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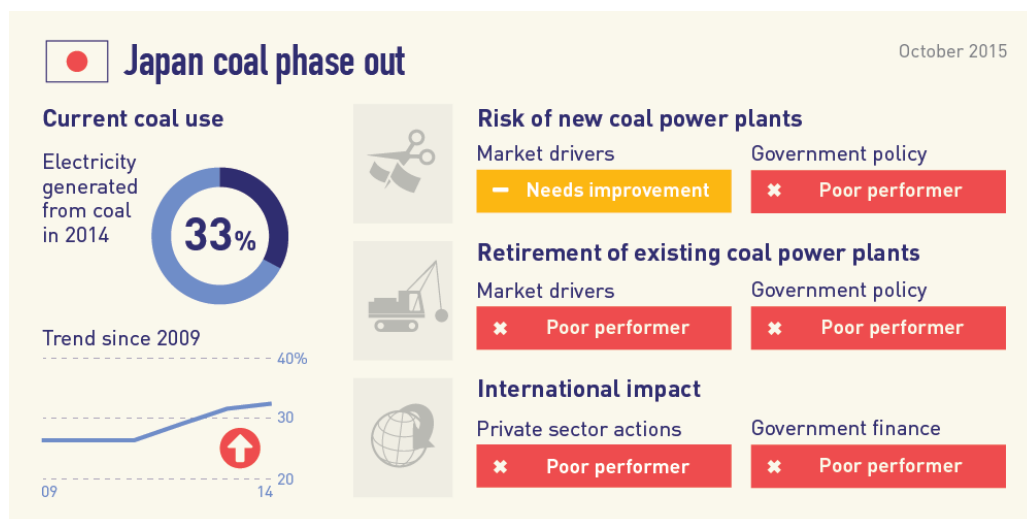
SUMMARY OCTOBER 2015

JAPAN COAL PHASE OUT G7 SCORECARD COUNTRY PROFILE

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Japan is isolated among its G7 peers as the sole country still looking to build new unabated coal plants, let alone retire existing plants. It is a negative force abroad through its financial support for unabated coal power plant construction.

Japan is ranked #7 in the E3G G7 coal phase out scorecard.



Japan has been found to be the worst performer among the G7 across every category. This calls into question Japan’s place among the G7, given its unwillingness to use its position to help set the global norms on fossil fuel use and financing required to drive broader structural shifts in the international energy system over the coming decades. Despite its history as a technology innovator and an energy efficient economy, Japan is continuing to pursue a high carbon pathway in the face of global trends.

Risk of new coal power plants

Japan is the only G7 country persisting in seeking to build new coal power plants, leaving itself isolated among its G7 peers. Japan currently still has 27GW of new coal capacity under development but not yet under construction – it is not too late for it to avoid locking itself into expensive stranded assets. Even in Japan, market dynamics



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are ahead of policy makers; Japan's monopoly utilities are holding back the deployment of renewables and continuing to prioritise coal. As of May 2015 more than 88GW of renewable generation (over 90% of which is solar) had been consented but less than 23% had been connected to the grid.

The Japanese government is now split, with the Environment Ministry now opposed to new coal plants. In September 2015, the Ministry of Economy, Trade and Industry was rumoured to be considering limiting coal use to no more than 50% of fossil fuel electricity production but this is yet to be confirmed and would be insufficient to drive the scale of phase out transition required.

Retirement of existing coal power plants

Japan is again isolated in not recognising that a coal phase out is required, despite its commitments at the G7 summit in June 2015. A tiny amount of existing coal capacity may be closed by 2020 as new plants are commissioned. Reforms to electricity markets, increased interconnection between islands, and accelerated renewables deployment will all help enable future coal retirements as well as avoiding the need for new coal plants. But these options all challenge incumbent interests in government and the monopoly utilities which remain committed to coal.

International impact

Once again, Japan is the worst performer among the G7. Perversely, Japan counts support for unabated coal towards its international climate finance contributions, and has adopted a hardline position against restrictions on coal finance for multilateral development banks or export credit support. Japanese public and private banks, equipment suppliers and construction companies are all promoters of new unabated coal power plants in other countries. However, the recent US-China agreement to restrict finance for high carbon projects further undermines Japanese arguments defending its promotion of unabated coal as a 'cleaner' alternative.

Actions required

Japan needs to start with the most fundamental action first: it must act to turn off the tap of new coal power plants. It must ensure that renewables are prioritised for investment and that the impending market liberalisation reforms act as a catalyst for the accelerated decarbonisation of the electricity sector.

Japan must also change its position and cooperate with G7 partners to strengthen OECD conditions on export credits ahead of the Paris talks. This should end financing of unabated coal plants and shift support to accelerate the deployment of renewables. This should be accompanied by restrictions on coal financing via bilateral development finance and the multilateral development banks.

The G7 coal phase out scorecard report and associated briefings will be available from Wednesday 21 October at <http://www.e3g.org/showcase/coal-phase-out>

A detailed review of the coal situation in Japan is available at http://www.e3g.org/docs/Japan_G7_Analysis_September_2015.pdf