



In Japan, Coal Makes Comeback At Utilities

By MARI IWATA

TOKYO—Japan is continuing to re-embrace coal to make up for its lack of nuclear energy, with plans for another power station released Thursday bringing the number of new coal-fired plants announced this year to seven.

Utilities in Japan are eager to take advantage of coal's relative cheapness to gain a competitive edge at a time when other countries are seeking to cut their greenhouse-gas emissions by moving away from a fuel source seen as dirty.

The liberalization of Japan's power industry by 2020 will pit power companies against each other as rivals for the first time. In addition, with a relaxation of restrictions on coal power and no new emissions targets on the horizon, utilities are increasingly seeing coal as an important part of their business plans.

Kansai Electric Power Co. and

Marubeni Corp. said they informed Akita prefecture on Thursday of their plans to build a new, 1.3-gigawatt coal-fired power station in the northern prefecture of Japan. If all seven projects including the plant in Akita materialize, they will increase the nation's coal-power generation by up to 7.26 gigawatts by around 2025. That is equivalent to seven medium-size nuclear reactors.

The other projects include **Chubu Electric Power Co.**'s plan to replace an old oil-power station near Nagoya with a 1 gigawatt coal-power station, and a 1.2 gigawatt coal-power station planned by **Electric Power Development Co.**, **Osaka Gas Co.** and **Ube Industries Ltd.** in Yamaguchi prefecture in western Japan.

More projects are likely to be announced as the year goes on. **Tokyo Electric Power Co.** is holding a tender to build new power stations to replace 6 gigawatts of old oil-power capacity in Tokyo. The tender closes at the end of this month.

A company spokesman said it was likely coal would be used, given the need to secure competitive power sources, though he added that a decision hadn't been made

yet.

The relative cheapness of coal was indicated in a 2011 government report that estimated the cost of coal power in Japan at ¥7.5, or about six cents, per kilowatt-hour including construction and operation. The same report put the cost of nuclear power at ¥9 per kwh, gas power at ¥10 per kwh and oil power at ¥19 per kwh.

The moves by the power companies are "understandable" in light of the prolonged nuclear outage that has forced power utilities to rely on old, inefficient oil- and gas-power stations, said Hidetoshi Shioda, energy-industry analyst of SMBC Nikko Securities.

All of Japan's 48 reactors are offline over safety concerns following the Fukushima nuclear accident, though four of them are expected to come back online later this year.

Before the nuclear accident in March 2011, the environment ministry had essentially blocked the building of new coal-power stations through tighter environmental assessments as Japan sought to meet ambitious greenhouse-gas reduction goals that have since been scrapped.

