

Proposals for the electricity market from competition policy (Summary)

September 21, 2012

Japan Fair Trade Commission

On April 3, 2012, the government adopted the cabinet decision, “Policy on Regulatory and Institutional Reform in the Energy Sector”. It requires the JFTC to analyze the current status of competition in the electricity market, and to find solutions from the standpoint of competition policy. The JFTC, in response to the cabinet decision, conducted a study on the electricity market in Japan and made proposals to promote competition in the sector.

The JFTC suggested;

- Unbundling of the power generation and wholesale unit from the retail unit of the General Electricity Utilities.
- Securing openness and neutrality of the transmission and distribution unit of the General Electricity Utilities.
  - as the measures that take into account the incentive of enterprises.
- Maintaining appropriate regulation on the transmission rate.
- Securing impartiality in ‘the charge of imbalance’ between the incumbent General Electricity Utilities and the new entrants.
  - to secure the proper conditions of use of the facilities and services provided exclusively.
- Introduction of the intervention into the improvement of the capacity of the interconnected lines and the frequency converters (FC).
- Revitalization of the electric power exchange.
  - to improve the infrastructure.
- Utilizing the collective negotiation by small users with each General Electricity Utility.
- Taking the proper measures against a rise in the retail price (publication of the terms of use for ‘Default Service’.)
  - to deal with bargaining power disparity in retail.

The JFTC continues to enforce the Antimonopoly Act strictly against violations.

- for example, the discriminatory treatment by the power generation and wholesale

unit to the competitors of its retail unit.

Other suggestions

- Special arrangement for supply for users in remote islands or mountainous areas.
- Review of the privileges given to the General Electricity Utilities.
- Opening of electricity generated by the power plant owned by the public enterprises to the new entrants.

\*For more detailed and exact information, please visit  
<http://www.jftc.go.jp/pressrelease/24index.html> (Japanese)

\*Every announcement is a tentative translation.