

Summary of Press Conference Comments Made by Makoto Yagi, FEPC Chairman, on  
January 20, 2012

I am Makoto Yagi, Chairman of FEPC. Thank you for taking the time to be here today. Today, I would like to say a few words on the following two topics: challenges facing the electric power companies of Japan this year and establishment of a new independent organization to ensure the further safety of nuclear power stations.

1. Challenges facing the electric power companies of Japan this year

Last year saw an unprecedented crisis for the electric power industry, due to the Great East Japan Earthquake and the Fukushima Daiichi Nuclear Power Station accident, as well as extensive damage to facilities caused by severe rainfall and typhoons.

The most important goal for the electric power companies this year is to restore the vital foundation for ensuring a stable supply of electricity, and to rebuild public trust by taking all possible measures to secure the safety of nuclear power stations.

In particular, we continue to face an extremely tight supply-demand situation nationwide with only five nuclear power stations currently in operation, and are forced to ask our customers to again cut back on electricity.

Thus, we are making every effort to secure the necessary supply capacity while restraining demand, and are committed to regaining the trust of local residents in nuclear plant-hosting communities and the whole of society, so that the nuclear power plants can be restarted as soon as possible.

This year will be a crucial one in which the direction of Japan's energy policy will be decided.

With growing concerns about the instability of oil imports from the Middle East, Japan must pursue an optimum combination of power sources in view of the "S (safety) + 3 E (energy security, economic efficiency and environmental conservation)" approach, with safety as a prerequisite.

We believe that nuclear power generation remains a key power source to avoid overdependence on fossil fuels. We therefore expect the upcoming discussions to be based on a broad and well-balanced perspective, and to include "nuclear power based on thorough safety measures" as a part of the "new optimum combination of energy" in addition to "dispersed renewable energy power systems", "energy conservation based on enhanced efforts of users", and "high-efficiency thermal power generation".

On January 10 last week, Japan Nuclear Fuel Limited started preparations to resume the active testing of vitrification facilities at the Rokkasho Reprocessing Plant. Japan must establish the nuclear fuel cycle in order to use energy resources efficiently and to reduce radioactive waste, and we will continue these efforts while putting top priority on safety.

With regard to reforms of the electric power system, following the announcement of the agenda at the end of last year, discussions commenced on January 18 this week also in the Basic Energy Policy Subcommittee set up under the Advisory Committee for Natural Resources and Energy.

The electric power system is a critical issue that could affect the energy security of Japan in the future. The upcoming discussions should thoroughly consider how to increase competition while addressing threats to public benefit, such as supply stability, by considering what is in the best interest of Japanese citizens.

In discussing the future of the electricity utility business including the separation of electrical power production from power distribution and transmission, it must be remembered that the electric power industry has undergone four reviews of institutional reforms in the past to become what it is today: a system that is suited to the circumstances of Japan.

Thus, in studying reforms, it is important to thoroughly examine the current system and broadly discuss its advantages and disadvantages, taking into account the need to site facilities efficiently and provide a long-term and stable supply of energy in a country where siting of power generation and transmission facilities is difficult.

Last year, in the wake of the Great East Japan Earthquake and other disasters, not only the power generation departments but all departments of the power companies joined forces widely and flexibly and made utmost effort to restore the affected power facilities and electricity to customers as soon as possible.

We hope that these facts will be considered in discussing the system of electricity utility business.

## 2. Establishment of an independent organization for enhanced nuclear safety

I would now like to report on the resolution that was passed during the general policy committee meeting today to establish a new organization by the end of this year to enhance the safety of nuclear power stations. Please look at the document.

We have been working hard on thorough safety measures to avoid a repetition of the accident on March 11 last year, and have decided to establish an independent organization to upgrade the safety measures of nuclear power stations, including measures against severe accidents.

The details of actions to be taken will be considered in New Organization Preparatory Office for Reactor Safety, which will be set up in February. The new organization will build a network among various industries in Japan and work closely with organizations abroad, and serve as a hub for gathering both domestic and overseas information and for studying safety improvement measures. It will also give suggestions, instructions and recommendations to power companies, and the power companies will then promptly implement the necessary measures

The new organization will have the independence to make decisions without being influenced by the intention of power companies. In addition, by efforts such as staffing highly expert personnel, the new organization will be given an effective system that enables the power companies to act promptly based on the highest level of knowledge and information.

At meetings on the Framework for Nuclear Energy Policy, I have repeatedly suggested such a mechanism that facilitates the timely and extensive incorporation of safety enhancements and the latest knowledge of Japan and abroad.

To ensure that this mechanism does not become a mere formality and remains effective, external reviews and recommendations must be encouraged, and top management must have firm resolve and mental commitment.

At the general policy committee meeting today, it was agreed to take the safety measures for nuclear power stations one step further. As the Chairman of FEPC, I am ready to take the initiative to ensure that this new organization will function effectively.

Meanwhile, the power companies have been diversifying and adding redundancy to the core-cooling functions and power sources as a part of tsunami countermeasures following the March earthquake, to improve the reliability of the key safety functions of "stopping", "cooling" and "containment".

The companies will continue to step up safety measures by strengthening the water injection system to cool the reactors, the DC power supply, etc.

In addition to preventing accidents through these measures, we will also consider introducing a new vent facility for the air from the containment vessel, containing a filter to reduce the

release of radioactive substances to the external environment even in the event of an accident.

This year is crucial for the electricity industry. To overcome this difficult situation, we will strive to rebuild public trust by listening sincerely to the opinions of customers and society, and by taking the initiative in transforming ourselves.

To all members of the press club for energy-related issues, and to other representatives of the mass media, I thank you in advance for your support this year. I look forward to working with you.

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

January 20, 2012

The Federation of Electric Power Companies

Establishment of an independent organization for enhancing the safety of nuclear power stations

In addition to the tremendous work already done by both the FEPC and respective electric power companies to improve safety of nuclear power generation following the accident at the Fukushima Daiichi Nuclear Power Station of Tokyo Electric, the electric power industry has decided to establish a new independent organization to further improve the safety measures of the nuclear power stations, including measures against severe accidents.

The new organization will build a network among various industries in Japan and work closely with organizations abroad, and serve as a hub for gathering both domestic and overseas information and for studying safety improvement measures, which so far have been carried out by each company. It will also give suggestions, directions and recommendations to power companies, and the power companies will then promptly implement the necessary measures.

The new organization will have the independence to make decisions without being influenced by the intention of power companies. In addition, by efforts such as staffing highly expert personnel, the new organization will be given an effective system that enables the power companies to act promptly based on the highest level of knowledge and information.

The electric power companies will thus not only comply with the regulations but also establish a system for constantly making safety improvements themselves.

The details of activities of the new independent organization will be studied by the New Organization Preparatory Office for Reactor Safety which we will launch in February 2012.

➤ Appendix: Outline of New Organization Preparatory Office for Reactor Safety

## Outline of New Organization Preparatory Office for Reactor Safety

1. Purpose: Study and planning of specific activities such as the organizational structure and work contents, in preparation for the launch of the new organization by the end of 2012

In establishing the new organization, the activities of the respective electric power companies will be reviewed by third-party organizations including foreign organizations, and the advice and suggestions that result from the review will be incorporated in the design of the new organization. In view of the role played by the Japan Nuclear Technology Institute (JANTI) which was collectively established in 2005 by the entire nuclear power industry, JANTI will also be consulted during this study.

2. Organization of the Preparatory Office: Five persons to be appointed in February 2012

3. Roles of the new organization (image)

