

Summary of Press Conference Comments Made by Makoto Yagi,
FEPC Chairman, on December 18, 2015

Thank you for taking the time to be here.

This is the last press conference for 2015. Today, I will look back on 2015 from the perspective of the electric power industry.

<A Year of Steady Progress amid Difficulties>

First, I would like to summarize 2015. At the first press conference of the year, I commented that we would like to overcome the challenging situation and achieve positive results this year. Although the situation remains difficult, steady progress was achieved in 2015 in terms of restarting a number of nuclear power plants and in the area of overall energy policy.

<Restart of the Nuclear Power Plants and the Supply and Demand for Electricity>

Regarding the restart of the nuclear power plants, this year, Sendai Units 1 and 2 were put back in commercial operation in September and November, respectively. It is very significant that they were the first plants to restart operations after completing the Nuclear Regulation Authority's safety assessment in accordance with the new regulation standards.

Further, the construction plans and operational safety programs for Takahama Units 3 and 4 were approved, and Ikata Unit 3 received a permission for reactor installation and alteration. In addition, with several other plants having mostly set their seismic ground motion, the electric power companies made steady progress in their response to the safety assessments.

However, despite the restart of the Sendai Nuclear Power Plant, the supply and demand situation of electricity remains uncertain.

We deeply apologize for having to ask our customers to cooperate in saving electricity each summer and winter since the earthquake disaster. While a serious supply-demand crunch has been avoided so far this winter, the supply situation remains tight, with thermal power stations in full operation. We will continue to make the utmost efforts on both the supply and demand sides.

<Developments concerning the Energy Mix>

There were many developments this year also in the energy policy area.

In July, the Energy Mix for FY 2030 was finalized, indicating a picture of a well-balanced, overall generation mix that does not depend excessively on any one particular source of electricity or fuel.

As for nuclear power, concerning which the Strategic Energy Policy had stated that its "necessary capacity must be determined", the Energy Mix indicated a clear numerical capacity that should be secured. We consider this to be a very meaningful achievement.

Regarding renewable energies, for which the Energy Mix requires a significant increase from the current level, specific discussions have been held on how to revise the FIT system to expand renewable capacities while easing the public burden, and the general direction of these efforts has now been decided.

With the finalization of the Energy Mix, the government submitted Japan's INDC (Intended Nationally Determined Contributions) for reducing GHG emissions to the United Nations.

Accordingly, the power companies, together with the cooperating power producers and suppliers (PPSs), established a new voluntary framework for achieving a low-carbon society, and formulated the Action Plan for the Electricity Business for Achieving a Low-Carbon Society.

Currently, discussions are underway to decide the organizational structure, regulations and operational rules of the framework for achieving the target. We aim to increase the likelihood of meeting the INDC through the steady efforts of individual companies based on their own plans, and through a collective effort within the framework of a PDCA cycle, which includes checking and evaluating the efforts of all the companies.

<Developments concerning the Reforms of the Electric Power System and Improvement of the Nuclear Power Business Environment>

Regarding the reforms of the electric power system, the Amended Electricity Business Act for the unbundling of electricity generation, transmission and distribution departments were approved and enacted in June. Further, the Cross-regional Coordination of Transmission Operators and the Electricity Market Surveillance Commission were established in April and September, respectively, reinforcing the electric power system heading in the direction of thorough retail liberalization.

Regarding the improvement of the nuclear power business environment, the accounting system was revised in March to facilitate plant decommissioning.

Furthermore, in regard to the nuclear fuel cycle business, discussions were held and a draft proposal was recently released on the institutional measures needed to execute the spent fuel reprocessing business appropriately, efficiently and without disruption even in a new business environment of

increased competition and less dependence on nuclear power.

Under these institutional policies, we will continue to support the Japan Nuclear Fuel Limited and make efforts to achieve the nuclear fuel cycle, leveraging our accumulated skills, human resources, and facilities to the maximum extent possible.

<Toward 2016>

Next year, thorough retail liberalization will be launched on April 1, and the electric power industry will enter a period of "great transformation". We will face up to the competition and work hard to be selected by customers, through diversifying fee plans and broadening options, while competing with the other electricity producers.

The power companies, despite the tight schedule, are currently developing new systems to prepare for the start of full retail liberalization, and will continue their efforts to enter full liberalization without problems.

Meanwhile, high quality and inexpensive electricity remains without question the very foundation of people's lives and of industrial activities. Each power company will steadily fulfill its duty with a sense of responsibility, while working together with other power companies to maintain a stable supply and contribute to the comfortable lives of our customers and economic activities.

Accordingly, in regard to nuclear power, which is a basic source of electricity, we will continue to respond sincerely to the safety assessment of other nuclear plants so that they, too, will be restarted as soon as possible. In addition, as the parties in charge of actual operations, we will participate actively in the discussions on the outstanding items of the reforms of the electric power system, so that the reforms would be truly beneficial for the users.

At today's meeting of relevant Cabinet members concerning the question of final disposal, the government presented a policy aimed at indicating scientifically-promising regions in 2016.

As the generator of nuclear waste, we greatly appreciate this decision, which we consider as a sign of the government's desire to make steady progress in selecting a site for final disposal of high-level nuclear wastes.

In line with this policy, the power companies will continue to support NUMO and to actively promote activities for winning public understanding concerning the question of final disposal next year.

<Lastly>

To all members of the press club for energy-related issues, and to other representatives of the mass media, I sincerely thank you for your support this year, and ask for your continued support next year.

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