

Public Comment on the Long-Term Decarbonisation Auction Scheme and Support Framework for Offshore Wind

The EBC welcomes the opportunity to provide comments on the proposed inclusion of Offshore Wind Projects (OWP) in Japan’s long-term decarbonization auction scheme. Offshore wind remains a cornerstone of Japan’s path to carbon neutrality, but it requires a stronger and more consistent commitment from the government to succeed.

To date, offshore wind development in Japan has been constrained by uncompetitive auction outcomes, often resulting in unrealistically low bid prices. This “race to the bottom” approach has led to project delays and undermined the financial viability of the sector. A shift in strategy is needed—one that ensures long-term sustainability, investor confidence, and industrial development.

The EBC would like to highlight the following key considerations:

1. Inclusion of OWP in Long-Term Decarbonisation Auctions

This is a welcome development. However, to attract high-quality, experienced developers and ensure successful project execution, the remuneration framework must be robust and predictable.

Furthermore, we seek clarification on the implications of transitioning from the Feed-in Tariff (FIT) to the Feed-in Premium (FIP) model for Round 1 projects. Specifically, does this change constitute a modification of the approved occupancy plan, thereby necessitating a third-party committee review process? In Round 1, there was no score evaluation of the adequacy of the financing plan. However, with the introduction of Corporate Power Purchase Agreements (CPPAs), will the CPPA off-takers now be evaluated similarly to how they were assessed in Rounds 2 and 3? Clear guidance on these points is essential to ensure consistency and fairness across project rounds.

2. Grid Reinforcement and Cost Allocation

Japan should adopt a more balanced model for grid infrastructure development. In Europe, it is common for the state or grid operators to absorb grid connection costs, ensuring that these essential upgrades do not fall solely on project developers. Japan should consider similar mechanisms to ensure fairness and accelerate deployment.

3. Ensuring a Fair and Transparent CPPA Market

With the increased use of CPPAs, we ask for clarification regarding the eligibility of major power utility companies—particularly those included in consortiums—as off-takers from the same projects in which they are participating. If such arrangements are permissible, it is critical that safeguards be put in place to maintain a level playing field. We urge the authorities to ensure that the terms of CPPAs signed by utility-affiliated off-takers are not significantly more favorable than those available to



unaffiliated buyers. Transparency in CPPA pricing and contract conditions will be vital to support a healthy and competitive market.

4. Expanded Capital Expenditure Offsets

Additional financial support, such as GX bonds and decarbonisation fund subsidies, should be expanded and made accessible to OWP consortia. These mechanisms are vital for improving bankability and lowering the cost of capital.

5. Special Economic Zones

The expansion of SEZs with relaxed port restrictions and cabotage rules is essential to enable efficient construction and logistics. These regulatory reforms will reduce delays and make Japan a more attractive market for global offshore wind players.

In summary, offshore wind in Japan requires not only policy inclusion but meaningful financial and structural support. The EBC urges the Government to demonstrate stronger leadership and commitment to the sector through a more balanced auction design, transparency in CPPA implementation, public support for infrastructure, and regulatory modernisation.