

**Summary of Comments Made at a Press Conference
by Tsunehisa Katsumata, FEPC Chairman, on January 26, 2007**

Today, I would like to comment on key issues faced by the electric power industry in the coming year, and on electricity supply and demand during the year-end and New Year period.

First, with regard to the issues faced by the electric power industry, there are three major issues that we will be addressing on an industry-wide basis.

The first issue is the need to thoroughly investigate and review past procedural deficiencies and instances of data falsification that were discovered at multiple power companies at the end of last year.

As you know, each of the electric power companies submitted reports to the Ministry of Land, Infrastructure and Transport and the Nuclear and Industrial Safety Agency the day before yesterday. The reports cover the facts, cause, and preventive measures that are being taken with regard to the procedural deficiencies and data falsification at hydro power plants that came to light on December 20 of last year.

I would like to take this opportunity to again apologize deeply for the concern we have caused local residents and society as whole, and for undermining the public's trust.

In the future, we intend to thoroughly investigate the causes and implement measures to prevent a recurrence of such problems, and we ask for your understanding in this regard.

The second major issue is the joint efforts that will be made with Japan Nuclear Fuel Limited (JNFL) to prepare for the start of full-scale operations at the JNFL Rokkasho Reprocessing Plant.

This year will be an important one in terms of starting full-scale operations, and with the understanding and cooperation of Rokkasho Village and Aomori Prefecture residents we hope to move forward with safety and quality as our highest priorities.

Other projects that we hope to move forward this year include advancement of the Pluthermal Plan, construction of a MOX fuel processing facility, and NUMO's efforts to secure a site for final disposal of high-level radioactive waste.

The third major issue we need to address is our response to electric power industry structural reform discussions on complete electricity market deregulation. The discussions are slated to begin in the spring.

As you know, deregulation has already been expanded to include high-voltage power users. In the case of Tokyo Electric Power Company, approximately 2,100 customers (representing approximately 2.5 million kW) have left us, and we are seeing an increase in PPS customers with each passing year.

In this increasingly competitive environment, each company has steadily managed to lower its rates by making efforts to improve efficiency. And we believe that the purpose of Japanese-style deregulation, which aims to maintain a stable supply and ensure environmental compliance while implementing competitive principles that benefit customers and the country as a whole, is gradually being realized.

It is against this backdrop that discussions on the next stage of reforms, including full market deregulation, will begin in the spring.

The other day, there were press reports that the Ministry of Economy, Trade and Industry has decided to postpone residential electricity market deregulation. Such reports do not accord with our understanding of the situation, but whatever the case may be, we believe that the upcoming discussions should not be based on preconceived notions or foregone conclusions.

We further believe that it is important to consider all of the factors affecting energy use, and that we should carefully review the situation in already-deregulated North American and European markets and listen to the opinions of residential and industrial customers and outside experts, so that we can conduct wide-ranging discussions that involve all levels of society in order to reach a consensus.

The three issues I have outlined today are the most pressing, but there are many others that also must be addressed, including efforts to combat global warming.

Although the issues are many, we are prepared to work on an industry-wide basis to address them.

Turning now to the subject of electric power supply and demand, I would like to comment on the figures for the year-end and New Year period (Dec. 29 – Jan. 4).

Together with Golden Week (Apr. 29 – May 5), the year-end and New Year period is when we experience the lowest demand for electricity.

Across the 10 companies, the lowest figure for maximum demand was 96.98 million kW. This was recorded at 19:00 on January 1, and represents a decline of 1.3% on last year.

In addition, the lowest figure for minimum demand across the 10 companies was 71.45 million kW. This was recorded at 06:00 on January 1 and 2, and represents a decline of 0.4% on last year.

Although both figures were lower than they were last year, this is believed to be due to the fact that this year's average temperatures for the period were considerably higher than last year's.

Looking at the lowest figures for minimum demand for the last 10 years, we can see that they have increased overall.

When we consider that summer peak demand across the 10 companies has not yet topped the record set in 2001, the growth in baseline demand represented by the rise in the lowest figures for minimum demand is probably attributable to increased use of electric heating appliances and warm-water bidet toilets, as well as by growth in the number all-electric homes and 24-hour convenience stores.