

August 2, 2018

Signature on a Memorandum of Understanding for Joint Discussions on LNG Bunkering in the Setouchi and Kyushu Areas of Western Japan

Kyushu Electric Power Co., Inc. has signed a memorandum of understanding with Saibu Gas Co., Ltd. (head office: Fukuoka; president: Toshio Sakemi), The Chugoku Electric Power Co., Inc. (head office: Hiroshima; president & CEO: Mareshige Shimizu), and Nippon Yusen Kabushiki Kaisha (head office: Tokyo; president: Tadaaki Naito), for joint discussions on the commercialization of a new business to supply liquefied natural gas (LNG) as a marine fuel to ships in the Setouchi and Kyushu areas of western Japan.

The demand for LNG as a marine fuel, * a practical alternative to heavy fuel oil because of its relatively low emission of air polluting substances and greenhouse gases, is expected to increase after a global 0.5 percent sulphur cap** is introduced in 2020. Therefore, Kyushu Electric Power Co., Inc. and the three companies have decided to examine the commercialization of an LNG bunkering*** business in the Setouchi and Kyushu areas of western Japan.

* Compared to heavy fuel oil, the use of LNG can reduce emissions of sulfur oxides (SO_x) and particulate matter (PM) by approximately 100 percent, nitrogen oxides (NO_x) by as much as 80 percent, and carbon dioxide (CO₂) by approximately 30 percent.

** The International Maritime Organization (IMO) will implement a global 0.5 percent sulphur cap on marine fuel from January 1, 2020.

*** LNG bunkering

Providing LNG as a marine fuel to ships for its own consumption.