

**Summary of Comments Made at a Press Conference
by Tsunehisa Katsumata, FEPC Chairman, on June 15, 2007**

There are two things I would like to report on today. The first is the establishment of a “Power Academy” to recruit and foster electric power industry human resources, and the second is the electricity supply and demand forecast for this summer.

Since last autumn, the Federation of Electric Power Companies has been deliberating ways in which we can recruit and foster the human resources needed to support the nation’s future electricity supply. As a result of these deliberations, we have decided to establish a “Power Academy” (tentative name) by April of next year that will work with industry and academia to promote research and education in this field.

Over the past 10 years, the number of students applying to enter engineering departments at universities has declined by 50%, and there has been an accelerating decline in the number of students choosing to study sciences in general. The field of electrical engineering on which the electric power industry depends also has a rather staid image that seems to be causing students to shun it.

For their part, universities are restructuring their faculties and graduate school programs to place greater emphasis on IT, biotechnology, and other leading-edge disciplines that are popular with students. As a result, of the approximately 200 universities nationwide that have electrical-related departments, only 10 schools have a “department of electrical engineering”. I have also heard that as instructors in the field retire, the lack of a suitable successor has caused classes and seminars to be struck from the curriculum.

The electric power industry has until now attempted to promote the study of electrical engineering through sponsored lectures and commissioned/joint research. However, these efforts have not been sufficient to reverse the decline in the subject’s popularity. Since the decline in available human resources will eventually impact our ability to supply electricity if this situation is not changed, we decided to implement fundamental measures on an industry-wide basis.

The Power Academy will be made up of universities, manufacturers, the Central Research Institute of the Electric Power Industry, and each of the electric power companies. Its activities will include:

- 1) Support for university lectures on subjects related to electrical engineering
- 2) The recruiting of promising personnel in the field of electrical engineering

In the future, we will develop more specific plans and will work to revitalize electrical engineering at various universities.

For example, we will establish a research center operated by industry and academia, and will send industry personnel to serve as lecturers for newly established courses.

With regard to the research center, we will first establish a system jointly with Tokyo University to research and teach leading-edge electrical energy technologies, and will cooperate with other universities in researching world-class technologies and fostering human resources to support future technologies.

In addition, we will support human resources development through industry internships and international exchange programs for young researchers and students, and we are thinking of conducting all-Japan joint research and lectures that make use of actual electric power facilities.

Through activities such as these we hope to make electrical engineering more appealing so that promising young personnel can realize their full potential.

I would now like to turn to the subject of this summer's electricity supply and demand forecast.

According to the three-month forecast released by the Meteorological Agency, the La Niña phenomenon and other factors are expected to result in higher than average summer temperatures across the nation.

Based on this forecast and past data, we estimate peak demand across the 10 electric power companies will reach approximately 180 million kW.

With regard to our supply capabilities, we plan to have a capacity of approximately 198 million kW, giving us a reserve capacity of approximately 18 million kW, or about 10%.

However, summer electricity demand is extremely sensitive to temperature, and on hot days when the daytime temperature exceeds 30°C, nationwide peak demand increases by approximately 5 million kW — an amount equivalent to the power consumed by all of Ibaraki Prefecture — for every degree that the temperature rises.

In addition, with the exception of Hokkaido, rainfall throughout the nation has been unusually low this year, and hydro power flow rates for May were the lowest on record since 1942.

Since we cannot rule out the possibility that a sudden increase in demand caused by high temperatures, the unusual drought, or unexpected problems at facilities may impact the situation, all of the companies will remain vigilant in order to ensure a stable summer power supply.

In conclusion, I would like to announce some changes in Federation of Electric Power Companies board of directors personnel that were decided at this morning's General Policy Committee meeting.

Vice-Chairman Teruaki Masumoto, Vice-Chairman Shingo Matsuo, and Secretary-General Takashi Teramoto will be stepping down.

In their place, Tokyo Electric Power Company Vice-President Yoshihisa Morimoto and Kansai Electric Power Company President Shosuke Mori will be named vice-chairmen, and Kansai Electric Power Company Executive Director Yuzuru Hiroe will be named secretary-general.