

# METI proposes maximum procurement price of offshore wind power for four promotion zones

02 November 2020 | Contributed by [Nishimura & Asahi](#)

On 15 September 2020 the Committee on Procurement Price Calculation of the Ministry of Economy, Trade and Industry (METI) announced a recommendation to set the maximum procurement price that bidders may propose in their development plans for offshore wind renewable energy power generation facilities at Y29 per kilowatt hour (kWh). This recommendation reduces the standard procurement price of Y36 per kWh – which was available in Japan between fiscal years 2014 and 2019 – by approximately 20%.

The recommendation was partly based on a recent study by the New Energy and Industrial Technology Development Organisation (NEDO). NEDO surveyed the procurement price of bottom-fixed offshore wind farms in Europe with a capacity of at least 10 megawatts during fiscal year 2019. According to the announcement, given the innovations in offshore wind generation technology and the competitive offshore wind development market, reducing the procurement price from Y36 per kWh to Y29 per kWh is not expected to affect the pre-tax internal rate of return for developers.

The recommendation applies to the offshore areas of:

- Noshiro City, Mitane Town and Oga City in Akita Prefecture;
- Yurihonjo City in Akita Prefecture (north);
- Yurihonjo City in Akita Prefecture (south); and
- Choshi City in Chiba Prefecture.

These offshore areas were each designated as promotion zones under the Act on Promotion of Use of Marine Areas for Development of Marine Renewable Energy Generation Facilities on 21 July 2020 (for further details please see "[First tender process under new offshore wind law underway](#)"). The minister of METI will consider the committee's recommendation and decide the maximum procurement price applicable to offshore wind power to be prescribed in the occupancy guidelines that will be published for each promotion zone.

*For further information on this topic please contact [Ryoji Moroi](#), [Rafael Sang-Kyun Bong](#) or [Hudson Hamilton](#) at Nishimura & Asahi by telephone (+81 3 6250 6200) or email ([r\\_moroi@jurists.co.jp](mailto:r_moroi@jurists.co.jp), [s\\_bong@jurists.co.jp](mailto:s_bong@jurists.co.jp) or [h\\_hamilton@jurists.co.jp](mailto:h_hamilton@jurists.co.jp)). The Nishimura & Asahi website can be accessed at [www.jurists.co.jp](http://www.jurists.co.jp).*

The materials contained on this website are for general information purposes only and are subject to the [disclaimer](#).

## AUTHORS

[Ryoji Moroi](#)



[Rafael Sang-Kyun Bong](#)



[Hudson Hamilton](#)

