

<Press Release>

Kiko Network Rejoices at Osaka Gas's decision to withdraw from coal project in Ibaraki"

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Kiko Network

On December 20th, the Nikkei reported that Osaka Gas decided to withdraw financing for a coal-fired power plant project in Ibaraki prefecture. After the Paris Agreement was adopted at COP21 in Paris on December 12th, Osaka Gas made the right choice which is in line with the trend of divestment from coal-related projects worldwide. Kiko Network commends and respects the decision made by Osaka Gas.

The Ibaraki plant, a joint project by Marubeni and Osaka Gas, was a 100MW small-scale project, which did not require a governmental EIA. Investment in the plant would have been approximately 30 billion yen with operations starting sometime between 2017 and 2018. Reports say that because Osaka Gas was concerned about the future financial risks involved with having to apply climate change mitigations to reduce CO2 emissions, Osaka Gas deemed the project in Ibaraki as unprofitable. Marubeni, on the other hand, is looking for another partner to finance the project for this power plant. We sincerely hope that Marubeni will follow in the footsteps of Osaka Gas.

Osaka Gas, on the other hand, is planning to build another coal-fired power plant, tentatively named "Nishiokinoyama Power Plant", in Ube, Yamaguchi prefecture. Osaka Gas, in cooperation with J-POWER and Ube Industries, Ltd, established Yamaguchi-Ube Power Generation Co., Ltd. to build the plant that is set to have a total capacity of 1200MW. Japan's Ministry of Environment, however, released a statement from the Minister saying it would be "difficult to endorse" the project due to its EIA process. Kiko Network therefore urges Osaka Gas to reconsider the venture and pull themselves out from the Nishiokinoyama project.

Kiko Network has been keeping an eye on Japan's coal-fired power plant projects since 2012. We currently have data on approximately 48 units. The number of coal-fired power plants in pipeline has significantly increased in anticipation of the nation's move towards electricity deregulation in the coming year. Should all of these plants be put in operation,

greenhouse gas emission from just these new plants will amount to almost 10% of Japan's total emissions. This will certainly make a huge impact on climate change, pushing Japan in the opposite direction of the global decarbonization movement.

Kiko Network rejoices at Osaka Gas's decision to finally "withdraw their financial support for the new coal fired power plant" which we have been urging for quite some time. We strongly hope Osaka Gas's move will trigger other developers/companies to reconsider their plans for new coal-fired power plants projects. Since these projects may end up being "stranded assets", we urge that financial support for any coal related projects in the future be terminated.

【Reference】

Coal Plant Tracker: <http://sekitan.jp/plant-map/en>

The Nikkei: Osaka Gas to throw their hand in large-scale coal power plant project due to profit decline (2015 December 20)

http://www.nikkei.com/article/DGXLASDZ19H5W_Z11C15A2MM8000/?dg=1

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