

2 November 2016 | Shangri-La Hotel | Tokyo, Japan



Japanese Energy Market Liberalization

Identifying New Opportunities in Japan
and Learning from Investments Abroad

NERA Economic Consulting and Marsh Broker Japan are pleased to announce their Japanese Energy Market Liberalization seminar. This event is free of charge to attend, and we welcome you to extend this invitation to your colleagues, clients, and contacts.

Space for this event is extremely limited. Please register by 21 October 2016, to reserve your place: rsvp@nera.com.

Capitalize on an unparalleled opportunity to learn how to get the best returns from foreign energy market investments, and build a foundation to translate that experience into domestic success.

In 2013, the Japanese government launched the latest in a series of reforms to liberalize the historically vertically integrated energy market, with several goals:

- *Secure the energy supply, including the ability to supply across regions;*
- *Reduce customer rates “to the maximum extent possible;” and*
- *Expand choices for consumers and opportunities for businesses.*

Market transformation started in 2015, will continue through 2020, and will reshape Japan’s power sector in fundamental ways. First, market entry will lead to increased competition at the retail level. Second, through various measures, the reforms seek to improve interconnection between local markets. Coupled with the liberalization of the wholesale market in 2020, this will lead to increased competition at both the wholesale and retail levels. Over time, incumbents will gain access to transmission and distribution system assets outside of their historical service territory, creating new expansion opportunities.

The Japanese Ministry of Economy, Trade and Industry (METI) is currently developing a blueprint for a liberalized wholesale market, which could include a common power pool with a day-ahead market. At the same time, market mechanisms such as auctions are proposed to award solar power contracts. As there is no clarity on how the

wholesale market will be liberalized, investments in new generation infrastructure and/or transmission infrastructure are very risky. This program will offer best practices for creating procurement strategies, relying on past experience in markets around the world.

What does this mean for incumbents and new market entrants?

These reforms represent both an unprecedented opportunity and a challenge for incumbents and new entrants, whether they are seeking to retain existing customers and revenue streams, or capture new ones, all while remaining profitable. Experience and insight gleaned from other liberalized power markets—both the successes and the many failures—will be at a premium.

This event will help you identify current investment opportunities in Japan and will provide you with insight into how market players can succeed.

Join experts from NERA Economic Consulting and Marsh Broker Japan, as well as industry leaders who offer unmatched expertise on how the Japanese energy market is being reformed and how overseas experience can help anticipate the market’s future path.

Distinguished Faculty

Sean Gammons

Director
NERA Economic Consulting
London, UK

Dr. Glenn R. George

Senior Vice President
NERA Economic Consulting
Washington, DC

Joseph Kim

Partner
Hogan Lovells
Tokyo, Japan

Dr. Chantale LaCasse

Senior Vice President and
Energy, Environment, and
Network Industries
Practice Chair
NERA Economic Consulting
Washington, DC

Shinichi (Wilt) Masumoto

Senior Vice President
Marsh Broker Japan, Inc.
Tokyo, Japan

Takehiko Matsuo

Secretary General
Electricity and Gas Market
Surveillance Commission
Tokyo, Japan

Daisuke Nishiyama (invited)

Vice President
Marubeni Power Retail
Tokyo, Japan

Dr. Hiroshi Ohashi

Professor of Economics
The University of Tokyo
Tokyo, Japan

Hiroshi Okamoto

Managing Executive
Officer, President of TEPCO
Research Institute
Tokyo Electric Power Co.
Holdings, Inc. (TEPCO)
Tokyo, Japan

Senior Official from METI (confirmed)

Ministry of Economy, Trade
and Industry (METI)
Tokyo, Japan

7:45 Seminar Registration and Continental Breakfast

8:30 Welcome Address

Dr. Hiroaki Ishigaki

Vice President

NERA Economic Consulting

8:40 OPENING KEYNOTE ADDRESS

Dr. Hiroshi Ohashi

Professor of Economics

The University of Tokyo

9:00 Developing Successful Strategies for a Liberalized Energy Market

Dr. Glenn R. George

Senior Vice President

NERA Economic Consulting

Daisuke Nishiyama (invited)

President

Marubeni Power Retail

Hiroshi Okamoto

Managing Executive Officer, President of TEPCO Research Institute

Tokyo Electric Power Co. Holdings, Inc. (TEPCO)

- Identifying new service offerings to launch as retail liberalization unfolds
- Developing successful strategies to channel long-term investment into the most attractive areas along the electric power value chain
- Capitalizing on opportunities in new services for market participants in light of recent regulatory changes that have liberalized previously tightly controlled parts of the value chain
 - Delivery and retail
 - Generation
- Exploiting incentives stemming from market liberalization to transform into a dynamic energy service provider
 - How to react quickly to take advantage of transformational opportunities
 - Undercutting competitors in their home market through lower rates
 - Capturing the market share of customers interested in switching providers
 - Understanding and implementing business models emerging in the market (e.g., for distributed energy resources, demand-side management, and energy efficiency)
 - Creating truly innovative products and services (e.g., bundling energy with other home services or mobile telephony contracts, “smart home” concepts enabled through price signals, and enhanced reliability through energy storage)
- Special considerations for incumbents:
 - Mitigating the risk of losing existing customers through strategies such as lowering rates, reducing the propensity to switch, and implementing customer retention plans
 - Responding to the likely reduction of the available margin in existing services through enhanced operational efficiency and creation of innovative products and services that go beyond “me-too” offerings

10:00 Networking and Coffee Break

10:30 Investing Abroad: Supporting Domestic Japanese Energy Businesses by Acquiring Assets Abroad

Sean Gammons

Director
NERA Economic Consulting

Joseph Kim

Partner
Hogan Lovells

Shinichi (Wilt) Masumoto

Senior Vice President
Marsh Broker Japan, Inc.

- Gaining experience in more liberalized markets to prepare for further liberalization in the home market
 - Examining successes and failures in the US, UK, and Australia
 - How regulation shapes and constrains outcomes
 - Best practices for investing abroad and how to make the most of involvement in foreign markets
- Understanding how to redeploy foreign market investment experience in the home market
- Responding to the inherent challenges associated with implementing an overseas M&A strategy, whether primarily to earn returns or to “learn by doing” in liberalized markets outside Japan
 - Political/Legal/Regulatory
 - Operational
 - Financial
- Creating and executing a carefully calibrated M&A program to maximize learning (e.g., through personnel secondments) while minimizing the capital at risk and the organizational strain associated with overseas transactions

11:30 Networking and Refreshments Break

12:00 Auctions, Competitive Bidding, and Procurement Strategies in a Liberalized Market

Dr. Chantale LaCasse

Senior Vice President and Energy, Environment, and Network Industries Practice Chair
NERA Economic Consulting

Dr. Hiroshi Ohashi

Professor of Economics
The University of Tokyo

Senior Official from METI (confirmed)

Ministry of Economy, Trade and Industry (METI)

- Understanding the place that competitive bidding process can hold as METI continues to develop its blueprint for a liberalized wholesale market
 - Unbundled services traded through a market in which participants are bidding (in addition to the possibility of bilateral contracts)
 - Proposed auctions for long-term ancillary services and capacity
 - Auctions used to select renewable generation facilities such as solar projects, as significant investment in renewable generation is required to meet carbon emission targets
 - Competitive procurement by regulated companies that no longer have their own generation but still need to procure supply for remaining retail customers
- Assessing the risks and rewards in all facets of the Japanese market by drawing on international experience where auctions, competitive procurement, and bidding are widely used
 - Participants that are bidders in competitive bidding processes
 - Participants that competitively procure supply

13:00 Luncheon Keynote Address

Takehiko Matsuo

Secretary General
Electricity and Gas Market Surveillance Commission

13:00 Networking Luncheon

14:00 Seminar Concludes