<u>The prediction of CO2 emissions up to 2020 in Japanese economic</u> activities

JIDEA team Japan¹

1. The method of estimation of CO2 emission and it's forecast

1-1. Necessity of dynamic model based on I-O table

The dynamic econometric model based on I-O table is the most suitable method for forecasting the amount of CO2 emission caused by economic activities. We can point out the three reasons.

The first; the CO2 emission is closely linked with Industrial production. To forecast the industrial production sector by sector, the I-O based dynamic model is indispensable.

The second; the amount of CO2 emission depends on the consumption of each energy source. Accordingly, it is necessary to know the industries' amount of energy consumption by energy source. For this purpose, I-O based model linked to the material I-O table can deliver necessary data detailed enough for our study.

The third; it is necessary that the evolution of industrial structure corresponding to economic growth should be properly included in the model.

Our estimation of CO2 emission is performed with two simulations. With the first simulation, we want to clarify how much amount of CO2 would be emitted by each industrial sector or household, what is the relation of primary and secondary sector of energy consumption. In this simulation, we assume the sector of electric power generation consist of only two sectors; "Commercial electric power" and "Electric power self generated".

The second simulation focuses on "Commercial electric power (columns)" which is consisted of three sectors; "nuclear energy", "thermal energy" and "water and other energy". In this simulation, we want to clarify, if thermal power generation substituted by nuclear power generation, how much it affects the CO2 emission.

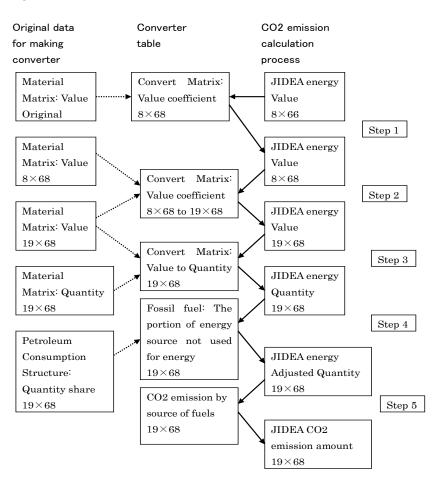
As the method to calculate CO2 emission, we applied almost same calculation process for these two simulations, but they differ only at the final step where the intermediate coefficient of "Commercial electric power" sector is altered because of the substitution of thermal power with nuclear power. It should be noted that the total demand for electricity is always same before and after the substitution of thermal power generation with nuclear power.

1-2. Outline of the procedure of CO2 emission estimation

The outline of procedure to estimate the CO2 emission is shown in Fig.1-1. By JIDEA model, we can obtain how much energy will be necessary for each industry over the coming 15 years; the necessity of energy consumption is expressed in monetary term. To estimate the CO2 emission, it is necessary to know the quantity of energy consumed

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by energy source measured in material unit. For this purpose, we can use "the material matrix" which Japanese government statistical office publishes every 5 years². The material matrix works as the bridge table between the monetary terms and physical terms. In the material matrix table, each row expresses quantity of goods as well as value. Each row has its own unit depending on its material nature. The columns are classified by industries same as normal I-O table. As the unit of quantity is different in each row, the column total is meaningless. A part of the material matrix is shown in Table 1-1. From this table, we can get each industry's material coefficient dividing quantity by value.





<u>The 1st step</u>: the two columns of JIDEA model such as "Electricity" and "City gas" should be divided into more detailed classification. If we want to calculate the precise CO2 emission, the sector of "Commercial Electric generation" should be divided into "Electric power generation" and "Electricity self generated " because these two sectors have different input structure. City Gas sector should be also divided into "City gas supply" and "Hot water supply". This dividing ratio can be obtained from the original I-O table which has more detailed classifications.

² Source: Ministry of International Affairs and Communications, Statistical Bureau, Director-General for Policy Planning & statistical Research and Training Institute

| row-code | row-item | column- code | column-item | Unit-code | Unit | Quantity | Value |
|----------|----------|-----------------|------------------------------|-----------|------|----------|-------|
| 711011 | coal | 71101 | Coal, Crude oil, Natural gas | 060 | t | 3324 | 16 |
| 711011 | coal | 114101 | Tobacco | 060 | t | 4766 | 31 |
| 711011 | coal | 151101 | Spinning | 060 | t | 322 | 2 |
| 711011 | coal | 151401 | Dying | 060 | t | 1718 | 13 |
| 711011 | coal | 151901 | Cord, Net | 060 | t | 86 | 1 |
| 711011 | coal | 151909 | Other textile products | 060 | t | 322 | 2 |
| 711011 | coal | 152209 | Other clothes | 060 | t | 172 | 2 |
| 711011 | coal | 181101 | Pulp | 060 | t | 64921 | 307 |
| 711011 | coal | 181201 | Paper | 060 | t | 1104785 | 5354 |
| 711011 | coal | 181202 | Corrugated paper | 060 | t | 92542 | 433 |
| 711011 | coal | 182909 | Sanitary paper | 060 | t | 17250 | 136 |
| 711011 | coal | 201101 | Chemical fertilizer | 060 | t | 202527 | 879 |
| 711011 | coal | 202901 | Inorganic pigment | 060 | t | 10616 | 92 |
| 711011 | coal | 202903 | Salt | 060 | t | 174691 | 1502 |
| 711011 | coal | 202909 | Other inorganic chemicals | 060 | t | 5222 | 45 |
| 711011 | coal | 203101 | Basic petro-chemicals | 060 | t | 65738 | 440 |
| 711011 | coal | 203102 | Petroleum based aromatic | 060 | t | 34795 | 305 |
| 711011 | coal | 203201 | Aliphatic intermediate | 060 | t | 1422479 | 6560 |
| 711011 | coal | 203202 | Cyclic intermediate | 060 | t | 293928 | 1464 |
| 711011 | coal | 203301 | Synthetic rubber | 060 | t | 290650 | 1372 |
| | : | : | : | : | : | : | : |

Table 1-1. Example of Material Matrix of Input-Output table in 2000

(Source: 2000 Material Input-Output Table)

<u>The 2nd step</u>: JIDEA model has only 8 sectors related to energy source. For more precise estimation of CO2 emission, the 8 sectors should be divided into 19 sectors³ as shown in Table 1-2. As can be seen in Table 1-6, the CO2 emission amount per energy source is quite different by energy. Fortunately the Material I-O matrix has distinguished energy sources into 19 sectors. Accordingly, 8 sectors of JIDEA model can be extended into 19. The JIDEA code corresponding to Material I-O code is indicated in Table 1-2.

CO2 is emitted not only from hydrocarbon fuels but also from some kind of chemical reaction. The most important reaction is calcium carbonate reaction in which calcium carbonate changes into calcium dioxide and CO_2 .

 $CaCO_3 \rightarrow CaO + CO_2$

This reaction takes place in furnace when the lime stone (CaCO₃) is heated more than 900 Centigrade. CaO acts as reducing agent in the furnace. Accordingly we assumed that when limestone is used as intermediate inputs in "Iron & Steel", "Cement" and "Glass industry", limestone becomes a source of CO2 emission.

 $^{^{\}scriptscriptstyle 3}$ Lime stone is the source of CO2 emission in spite of its non energy character.

| Item | M | aterial mati | rix | JIDEA mo | del |
|----------------------------|-----------|--------------|------------|-------------------------|---------|
| Item | Orignal-c | Energy-c | unit | JIDEA Model item | Model-c |
| Lime stone | 621011 | 1 | t | Non-metalic or | 3 |
| Coal | 711011 | 2 | t | Coal | 4 |
| Crude oil | 721011 | 3 | kl | Petro & gas exploration | 5 |
| Natural gas | 721012 | 4 | 1000m3 | | 5 |
| Gasoline | 2111011 | 5 | kl | Petroleum products | 21 |
| Jet fuel | 2111012 | 6 | kl | | 21 |
| Kerosene | 2111013 | 7 | kl | | 21 |
| Light oil | 2111014 | 8 | kl | | 21 |
| Heavy oil A | 2111015 | 9 | kl | | 21 |
| Heavy oil B and C | 2111016 | 10 | kl | | 21 |
| Naphtha | 2111017 | 11 | kl | | 21 |
| LPG | 2111018 | 12 | t | | 21 |
| Other petro products | 2111019 | 13 | - | | 21 |
| Cokes | 2121011 | 14 | t | Coal products | 22 |
| Other coal products | 2121019 | 15 | - | | 22 |
| Power station | 5111001 | 21 | miilion kw | Electric power | 54 |
| Housemade electricity | 5111041 | 22 | million kw | | 54 |
| City gas | 5121011 | 23 | 1000m3 | City gas & hot water | 55 |
| Self Generated Electricity | 5122011 | 24 | G joule | | 55 |

Table 1-2. The Corresponding Table for Material I-O code and JIDEA code

(Source: 2000 Material Input-Output Table and JIDEA model)

<u>The 3rd step</u>: values of energy in 19 sectors extended from 8 sectors of JIDEA model are converted into 19 sectors of quantities by the Value to Quantity Coefficient Matrix. A part of Coefficient Matrix converting Value to Quantity is shown in Table 1-3. Table 1-3 contains also 4 sectors related to "Iron & Steel" which are used to calculate the amount of "Lime stone" required to produce the steel products.

| Item or Industry | | | Fishery. | Metal mining | Non- Metal mining | Coal | Crude oil, Naturl gas | Food | Beverage | Textile | Clothing | Wooden products | |
|-------------------|----------|------------|-----------|-----------------|-------------------------|----------|--------------------------|----------|----------|----------|----------|--------------------|--|
| | Energy-c | unit | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | |
| Lime stone | 1 | t | 0 | 0 | 1248.551 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| coal | 2 | t | 0 | 0 | 0 | 207.75 | 0 | 153.7419 | 0 | 136 | 86 | 0 | |
| crude oil | 3 | kl | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| natural gas | 4 | 1000m3 | 0 | 0 | 0 | 0 | 31.75 | 0 | 0 | 0 | 0 | 0 | |
| gasoline | 5 | kl | 11.27547 | 11.28571 | 11.27669 | 11.33333 | 11.3 | 11.28125 | 11.28205 | 11.27273 | 11.27586 | 11.27612 | |
| jet fuel | 6 | kl | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| kerosene | 7 | kl | 37.352762 | 37.75 | 37.34752 | 38 | 37.5 | 37.35265 | 37.35015 | 37.35407 | 37.35484 | 37.34992 | |
| light oil | 8 | kl | 14.841505 | 15.04545 | 14.84402 | 15 | 15.15 | 14.82975 | 14.89207 | 14.80465 | 14.65079 | 14.84359 | |
| heavy oil A | 9 | kl | 40.69087 | 40.72093 | 40.72367 | 40.72857 | 40.72414 | 40.72144 | 40.72119 | 40.72103 | 40.72207 | 40.72289 | |
| heavy oil B and C | 10 | kl | 47.859075 | 47.44 | 47.57276 | 47 | 47 | 47.67009 | 47.99472 | 47.57678 | 47.50251 | 47.50471 | |
| naphtha | 11 | kl | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| LPG | 12 | t | 27.769826 | 26.5 | 27.72385 | 0 | 26.5 | 27.79219 | 27.7603 | 27.7299 | 27.71918 | 28.0431 | |
| cokes | 14 | t | 72 | 0 | 72.02927 | 0 | 0 | 0 | 0 | 0 | 0 | 72 | |
| pig iron | 16 | t | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| feroarroy | 17 | t | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| converter steel | 18 | t | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| steel | 19 | t | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| power station | 21 | miilion kw | 0.0696836 | 0.069466 | 0.069636 | 0.069488 | 0.069551 | 0.055218 | 0.054107 | 0.069658 | 0.069663 | 0.069641 | |
| electricity | 22 | million kw | 0 | 0.103314 | 0.103165 | 0.102863 | 0.103365 | 0.103111 | 0.103209 | 0.103134 | 0.110714 | 0.102896 | |
| city gas | 23 | 1000m3 | 6.8666667 | 0 | 6.862069 | 7 | 6.714286 | 24.52235 | 24.87651 | 20.34417 | 20.34275 | 25.80378 | |
| heat supplyer | 24 | G joule | 0 | 0 | 0 | 0 | 151.1 | 151.1186 | 151.1193 | 151.1178 | 151.1176 | 151.1188 | |

Table 1-3. Example of Coefficient Matrix converting Value to Quantity

(Source: calculated by JIDEA team Japan)

<u>The 4th step</u>: the fossil fuels are not always used as energy but as a material required to produce other materials. The portion of fossil fuels not used for energy differs by sector. How much portion of fossil fuels used as energy is published in The

Statistics on Consumption Structure of Petroleum and Other Energy Materials⁴. The part of this statistics is shown in Table 1-4.

From this statistics, we can derive the table; The ratio of fossil fuels not used as energy. The part of this table is shown in Table 1-5.

| Industria | | | | | | | | Consur | nption | | | | Stock |
|---------------------|---------------------------|-----------|-----------|------|---------|---------|-----------------------------------|--------|-------------------|-------------------|--------|--------|--------------------|
| classifi- cation | Item | Fuel code | Fuel item | Unit | Input | Total | Material for other products | Boiler | Direct heating | Co- generation | Other | Output | End of the year |
| : | : | : | : | : | : | : | : | : | : | : | : | : | : |
| 0 | Total | 2010 | Crude Oil | kl | 1957592 | 1863869 | 1840883 | 22986 | - | - | - | 61396 | 54986 |
| 2000 | Chemical Industry | 2010 | Crude Oil | kl | 1949066 | 1855317 | 1840883 | 14434 | - | - | - | 61396 | 54973 |
| 2030 | Organic Chemical | 2010 | Crude Oil | kl | 1949066 | 1855317 | 1840883 | 14434 | - | - | - | 61396 | 54973 |
| 2031 | Basic Petro-Chemical | 2010 | Crude Oil | kl | 219795 | 219795 | 219795 | - | - | - | - | - | - |
| 2032 | Aliphatic Chemic. Intmed. | 2010 | Crude Oil | kl | 657219 | 629314 | 629314 | - | - | - | - | - | 40785 |
| 2036 | Cyclo-intmed Chem. | 2010 | Crude Oil | kl | 26110 | 26045 | 26045 | - | - | - | - | - | 1738 |
| 2039 | Other Inorg. Chem. | 2010 | Crude Oil | kl | 1045942 | 980163 | 965729 | 14434 | - | - | - | 61396 | 12450 |
| 2500 | Ceramic & Stone | 2010 | Crude Oil | kl | 8526 | 8552 | - | 8552 | - | - | - | - | 13 |
| 2590 | Other Ceramic & Stone | 2010 | Crude Oil | kl | 8526 | | - | 8552 | - | - | - | - | 13 |
| 2596 | Calcium Sulfate | 2010 | Crude Oil | kl | 8526 | 8552 | - | 8552 | - | - | - | - | 13 |
| 0 | Total | 2110 | Gasoline | kl | 145137 | 146587 | - | - | - | - | 146587 | 341 | 3821 |
| 1200 | Food Mnfg. | 2110 | Gasoline | kl | 4084 | 4068 | - | - | - | - | 4068 | - | 60 |
| 1210 | Animal Husband | 2110 | Gasoline | kl | 341 | 340 | - | - | - | - | 340 | - | 1 |
| 1211 | Meat Prod. | 2110 | Gasoline | kl | 185 | 184 | - | - | - | - | 184 | - | 1 |
| 1212 | Milk Prod. | 2110 | Gasoline | kl | 76 | 76 | - | - | - | - | 76 | - | - |
| 1219 | Other Animal Husband. | 2110 | Gasoline | kl | 80 | 80 | - | - | - | - | 80 | - | - |
| 1220 | Fishery Prod. | 2110 | Gasoline | kl | 1552 | 1543 | - | - | - | - | 1543 | - | 35 |
| : | : | : | : | : | : | : | : | : | : | : | : | : | : |

Table 1-4. The Statistics on Consumption Structure of Petroleum and Other Energy Materials

(Source: METI, The Statistics on Consumption Structure of Petroleum and Other Energy Materials)

| | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | |
|----------------------------|------------|------------|-----------|-----------|-----------|-----------|-----------|-----------|----------|----------|--|
| | Pulp & | Printing & | inorganic | Petro | Organic | Synthetic | Synthetic | Final | Pharmath | Petro | |
| | paper | publishing | chemicals | chemicals | chemicals | Resine | fiber | chemicals | utics | products | |
| Lime stones | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | |
| Heavy oil A | 0.0000 | 0.0000 | 0.0009 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | |
| Heavy oil B and C | 0.0000 | | 0.023381 | 0.021813 | | 0.0000 | | 0.000199 | 0.0000 | 0.153863 | |
| | | | | | | | | | | | |
| Gasoline | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | | 0.0000 | |
| Gas as biproducts of cokes | | | | | | | | 0.9415 | | 0.0000 | |
| Naphtha | | | | 0.9986 | 1.0000 | 1.0000 | 0.0000 | 0.9459 | | 0.8896 | |
| LPG | 0.0000 | 0.0000 | 0.1155 | 0.7375 | 0.8150 | 0.7414 | | 0.6659 | 0.0000 | 0.6893 | |
| LNG | 0.0000 | | 0.0000 | 0.0000 | 0.4589 | 0.0000 | | | 0.0000 | | |
| Converted oil | | | | 1.0000 | | 1.0000 | | | | 1.0000 | |
| Light oil | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0090 | 0.2198 | 0.0000 | 0.1100 | 0.0000 | 0.0227 | |
| Crude oil | | | | 1 | 0.99222 | | | | | 1.0000 | |
| Furnace gas | | | | 0.0000 | | | | | | | |
| Coal | 0.0000 | | 0.0111 | 0.0000 | 0.0258 | 0.0155 | 0.0000 | 0.8878 | | 0.5829 | |
| Cokes from coal | | | 0.3312 | 0.0000 | 0.3977 | | | 0.8051 | | 1.0000 | |
| Cokes from petroleum | 0.0000 | | 0.8626 | 0.0000 | 0.0959 | 0.0595 | 0.0000 | 0.0375 | | 0.0309 | |
| Hydro-carbon gas from petr | 0.0000 | | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | | 0.0159 | |
| Hydro-carbon oil | | | 0.9686 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.4187 | 0.0000 | 0.0050 | |
| Natural gas | | | 0.4537 | 0.0000 | 0.3572 | 0.6078 | | | | 0.0000 | |
| Converter gas | | | 0.2217 | 0.0000 | | | | | | | |
| Electricfurnace gas | | | | 0.0000 | | | | 0.0000 | | | |
| City gas | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | |
| Keroscene | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.9178 | 0.0000 | 0.0000 | 0.0138 | 0.0000 | 0.9282 | |

Table 1-5. The ratio of fossil fuels not used as energy

* Lime stone value is always "1" except Steel industry, Cement and Glass industry.

(Source: calculated by JIDEA team Japan)

<u>The 5th step</u>: we apply the ratio of carbon contained in each hydrocarbon fuels to calculate CO2 emission amount by industry. The calorific ratio and CO2 emission ratio by fuels are shown in Table 1-6.

⁴ The statistics is published by METI but the publication of this series has been stopped since 2001.

| | | | CO2 | CO2 |
|----------------------------|-------------|-----------|----------|------------|
| | | Calorific | Emission | Emission |
| | Quantity | value | per | per |
| | | value | Calory | Quantity |
| | | | (kg) | (t) |
| Fuel | Unit | MJ/Unit | kg- | t-CO2/Unit |
| Coal for cokes | t | 31814 | 81.61 | 2.596 |
| Coal | t | 25426 | 94.75 | 2.409 |
| Crude oil | kl | 38721 | 67.64 | 2.619 |
| Natural gas | 1000m3 | 41023 | 50.81 | 2.084 |
| LNG* | t | 54418 | 49.57 | 2.698 |
| Gasoline | kl | 35162 | 66.03 | 2.322 |
| Kerosene | kl | 36418 | 67.62 | 2.463 |
| Jet fuel | kl | 37255 | 66.82 | 2.489 |
| Light oil | kl | 38511 | 68.01 | 2.619 |
| Heavy oil A | kl | 38930 | 69.6 | 2.710 |
| Heavy oil B/C | kl | 41023 | 72.68 | 2.982 |
| Naphtha | kl | 33488 | 67.95 | 2.276 |
| LPG | t | 50232 | 59.73 | 3.000 |
| Reformed oil | kl | 33488 | 70.45 | 2.359 |
| Hydro-carbon oil | t | 41023 | 77.09 | 3.162 |
| Hydro-carbon gas | 1000m3 | 39348 | 59.41 | 2.338 |
| Petro cokes | t | 35581 | 93.18 | 3.315 |
| Cokes | t | 30139 | 107.66 | 3.245 |
| Cokes furnace gas | 1000m3 | 20093 | 42.36 | 0.851 |
| Blast furnace gas | 1000m3 | 3349 | 99.32 | 0.333 |
| Revolver furnace gas | 1000m3 | 8372 | 141.44 | 1.184 |
| Electric furnace gas | 1000m3 | 8372 | 183.25 | 1.534 |
| Coal pit gas | 1000m3 | 36000 | 50.26 | 1.809 |
| Coal tar | t | 32065 | 89.15 | 2.859 |
| Commercial Electric powe | million Kwh | 7431018 | | 512.258 |
| Self generated electricity | million Kwh | 6249819 | | 431.333 |
| City gas | 1000m3 | 27788 | | 1.455 |
| Heat supply | giga joule | 505 | | 0.037 |

Table 1-6. The calorific ratio and CO2 emission ratio by fuels

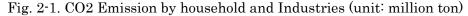
(Source: Center for Global Environmental Research; Embodied Energy and Emission Intensity Data for Japan Using Input-Output Tables – Inventory Data for LCA–)

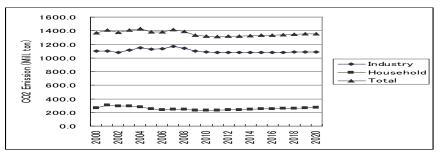
2. Results of Prediction of CO2 Emissions by Japanese Economic Activities

2-1. Overview of the prediction of CO2 emission

The result of estimation and prediction of Japanese CO2 emission up to 2020 are summarized in Fig.2-1. CO2 emission leaped up in 2004 and 2007, and from 2008 to 2010, affected by the sub-prime loan shock, Japanese economic activities stagnated and CO2 emission shrunk accordingly. After that, CO2 emission will increase slightly. The main player of this increase will be the household sector, while the CO2 emission by industrial activities is keeping almost constant level (see also Table 2-1).

It goes without saying that the CO2 emission is correlated to the industrial output, and inversely related to the industrial energy efficiency. To present these relations more clearly, the indices of CO2 emission per GDP and CO2 emission per capita were calculated and put in the right hand side of Table 2-1.





(Source: prepared by JIDEA team Japan)

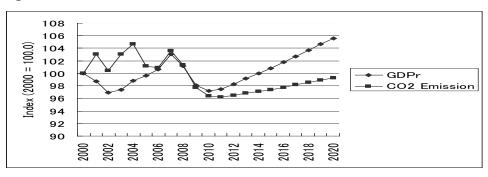
| | | - | | Į. | | | | | |
|---|------|-------------|-------------|---------------|-----------|------------|-------------|----------|------------|
| ſ | | CO2 | CO2 | CO2 | Relative | GDP in | CO2 | CO2/GDP | CO2/ |
| | | Emission | Emission | Emission | Share by | Real Terms | Emission | | Population |
| | | by Industry | by Househ | Total | Household | | | | |
| | Year | | Quantity (1 | 00 Mill. Ton) | (%) | | Index (2000 | 0 = 100) | |
| ſ | 2000 | 1098.0 | 268.5 | 1366.5 | 19.6 | 100.0 | 100.0 | 100.0 | 100.0 |
| | 2005 | 1126.6 | 256.3 | 1382.9 | 18.5 | 99.6 | 101.2 | 101.6 | 100.5 |
| | 2010 | 1085.1 | 232.4 | 1317.5 | 17.6 | 97.2 | 96.4 | 99.2 | 96.4 |
| | 2015 | 1081.2 | 249.9 | 1331.0 | 18.8 | 100.8 | 97.4 | 96.6 | 98.9 |
| | 2020 | 1085.4 | 271.1 | 1356.5 | 20.0 | 105.6 | 99.3 | 94.0 | 103.3 |

Table 2-1. Japanese CO2 Emission by Economic Activities

(Source: prepared by JIDEA team Japan)

Comparing with the figure in 2000, total CO2 emission will slightly decrease to 99.3% in 2020, while real GDP will increase to 105.6 in 2020 (Table2-1 or Fig.2-2). Consequently CO2 emission per GDP in real term will decrease to 94% in 2020. This means that the energy efficiency of Japan measured by CO2 emission per GDP in real term will decline rapidly in this period (Table2-1 or Fig.2-3). On the other hand, the CO2 emission per capita will increase by 3.3% point and especially after 2010. As the result, share of the household relative to the total amount of CO2 emission will decrease from 19.6% to 17.6% in 2010, then increase to 20.0% in 2020. In spite of population decline, the up-grading in living standard or endless pursuit of comfort of living will be a cause to augment energy consumption, especially electricity by household.

Fig.2-2. Indices of GDP and CO2 Emission (2000 = 100)



(Source: prepared by JIDEA team Japan)

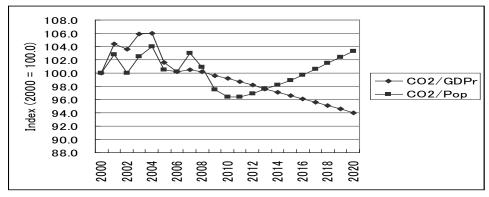
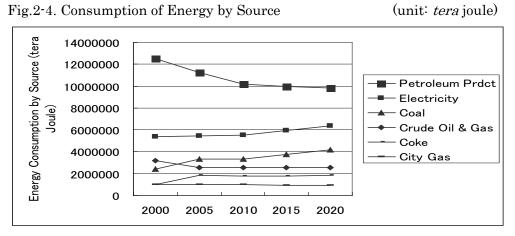


Fig.2-3. Indices of CO2 Emission per Real GDP and per Capita (2000 = 100)

(Source: prepared by JIDEA team Japan)

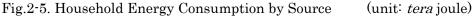
2-2. Prediction of energy consumption by source

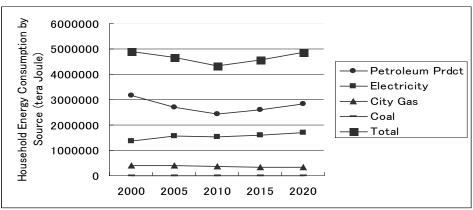
Needless to say, CO2 emission is closely linked with the fossil fuel consumption. Fig.2-4 shows consumption of energy by source in terms of *tera* joule including secondary energies of electricity and city gas. The electricity, 30% of which comes from nuclear energy in Japan,⁵ will increase rapidly. In contrast to the decline of crude oil and gas consumption after 2005, coal consumption will increase gradually. One caution should be noted that the prices of coal, crude oil and natural gas are fixed at the level of 2006 in this prediction⁶.



(Source: prepared by JIDEA team Japan)

The household energy consumption by source is presented in Fig.2-5. The consumption of petroleum products, decreasing in 2005 and 2010 because of the economic recession, will increase up to 2020, while the consumption of electricity, though slightly decreasing in 2010, will also continue to increase.





(Source: prepared by JIDEA team Japan)

⁵ Detailed discussion will be given in section 3.

⁶ Foreign exchange rate was also fixed to 2006 level.

2-3. Prediction of CO2 emission by industry

There are two sources of CO2 emission by industry, namely, one is secondary energy producing sectors such as electric power (commercial and self generating), city gas and heat supply, and the other is a group of industries excluding secondary energy producing sectors, or non-secondary energy producing sectors. Total amount of CO2 emission by industry is the sum of the CO2 emissions of these two sectors. Table 2-2 describes the estimation and prediction of CO2 emission by secondary and non-secondary energy producing sectors in the form of index.

Table 2-2. Secondary Energy Producing Sectors: CO2 Emission Index and Relative Share

| | Secondary | / Energy Pro | ducing Se | ctors | Non− Secondary | | Secondary Energy | Non− Secondary |
|------|-------------|--------------|------------|------------|-------------------|-------|---------------------|-------------------|
| Year | Electric | Electric | City Gas | Heat | Energy | Total | Producing | Energy |
| | Power | Power (Self | | Supply | Prducing | | Sctors | Producing |
| | (Commercial | Generating) | | | Sectors | | | Sctors |
| | | | Index (200 | 0 = 100.0) | | | Share (%) | |
| 2000 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 29.4 | 70.6 |
| 2005 | 107.5 | 94.6 | 101.5 | 77.1 | 99.5 | 101.2 | 30.5 | 69.5 |
| 2010 | 108.9 | 97.5 | 100.5 | 105.2 | 92.2 | 96.4 | 32.5 | 67.5 |
| 2015 | 118.3 | 103.3 | 94.5 | 100.4 | 90.7 | 97.4 | 34.2 | 65.8 |
| 2020 | 128.8 | 109.7 | 89.0 | 96.4 | 90.0 | 99.3 | 36.0 | 64.0 |

(Source: prepared by JIDEA team Japan)

The share of CO2 emission by the secondary energy producing sectors relative to total amount of CO2 emission, shown in the right hand side of Table 2-2, was 29.4% in 2000 and is predicted to be 36% in 2020. Especially the electric power (commercial) sector is clearly expanding as the index of electric power (commercial) will be 128.8 in 2020. What is much more interesting is the detailed picture of CO2 emission by industries excluding secondary energy producing sectors. In this study the industrial activities are composed of 66 sectors.

In calculating the amount of CO2 emitted by industries, there is a problem how to deal with the emission of CO2 by the sector of electric power. Each industrial sector uses electric energy, but electric energy is a secondary energy produced from fossil fuels or from other primary energies. An industry which uses electric energy only, emits no CO2, while generating electricity itself inevitably emits considerable amount of CO2. Who should be responsible for emission of CO2, the producer or the consumer of electric energy, or both? In this analysis the amount of CO2 emission by electric power industry, which is one of the secondary energy producing sectors, was imputed to the amount of CO2 emitted by non-secondary energy producing sectors, the end-user of electricity generated. The beneficiary-pays principle will be most appropriate.

Table 2-3 presents the amount of CO2 emission predicted up to 2020 by top 20 sectors selected by the descending order of the amount of CO2 emission in 2020. The share of these 20 sectors relative to total CO2 emission was calculated and put in the last row of the table. It was 80.6% in 2000, and climbing up to the level of 83% in 2005, its share will be 82.3% in 2020.

As Table 2-3 shows, big three sectors measured by the level of CO2 emission are

sectors of "Iron & Steel" (1st), "Transportation" (2nd) and "Trade" (3rd). In 2000, 34.1% of total amount of CO2 emission was ascribed to these three sectors, and this figure will slightly climb up to 35.2% in 2020⁷. "Iron & Steel" sector will increase CO2 emission up to 2020, though its 2010 level will be lower than the 2005 level. Both "Transportation" sector and "Trade" sector will achieve to reduce its CO2 emission to 94% and 74% of 2000 level in 2020 respectively.

| 11 | | | | | | |
|---------|-------------------------|--------|--------|--------|--------|--------|
| Sector | | 2000 | 2005 | 2010 | 2015 | 2020 |
| No. | Sector's Name | | | | | |
| 29 | Iron & Steel | 134.8 | 169.8 | 169.3 | 174.2 | 179.9 |
| 61 | Transportation | 123.4 | 119.7 | 125.6 | 120.5 | 116.6 |
| 59 | Trade | 115.9 | 101.3 | 88.2 | 86.6 | 85.7 |
| 64 | Education & Research | 62.1 | 68.1 | 64.9 | 67.9 | 72.0 |
| 50 | Miscll. Manufacturing | 6.4 | 84.2 | 71.9 | 69.5 | 67.4 |
| 65 | Personal Services | 59.1 | 56.0 | 57.0 | 55.6 | 54.6 |
| 21 | Petro Products | 55.3 | 45.0 | 38.1 | 37.3 | 37.0 |
| 63 | Government Services | 34.5 | 35.8 | 33.2 | 32.0 | 31.1 |
| 25 | Glass | 37.8 | 22.9 | 28.4 | 28.2 | 28.2 |
| 12 | Pulp&Paper | 31.7 | 32.7 | 29.5 | 28.6 | 27.9 |
| 16 | Organic Chem | 24.3 | 22.3 | 23.1 | 24.6 | 26.6 |
| 51 | Construction | 33.4 | 27.1 | 25.2 | 25.3 | 24.3 |
| 66 | Advertizing | 22.8 | 21.6 | 20.7 | 21.7 | 22.8 |
| 6 | Food Products | 24.1 | 25.3 | 21.4 | 20.6 | 19.9 |
| 58 | Water & Sewage | 17.4 | 17.8 | 16.5 | 18.1 | 19.9 |
| 26 | Cement | 32.3 | 22.3 | 21.4 | 20.6 | 19.4 |
| 14 | Inorganic Chem | 16.6 | 14.9 | 15.3 | 15.5 | 16.0 |
| 47 | Other Vehicles | 11.6 | 12.2 | 14.0 | 14.8 | 15.6 |
| 60 | Finance&Real Estate | 16.5 | 16.5 | 15.6 | 15.5 | 15.6 |
| 1 | Agri., Forestry&Fishery | 25.4 | 19.3 | 18.1 | 15.5 | 13.2 |
| | Sub Total | 885.4 | 934.9 | 897.4 | 892.5 | 893.6 |
| | Grand Total | 1098.0 | 1126.6 | 1085.1 | 1081.2 | 1085.4 |
| Share o | f Upper 20 Sectors (%) | 80.6 | 83.0 | 82.7 | 82.5 | 82.3 |

Table 2-3. CO2 Emission by Non-Secondary Energy Producing Industries(Upper 20 sectors)(unit: million ton)

(Source: prepared by JIDEA team Japan)

In the sectors ranked in 11th to 20th level in this CO2 emission table, "Food products" sector (14th), "Cement" (16th) and "Agriculture, forestry and fishery" sector (20th) are reducing the CO2 emission, while "Organic chemicals" (11th) and "Inorganic chemicals" (17th), though reaching to the lower level in 2005, are constantly increasing CO2 emission up to 2020. Other sectors will be more or less increasing the level of CO2 emission by 2020 owning to the gradual recovery of the Japanese economy after 2010, though some of them are temporally lowering the level of CO2 emission in 2010.

Table 2-4 presents the annual average rate of CO2 emission from 2010 to 2020 by industry excluding secondary energy producing sectors. The left hand side of the table indicates upper 20 sectors ranked by the order of the annual average rate of CO2 emission, while in the right hand side, lower 20 sectors are listed.

⁷ From Table 2-3, the relative share of these big three sectors can be easily calculated.

| Jpper 2 | 0 sectors (| unit: %) |
|---------|------------------------------|----------|
| Sector | Sector's | 2020/ |
| No. | Name | 2010 |
| 42 | Semiconductor & IC | 1.98 |
| 56 | Water & Sewage | 1.88 |
| 43 | Electronic Parts | 1.60 |
| 23 | Plastic products | 1.50 |
| 48 | Other Transportation | 1.48 |
| 16 | Organic Chemicals | 1.39 |
| 20 | Medicines | 1.20 |
| 46 | Motor Vehicle | 1.15 |
| 60 | Communication & Broadcasting | 1.07 |
| 47 | Other Vehicles | 1.06 |
| 62 | Education & Research | 1.04 |
| 30 | Non-Ferrous Metal | 1.00 |
| 32 | Metal Construction | 0.98 |
| 64 | Office Supply & N.E.C. | 0.96 |
| 44 | Heavy Electric | 0.90 |
| 17 | Plastic products | 0.76 |
| 36 | General Mach. Others | 0.72 |
| 29 | Iron & Steel | 0.61 |
| 45 | Other Light | 0.60 |
| 41 | Applied Electronic Devices | 0.57 |

| 1 | unit: %) | Lower 2 | 0 sectors (| unit: %) |
|---|----------|---------|---------------------------------|----------|
| | 2020/ | Sector | Sector's | 2020/ |
| | 2010 | No. | Name | 2010 |
| | 1.98 | ç | Clothing | -6.31 |
| | 1.88 | 2 | Metal Ore | -6.11 |
| | 1.60 | 15 | Petro Chemical | -5.36 |
| | 1.50 | 4 | Coal | -4.57 |
| | 1.48 | 1 | Agriculture, Forestry & Fishery | -3.08 |
| | 1.39 | 39 | Computer | -2.97 |
| | 1.20 | 3 | Non-Metal Ore | -2.46 |
| | 1.15 | 13 | Printing & Publishing | -1.95 |
| 5 | 1.07 | 10 | Wood Products | -1.77 |
| | 1.06 | 27 | Pottery | -1.51 |
| | 1.04 | 11 | Furniture | -1.43 |
| | 1.00 | 52 | Civil Engineering (Pub) | -1.42 |
| | 0.98 | 38 | Electric Mach. Household | -1.23 |
| | 0.96 | 5 | Crude Oil & Ntrl Gas | -1.21 |
| | 0.90 | 26 | Cement | -0.99 |
| | 0.76 | 49 | Precision Machinery | -0.92 |
| | 0.72 | 28 | Other Ceramics | -0.88 |
| | 0.61 | 7 | Beverages and Tabacco | -0.88 |
| | 0.60 | 33 | Metal Products | -0.76 |
| | 0.57 | 59 | Transportation | -0.74 |
| | | | | |

Table 2-4. Annual Average Rate of CO2 Emission by Industry from 2010 to 2020

(Source: prepared by JIDEA team Japan)

Comparing these two groups with each other, some of the industries ranked in the upper 20 sectors seem to be industries much more competitive in the international market than the industries in the lower 20 sectors which can be categorized as the declining industries.

2-4. Typology of industry; emitting less CO2 or more in 2020

As already mentioned in the first page of this paper, the CO2 emission is deeply correlated to the industrial output and inversely related to the industrial energy efficiency (or the inverse of energy per output).

Relations among the annual rate of increase in CO2 emission, the growth rate of industrial output and the rate of increase in energy per output can be tactically described using a kind of 3D graph. Fig. 2-6 is a coordinate graph showing positive and negative numbers. Out of 66 sectors, industries ranked in the upper 30 sectors of CO2 emission excluding secondary energy producing sectors are represented in this graph.

The vertical axis in Fig. 2-6 indicates the growth rate of real output by industry (b) from 2010 to 2020 and by the horizontal axis the rate of increase in energy per output (c) (or the inverse of energy efficiency) in the same period is indicated. The more increased the energy per output is, the more deteriorated is the energy efficiency.

On the diagonal line of 45 degrees uprising towards the left hand side in the graph, the following relation is always maintained. Adding up the growth rate of output (b) and the rate of increase in energy per output (c) comes to zero, which means the rate of increase in CO2 emission (a) is zero⁸. Therefore, industries placed over the diagonal line

⁸ CO2 emission = CO2 emission ratio * real output*energy per output

in Fig. 2-6 such as "Glass", "Business services", "Non-ferrous metal", "Iron & Steel", "Plastic products" and "Inorganic chemicals", *etc* are categorized in the industries with increasing CO2 emission, while industries placed under the diagonal line in the graph are denoted as the industry with less CO2 emitting. They are "Construction", "Trade", "Transportation", "Food products", "Cement", and more.

Industries in the first quadrant of Fig. 2-6 are industries both with increasing growth rates of output and with increasing rate of energy per output, which will be main actors escalating CO2 emission, though only two sectors of "Plastic products" and "Iron & Steel" are classified in this group.

Industries in the second quadrant of the graph are those with increasing output but decreasing energy per output, contributing to lower the level of CO2 emission, though depending on the position placed on which side of the diagonal line of 45 degree. 22 sectors selected and placed in this quadrant are "Business services", "Construction", "Trade", "Finance & Real estate", "Transportation", "Government services", "Personal services", "Organic chemicals", "Glass", "Non-ferrous metal", "Food products", "Inorganic chemicals", "Pulp & Paper", "Processed non-ferrous metal", "Civil engineering (public)", "Final chemicals", "Communication", "Information services", "Coal products" and "Other vehicles", "Other public services" and "Water & Sewages".

Five industries in the third quadrant of the graph are industries with both declining output and decreasing energy per output, which include "Agriculture, Forestry & Fishery", "Other ceramics", and "Metal others", "Cement" and "Miscellaneous manufacturing". Especially reduction in the agricultural energy per output is remarkable. This is mainly because of the lasting downward tendency in agricultural output. Historical picture will give some help. Reduction in agricultural production in Japan was about 2% from 1990-92 to 2002-04, ⁹ while the direct on-farm energy consumption was decreased by 5% from 1990-92 to 2002-04, though Japan's share in total OECD on-farm energy consumption was 10% in 2000-04, next to the U.S.A. of which share was $23\%^{10}$.

Only one sector located in the fourth quadrant of the graph is "Petroleum products" with decreasing output but increasing energy per output. According to the projection of domestic demand for petroleum products up to 2014 by METI (Ministry of Economy, Trade and Industry), demands for fuel oil such as gasoline, naphtha, kerosene, light oil and heavy oil are supposed to decline from 201.0 (million kl) in 2008 to 160.8 (million kl) in 2014, though the reason is not shown in the report.¹¹

Assuming rates of increase in CO2 emission, real output and energy per output as a, b and c, the following formula will be introduced, since CO2 emission ratio is constant. a = b + c. On the diagonal line of 45 degrees in Fig. 2-6, b and c has the same value with opposite sign. Therefore a, rate of increase in CO2 emission should be zero.

⁹ Calculated from the data available in the agricultural production statistics table by MOAFF (Ministry of Agriculture, forestry and Fishery)

¹⁰ See Figure 1.4.2., p.79 in OECD (2008), *Environmental Performance of Agriculture in OECD Countries Since 1990*, 575p. OECD Publication, Paris.

¹¹ <u>http://www.meti.go.jp/committee/materials2/downloadfiles/g100409a06j.pdf(2010/07/31)</u>

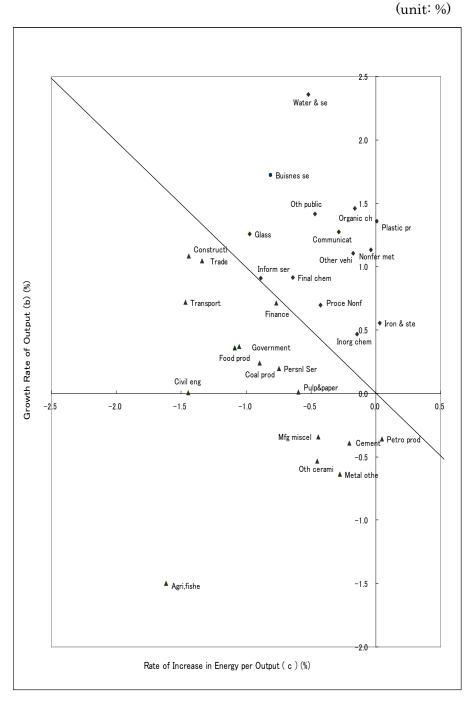


Fig. 2-6. Relations between the Growth Rate of Real Output and the Rate of Increase in Energy per Output

(Source: prepared by JIDEA team Japan)

2-5. Remaining problems revealed from the comparison

CO2 emission in Japan is also estimated by two other institutions. One is by National Institute for Environmental Studies, Japan (NIES) and the other is by Keio Economic Observatory of Keio University (KEO). Though simple comparison of these three results including JIDEA's is not fruitful since the methods and databases used are certainly different from each other, if the estimates in the year 2000 are compared, JIDEA's estimate is the highest, the second is KEO's and NIES's is the lowest (see Table 2-5). In other words, since NIES's is regarded as the official figure of CO2 emission of Japan, both JIDEA's and KEO's are overestimated.

| | NIES*1) | KEO*2) | JIDEA*3) | RealGDP*3) | NIES | KEO | JIDEA | RealGDP |
|------|---------|-------------|----------|---------------|--------|------------|--------|--------------|
| Year | (2010) | (2001) | (2009) | (2000 price) | (2010) | (2008) | (2009) | (2000 price) |
| | | (2008) | | | | | | |
| | | Million ton | | Trillion. yen | | Index (200 | 0=100) | |
| 1990 | 1143 | 1208 | 1313 | 456.5 | 91.1 | 91 | 96.1 | 88.0 |
| 1995 | 1226 | 1313 | 1381 | 489.2 | 97.8 | 98.6 | 101.0 | 94.3 |
| 2000 | 1254 | 1331 | 1366 | 518.9 | 100.0 | 100.0 | 100.0 | 100.0 |
| 2005 | 1286 | | 1383 | 516.9 | 102.6 | | 101.2 | 99.6 |
| 2006 | 1267 | | 1378 | 522.3 | 101.0 | | 100.9 | 100.7 |
| 2007 | 1301 | | 1416 | 534.7 | 103.7 | | 103.6 | 103.1 |
| 2008 | 1214 | | 1385 | 524.9 | 96.8 | | 101.3 | 101.2 |
| 2009 | | | 1336 | 509.0 | | | 97.7 | 98.1 |
| 2010 | | | 1317 | 504.3 | | | 96.4 | 97.2 |
| 2015 | | | 1331 | 523.1 | | | 97.4 | 100.8 |
| 2020 | | | 1357 | 548.0 | | | 99.3 | 105.6 |

Table 2-5. CO2 Emission Estimated by 3 Institutes

(Sources: *1) From Table 1, p.2 in National Institute for Environmental Studies, Japan (2010), National Greenhouse Gas Inventory Report of Japan, April.

http://www-gio.neis.go.jp/aboutghg/nir/2010/NIR_JPN_2010_v3.0E.pdf (2010/08/14)

*2) Keiichiro Asakura Hitoshi Hayami, et al (2001), The Input-Output Table for Environmental Analysis, Keio University Press.

Satoshi Nakano, Hitoshi Hayami, Nasao Nakamura and Masayuki Suzuki (2008), *The Input-Output Table for Environmental Analysis and its Application*, Keio University Press.

*3) Data prepared by JIDEA team Japan.)

Reasons of overestimating CO2 emission by JIDEA team seem to be the following; 1) The conversion coefficient of value to quantity

The data of I-O table are expressed in value term. To estimate CO2 emission, as already mentioned in section 1, it needs to convert the value to quantity in the material table.

JIDEA's conversion table is based on the material I-O table of the year 2000 and fixed up to 2020. This is mainly because the material matrix is published every 5 years and the base year of JIDEA model is also the year 2000. Since the relation between material and quantity in the material I-O table changes year by year, it may cause relatively large distortion in JIDEA's estimation of CO2 emission.

- 2) The aggregation of industrial sectors JIDEA model is composed of 66 industrial sectors and has 8 sectors related to energy, while the I-O base table has 19 energy related sectors. Therefore these 8 sectors in JIDEA model should be divided into19 sectors consistent with the I-O base table of 2000. These dividing ratios in 2000 were kept constant and applied to the data from 1990 to 2020. This may be one of the causes of some distortions in the prediction.
- Import and export definition
 The import and the export in the final demand components are not included as the

sources of CO2 emission. I-O table used in JIDEA model is the competing import type, namely, imported goods and domestically produced goods are of no difference as input goods. Thus the imported materials are mixed in the intermediate input and household consumption.

Another problem unsolved is how to calculate CO2 emission caused by energies supplied to foreign ships or airplanes and to the Japanese ones in the foreign country. According to the definition of domestic input in the I-O table, to which JIDEA's database is following, the former is counted in the export and the latter is categorized as the import.

4) Iron and steel industry

"Iron & Steel" industry, one of the main sectors emitting enormous amount of CO2, has very complicated mechanism in its energy consumption and CO2 emission. The process to make iron from iron ore, coke and limestone, and steel from iron are very complicated and different according to the method of production. To calculate CO2 emission more precisely, emission of CO2 gas should be measured in every stage of the process. JIDEA model has a simplified process in estimating CO2 emission from the amount of input materials of coke and limestone, while the other institutions employ more sophisticated calculation process. This difference may be crucial to obtain better estimation of CO2 emission.

3. Simulation for reduction of CO2 emission using nuclear power

We forecast Japanese economy and its CO2 emission up to 2020, which is shown in the previous section. In this section, we will make two simulations how much we can reduce its emission in 2020 by substituting thermal power generation with nuclear power.

The first case is assuming to have the current expansion plan of nuclear power generation realized by 2020. We call this as the practical case.

The second case is how we can accomplish the mid-long term target of 25% reduction of her CO2 emission in 2020 against 1990, which was advocated by former Prime Minister Yukio Hatoyama. We name it the extreme case.

For the methodology, please refer to the technical note at the end of this session.

3-1. The Practical case

The assumptions¹² for simulation are shown below and Table 3-1.

- 1. The nuclear power generation capacity will be increased by 11.35 million kw¹³ from 49.47 million kw in FY2007 to 60.82 million kw in FY2010.
- 2. The average utilization rate is $88.0 \%^{14}$, which is higher than that of

¹² Though assumption figures are expressed in fiscal year (FY), our model data are in calendar year (CY). We neglect the differences as they are not so much.

¹³ This is the total capacities of planned nuclear power generators which are to go into operation by the end of FY2009.

¹⁴ This rate is supposed to be derived by assuming that the stoppage of the plant by regular inspection should be some 38 days, which is the average of USA.

60.9% in FY2007. (see Fig. 3-1)

3. The total amount of power generation by nuclear energy will be 468.8 billion kwh in FY2010. This is a 77.7% increase against the level in FY2007.

These presumptions are based on National Institute for Environmental Studies of Japan's assumptions for the mid-long term projection of Japanese national greenhouse gas emissions¹⁵.

| | | | (Unit: No., million KW, billion KWN, %) | | |
|------|------------------------------|-----------------------------------|--|------------------|--------------------------------|
| FY | No. of generators (CY) | Total capacities of generators | Annual outputs of electric power generated by nuclear power | Utilization rate | Share of nuclear generation |
| 1985 | 32 | 24.52 | 159.0 | 74.0 | 27.2 |
| 1986 | 32 | 25.68 | 167.3 | 74.4 | 28.7 |
| 1987 | 35 | 27.88 | 186.6 | 76.4 | 30.0 |
| 1988 | 35 | 28.70 | 177.6 | 70.6 | 27.4 |
| 1989 | 37 | 29.28 | 181.9 | 70.9 | 26.6 |
| 1990 | 39 | 31.48 | 201.4 | 73.0 | 27.3 |
| 1991 | 41 | 33.24 | 212.3 | 72.9 | 27.8 |
| 1992 | 41 | 34.42 | 223.1 | 74.0 | 28.8 |
| 1993 | 45 | 38.38 | 249.1 | 74.1 | 31.8 |
| 1994 | 48 | 40.37 | 269.0 | 76.1 | 32.2 |
| 1995 | 49 | 41.19 | 291.1 | 80.7 | 34.0 |
| 1996 | 50 | 42.55 | 302.1 | 81.0 | 34.6 |
| 1997 | 52 | 44.92 | 319.1 | 81.1 | 35.6 |
| 1998 | 52 | 44.92 | 332.2 | 84.4 | 36.8 |
| 1999 | 51 | 44.92 | 316.5 | 80.4 | 34.5 |
| 2000 | 51 | 44.92 | 321.9 | 81.8 | 34.3 |
| 2001 | 51 | 45.74 | 319.8 | 79.8 | 34.6 |
| 2002 | 52 | 45.74 | 294.9 | 73.6 | 31.2 |
| 2003 | 52 | 45.74 | 240.0 | 59.9 | 25.7 |
| 2004 | 52 | 47.12 | 282.4 | 68.4 | 29.1 |
| 2005 | 54 | 49.58 | 304.8 | 70.2 | 30.8 |
| 2006 | 55 | 49.47 | 303.4 | 70.0 | 30.5 |
| 2007 | 55 | 49.47 | 263.8 | 60.9 | 25.6 |
| 2020 | 63 | 60.82 | 468.8 | 88.0 | |

| Table 3−1. | The trends of Japanes | e nuclear power | generation fa | actors and their | projection in 2020 |
|------------|-----------------------|-----------------|---------------|--------------------|---------------------|
| | | | (ι | unit:No.,million k | (W, billion kwh, %) |

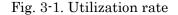
Note: Utilization rate = Annual outputs of electric power generated by nuclear power divided by(Total capacities of generators*24h*365days)

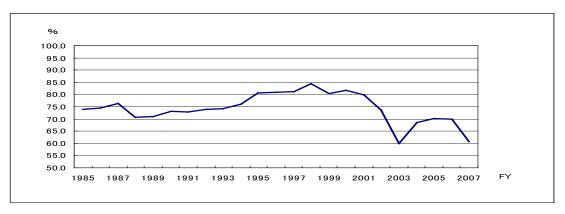
(Source: METI; Energy Whitepaper of 2009

http://www.enecho.meti.go.jp/topics/hakusho/2007energyhtml/excel/213-4-2.xls

INFOBASE of nuclear power p.11for the No. of Generators. http://www.fepc.or.jp/library/data/infobase/pdf/info_d.pdf)

 $^{^{15}\,}$ http://www-iam.nies.go.jp/aim/prov/middle_report.htm $\,$ (as of August 11, 2010)





(Source: calculated by JIDEA team Japan)

The results of CO2 reduction by substituting thermal power generation to nuclear power generation is shown in Table 3-2.

In the practical case, which assumes the current construction plan for nuclear power plant materialized by 2020 with a high utilization rate, we can expect only 8.0%¹⁶ reduction of CO2 emission against the baseline figure in 2020.

Table 3–2. The results of CO2 reduction

| CY | CO2 emmission | Estimated figures | Reduction rate | |
|------|----------------|----------------------|-------------------|--|
| 2000 | 2000 1254 | | | |
| 2020 | 2020 Baseline | | | |
| | Practical case | 1,248 | -8.0 | |

Note: 1. Practical case: Substituting thermal power generation to atomic one by scheduled plan as of 2020. 2. Reduction rate is calculated against the baseline figure of 1357.

(Source: JIDEA Team Japan's estimate)

3-2. The Extreme case

In this subsection, we calculated how much of thermal power generation should be replaced by the nuclear power to materialize the mid-long term targets of 25% reduction of CO2 in 2020 against 1990.

As our model uses the CY data against the observation data of FY, there is a discrepancy observed in the CO2 emission volume even in the base year. In order to eliminate the residual¹⁷, we created adjusted data by reducing the error of the observation and estimated data in 2000. We will use this adjusted data for this simulation as we have to compare with the historical figure in 1990.

¹⁶ We admit that this reduction rate may be overestimated as we assumed increasing trends of nuclear power generation in this model.

¹⁷ This may be derived by 1) the difference of CY and FY, 2) the coarseness of Material matrix, and 3) the correspondence with value and Material matrix is fixed in 2000, and so forth.

The estimated figures are calculated by fixing ratio of fossil fuels not used as energy and the convert matrix of value to quantity at 2000 level. Therefore the figures shown here are theoretical one.

The result is shown in Table 3-3.

Our simulation shows that almost all of its thermal power generation should be substituted with the nuclear power even we assume the 88% utilization rate to accomplish the 25% cuts of CO2 in 2020.

This means that we should make use of 2.25 times of nuclear power generators whose capacity is 11,010.17 million kw, against the end of 2009 in number.

| | | | (unit:million ton) | |
|--------------------|---------------------------|-------------------------|-----------------------|--|
| CY | CO2 Emission ¹ | Estimation ² | Adjusted ³ | |
| 1990 | 1143 | 1,313 | 1,200 | |
| 1991 | 1153 | 1,330 | 1,217 | |
| 1992 | 1161 | 1,350 | 1,237 | |
| 1993 | 1154 | 1,204 | 1,092 | |
| 1994 | 1213 | 1,448 | 1,336 | |
| 1995 | 1226 | 1,381 | 1,268 | |
| 1996 | 1239 | 1,899 | 1,787 | |
| 1997 | 1235 | 2,246 | 2,133 | |
| 1998 | 1199 | 1,546 | 1,434 | |
| 1999 | 1234 | 1,532 | 1,420 | |
| 2000 | 1254 | 1,366 | 1,254 | |
| 2001 | 1238 | 1,409 | 1,296 | |
| 2002 | 1276 | 1,372 | 1,260 | |
| 2003 | 1282 | 1,409 | 1,296 | |
| 2004 | 1281 | 1,430 | 1,318 | |
| 2005 | 1286 | 1,383 | 1,270 | |
| 2006 | 1267 | 1,378 | 1,266 | |
| 2007 | 1301 | 1,416 | 1,303 | |
| 2008 | 1214 | 1,385 | 1,272 | |
| 2009 | | 1,336 | 1,223 | |
| 2010 | | 1,317 | 1,205 | |
| 2011 | | 1,315 | 1,202 | |
| 2012 | | 1,319 | 1,206 | |
| 2013 | | 1,323 | 1,210 | |
| 2014 | | 1,327 | 1,214 | |
| 2015 | | 1,331 | 1,219 | |
| 2016 | | 1,336 | 1,224 | |
| 2017 | | 1,342 | 1,229 | |
| 2018 | | 1,347 | 1,235 | |
| 2019 | | 1,352 | 1,239 | |
| 2020 | Baseline | 1,357 | 1,244 | |
| | Extreme | 967 | 855 | |
| Ratio against 1990 | | -28.7 | -25.2 | |

Table 3-3. The trends of CO2 emmission in Japan

Note; 1. CO2 emission (FY) announced by the Ministry of Environment

2. Estimation by Model (CY 2000= base)

3. Adjusted; applying the constant term adjustment in 2000.

(Source: Japan Center for Climate Change Actions' Web site (http://www.jccca.org/) and estimation by JIDEA team Japan.)

Technical note:

Substituting nuclear power for thermal power

For the electric power sector, JIDEA model only distinguishes one sector, but in the detailed I-O table, it consists of 4 sectors; "Nuclear power", "Thermal power", "Water and other powers" and "Electric power self generated". Accordingly, to make simulation to substitute "Thermal power" with "Nuclear power", we need to calculate these 4 sectors' intermediate inputs separately and after the calculation we unify these 4 sectors inputs into one coefficient, namely, "electric power total coefficient".

In the frame work of I-O table, the flow of calculation expressed in equation is as follows: assuming "Electric power total" as E, "Electricity produced by Nuclear power" N, "Thermal power" T, "Water and other power" O and "Electric power self generated" H, the intermediate input of each power generation by input materials is notated as E_i , N_i , T_i , O_i and H_i , then,

$$E_{i} = N_{i} + T_{i} + O_{i} + H_{i}$$

$$\sum_{i=1}^{n} E_{i} = \sum_{i=1}^{n} N_{i} + \sum_{i=1}^{n} T_{i} + \sum_{i=1}^{n} O_{i} + \sum_{i=1}^{n} H_{i}$$

$$E = N + T + O + H$$

Dividing E_i , A_i , F_i and O_i by their total and making them coefficient as e_i , n_i , t_i and o_i , then,

$$\begin{split} e_{i} &= E_{i} / \sum_{i=1}^{n} E_{i} \qquad n_{i} = N_{i} / \sum_{i=1}^{n} N_{i} \qquad t_{i} = T_{i} / \sum_{i=1}^{n} T_{i} \qquad o_{i} = O_{i} / \sum_{i=1}^{n} O_{i} \\ h_{i} &= H_{i} / \sum_{i=1}^{n} H_{i} \end{split}$$

Then we can calculate,

$$\begin{split} N_i &= n_i N \;, \; T_i = t_i T \;, \; O_i = o_i O \;, \; H_i = h_i H \;, \; E_i = e_i E \\ e_i &= (N_i + T_i + O_i + H_i) \,/ \, E \end{split}$$

Now, we assume that the production of electricity by "Nuclear power" is increased with the rate α and the same amount of electricity substitutes that of "Thermal power". The total electricity has not changed but the weight of above mentioned 4 sectors are changed. Accordingly "Unified Electric power coefficient" should be changed. If changed amount of electricity by "Nuclear power" is named as N', by "Thermal power" as T', then,

$$N' = (1 + \alpha)N, \quad T' = T - \alpha N,$$

After substitution of "Thermal power" by "Nuclear power", if the coefficient of total unified electric power named as e'_i , the following identity is obtained.

$$e'_{i} = (n_{i}N' + t_{i}T' + o_{i}O + h_{i}H)/E$$

Table 3-4. The changes of input coefficients according to the cases

| Sector | - | Baseline | Practical case | Extreme case |
|--------|--------------------------------------|----------|----------------|--------------|
| No. | Item | | | |
| - | Coal mining | 0.020577 | 0.017392 | 0.001936 |
| | Petro & gas exploration | 0.039468 | 0.033363 | 0.003729 |
| | Clothing | 0.000115 | 0.000120 | 0.000144 |
| | Timber | 0.000019 | 0.000018 | 0.000013 |
| 11 | Furniture | 0.000587 | 0.000558 | 0.000417 |
| | Printing & publishinging | 0.002639 | 0.002567 | 0.002219 |
| | Inorganic basic chemicals | 0.000183 | 0.000159 | 0.000042 |
| | Final chemicals | 0.000548 | 0.000474 | 0.000117 |
| 21 | Petroleum refinery products | 0.017781 | 0.015865 | 0.006564 |
| 22 | Coal products | 0.003314 | 0.003058 | 0.001813 |
| 28 | Other ceramic, stone & clay produc | 0.000035 | 0.000031 | 0.000013 |
| 30 | Non-ferrous metals refinery produ | 0.000018 | 0.000022 | 0.000040 |
| 31 | Processed non-ferrous metal produ | 0.000703 | 0.000794 | 0.001239 |
| 33 | Other metal products | 0.000482 | 0.000482 | 0.000481 |
| 40 | Communication equipment | 0.000006 | 0.000006 | 0.000005 |
| 43 | Electronic Parts | 0.000008 | 0.000008 | 0.000007 |
| 45 | Electric illuminator, batteries & ot | 0.000011 | 0.000010 | 0.000009 |
| 50 | Miscellaneous manufacturing prod | 0.012546 | 0.011702 | 0.007608 |
| 51 | Construction | 0.038653 | 0.039077 | 0.041135 |
| 54 | Electric power | 0.029740 | 0.030070 | 0.031671 |
| 55 | Gas & hot water supply | 0.000081 | 0.000079 | 0.000069 |
| 56 | Water supply & treatment | 0.006520 | 0.006661 | 0.007346 |
| 57 | Trade | 0.014931 | 0.013611 | 0.007203 |
| 58 | Financial & insurance services | 0.033912 | 0.033116 | 0.029252 |
| 59 | Transportation services | 0.017994 | 0.015795 | 0.005122 |
| 60 | Communication & Broadcasting | 0.003515 | 0.003407 | 0.002880 |
| 62 | Education, research & Medical ser | 0.024198 | 0.024869 | 0.028126 |
| 63 | Information service | 0.016678 | 0.016187 | 0.013800 |
| 64 | Business Service | 0.092103 | 0.090674 | 0.083738 |
| 65 | Personal Service | 0.000464 | 0.000468 | 0.000489 |
| 66 | Office Supply & N.E.C. | 0.004249 | 0.004417 | 0.005230 |
| | Intcoltot | 0.382077 | 0.365059 | 0.365059 |

Note: When the value of input coefficient is 0, the sector is not listed in the table. (Source: Calculated by JIDEA team Japan)