Regional Decarbonization Policy

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Ministry of the Environment of Japan

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Background of regional decarbonization strategy

✓ Annual imports of fossil fuel in Japan reached approximately **11 trillion yen in 2020**.
✓ Payments outside the region exceeded revenue, **yielding a negative balance of energy payment in approximately 90% of municipalities**※.
✓ Japan has used limited national land efficiently and expanded solar power generation to have the greatest total power generation per hectare in the world. On the other hand, the current situation of renewable energy faces several challenges including costs, securing appropriate sites, environmental impact, etc. The whole nation must overcome these obstacles and use its abundant regional renewable energy potential efficiently.
✓ It is important to make the economy circular within the region through the efficient use of this abundant renewable energy potential.

※ Based on estimates by the Ministry of the Environment (FY2015)

<table>
<thead>
<tr>
<th>Legend</th>
<th>Ratio of energy prices to gross regional product</th>
</tr>
</thead>
<tbody>
<tr>
<td>Red</td>
<td>Deficit is 10% or more.</td>
</tr>
<tr>
<td>Yellow</td>
<td>Deficit is 5 to 10%.</td>
</tr>
<tr>
<td>Green</td>
<td>Deficit is 0 to 5%.</td>
</tr>
<tr>
<td>Blue</td>
<td>Surplus</td>
</tr>
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Source: Created based on the 2015 Regional Economic Cycle Analysis Database (Ministry of the Environment).
Regional Decarbonization Roadmap  
- Strategy for Next Generation Transition Starting with Local Sites -

◆ To achieve Carbon Neutrality in 2050 and a 46% Reduction of Greenhouse Gas in 2030, and in particular, in order to discuss mainly the livelihoods and society that are closely tied to regional initiatives, the meeting of the “Council for National and Local Decarbonization” was held.
◆ The Roadmap was formulated held on June 9, 2021, after interviews with local governments, etc.

Key Message

➢ Regional decarbonization is a regional growth strategy.
➢ Decarbonization projects can solve problems in the region through the maximum use of regional resources, such as renewable energy.
➢ Every single municipality can take initiatives and address it with current technologies.

Specific Measures to Achieve the Roadmap

<table>
<thead>
<tr>
<th>2020</th>
<th>2025</th>
<th>2030 ⋯ ⋯ ⋯ ⋯ Before 2050</th>
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</table>

- Fully mobilize policies during the 5-year intensive period.
- Create at least 100 “decarbonization leading areas.”
- Implement priority measures throughout Japan (self-consumption solar, zero-carbon drive, energy saving in Households and private sectors etc).

Many decarbonization domino effects throughout Japan

Achieve decarbonized, resilient, and vigorous regional communities throughout Japan.
Based on the Regional Decarbonization Roadmap, MOEJ will select at least **100 decarbonization leading areas** based on regional characteristics by FY2025 and achieve the goal of its decarbonization by FY2030.

The areas will show the path towards decarbonization **while resolving regional obstacles and improving quality of life for residents**, in diverse areas, such as in agricultural, mountainous, and fishing villages, on remote islands, and in urban areas.

### What are Decarbonization Leading Areas?

Areas which aim to achieve net-zero carbon dioxide (CO2) emissions from electricity consumption in households and business sectors by FY2030. In addition, they make efforts to achieve reductions in other greenhouse gas (GHG) emissions such as from transportation and heat use by utilizing local characteristics, which is consistent with Japan's FY2030 target.

- **Electricity demand of the private sector** ≤ **Electricity supply, such as renewable energy, etc.** + **Electricity reduction by energy saving**

### Decarbonization Leading Area Images

<table>
<thead>
<tr>
<th>Housing area</th>
<th>Residential area, housing complex</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business and commercial area</td>
<td>City centers (big cities and local cities) University camps, etc.</td>
</tr>
<tr>
<td>Natural area</td>
<td>Farming and mountain villages, fishing villages, remote islands, tourist areas, natural parks</td>
</tr>
<tr>
<td>Facilities</td>
<td>Public facilities, etc.</td>
</tr>
</tbody>
</table>

April 26, 2022: Selected and announced **26 Decarbonization Leading Areas**. Subsequently, **MOEJ will call for applications will semi-annually until FY2025**.
Decarbonization Leading Areas (First Round) - Starting Point of the Decarbonization Domino Effect -

- create **100 or more Decarbonization Leading Areas** that aim to achieve carbon neutrality by 2030, resolve various regional issues through decarbonization, and thereby spread the decarbonization domino effect throughout Japan.

- April 26, 2022: **Selected 26 areas as the first round** of Decarbonization Leading Areas. **Selection is scheduled semi-annually until FY2025.**

**Yokohama City, Kanagawa - Minato Mirai 21 Big City Decarbonization Model -**

- Decarbonization of large scale commercial buildings in the Minato Mirai 21 area while adjusting demand by using large scale demand-response, and improve intercity competitiveness.

**Himeji City, Hyogo - Himeji Castle Zero-Carbon Castle Initiative -**

- Supply of renewable energy to the designated special historic site, centered around the world heritage and national treasure, “Himeji Castle,” achieving a Zero-Carbon Castle.

Coastal area in Yokohama City, including Minato Mirai 21

Himeji Castle
Public facilities, schools, and hospitals
Persons engaged in agriculture, forestry and fisheries, and agricultural corporations
Builders, constructors
Retail stores

Chamber of commerce and small and medium-sized enterprises
Transportation facilities, transport service providers, travel companies
Persons engaged in agriculture, forestry and fisheries, and agricultural corporations

Local governments, regional banks, companies, etc. proactively plan and implement decarbonization projects and policies contributing to solving regional issues.

Local branch offices cooperate cross-sectionally, centering on the Regional Environmental Office, and provide flexible support.

Electricity, gas, and oil companies
Public facilities, schools, and hospitals
Retail stores
Builders, constructors

Regional Bureau of Economy, Trade and Industry
Regional Agricultural Administration Office
Regional Development Bureau
Regional Environmental Office
Regional Forest Office
Regional Transport Bureau
Local Finance Bureau

Local branch offices of the national government cooperate cross-sectionally.

- Provide support by combining cooperation frameworks and support tools.
- Establish a consultation service system.

Local government, financial institutions, core companies, etc. participate proactively in regional decarbonization.