



Updates on the Hydrogen Society Promotion Bill and CCS Business Bill (April 2024)

Last year, A&S reported on recent developments in relation to the use of hydrogen for power generation, etc. in Japan (A&S October 2023 Newsletter¹), and on the carbon capture and storage (“CCS”) business in Japan and involving Japanese companies overseas (A&S November 2023 Newsletter²). We would now like to provide a brief update in relation to new developments in these areas.

1. Cabinet Decision on the Hydrogen Society Promotion Act and the CCS Business Bill

On February 13, 2024, the Japanese Government's Cabinet approved the "Hydrogen Society Promotion Bill" and the "CCS Business Bill".³

Both bills are currently being debated in the Diet and are expected to be passed into law by around June of this year. (A “Cabinet approval” is a decision by the Cabinet to submit a bill to the Diet. In Japan, bills approved by the Cabinet are often passed directly into law by the Diet.)

2. Further details on the contents of the Hydrogen Society Promotion Bill and the CCS Business Bill

Hydrogen Society Promotion Bill

The Hydrogen Society Promotion Bill is a proposed law that intends to promote the supply and use of hydrogen, ammonia, synthetic methane, and synthetic fuels whose carbon dioxide emissions during manufacture are below a certain standard (hereinafter referred to as "**low-carbon hydrogen, etc.**").

Businesses that supply low-carbon hydrogen, etc. and businesses that use it in their projects in Japan may jointly formulate a business plan for the utilization of low-carbon hydrogen, etc. and seek approval for it from the Minister of Economy, Trade and Industry (“**METI**”).

Businesses that have their plans approved by METI will receive subsidies from the Government for the continuous supply of low-carbon hydrogen, etc. and other materials that are currently more expensive than existing fuels, together with subsidies for the maintenance of their facilities.

¹ https://www.aplawjapan.com/application/files/8816/9707/2766/EN_Newsletter_PEN_006.pdf

² https://www.aplawjapan.com/application/files/8117/0121/8216/EN_Newsletter_PEN_007.pdf

³ Official names: (1) the Act on the Promotion of Supply and Utilization of Low-Carbon Hydrogen and its Derivatives for Smooth Transition to a Decarbonized, Growth-Oriented Economic Structure; and (2) the Bill for the Act on Carbon Dioxide Storage Businesses.

CCS Business Bill

The CCS Business Bill is a proposed law which aims to create an environment which encourages private business operators to commence CCS businesses in Japan by 2030.

The CCS Business Bill will establish a licensing system for:

- storage businesses and exploratory drilling related to CCS businesses;
- the creation of storage and exploratory drilling rights; and
- business and security regulations for storage operators and carbon dioxide pipeline transportation businesses.

3. Future Outlook

The use of both hydrogen and CCS are expected to be important measures to achieve decarbonization in Japan. Once the Hydrogen Society Promotion Act and the CCS Business Law are enacted, laws and regulations related to hydrogen-related and CCS-related businesses in Japan are expected to be clarified, with the anticipation that this will stimulate related investments.

We plan to regularly update this information as new developments in the hydrogen and CCS fields emerge.

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Authors/Contacts

Miho Niunoya

Senior Partner

E: miho.niunoya@aplaw.jp

Kimiharu Masaki

Partner

E: kimiharu.masaki@aplaw.jp

Tomoko Watanabe

Partner

E: tomoko.watanabe@aplaw.jp

Daniel Jarrett

Partner

Registered Foreign Lawyer (The Laws of
England & Wales*)

E: daniel.jarrett@aplaw.jp

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["Latest CCS Commercialization Trends in Japan"](#) (November, 2023)

["Revisions to the Basic Hydrogen Strategy"](#) (October, 2023)

["Battery Storage Subsidies in Japan"](#) (February, 2023)

["Trends in Offshore Wind Power Generation in Japan"](#) (February, 2023)

Inquiries:

Atsumi & Sakai Projects & Energy Practice Team

Email: cpg_pe_managers@aplaw.jp

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www.aplawjapan.com/en/

Tokyo Office: Fukoku Seimei Bldg., 2-2-2 Uchisaiwaicho, Chiyoda-ku, Tokyo 100-0011, Japan

Fukuoka Affiliate Office: Tenjin Bldg. 10F, 2-12-1 Tenjin, Chuo-ku, Fukuoka-shi, Fukuoka 810-0001 Japan

New York Affiliate Office: 1120 Avenue of the Americas, 4th Floor, New York, New York 10036

London Office: 85 Gresham Street, London EC2V 7NQ, United Kingdom

Frankfurt Affiliate Office: OpernTurm (13F) Bockenheimer Landstraße 2-4, 60306 Frankfurt am Main, Germany

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