Japan Solar Energy Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

Market Report | 2023-01-23 | 95 pages | Mordor Intelligence

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Report description:

The Japanese solar energy market is expected to witness more than a 9.2% CAGR during 2022-2027. The COVID-19 pandemic had no significant negative impact on the country, with around 5.4 GW of solar projects completed in 2020. However, some concerns related to the supply chain and workforce did not pose a significant challenge for the market to grow in 2020. Factors such as solar PV projects under construction in the pipeline and planning stages are expected to boost the cumulative installed capacity of solar energy during the forecast period. However, increasing adoption of alternate renewable energy such as wind is likely to hinder the market growth during the forecast period.

Key Highlights
Ground-mounted type of deployment is expected to account for solar's largest annual capacity additions for the next five years. A significant amount of new capacity in solar is also expected to come from new installations on Honshu island, Japan.
With a target of reducing GHG emissions by 2030, the region is expected to increase the opportunity for solar energy companies to install solar PV plants in the region during the upcoming years. Moreover, the region has plans to reduce dependency upon foreign fossil fuels like crude oil and would opt for renewable energy like solar to reduce region expenses related to imported oil.
The market is being propelled by supportive government policies, particularly the plans formulated to encourage renewables-based power generation.

Japan Solar Energy Market Trends

Ground-mounted to Dominate the Market

Japan has been at the forefront of ground-mounted solar PV development through large corporations like Mitsubishi and Toshiba. The continuous reductions in technology costs and the increasing growth in the country, owing to policy changes like FiT and the growing focus on achieving various capacity targets, are expected to contribute to the increase in the growth of the solar PV market during the forecast period.
Companies in the country are also looking to collaborate with other global giants, which is expected to further decrease the prices due to the exchange of knowledge and aid the growth of the segment in the country. For instance, in March 2020, ITOCHU went into an agreement with VPP Japan Inc. for the development of 100,000 kW of distributed solar power by the end of fiscal 2020. ITOCHU collaborated with the VPP group of companies and existing customers to accelerate the expansion of its business. ?The collaborations specifically focus on the large-scale ground-mounted deployment of solar PV Panels.
In 2020, the price of a ground-mounted photovoltaic (PV) system per watt was around JPY 196, which decreased from JPY 204 in 2019. This trend is likely to continue in the coming years due to increasing economy of scale and new innovations.
Also, large-scale investments by corporations are expected to aid the growth of ground-mounted solar PV. In June 2020, Solar Steel started the 94 MW of solar energy projects. The three solar PV plants are expected to generate enough clean energy to power 47,600 homes in Japan.
Hence, such developments and favorable government schemes and initiatives are expected to drive the ground-mounted solar energy market in Japan.

Supportive Government Policies to Drive the Market

One of Japan's most effective drivers for renewable energy has been the Feed-In Tariff (FIT) scheme, which was introduced in 2012 by the Ministry of Economy, Trade, and Industry under the Special Measures Concerning the Procurement of Renewable Energy by Operators of Electric Utilities Act.
The new FIT scheme made it compulsory for power companies to buy electricity generated by the power generating renewable sources, including wind, hydro, solar, geothermal, and biomass, at fixed prices set by the government so that stable revenue would facilitate investment in renewable power generation.
Japan's feed-in tariff (FiT) rates have increased in the subsequent years in the wake of the Fukushima nuclear accident, stimulating the solar energy market growth. However, Japan reduced its solar power FiT as the country aims to reduce the dependency of solar power on subsidies and promote competitive bidding for solar power development. The country launched tenders for non-residential solar power projects with a capacity above 500 kW from the financial year 2020.?
As of 2020, the country had an installed capacity of 67 GW. The solar energy market in Japan is poised for growth in the coming years on account of the government's policy to implement clean energy measures in the country, the declining cost of solar energy generation, and reduced energy storage prices.?
The FIT scheme was intended as a temporary system to encourage the transition to renewable energy, and a revision is expected by many experts to be introduced later in 2022.
Hence, supportive government policies are expected to drive the market in the coming years.

Japan Solar Energy Market Competitor Analysis

The Japanese solar energy market is fragmented. Some of the key players in this market include Canadian Solar Inc., First Solar Inc., Mitsubishi Electric Corporation, SunPower Corporation, and Trina Solar Co. Ltd.

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