

The EU-Japan Centre for Industrial Cooperation
ZOOM webinar

Japan's
Green Transformation (GX) Strategy
From the perspective of the EU-Japan Green Alliance

Bruno GAUSSORGUES
Group Country Head for Japan,
Société Générale

ENERGY TRANSITION - OFFSHORE WIND

To reach ambitious target, offshore wind has great potential to expand in Japan

136 MW of offshore wind capacity has been installed in Japan vs UK's nearly 14 GW and China's 31 GW by 2022. In 2024, the draft amendment to the existing legislation to allow for the installation of offshore wind power in exclusive economic zones (EEZ) was presented. **Japan is the 6th largest country in the world for EEZ and territorial waters.**

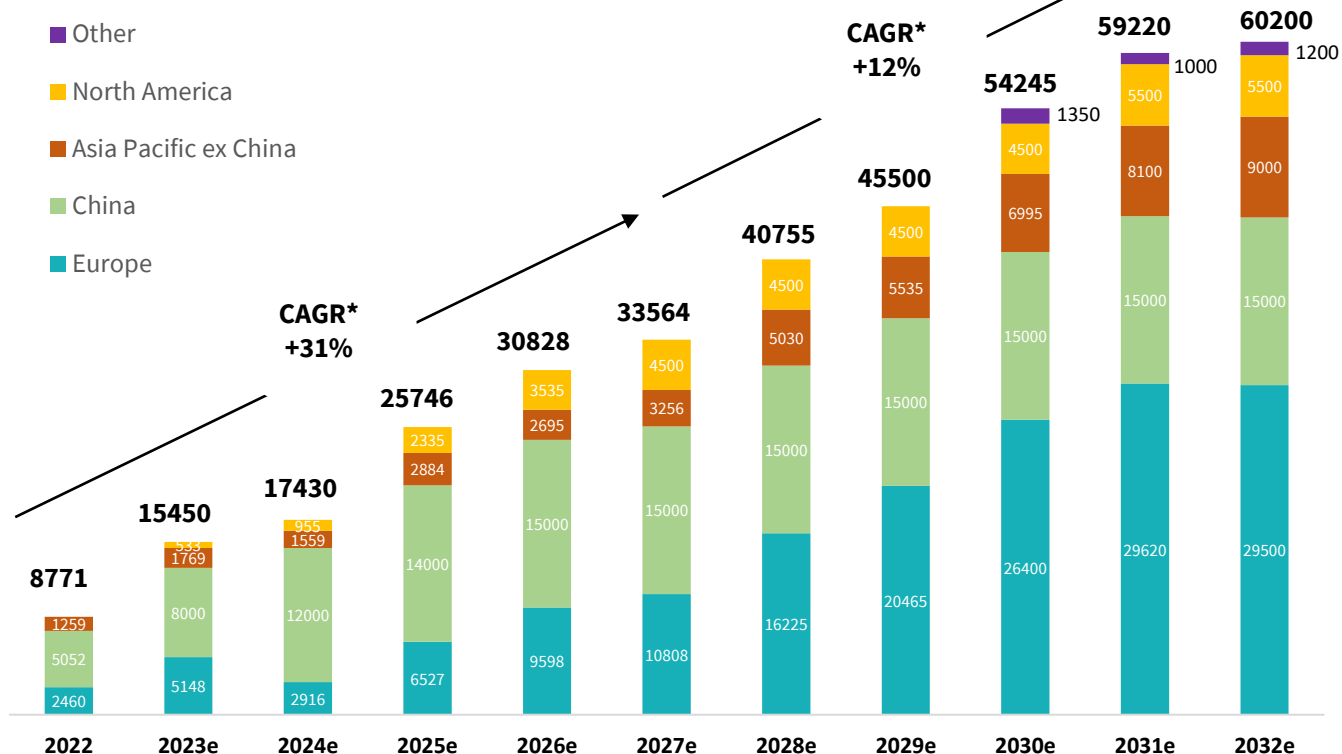
Offshore Wind Deployment target by country

Japan	10 GW by 2030 30-45 GW by 2040
Korea	14.3 GW by 2030
France	18 GW by 2035
UK	50 GW by 2030
US	30 GW by 2030

Several major global renewable energy companies, e.g. Orsted, RWE, BP, Equinor and Iberdrola, have set up offices in Japan.

To construct an offshore wind power plant, the operator must be selected through a public recruitment process conducted by the government.

New offshore wind installations, global (MW)



Source: Global Offshore Wind Report 2023 <https://gwec.net/gwecs-global-offshore-wind-report-2023/>
<https://www.meti.go.jp/press/2023/03/20240312006/20240312006.html>

FOCUS ON OFFSHORE WIND IN JAPAN

Our experience on the Japanese offshore wind market



Société Générale is acting as the **only non-Japanese Mandated Lead Arranger(MLA), Hedge Provider and Senior Lender** in the **first two large-scale offshore wind projects** financed on a non-recourse basis in Japan, Ishikari (Hokkaido) and Akita & Noshiro.



Société Générale is acting as **Financial Advisor** for a consortium led by Japanese clients for the three projects awarded in the **1st Round offshore wind tender** in Japan.

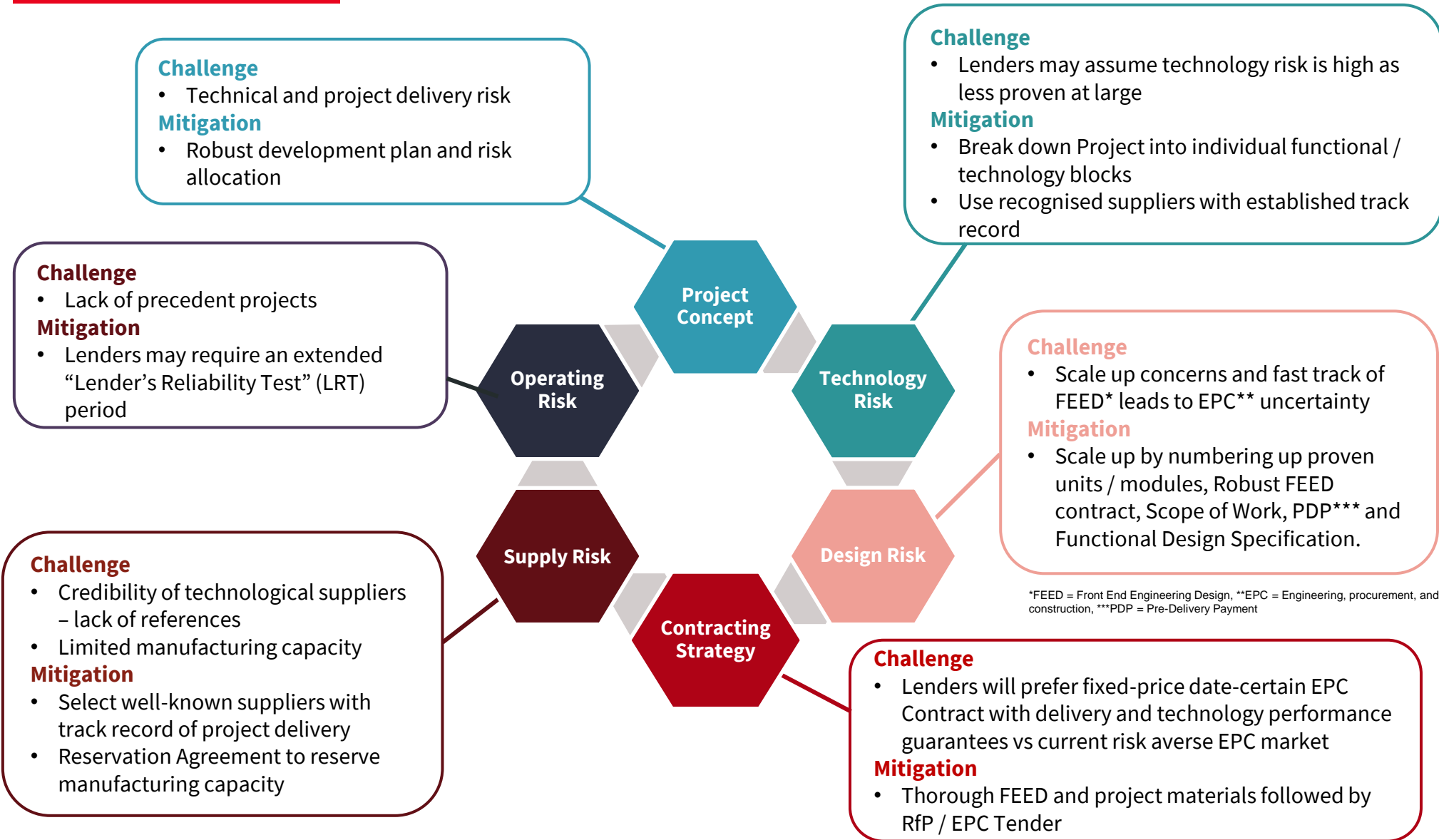
Société Générale is the only international bank with first-hand offshore wind project financing expertise in Japan, providing added-value services to raise debt and support our clients' investments into the Japanese offshore wind market.

This project finance activity is supported by ;

1. Local project finance activity in Tokyo
2. Syndication desk located in Tokyo
3. Hedging teams based in Tokyo



KEY BANKABILITY CHALLENGES



*FEED = Front End Engineering Design, **EPC = Engineering, procurement, and construction, ***PDP = Pre-Delivery Payment

AND SOLAR PROJECTS IN JAPAN



A transaction marked by many “**firsts**”
The largest single asset solar PV plant for corporate PPAs in Japan



- This is the **first** – ahead of the Japanese banks – non-recourse project finance to reach financial close for the combination of corporate power purchase agreements and the new feed-in premium (FIP) regulatory regime.
- This is Microsoft’s **first** PPA in Japan, helps add clean energy to the electricity grid, and supports Microsoft’s goals of achieving 100% renewable energy by 2025.
- For Shizen Energy, this is the **first** project in Japan financed by an international lender.

Feed-in premium (FIP)

Under the FIP scheme, the premium paid to generators is calculated as a margin which is added to the wholesale market price. Therefore, under the FIP scheme revenue fluctuates along with the market price as the revenue the generator receives, and the market price are now expressly linked.

Source: https://www.shizenenergy.net/wp-content/uploads/2023/10/%E3%80%90Press-Release%E3%80%91Shizen-Energy-signs-Virtual-PPA-with-Microsoft_231013.docx.pdf

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