



20 July, 2021

Summary of Remarks by JGA Chair HONJO Takehiro

The Tokyo Olympics will finally start on July 23rd. As the gas industry, we would like to do our utmost to ensure stable gas supply and security operations.

1. Positioning of gas in "Green Growth Strategy" of the Japanese government

In the "Growth Strategy" which was decided by the Cabinet on June 18 and the "Green Growth Strategy through Achieving Carbon Neutrality in 2050" which was updated by the Ministry of Economy, Trade and Industry (METI) in collaboration with related ministries and agencies, the industry that supplies carbon-neutral gas such as methanation (technology for synthesizing methane from Hydrogen and CO₂) and direct use of hydrogen is positioned one of the "14 priority fields to be addressed" as "next-generation thermal energy industry".

The following are shown as future efforts in the "next-generation thermal energy industry".

- Realization of decarbonization of gas, such as methanation from the supply side.
- At the same time, the expansion of distributed energy systems such as cogeneration and the transforming to a general energy service company providing optimal energy systems by utilizing digital technology.

Regarding carbon neutralization on the demand side, it was described that the realization of decarbonization such as fuel conversion to natural gas during the transition period and promotion of the expansion of credit-offset LNG, further improvement of resilience by continuous strengthening of gas infrastructure, and contributions to local areas through securing a stable supply of energy.

In addition, in "Hydrogen / Fuel Ammonia Industry" part, which is stated as one of the 14 fields, promotion of social implementation of stationary fuel cells was described. In "Carbon Recycling Materials Industry" part, the technological development of methanation was described. In "Ship Industry" part, promotion of the spread of LNG fueled ships was described.

In this way, many items related to gas are described in the government's "Green Growth Strategy". The gas industry will work as one to meet the expectation.

2. "The Methanation promotion public-private Council" hosted by the government

The Methanation Promotion Public-Private Council shares technical, economic, and institutional issues centered on methanation and the timeline for solutions with the public and private sectors and promotes integrated efforts. The first meeting was held on June 28th.

In the Council, the public and private sectors will work together to steadily implement the initiatives described in the "Green Growth Strategy" (next-generation thermal energy industry), aiming to achieve carbon neutralization of gas.

Based on the action plan of the Japan Gas Association, the goal is to inject

1% of synthetic methane into the existing infrastructure by 2030 and to achieve 5% carbon neutralization of gas by combining means such as direct use of hydrogen.

Furthermore, it is mentioned that 90% of synthetic methane will be injected into the existing infrastructure by 2050, aiming to achieve carbon neutralization of gas in combination with direct use of hydrogen.

The themes to be examined by the Council are as follows.

- as technical issues, larger size, and higher efficiency of methanation equipment.
- as an economic issue, examining a suitable place for synthetic methane production.
- as an institutional issue, Concept of CO2 counting.

The feature of the Council is that various industries such as trading companies, engineering companies, industrial users and shipping companies participate widely in addition to experts, related organizations, and city gas companies to realize methanation.

At the first meeting, Mr. MATSUYAMA Yasuhiro, the Director-General of the Electricity and Gas Industry Department of the Agency for Natural Resources and Energy of METI said, "Heat accounts for about 60% of energy consumption in the industrial and consumer sectors, and it's a big key how to decarbonize the heat sector. Introducing methanation technology using existing infrastructure is a very important key to realizing the reforms at the moment while envisioning the future."

In addition, the committee members expressed their expectations for methanation, such as "It is important to maximize the benefits of methanation

that can utilize existing infrastructure and bring them closer to carbon neutrality while reducing investment risk." At the same time, many valuable opinions were expressed, such as issues for its realization.

I feel that the public and private sectors have finally begun to move toward the realization of methanation, together with various people of various industries.

I would like to express my sincerest appreciation for the Council was set up. At the same time, the gas industry will work as one to organize issues and divide roles toward the realization of carbon neutralization of gas such as methanation.

Furthermore, we would like to make a strong determination to consider alliances in the industry for building a supply chain and to obtain policy support for technological development toward the realization of carbon neutrality such as methanation.