Summary of Press Conference Comments Made by Satoru Katsuno,

FEPC Chairman, on July 14, 2017

I am Satoru Katsuno, Chairman of FEPC.

Entering into my second year as the FEPC Chairman, today, I would like to talk about three topics concerning response to miscellaneous challenges surrounding energy policy.

＜Initiatives for restoring public trust in nuclear energy＞

The first topic is “initiatives for restoring public trust in nuclear energy,” which I referred to as the task of “greatest importance” in my press conference upon assuming FEPC chairmanship last year.

Social trust is the core premise for utilizing nuclear energy.

While appropriately responding to the New Regulatory Requirements, we are actively collaborating with the Nuclear Risk Research Center (NRRC) of the Central Research Institute of Electric Power Industry (CRIEPI), the Japan Nuclear Safety Institute (JANSI) and other external organizations to implement specific initiatives for securing an even higher level of safety through the development of a roadmap for utilizing risk information and the mutual monitoring of plant administration assessment among licensees for peer pressure.

We are committed to restoring social trust through implementing these initiatives steadily and continuously, ensuring that licensees fulfill the mission of nuclear safety improvement and providing detailed and easy-to-understand explanation about our initiatives to local communities and other stakeholders.

The Act on the Regulation of Nuclear Source Material, Nuclear Fuel Material and Reactors was amended in April this year to initiate a review on

the inspection system.

A new inspection system incorporates the "risk-informed" concept of making use of risk information to clarify its impact on safety, and adopts the "performance-based" approach to reflect past track records in safety assurance. This will encourage licensees' voluntary efforts to reinforce their safety activities, while building a mechanism that effectively promotes safety improvement.

We will be extending our active cooperation to the formulation of the new system's details, as we continue to work on improving our own safety / maintenance technologies and skills.

Five of the 26 reactor units, applied for compliance review with regard to the New Regulatory Requirements, have resumed commercial operations. Additionally, seven reactor units, including a plant that has been in service for over 40 years, have been granted installation alteration license from the Nuclear Regulation Authority.

Furthermore, more than half of the 26 reactor units, applied for compliance review, have defined their design-basis seismic ground motions in general, indicating steady progress in our response.

Plants that have resumed operation are building up track records of operation stability in the Safety First approach, while other plants are making all-out efforts to pass the review for compliance confirmation so as to achieve operation resumption as soon as possible.

＜Establishment of the nuclear fuel cycle program＞

The second topic is the establishment of the nuclear fuel cycle program.

Considering the fact that Japan lacks sufficient energy resources, it is necessary to continue utilizing nuclear energy as a key base-load power source. The nuclear fuel cycle program, which encompasses plu-thermal and reprocessing, is of extreme importance from the perspectives of making

effective use of uranium resources and reducing the bulk of radioactive waste.

Of five reactor units that have resumed operation since the introduction of the New Regulatory Requirements, three adopt the plu-thermal cycle. Continued efforts will be made to expand plu-thermal introduction as much as possible.

Working under the Nuclear Reprocessing Organization of Japan, established last year, Japan Nuclear Fuel Limited (JNFL) is preparing for compliance review with regard to the New Regulatory Requirements and applying engineering work to ensure full compliance in its effort to attain business alteration license for Rokkasho Reprocessing Plant.

These efforts will lead to an increase in safety-related expenses. However, we will continue to support JNFL by way of sharing our experiences and insight obtained from electric utility operations in order to reduce their business expenses as much as possible.

Concerning the final disposal of high-level radioactive waste, the requirements and standards for compiling the Map of Scientific Features have been put together to indicate potential sites for final disposal. The government is now drawing up the Map, and has conducted information sessions for the public and local governments, circulating information about the positioning and content of the Map to broader communities.

We will engage in dialogs with local residents and respond to any queries in an effort to heighten public interest and understanding toward final waste disposal.

＜Response to the electricity system reform and energy policy debate ＞

The third topic is the response to the electricity system reform and energy policy debate.

Following the full liberalization of the retail electricity market in April

last year, Japan also embraced full deregulation of the retail gas market in April this year. Under tough competition environment, all electric utilities are making creative efforts to maintain continued appeal to customers, overlooking the energy industry as a whole beyond the boundary of the electricity market.

In the given situation, leading up to FY2020 separation of electricity transmission and distribution in Stage 3 of the reform, the government working group on system considerations is currently examining details for building a market condition essential to ensure stable supply, e.g. supply-demand regulation and capacity market mechanism.

As an organization involved in practical administration, we will continue to extend active cooperation in building market conditions that achieve overall supply stability, including already-introduced market transactions, and ensuring that the electricity system reform will bring true benefits to customers.

Another major challenge is to achieve the maximum introduction of renewable energies and the reduction in public burden at the same time.

The launch of the FIT scheme has rapidly expanded the introduction of renewable energies, but this has created various issues such as a sudden increase in rebate payouts, cases of non-operating installations and impact on the transmission and distribution networks.

The situation led to the enforcement of the amended FIT Act in April this year. With new systems and rules to be introduced under the revised system, we will work on smooth handling of miscellaneous procedures and continued expansion of the introduction of sustainable renewable energies.

As for the issue of global warming mitigation, initiatives are in place to achieve goals set out by the Electric Power Council for a Low Carbon Society, as explained last month.

The Council's regular general meeting, held on the 19th of last month, discussed the accelerated enhancement of the PDCA cycle, e.g. initiatives for raising member companies' awareness and sharing information among them.

As a member of the Council, we will pursue the optimum energy mix in contribution to the reduction of greenhouse gas emissions on the global scale, thereby achieving the goals set out by the Council.

＜Conclusion＞

Let me reiterate our resolve to addressing various challenges surrounding Japan's energy policy, and fulfilling our mission of achieving stable supply of safe and affordable energy.

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