Summary of Comments Made at a Press Conference
by Tsunehisa Katsumata, FEPC Chairman, on May 20, 2005

Today's press conference is my first as FEPC chairman, and as it is also my appointed turn to hold a press conference as president of Tokyo Electric Power Co., Inc. I shall also be speaking to you in that capacity.

Speaking as FEPC chairman, there are three points I would like to cover.

First of all, I would like to comment on the basic agreement for a MOX fuel fabrication facility site that was signed on April 19 by representatives of Aomori Prefecture, Rokkasho Village, and Japan Nuclear Fuel Limited. As a witness to the agreement, I also signed the document.

This facility is necessary to allow plutonium extracted at the Rokkasho Reprocessing Facility to be processed for use as safe and reliable MOX fuel. As such, the signing of this agreement represents a very important step in the establishment of the nation's nuclear fuel cycle. I am deeply grateful for the efforts and cooperation of Governor Mimura, Mayor Furukawa, and many other concerned parties at the municipal, prefectural, and national level, as well as for the understanding and support of you all.

As electric power suppliers, we will continue to follow national energy policy guidelines and maintain safety and quality assurance as top priorities. We will also work closely with Japan Nuclear Fuel Limited in seeking the support and understanding of Aomori Prefecture and Rokkasho Village residents and the public at large for a MOX fuel fabrication facility site and the establishment of a nuclear fuel cycle.

In addition, we will strive to utilize recovered plutonium - in the form of MOX fuels at 16~18 - nuclear power plants by fiscal 2010.

I would also like to express thanks for the passage of the Law Concerning Funds and Fund Management for the Reprocessing of Spent Fuel from Nuclear Power Plants for Electricity Generation, which is commonly referred to as the Nuclear Backend Fund Law. (Ratified by the House of Representatives on April 26, and by the House of Councilors on May 13.)

The development of a nuclear fuel cycle is fundamental to the nation's energy policy, but with the rapid changes in business environment that have been brought about by liberalization of the retail electricity market, it has become necessary to develop systems and measures to ensure an appropriate balance between the promotion of nuclear power and market liberalization. It was in an effort to achieve this goal that the Electricity Industry Committee issued its interim report on Systems and Measures for Backend Business Development in August of last year.

Furthermore, at the Nuclear Energy Commission's New Plan Development meeting last November, 45 hours of truly unrestricted public discussion were held on the matter before reprocessing was confirmed as the route to pursue.

Acting on these developments, both houses of the National Diet discussed and subsequently ratified the Nuclear Backend Fund Law to assure an appropriate nuclear power industry environment in which reprocessing can be effectively moved forward.

I would like to extend my thanks to the many people who worked tirelessly on the development, deliberations, and ratification of the law, and express my hope that ministerial-level directives for its implementation will soon be formulated.

Looking back on recent industry developments, I am pleased to report that the uranium tests that were begun by Japan Nuclear Fuel Limited at the Rokkasho Reprocessing Facility late last year have for the most part been progressing smoothly. In addition, the interim storage facility being planned by Japan Atomic Power Company and Tokyo Electric Power Co., Inc. in Mutsu City, Aomori Prefecture was taken up for discussion by the Aomori Prefecture General Assembly on the 16th, and by the Aomori Prefecture Mayoral Assembly Nuclear Policy Review Committee on the 19th.

These developments make me feel that the wheels have begun to turn, albeit slowly, and that we are gradually but steadily moving toward the establishment of a nuclear fuel cycle.

It is at times like this, however, that we can least afford to let down our guard. I recently (on April 25) visited the Rokkasho cycle facility myself and met directly

with JNFL employees to discuss safety and other issues, and I engaged in a frank and open exchange of opinions with cooperating companies on the subjects of human resources development and technology improvement. Throughout my visit I was extremely impressed by the seriousness of everyone's attitude and their dedication to the job at hand.

In the future, management will continue to play a leading role in maintaining strict quality control and assuring that safety is a top priority for employees at every level. While strengthening relations with cooperating companies, we will continue to improve quality management and will strive to the utmost to implement a rigorous quality assurance system.

Through activities such as these we will work to restore the trust of nuclear facility community residents and the public at large. We will also improve the ethics and skills of nuclear industry workers, and work on an industry-wide basis toward the establishment of a nuclear fuel cycle.

This concludes my remarks today as FEPC chairman. I would now like to speak to you as the president of Tokyo Electric Power Co., Inc.

As you know, the Kyoto Protocol came into effect in February of this year, and on April 28, the Cabinet approved a plan for Japan to achieve its targets. As the nation is now actively working to implement measures to combat global warming, I would today like to report on the efforts that our company is making in this regard.

I would like to begin by giving you a quick overview of a recently compiled report on our CO2 output in fiscal 2004.

In fiscal 2004, record-setting high summer temperatures led to an increase in electricity sales, and as our nuclear power plants came back on line, our nuclear power utilization rate rose from the previous year's level of 26.3% to 61.7%. CO2 emission was 109.2 million tons, down approximately 18 million tons from fiscal 2003. This is an amount equivalent to the annual output of 5 million households.

Measured in output units that express the amount of CO2 produced per kWh of electricity sold, the figure was 0.381 kilograms, down approximately 17% from the previous fiscal year.

Our target, which we are making every possible effort to achieve by fiscal 2010, is to reduce CO2 output units from fiscal 1990 levels by 20%.

By continuing to promote safe, stable operations at our nuclear power plants, and by introducing natural energy sources and utilizing the Kyoto mechanisms, we will do our utmost to achieve our target.

The fight against global warming is one that must be engaged in by every citizen on a nationwide basis. So in addition to the efforts I have already described, we are also working closely with our customers to help them do their part.

In July of last year, we introduced an ECO Support Plan designed to help homes, offices, and commercial enterprises conserve energy and reduce CO2 output.

Under this plan, residential households that purchase high-efficiency ECO Cute water heaters (which offer superior energy efficiency and significantly reduced CO2 output), as well as small- and medium-size office buildings that undertake energy conservation, are awarded ECO Support Money in an amount equivalent to the CO2 reductions they have achieved. In addition, we contribute a matching amount to funds that are used to protect forests and woodlands.

Many customers have signed up for the plan, which in fiscal 2004 led to a reduction in CO2 output of 11,421 tons. This is an amount equivalent to the annual output of 3,000 residential households.

ECO Support Money payments to customers totaled approximately 74 million yen, and as part of our ongoing efforts to support forest and woodlands conservation, we provided matching funds to help support a reforestation project on the upper reaches of the Watarase River that was undertaken in April of this year.

Customers have responded to the plan enthusiastically, and as it helps preserve forests and woodlands and reduce the residential output of CO2 that has grown dramatically in recent years, we have decided to continue it for another two years. Under the program, we are aiming to achieve a combined reduction in residential and commercial CO2 output of 25,000 tons in fiscal 2005.

TEPCO also owns approximately 70% of the Oze region, and to protect the great natural beauty of the area, we have been maintaining and repairing the wooden pathways and watershed areas for approximately 40 years now. Since fiscal 1997, we have been working with volunteers each year on a beech reforestation project in the Oze Tokura forest. To date, we have planted approximately 20,000 trees in a four-hectare area, and next week, from the 25th through the 27th, we will be working with 280 volunteers to plant approximately 2,500 more beech trees.

As we have previously announced, the old wood that is reclaimed when wooden pathways are reconstructed is used to make paper. We currently use such paper to make pamphlets and business cards, and even my own business card is printed on paper made from this recycled material.

Finally, I would like to report on an initiative that is the first of its kind in Japan, in which we are recycling parts from our thermal generating facilities into material that can be used to make replacement leads for mechanical pencils.

The parts in question are generator brushes, which, in order to conduct electricity efficiently, are made of extremely pure black lead. Because the brushes are constantly in contact with the generator shaft, they wear out and need to be replaced periodically.

We therefore wondered if there was some way in which the used brushes could be recycled, and after working in collaboration with Tombow Pencil Co., Ltd., we now expect a replacement lead product for mechanical pencils to be available later this year. Samples of the leads have been distributed to you all today.

Approximately 300 kilograms of used generator brushes are produced at our thermal generating plants each year. If all of this material is recycled, it is expected to yield some 24 million replacement leads annually (15 million packages containing 16 leads each).

This sums up some of the efforts we are making to combat global warming, a problem which will continue to be one of our most important management priorities in the future.

Thank you for your attention.