

September 29, 2020

Press Release

**Japanese environmental groups write 47 major shareholders
urging divestment from Chugoku Electric Power Co.**

Friends of the Earth Japan
Japan Center for a Sustainable Environment and Society (JACSES)
Kiko Network
350.org Japan
Mekong Watch

Chugoku Electric Power Co. is reportedly considering investing in the Vung Ang 2 coal-fired power plant project in Vietnam. Based on this information, the five Japanese environmental groups listed above have submitted a formal letter to 47 of the Japanese power utility's major investors urging them to divest from that company and to conduct engagement with the company on coal and climate policies. Chugoku Electric Power Co. is among the companies listed in the Global Coal Exit List (GCEL)¹ produced by the German environmental group Urgewald, listing companies deeply involved in coal-related businesses.

Vung Ang 2 is a new build project for two 600 megawatt ultra-supercritical (USC) generating units in Vietnam's Hà Tĩnh Province. Mitsubishi Corporation² and Hong Kong-based CLP Holdings originally planned to invest in the project, but CLP withdrew when it announced a coal exit policy in December 2019. Banks that had been considering the project then withdrew from the financing consortium, including Standard Chartered Bank (UK), OCBC Bank (Singapore), and DBS Bank (Singapore). More recently, GE (General Electric), which was expected to be involved in the project's engineering, procurement, and construction (EPC), announced on September 21, 2020 that it intends to exit from the new build coal power market.³

A report released in March 2020 by the UK think tank Carbon Tracker concluded that the economic viability of not only new builds is questionable but also existing coal-fired power plants in Vietnam, because the cost of new construction of solar power generation is already lower than operating costs of existing coal-fired power generation.⁴ Vietnam in general has high potential for wind power, and the Vung Ang 2 site has very high potential.⁵

¹ Global Coal Exit List (GCEL), <https://coalexit.org/>

² NGOs sent a similar letter to shareholders urging divestment from Mitsubishi Corporation in March 2020. <https://www.foejapan.org/en/aid/jbic02/va/200323.html>

³ GE to pursue exit from new build coal power market (GE Press Release, September 21, 2020) <https://www.ge.com/news/press-releases/ge-pursue-exit-new-build-coal-power-market>

⁴ Carbon Tracker. "How to waste over half a trillion dollars: The economic implications of deflationary renewable energy for coal power investments" (12-Mar-2020) <https://carbontracker.org/reports/how-to-waste-over-half-a-trillion-dollars/>.

⁵ Global Wind Atlas, <https://globalwindatlas.info/>

The number of coal-fired power projects in Vietnam is expected to decrease under the country's Eighth Power Development Plan (PDP8), so one can see that government is giving early indications of its intention to exit from coal.⁶

New builds of coal-fired power plants are not consistent with the Paris Agreement's goal to hold the global average temperature increase to "well below 2°C" above preindustrial levels and pursue efforts to limit the increase to 1.5°C. The world can no longer build new coal-fired power plants, and in fact must close down existing plants.

We continue to call upon Chugoku Electric Power Co. and its shareholders to phase out coal.

--End--

Contact

Ayumi Fukakusa

Friends of the Earth Japan

1-21-9 Komone, Itabashi-ku, Tokyo 173-0037, Japan

TEL: +81-3-6909-5983, FAX +81-3-6909-5986

Email:info@foejapan.org

Key facts of the Vung Ang 2 Coal-Fired Power Plant Project

Planned for construction in an economic zone of Hà Tĩnh Province in central Vietnam. A special company for the project was established in 2007 but construction has not yet begun as of 2020, and in the intervening years Vietnam has significantly expanded its renewable energy sector. Prior to COVID-19, construction was expected to start in 2020 and plant operation in 2024.

Project size: 1,200 megawatts, ultra-supercritical (USC) technology

Total investment: 2.2 billion U.S. dollars (approx. 250 billion yen)

Project company: Vung Ang 2 Thermal Power Company (VAPCO), a specific purpose venture (SPV) 100% owned by OneEnergy Asia Ltd.

Financing (expected): MUFG Bank, Mizuho Bank, Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Japan Bank for International Cooperation (JBIC)

⁶ Không phát triển thêm dự án nhiệt điện than mới (14-Aug-2020, in Vietnamese) <https://nld.com.vn/kinh-te/khong-phat-trien-them-du-an-nhiet-dien-than-moi-20200814223636426.htm>