

“New National Energy Strategy” Formulated by the Japanese Government in May, 2006

I. Recent Evolution in Japan’s Energy Policies

- n In May 2006, the Ministry of Economy, Trade and Industry (METI) formulated a New National Energy Strategy. In view of this strategy, the effort to revise “the Basic Energy Plan for Energy Supply and Demand” is currently underway.
- n The “New National Energy Strategy” formulated by the METI in May 2006 is the first of such strategies developed by the ministry in consideration of the changes in the domestic and international energy situations as listed below. This is a long-term strategy addressing the future up to around 2030 putting a main focus on the issue of energy security.
 - Ø Structural changes that may produce more stringent energy supply-demand situations in the mid to long term, such as globally increasing energy demand as a demand-side factor and tightening state control over energy resources by energy supplier countries as a supply-side factor
 - Ø The emergence of market disturbance factors such as the risks from political unrest and terrorism in the Middle East
 - Ø The emergence of factors that may amplify disturbance to the market such as the decrease in the supply chain’s reserve capacity

II. The Gist of the New National Energy Strategy

1. Realizing the State-of-the Art Energy Supply-Demand Structure

1-1. The Energy Conservation Frontrunner Plan

- Ø The development and promotion of strategies concerning energy conservation technologies

1-2. The Transport Energy for the Next Generation Plan

- Ø The improvement of fuel consumption efficiency; securing supply and preparing the environment for the use of biomass-based fuels and GTL fuels; the development and spread of electric and fuel cell vehicles

1-3. New Energy Innovation Plan

- Ø Supporting the introduction of solar power, wind power and biomass into suitable areas of application chosen according to characteristics of each; fostering new-energy industries; developing innovative technologies that facilitate sophisticated use of energy; etc.

1-4. The Nuclear Power Nation Plan (increasing the share of nuclear power generation to 30-40%)

2. Comprehensive Strengthening of Resource Diplomacy and of Energy and Environment Cooperation

2-1. Comprehensive Strategy for Securing Resources

- Ø Strengthening multi-dimensional relationships with resource-producing countries; diversifying supply sources; promoting technological developments; enhancing the procurement of natural gas; clean utilization of fossil fuels (emphasizing the wider use of natural gas); etc.

2-2. Asia Energy and Environment Cooperation Plan

- Ø Energy conservation strategy for Asia; enhancing cooperation in the areas of new energies, clean utilization of fossil fuels, arrangements for stockpiling, nuclear power and so on

3. The Enhancement of Emergency Response Measures

3-1. The Enhancement of Emergency Response

- Ø Strengthening the system of oil stockpiling, establishing the emergency response system for natural gas (*), preparing an emergency response scenario which is cross-sectional among business entities and energy sources

* In preparation of a sudden decrease in the energy supply owing to an unanticipated event in a supplier country, for example, the plan aims at strengthening Japan's capacity to maintain domestic energy supply. For example, the feasibility of the following will be studied:

- Ø Supporting the private-sector initiatives for the expansion of wide-area natural gas pipeline networks; the improvement of underground gas storage facilities; etc.

4. Common Challenges

4-1. Formulation of the 'Energy Technology Strategy'

- Ø The identification of technological development goals with a vision inclusive of the very long term future and the road-mapping of development strategies; strategic supports to technological developments; etc.

4-2. Other Challenges for Preparing the Right Environment

- Ø Facilitating the emergence of powerful enterprises; efficient and effective use of policy tools such as budget planning and taxes; reinforcing public hearings, public relation activities and education on energy issues; etc.

Reference

New National Energy Strategy (Digest) issued by METI in 2006

<http://www.enecho.meti.go.jp/english/data/newnationalenergystrategy2006.pdf>