

Summary of Comments Made at a Press Conference by Masataka Shimizu,
FEPC Chairman, on July 16, 2010

Today I would like to speak on two topics, namely, the electric power industry's opinions about the government's New Growth Strategy and the event related to the "Month of Thermal Storage" campaign.

1. Electric Power Industry's Opinions about the New Growth Strategy

On June 18, the Government announced the New Growth Strategy following the approval at a cabinet meeting.

We appreciate that it has clearly formulated specific measures to help the country grow and that it has presented a roadmap for achieving these measures.

As stated in the preface to the New Growth Strategy, we expect the Government to form a public consensus after clearly informing its future vision to the citizens of Japan, and then to implement various strategies comprehensively and harmoniously.

The New Growth Strategy makes many references to social infrastructures, particularly those which concern the electric power industry.

In this regard, I have a couple of remarks to make from the viewpoint of the electric power industry.

The first subject is the proposed global marketing of infrastructure development packages in the context of Japan's Asian economic strategy.

There is an urgent need to develop social infrastructure in many Asian countries. If we can properly address this need, it will not only bring business opportunities to Japan but also may enable us to greatly reduce global CO₂ emissions.

The electric power industry is expected to play a key role in exporting nuclear power facilities from Japan. As you may know, an office was created on July 6 to prepare for setting up a new company for coordinating activities by the Government and industry for winning orders for a nuclear power plant project in Vietnam. The project is an opportunity for us to revitalize Japan's nuclear industry and strengthen its global presence.

The electric power industry will work hard to award the contract utilizing our experience and know-how accumulated over several decades in the construction, operation and maintenance of nuclear power facilities.

Expanding our coal-fired power generation technologies, which feature the world's highest thermal efficiencies, into Asian countries is another significant commitment for both reducing global CO₂ emissions and increasing business opportunities.

In the framework of the Asia-Pacific Partnership (APP) on Clean Development and Climate, we have been helping partner countries improve the thermal efficiency of coal-fired power generation, which has resulted in steady improvements.

We have been suggesting to the government that the CO₂ emissions saved through these activities should by rights be credited to Japan.

When highly efficient coal-fired power generation facilities are deployed overseas, arrangements must be made to ensure that the higher construction cost is offset by lower fuel costs. In addition, we will make concerted efforts to create a bilateral crediting scheme in which CO₂ emissions saved by the project are certified as Japan's reduction by such means as bilateral agreements.

The second subject I would like to discuss is the government's strategy regarding the environment and energy.

Concerning the three proposed policy measures, namely, a system for purchasing all renewables-derived electric power, tax measures to combat global warming, and a system for domestic emissions trading, we have insisted that the government must not "make the rules first and let the people follow"; rather, the government should comprehensively discuss the effects of reducing CO₂ emissions and how they affect people's lives and industries, in order to reach a public consensus.

Above all, regarding the purchase of all renewables-derived electric power, the expected benefits, such as greater energy security and the growth of environment-related industries, will be shared by all people of Japan. Therefore, the burden should also be shared equally by all citizens, not solely by electric power users.

The system should be fair and ensure equality among different energy options.

2. Event Related to the “Month of Thermal Storage” Campaign

July is designated as the “Month of Thermal Storage”, so I would like to briefly talk about an event that seeks to encourage the use of heat pumps.

The Tokyo Sky Tree, a high-rise tower that is now being built and is due to open in the spring of 2012, will be the first building in Japan to be equipped heat pumps which utilize heat of earth (Geo-Heat Pumps). As this example shows, in recent years, heat pumps are being used in a wider range of fields as an important means of fighting global warming by efficiently using electricity.

The New Growth Strategy predicts that the growing popularity of heat pumps and renewables will create a new market worth more than 5 trillion yen and will generate 1.4 million jobs in environment-related sectors by 2020.

Heat pumps have the potential to greatly reduce CO₂ emissions. If heat pumps were to be installed for all air conditioning and water heating applications in the residential/commercial sector and for all heating and drying processes in industry, and assuming that high-temperature industrial heat pumps that can operate at 100°C or higher are used, then Japan’s annual CO₂ emissions could be reduced by about 140 million tons, which is more than 10%.

Thus, heat pumps will contribute to both economic growth and mitigation of global warming. The “Energy Solutions and Thermal Storage Fair”, which will be held at Tokyo Big Sight from July 28 to 30, will show how heat pumps are actually used.

I hope you can make the time to visit the event.

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