

LOCAL GOVERNMENTS IN JAPAN RENTING ROOFTOPS FOR SOLAR POWER GENERATION



Image by doraemon. Some Rights Reserved.

The non-profit organization "PV Owner Network, Japan" reported in July 2013 that 277 local governments (15 percent of total) in Japan are implementing or considering "roof rental" schemes for the installation of solar panels to generate electricity on the rooftops of public facilities.

Roof rentals are a way to use unused rooftop space and rent it to electricity generation companies, who pay rent out of their income from selling the electricity generated, creating an obvious incentive for both lessors and lessees.

The idea arose as a new business model following the introduction of the government's feed-in-tariff system in July 2012, and such local government initiatives are growing in number. (Feed-in-tariffs systems involve long-term contracts to buy electricity from renewable energy producers to promote investment in renewable energy.)

The report notes that making use of the rooftops of public facilities is subject to certain regulatory and technical obstacles. For example, there is a fear that selling the electricity generated could contravene the Local Autonomy Law, because it might be viewed as "using government assets for other than intended purposes." Furthermore, in looking at the business risk the report points out the difficulty in providing reliable revenue forecasts, because the feed-in-tariff that started in 2012 at 40 yen per kilowatt-hour (about U.S.\$0.41), excluding taxes, for installations of at least 10 kilowatts was lowered to 36 yen (about \$0.37) in fiscal 2013, and will be further adjusted annually.

As one solution, PV Owner Network, Japan proposes that prefectural governments endorse projects that encompass the various facilities in their entire jurisdiction. For example, Niigata prefecture has called for bids from power generation companies to use the rooftops of facilities jointly owned by the prefecture and its member municipalities.

Source: http://www.japanfs.org/en/news/archives/news_id034456.html