

The Japanese government's position on supporting coal-fired power generation through ECAs: Recommendations set forth by Japanese NGOs (Version 3)

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Japan Center for a Sustainable Environment and Society (JACSES)
Kiko Network
Friends of the Earth Japan

New Awareness of Climate Change Issues:

The International Energy Agency (IEA) has pointed out that in order to ensure a 50% chance of keeping increases in global temperatures below 2 degree Celsius, we must start building power generation facilities that have zero greenhouse gas emissions no later than 2017. In addition, the Intergovernmental Panel on Climate Change (IPCC) has stated that until we move away from high carbon infrastructure, it will be difficult to make any significant reductions in greenhouse gas emissions. We urgently need the energy sector globally to make drastic reductions in their greenhouse gas emissions. Even though coal-fired power plants have become more efficient, CO₂ emissions are still twice that of natural gas power plants and many times more than renewable energy sources such as wind and solar. Coal continues to be the world's most carbon-intensive electricity source, and one that we cannot afford to continue expanding if we are to stay within 2 degrees Celsius of global warming.

The OECD and its policies:

As awareness of the urgency of climate change grows, the OECD's export credit group (ECG) is currently conducting talks on policies for high carbon intensity power plants (mainly coal-fired power plants) supported by export credit agencies (ECAs), which applies to the Japan Bank for International Cooperation (JBIC) and Nippon Export and Investment Insurance (NEXI). Establishing greenhouse gas emission standards for high carbon intensity power plants supported by ECAs and a timeline for this dialogue were proposed. This matter is expected to be settled prior to COP21 in December 2015.

Concerns with the Japanese government's stance on OECD negotiations

In regards to talks by the ECG among OECD countries, the Japanese government has been adamantly opposed to the proposal of greenhouse gas emission standards for high carbon intensity power plants supported by ECAs. Alternatively, the Japanese government has proposed to continue their support for coal-fired power plants through their ECAs on the basis of best available technologies (BATs) that suit national circumstances. This is problematic for the reasons listed below.

1. The Japanese government has failed to adopt an approach that meets international climate change goals:

In order to realize major reductions in greenhouse gas emissions, it is insufficient to merely improve the efficiency of coal-fired power generation. As stated above, the IEA has recommended only zero-carbon utilities be developed beyond 2017, and the IPCC has stated that until we move away from high carbon infrastructure, it will be difficult to make any significant reductions in greenhouse gas emissions. It is clear that we must phase out construction of new coal plants and instead invest in low carbon technologies. However, the Japanese government has not considered the additional emissions that would be produced by new coal plants and has made no attempts to adopt a strategy that would reduce global emissions in order to prevent a 2 degree Celsius rise in global temperatures.

2. The Japanese government has made unrealistic comparisons of power generation technologies:

The Japanese government has announced that if China, India, and the United States all used Japan's highly efficient technology for their existing coal-fired power plants, it is possible to reduce CO₂ emissions by 1.5 billion tons/year, which surpasses Japan's overall greenhouse emissions (approximately 1.3 billion tons/year). However, Japan has no intention to replace all existing coal-fired

power plants in China, India and the United States with new ones; thus, this is merely a hypothetical argument. In addition, most of the coal-fired power plants in other countries supported by Japan are new projects, and therefore will add significantly to global greenhouse gas emissions.

3. It is unclear how effective BAT is in reducing greenhouse gas emissions

The Japanese government has proposed establishing BATs that suit each country's conditions instead of setting emission standards which would restrict the construction of new power plants. However, nowadays in developing countries, super-critical (SC) and ultra-super-critical (USC) coal-fired power plants, which are slightly more efficient than their subcritical counterparts, have become commonplace. For coal-fired power plants that are constructed without the support of ECAs, if there is no evidence showing the applied technologies are significantly inferior to BATs, it is difficult to prove that introducing BATs could reduce greenhouse gas emissions. In addition, it is obvious that even if the BATs are introduced, we cannot avoid additional significant increases in greenhouse gas emissions due to the construction of new coal-fired power plants.

4. There is no evidence that whether these coal-fired power plants will become more efficient through the support of ECAs

The Japanese government justifies the OECD's support for coal-fired power plants by alleging that it gives the target countries an incentive to introduce highly efficient equipment. However, there is no evidence that the OECD's support has contributed to improving the efficiency of coal-fired power plants. For example, since 2003, there have been 24 projects supported by JBIC, and except for one project in Morocco, all of them adopt conventional technologies including subcritical and super-critical (SC). Hence, it is questionable whether JBIC's support has led to any additional efficiency for coal-fired power plants.

The above issues indicate that the Japanese government's position does not adequately address the climate change issues which are being raised in the ECG's negotiations.

Our proposals

We believe that to prepare for the discussion within the ECG, the Japanese government should incorporate the following points in their policies:

1. Take seriously the contribution of coal to the world's greenhouse gas emissions and the need to drastically reduce investment in high carbon technologies, and change the Japanese government's policy to one that supports the elimination of investment in high carbon intensity power plants, especially coal-fired power plants.
2. Stop focusing only on improving efficiency in analyzing high carbon intensity power plants supported by ECAs, support the proposal to establish emissions performance standards for such projects, and contribute to the formation of an agreement that phasing out the financing of coal-fired power generation by the OECD's ECAs.

Questions can be directed to:

Yuki Tanabe, Japan Center for a Sustainable Environment and Society (JACSES)

tanabe@jacses.org