

JAPAN'S POWER UTILITIES TO SUSPEND RESPONDING TO CLEAN ENERGY APPLICATIONS



Kyushu Electric Power Co. of Japan announced on September 24, 2014, that it will put on hold its response to new applications for grid connection from renewable energy producers operating in the Kyushu service area. Kyushu Electric explained the reasons as follows.

Since Japan's feed-in-tariff (FIT) scheme was introduced in July 2012, the number of renewable energy businesses, mainly photovoltaic power producers, has grown across the nation. Renewable energy businesses have been developed more actively and rapidly in Kyushu than in other regions.

The amount of solar power capacity certified under the FIT scheme and the amount of power capacity operating at present in this area both account for about one fourth of the national total.

In the single month of March 2014, we received about 70,000 applications from solar power producers--the same number of applications we received in the entire previous year. That prompted us to review our existing program based on the FIT scheme: We found that if the power capacity from all applications submitted through the end of July 2014 were to be connected to the grid, the total solar and wind-generated power flowing through the grid would reach about 12.6 million kilowatts. This capacity, when fully operating, exceeds the daytime power demand in this service area during fair weather hours in spring and autumn, due to reduced heating and air conditioning demand during these times. This causes concern over the difficulty of maintaining a stable electricity supply due to an imbalance of supply and demand.

In response to this situation, we are conducting an investigation to see how much additional renewable energy capacity we can accept in the Kyushu region by taking all possible measures available at present to improve the supply-demand balance, such as by operating pumped power storage during

the day and transmitting power outside the Kyushu area using grid interconnections. Over a period which may last several months, we will suspend replying to renewable energy businesses who have already applied or are planning to apply for our FIT scheme program. This suspension currently does not apply to residential solar power systems under 10 kilowatts of capacity.

Following Kyushu Electric's announcement, Hokkaido Electric Power Co., Shikoku Electric Power Co., and Tohoku Electric Power Co. all announced that they too will suspend responding to applications from renewable energy producers in their service areas, starting October 1, 2014. In the Japanese utility system, Japan is divided into 10 areas, with one utility company monopolizing the power supply in each area. Among the 10 utility companies, five of them, including Okinawa Electric Power Co., which was the first to announce it would suspend responding, have decided to put their response to green energy applications on hold for several months.

The utility companies say they have not changed their current stance of making an active effort to develop renewable energy. However, the suspensions have already taken a toll.

Miyazaki Prefecture in Kyushu announced that it will suspend its call for applications for its project to rent the rooftops of prefectural high schools for installment of solar power facilities. And businesses that were planning to develop megawatt-scale photovoltaic systems announced that they would review their business plans. Some have voiced bewilderment and concern, saying the situation may spoil Japan's nascent green energy movement.

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