



The GR Company @Energy 2024

Decarbonisation and Lawmaking: Perspectives from East Asia

4 June 2024



THE GR COMPANY



Fredrik Lofthagen
Executive Director & COO

We are **The GR Company**, the **pioneer in government relations consulting in Japan, Korea, and Taiwan.**

Our team of over 100 policy and industry specialists helps clients navigate the complexities of politics and work with stakeholders from all sides of the political spectrum to drive change and **deliver positive societal impact.**

As a market leader in government relations consulting across our region, we deliver unique, unparalleled strategies built on the **highest global compliance standards.**

Government Relations
Expertly Handled

TABLE OF CONTENTS

1. Regulatory developments on energy transition in East Asia
 2. Driving policy/regulatory changes – case sharing
 3. Outlook and implications
- 
- A decorative graphic in the bottom-left corner of the slide, consisting of multiple thin, light-colored lines that curve and flow from the left edge towards the center, creating a sense of movement and depth.



Regulatory developments in JAPAN

Overview

- Market liberalization and reform in the energy market in Japan began in the 1990s and accelerated after the Fukushima triple disaster in 2011.
- Conventional producers have pushed back against alternative energy solutions slowing the expansion of renewables as a major policy goal.
- The Japanese government is facing increasing pressure from international partners and organizations to implement more ambitious policies to promote renewables and decarbonized generation types.
- Non-fossil fuel generation options (including nuclear) comprise approximately 27% of the energy mix in Japan. The government hopes to raise this to 60% by FY2030.

	Japan's energy mix (2023)	Current 2030 targets in the 6 th SEP (2021)
Renewables (incl. hydro, solar, wind, geothermal, biomass)	21.7%	36–38%
Nuclear	5.5%	20–22%
Fossil fuels (Incl. LNG, coal, oil)	72.8%	41%

Major updates

The 7th Strategic Energy Plan (SEP)

- The SEP is an overall plan for Japan's energy mix and a framework for Japan's energy policy
- It is due for review in 2024 with decisions by March 2025

Green Transformation (GX) Promotion Strategy

- The **GX Promotion Act** and **GX Decarbonization Power Supply Bill** are approved in May 2023 to prioritise deployment of non-carbon power sources, including renewable energies and nuclear power
- The first batch of the **Japan Climate Transition Bonds** was launched in Feb 2024 to fund GX initiatives, incl. energy technologies (perovskite solar cells, floating offshore wind and water electrolysis for hydrogen)
- **The GX 2040 Vision** was announced in May 2024 to develop a long-term strategy and concretize various mechanisms, including the GX Emission Trading Scheme and carbon levy

Diet discussion on OWP development in Japan's EEZ

- A legislation designed to enable development of offshore wind power (OWP) facilities in Japan's Exclusive Economic Zone (EEZ) is currently under discussion in the Diet.
- Local dynamics have stymied progress of OWP development thus far.



Regulatory developments in KOREA

Overview

	Moon Jae-in administration (2017~2022) Democratic Party		Yoon Suk-yeol administration (2022~2027) People Power Party
<u>Renewables centric (RE100)</u>		<u>Carbon-Free centric (CF100)</u>	
<ul style="list-style-type: none"> • Focused on phasing out nuclear energy and expanding RE. • Faced criticism for rising electricity rates and damaging the domestic nuclear industry. • Solar power support led to market dominance of Chinese panels and environmental backlash. 		<ul style="list-style-type: none"> • Reversed nuclear phase-out policy, emphasizing nuclear expansion as a key initiative. • Promotes CF100 (RE, nuclear, CCUS, hydrogen) over RE100, arguing renewables are unsuitable for Korea's energy-intensive industries and natural environment. 	

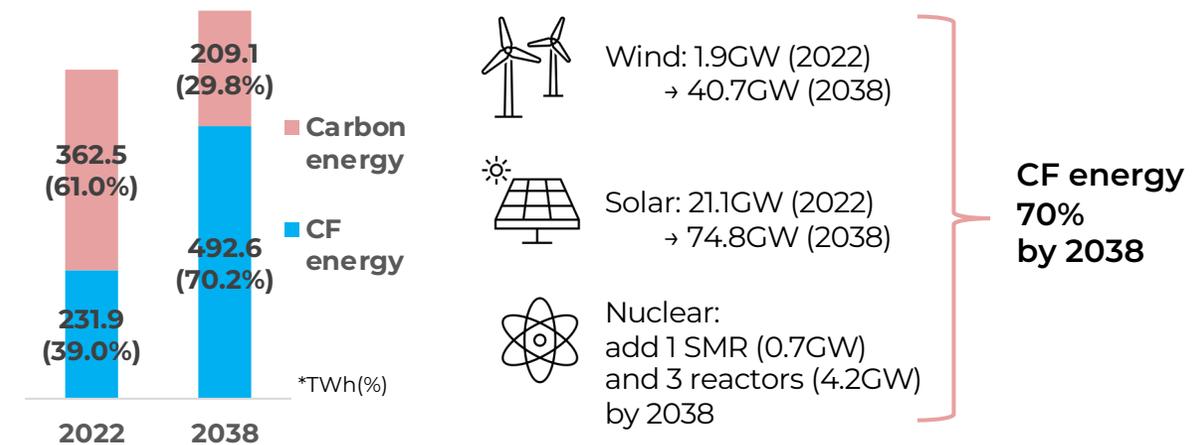
Following the opposition's landslide victory in April 2024 general election and growing industrial demand for RE, the Yoon administration is fine-tuning its stance to **increase RE share while maintaining a pro-nuclear approach**.

Major updates

Strategy for Expanding Renewable Energy Supply and Strengthening Supply Chains (16 May 2024)

- **Accelerates Renewable Energy Deployment:** Government-led, top-down approach aims for an **annual average of 6GW RE** to overcome delays from lengthy permits and low public acceptance.
- **Secures Energy Security and Enhances Industrial Competitiveness:** Establishes a robust RE supply chain to ensure energy security and boost competitiveness.
- **Revamps Market System:** Overhauls the renewable energy market system to support increasing industrial sector RE demand.

The 11th Basic Plan on Electricity Supply and Demand (draft version, 31 May 2024)



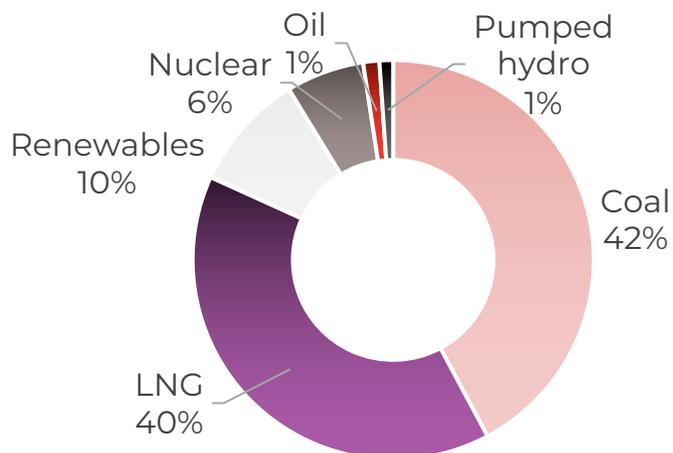


Regulatory developments in TAIWAN

Overview

- One of the most **fossil-dependent** and **import-dependent** power sectors in Asia:
 - more than 80% of its electricity from fossil fuels
 - imports roughly 98% of its energy sources
- Former President Tsai initiated the **"Energy Transition Policy"** in 2016, setting out four directions of **"reduce coal reliance, increase gas supply, phase out nuclear energy, and expand green energy"**
- Electricity demand is expected to **grow at an annual average of 2.03%** from 2023 to 2029
- The Taiwan Strait is rich in development potential for wind power. The influential **semiconductor industry is the key driver** pushing for greater renewable energy generation.

Taiwan's Electricity Generation Structure (2023)



Major updates

Robust Regulatory and Policy Development

- The **"Electricity Act"** was amended in 2017 to liberalize the market for renewable energy operators
- The **"Renewable Energy Development Act"** was amended in 2019 and 2023 to optimize the legal environment for promotion of renewable energy projects
- The **referendum for restarting the 4th nuclear power plant** held in 2021 did not receive public support
- **"Taiwan's Pathway to Net-Zero Emissions in 2050"** published in 2022 set the goal for 2030 power mix as **50% natural gas, 30% green energy, and 20% coal**.
- In 2023, Ministry of Economic Affairs (MOEA)' **"Strategic Action Plan for Energy Conservation"** established seven major strategies to maximizing energy efficiency.

Market Headlines

- **Renewable energy generation in 2023 increased by 11.86%** compared to 2022. Wind power saw the largest growth, with a significant increase of 73.64% from 2022.
- MOEA announced the decision to **raise electricity prices by an average of 11% starting in April 2024**.
- Taiwan Renewable Energy Industry Association was established in January 2024 with the aim of promoting the balance of supply and demand in green energy.

Bringing about regulatory or policy changes



Landscape analysis ▶

- **Understand** policy framework and implications
- **Identify** stakeholders and evaluate dynamics
- **Analyze** discussions and perceptions of key stakeholders
- **Explore** strategic opportunities taking political schedules into consideration

Strategy development ▶

- **Establish** priority goals and objectives
- **Formulate** a procedural roadmap
- **Devise** engagement plans for target stakeholders
- **Tailor** evidence-based messages and narratives to resonate with identified key engagement targets

Engagement with Stakeholders

- **Forge** meaningful relationships with major stakeholders to align opinions and build champions
- **Raise** awareness among stakeholders on key issues to build foundation of understanding
- **Leverage** political milestones to increase levers for change
- **Engage** with government decision-makers to get involved in policy discussions
- **Develop** government partnerships to facilitate exchanges between a greater group of stakeholders



CASE SHARING 1: Driving Renewables Deployment in Japan

Objectives

- To lobby for the **introduction of a Feed-in Tariff (FIT) system for renewable energy in Japan**

Strategy and action taken

- Outlined the key policy-makers in the Japanese Diet and relevant ministries
- Developed a strategic outreach plan for advocacy to promote the introduction of FIT
- Built coalition with other relevant stakeholders
- **Engaged policy research councils under the major political parties in Japan** to advocate the importance introducing the FIT system in Japan
- **Presented policy proposals to key political and government stakeholders**

Results/Achievements

- The government closely consulted the industry representatives on the design of the FIT system and **enacted legislation to introduce FIT for renewable energy in 2012**



CASE SHARING 2: Facilitating Bilateral Cooperation in Green Energy

Objectives

- To increase **Japanese investments into energy transition in India** by strengthening bilateral public and private relations

Strategy and action taken

- Understanding key issues and major challenges , potential areas of energy collaboration, and relevant stakeholders
- Built a coalition of Indian stakeholders and arranged a **delegation visit involving key Indo-Japan stakeholders**
- Engaged with Japanese government officials, think tanks, major financial institutions, and industry associations
- Held a **study session for Japanese Diet members to build awareness** on India's energy agenda and garner support on Indo-Japan cooperation in green energy

Results/Achievements

- **Established a network of Indo-Japan stakeholders** in favor of India's green transition
- Laid solid foundation for **further discussions on public-private partnerships across India and Japan**



Outlook and Implications



Japan

- The 7th Strategic Energy Strategy (SEP) is **expected to be a centerpiece for energy policy discussions**, which will likely direct the path forward for Japan's energy mix **through to FY2040**.
- **The role of nuclear is expected to be an important consideration**, as political and public sentiment towards nuclear as an option for decarbonization are improving.
- With legislation to enable offshore wind development in Japan's EEZ expected to be enacted in June, **Japan has an opportunity to rapidly expand offshore wind projects** with proper government support for necessary infrastructure and legal frameworks.

Korea

Several **major energy-related bills are expected to be re-proposed** in the 22nd National Assembly (2024~2028)

- **[Offshore wind] One-stop-shop bill:** Streamlining the permitting procedures and introducing government-led model, to ensure swift and orderly expansion of offshore wind.
- **[Nuclear] Special Act on Managing High-Level Radioactive Waste:** Establishing a high-level radioactive waste disposal facility by offering adequate compensation to residents to garner local acceptance.
- **Special Act on the Expansion of the National Power Grid:** Expanding the government's role in grid expansion.

Taiwan

- New President Lai's policies on energy are **largely extensions from the Tsai administration**.
- Lai proposed to build a stronger RE portfolio to also **expand geothermal, hydrogen, biomass, and marine energy**.
- Pro-nuclear opposition party (Kuomintang) has the majority in Legislative Yuan. **Heated debate regarding the role of nuclear energy is anticipated**.
- The new Minister of Economic Affairs is expected to **review and address the stringent local procurement requirements** that have caused delays and the withdrawal of several offshore wind power projects.

THANK YOU

GR Japan – Tokyo

Juzen Bldg. 101, 2-9-6 Nagatacho
Chiyoda-ku, Tokyo, 100-0014

T +81-3-6205-4205
F +81-3-6205-4206

GR Korea – Seoul

Level 22, 83 Uisadang-daero
Yeongdeungpo-gu, Seoul, 07325

T +82-2-556-4205

GR Taiwan – Taipei

Level 57, Taipei 101 Tower, No. 7, Section 5,
Xinyi Road, Xinyi District, Taipei, 110

T +886-2-8758-2888

The GR Company – Washington D.C.

1101 Pennsylvania Ave. NW,
Washington D.C., 20004

T +1-202-813-6125

The GR Company – London

25 Wilton Road Victoria,
London, SW1V 1LW

T +44-77-3066-6918

The GR Company – Singapore

Level 35, The Gateway West,
150 Beach Road, Singapore, 189720

T +65-6727-4640