

August 26, 2022

EBC statement on the public offering system for offshore wind power generation

European Business Council in Japan (EBC) has compiled recommendations on the offshore wind power generation public offering system, which is currently under review. The aim of this proposal is to make offshore wind power generation a mainstay power source in Japan. EBC has compiled this proposal as common view based on the experience we have cultivated through repeated trials and errors in Europe. We would like to express my opinion as follows.

The recent global energy situation has led to more aggressive plans for the introduction of offshore wind power generation in various countries, and we recognise that a revision to an open recruitment system is needed in Japan at this stage. On the other hand, considering international market trends, we also recognise that in order to improve Japan's attractiveness as an offshore wind market, it is particularly important to 1) ensure the fairness, fairness and transparency of the competitive environment, and 2) promote planned, continuous and large-scale offshore wind power generation.

1. To ensure the fairness, fairness, and transparency of the competitive environment:

In order to accelerate the introduction of renewable energy power generation, the EBC understands the significance of making revisions to the assessment system to encourage more swift business planning. On the other hand, in evaluating the speed of business plans, we believe that it is necessary to sufficiently assess the reliability of offshore wind power generation project performance and project plans of publicly recruited participants, so as not to impair their feasibility, and then compete under transparent rules to the extent that fairness and fairness can be guaranteed. Regarding the items for evaluating the speed of the newly added business plan as a result of this review, the following recommendations are made.

- ✓ To devise a balance of points so that plans for which the feasibility of the business is not guaranteed are not overvalued solely by speed. In addition, in confirming the basis of the business plan in terms of business feasibility, the actual results of offshore wind, including foreign market such as European, should be focused and evaluated, taking into account the number of offshore wind, rather than on-shore wind, where necessary technicals and risks differ.
- ✓ In considering the evaluation method (how many years or months the number of points will be different), consideration should be given to the timing of port use, the period required for procedures such as environmental assessments and various permits, and a reasonable period of competition should be established so that the public participants can compete under fair conditions, and transparency should be ensured by clarifying the basis for the establishment of the evaluation method. In

addition, the government should strive to shorten the relevant procedures so that public procedures such as environmental assessments and safety review do not become a bottleneck to accelerate the start of operations.

- ✓ To encourage realistic recommendations by setting individual circumstances (such as the development and availability of base ports, the status of grid development, etc.) in each area, rather than the same for all public offerings conducted at the same time when setting the reference date for promptness assessment.

2. For the promotion of planned, continuous and large-scale offshore wind power generation:

The goal of the "Basic Policy for Comprehensive and Planned Promotion of Measures for Promoting the Utilization of Ocean Areas Related to the Development of Offshore Renewable Energy Power Generation Facilities" approved by the Cabinet on May 17, 2019 includes the following: ① the importance of introducing cost-competitive power sources to curb the burden on the people; and ④ the goal of "the systematic and continuous promotion of offshore wind power for the sound development of offshore wind Industry in Japan." In connection with this, the following recommendations will be made.

- ✓ In order to promote investment to introduce cost competitive power sources, in addition to planning and continuity, the viewpoint of the scale of the project is important. To increase the willingness of operators to investment and to increase the priority of international suppliers such as turbine manufacturers to the Japanese market, the capacity of equipment per public recruitment case should be expanded to foreign market equivalents (1GW grade), and a planned and rapid case formation should be conducted. At the same time, the total capacity of maximum electricity receipts in the areas to be publicly offered shall be set at the same size (several GW or more) as that of foreign market.
- ✓ In cases where bidding restrictions are imposed on multiple-area participants, particularly in situations where projects of adequate size have not been formulated, careful operation should be conducted, taking into account the possibility that Recommendations of competitive business managements and the formation of domestic supply chains may be hindered, which may lead to excessive diversification.
- ✓ Regarding the formation of consensus with ocean leading users and local residents, which are indispensable for realising the planned and continuous promotion of introduction, there are concerns that different plan proposals will be presented at the same time by multiple operators in a manner that is individually approached for project formation. Therefore, there are concerns that this will cause confusion to stakeholders. Therefore, the government will swiftly switch to a method of systematically advancing zoning and the establishment of publicly

offered areas by establishing plans for the use of ocean areas under the initiative of the national government.

- ✓ Early determination of offshore areas eligible for public offering prior to the transition to the central method, and increasing the predictability of businesses with respect to the timing of public offerings and the public offering system.