

Press Release:

Comment on the reported government policy shutting down 100 coal units Coal-fired Power Must be Completely Phased Out by 2030

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Kiko Network

Today, media reports disclosed that the Japanese government will shut down or mothball 100 coal-fired power plants – 90% of inefficient units – by fiscal year (FY) 2030. Until now, Hiroshi Kajiyama, Minister of Economy, Trade, and Industry has spoken of the “fade out” of inefficient coal-fired power plants in response to questions in Diet sessions, and the Ministry of Economy, Trade and Industry (METI) has instructed the Federation of Electric Power Companies to undertake a coal power “fade out” plan, but in today’s reports, the specific scale and timeline of the shutting down or mothballing of 90% of inefficient coal-fired thermal power plants by 2030 was revealed.

While the rest of the world is pushing for a complete phase-out of coal, the Japanese government has continued to promote coal-fired power as an “important base load power source” along with nuclear power. As a result, the use of coal-fired power has continued to increase since 1990, and even in FY2018, about 30% of Japan’s electric power still relies on coal. Since 2012, the government’s approval of every new coal-fired power plant without seeking to retire any older plants has caused Japan’s installed capacity of coal power to balloon. According to an aggregation of power providers’ electricity supply plans by the Organization for Cross-regional Coordination of Transmission Operators (OCCTO), Japan’s dependence on coal-fired power is only worsening; only 500MW are planned to be phased out by FY2019, and the ratio of coal-fired power is expected to increase to 37%.

“The government is finally beginning to engage in restricting coal-fired power, and we welcome this move,” said Mie Asaoka, President of Kiko Network. She added, *“However, in order to meet the 1.5 - 2°C goal of the Paris Agreement, developed countries such as Japan must phase out all coal-fired power plants by 2030, including the plants under construction or being planned, regardless of their efficiency. The policy reported today still has a lot of problems.”* Key problems are:

- Without also retiring the 10% of inefficient coal-fired power plants that will continue operating, the existing 26 high-efficiency USC units (as of FY2018), as well as new projects after FY2019 – which appear not to be included in the 140 units the government counts as existing plants – it is expected that more than 30GW of coal power will remain in operation even after 2030.

- The target for 2030 is not clear, nor is the pathway to shutting down the 100 units by 2030. It is crucial to start the phase-out promptly instead of waiting until close to 2030 to begin.
- The CO2 emission reductions from the reported policy would be approximately 64 million to 106 million tons of CO2 (about 5-9% of Japan's total greenhouse gas emissions). This will bring down the share of coal power in Japan's electricity mix to about 20 - 26%, about the same level as the government's 2030 target of 26% (*). However, this is far from reaching zero, a target necessary to achieve the goals of the Paris Agreement.
- This policy may actually have negative impacts on both the climate and the economy by incentivizing the construction and operation of new coal-fired power plants, which have the highest risk of becoming stranded assets.
- Units that are only mothballed instead of completely retired might survive off of the revenues from the capacity market. All units must be retired.

"While this is a significant step forward, as a response to the climate crisis by a government that ratified the Paris Agreement, it is still totally insufficient," said Kimiko Hirata, International Director of Kiko Network.

"The government needs to step up further with a plan to phase out all coal power plants by 2030 in order to be in line with its own Long-term Strategy under the Paris Agreement. In addition, Japan must institute a policy to withdraw from coal-fired power completely and become a member of the Powering Past Coal Alliance (PPCA)."

(*) Kiko Network analysis based on the list of coal-fired power plants compiled by Kiko Network (excluding in-house plants and some plants in Hokkaido and Okinawa).

Efficiency: Sub-C: 35-38%, SC: 40%, USC: 42%, IGCC: 42%

Capacity factor: 70%, Biomass combustion: 1-5%, some plants of pulp and paper 20%