

**Summary of Comments Made at a Press Conference
by Tsunehisa Katsumata, FEPC Chairman, on February 17, 2006**

There are two topics that I would like to comment on today. The first is an informal discussion that was held this morning with Mr. Shingo Mimura, the Governor of Aomori Prefecture. The second is electric power interchange.

I believe many of you were able to attend the discussion this morning, which was attended by Governor Mimura, the presidents of the nine electric power companies, the Japan Atomic Power Company, Electric Power Development Company, and the president of Japan Nuclear Fuel Limited.

In light of the Plans for the Utilization of Plutonium to be Recovered at the Rokkasho Reprocessing Plant we made public last month, and which has been favorably reviewed by Atomic Energy Commission of Japan, Governor Mimura led off the discussion by asking us to confirm the current status of the pluthermal program and the steps that electric power suppliers are taking to ensure its implementation.

As chairman of the FEPC, I responded that the presidents of all the electric power suppliers were working as one, and that we had vowed to do our utmost to live up to the expectations and trust of Aomori Prefecture residents. And as the president of Tokyo Electric Power Company (TEPCO), I also stated that with prerequisite safety, it is our top priority to use the plutonium that will be recovered at the Rokkasho Reprocessing Plant, and thereby establish a closed nuclear fuel cycle and achieve national energy security. And as both chairman of the FEPC and president of an electric power company, I considered it my responsibility to move the pluthermal program forward with the understanding of local residents. Each of the electric power supplier presidents then reported on their pluthermal programs with reference to local community circumstances.

After hearing these reports, Governor Mimura said, "I will seriously consider these statements made by people in a position of responsibility." This reminded me once again of the gravity of our social responsibility in implementing the pluthermal and nuclear fuel cycle programs that are elements of national policy.

I would also like to add that on February 6, the United States government announced a new initiative on nuclear power. Having decided that nuclear power was needed to solve the problems of energy security and global warming, the U.S. government reversed its former rejection of reprocessing, and announced that it would move forward with the development of a closed nuclear fuel cycle. Although it is difficult to assess the impact of this decision in the absence of any concrete plans, it is extremely heartwarming news to those of us who are aiming to establish nuclear fuel cycle facilities in Rokkasho.

I would now like to move on to the subject of electric power interchange.

Trading volume on the Wholesale Electric Power Exchange has been gradually increasing, and we believe that it is serving a certain useful function.

In light of this situation, we have decided to upgrade the Shin-Shinano II Frequency Converter Station and other inter-regional power distribution facilities to facilitate wide-area power exchange.

The eastern and western portions of the country use different alternating current frequencies and are currently served by the Sakuma, Shin-Shinano I, and Shin-Shinano II converter stations, each of which is capable of handling up to 300MW, for a total capacity of 900MW. In addition, the new Higashi-Shimizu Frequency Converter Station will also begin operations in March, although its capacity will be limited at first.

Since the Wholesale Electric Power Exchange began functioning in April of last year, technical limitations such as the minimum operating load (40MW) and minimum increment unit (20MW) at the Shin-Shinano converter stations have made it difficult to obtain power from regions that use a different frequency.

To alleviate problems caused by these limitations at the Shin-Shinano II unit, we will lower its minimum operating load requirement from 40MW to 30MW, and its minimum increment unit from 20MW to 1MW.

Under ordinary circumstances, the initiating/requesting parties should rightfully pay the cost of these improvements. However, delays in high-voltage power line pylon site negotiations for the Higashi-Shimizu Frequency Converter Station have prevented us from achieving the 300MW capacity originally planned for

that facility, and in view of these special circumstances, we have decided that for this time only, on an exceptional basis, the electric power companies involved in operating the Shin-Shinano II unit will bear the cost burden.

In addition, we have decided to reduce the minimum operating load requirements and improve operations at the Shin-Shinano I unit and the Hokkaido-Honshu Converter Facility when those facilities are upgraded in the future.

We sincerely hope that these recent improvements will facilitate more efficient power interchange.