

## Amendments to revise the Renewable Energy Act.

### Overview

Additionally, the revision will introduce a new approval system for obtaining the required certificate under the FIT program to enjoy the tariff. In principle, every operator of renewable energy plants must prepare a business plan for its renewable energy generation, and such plan must address, among other things, matters relating to the grid connection. The operator must then obtain prior approval of its business plan from the Minister of the Ministry of Economy, Trade and Industry in order to enjoy the tariff.

Under the new approval system, if the interconnection agreement is executed after 1 August 2016, the business plan must state that the operator shall start its operation within three years from 1 April 2017 or from a later date when a new METI Certificate is (or deemed to be) obtained. If the operator fails to comply with such requirement, (i) the tariff will be reduced annually from the original fixed tariff or (ii) the procurement period will be shortened (provided that this does not apply if the Reverse Auction System is adopted).

A number of renewable energy companies, mainly solar power firms, entered the market as purchase prices were set at relatively high levels under the program. As a result, the total amount of electricity surcharges paid by households in the fiscal year 2015 increased about 10 times to 1.32 trillion yen as compared to the fiscal year 2012.

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