

Hot Topics – Climate policy in Japan (July 2010)

(Selected Articles from Kiko Network's Email Magazine (July Edition))

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## ■ Government, the National Diet and NGOs

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### ★Status of Japan's Greenhouse Gas (GHG) Emissions

#### ●Announcement of FY2008 GHG Emissions Data According to Mandatory GHG Accounting and Reporting System

The Japanese Ministry of the Environment announced the fiscal year (FY) 2008 greenhouse gas (GHG) emissions data in accordance with the Mandatory Greenhouse Gas Accounting and Reporting System as stipulated by the Japanese Law Concerning the Promotion of the Measures to Cope with Global Warming on June 18<sup>th</sup>. A total of 14,740 specified facility emitters and 1425 specified transportation emitters submitted reports. Combined emissions of these emitters made up 70% of Japan's total emissions. While actual direct and indirect emissions in Japan fell approximately 6% since last year, this data clearly reconfirmed that an extremely limited number of emitters is responsible for the majority of Japan's emissions.

URL : <http://www.env.go.jp/earth/ghg-santeikohyo/kouhyo/index.html> (Japanese Only)

#### ●Immediate Analysis of FY2008 Mandatory Greenhouse Gas Accounting and Reporting System Emissions Report

Kiko Network analyzed the FY2008 emissions data collected according to the Mandatory Greenhouse Gas Accounting and Reporting System (see article above), and announced their analysis of the data in an immediate report on July 9<sup>th</sup>. Results showed FY2008 emissions for 14,740 specified facilities and 1425 specified transportation facilities. The data reveal that approximately 150 facilities including 84 power plants and 16 steel furnaces compose 50% of Japan's total emissions and the remaining 15,000 facilities and transportation companies constitute 20%. Direct emissions for the electric industry were reported, showing that a total of 218 power plants emitted 33% of Japan's total emissions. In addition, direct emissions from the steel industry totaled approximately 13% of Japan's total emissions (14.5% including indirect emissions). The two industries combined (electric and steel) are responsible for 46%, or almost half of Japan's total emissions. In FY2006, 200 facilities constituted about 50% of Japan's total

emissions. That number dropped to 161 facilities in FY2007, and by FY2008 about 50 facilities were responsible for 50% of Japan's total emissions, illustrating the trend for emissions to become increasingly concentrated on specified gigantic emitters. The importance of involving these gigantic emitters in Japan's reduction strategies has become ever more important. (Please direct inquiries to the Tokyo office)

URL: <http://www.kiconet.org/english/press/pr20100728.pdf> (English summary)

## ★Emissions Trading System Debate

### ●Discussion on Cap & Trade Scheme, METI Working Group

The second policy instruments working group affiliated with the Industrial Structure Council under the Ministry of Economy, Trade and Industry (METI) met on June 24<sup>th</sup>, 2010. The working group proposed key issues and conducted a hearing on Cap and Trade emissions trading systems with Kyoto University Professor Toru Morotomi and Fukui Prefectural University Professor Toshihiro Oka. In the proposal for the key issues, the following three points were raised: the necessity to understand the international negotiation situation, the necessity to plan for alignment with economic growth, and the importance of encouraging technological development and utilization. This led to the conclusion that the policy effects of emissions trading must be considered and verified. Numerous conditions preceded the actual design of the system. In addition, there is a growing opinion that thought must be given not just to the manufacturing phase, but to the use phase as well: to reduction throughout the lifecycle. During the hearing, Professor Morotomi spoke on the importance of working toward a cap and trade emissions trading system within the context of low-carbon economic development, but Professor Oka presented an opposing view. Mr. Morotomi was pressed with questions by the doubtful committee, which is made up of members opposed to the system. An overseas survey team will be dispatched to Europe from July 4<sup>th</sup> to the 11<sup>th</sup>, and to the U.S. from the 14<sup>th</sup> to the 18<sup>th</sup>. Then, the working group will discuss the overseas survey team's report, the goals of each policy method, and the policy methods themselves. In general, the trend of the discussion is to not adopt a cap and trade system, and there is a clear lack of balance in the discussion.

URL : <http://www.meti.go.jp/committee/materials2/data/g100624aj.html> (website in Japanese)

### ●Domestic Cap & Trade Emissions Trading System, Discussion under the MoE

At the Central Environmental Council 9<sup>th</sup> Domestic Emissions Trading System

Meeting under the Ministry of Environment (MOE) on July 9<sup>th</sup>, committee members discussed the method of emissions allocation, one of the points of contention for establishment of a domestic emissions trading system.

Discussion by committee members about the allocation included how to handle the specified facilities in the system when they are closed or not operating, and a formula to set emissions limitation on intensity that was considered for the basic climate bill. The topic focused in particular on electricity. Electricity supplier obligation was also discussed, but it was pointed out that two-thirds of TEPCO's total demand was liberalized, and therefore there was no reason to oppose the obligation. In response to the opinion that emissions should be evaluated by life cycle assessment, many committee members voiced the idea that accounting life cycle CO<sub>2</sub> emissions would be difficult. This led to the idea that if life cycle assessment evaluation for emissions trading were difficult, that the idea of emissions trading should be given up all together. In addition, the opinion was voiced that there had not been any discussion about whether or not CO<sub>2</sub> qualified as a substance under the Polluter-Pays Principle. In terms of expense loosening measures such as overseas credit, while some committee members believed this to be an excellent reduction method for cost-effectiveness, others voiced the opinion that they couldn't support the establishment of emissions allocation that incorporated overseas credit purchasing.

(Please direct inquiries to the Ministry of the Environment, Tel: 03-5521-8354)

URL : <http://www.env.go.jp/press/press.php?serial=12675>

## ★Energy

### ●Japanese Cabinet Approves New Strategic Energy Plan

The Japanese cabinet approved the revised Basic Energy Plan for the second time, renaming it the Strategic Energy Plan on June 18<sup>th</sup>.

In addition to the three fundamental principles of national energy policy, or the 3 E's, (energy security, energy conservation, and efficient supply), the Strategic Energy Plan of Japan focuses on new perspectives: economic growth based on energy and structural reform of the energy industry. The 2030 targets defined in the Strategic Energy Plan are as follows:

1. Double the ratio of Japan's energy sufficiency/domestically produced fossil fuel energy, raising Japan's energy sufficiency ratio from its current 38% to about 70%
2. Raise the zero-emission energy source ratio from its current 34% to about 70% (renewable energy and nuclear energy)
3. Halve residential sector CO2 emissions
4. Maintain and enhance world-class energy efficiency in industrial sector
5. Maintain or obtain major shares of global markets for energy-related products and systems

In addition, there has been discussion about the 25% mid-term reduction goal, and it is thought that alignment with climate change prevention measures will be necessary.

(Please direct inquiries to the Agency for Natural Resources and Energy,

Director-General's Secretariat, General Policy Division, TEL: 03-3501-5964

[http://www.meti.go.jp/english/press/data/20100618\\_08.html](http://www.meti.go.jp/english/press/data/20100618_08.html) (website in Japanese)

### ●ISEP Issues Renewable 2010 Status Report

The Institute for Sustainable Energy Policies (ISEP) issued Japan's very first "Renewables 2010 Status Report," publishing a first edition in March 2010 and a second edition in June. The report summarizes domestic developments in renewable energy policy such as national policy and efforts by businesses. These include the domestic and foreign renewable energy situation, feed-in-tariffs, smart grids and domestic emissions trading systems. In addition, development and potential is compared by region. A summary of the full report can be purchased, while a selection may be viewed for free online at the website below, through the Japan Renewable Energy Policy Portal site. (Please direct inquiries to ISEP, Tel: 03-5318-3331)

URL : <http://www.re-policy.jp/>

### ★Energy Saving/Conservation Performance/Efficiency

#### ●Kiko Network Jointly Publishes Open Letter on Heat Pump Performance

Kiko Network sent an Open Letter regarding Performance Measurement Methods of Heat Pumps to eight major air-conditioner makers on July 12<sup>th</sup>, in collaboration with a total of seven other organizations including consumer organizations. The letter responded to completely unrealistic statistics on labels in catalogs and such about air-conditioners' co-efficient of performance (COP), or effectiveness. The statistics were

manipulated by makers using a method called “blast mode,” which pushed COP numbers far above realistic numbers for normal use. The letter questioned the authenticity and makers’ labeling responsibilities.

There are high expectations that heat pumps will be one measure on the demand side to help substantially reduce emissions as outlined in the Strategic Energy Plan and the Mid-to Long-Term Roadmap by the Ministry of Environment. However, if air-conditions are filled with more hydrofluorocarbons (HFCs) than they used to be, or if reduction efforts don’t have an effect due to the mislabeling of COP on water heaters and such, then we will be faced with the problem of needing to reconsider the air-conditioner’s place in climate change prevention strategies in a major way. Kiko demands a response demonstrating responsibility from makers. The deadline for a response to the open letter is July 27<sup>th</sup>, and each organization that jointly submitted the letter also plans to publicly display its contents on their websites. (Please direct inquiries to the Tokyo office)

URL : <http://www.kiconet.org/iken/kokunai/2010-07-12.html> (Japanese only)

## ★F-Gas Alternatives

### ●Deliberation Begins for Replacement of HFCs

A working group under the METI to promote the Fluorinated Gas alternatives met for the first time on July 18<sup>th</sup>, 2010. The Japan Polyurethane Industry Association presented on rigid urethane foam, and the Japan Aerosol Association spoke about aerosol, each focusing on the shift from HFCs to alternatives. Discussions included the move to make HFO1234fy (hydrofluoroolefin) a global standard for vehicle air conditioners, as well as the advancement in Japan of the shift to the new F-gas an artificial chemical substance with low global warming potential. From an environmental perspective, the conversion to natural substances or not-in-kind technologies would be ideal. In the working group, cautious discussion continued on the topic of economic potential and safety regarding the switch from HFCs. (Please direct inquiries to the Ministry of Economics, Trade and Industry. Tel: 03-3501-4724)

## ★Carbon Leakage

### ●Ministry of Finance Announces Conclusion to Discussion at the Environment and Tariffs Policy Meeting

In order to analyze the relationship between climate change and customs policy, the Ministry of Finance held the fourth session of the Environment and Tariffs Policy Meeting on June 18<sup>th</sup>. Based on discussion during these four meetings, on the 21<sup>st</sup> the Ministry published a summary on carbon leakage prevention measures and tariffs on environmentally friendly goods. Carbon leakage, which occurs when strict climate policy in one country causes a manufacturer to shift production to another country with a less strict policy, is an important issue that will require attention as the world moves toward a low-carbon society. Topics focused on at the meeting included developments in international discussions on carbon leakage, response methods and points of contention, discussion on alignment with WTO rules, and approaches to reduce/remove tariffs on environmentally friendly goods.

(Please direct inquiries to the Ministry of Finance Tariffs Office, Tel: 03-3581-4111)

URL : [http://www.mof.go.jp/singikai/kankyo\\_kanzei/ka220621.htm](http://www.mof.go.jp/singikai/kankyo_kanzei/ka220621.htm)

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## ■ Developments in Science

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### ●Japan Meteorological Agency Publishes ‘Climate Change Monitoring Report 2009

The Japan Meteorological Agency officially announced their Climate Change Monitoring Report for 2009 on June 29<sup>th</sup>. The agency has published annual reports since 1996 on climate change in Japan and worldwide, as well as on greenhouse gases and the ozone layer. The report contains observations on climate instability in summer 2009, focusing in particular on the effects of the El Niño phenomenon and Asian monsoons. According to the report, for the period of December 2008 to May 2009, the area of arctic sea ice was the third smallest it has been since the late 1970s, and the area of sea ice in the Sea of Okhotsk was deemed to be smaller than average. The domestic CO<sub>2</sub> concentration varied depending on the location at which measurements were taken, but generally showed an increase of 1.2 to 1.4 ppm since fiscal 2008, and all locations measured the highest concentration since measurement commenced. The Antarctic ozone hole that appeared in the middle of August reached an area of 24 million square kilometers, but was slightly smaller than last year’s average. (Please direct inquiries to the Japan Meteorological Agency, Tel: 03-3212-8341)

URL : <http://www.jma.go.jp/jma/press/1006/29a/ccmr2009.html>