

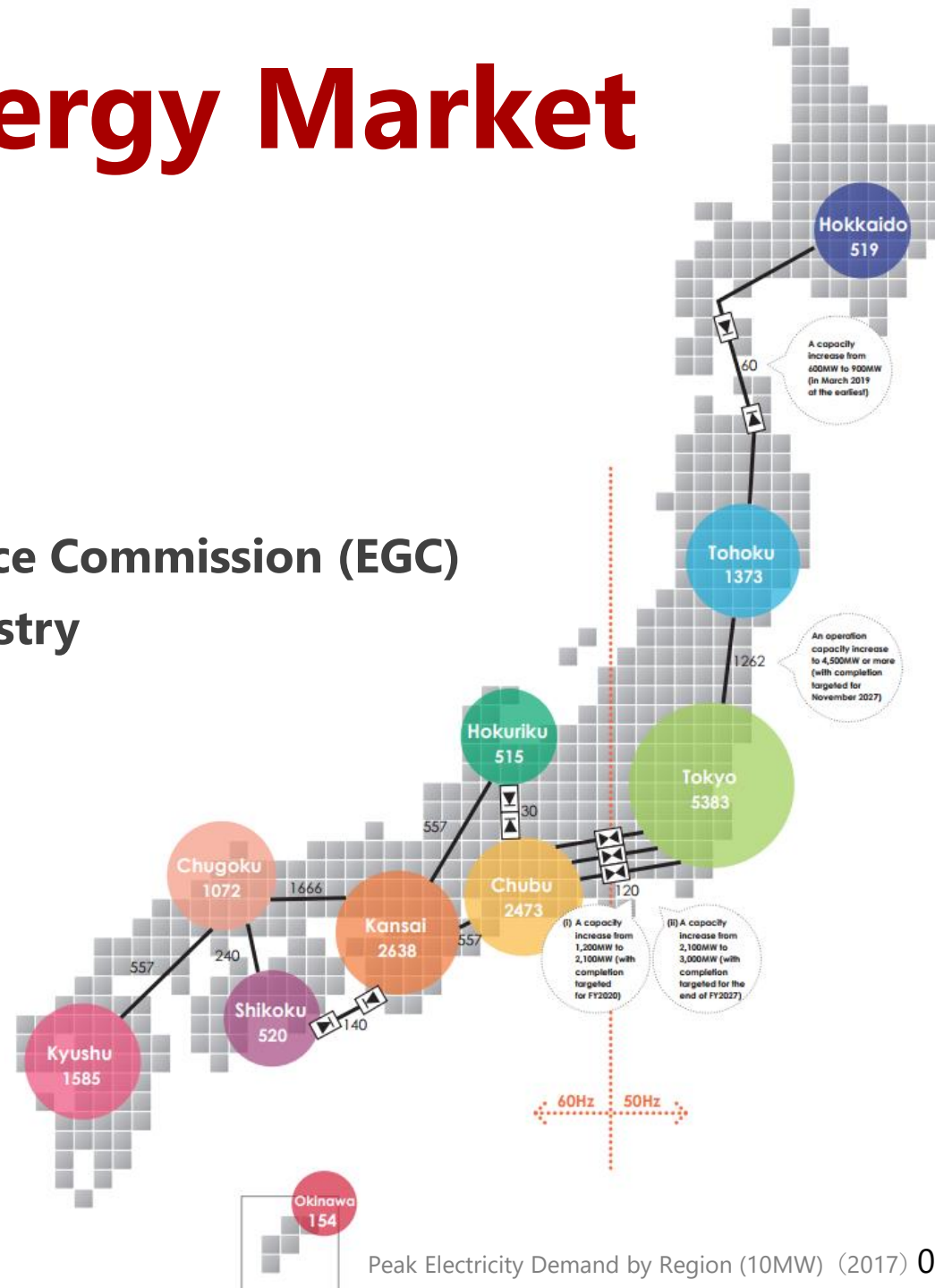
Overview of Energy Market Policy in Japan

TATSUO HATTA

Chairman

Electricity and Gas Market Surveillance Commission (EGC)

Ministry of Economy, Trade and Industry



Outline

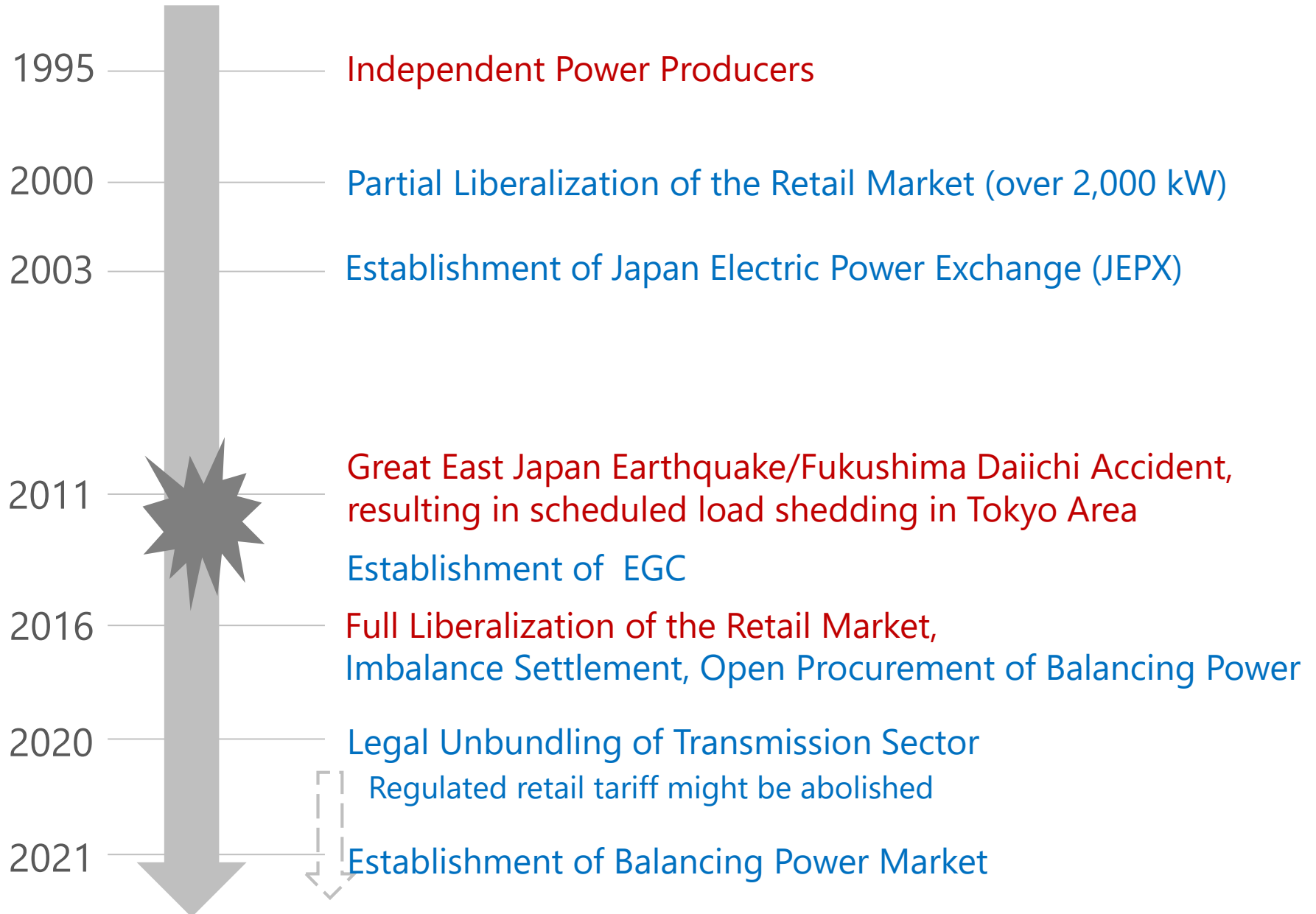
1. System Reform

2. About EGC

3. Current Situation

4. Future Challenge

1. System Reform in Japan



2. About EGC

- Commission was founded to ensure appropriate transactions as a regulatory agency independent from Agency for Natural Resources and Energy.
- Commission reports directly to the Minister of Economy, Trade and Industry.

Monitoring

- ① Monitors improper actions such as market manipulation
- ② Examination of transmission tariffs and regulated-retail tariffs, etc.

Rule Making

- ① Setting up rules to promote competition
- ② Consumer protection initiatives

2. Chairman and Commissioners

- Minister of Economy, Trade and Industry appoints the members of the commission as experts who can make neutral judgements.

Tatsuo Hatta
(Chairman)

Ryuichi Inagaki
(Acting Chairman)



Yasuhiro Hayashi



Masanori Maruo



Kaeko Kitamoto



【Economy】

Professor Emeritus,
Osaka University
President, Asian
Growth Research
Institute

【Law】

Attorney-at-law,
Ryuichi Inagaki
Law Office

【Engineering】

Professor, Waseda
University
Graduate School

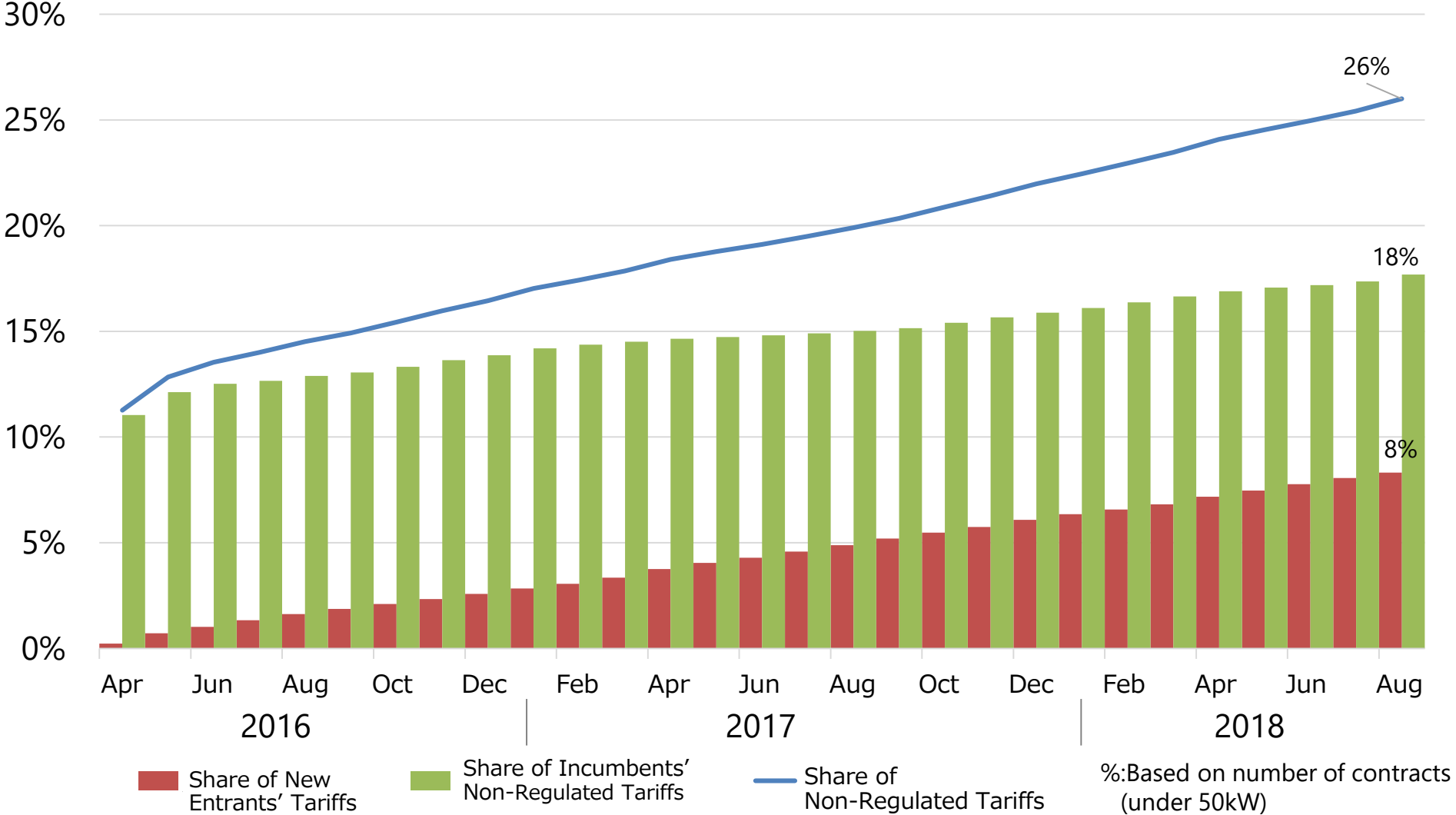
【Finance】

Managing Director,
SMBC Nikko
Securities Inc.

【Accounting】

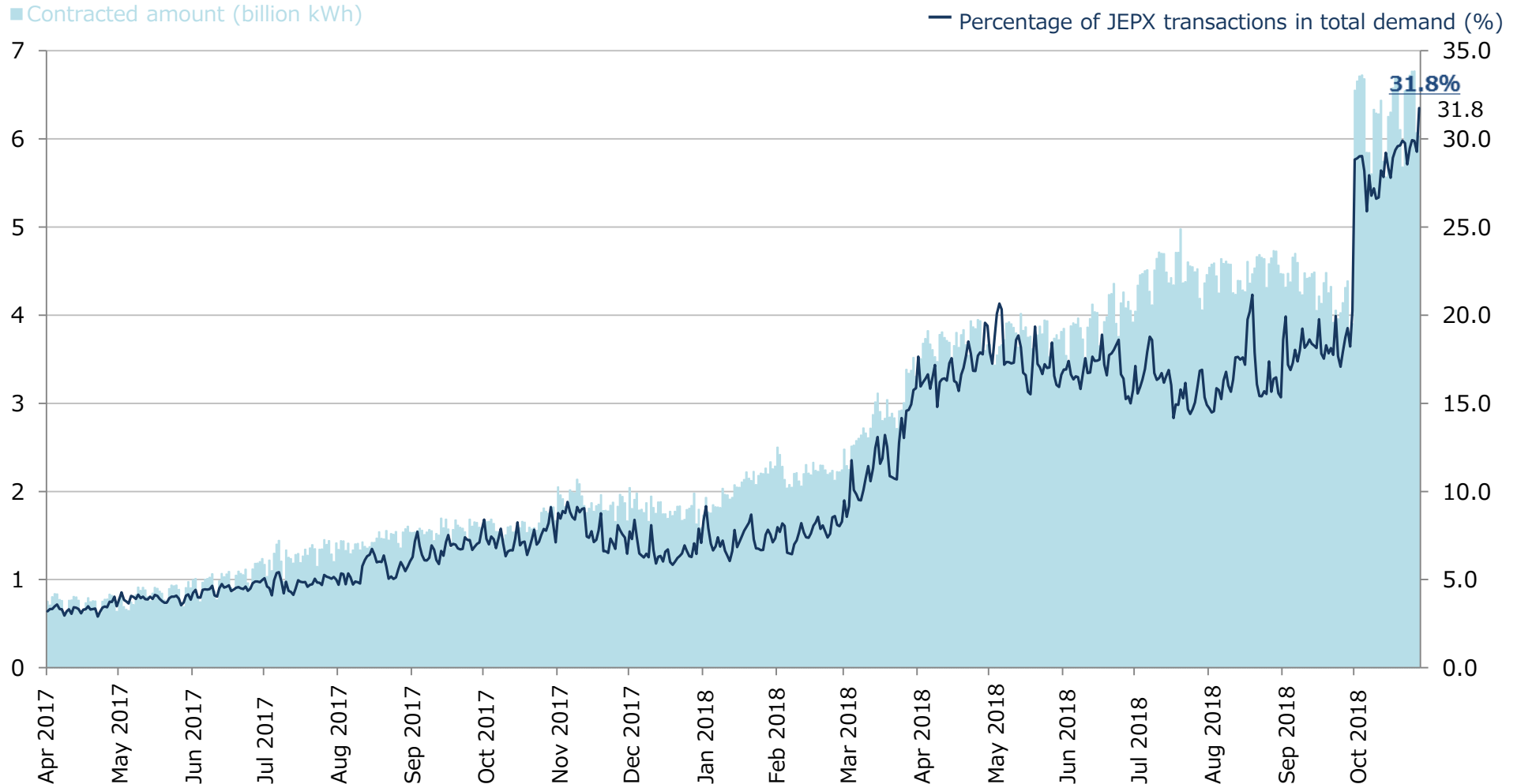
Certified Public
Accountant,
Senior Partner at
Ernst & Young
ShinNihon LLC

3. Share of Non-Regulated (Liberalised) Tariffs



3. Volume of Transactions in Spot Markets

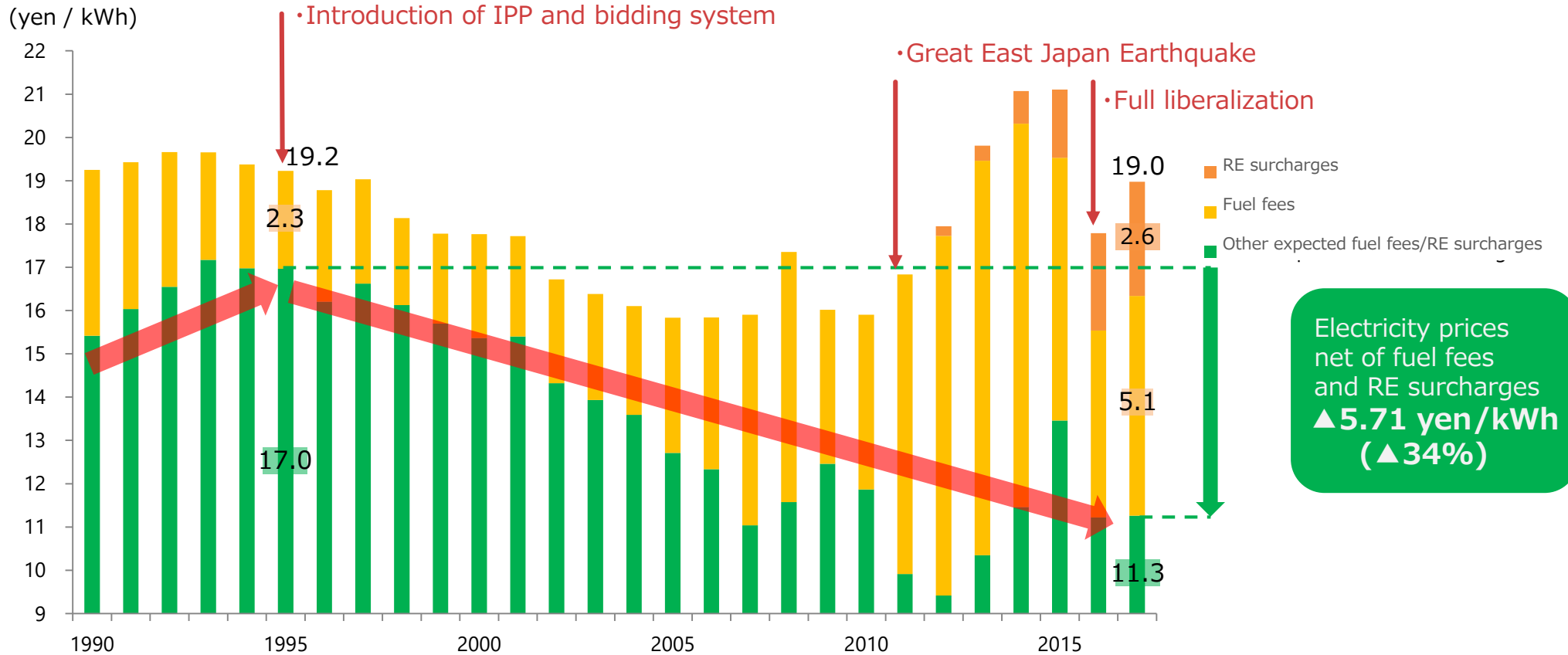
- The volume of transactions at the Japan Electric Power Exchange (JEPX) has consistently increased.



Note: figure for October 2018 is preliminary estimated

3.Reductions in Electricity Prices

- Except a few years after the Great East Japan Earthquake, electricity prices net of Fuel Fee and Renewable Energy Surcharge gradually declined after the electricity system reform started.



4. Future Challenge

- Unbundling of the Network Sector
Electricity 2020, Gas 2022
- Imbalance Prices are Scheduled to Reflect Actual Cost of Balancing Energy in 2021.