportunities



Smart energy management technologies



Energy saving in technologies in buildings



Fuel cell technology



Next generation automobiles

Barriers to Market Entry



Accessing the Market through Partnership

- Given the unique characteristics of the Japanese market, many of foreign companies overcome barriers to entry by partnering with domestic players.
- There are a number of potential partners for foreign companies looking to expand their business in Japan.
- Partnership can take a myriad number of forms e.g. , technology alliances, joint ventures, value chain alliances.
- Success cases include:
 - **Comverge** - established a R&D center as a high-value-added business sites sponsored by the Ministry of Economy, Trade and Industry. Comverge plans to adjust its services to meet the needs of Japanese market.
 - **EnerNOC** - established a joint venture with the trading company Marubeni and participated in a demonstration project. It has entered the Japanese DR market in advance of other companies.

How Can JETRO Help?

- Japan's core organization for promoting foreign direct investment (FDI) into Japan,
- Identifies companies interested in investing into Japan and supports them from the stage of business development to that of corporate establishment.
- Range of services to facilitate establishing a corporate presence in Japan
- No charge for assisting our registered clients