

**Summary of Comments Made at a Press Conference
by Tsunehisa Katsumata, FEPC Chairman, on September 22, 2006**

There are two topics that I would like to comment on today. The first is this year's summer-season electricity demand, and the second is our follow-up review of the Environmental Action Plan.

First, with regard to this summer's electricity demand, both maximum electricity demand and maximum daily consumption were lower than last year. Maximum electricity demand of 174.98 million kW (98.5% of last year's figure) was recorded at 3PM on August 7, and maximum daily consumption of 3.29891 billion kWh (98.6% of last year's figure) was recorded on July 14.

Although detailed analysis of these figures is still being carried out, the reduction in demand is believed to stem from lower average temperatures than last year in the Kanto and Tohoku regions.

A review of June through August average temperatures nationwide shows that while temperatures in many areas were higher than in an average year, they were the same or lower in Kanto and Tohoku.

And while the number of so-called 'tropical nights' and 'midsummer days' in July and August was also generally higher, the figures for both were lower than last year in Tokyo and Sendai.

These temperature conditions resulted in record high maximum electricity demand and maximum daily consumption at most companies, but because of the relatively large declines recorded by Tokyo Electric Power Company and Tohoku Electric Power Company, totals across the 10 companies were lower than last year. (Compared with the highs recorded across the 10 companies last year, maximum electricity demand and maximum daily consumption in Tokyo Electric Power Company fell by approximately 2.5 million kW and 35 million kWh respectively.)

In addition, electricity and energy conservation efforts are thought to have played a role in reducing demand.

Although this is only an estimate, we calculate that growing support (50% of all companies, up from 40% last year) for the 'Cool Biz' program, now in its second

year, helped reduce maximum electricity demand by about 500,000 kW, and electricity consumption by about 280 million kWh in June, July, and August. Last year, similar calculations indicated a reduction of a little more than 400,000 kW and 210 million kWh, respectively, so there has been some improvement in this area as well.

With regard to monthly figures across the 10 companies for electricity generated and purchased, we saw consistently firm growth in July and August with increases over last year of 1.2% in July and 3.4% in August. Total electricity generated and purchased across the 10 companies for July and August was the highest on record, surpassing the previous record set in 2004.

Total electricity sales figures for August were released today and totaled 82.1 billion kWh across the 10 companies, an increase of 1.8% on last year, representing the twelfth consecutive month of increase since September 2005. The large industrial user demand that is a key indicator of the nation's economic health was also up by 5.6%, recording its thirteenth consecutive month of increase.

In October, the number of consecutive months of economic growth is expected to equal that of the so-called "Izanagi Economic Boom." Based on electricity sales, the economy does seem to be strong, and we hope these conditions continue in the future.

I would now like to report the results of the latest follow-up review of the electric power industry's Environmental Action Plan.

The Environmental Action Plan lays out electric power industry policies and plans aimed at addressing issues such as global warming and the development of a sustainable, recycling-based society. The plan is incorporated in the Nippon Keidanren (Japan Business Federation) Voluntary Action Plan on the Environment (June 1997), and is designed to support the government's Kyoto Protocol Target Achievement Plan (approved by the Cabinet on April 28, 2005).

A follow-up review of the plan is made every year. The current review was the ninth to be carried out.

One of the most notable changes since the last review was that CO₂ emission intensity (CO₂ emissions per kilowatt hour of end use) rose slightly, reaching 0.425kg-CO₂ for 2005.

The reason for the increase was that although the capacity utilization rates of nuclear power plants rose, thermal generation had to be increased to make up for a decline in hydro generation caused by water shortages, and to meet increased demand caused by record cold winter temperatures.

As we have already announced, by fiscal 2010 the electric power industry aims to reduce CO₂ emission intensity from fiscal 1990 levels by about 20%, which translates to about 0.34kg-CO₂/kWh.

Achievement of this goal seems increasingly difficult, however, because the number of new nuclear power plants expected to be operational by 2010 has fallen to less than half of what it was. (Only 8 reactors are currently expected to be operational, whereas 20 reactors were planned when the Voluntary Action Plan was originally formulated in 1997.)

Nonetheless, we remain committed to our previous targets and will do everything in our power to see that they are achieved.

On the supply side, we intend to increase our nuclear power capacity utilization rates with safety and the restoration of public trust as prerequisites, and we will strive to increase thermal generating efficiency by introducing LNG combined-cycle and high-efficiency coal-fired generating facilities.

In addition, although it does not directly reduce our own CO₂ emission intensity, we will continue to develop and promote the use of heat pumps and other energy-saving appliances that help reduce the nation's overall CO₂ output. In particular, we believe that the latest Eco-Cute units, which in comparison to conventional thermal water heaters can reduce emissions by approximately 60%, can play a key role in helping reduce private sector CO₂ emissions.

To address global warming on a global scale we are also actively promoting and utilizing Kyoto mechanisms such as overseas biomass generating and methane recovery operations, and expect these efforts to lead to a reduction in CO₂ emissions of about 20 million ton-CO₂ by 2010.

In addition to these efforts to reduce CO2 emissions, we are also working to increase waste-material recycling.

We have long worked to reduce the volume of material requiring final disposal, and at the time of the previous review we set a waste-recycling rate target of over 90% by fiscal 2010.

While higher demand for electricity caused coal ash and other waste to increase by 410,000 tons, the volume of recycled waste rose by 800,000 tons, enabling us to achieve an extremely high recycling rate of 96%.

In view of these results we have raised our 2010 waste-recycling target to about 95% as of the current follow-up review.

In the future, we will continue our waste-reduction efforts and will work to develop new ways in which we can consistently recycle large quantities of coal ash.