Recent Developments of Japanese Offshore Wind Power Projects

-An Energy Policy Perspective-

DBJ Development Bank of Japan

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1. Overview of Development Bank of Japan



Overview of Development Bank of Japan ("DBJ")

As a 100% Japanese government-owned financial institution, with <u>either debt or equity</u>, DBJ has long been involved in the renewable energy sector inside and outside Japan.

Overview of Development Bank of Japan ("DBJ")

Established:	 October 1, 2008 Former Japan Development Bank :1951 Former Hokkaido-Tohoku Development Finance Public Corporation: 1956 	
Shareholder:	<u>100% owned by the Japanese Ministry of Finance</u>	
Total assets:	USD 156 billion ^{*1}	
Loans:	USD 121 billion ^{*1}	
Capital adequacy ratio:	<u>15.91%</u> *1	
Credit Ratings:	 <u>A1</u> by Moody's Investors Service, Inc. <u>A</u> by Standard & Poor's Corp. 	

Number of employees: 1,186^{*1}

Note : 1. As of March 31, 2019

Selected Key Projects



Gunfleet Sands I & II (2013)

 DBJ purchased 49.9% equity stakes from DONG Energy (now as Ørsted A/S) jointly with Marubeni Corp (now divested to JERA)

Location: Northern Thames Estuary, 7km off Essex Coast, UK Project Size: 172.8 MW Commercial Operation Date: 2010



Triton Knoll (2018)

 Provide financial support through preferred equity investment toward J-POWER's participation in UK offshore wind power project

Location: 33 km off Lincolnshire Coast, UK Project Size: 857.25 MW Expected Commercial Operation Date: 2022



2. Recent Developments



New Law on Promotion of Use of General Sea Area

In April 2019, "Law on Promotion of Use of Marine Areas for Development of Marine Renewable Energy Generation Facilities" (the "Law") was approved which provides an outline of project development.

Brief Outline and Expected Schedule of Project Development (First Round)

Announcement	Designation of	2-Step Selection Process	FIT Approval	Permission of
of the Guidelines	Promoted Area	of Business Operator	by METI ^{*1}	Exclusive Use
 June 2019 In June 2019, Guidelines for Public Auction and the Exclusive Use (the "Guidelines") was announced. Evaluation methods for selecting business operator was disclosed. Details to be further explained in Page 5. 	designate the "Promoted Area", and prepare the "Public Subscription Policy" in relation to the	 1st Stage: Conformance review of bidders' plan to evaluate satisfaction of the minimum standards. 2nd Stage: Assessment of bidders' plan to evaluate the qualitative and relative implementation of the project by a third party committee. Winning bidder will be selected by METI/MLIT. 	3Q 2020 - The selected business operator applied for METI approval of the business plan for feed-in-tariff according to the approved Plan of Exclusive Use.	 The business operator applies for exclusive use based on the approved Plan of Exclusive Use. Exclusive use of the Promoted Area will be granted up to 30 years.

Note : 1. Ministry of Economy, Trade and Industry

2. Ministry of Land, Infrastructure, Transport and Tourism



Announcement of the Guidelines

Bidding Price / Proposed Price) x (Full Points [120] pts)

According to the Guidelines, a comprehensive evaluation will be conducted by taking into account (I) the supply price and (II) the ability of business operator to implement a project.

Supply Price

 [120] pts.
 The supply price being one of the most important factor, is calculated based on a formula of : Evaluation Points of Supply Price = (Lowest

• It is noted that the supply price and the ability of business operator to implement the project are tentatively evaluated equally and may possibly be reviewed going forward. Ability to Implement the Project 2 [120] pts. Ability to Implement a Project **Business Feasibility** [80] pts [40] pts Stable Supply Certainty of Project Implementation Coordination with Local Impact on Economy [65] pts [20] pts [20] pts [15] pts Track Record **Certainty of Project** Stable Supply Coordination with Local Impact on Economy [35] pts [15] pts [30] pts [20] pts [20] pts Track Record Project Plan Risk Control Funding Stable Supply Coordination **Co-operation** New Impact Impact Plan Supply Price Tech with Relevant with Fishery on on Administration Companies Local Domestic Economy Economy [30] pts. [20] pts [15] pts [0] pts [10] pts [5] pts [10] pts [10] pts [10] pts [10] pts [21] pts [14] pts [11] pts [4] pts [7] pts [7] pts [7] pts [7] pts [7] pts [9] pts [5] pts [2] pts [6] pts [3] pts [3] pts [3] pts [3] pts [3] pts [0] pts **Unqualified Bidder** D Rank: In between C Rank and E Rank A Rank: Top class bidder B Rank: Middle class bidder E Rank: Unqualified Bidder C Rank: Minimum standard



Announcement of Offshore Wind Areas

In July 2019, 4 out of 11 promising areas as promoted areas were announced that will now be progressing to conduct wind measurement and geological surveys by the government.

Geographic Location



List of Promoted Areas

	Areas	Location	Status
1	Noshiro-oki	Akita	Designated Promoted Area
2	Happou,Noshiro		Necessary to identify and coordinate with stakeholders
3	Offshore Aomori South	Aomori	Necessary to identify and coordinate with stakeholders
4	Offshore Aomori North	AOMOL	Necessary to identify and coordinate with stakeholders
5	Mutsu-wan	AOMORI	Subject to defense considerations and restriction
6	Katagami-city	AKITA	Subject to the progress of local agreement
7	Yurihonjyo-oki	Akita	Designated Promoted Area
8	Choshi-oki	Chiba	Designated Promoted Area
9	Murakami, Tainai-city	Nilinata	Necessary to identify and coordinate with stakeholders
10	Ejima-oki	NAGASAKI	Development must align with World Heritage status
11	Goto Islands	Nagasaki	Designated Promoted Area

Promoted Area

THANK YOU FOR YOUR ATTENTION