

Feed-in Tariff in Germany and Spain: Implications for Japan

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1. INTRODUCTION AND OBJECTIVE OF STUDY

The purpose of this paper is to analyze the FIT systems in Germany and Spain and to present the implications for the FIT in Japan which will go into effect in July 2012. Reflections on the experiences with FITs in Germany and Spain will create discussions regarding the possible effects and improvements of the FIT mechanism in Japan. Germany and Spain are considered two of the most successful countries which implemented the FIT in very different ways. Therefore, they can provide valuable lessons for the FIT policy design and implementation in Japan.

2. METHODOLOGY

An overview of the history of FIT policies and their continuous change provide important insights into the design of successful FIT policy frameworks.

Germany and Spain have feed-in schemes characterized by high effectiveness as they have a large share of the European RE and are responsible for the increases of RE in Europe in general. However, effectiveness is one of the few similar characteristics the two countries share in terms of RE promoting. The FIT mechanisms have different designs adapted to the conditions of each country.

When analyzing the FIT system, the design elements are observed. For a better understanding, the design elements are divided into defining elements, basic design elements and advanced design elements.

3. CONCLUSION

With the basic and advanced design elements, the feed-in tariff policy has proved to be a very efficient policy with significant renewable energy deployment in Germany and Spain. Despite the different policy framework the two countries have, a series of innovative measures conducted by a committed political leadership has overcome the barriers and led Germany and Spain to a new age of energy policy.

The German and Spanish experiences provide valuable knowledge to Japanese policy makers. By understanding the implications of implementing a fixed-tariff FIT or a premium one, Japan can introduce the scheme with accuracy and high stability. Japan's current policy barriers are identified as policy cost and the lack of a guaranteed grid access for the renewable energy producer. Grid access, tariff degression, purchase obligation, forecast obligation, equal burden sharing, efficiency bonus system are examples of the advanced design elements that can help the Japanese FIT for achieving a more efficient renewable energy deployment.