



**Asia-Pacific
Economic Cooperation**

2011/SOM1/EWG/EGEEC/015

Agenda: D2 4

Economy Update – Japan: Compliance Activities on Energy Efficiency Law in Japan

Submitted by: Japan



**37th Expert Group on Energy Efficiency and
Conservation Meeting
Washington, D.C., United States
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Compliance activities on Energy Efficiency law in Japan

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Regulated sectors of Energy Efficiency Law

① Factories/Offices

Business operators

② Transportation

Transportation service providers
Cargo owners

③ Houses/Buildings

Owners and managers of residential buildings and structures

④ Machinery and appliances

Manufacturers and importers

Main Penalty provisions ① Factories/Workplaces

○ Annual reporting obligation

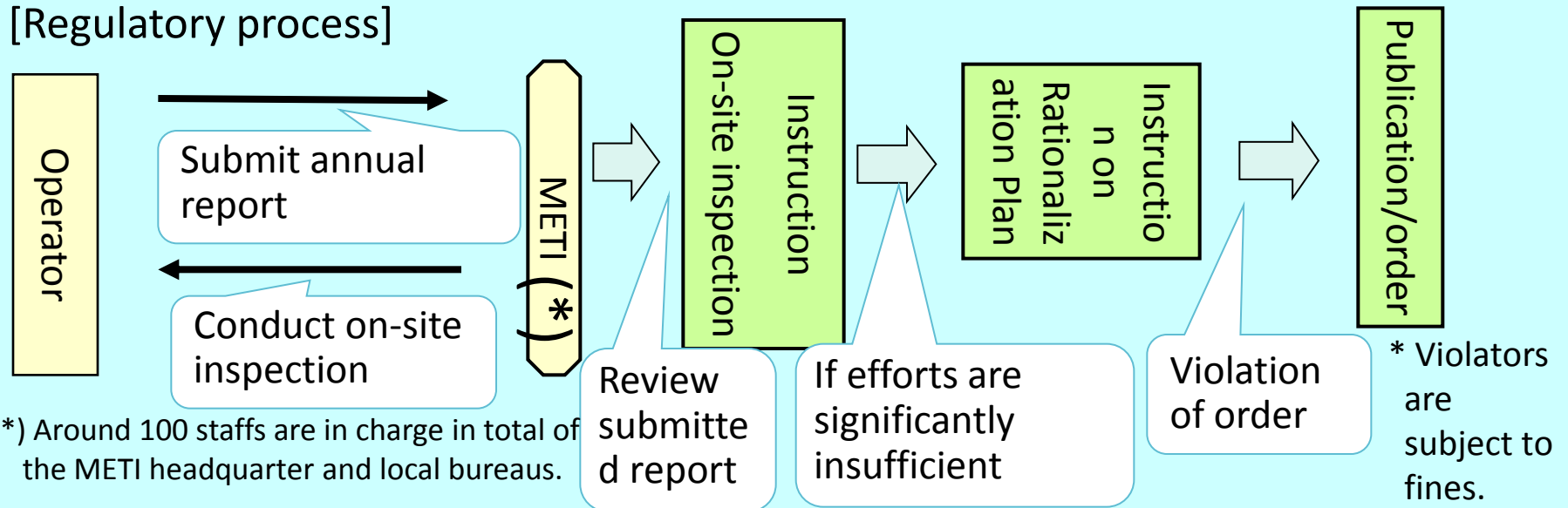
Obligations to report annually on such as:

- (1) trend of **energy consumption intensity**
- (2) status of energy efficient measures
- (3) status of **benchmarking indicators** (required sectors only)



If considered significantly insufficient, the operator is subject to instruction, publication and order (and fines for violation of the order).

[Regulatory process]



○ Energy manager appointment obligation

Large-scale factories (with 3,000kl oil-eq/yr or more of energy use) are required to place energy manager.

Main Penalty provisions ① Factories/Workplaces

Notification of the state of energy use

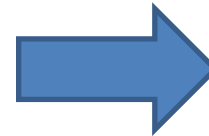
- If the notification is not submitted.
- If a false notification is submitted.



Penalty of 500 thousand yen or less

Periodical report Medium-to long-term plan

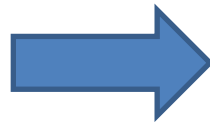
- If the report or plan is not submitted.
- If a false report or plan is submitted.



Penalty of 500 thousand yen or less

Energy management control officers Energy management planning promoters Type 1 energy managers Type 2 energy managers

- ◎ Notification of election or removal
 - If the notification is not submitted.
 - If a false notification is submitted.



Fine of 200 thousand yen or less

- ◎ If the election is not made.



Fine of 1 million yen or less

Main Penalty provisions ②Transport

Standards of Judgment for carriers

- Energy conservation target
- Energy conservation measures

Submit to Ministry of land, infrastructure and transportation (once a year)

Drafting and submission of energy conservation plan

Energy use (intensity)

Regular report of the state of implementation of energy conservation measures

Standards of Judgment for consigners

- Energy conservation target
- Energy conservation measures

Submit to Ministry in charge (once a year)

Drafting and submission of energy conservation plan

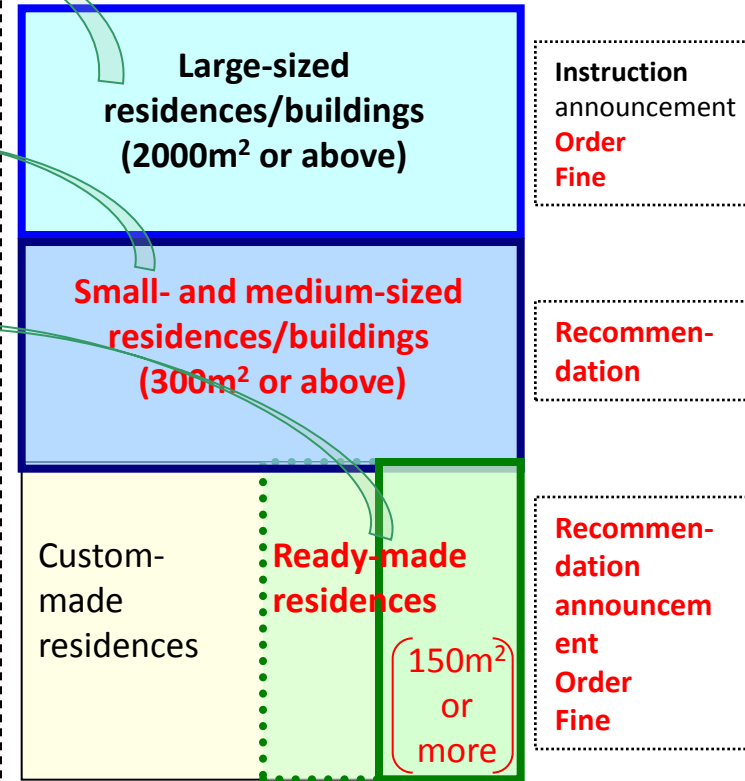
Energy use (intensity)

Regular report of the state of implementation of energy conservation measures

If found the energy conservation measures being remarkably insufficient, recommendation, announcement, order, penalty (penalty of one million yen or less).

〈Framework of the revised Energy Efficiency Law〉

- ① Orders and fines are introduced for large-sized (2000m² or more) residences/buildings
- ② To include small- and medium-sized (300m² or above) residences/buildings for the regulation
- ③ Introduction of "Top Runner Standards for residences" ※
→ Applicable to new residences sold by business operators engaged in supplying residences (housing manufacturers etc.)
- ④ Promotion of labeling of energy conservation performance of residences/buildings



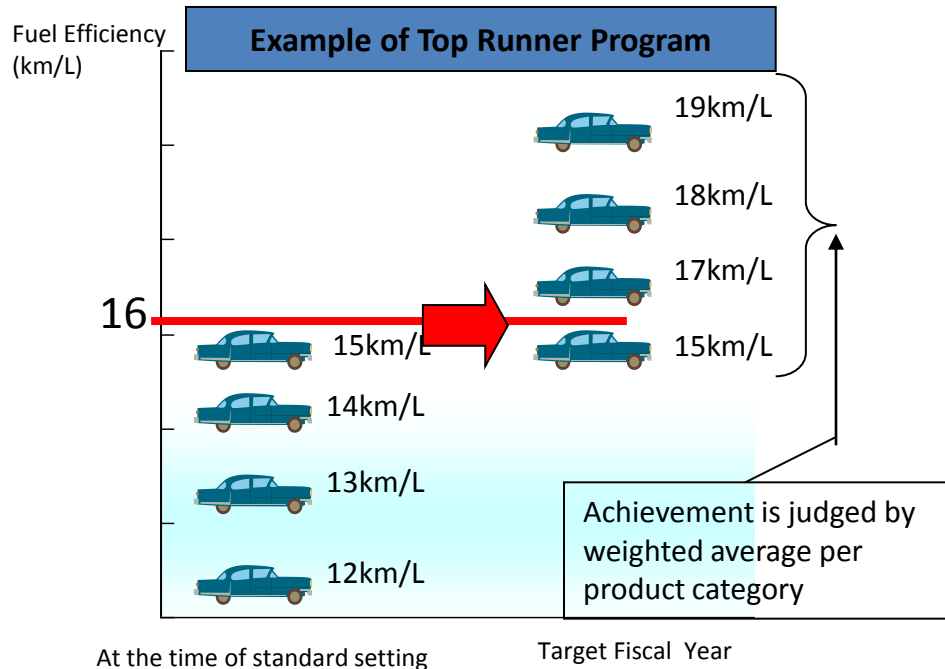
※② was enforced in April, 2010 while others were enforced in April, 2009.

※The aim is to ensure effectiveness in combination with the Building Standards Act.

※ FY2008 revisions shown in red

Main Penalty provisions ④ Top runner Program

○ Energy efficiency law stipulates energy conservation standards for domestic appliances and vehicles according to the Top Runner method. Manufacturers are under the obligation to comply with the standards. For incompliance, manufacturers and the like may be imposed **recommendation, publication, order, penalty (under one million yen penalty)**.



- Target products (23 products)**
- | | |
|-----------------------------|----------------------------|
| 1. Passenger vehicles | 12. Space heaters |
| 2. Freight vehicles | 13. Gas cooking appliances |
| 3. Air-conditioners | 14. Gas water heaters |
| 4. TV sets | 15. Oil water heaters |
| 5. Video-cassette recorders | 16. Electric toilet seats |
| 6. Lighting equipment | 17. Vending machines |
| 7. Copiers | 18. Transformers |
| 8. Computers | 19. Electric rice cookers |
| 9. Magnetic disc units | 20. Microwaves |
| 10. Electric refrigerators | 21. DVD recorders |
| 11. Electric freezers | 22. Residential router |
| | 23. Layer 2 switch |

Energy conservation standards according to Top Runner method

Measures to reinforce compliance

○Purchasing test

- The government purchases some of the products on the market which are subject to the Top Runner Program and measures their energy consumption efficiencies to verify the claimed values are appropriate.
- One or two products claimed to have met the standard values are randomly selected per manufacturer with an aim to ensure that companies make appropriate labeling.
- About **10 million yen** is appropriated on the government budget annually for this test.

○Industry organization's initiative

A trade association plays a central role in ensuring proper labeling by making a guideline.



Supportive Measures :Tax incentives

----- From 1992-----

Intended for

<designated facilities/ equipments >
 • 74 facilities/ equipments
 (2010Fy)

Tax incentives

1. Tax exemption equivalent to 7% of the equipment acquisition cost from the income tax or corporate tax payable (applicable only to small and medium companies from fiscal year 1999)
- or
2. Special depreciation of up to 30% of the equipment acquisition cost

* Basic acquisition cost = [Acquisition cost] x [Multiplier rate (25 to 100%)]

* Special depreciation: The depreciation is classified as "loss" as defined in the Tax Law, and is included in the calculation of profit in the settlement of accounts.

Equipment items (e.g.)

High –efficiency composite machine tools



Electric-powered vehicles



Solar power generation equipment

Supportive Measures :Subsidies①

Subsidy project for promoting the introduction of high-efficiency energy facilities/system.

**-Factories/Offices
(FY2010 budget: ¥24.01 billion)**

**-House/Buildings
(FY2010 budget: ¥7.7 billion)**

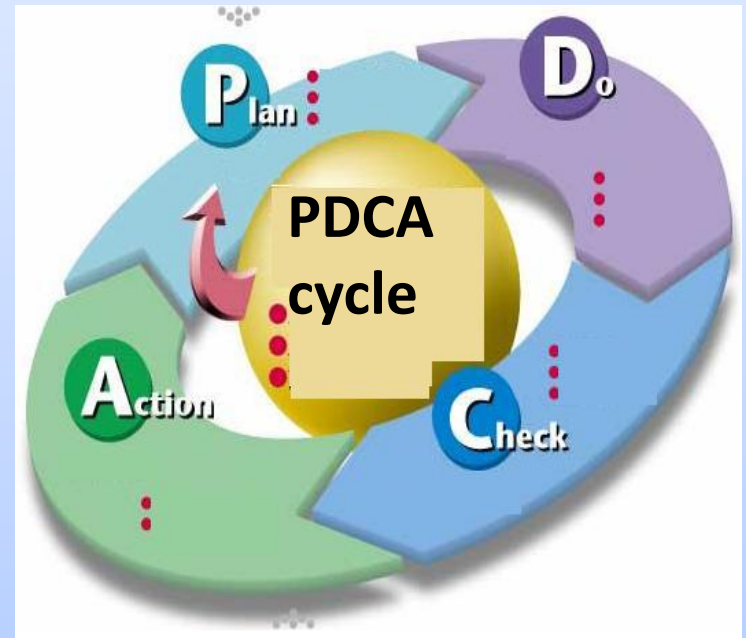


Supportive Measures :Subsidies②

**Subsidy project for promoting the introduction of energy-saving measures.
(FY2010 budget: ¥1 billion)**

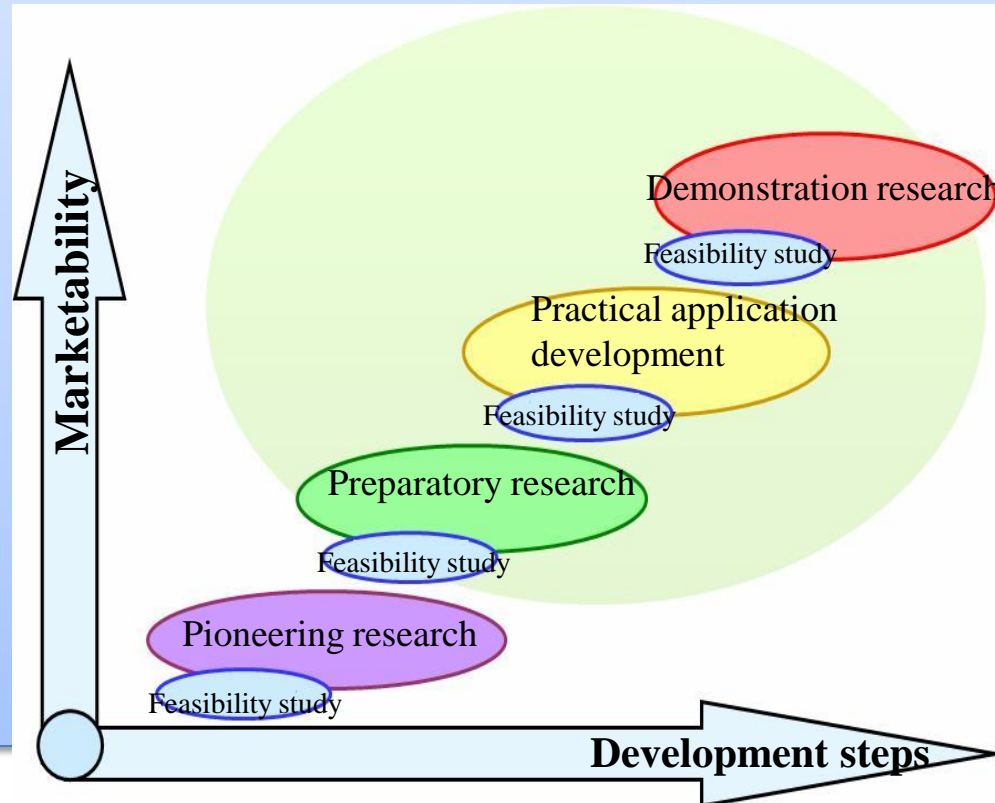
**-Providing guidance
on the introduction**

-Introducing measuring/monitoring equipment



Supportive Measures :Subsidies③

This project pursues energy conservation technology development over a medium- and long-term basis, with four phases.
(FY2010 budget: ¥7 billion)



Thank you for your attention!



METI

Ministry of Economy, Trade and Industry