

Status of Biomass power Implementation under FIT/FIP scheme in Japan

Yasuhisa Okamoto, Managing Director, Drax

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Regarding the biomass target of 8 GW for the 2030 energy mix, 8.7 GW was reached by December 2025, exceeding 100% capacity.

The proportion of new FIT and FIP certifications installed in the category of "General Wood and Agricultural Residues" using wood pellets covers 94.8%, and the overall composition rate covers 76%.

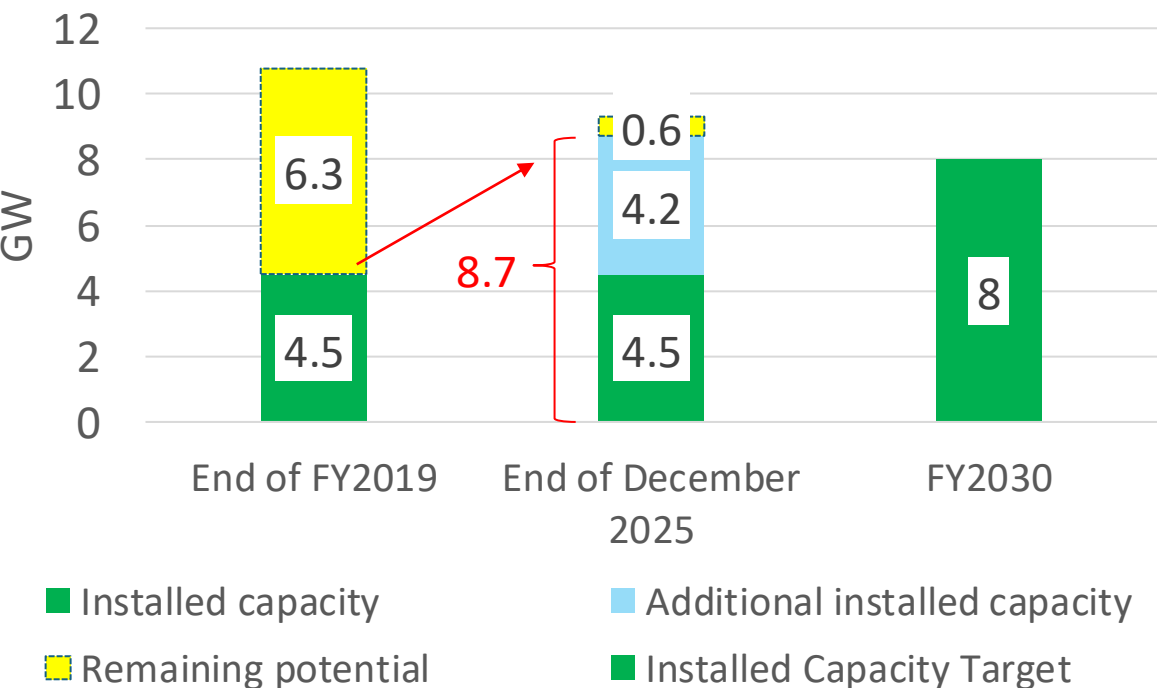
- Most of Japan's biomass power generation portfolio is covered by projects involving wood pellets and PKS.
- Under the FIT/FIP system, new certifications under the "General Wood and Agricultural Residuals" category were excluded, but the biomass category for long-term decarbonized power auctions has been reinstated, and support for the introduction of large facilities remains.
- Imports of wood pellets exceeded 8 million tons in 2025, and demand growth is expected going forward.

Using the results from fiscal 2024 for the 2040 energy mix, the additional biomass power generation capacity to be introduced is expected to be 4 GW, including power operations + self-use. (Original estimate considering current facility utilization rates)

Biomass Power Deployment Status toward the 2030 Energy Mix

- Regarding the biomass target of 8 GW for the 2030 energy mix, 8.7 GW was reached at December 2025, exceeding 100% capacity.

Status of Biomass Power Deployment toward the 2030 Energy Mix

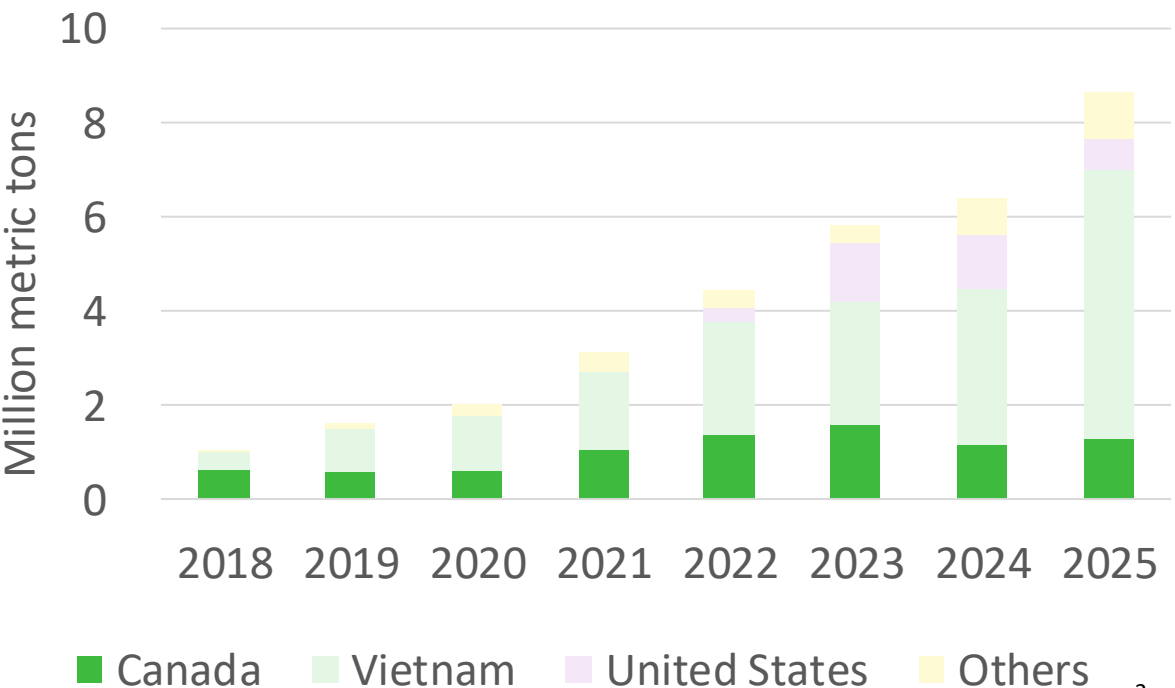


Source: Electricity and Gas Industry Committee, Subcommittee on the Expansion of Renewable Energy as a Main Power Source (1st Meeting), METI

Trends in Wood Pellet Import Volumes for Japan

- While imports from Vietnam and the United States have increased in recent years, especially from the U.S. since 2022, Canada continues to serve as a key and stable supplier to Japan.

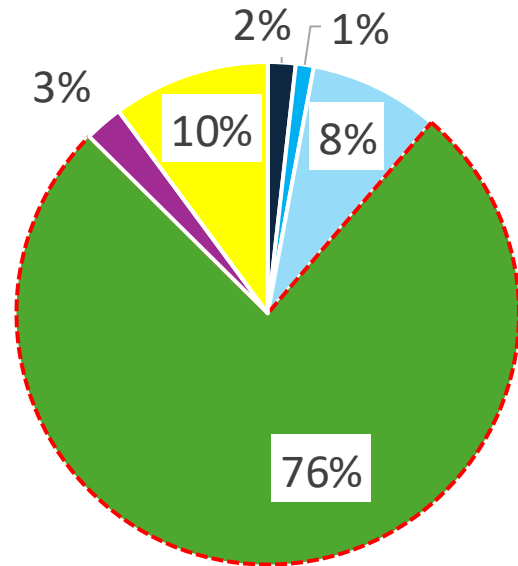
Import Track Record of Wood Pellets for Japan



Source: Trade Statistics of Japan

- In the new certification categories under the FIT/FIP system, 76% of the previously installed categories were classified as "general wood and agricultural residues," where wood pellets and PKS were used.

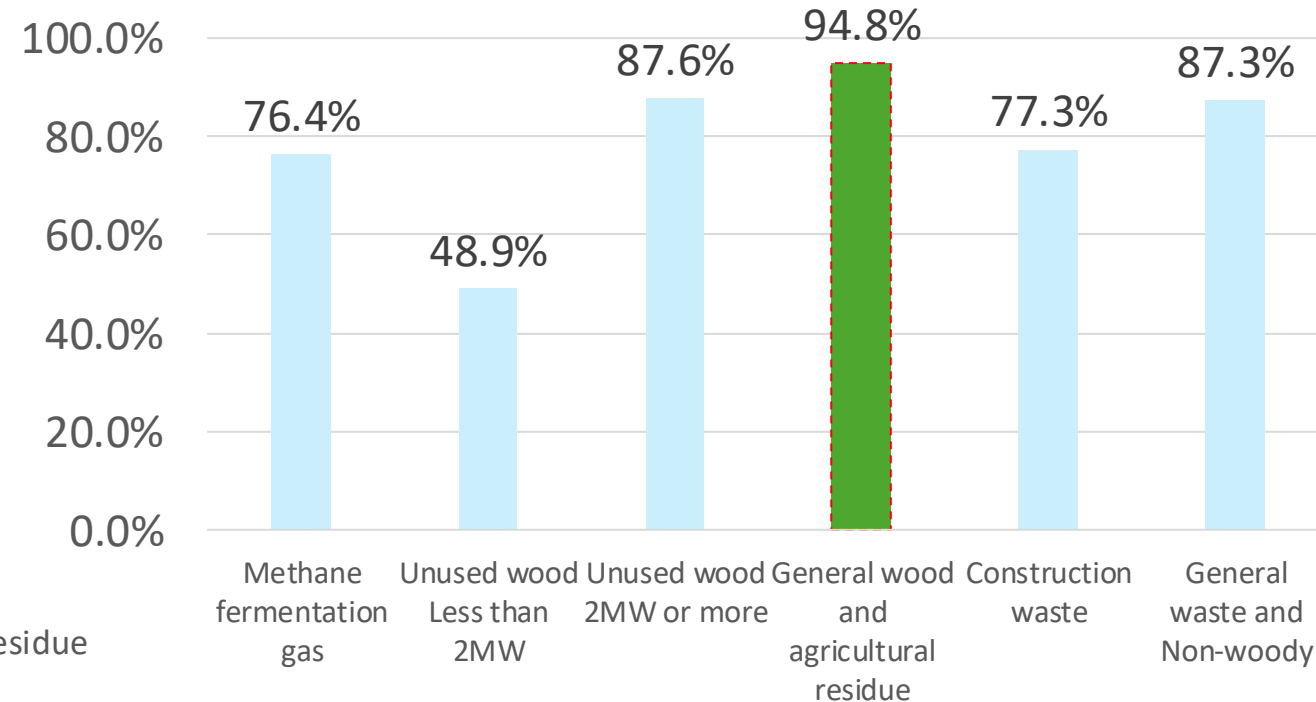
Breakdown of Newly Installed FIT-Certified Capacity by Biomass Category



- Methane fermentation gas
- Unused wood 2MW or more
- Construction waste
- Unused wood Less than 2MW
- General wood and agricultural residue
- General waste and Non-woody

- Among new certifications, the category of "general wood and agricultural residues" has been installed at a rate of 94.8%.

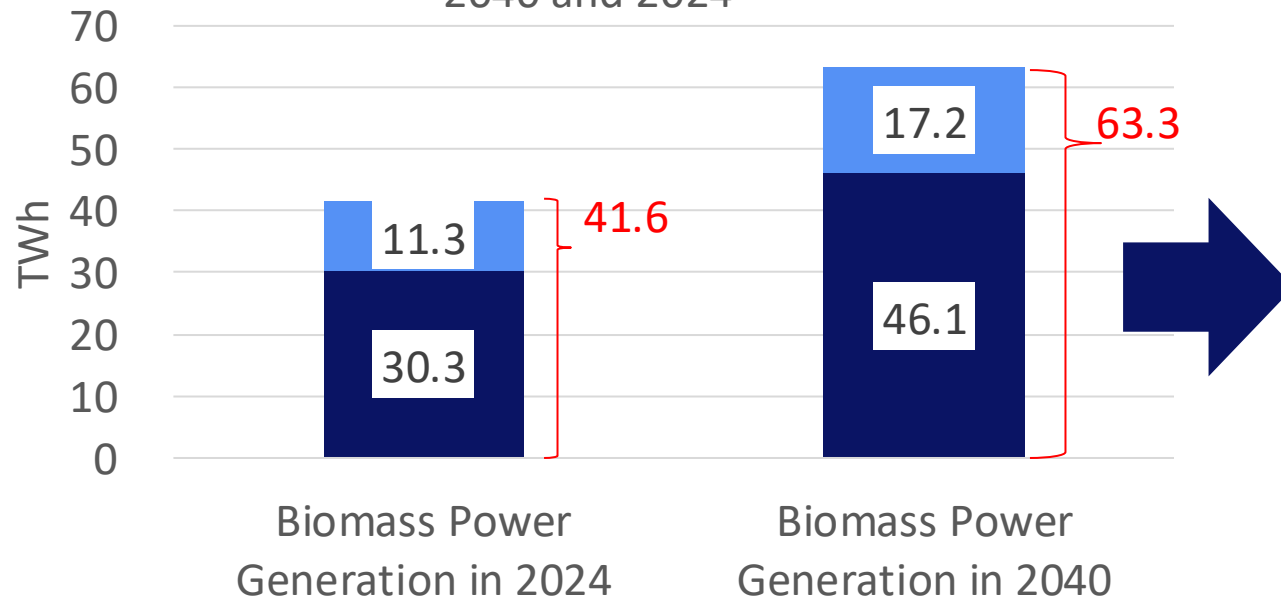
Installed Capacity as a Percentage of FIT-Certified Capacity by Biomass Category (New FIT Certifications)



➔ Since FY2026 (April), new FIT/FIP certification has ended for 10 MW-or-larger facilities using general wood and agricultural residues, while existing contracts remain unaffected.

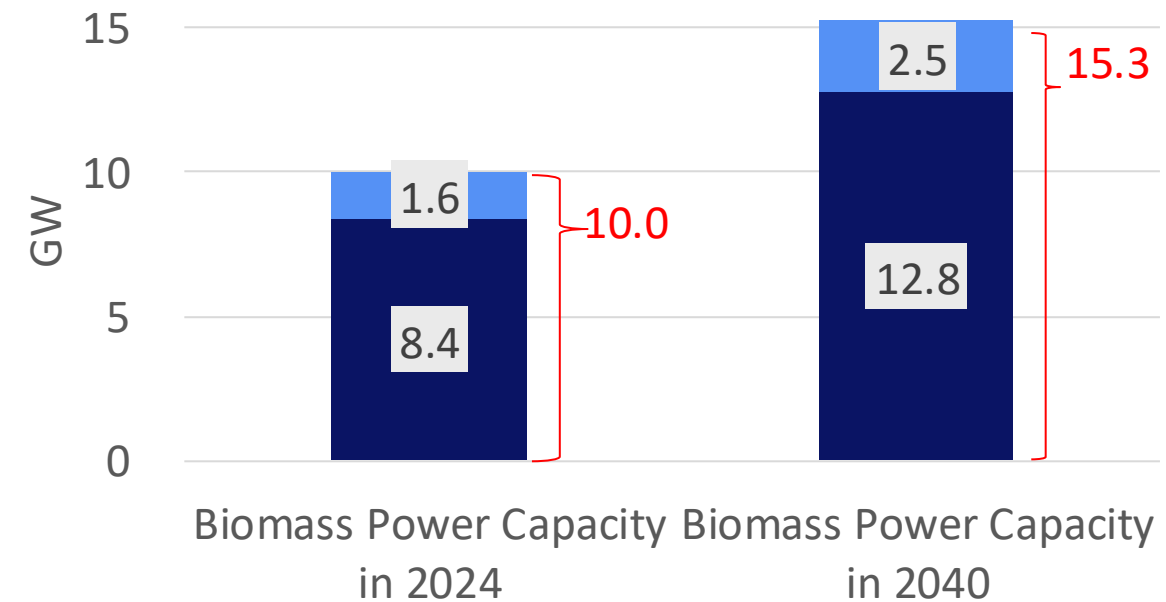
- Based on the energy supply and demand in 2040 and electricity generation in 2024, the biomass portion is allocated for power business and private use, and the incremental biomass share is analyzed based on current facility utilization rates and self-use ratios.
- Comparing capacity for 2040 and 2024, there is 5GW of surplus capacity, and excluding those that are certain to be installed at present, about 4GW is needed. Support for this 4GW is expected through long-term decarbonization power auctions, focusing on the decarbonization of coal-fired power.

Comparison of biomass electricity generation in 2040 and 2024



■ For the electricity power business ■ Self-use portion

Comparison of biomass power capacity between 2040 and 2024



■ For the electric power business ■ Self-use portion

Thank you

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