

July 29, 2020

Joint Statement: NGOs Urge Japan's Three Megabanks to not Finance the Bluewaters Coal-fired Power Station in Australia

Japan Center for a Sustainable Environment and Society (JACSES)

Kiko Network

Friends of the Earth Japan

Greenpeace Japan

350.org Japan

Mighty Earth

Mekong Watch

The Bluewaters coal-fired power station in Australia, owned by Sumitomo Corporation and Kansai Electric Power Company, has a debt repayment of AU\$400 million¹ (about 30 billion yen) and it has been reported that Japanese banks may provide financial support in August.²

Therefore, we strongly urge the three Japanese megabanks (MUFG Bank, Mizuho Bank and SMBC) to not finance this project. We also call upon Sumitomo Corporation and Kansai Electric Power Company to undertake an early decommissioning of the power station.

The Bluewaters coal-fired power station is a subcritical coal-fired power plant with a capacity of 466-megawatts (233MW x 2 generating units) in Western Australia. After it commenced operation in 2009, Sumitomo Corporation and Kansai Electric Power Company bought the plant by acquiring 50% each of its shares in 2013. Currently, it is expected that Japanese banks may finance this project because Australian and other banks that previously provided financial support are reluctant to do so, due to concerns about climate change issues. In addition, a debt purchase by Sumitomo Corporation and Kansai Electric Power Company is under consideration.³ Furthermore, Sumitomo Corporation and Kansai Electric Power Company are expected to acquire the coal mines that supply coal to the power station.⁴

Japan's three megabanks have signed the UN Principles for Responsible Banking (PRB) and are required to provide investments and loans that are consistent with the long-term goals of the Paris Agreement. Developed countries need to shut down the operation of coal-fired power plants by 2030 to achieve the long-term goals of the Paris Agreement. However, financing this project is based on the premise of operating this plant even after 2030, which is inconsistent

¹ <https://ieefa.org/debt-woes-threaten-australias-newest-coal-fired-power-plant/>

²

<https://www.theaustralian.com.au/business/dataroom/crunch-time-ahead-for-bluewaters-power-station-as-refinancing-looms/news-story/6f717f976a8d88cc4694ccecde835748>

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<https://www.afr.com/street-talk/bluewaters-japanese-owners-return-to-debt-holders-with-higher-offer-2020-0726-p55fjb>

⁴ <https://www.nna.jp/news/show/2072479>

with the long-term goals of the Paris Agreement. While other banks are reconsidering their investments due to the risk of climate change, the decision to provide financial support will be subject to severe international criticism. Currently, all of the three Japanese megabanks' policies on coal-fired power generation excludes financing for the construction of new coal-fired power plants, but it should also be applied to the refinancing of loans for existing power plants, such as this project.

Sumitomo Corporation aims to achieve carbon neutrality by 2050 and a net ownership generation capacity of coal from 50% to 30% by 2035.⁵ However, extending the lifetime of this project is contrary to these goals. Moreover, acquiring a new interest in coal mines is against the company's policy of limiting their equity share coal production to their current levels and desisting from new mine development projects. It is expected that Sumitomo Corporation may be involved in the EPC (engineering, procurement and construction) of the Matarbari Phase 2 coal-fired power plant in Bangladesh. The company should ensure all its business developments, not limited to businesses they own, but also those they engage in construction, etc. are developed consistent with the long-term goals of the Paris Agreement.

For these reasons, we call upon MUFG Bank, Mizuho Bank and SMBC to not finance this project, and for Sumitomo Corporation and Kansai Electric Power Company to decommission this power station early.

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⁵ <https://www.sumitomocorp.com/ja/jp/sustainability/environmental-management/climate>