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Press Release: J-POWER and Ube Industries should completely cancel the Nishi-Okinoyama coal-fired power project

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Mie Asaoka, President

Kiko Network

On July 3, 2020, Minister of Economy Trade and Industry Hiroshi Kajiyama announced a government policy of shutting down or mothballing inefficient existing coal-fired power plants in Japan. However, there are still active plans in Japan for new coal-fired power plants that have not yet reached construction stage. One of those is the Nishi-Okinoyama Power Station (tentative name) in Yamaguchi Prefecture.

Yamaguchi Ube Power, established by J-Power, Osaka Gas, and Ube Industries in February 2015, had been going ahead with the environmental impact assessment (EIA) process for this project. However, after Osaka Gas announced it was pulling out of the project in April 2019, J-Power, Ube Industries and Yamaguchi Ube Power (YUP) put the project on hold, and announced that “YUP is going to formulate a best suited alternative power station plan including scale down to a single 600MW-class USC plant or commercialization of an oxygen-blown IGCC” (1), and paused the EIA process.

In order to achieve the 1.5 to 2.0°C target of the Paris Agreement, all developed countries need to completely phase out coal-fired power generation by 2030 – whether they are high or low efficiency, and even if still at the planning or construction stage. It is therefore completely inappropriate for this project to continue. Another factor is that due to the COVID-19 pandemic, the domestic and international energy situation has been changing dramatically compared to conditions when the project was originally planned. Also, an environmentally-friendly green recovery has received much attention in discussions about a post-pandemic economic recovery in Japan and worldwide, and there is a growing need to generate electricity from clean energy sources.

Discussions within the Japanese government as well have shifted from seeing coal-fired power plants and other large-scale power generating facilities as base load sources, to instead to see them – along with hydro, storage batteries, grid connections, and demand response, etc. – as a buffer to absorb fluctuations in renewable energy supplies, which are seeing their costs steadily decline and are now providing power to the grid. If we also consider the rapid growth and cost-effectiveness of clean energy sources, it would be significantly unreasonable for Ube Industries and J-Power to rely on the past practice of recovering power plant construction costs through high operating ratios and long service lives. Therefore, we believe that the investments in Nishi-Okinoyama Power Station (tentative name) would become a stranded asset which would result in significant impairments for J-Power and Ube Industries.

We call upon J-Power and Ube Industries to completely cancel the Nishi-Okinoyama construction project. Now is the time for each of the two companies to make this prudent and very reasonable corporate decision, in order to help Japan along the path toward a decarbonized society, and to achieve sustainable mid-to-long term growth of the company. The investments in the Nishi-Okinoyama construction project would not only impair their corporate values but also create obstacles for their sustainable growth.

<Project chronology>

Date	Project proponents	Citizens and local governments
2014 - Oct	Media begin to report on project	
2015 Feb	Media begin to report on project	
2015 Mar	Yamaguchi Ube Power submits EIA Screening-1 (S1) report, open for public review	
2015 - Apr		Kiko Network submits comments on project
2015 - May		Ube City and Sanyo-Onoda City submit mayors' comments on S1 EIA report to Yamaguchi Prefecture (governor)
2015 - Jun		Yamaguchi Prefecture submits governor's comments on S1 EIA report
2015 - Nov	Yamaguchi Ube Power submits EIA Screening-2 (S2) (= scoping) report to government, open for public review	
2016 - Feb		Ube City and Sanyo-Onoda City submit mayors' comments on S2 EIA report to Yamaguchi Prefecture (governor)
2016 - Apr		Yamaguchi Prefecture submits governor's comments on S2 EIA report to METI (minister)
2018 - Jun		30 environmental groups including Kiko Network send letter calling on Osaka Gas
2018 - Jun		NGOs launch citizen action / postcard campaign calling on Osaka Gas to halt coal-fired power plant construction project
2018 - Sep	Yamaguchi Ube Power submits draft Environmental Impact Statement (EIS) to government, open for public review	
2019 - Jan		NGOs send proponents a formal request to stop the project
2019 - Feb		Kiko Network holds seminar in Shin Yamaguchi
2019 - Feb		NGOs send request letter to mayor of Ube City
2019 - Feb		Ube City and Sanno-Onoda City submit mayors' comments on EIA
2019 - Mar		NGOs send request letter to Yamaguchi Prefecture (governor)
2019- Mar		Environment Ministry submits minister's comments on EIA

<Project chronology (cont.)>

Date	Project proponents	Citizens and local governments
2019 - Apr		Kiko Network submits comments based on minister's comment to call on a halt of all coal-fired power plant construction project
2019 - Apr		Yamaguchi Prefecture submits governor's comments on EIA to METI (minister)
2019 - Apr	Osaka Gas withdraws from project	
2019 - Apr	J-Power and Ube Industries announce they are considering a change in plans from two 600 MW ultra-supercritical (USC) units to just one 600 MW unit with USC or integrated coal gasification combined cycle (IGCC) technology, and pause the EIA process (1)	

(1) J-Power, Review of Yamaguchi Ube Power Project, 24 April 2020

https://www.jpower.co.jp/english/news_release/pdf/news190424.pdf

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