

**Submission to Paragraphs 82, 86 and 87 of the Outcome of the work of the Ad Hoc Working Group on long-term Cooperative Action under the Convention**

The Federation of Electric Power Companies of Japan (hereinafter referred to as *FEPC*) would like to take this opportunity to present the Ad Hoc Working Group on long-term Cooperative Action under the Convention (AWG/LCA) with its views pursuant to paragraphs 82, 86 and 87 of the “Outcome of the work of the Ad Hoc Working Group on long-term Cooperative Action under the Convention” concerning section D: “Various approaches, including opportunities for using markets, to enhance the cost-effectiveness of, and to promote, mitigation actions, bearing in mind different circumstances of developed and developing countries”.

FEPC has been representing the Japanese electric power industry on behalf of its 10 member companies, whose supply areas cover all of Japan, at the international climate change talks since 1992. Electricity is key to a low-carbon society and plays an increasingly vital role as businesses, industries, and governments strive to reduce GHG emissions respectively.

GHG emissions from developing countries will continue to increase as their economies grow, especially in Asia. The Japanese electricity industry has been committed to supporting GHG emission reductions and sustainable development in the developing countries’ electricity sectors through various approaches, including the use of Kyoto Mechanisms. Although we realize that the Clean Development Mechanism (CDM) has contributed to enhancing our efforts to some extent, in order to further promote developing countries’ mitigation actions it is also essential that the mechanisms which support developing countries through multilateral and bilateral channels be recognized, while CDM needs to be reformed.

As indicated above, the deployment of low-carbon technologies and capacity building in the electricity sector would substantially contribute to the mitigation of climate change, and FEPC continues its support for national low-carbon strategies in developing countries. These efforts have resulted in the creation of valuable incentives for developed countries’ businesses to invest in deploying the best available technologies and share best practices, and greater chances for developing countries to obtain support. The Japanese government and Japanese industries have been examining the feasibility of establishing a new bilateral mechanism with some developing countries in order to

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further enhance our cooperation. Ensuring the utmost environmental integrity and considering the different circumstances of each country are vital in this process. In this regard, we believe that the new mechanisms should incorporate project-based mechanisms, including cross-corporation programs, in which the contribution of each project can be fairly evaluated, thus providing proper incentives for participation.

FEPC therefore urges that various mechanisms, particularly project-based bilateral offset mechanisms, be fully recognized under the new framework to be established, based on the outcome of the work of the AWG/LCA.