

of initiatives: the financing by the New Energy and Industrial Technology Development Organisation (NEDO) of large-scale demonstration and pilot projects in photovoltaic and geothermal energy (see Appendix 1); the provision of low interest loans for geothermal energy and solar development from the Japan Development Bank and Solar System Development Association respectively; and the granting of tax incentives for renewable energy projects.

Gas Recycling Ever since the oil shocks of the 1970s, the Japanese have had a very active R&D program aimed at enhancing the use of new energy technologies, especially those connected with solar photovoltaics, geothermal and hydrogen energy. Roughly half of the "Sunshine Project" funding is spent on these alternative energy forms, with the remainder devoted to coal liquefaction and gasification technologies. All four of these new energy sources are seen as having potential for early commercialization and all except the coal-related technologies offer potential to reduce CO₂ emissions and thus complement the goals of Japan's environmental policy.

C. Energy Conservation And Efficiency

Japanese energy policy focuses significantly on energy conservation. In 1979, the Law Concerning the Rational Use of Energy was enacted to provide for energy conservation measures for factories, buildings, machinery and equipment. Overall responsibility for energy conservation policy rests with MITI. NEDO is also involved in this area, in the promotion and acceleration of the development of conservation technologies.

The government aggressively promotes increased energy conservation and efficiency through the use of R&D, the application of energy efficiency and insulation standards (i.e. regulation), the provision of energy management training, the setting of requirements for Energy Use Rationalization Plans, and the provision of loans and financial incentives. Among the latter, the following stand out: tax credits for the installation of energy saving equipment in industry and in the residential sector; low interest loans for investments in energy efficiency in both industry and in homes; rewards provided to firms and individuals for significant achievement in energy conservation; and the provision of energy audits and training for employees engaged in energy management.