

KEPCO's coal support further sullies 'Team Korea's' reputation

Monday 5 **October**: Reports state that Korea Electric Power Corporation (KEPCO) has chosen to lose Korean taxpayer money and trash Team Korea's international reputation by bankrolling a controversial new coal power project, Vung Ang 2 in Central Vietnam. The decision was taken during KEPCO's board meeting today (on 5 October). It comes only weeks after KEPCO agreed to finance another massive new coal plant in Indonesia.

It is also reported that Samsung C&T has agreed to join the coal plant's construction, despite drawing [international ire](#) for its involvement.



KEPCO's decisions are in stark contrast to the government's Green New Deal platform which pledges to reduce emissions to zero by 2050, and includes plans to phase out overseas and domestic coal financing by public institutions such as KEPCO.

"It seems that the Korean government's Green New Deal is just an empty promise", said Market Forces Executive Director, Julien Vincent.

"These coal power stations are so polluting they would not be built in Korea, yet KEPCO is happy to dump this toxic mess onto Indonesian and Vietnamese communities."

"KEPCO isn't even saved by a financial argument, as both the Vung Ang 2 and Java 9 and 10 coal power stations are projected to lose the company and its investors money."

KEPCO support for Vung Ang 2 is despite official assessments showing serious financial risk and reputational damage from supporting these projects. The prefeasibility studies conducted for KEPCO by the Korea Development Institute (KDI) estimate that Vung Ang 2

has a negative profitability of USD 158 million, with KEPCO's investment valued negative USD 80 million.

The projects are also being developed in economies where renewables are fast becoming cheaper than coal, creating the risk that they could quickly become stranded assets. A recent report from financial think tank [Carbon Tracker](#) finds it is already cheaper in Vietnam to invest in new solar PV than new coal.

International investors have raised their concerns about KEPCO's investments in overseas coal power plant projects. In March, APG Asset Management, Church Commissioners of England and UBS Asset Management urged [KEPCO to reconsider its plans for new overseas coal power plants](#). [Blackrock](#) has also written to KEPCO asking for fuller disclosure on its overseas coal projects.

In August, the investment arms of Legal and General Group Plc, Norway's KLP and Helsinki-based Nordea bank also publicly urged Samsung C&T not to participate in the construction of the Vietnamese project. Most recently, AkademikerPension (AkaP), a Danish pension fund, [called](#) on Samsung to stop its support of coal.

"KEPCO and Samsung have arrogantly called the bluff of their investors, who have made perfectly clear their opposition to these two coal power projects. It seems that KEPCO and Samsung aren't satisfied with just damaging Korea's reputation, making sure they alienate their investors at the same time", said Mr Vincent.

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