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Japan prepares for biomass power plant surge and increases imports of wood chips

Japanese trading houses and electricity retailers are increasing their imports of wood chips and palm shells, with demand expected to surge amid a rush of construction of biomass power plants, according to a report from the *Nikkei Asian Review*.

The government is revising its fixed-price power purchase scheme so that the price for biomass-generated power falls to 21 yen (19 cents) from 24 yen per kilowatt-hour, effective October, according to the news channel.

There is a rush to get plants approved before the new rate kicks in. When those facilities come online around 2020, demand for biomass fuel is expected to soar.

Sumitomo Corp. currently imports about 200,000 tonnes of wood chips and other wood-based fuel a year from Canada and Vietnam. It is planning to increase the figure to 1 million tonnes by 2019. Sumitomo has imported high-quality wood chips for papermakers for years, and hopes to use those connections to secure lower-quality chips abroad to sell to power plants at home.

Itochu is also planning a five-fold increase in imports of wood-based fuel to an annual 1.2 million tons by fiscal 2019. It plans to procure palm kernel shells and other materials from Southeast Asia.

Paper trading company Kokusai Pulp & Paper will start importing palm kernel shells this spring in partnership with a company in Southeast Asia. With demand for paper shrinking at home, it will sell fuel to papermakers that are branching out into the biomass power market.

Some independent power providers are looking to secure their own supplies as they burn more biomass. Electricity supplier Iseki currently purchases all its fuel from trading houses, but is looking to procure some on its own. It plans to triple the amount of palm shell and other biofuel purchases to 300,000 tonnes in fiscal 2017, about 20% of which will not go through a trading house. It is seeking a direct connection to palm shell suppliers to ensure a stable supply.



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Many of Japan's current biomass power plants run on waste from construction, among other materials. Imported fuel is eventually expected to become dominant, and many major facilities are under construction right now.

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