AMT/NEWSLETTER

Energy

June 2025

Explanation of Briefing Sessions for Local Residents under the Renewable Energy Act In Light of 2025 Amendments

Eiji Kobayashi / Takashi Fujiki

Contents

- 1. Introduction
- 2. Overview of Briefing Sessions
- 3. 2025 Amendments to the System
- 4. Conclusion

1. Introduction

Approximately one year has passed since the introduction of the system concerning local residents briefing sessions and prior notification measures (the "System") in April 2024 under the Act on Special Measures for the Promotion of the Use of Electricity from Renewable Energy Sources (Act No. 108 of 2011, the "Renewable Energy Act" or the "Act"). Since then, the System has given various practical impacts on transactions and operations related to projects of the FIT/FIP schemes certified under the Renewable Energy Act.

In that context, the enforcement regulations of the Act (the "Enforcement Regulations") and the Implementation Guidelines for Briefings and Prior Notification Measures (the "GL") were amended this April 2025 to address the practical needs toward the System. We, AMT, previously issued two newsletters regarding the System¹. In this newsletter, we will briefly (i) the overview

^{1 &}lt;u>Introduction to the "Implementation Guidelines for Briefings and Prior Notification Measures" in Preparation for the Enforcement of the Revised Renewable Energy Act and Local Residents Briefing</u>

of the briefing sessions for local residents required under the System ("Briefing Session(s)") and (ii) explain the 2025 amendments, along with the key points from the practical perspectives in light of these amendments².

2. Overview of Briefing Sessions

2.1 Cases Where Briefing Sessions Are Required

Under the Renewable Energy Act, Briefing Sessions must be held for obtaining a new certification of renewable energy power generation business plans or a certification of amendment due to prescribed changes thereof, with regards to the renewable energy power generation business which is implemented either (i) at high voltage or more or (ii) within areas subject to certain approvals and designations³.

Especially in amendment certification applications⁴, the Briefing Sessions are required if there is a change to: (i) the certified business operator due to a business transfer, merger, or corporate split and (ii) the closely related parties of the certified business operator (the "Closely Related Parties" – please see the below table in detail), which usually take place in the case of typical secondary transactions.

Details of Closely Related Parties

- (i) A member (*shain*) of the certified business operator (if the certified business operator is a membership company (*mochibun kaisha*))
- (ii) A shareholder holding a majority of the voting rights in the certified business operator (the certified business operator is a stock company (kabushiki kaisha))
- (iii) A TK (tokumei kumiai) investor holding a majority of the TK investment in the certified business operator
- (iv) The parent company of an entity specified in (i) through (iii) above⁵

In addition to the cases mentioned above, the Briefing Sessions are also required for changes to lot numbers, including both additions and deletions, as well as for increases in the certified output or the total output of solar panels.

Session Procedures under the Amended Renewable Energy Act

2 Regarding the amendments, answers to public comments on the Enforcement Regulations and the GL were both published and are respectively referred to as "<u>Answers to Public Comments on the Enforcement Regulations</u>" and "<u>Answers to Public Comments on the GL</u>" hereinafter. (Further information is available in Japanese via the links.)

³ More specifically, the area described in (ii) of "Cases where the provision for waiving the requirement to hold the Briefing Sessions based on the applicant's status as an Operator Eligible for Long-Term and Stable Solar Power Generation does not apply (typical examples)" in 3.2.(2).

⁴ Please refer to each item of Article 8-2 of the Enforcement Regulations, and, for details of the closely related parties, Chapter 5, Section 1 of the GL.

⁵ Parent Company is as defined in Article 8, Paragraph 3 of the Regulation on Terminology, Forms and Preparation Methods of Financial Statements (Ministry of Finance Order No. 59 of 1963).

2.2 Procedures for Holding Briefing Sessions

When holding a Briefing Session in any of the cases described in 2.1, the applicant for the new certification or the amendment to the certification will follow the steps below to prepare for and conduct the session and to apply for a certification.

Major steps toward holding a Briefing Session

- (i) Determine the matters to be explained and prepare handouts
- (ii) Consider the scope of target "local residents" (including consultation with municipal governments)
- (iii) Determine the venue/content of invitations, and deliver the invitations
- (iv) Hold a Briefing Session and answer post-session questions
- (v) Prepare and submit required documents for certification application

For further details of each step, please refer to the previous newsletters. In practice, it could require a considerable amount of time and effort to prepare handouts in accordance with specified items, determine the target "local residents" through consultations with local governments, secure an appropriate venue, and conduct invitation procedures.

Moreover, there are numerous practical points to consider in the process of holding and managing a Briefing Session, as the host business operator is required to confirm attendees' identities, provide explanations by itself based on the handouts, respond to participants in a sincere manner, and record audio and video, which enables the authority to review the implementation of the Briefing Session with ease.

If there are any problems with the above procedures, another Briefing Session may be requested by the authority. Before the 2025 amendments explained in this newsletter, the business operator was obligated in principle to hold a Briefing Session three months prior to applying for a new certification or an amendment certification⁶.

Fiscal year 2024 was the first year of the System's implementation, during which the authorities had limited practical experience in dealing with the certification application procedures in which the process under the System would be required. Consequently, the parties involved in the transactions of projects requiring Briefing Sessions engaged frequently in practical discussions on matters, including scheduling of (a) the Briefing Sessions and (b) amendment certification application as well as positioning and arranging of the same within contracts for these transactions.

3. 2025 Amendments to the System

3.1. Overview

Since the introduction of the System in 2024, a number of Briefing Sessions have been conducted. To follow up on these sessions, the Agency for Natural Resources and Energy carried out hearings

⁶ Article 4-2-3, Paragraph 2, Item 7, (e) of the Enforcement Regulations

with local governments and business organizations⁷. Based on the valuable opinions gathered from the hearings to improve the System, amendments were made in April 2025 to introduce the following two items: (i) the events which allow to omit the holding of Briefing Sessions, and (ii) the events which allows to shorten the period until certification application in the case of no attendees in the actual Briefing Session. We will explain the details of each amendment in the following section.

3.2. Reasons for Omitting Briefing Sessions

(1) Absence of "Local Residents" Attending a Briefing Session

Under the Renewable Energy Act, when Briefing Sessions are required, they must be held for the "Local Residents" as defined below.

Definition of "Local Residents"

- (i) Residents living within a certain distance from the boundary of the project site (100m for low voltage, 300m for high/extra-high voltage⁸)
- (ii) Owners of lands/buildings adjacent to the project site of renewable energy power generation facilities
- (iii) Individuals identified by municipalities to be included as "Local Residents" in prior consultations, based on the municipalities' understanding of local circumstances

Previously, even if there were no persons falling under (i) or (iii), certified business operators were required to hold a Briefing Session (including preparing for the sessions and remaining on standby until the scheduled end time) in order to objectively confirm the absence of persons falling under (ii).

However, the 2025 amendments have enabled the business operators to skip the Briefing Session if it is objectively confirmed during the preparation process that no "Local Residents" are expected to attend.

In detail, if there are no persons falling under (i) or (iii) and the announcement of a session has been appropriately made on the Agency for Natural Resources and Energy's website⁹, but no owners of lands/buildings adjacent to the project site of renewable energy power generation facilities (as described in (ii)) express their intention to attend at least two days prior to the scheduled session, it is now possible for the business operator to apply for a new certification or an amendment certification without holding the Briefing Session.¹⁰ The decision-making flow based on the timeline under this system is provided in Appendix 1.

4

⁷ Please refer to pages 8 and 9 of Material 1, titled "Various Issues Related to the Renewable Energy Act," from the 72nd meeting on February 3, 2025 of the Subcommittee on Mass Introduction of Renewable Energy and Next-Generation Electricity Networks.

⁸ Article 4-2-3, Paragraph 2, Item 1, (a) through (c) of the Enforcement Regulations. 1 km for the projects subject to the Environmental Impact Assessment under the Environmental Impact Assessment Act (limited to Class-1 projects)

^{9 &}lt;a href="https://www.fit-portal.go.jp/PublicBriefingInfo">https://www.fit-portal.go.jp/PublicBriefingInfo

¹⁰ Chapter 3, Section 1 of the GL

As this amendment could create situations where Briefing Sessions are deemed unnecessary during the actual preparation process, parties concerned may need to revise the wording of contracts and other documents related to relevant transactions, such as by including provisions addressing the cases where the Briefing Sessions are no longer necessary. From a more practical and commercial perspective, while the actual possibility of omitting the Briefing Sessions in such transactions will be determined during the preparation process for the contemplated transaction, the track record of the cases where Briefing Sessions were omitted in application for new certification or amendment certification in the past should be carefully considered during any due diligence process for future secondary transactions. This track record could serve as a criterion for anticipating whether or not the Briefing Sessions will be required for the execution of the contemplated transaction.

(2) Amendment Certification Application by Operators Eligible for Long-Term and Stable Solar Power Generation

Secondly, the 2025 amendments introduced the concept of "Operators Eligible for Long-Term and Stable Solar Power Generation" in the Enforcement Regulations. Now, business operators or its Closely Related Parties, as Operators Eligible for Long-Term and Stable Solar Power Generation, are allowed to omit Briefing Sessions when applying for amendment certification, even if the amended items generally require the business operator to hold Briefing Sessions on their solar

power generation business¹¹.

The substantive requirements for becoming an Operator Eligible for Long-Term and Stable Solar Power Generation are as described in Appendix 2. Those who meet these substantive requirements can be certified as an Operator Eligible for Long-Term and Stable Solar Power Generation by the Minister of Economy, Trade and Industry by applying for such certification. Among the requirements listed in Appendix 2, the following points require particular attention: (i) the applicant must be an entity whose issued shares are listed on a financial instruments exchange or an entity which is funded by any local government; and (ii) the applicant and its Closely Related Parties must have, at minimum, a track record of operating solar power generation projects with a total capacity of 50,000 kW or more.

In addition, it should be noted that, the provision for waiving the holing of Briefing Sessions based on the applicant's status as an Operator Eligible for Long-Term and Stable Solar Power Generation does not apply and Briefing Sessions remain mandatory in any of the following cases.

Cases where the provision for waiving the holding of Briefing Sessions based on the applicant's status as an Operator Eligible for Long-Term and Stable Solar Power Generation does not apply (typical examples)¹²

- (i) if the subject renewable energy power generation project is not a solar power generation project
- (ii) if the installation site of the renewable energy power generation facilities for such project falls under any of the following categories: (a) an area subject to approval required for certification applications¹³, (b) a sediment disaster hazard zone (including sediment disaster special hazard zone) or a debris flow hazard stream, or (c) an area designated by local ordinances for the protection of natural environments or landscapes
- (iii) if the applicant changes the certified business operator or its Closely Related Party from an Operator Eligible for Long-Term and Stable Solar Power Generation to a party not eligible for an Operator Eligible for Long-Term and Stable Solar Power Generation¹⁴

11 Article 4-2-3, Paragraph 1, Item 1, main paragraph of (b) of the Enforcement Regulations

12 Article 4-2-3, Paragraph 1, Item 1, main paragraph of (b) of the Enforcement Regulations and Chapter 2, Section 1, Paragraph 2 of the GL

13 It means an approval required to be obtained in principle prior to the certification application under Article 9 of the Renewable Energy Act. More specifically: (i) permission for development acts (forest land development permission) of Article 10-2, Paragraph 1 the Forest Act; (ii) permission specified in Article 12, Paragraph 1 and Article 30, Paragraph 1 of the Act on Regulation of Housing Land Development and Specified Embankment; (iii) permission specified in the main clause of Article 8, Paragraph 1 of the Act on Regulation of Housing Land Development (before amendment), which was referred to as still governing in the provisions of Article 2, Paragraph 2 of the Supplementary Provisions of the Act Partially Amending the Act on Regulation of Housing Land Development(Act No.55 of 2022); (iv) procedures carried out to address a restriction pursuant to the provisions of Article 4, Paragraph 1 of the Erosion Control Act (including cases where applied mutatis mutandis under Article 3 of the same Act); (v) permission specified in Article 18, Paragraph 1 and Article 42, Paragraph 1 of the Landslide Prevention Act; and (vi) permission specified in Article 7, Paragraph 1 of the Act of Prevention of Disasters Caused by Collapse of Steep Slopes.

14 On the other hand, it is possible to omit Briefing Sessions based on the system provided in this 2. (2) if the certified business operator is changed from an operator not eligible for long-term and stable solar power generation to the one eligible for long-term and stable solar power generation, at least

3.3. Shortening the Period between a Briefing Session and a Certification Application in the Absence of Attendees

Previously, Briefing Sessions were required to be held at least three months prior to the certification application date in principle so that business operators can ensure sufficient time to consider necessary measures based on opinions and questions from Local Residents (the Deliberation Period).

However, the 2025 amendments, which reflect requests from business operators, allow them to submit their certification application immediately without waiting for three months after a Briefing Session if no Local Residents attended in the actual Briefing Session 15.

This change will allow the situations where the three-month period between the Briefing Session and the certification application can be skipped, depending on the attendance status at the session. Given this possibility, the business operators may be required to take the following actions: similar to the case explained in 3.2(1), revise the wording of contracts for relevant transactions by including provisions addressing situations where the Deliberation Period is no longer needed; and review during the due diligence process for secondary transactions the track record regarding Deliberation Period in past applications for new or amendment certification.

Moreover, answers to public comments clarified that business operators will be able to apply for a certification immediately, without waiting for three months, if they "redo" the Briefing Session upon request by an authority due to its failure to satisfy the requirements on a previous session, and either no Local Residents attend such a session or <u>no opinions or questions are raised by those who attend</u>¹⁶. This point should be kept in mind by the business operators planning to hold such a redoing Briefing Session.

4. Conclusion

Since the Briefing Session system was introduced last year, there has been a growing number of cases in which a business operator has reached certification application and processing stages for its business plan following the post Briefing Sessions period of three months. Some of the business operators has been requested by the authority to revise their submitted materials or redo the Briefing Session, during the inspection process. Consequently, we have received an increasing number of inquiries and consultations from related parties, including business operators and financial institutions¹⁷.

_

due to a business transfer. (No.7 of the Answers to Public Comments on the Enforcement Regulations)

15 Article 4-2-3, Paragraph 2, Item 8 of the Enforcement Regulations and Chapter 3, Section 2 of the GL

¹⁶ No.2 and No. 3 of the Answers to Public Comments on the Enforcement Regulations. No.12 and No. 17 of the Answers to Public Comments on the GL. However, the answers indicated that if the inspection authority deems the first session to be malicious, such as being evasive, it may require the business operator to implement the three-month Deliberation Period.

^{17.} According to the material published by the Agency for Natural Resources and Energy as described in the Note 7, there were many cases failing to meet the Briefing Session requirements, such as absence of the business operator in the session, lack of explanation of relevant laws and regulations, and a session held at a location far from the project site. To such cases, the authority "is strictly responding by requesting to hold a session again to fulfil the requirements for FIT/FTP certification." Also, what should be noted is that the authority added the new description to the GL under the 2025 amendments, to the effect that: "Please note that such cases that fail to meet the briefing session

The completion of the new or amendment certification procedures for renewable energy power generation business plans holds importance in terms of project development and project operations, and the closing of planned transactions. Particularly, re-conducting a Briefing Session requires considerable costs and time, which may result in unforeseen circumstances for related parties in the transactions. This possibility highlights the future need for more careful and thorough preparation and measures, including for explanations to the authority.

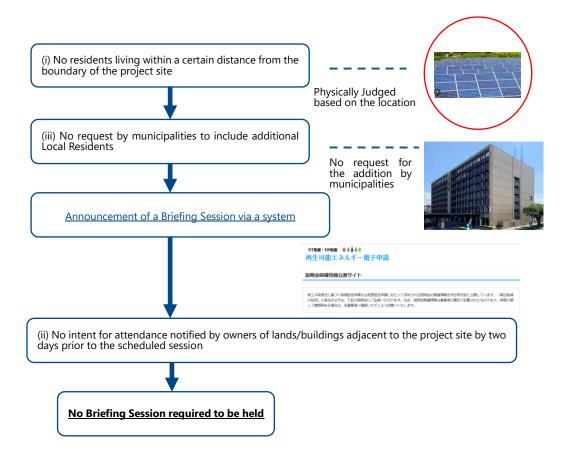
Therefore, it remains crucial to continue paying close attention to the trends in amendments and improvements to the Briefing Session system, including the 2025 amendments.

requirements under the Renewable Energy Act (a) will not be recognized as having conducted the briefing sessions required for business plan certification and (b) will be subject to strict measures, such as a refusal or revocation of certification." (Chapter 1, Paragraph 1 of the GL)

Appendix 1 Decision-Making Flow: Applicability to the Absence of "Local Residents" Attending a Briefing Session

Definition of "Local Residents"

- (i) Residents living within a certain distance from the boundary of the project site (100m for low voltage, 300m for high/extra-high voltage)
- (ii) Owners of lands/buildings adjacent to the project site of renewable energy power generation facilities
- (iii) Individuals identified by municipalities to be included as "Local Residents" in prior consultations, based on the municipalities' understanding of local circumstances



(i) Compliance with relevant laws and regulations

The applicant and the parties closely related to the applicant shall comply with the provisions of relevant laws and regulations when engaging in renewable energy power generation business.

(ii) Capabilities and experience, as well as management structure, necessary for conducting solar power generation business particularly in a long-term and stable manner

The applicant and the parties closely related to the applicant shall have a track record of operating the following solar power generation projects (including those for self-consumption 19, but limited to those already in operation) with a total capacity Capabilities and experience of 50,000 kW or more. (a) Project not certified under the Act (b) Project certified under the Act with the new certification date falling in or after fiscal year 2017 The applicant shall fall under either of the followings and have posted on the main website established by the applicant a policy on efforts to coexist with local community and to ensure safety in solar power generation business. Additionally, the applicant shall report its activities as an Operator Eligible for Long-Term and Stable Solar Power Generation to the Minister Management structure of Economy, Trade and Industry every fiscal year. (a) A stock company (kabushiki kaisha) whose shares are listed on a financial instruments exchange as defined in Article 2, Paragraph 16 of the Financial Instruments and Exchange Act (b) An entity which is funded by any local government

(iii) Setting goals for the particularly long-term and stable implementation of solar power generation business

- 1. The applicant shall make a commitment in its medium-term management plan or similar document to consolidate solar power generation projects of a certain scale or larger and to continue operating solar power generation business, including these consolidated projects, over a long-term period²⁰.
- 2. In such commitment, the applicant shall set quantitative goals regarding capacities and periods of the solar power generation projects to be consolidated.
- 3. Each fiscal year, the applicant shall evaluate the goals and progress toward them and disclose the evaluation results on the main website established by the applicant.

¹⁸ Article 4-2-4, Paragraph 1 and Paragraph 2 of the Enforcement Regulations, and Chapter 6 of the GL

¹⁹ No.22 of the Answers to Public Comments on the GL

²⁰ Regarding 1. and 2., at least a commitment to low voltage power will be required, according to Chapter 6 of the GL. Failure to meet commitments and goals may result in disqualification if the Operator Eligible for Long-Term and Stable Solar Power Generation is deemed no longer compliant with the qualification standards due to the failure (No.22 of the Answers to Public Comments on the GL).

(iv) Absence of disqualification reasons

- 1. A person who has received an improvement order pursuant to the provisions of Article 13 of the Act and who has not taken the necessary measures to improve the violation pertaining to the order
- 2. A person whose certification has been revoked pursuant to the provisions of Article 15 of the Act and for whom two years have not passed since the date of revocation
- 3. A person who are currently subject to a reserve order (temporary suspension of FIT/FIP payments) pursuant to the provisions of the Article 15-6, Paragraph 1 of the Act

- This newsletter is published as a general service to clients and friends and does not constitute legal advice. Should you wish to receive further information or advice, please contact the authors as follows:
- Authors:
 <u>Eiji Kobayashi (eiji.kobayashi grp@amt-law.com)</u>
 <u>Takashi Fujiki</u>
- If you wish to unsubscribe from future publications, kindly contact us at General Inquiry.
- The back issues of the newsletter are available <u>here</u>.