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[Statement] Chugoku and Shikoku Should Withdraw from Vung Ang 2 Coal-fired Power Generation Project in Vietnam

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Two Japanese electric power companies, Chugoku Electric Power and Shikoku Electric Power (Yonden), which were reported to be involved in the Vung Ang 2 Coal-fired Power Generation Project in Vietnam(*1), each issued a press release on December 24(*2, 3), making public their investment in the project. Vung Ang 2 would not only accelerate climate change but worsen the living conditions for the local population by pollution and is a controversial project about which various issues have already been pointed out. We demand Chugoku and Shikoku to withdraw from the project.

As the world faces a deepening climate crisis, what is needed is to speedily exit coal-fired power, which emits the largest amount of greenhouse gas during operation compared to other fossil fuels. Developed countries are being asked to increase the speed of coal-exit domestically. All other countries including developing countries are asked to implement coal-exit. Further, provision of support to developing countries for their energy transition is called for. Japan's public and private support for Vung Ang 2 goes totally against such measures needed.

Furthermore, Vung Ang 2 is not economically viable as shown by a preliminary study by the Korea Development Institute, the South Korean government's investment auditor. Both Chugoku and Shikoku should realize that there is no economic benefit in continuing this project in Vietnam, where the cost of renewable energy is already cheap. Taking away the option of cheap clean renewable energy and imposing a cost burden on the people of Vietnam must be avoided.

The Vietnamese government declared that it would achieve "net-zero" by 2050 in its speech at the 26th United Nations Climate Change conference (COP26) and signed the "Global Coal to Clean Power Transition Statement". It has set the goal of exiting coal power as a country. To begin the construction of Vung Ang 2 which would take about four years and then to operate it for another 25 years would only hinder Vietnam's efforts toward this goal.

Chugoku and Shikoku have already been excluded from the investment universe of Norway's Government Pension Fund (*4) because more than 30% of their revenue or energy generation is based on coal. Further, Chugoku is listed in the Global Coal Exit List (GCEL)(*5) for having a total coal-power capacity of 2890MW. Both companies are divestment targets from a wide range of investors. Going against coal-exit and increasing the

owned capacity of coal power would not only undermine their international reputation but also increase stranded asset risk, damaging the company value.

Chugoku and Shikoku should recognize that Vung Ang 2 would give rise to various problems on the environment, human rights, economy, etc. and withdraw from the project. As electric power companies, the path forward is not coal.

Notes

*1: Vung Ang 2 is jointly held by the following companies: Mitsubishi Corporation (25%), which has been promoting the project since more than a decade ago, Korea Electric Power Company (KEPCO) (40%), which entered the project in 2020 after Hong Kong's power company CLP announced coal-exit and withdrew from the project, Chugoku Electric Power Company (20%), and Shikoku Electric Power Company (15%).

*2: Press release in Japanese by Chugoku Electric Power Company dated December 24, 2021.

<https://www.energia.co.jp/press/2021/13605.html>

*3: Press release in Japanese by Shikoku Electric Power Company dated December 24, 2021.

https://www.yonden.co.jp/press/2021/___icsFiles/afieldfile/2021/12/24/pr011.pdf

*4: <https://www.nbim.no/en/the-fund/responsible-investment/exclusion-of-companies/>

*5: Short introduction in Japanese by "STOP! Japanese Fossil Fuel Finance" campaign dated November 5, 2021, on German NGO Urgewald's 'Global Coal Exit List 2021' and 'Global Oil & Gas Exit List'.

<https://sekitan.jp/jbic/2021/11/05/5204>

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