

# Japanese Companies Vying for a Piece of Green Energy Pie

TOKYO, April 14 (Kyodo) — Japanese companies are moving into the growing renewable energy market as a new incentive program is expected to spur demand for green electricity.

In an attempt to promote the use of electricity generated from renewable energy such as solar, wind, geothermal and biomass power, the Japanese government will introduce a so-called feed-in-tariff scheme in July.

Under the scheme, major electric utilities will be obligated to buy green electricity from households and independent power companies at a fixed price for a prescribed period of time.

Renewable energy is drawing interest in Japan in view of the tight electricity supply in the wake of the shutdown of nuclear power plants across the country following the Fukushima nuclear power plant accident.

Capitalizing on rising demand for green electricity, major mobile phone service operator Softbank Corp. plans to build "mega-solar" plants in more than 10 locations in Japan in partnership with local municipalities.

In a speech delivered to an international natural energy symposium in Tokyo in March, Softbank chief Masayoshi Son said, "We must launch renewable energy business as soon as possible."

Softbank's green energy scheme goes beyond Japan, with Son proposing an "Asia Supergrid" initiative, aimed at linking the power transmission grids in such countries as South Korea, China, Mongolia, India, Singapore and the Philippines.

Softbank will establish a new company to study the feasibility of large-scale solar and wind power generation projects in Asia.

In a joint press conference with Son in March, Mongolian Prime Minister Sukhbaataryn Batbold unveiled plans for a wind power project in the Gobi Desert, an area covered under Son's Asia Supergrid proposal.

Major trading houses are accelerating their drive into the green energy business.

Mitsui & Co. is planning to begin mega-solar power generation projects in around 10 locations across Japan. Among them is Yonago City, Tottori Prefecture, where Mitsui will join hands with Softbank. The trading house is also considering building mega-solar plants in the three Tohoku prefectures hardest hit by the quake-tsunami

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disaster in March last year.

Mitsui will set up an energy business fund jointly with Tokio Marine Asset Management Co. to finance its power plant projects.

Another trading giant Mitsubishi Corp. is considering operating mega-solar plants in several locations in Japan, including Kumamoto Prefecture.

Meanwhile, oil company Idemitsu Kosan Co. plans to build a geothermal power plant in the Bandai-Asahi National Park in Fukushima Prefecture. The plant's power generation capacity, at around 270,000 kilowatts, would make it one of the largest geothermal plants in Japan.

Trading house Marubeni Corp., with an eye on the geothermal power generation business, has created a new department to conduct feasibility studies.

The focus of attention for Softbank and other companies planning to launch green energy businesses is the government-set price that major power companies will pay for electricity generated by their firms.

The price will be determined in May based on a proposal by a government price-setting committee. The Ministry of Economy, Trade and Industry is said to see a price somewhere between 35 yen and 40 yen per kilowatt-hour for solar power as a desirable level.

But Softbank's Son has called for a higher price, saying at a price of 40 yen, solar power generation would be unviable at most of the more than 200 candidate sites listed by local municipalities concerned.

It would also take more than 10 years for a company to recover its huge initial investment and turn a profit, said a senior official at a major trading company.

An official in charge of a renewable power generation project indicated his company will pull the plug if the price of green electricity is not set at a commercially profitable level.

Major power companies are to have the price of green power reflected in their charges to consumers.

Some members in the price-setting panel are insisting that the price be set at a low level in view of the interest of power users, especially small companies.

An official at the Japan Chamber of Commerce and Industry described the price issue as impacting small companies more than the planned sales tax hike.

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