

Summary of Comments Made at a Press Conference by Shosuke Mori, FEPC Chairman, on April 17, 2009

Today I would like to speak firstly on the level of CO₂ emission intensity that the electric power industry of Japan aims to achieve by FY2020. After that, I will talk about activities conducted by the International Electricity Partnership (IEP) in conjunction with ad hoc working groups of the UN.

1. Level of CO₂ Emission Intensity that the Electric Power Industry of Japan Aims to Achieve by FY2020

Let me start by explaining the level of CO₂ emission intensity that the electric power industry of Japan aims to achieve by FY2020.

In the meeting today of the Global Warming Discussion Panel (conferred by the Prime Minister of Japan), panel members presented six alternative proposals concerning the country's mid-term GHG emissions reduction goal. A formal decision will be made later after soliciting public comments, holding town meetings, etc.

FEPC has formulated today, in the meeting of the General Policy Committee, a lower level of CO₂ emission intensity that the electric power industry of Japan should aim to achieve by FY2020.

To ensure the stable and economical supply of electricity in the long term, the electric power companies of Japan revise their electricity supply plan annually according to the latest forecast for electricity demand over the next 10 years.

At the end of last month, we published the latest plan covering the 10-year period from FY2009 to FY2018. In drawing up this plan, we aimed to ensure the stable and economical supply of electricity. In order to achieve a low-carbon society at the same time, the plan includes as many projects and measures as possible such as building new nuclear power plants, ensuring stable operation of nuclear power plants while giving the highest priority to safety, and building

highly-efficient gas combined cycle power plants.

On the basis of this latest plan, we have just set 0.33kg-CO₂/kWh as the emission intensity we should aim to achieve by FY2020. This level of emission intensity is approximately 30% less than the outlook made in FY2008.

You may think that we have a lot of time before FY2020. However, from the perspective of electric power companies, which require 10 to 20 years to build plants and infrastructure, FY2020 is only a moment ahead.

Among the six alternative proposals concerning the country's mid-term GHG emissions reduction goal, a few are based on a scenario in which growth in electricity demand is very low compared with past trends. However, we can neither impose a limit on the amount of electricity used by our customers nor, as companies responsible for electricity supply, establish our supply plan based on demand forecasts that are highly uncertain.

Therefore, our major effort on the supply side up to FY2020 will be to raise the share of non-fossil fuel power in the generation mix to 50%, while adhering to a supply plan based on an empirically justifiable forecast of electricity demand.

On the demand side we will aim to improve the energy efficiency of the whole of society by promoting the use of Eco-Cute water heaters in order to achieve cumulative shipment of 10 million units, and by deploying 10,000 electric vehicles. In the context of international cooperation, we plan to step up our activities toward a low-carbon future by spreading Japan's electric power technologies under the framework of the Asia-Pacific Partnership (APP), for example.

Furthermore, with a timeframe up to 2050, we plan to pursue innovative technologies and actively promote decarbonization of grid power and transformation of the energy supply-demand structure to boost reliance on electricity, thus helping to create a lower-carbon society.

2. Activities Conducted by the International Electricity Partnership (IEP) in Conjunction with the UN Ad Hoc Working Group Session in Bonn

In conjunction with the UN ad hoc working group session held in Bonn from March 29 to April 8, the International Electricity Partnership (IEP) organized a panel discussion.

IEP was established in October last year by electric power companies from Japan, the United States and European countries in order to “help create a global low-carbon future by promoting the use of advanced electric power technologies”.

The IEP’s panel discussion was held concurrently and at the same venue with the UN ad hoc working group session. The IEP thus called attention to the work that electric power companies of advanced countries are doing for a low-carbon society. The theme of the panel discussion was “Roadmap up to 2050 for the deployment of advanced electric power technologies for a low-carbon future”. About 50 attendees, including industry, government and NGO representatives from different countries, participated in the exchange of opinions.

Adding to general presentations on IEP activities, the event featured presentations on the technology roadmap, including a presentation on CCS by a team from the United States and our presentation on demand-side efforts.

Concerning the technology roadmap for CCS, comments from the U.S. team included the following:

- R&D must be conducted steadily and in stages.
- For this, public fund is essential. Without it, development may be delayed.

In our presentation, the FEPC made the following comments:

- To achieve a low-carbon society, supply-side efforts such as the decarbonization of grid power must be combined with demand-side efforts such as spreading the use of highly efficient appliances and increasing reliance on electricity.
- Efforts to increase reliance on electricity, such as by increasing the use of heat pumps, could greatly help to reduce GHG emissions.

- Increased reliance on electricity will increase CO₂ emissions from the electric power sector but significantly reduce CO₂ emissions from society as a whole.

Finally, before concluding the event, the following were affirmed by all participants:

- Even if the mid-term goals require more strict GHG emission control, measures to be taken by the electric power industry are limited.
- It is important that electric power companies in Japan, the United States and Europe share the IEP's technology roadmap.

This panel discussion was the first such event organized by the IEP. The IEP plans to continue organizing similar events in the future to make an appeal to policy-makers who gather at international conventions. The next such event will be held in June to coincide with another UN ad hoc working group session.

This is all for today. Thank you for your kind attention.