

Summary of Comments Made at a Press Conference by Shosuke Mori, FEPC Chairman, on April 16, 2010

As you already know, I announced on March 26 that I would resign as President of the Kansai Electric Power Company on the day of our shareholders' meeting in June. At the same time, I will also resign as Chairman of the Federation of Electric Power Companies.

The General Policy Committee, which has met today, unanimously decided to appoint Masataka Shimizu, President of the Tokyo Electric Power Company, as my successor. The new FEPC Chairman will make a formal announcement of his appointment as president at a press conference in June.

Until then I will continue to discharge my duties as FEPC Chairman conscientiously, so I would appreciate your continued support.

Today I would like to talk about the three subjects: "A Report on the International Electricity Summit," "the Japanese Electric Power Industry's Views on the Revision of the Basic Energy Plan," and "the Formulation of the Electric Utility Industry's Action Guidelines for Biodiversity."

1. A Report on the International Electricity Summit

I would now like to report on the International Electricity Summit which was held in Kyoto for two days from April 12.

This meeting brings together top executives of three of the world's major utility trade organizations – the Federation of Electric Power Companies of Japan (FEPC), the Edison Electric Institute of the United States (EEI), and the Union of the Electricity Industry (EURELECTRIC) of Europe – to exchange views extensively on the current situation of electric utilities and the problems they face.

The recent 11th Summit was attended by 33 utility officials, including 13 from Japan. The participants discussed common management issues and the role of electric industry in encouraging a shift to a low-carbon society.

On behalf of the host, I started the meeting by emphasizing that the key issues are to simultaneously accomplish the three E's – Energy security, Environmental conservation and Economy – over the long term, and in particular, how stakeholders can accept the cost increases and equally share the burden by universal agreement.

The participants then held discussions at separate sessions. Delegates from the participating countries reported on how electric utilities in their countries are working hard to accomplish the three E's as the management issue of top priority.

We were greatly encouraged to know that European and American electric utility officials unanimously stressed the importance of measures to encourage demand-side electrification, such as improving the efficiency of using energy and increasing the use of high-efficiency appliances, in addition to introducing nuclear power and renewable energy sources, in order to create a low-carbon society.

What impressed me most throughout the discussions was that European and American electricity supply operators, as we do, regard the stabilization of power grids and the cost burden as two of the most important issues to tackle in expanding the use of renewable energy sources.

One American electric utility official, for example, suggested that both additional coal- and gas-fired power generation capacities should be progressively installed to provide backup power sources to handle the fluctuating power output of renewable energy sources and showed great interest in a replacement project at the Electric Power Development Company's Isogo Thermal Power Plant, which has the world's highest thermal efficiency.

A British utility official pointed out the urgent need to invest in electricity transmission systems to cope with the large-scale introduction of renewable energy sources.

Finally, the utility conference came up with a Kyoto meeting joint statement based on the two-day discussions and closed.

2. The Japanese Electric Power Industry's Views on the Revision of the Basic Energy Plan

Regulatory authorities are now revising the Basic Energy Plan. The government invited opinions on the Draft Outline of the Review of the Basic Energy Plan, and we duly submitted our views last week.

As we reiterated at a public hearing held on March 3, we contend that the Basic Energy Plan up to the year 2030 should be fully consistent with the medium-term goal for the year 2020.

Reforming the energy supply-demand structure requires long lead time, so the government should set goals and develop policies that ensure coordinated efforts among government agencies.

It is also important for the government to carry out the Basic Energy Plan in line with accomplishing the three E's concurrently as required by the Basic Act on Energy Policy, while making the most of the independence and creativity of the private sector.

New goals and indicators should not be set in a way that would place unreasonable restraints on the private sector to achieve them.

In order to sustain Japan's growth in the future, it is also important to actively develop technologies.

Therefore, the government should, from a long-term standpoint, identify necessary technological developments as well as consider policies and measures which reinforce the bases of those technologies. Policies to promote the practical application and expanded diffusion of such technologies should also be considered with clearly established roles of the government and the private sector.

I hope that the Basic Plan Committee will consider these views of the electric power industry and draw up an energy plan that is consistent with a growth strategy and global warming measures and adapted to modern needs.

3. Formulation of the Electricity Utility Industry's Action Guidelines for Biodiversity

Finally, I would like to report on the Electricity Utility Industry's Action Guidelines for Biodiversity, which was formulated by the General Policy Committee that met today.

Regarding biodiversity, since the Convention on Biological Diversity was adopted in 1992, more than 190 countries, including Japan, have joined the treaty and have considered specific ways to preserve biological diversity.

In October this year, the 10th Conference of the Parties to the Convention on Biological Diversity, also known as COP10, is to be held in Nagoya, attracting much domestic and international attention.

Over the years the Japanese electric power industry has taken measures to preserve valuable fauna and flora when constructing power plants. We remain deeply committed to conserving biodiversity by planting forests and creating biotopes on the power plant sites in accordance with the characteristics of local biota. And we have also made social contributions through environmental actions such as forest conservation and environmental education.

As the Japan Business Federation (Nippon Keidanren) announced a Declaration of Biodiversity in March a year ago, we have formulated Action Guidelines for Biodiversity which define the direction of biodiversity efforts by the Japanese electric power industry.

These are the first such Action Guidelines to be issued by the industry in Japan.

Needless to say, the primary aim is to supply power while duly considering the impacts of electricity production on the global environment.

We will continuously strive to reduce greenhouse gas emissions by developing nuclear power, expanding the use of renewable energy sources, and improving the thermal efficiency of thermal power generation plants.

In the side events of COP10 we are planning to give considerable publicity to our Action Guidelines for Biodiversity.

Thank you for your kind attention.