

## Nghi Son 2 Coal Power Station Vietnam



### *Low-efficiency Nghi Son 2 Further Threatens Air Quality Local Livelihood Impacts*



#### 1. Background and Marubeni Connection

Marubeni and Korea Electric Power Corporation (KEPCO) each hold a 50% investment in Nghi Son 2 Power Limited Liability Company (NS2PC), an independent power producer (IPP) project in Vietnam.

NS2PC is to build and operate a 1,200 megawatt (two units at 600 MW each) low-efficiency supercritical coal fired power plant in Tĩnh Gia District, Thanh Hoa Province, and sell electricity produced to Vietnam Electricity (EVN) for 25 years. The plant is to be transferred to EVN thereafter.

The Japan Bank for International Cooperation (JBIC) in April 2018 decided to co-finance the project with Export-Import Bank of Korea (KEXIM), Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd., Mizuho Bank, Ltd., Shinsei Bank, Ltd., Oversea-Chinese Banking Corporation, Ltd., DBS Bank, Ltd., and Malayan Banking Berhad. The loan agreement has been already concluded.<sup>1)</sup>

#### 2. ESG Concerns

##### *Livelihood impacts*

The Hai Ha commune has a port area for small fishing boats which has been used by residents for generations. Without any proper explanation to the community, trucks started to carry sand and soil into the port area around November 2017. On May 9, 2018, the Tinh Gia District's People's Committee issued an urgent eviction notice ordering residents to move their boats to clear the area for Nghi Son 2. The residents were later notified that if did not move their boats by May 31, they would be forcibly removed. The local people resisted and stayed to protect their boats day and night, and thus were not able to leave for fishing (as of May 31, 2018). This is an early example of the project's impacts on local livelihoods, and further impacts are expected as the project progresses.

##### *Inadequate environmental impact assessment*

The present EIA does not take into account the cumulative impacts of this project and other projects in the area, such as Nghi Son Oil Refinery. The EIA approved by the Vietnamese government was completed in February 2015, but the construction of

Nghi Son 2 had not started yet in early 2018, so the EIA itself is already outdated and should be revised or redone.

### Air pollution

Serious air pollution has already been reported in Vietnam, much of it attributed to coal-fired power plants. It is estimated that by 2030, Vietnam will be one of the most polluted ASEAN countries and premature death rates due to air pollution are projected to reach approximately 20,000 per year.

Negative health impacts have been reported around Nghi Son 1. Adding more coal-fired power plants in the area will likely worsen the situation.



1) JBIC press release, Project Finance and Political Risk Guarantee for Nghi Son 2 Coal-Fired Power Generation Project in the Republic of Vietnam <https://www.jbic.go.jp/en/information/press/press-2018/0413-010921.html>

2) Japanese ODA loan, Ex-ante Evaluation [https://www.jica.go.jp/english/our\\_work/evaluation/oda\\_loan/economic\\_cooperation/c8h0vm000001rdjt-att/vietnam111102\\_04.pdf](https://www.jica.go.jp/english/our_work/evaluation/oda_loan/economic_cooperation/c8h0vm000001rdjt-att/vietnam111102_04.pdf)

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## Project Overview

|                | Nghi Son 1 <sup>2)</sup>                                      | Nghi Son 2  |
|----------------|---|---|
| Capacity       | 300 MW x 2  | 600 MW x 2  |
| Technology     | Sub-Critical  | Supercritical (SC)  |
| Fuel           | Coal  |   |
| Implementation | EVN   | Nghi Son 2 Power Limited Liability Company (Marubeni and KEPCO) |
| Operator       | EVN   | Nghi Son 2 Power Limited Liability Company                      |
| Schedule       | Commercial operation started in 2013 and 2014                 | 2019 (planned)  |
| Location       | Tĩnh Gia District, Thanh Hoa Province                         |   |
| Cost           | 119.352 billion JPY<br>(of which ODA loan 99.687 billion JPY) | 2.79 billion USD<br>(of which loaned 1.869 billion USD)         |