

Summary of Press Conference Comments Made by Makoto Yagi, FEPC Chairman, on March 15, 2013

◎ Thank you very much for taking the time to attend this press conference.

On March 11 of this week, two years passed since the Great East Japan Earthquake that inflicted such enormous damage. Once again, I would like to pray for those who lost their lives in the disaster, and also for the earliest possible recovery of those who remain affected by the disaster. Moreover, as representatives of the electric power companies of Japan, we deeply apologize for still causing so much trouble, worry and inconvenience to a large number of people due to the catastrophe at the Fukushima Daiichi Nuclear Power Station, especially for the residents who used to live in the vicinity of the power station.

We are firmly committed to avoiding a recurrence of such an accident and will make utmost effort to ensure the safety of nuclear power plants.

○ Today, I would like to briefly explain the “Electricity Supply and Demand Situation of this Winter” and “Our Comments on the Draft Outline of the New Safety Regulatory Requirements ” that we proposed at the end of February.

1. Electricity Supply and Demand Situation of this Winter

○ First of all, I would like to talk about the “Electricity Demand and Supply Situation of this Winter”.

This winter, we requested our customers all over Japan except Okinawa to cooperate in saving energy without setting specific numerical targets from December 3, 2012.. In Hokkaido, however, customers were asked to cut power consumption by at least 7% from December 10, 2012. This request with a numerical target successfully ended last week on March 8, 2013.

○ In Hokkaido, the temperatures were lower than an average year for several days in a row and the power demand of 5.38 million kW, which is the reference value for the power saving target of 7%, was exceeded for a total of 8 days. On January 18, a power demand of 5.52 million kW was recorded, which was the largest consumption this winter. However, there has been no power supply shortage so far. Although the electric power company has taken every possible measure to secure sufficient power supply capacity, the power shortage was averted mainly thanks to the considerable efforts to save power by the residents of Hokkaido. We would like to take this opportunity to thank them most sincerely.

○ The power-saving request without a numerical target for all prefectures except Okinawa is scheduled to end on March 29, and so we hope our customers will continue to cooperate for another fortnight.

There is a fear of rising power demand due to cold weather even in March and the risks including an accidental power fault must be considered, so there is little room for optimism. We are determined to continue making our best efforts both in terms of supply and demand.

○ Next, I would like to explain about the supply and demand situation from December 2012 to February 2013. First of all, concerning the temperature this winter, the average temperature of 10 cities around Japan was 5.1°C, which is 0.9°C lower than an average year due to the influence of cyclic southward movement of strong cold air masses.

Under such circumstances, the integrated maximum peak load of 10 companies was 145.5 million kW, which was recorded at 19:00 on January 18, 2013. This was 6.2% lower than the maximum peak load of last winter, which was 155.19 million kW.

The supply capacity for the maximum peak load was 163.18 million kW, and the usage rate was 89%. Thus, the supply and demand balance was kept stable this winter.

○ The maximum peak load was the lowest in the past decade, even though the average temperatures were lower than a typical year. This reduction in power demand was due mainly to widespread power-saving efforts and the influence of the sluggish economy, although each company will make detailed analyses from now.

2. Our Comments on the Draft Outline of the New Safety Regulatory Requirements

◎ Next, I would like to say a few words on “Our Comments on the Draft Outline of the New Safety Regulatory Requirements”. The attachment shows the public comment that we submitted at the end of last month. I would like to explain the seven issues that we summarized in our comments.

○ The first subject is consistency with international standards. The additional resolution of the House of Councilors to the bill establishing the Nuclear Regulation Authority states “the regulatory system shall be consistent with international standards and trends based on the latest scientific and technical knowledge.” For example, we believe it is necessary to consult the international standards and trends in areas where foreign regulatory requirements are more advanced than in Japan. On the other hand, if any new regulations beyond the current international standards are to be imposed, we expect the adequacy and rationality of such regulations to be presented based on the history of development of the current international standards and scientific foundations so that the effectiveness of such new regulations can be clarified and accounted for to the rest of the world.

○ The second subject is the systematic implementation of safety measures. Concerning the regulations stated in the draft outline, in some cases alternative means that can satisfy the required standards have already been prepared. We expect such cases to be distinguished from the measures which are immediately required for safety, and be regarded as mid- to long-term measures for enhancing reliability so that electric power companies can systematically implement these measures according to the priority set by each company.

○ The third subject is the performance-based regulations. Electric power companies can choose the most effective safety measures through their own innovative approaches, taking into consideration the actual status of the facilities and equipment at the sites, if the required performance is clarified by the new safety regulations. Although the currently proposed draft outline sets out concrete specifications in various places, we consider that respective specifications should be regarded as illustrations of satisfying the performance-based regulations.

○ I would like to omit the fourth, fifth and sixth subjects today, so please refer to the handout later for these.

○ The seventh subject is the safety check process. We intend to implement the measures that are immediately required for upgrading safety before the new safety regulatory requirements come into effect. However, not all the methods and procedures required to verify compliance with the new safety regulatory requirements have been clarified yet. We hope that the regulators will clarify such procedures soon.

○ This time, we are proposing our opinions as public comments. The electric power companies have accumulated knowledge and data based on our experience of operating nuclear power plants. We firmly believe that we can help establish more effective safety standards by providing our knowledge and data. Therefore, we expect the regulators to continue communicating with the electric power companies in order to achieve the common goal of both the regulators and the power companies of ensuring safety.

Issues Concerning Japan Atomic Power Co.

○ I would like to end my presentation by stating our response to the issues on Japan Atomic Power Co. (JAPC). Concerning the fracture zone at the Tsuruga power plant site, JAPC issued its policy statement on March 8 that it will continue to actively perform research to demonstrate that the fracture zone is not an active fault. We ask the Nuclear Regulation Authority to continue with sufficient discussions both from scientific and technical standpoints, taking the research results of JAPC also into consideration.

On the other hand, JAPC is struggling to procure funds for the next fiscal year. Therefore, JAPC should first keep on making utmost effort to acquire funding. In the meantime, we are examining various ways in which the electric power companies can support JAPC, by sharing our ideas, in light of the important role that JAPC is expected to play.

It was confirmed at today's General Policy Meeting that JAPC's business outlook for the next fiscal year has been established based on its efforts to raise operational efficiency, the supply and receipt contracts with the companies that receive electricity from JAPC, and the status of financing negotiations with financial institutions. Although the details depend on the procedures and contracts of each company, all the relevant companies have approved the solution that JAPC may be reimbursed its advance payment for reprocessing that it has made to Japan Nuclear Fuel Ltd. (JNFL).

The measure for electric power companies to buy out JNFL stocks owned by JAPC shall be examined as necessary in the future.

In any case, the electric power companies will continue to firmly support JAPC by carefully observing the overall situation.

This is all for today.

Thank you for your kind attention.

Attachment

Public Comment Proposed to the Nuclear Regulation Authority
by the Federation of Electric Power Companies on February 28, 2013

Comments on the Draft Outline of the New Safety Regulatory Requirements for Light Water Reactors for Electric Power Generation

February 28, 2013

Federation of Electric Power Companies

Summary

In developing the new safety regulatory requirements, it is important to consider factors such as consistency with international standards, performance-based regulations and continuous exchanges of opinion.

Comments/Reasons

Regarding the entire draft outline of the new safety regulatory requirements for light water reactors for electric power generation [(1) design basis, (2) severe accident management measures, and (3) earthquake and tsunami]:

Electric power companies are independently taking necessary measures for upgrading safety without waiting for the new safety regulatory requirements to come into force, while rapidly taking extensive emergency safety measures to strengthen the redundancy and diversity of power sources and cooling function. In addition to securely satisfying the new safety regulatory requirements, we also intend to take extra safety measures based on our own constant efforts, since our mission of ensuring safety is a never-ending process.

In developing the new safety regulatory requirements, it is important to consider the following issues.

(1) Consistency with international standards

The additional resolution proposed by the Committee on Environment of the House of Councilors to the bill establishing the Nuclear Regulation Authority states that all possible measures should be taken to ensure “the regulatory system is consistent with international

standards and trends based on the latest scientific and technical knowledge.” Therefore, if any regulations more stringent than the current international standards are to be imposed, we think that adequacy and rationality should be stated in the document with a scientific foundation, taking into consideration the background and reasons why the relevant international standards were established. Furthermore, the adequacy and rationality of the regulations should be presented through third-party evaluations performed by experts both in Japan and abroad.

The U.S. NRC suggests five principles (“Principles of Good Regulation”) for implementing regulatory activities (independence, openness, efficiency, clarity, and reliability). The NRC describes the principle of “efficiency” as follows: Regulatory activities should be consistent with the degree of risk reduction they achieve. Where several effective alternatives are available, the option which minimizes the use of resources should be adopted, and regulatory decisions should be made without undue delay. Thus, “efficiency” is an important factor to be taken into consideration when developing the regulatory requirements to accomplish the regulatory goal.

(2) Systematic implementation of safety measures

In some cases, safety can be assured by alternative measures which are as effective as or more effective than what is required by the new safety regulatory requirements. Therefore, we consider it is more appropriate to distinguish the immediate safety measures which must be taken promptly for ensuring safety and also the mid- to long-term safety measures to further strengthen reliability and to provide a mechanism by which electric power companies can implement safety measures in a systematic way according to the priority set by each company.

(3) Performance-based regulations

We consider it is more appropriate to regard respective specifications as illustrations of satisfying the performance-based regulations and to provide performance-based safety regulations to allow electric power companies to choose the most effective measures to improve safety through their own innovative approaches, taking into consideration the actual status of the facilities and equipment at the sites. We will continue to improve facilities and operations of the nuclear power plants by ourselves under such regulatory system to enhance the safety of the plants.

(4) Communication with the electric power companies (continuous exchange of opinions)

It is stated in the IAEA Safety Standards, GSR Part 1 “Governmental, Legal and Regulatory Framework for Safety” that “the regulatory body, while maintaining its independence, shall liaise with authorized parties to achieve their common objectives in ensuring safety. Meetings shall be held as necessary to fully understand and discuss the arguments of each party on safety related issues.” However, so far the electric power companies have only been given the opportunity to communicate with the regulators concerning confirmation of facts, with no chance for deep discussions. The electric power companies have a great deal of knowledge and data based on our experience of operating nuclear power plants. We firmly believe that we can help newly establish effective safety requirements by providing our knowledge and data. Therefore, we expect the regulators to continue to communicate with the electric power companies in order to achieve the common goal of the regulators and the power companies of ensuring safety.

(5) Discussions taking into consideration nuclear security

In the new safety regulatory requirements, the introduction of special safety features in case of terrorism such as an intentional aircraft collision is examined by illustrating specifications. However, we think that how to set the standards for measures and facilities against terrorism should be discussed in closed sessions in view of nuclear security.

(6) Principle of backfitting

Electric power companies wish to effectively invest their resources in measures that reduce risk. We consider that backfitting should be performed appropriately corresponding to the risk reduction effects and urgency in order to optimize the safety improvements according to the actual status of existing facilities.

(7) Clarification of the method to verify compliance with the new safety regulatory requirements

We consider that the methods and procedures to verify the compliance of nuclear power plants in operation and shut-down statuses to the new safety regulatory requirements should be clarified in advance.