Summary of Press Conference Comments Made by Makoto Yagi, FEPC Chairman,
on September 16, 2011

(This press conference is the first for two months after skipping the one in August.)

Today I would like to speak on two topics: (1) electricity supply and demand in this summer, and (2) our commitment to the new system for purchasing renewable energy by electric utilities at a fixed price.

1. Electricity Supply and Demand in This Summer

First, I would like to report on the electricity supply and demand in this summer.

The daily maximum temperature fluctuated significantly in July and August, but it was higher than in an average year, although lower than the record-hot summer last year.

For the 10 electric power companies of Japan combined, the peak demand this summer was 156.59 million kW, on August 10. So, although the maximum daily temperature on the day of peak demand was similar to that last year (34.9°C this summer, 35.2°C last summer), the maximum demand was 21 million kilowatts less than last year (12%).

By utility, the electricity demand fell by about 20% from last year in the service areas of Tokyo Electric Power Company and Tohoku Electric Power Co., Inc., which were covered by the government's ordinance concerning restrictions on the use of electricity. Many other utilities saw demand fall by about 10% from last year.

Even though detailed analyses have not yet been completed, the greatest contributor to the large fall in peak demand was the tremendous efforts made by many people throughout industry and at home to save electricity.

It is not easy to precisely calculate the contribution of these energy-saving efforts, but without them, if the peak demand was as great as last summer (177.75 million kilowatts), it would have been difficult to meet the demand, with a 3.6 million kilowatt shortage in supply capacity.

We apologize for the inconvenience caused to our customers, and greatly appreciate their cooperation which enabled us to get through the summer without power shortages. As FEPC

chairman, I sincerely thank the companies and people of Japan for their cooperation.

This summer, there were several events that could have disrupted the electricity supply. For example, in late July, record-breaking heavy rain in Niigata and Fukushima Prefectures halted hydropower stations totaling one million kilowatts. In addition, more than one fossil-fired power station had to be shut down temporarily due to equipment troubles.

The utilities overcame these problems by supporting each other and exchanging power as required.

Next, I would like to speak about our outlook on the supply-demand situation this winter. At present, the utilities are working hard to get ready for restarting nuclear power plants while doing their utmost to increase the generation capacity by rescheduling the maintenance outages of fossil-fired and hydropower stations, for example.

If we cannot restart the nuclear power plants that have been shut down, and if the 11 remaining operating plants enter their scheduled outages one after another, only six nuclear power plants will remain in operation at the beginning of next year (with a total capacity of 5.624 million kilowatts). This means a further 7.6 million kilowatt reduction in nuclear power capacity compared with this summer (15 nuclear power plants with a total capacity of 13.23 million kilowatts).

The peak demand in January this year was 157.26 million kilowatts, which is greater than the peak demand experienced this summer.

Unlike in summer, the peak demand in winter tends to continue for many hours from early evening to nighttime. Therefore, nuclear power, as a basic component in the generation mix, plays a crucial role in ensuring a stable electricity supply.

We intend to properly perform the stress tests prescribed by the government and report the results as soon as possible. We expect the government to make a quick decision on whether to restart nuclear power plants, with a full explanation to the citizens in the hosting communities to gain their understanding.

2. Our Commitment to the New System for Purchasing Electricity from Renewable Sources by Electric Utilities at a Fixed Price

Secondly, I would like to speak about our commitment to the new system for purchasing renewable energy by utilities, which is going to be established according to the Act on Special Measures concerning Procurement of Renewable Energy Sourced Electricity by Electric Utilities, which passed the Diet in late August.

The utilities are willing to support this system because it is expected to play a crucial role in accelerating the use of renewable energy. Meanwhile, the law permits the surcharge for power-intensive industries to be reduced and considers the profits made by providers of renewable-based power. To deflect criticisms by consumers of power, who will bear the surcharge, about the inequality of burden, the government must responsibly explain the purpose and contents of the system. We also expect fairness in drawing up the scope of the surcharge reduction and in the approval of companies to be exempted from full burden..

The electric power industry regards renewable energy as an important power source that contributes to Japan’s energy self-sufficiency ratio and that helps curb global warming.

On September 7, all facilities at the Sakai Photovoltaic Power Plant of Kansai Electric Power Co., Inc. went into commercial operation. Utilities in Japan are now operating mega-solar power plants at nine locations (with a total capacity of 30,000 kilowatts).

The utility companies will continue to expand their mega-solar power generation capacity on their own, and will also actively employ wind turbines, biomass in a mixed combustion scheme, and geothermal power.

In parallel, we are expediting our industry-wide project for developing a control system to ensure that the massive interconnection of renewable-based power will not degrade the power quality or disturb the stability of electricity supply.

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