

HD Chugoku Electric to invest in Aussie **coal**
WC 405 words
PD 19 August 2014
SN Nikkei Report
SC NKRP
LA English
CY © Copyright 2014. Nihon Keizai Shimbun, Inc. All rights reserved.

LP

OSAKA -- Chugoku Electric Power is acquiring a partial interest in an Australian **coal** mine -- the latest of many moves by Japanese power companies toward conventional **energy** with nuclear reactors still on lockdown after the 2011 disaster.

The utility will **purchase** a 10% interest in the Boggabri **coal** mine in New South Wales from a wholly owned subsidiary of compatriot Idemitsu Kosan, according to Monday's announcement. The deal will likely be worth over 10 **billion** yen (\$96.7 **million**).

TD

Chugoku Electric also signed a long-term **sale** contract to secure a stable supply amid rising demand from **China** and India. It plans to **purchase** about 700,000 tons of **coal** annually for at least five years. This would account for more than 10% of the 6 **million** tons it buys yearly and bring down costs for the **company**.

The utility relies on **coal** for more than 50% of the electricity it generates, which is the highest proportion of all the domestic power companies. Nuclear power had only accounted for about 15% even before the 2011 Fukushima disaster.

With construction of its Kaminoseki nuclear plant plagued by severe delays, it sees **coal**, which is cheaper than liquefied natural gas or crude **oil**, becoming even more central to its **operations**.

Other companies are also increasing their reliance on fossil fuels. Tokyo Electric Power aims to boost its annual LNG procurement from about 25 **million** tons to a maximum of 40 **million** tons, through a comprehensive tie-up covering everything from purchasing fuel to generating power. It hopes for a partnership that will give it a better bargaining position and cut procurement costs by 20%.

Meanwhile, Tepco and Kansai Electric Power will start importing shale gas from the U.S.

Companies are building new **coal**-fired plants as well. Electric Power Development, also known as J-Power, is building a 600,000kW plant in the city of Kashima, Ibaraki Prefecture, with Nippon Steel & Sumitomo Metal. Chubu Electric and Tepco are jointly building a similar-sized facility in Tokai, also in Ibaraki. Kobe Steel has revealed plans to construct a 1.4 **million** kilowatt plant as well.

Fossil fuels accounted for 62% of the electricity generated by the 10 domestic power companies in fiscal 2010 but increased to 88% in fiscal 2013. Meanwhile, fuel costs jumped from 3.6 trillion yen to 7.7 trillion yen in the same period.

(Nikkei)

CO chuep : The Chugoku Electric Power Co., Inc. | idems : Idemitsu Kosan Co., Ltd.
IN i1610109 : Electric Power Generation - Nuclear | i1 : Energy | i16 : Electricity/Gas Utilities | i16101 : Electric Power Generation | ieutil : Electric Utilities | iutil : Utilities | i13 : Crude Oil/Natural Gas
NS gnuc : Nuclear Accidents | gcat : Political/General News | gdis : Disasters/Accidents | gmmdis : Accidents/Man-made Disasters | grisk : Risk News
RE jap : Japan | austr : Australia | nswals : New South Wales | ibara : Ibaraki | osaka : Osaka | apacz : Asia Pacific | asiaz : Asia | ausnz : Australia/Oceania | easiaz : Eastern Asia
IPC EG002000

PUB Nikkei Digital Media Inc.
AN Document NKRP000020140819ea8j0000i