

Summary of Press Conference Comments Made by Makoto Yagi, FEPC Chairman, on
May 18, 2012

I am Makoto Yagi, Chairman of FEPC. Thank you for taking the time to be here today.

1. Electricity Supply-Demand Measures for This Summer

The Energy and Environment Council and the Electricity Supply-Demand Review Meeting were held today, and the government's electricity supply and demand measures for this summer were formulated. As the chairman of FEPC, I would like to take this opportunity to ask for your cooperation in electricity-saving.

In response to the order based on the Electric Business Act, each power company submitted its electricity supply-demand data for this summer on April 23.

The data were then reviewed objectively and thoroughly by the newly-founded Electricity Supply-Demand Verification Committee, from the viewpoint of a disinterested party in terms of the many commonly-asked questions such as the appropriateness of the estimated demand and supply capacity and the gap between the supply and demand estimates for this summer.

The efforts of the Committee for quickly reviewing the supply-demand situation and formulating the nationwide measures are much appreciated.

Consequently, assuming that the nuclear power plants will not be restarted, the government decided to request "power-saving without numerical goals" in the service areas under the Tohoku and Tokyo Electric Companies, and "power-saving with numerical goals" in the areas under the other seven power companies excluding the Okinawa Electric Power Company.

I am very sorry to say that Kansai Electric Power Company, which has the tightest supply-demand situation, needs to cut power consumption by at least 15% compared to two years ago, even based on the premise that customers in central and western Japan will kindly cooperate in saving electricity in order for Kansai Electric Power Company to receive electricity provided by other utilities..

In addition, the government pointed out that those companies with negative reserve rates, namely Kansai, Kyushu, Hokkaido and Shikoku Electric Power Companies, should prepare for rolling power outages as an emergency safety measure.

We find it extremely regrettable having to ask our customers again to cut back on electricity consumption following last summer and winter, despite our mission to provide a stable supply of electricity.

We apologize to all customers for the significant inconvenience and trouble this will cause, and ask for their understanding and cooperation.

If this summer becomes as hot as two years ago, it will be extremely difficult for all the power companies to secure an adequate reserve ratio.

In particular, with an expected combined reserve ratio of less than 3% in central and western Japan, utilities will have to manage supply and demand with unprecedented difficulty to ensure a stable electricity supply, and will have to squeeze out electricity from their own tight reserve to assist other utilities with it. All the electric companies must gather forces to deal with this difficult situation.

However, while it is important to take every measure to overcome such a critical moment, it is also necessary, based on the premise of public consensus, to restart those nuclear power plants which have been proved to be safe.

We will continue to make utmost effort to restore confidence among the Japanese public, including the communities that host nuclear power plants.

Based on the government policy, the Kansai Electric Power Company will announce details of the power-saving request after consulting with the municipalities concerned, including the members of the Union of Kansai Governments.

The specifics of the power-saving scheme will be announced as soon as they have been fixed. Thank you for your patience.

2. Evaluation of the Nuclear Fuel Cycle Policy Options

Currently, discussions on the evaluation of the nuclear fuel cycle policy options are ongoing at the New Nuclear Policy Planning Council. The handout contains a summary of my comments in the meeting on May 9. Please take a look later on.

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

This document is a summary of the comments by Makoto Yagi, FEPC Chairman, at the 18th Meeting of the New Nuclear Policy Planning Council on May 9, 2012. [The original Japanese document is available on the website of the Nuclear Energy Council of the Cabinet Office (http://www.aec.go.jp/jicst/NC/tyoki/tyoki_sakutei.htm)]

18th Meeting of the New Nuclear Policy Planning Council

Meeting Details

Date & Time May 9 (Wed.), 2012, 13:00-16:00
Venue Yodo Shinano Room, Sabo Kaikan Hall
Agenda

1. Status of discussion on the nuclear fuel cycle
2. Uses of radiation
3. Other

Summary of Comments Made by Makoto Yagi, FEPC Chairman, on the Evaluation of the Nuclear Fuel Cycle Policy Options

I would like to comment on the evaluation of the nuclear fuel cycle policy options.

Firstly, it is important to confirm the purpose of reprocessing. One of the characteristics of the nuclear fuel cycle is that it would make nuclear power generation limitlessly available without being restricted by finite resources, once the technology is established. Thus, the nuclear fuel cycle is extremely important for Japan, whose energy self-sufficiency ratio is only 4%, as a means to secure a long-lasting energy source without depending on other countries.

With concerns over the escalating competition for energy resources and further ahead, the depletion of those resources, the reprocessing policy will become increasingly important, despite its slightly lower economic efficiency than direct disposal.

As I understand, the reprocessing policy is evaluated in the ongoing review as the most likely option in 2030, assuming that nuclear power is in operation to some extent.

On the other hand, the direct disposal policy has disadvantages in view of the future energy security of Japan, as it means abandoning the nuclear fuel cycle which has excellent potential for energy security.

I think that policy change is unrealistic as seen in the many issues that are being pointed out in the ongoing evaluation, including the enormous cost for substitute power sources that would be incurred were the nuclear power plants to be stopped, estimated at 20 to 30 trillion yen at the 13th Technical Subcommittee meeting.

Further, the combination of reprocessing and direct disposal, which offers good flexibility and sounds to be a good choice, also has disadvantages since it means that the policy is unstable and its future course is uncertain.

Specifically, the local communities agreed to host the interim storage facility in Mutsu City to cooperate with the government's policy, provided the spent fuel would be effectively reused as a resource. The risk of turning spent fuel into nuclear waste would breach the pre-condition to the local communities' decision to host the facility, and consequently damage the trust that has been built up between the hosting communities, the central government and the operating companies. Naturally, the impact could eventually affect the siting of the interim storage facility itself.

Regarding energy security in future, Japan's energy policy must be consistent, to help maintain and develop relationships of trust with the hosting communities.

With regard to flexibility, which is highly evaluated these days, if the reason for the need for flexibility is the uncertainty of the ratio of nuclear power generation from 2030 onward, another flexible policy option, which was also suggested in the meeting material, would be realistic in that it states that reprocessing should remain the main policy while conducting research and development on direct disposal.

If the suggested option of "suspending" making a decision means not selecting any of the policies for the time being, that would be completely unacceptable to the electric power industry which is involved in the fuel cycle business.

The reference material of the meeting states that if the option of suspending making a decision is

selected, the policy decision will not be made until the progress of operation of the Rokkasho Reprocessing Plant and the outlook for the Plu-Thermal Project (utilization of MOX fuel) become clear. However, having a blank period in the cycle policy is in itself a failure to meet the pre-conditions for the consent of the hosting communities, and thus, the assumption of suspending making a decision is not sensible as it would actually result in the Rokkasho Reprocessing and Plu-Thermal Projects coming to a standstill.

In addition, temporary suspension of the Rokkasho Reprocessing Plant also is not feasible, as more spent fuel than the manageable capacity may accumulate, causing nuclear power plants to stop. It would also affect the technological capabilities and financial strength of Japan Nuclear Fuel Limited, a private company, and the regional economy, and could develop into an international issue regarding the acceptance of returned nuclear wastes.

The electric power companies believe that the key to energy security is to establish the nuclear fuel cycle in Japan by completing the construction of the Rokkasho Reprocessing Plant, which is only one step away from completion, and making sure that it operates stably, and promoting the Plu-Thermal projects in a well-planned manner.