

Recent topics of Japanese gas industry.

The source of natural gas in Japan is almost imported LNG and its price is linked with price of oil.

As is well known, the price of LNG in East Asia, such as Japan and North Korea is very high, - it is about 4 or 5 times higher than that of Henry Hub.

Because of the accident of Fukushima nuclear power plant, all nuclear power plants in Japan stops generating now.

Before the earthquake, nuclear power generated more than 20% of total demand of electricity in Japan.

Now nuclear power generation is replaced by thermal power generation, so the amount of imported LNG increased by 20% than before and the price is getting more and more higher.

(about eighteen dollars per MMBTU, at the latest)

The most important issue of Japanese energy industry not only gas industry is how to reduce the amount and cost of imported LNG.

There are two major options to reduce it.

One is to restart the nuclear generation, the other one is "Shale Gas".

It is very difficult to restart the nuclear generation because of safety, especially at the time of earthquake and Tsunami.

So Japanese government and some energy companies are trying to import the liquefied shale gas from North America and Canada to Japan.

It can bring "inexpensive LNG" to our country, and can develop global competitiveness of Japan by reducing the energy cost.