

Nghi Son 2 coal power plant Vietnam

Sectors: Coal Electric Power Generation

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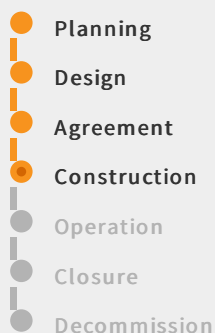
Status



Sectors Coal Electric Power Generation

Location

Status



This project has been identified as an [Equator Project](#)

About Nghi Son 2 coal power plant

Nghi Son 2 is a coal-fired power plant currently under construction in the Tĩnh Gia district, Thanh Hoa province in Vietnam. Nghi Son 2 is being constructed next to the existing power station Nghi Son 1. It will consist of two turbines, each with a capacity of 600 megawatts, and will be developed by a consortium consisting of Marubeni Corporation and Korea Electric Power Company (KEPCO). The project will use supercritical technology and the emissions intensity has been estimated at 890-900g CO₂/kWh. It will be fuelled by anthracite coal from the Hon Gai – Cam Pha coal mine in the Quang Ninh province of Vietnam.

Latest developments

Construction halfway, Nghi Son 2 to be commissioned in 2022

Feb 14 2020

OCBC Says Coal Plants It's Financing in Vietnam Will Be Its Last

Apr 16 2019

Why this profile?

The Nghi Son 2 coal-fired power plant will adversely impact both people and planet. The coal power plant will emit two times as much CO₂ for every unit of power generated compared to the average power plant in Vietnam, negatively impacting public health and worsening climate change.

What must happen

The Vietnamese government should stick to its Paris Agreement [goals](#) and withdraw their permission to build new coal-fired power plants. This step was already [announced in January 2016](#) by Prime Minister Nguyen Tan Dung, however, it should also include Nghi Son 2. Banks and financial institutions should avoid financing the plant and implement policies to withdraw any finance for new coal plants. The finance should be redirected to more sustainable, decentralized renewable energy.

Impacts

Social and human rights impacts

Coal-fired power generation in Vietnam is already a significant threat to public health, and the construction of the Nghi Son 2 plant will further expand already existing problems. A 2017 [study](#) by Harvard University has estimated that air pollution from similar existing plants is responsible for 4,300 premature deaths in 2011. The same [study](#) has also estimated that by 2030 there will be 19,220 excess deaths per year due to coal pollution in Vietnam. Social issues will also result from the adverse effects on local farming land and aquaculture.

The air pollution impacts of coal power plants including Nghi Son 2 pose serious [risks](#) for the health and life of local people, especially children. For example exposure to pollution of CO₂, mercury and arsenic can lead to lung injuries, nerve diseases and cardiovascular infections.

Environmental and climate impacts

The Nghi Son 2 power plant will emit double the CO₂ per unit of power generated than the average power plant in Vietnam. It will use outdated [supercritical technology](#), which has an estimated efficiency rate of 38.5% compared to 43.3% for the more advanced ultra-supercritical technology. It will emit roughly [10 times as much SO_x](#) as power plants using ultra-supercritical technology. The emission of SO_x, combined with the emission of fine dust, NO_x, CO₂ and mercury will severely impact the air quality. The support of supercritical technology is against policies of the Japanese government to which JBIC must adhere.

The methodology for drafting Environmental Impact Assessments is flawed, which has led to pollution in the past. Minister for Resources and Environment, Hong Ha, has [said](#) that “current regulation on EIA has proved unfeasible, making it hard to have high-quality EIA reports”. The [EIA](#) released by JBIC earlier this year has already been conducted 2015 and is therefore [out of date](#) and has not been acted upon expeditiously.

Local aquaculture will most likely be affected because of the use of sea water for cooling and the discharge of heated water back in the sea.

Other impacts

In May 2016 a [study](#) was published by the Vietnam Sustainable Energy Alliance (VSEA), in cooperation with the WWF, according to which Vietnam can receive 100% of its electricity demand from renewable energy.

Governance

Bank policies

The following bank investment policies apply to this project:

Sumitomo Mitsui Banking Corporation (SMBC)

Response to climate change

Date listed represents date as accessed on website

Mar 5 2019 | Sumitomo Mitsui Financial Group

Revision of ESG financing policies

Apr 16 2020 | Sumitomo Mitsui Banking Corporation

Management of environmental risks

Date listed represents date as accessed on website

Jan 14 2021 | Sumitomo Mitsui Financial Group

OCBC Bank

Responsible financing

Date listed represents date as accessed on website

Dec 18 2019 | OCBC Bank

Climate change statement

Date listed represents date as accessed on website

Dec 10 2020 | OCBC Bank

DBS

Statement on financing new coal-fired power plants

Apr 24 2019 | DBS

Mizuho Financial Group

Environmental and Social Management Policy for Financing and Investment Activity

Jun 1 2020 | Mizuho

Environmental Policy

Jul 15 2020 | Mizuho Financial Group

Applicable norms and standards

Equator Principles

Principles for Responsible Banking (PRB)

Updates

Construction halfway, Nghi Son 2 to be commissioned in 2022

Feb 14 2020

In February 2020, the National Steering Committee for Power Development [reported](#) that construction of the Nghi Son 2 coal-fired power plant is 52.35% complete. It was also reported that the first unit is scheduled to be commissioned in February 2022, and the second unit in August 2022.

OCBC Says Coal Plants It's Financing in Vietnam Will Be Its Last

Apr 16 2019

OCBC Bank announced it will not finance any new coal-fired power plants. Unfortunately, the bank keeps committed to the projects it already committed to in Vietnam such as Nghi Son 2. Read the article [here](#).

Tohoku Electric buys stake in Nghi Son 2

Mar 27 2019

In March 2019, [Tohoku Electric Power](#) was reported to buy a [10% stake](#) in the Nghi Son 2 coal-fired power plant. The transaction is subject to Vietnamese government's approval.

Doosan has started construction on Nghi Son 2

Jul 26 2018

According to [Pulse News](#) South Korea's Doosan Heavy Industries & Construction Co. has finally commenced the delayed construction of Nghi Son 2 after it received an advanced payment of USD 170 million for a USD 1.6 billion deal it won in 2014.

The project exists of two 665 megawatt thermal power generation plants in the city of Thanh Hoa. Doosan, Korea's largest power plant equipment maker, will aim to complete the construction by July, 2022.

Financial close reached on project

Apr 19 2018

The 1,200 megawatt Vietnam coal plant gets funding, but Standard Chartered pulls out over climate policy conflict. The London-headquartered bank withdrew from the USD 1.87 billion coal-fired power plant's financing consortium, but eight other banks, including Singapore's OCBC and DBS and Malaysia's Maybank, ensured the deal was closed ([eco-business.com](#)).

Financiers

The project requires an investment of approximately [USD 1,869 million](#). The project sponsors, KEPCO and the Marubeni Corporation will finance the project on a 81:19 debt to equity ratio. Both KECP and Marubeni provide USD 216 million in equity.

In terms of debt, JBIC has signed a [loan agreement](#) for USD 560 million in project finance, as did KEXIM (source: [IJGlobal](#)).

Besides the loans provided by JBIC and KEXIM, a syndicate of commercial banks has provided a total of USD 748 million in project finance (source: [IJGlobal](#)). These banks include: DBS Bank, Mizuho, Maybank, MUFG, OCBC, Shinsei Bank and SMBC. JBIC and KEXIM provide political risk guarantee for the portion of the loan financed by private financial institutions.

SMBC acts as financial advisor.

Standard Chartered, which was initially listed as one of the co financiers of the project, withdrew from the final deal, with indications that this was because the project was [in violation of its policies](#).

Related companies

The Nghi Son 2 project is sponsored by KEPCO, Marubeni Corporation and Tohoku Electric Power.

KEPCO - Kansai Electric Power Corp. Japan

Sponsor for 50% of the project

Marubeni Japan [show profile](#)

Coal Electric Power Generation | Mining | Pulp, Paper and Paperboard Mills

Sponsor for 40% of the project

Tohoku Electric Power Japan

Sponsor for 10% of the project