

## Summary of Press Conference Comments Made by Makoto Yagi, FEPC Chairman

June 13, 2014

Thank you for taking the time to be here. Today, I would like to say a few words on the following two topics: the establishment of the Nuclear Risk Research Center and the enactment of the Revised Electricity Business Act.

### 1. Establishment of the Nuclear Risk Research Center

First, I would like to comment on the establishment of the Nuclear Risk Research Center, which was announced by the Central Research Institute of Electric Power Industry (CRIEPI) this morning. Please look at [Document 1](#).

Determined to avoid a repetition of the Fukushima Daiichi accident, the electric power companies have been implementing extensive safety measures since immediately after the accident, in addition to making utmost efforts to ensure safety in accordance with the new regulatory requirements.

Further, being primarily responsible for ensuring nuclear safety, the power companies believe that it is of utmost importance to ensure safety voluntarily and continuously beyond the regulatory framework; to do so, it is necessary to be firmly committed to constantly initiating reforms themselves. Based on this belief, the nuclear operators have been earnestly discussing past weaknesses and what should be strengthened in the measures taken so far, based on lessons learned from the accident.

The results revealed that we did not have a system for directly tackling the nuclear risks, believing instead that “the facilities are safe as they are”. Second, the parties concerned shared the view that we were not fully prepared for external events such as great earthquakes and tsunami which, though rare, could cause a massive impact.

A similar view was also indicated in the recommendation by the government working group, making the power companies strongly aware of the need to position nuclear risk as the top management issue, and to strengthen the ability to reduce risks. Currently, each company is drafting specific measures for enhancing its efforts, such as strengthening the risk management organization, actively utilizing Probabilistic Risk Assessment (PRA), and enhancing risk communication. The measures are due to be announced shortly by each company.

Meanwhile, the second point, dealing with the risk of less-frequent external events, which is an issue common to all the nuclear operators, requires a high level of expertise. Thus, we concluded

that this issue can be tackled more effectively by an industry-wide effort, conducting research and development and amassing technologies in a centralized manner, rather than by the individual efforts of each company. In the process of the discussions, we realized that we share much in common with CRIEPI, which has high expertise in the research of external and natural disasters, in terms of perception of the problems and the way forward, and since then, we have been working with them on the detailed study. We recently agreed with CRIEPI to establish the Nuclear Risk Research Center within the Institute during the first half of this fiscal year, as was announced by the Institute this morning.

Accordingly, all the power company presidents confirmed at the General Policy Meeting today to fully respect the activities of the Research Center, and to reflect the output from such activities into the business activities of the power companies, for further improving safety. With the plant manufacturers also involved in its activities, the Research Center should powerfully drive the efforts for reducing risk, leveraging the collective expertise of the entire nuclear industry.

As well as analyzing the mechanisms that cause less-frequent external events such as earthquakes and tsunami, the Research Center will evaluate their impact on the plants using probabilistic risk assessment. The Center will also develop an “R&D road map” which considers the problems that need to be solved by the power companies, and centrally manage the results of the risk studies.

Each power company will be given suggestions by the Center based on the results of studies on reducing risks that were identified as a problem. The power companies will also receive technical assistance in implementing the solution in the actual plant while being monitored as to whether the measures are being performed correctly. The Center and each power company will work together closely, such as through regular top-level meetings and working-level liaison meetings.

Through the activities of the Research Center, we will aim to raise the level of safety by directly tackling and reducing nuclear risks. Furthermore, by combining these activities with those of the Japan Nuclear Safety Institute (JANSI), which leads the efforts of the entire nuclear power industry, the power companies will continue to work hard in the pursuit of greater safety, competing with each other in a friendly manner.

## 2. Enactment of the Revised Electricity Business Act

Next, I would like to say a few words on the enactment of the Revised Electricity Business Act. The revision of the Electricity Business Act, which is the second phase of the reforms of the electric power system headed for full deregulation of electricity retailing, was legislated on June 11 this week after being approved in the Upper House plenary session. [Document 2](#) shows our

comments released at the time of the legislation.

As we have said many times, we think that the system of full retail deregulation responds to the expectations of customers by allowing them to freely choose a power utility for their supply. We will work hard to be selected by customers, such as by broadening the tariff options, while competing with the other electricity producers.

Nevertheless, there are quite a few aspects of the deregulation that require careful and detailed planning, including building a mechanism for ensuring supply capacities that can meet the demand in the future, in an increasingly competitive environment. We ask the relevant parties to steadily develop the detailed design of such system, with which we are prepared to continue to cooperate.

Further, to ensure that the reforms of the electric power system truly benefit the customers, we proposed two issues that need to be resolved before full deregulation is implemented: improving the supply-demand situation, and improving the nuclear power business environment. We ask that the discussions on taking the measures needed to deal with these issues be started as soon as possible.

#### Change in the FEPC board of directors

Lastly, I would like to report a change in the FEPC board of directors. The Vice Chairman, Senior Managing Director, and Director and Secretary General have retired, and three people were appointed to succeed them at today's General Policy Meeting, as shown in [Document 3](#).

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

## Efforts for Improving Safety through the Nuclear Risk Research Center

Friday, June 13, 2014

Federation of Electric Power Companies

Being primarily responsible for ensuring nuclear safety, the nuclear operators need to conduct voluntary activities on a continuous basis to ensure safety beyond the regulatory framework, in order to allow nuclear power generation to be used long into the future. As a major part of such efforts, each power company will position nuclear risk as the top management issue, and will implement measures such as strengthening the risk management organization.

Further, recognizing that measures for rare external events such as earthquakes and tsunami were insufficient, it is necessary to analyze the mechanisms that cause these incidents and establish a process for evaluating highly uncertain risks, so that they can be addressed effectively and the risks can be reduced.

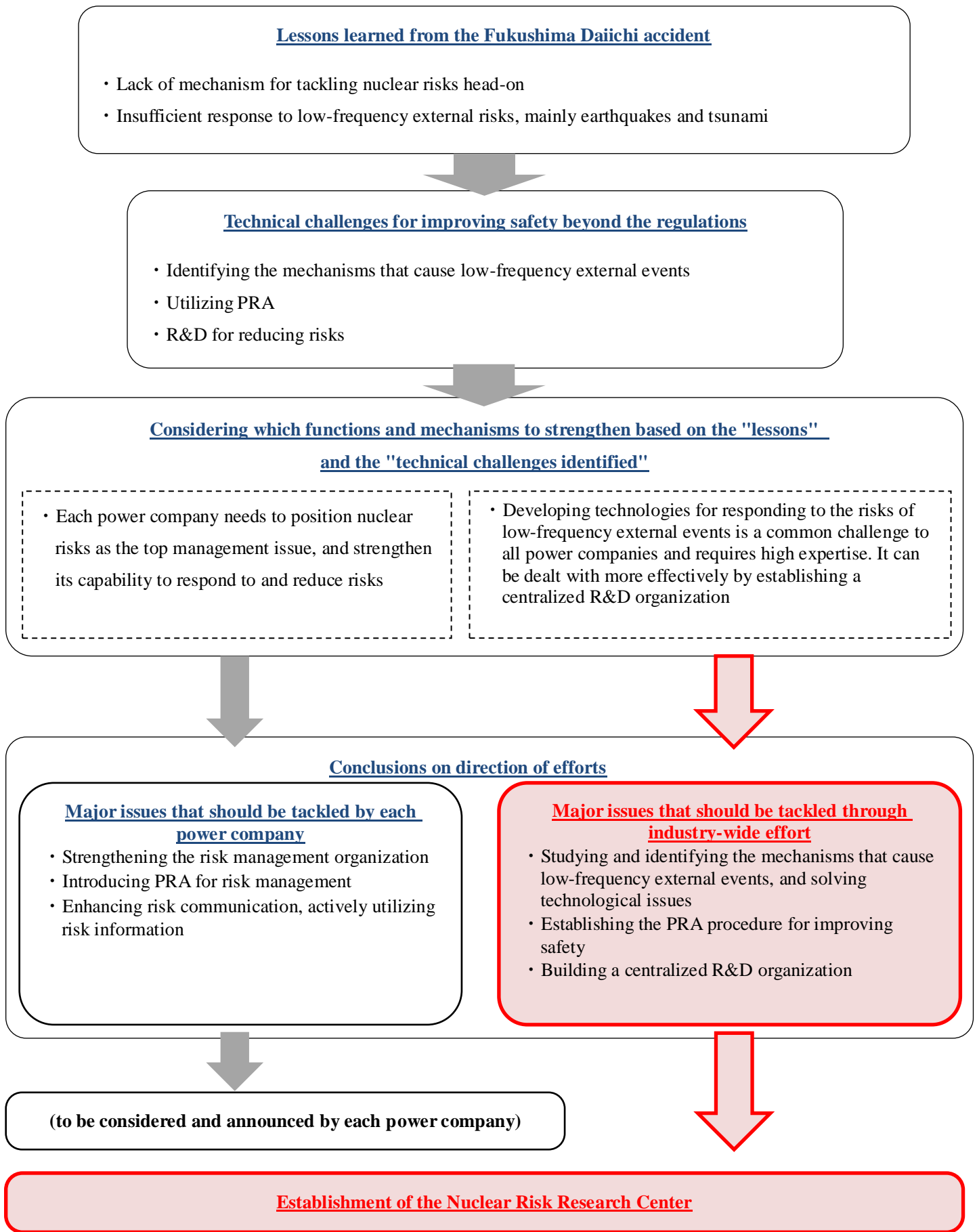
We have concluded that this issue, which is common to all power companies and requires a high level of expertise, can be dealt with more effectively through an industry-wide effort by conducting research and development and amassing technologies in a centralized manner, rather than by the individual efforts of each company.

Consequently, we recently agreed with the Central Research Institute of Electric Power Industry (CRIEPI), which has extensive expertise in the research of external and natural disasters, to establish the Nuclear Risk Research Center (the Research Center) within the Institute during the first half of this fiscal year.

The Research Center will conduct R&D on technologies for improving safety beyond the regulatory framework, and study and propose effective solutions for the issues at each plant, based on the abundant knowledge and skills it has accumulated and utilizing probabilistic risk assessment (PRA). The power companies will continue to work tirelessly in the pursuit of greater safety, fully respecting the activities of the Research Center and reflecting its suggestions and technical assistance into the companies' business activities.

Furthermore, by combining with the activities of the Japan Nuclear Safety Institute (JANSI), which leads the efforts of the entire nuclear power industry, for achieving excellence through competition between the power companies, we will continue to work hard to raise safety levels.

# 1. Background for Establishment of the Nuclear Risk Research Center



## 2. Objectives of the Nuclear Risk Research Center

### ○ Further reducing the probability of accidents occurring, and mitigating damage when accidents occur

- Identifying the mechanisms of low-frequency external events and assessing their impact on plants, through R&D and technological studies based on the collective expertise of relevant organizations
- Reducing risks by formulating effective safety improvement measures based on research achievements, and incorporating them in the plants

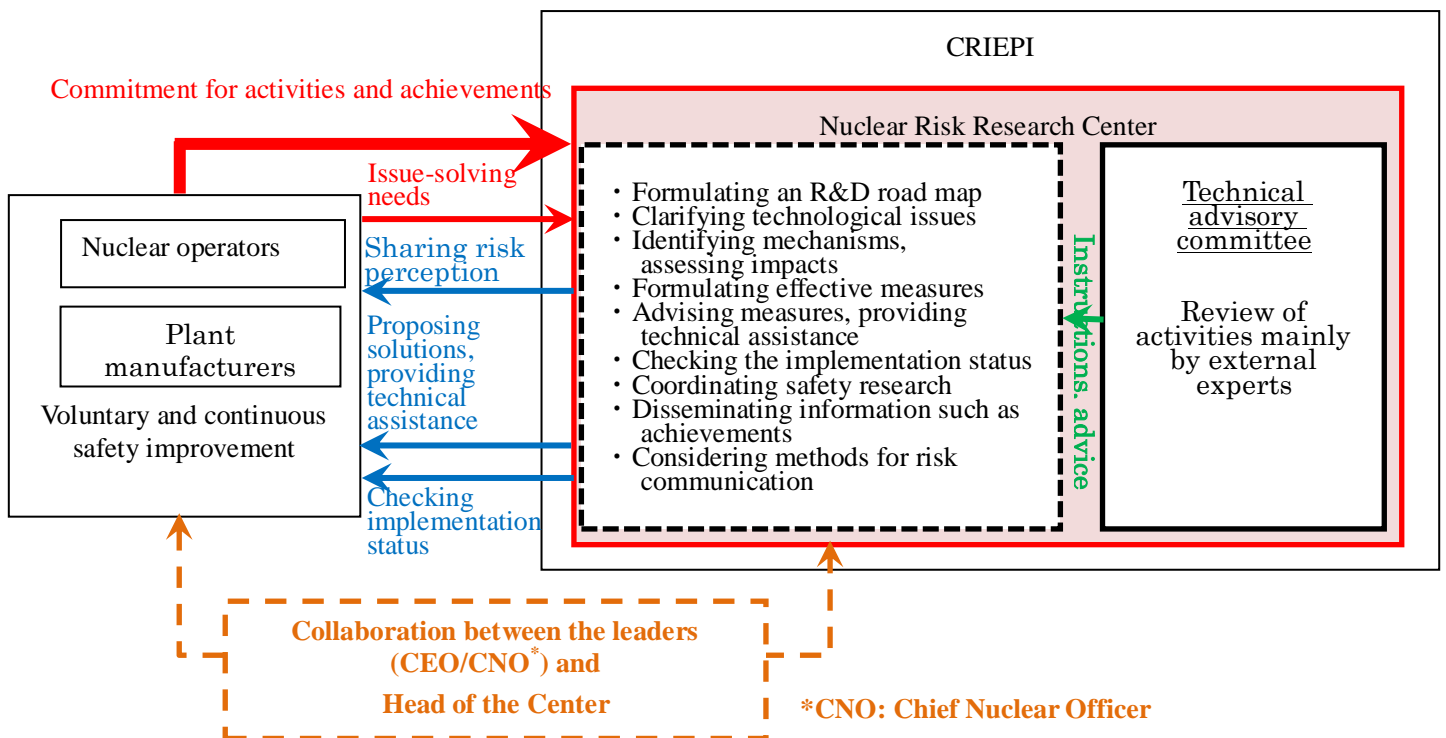
### ○ Utilizing PRA on low-frequency external events with high uncertainty

- Developing PRA for low-frequency external events and establishing the means for utilizing PRA in safety improvement activities
- Improving the rationality of safety improvement activities nationwide by introducing PRA in power companies, and sharing the assessment results

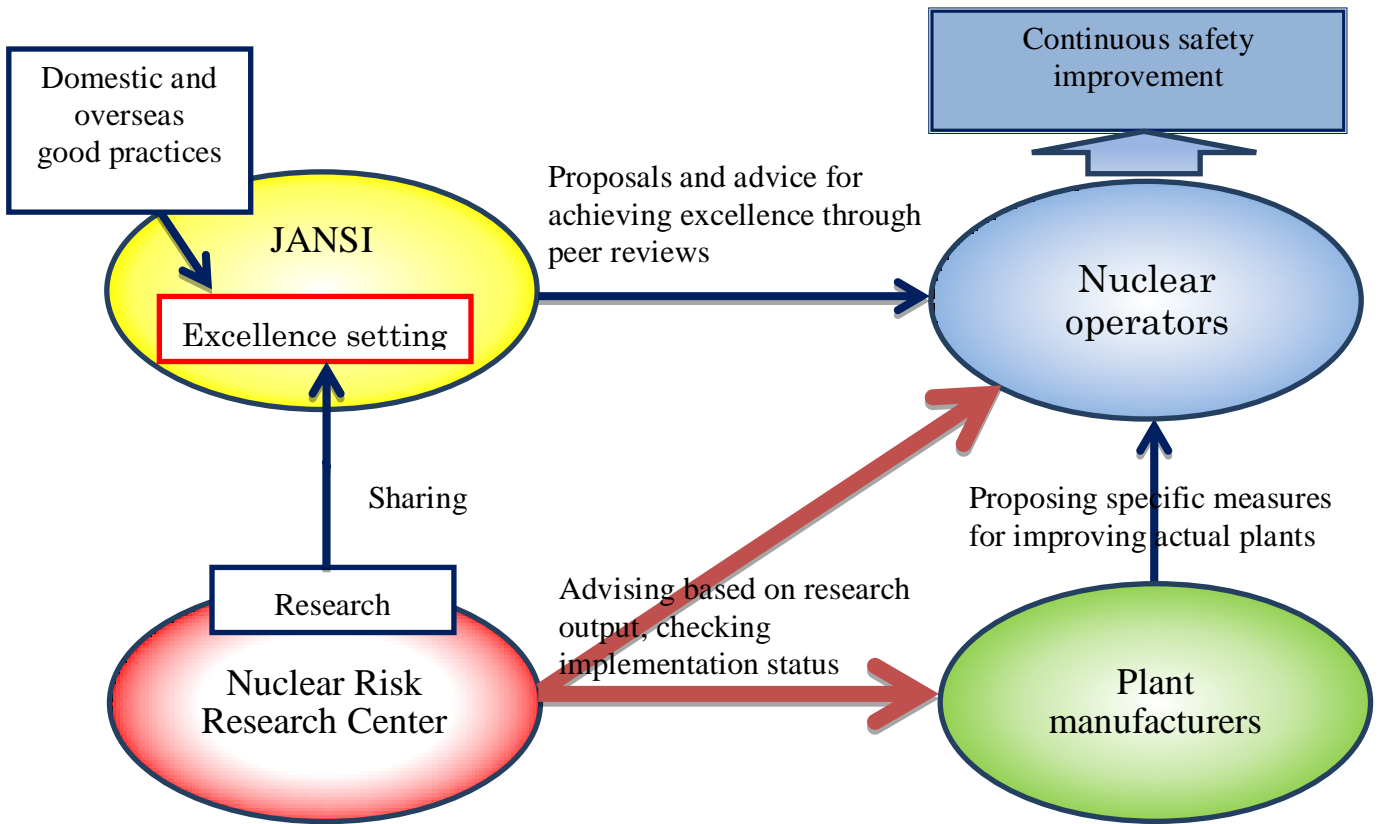
### ○ Creating a "source of knowledge" by centrally managing the output of R&D and other studies on risk reduction

- Building an effective R&D system by formulating an "R&D road map" based on an objective and comprehensive perception of risk, and centrally managing the results of studies
- Coordinating the safety research efforts with external experts and research institutions, as well as power companies and plant manufacturers

## 3. Collaboration between the Nuclear Risk Research Center and the nuclear operators



#### 4. Efforts of the entire nuclear industry for improving safety



Enactment of the Revised Electricity Business Act for the Reforms of the Electric Power System

June 11, 2014

Federation of Electric Power Companies

Makoto Yagi, Chairman

Today, the bill to revise the Electricity Business Act for full retail deregulation of the electric power system was enacted.

Customers are keen for full retail deregulation because it will allow them to choose a power utility for their supply. We will work hard to be selected by customers, such as by broadening the tariff options and offering more choice.

However, in proceeding with full retail deregulation, it is necessary to build a robust mechanism for ensuring that there is sufficient supply capacity to meet the national electricity demand in the future. The electric power companies are prepared to continue to cooperate in developing the detailed design of such a system.

Further, sufficient supply capacity and stable supply and demand are prerequisites for full deregulation to be effective. In addition, it is important to consider the new role of private operation under government policy, and to improve the business environment, to ensure that the nuclear power business can continue to operate stably over the long term even in an increasingly competitive environment.

To ensure that the reforms will truly benefit the customers, we ask the government to carefully consider the above issues and take necessary measures in implementing the reforms.



June 13, 2014  
FEPC

### Replacement of FEPC Directors

We hereby announce the replacement of FEPC directors decided by the General Policy Meeting held today. The Vice Chairman, Senior Managing Director and Head of Fukushima Support Headquarters, as well as the Director and Secretary General, are scheduled to be replaced on June 26.

Until June 25, 2014	From June 26, 2014
Vice Chairman Shigeru Kimura	Vice Chairman Yuzuru Hiroe (Executive Vice President and Representative Director of Kansai Electric Power Co., Inc.) (Scheduled to become a Corporate Officer of Kansai Electric Power Co., Inc. as of June 26)
Senior Managing Director, Head of Fukushima Support Headquarters Yuji Kume (Director of Chubu Electric Power Co., Inc.) (Scheduled to become CEO of Toenec Corporation as of June 26)	Senior Managing Director, Head of Fukushima Support Headquarters Satoshi Onoda (Senior Managing Executive Officer of Chubu Electric Power Co., Inc.) (Scheduled to become a Director of Chubu Electric Power Co., Inc. as of June 26.)
Director, Secretary General Susumu Tsukiyama (Corporate Officer of Kansai Electric Power Co., Inc.) (Scheduled to become a Corporate Officer, Deputy Executive Officer of Cooperate Planning Division of Kansai Electric (residence in Tokyo) as of June 26)	Director, Secretary General Hirohisa Yashiro (Tohoku Electric Power Co., Inc.) (Scheduled to become Executive Officer of Tohoku Electric as of June 26.)

Reference:

#### **New Board of Directors of FEPC (from June 26, 2014)**

Chairman                                      Makoto Yagi (President and Director of Kansai Electric Power Co., Inc.)

Vice Chairman                                Akira Chiba (President and Director of Shikoku Electric Power Co., Inc.)

   Susumu Kyuwa (President of Hokuriku Electric Power Co., Inc.)

   Yuzuru Hiroe (Corporate Officer of Kansai Electric Power Co., Inc.)

Senior Managing Director, Head of Fukushima Support Headquarters

   Satoshi Onoda (Director of Chubu Electric Power Co., Inc.)

Director, Secretary General                Hirohisa Yashiro (Executive Officer of Tohoku Electric Power Co., Inc.)

Director, Deputy Secretary General      Yasuhiro Tejima (Director of Tokyo Electric Power Company)

Director, Head of Nuclear Fuel Cycle Promotion Headquarters

   Susumu Tanuma (Kansai Electric Power Co., Inc.)