Summary of Comments Made at a Press Conference
by Tsunehisa Katsumata, FEPC Chairman, on November 16, 2007

I will be reporting on two topics today. The first is the sectoral approach to the development of a framework for international action in the post-Kyoto Protocol era as it relates to the electric power industry, and the second is the electricity demand forecast for the coming winter.

In advance of the COP13 conference that begins on December 3 in Bali, Indonesia, proposals for a post-Kyoto Protocol framework are being actively debated at home and abroad.
On the October 15, Nippon Keidanren announced its “Proposal for a Post-2012 International Framework on Preventing Climate Change.”
To assure that this proposal is recognized by international society as a valid framework, the Federation of Electric Power Companies has set down its thinking on the sectoral approach for the electric power industry.

With the goal of reducing CO_2 emissions worldwide, the electric power industry has long supported and cooperated with electric power companies and others in developing countries.
The focus of current efforts is to improve thermal efficiency at low-efficiency coal-fired power plants in developing countries through the introduction of our world-class operating and maintenance technologies.

We are currently working to improve thermal efficiency in such developing nations through the activities of the Asia-Pacific Partnership (APP) on Clean Development and Climate, whose seven member countries include the United States, a nation that is not participating in the Kyoto Protocol, as well as China and India.
In April of this year, approximately 50 technical staff gathered in Japan and — using a 500-page handbook of thermal efficiency management technologies we prepared for the project — visited actual coal-fired power plants to conduct a peer review aimed at improving energy efficiency.
These activities have been highly evaluated, and at the second APP ministerial meeting held in India last month, they were designated a “Flagship Project” that can be particularly effective in reducing CO_2 emissions.

We firmly believe that if these activities are widely recognized as an international framework, and our nation's best practices can be shared with many countries where energy efficiency is low, this can effectively and significantly reduce the world's CO_2 emissions.
According to figures released by NEDO, the New Energy and Industrial Technology Development Organization, if energy efficiency at the world's thermal power plants was raised to the level of Japan's current top runners, it would have the effect of reducing CO_2 emissions by approximately 1.7 billion tons, an amount that exceeds Japan's annual CO_2 output (about 1.3 billion tons) by a wide margin.

As you know, the Kyoto Protocol covers only 30% of the world's CO_2 emissions because it applies caps on a country-by-country basis, and as a result, the largest CO_2 producer of all, the United States, is not participating in the Protocol, and China and India, who are experiencing phenomenal economic growth, are exempted from making reductions.
If we are serious about reducing the world's CO_2 emissions, we need a scheme in which the nations producing the remaining 70% of the emissions can participate.

In that respect, our framework to achieve higher energy efficiency through mutual cooperation between developed and developing nations supports both economic growth and global environmental protection, providing an incentive for developing nations to participate.
In the future, the Federation of Electric Power Companies will also encourage electric power companies in non-APP member countries to adopt this sectoral approach.

I would now like to turn to the topic of this winter's electricity demand forecast.

According to Meteorological Agency forecasts, winter temperatures across the nation are expected to be as cold as in an average year.
In view of this, we estimate peak demand across the 10 companies this winter may reach 158.74 million kW.
Against this, we have a supply capacity of some 180.61 million kW, giving us a supply margin of approximately 14%.

Record peak demand was recorded the winter before last, when temperatures were low nationwide. Last year, however, record high winter temperatures caused a year-on-year drop in peak demand of approximately 7 million kW, an amount equivalent to the peak demand of Chiba Prefecture.
Electric power companies will therefore stay on their guard again this year, and will work closely with one another to ensure a stable supply.

I would now like to speak for a moment as the president of Tokyo Electric Power Company, and report briefly on our own winter supply and demand situation.

Winter peak demand of 53.8 million kW is expected at Tokyo Electric Power Company. With the Kashiwazaki-Kariwa nuclear power plant shut down as a result of the Chuetsu Offshore Earthquake, we have worked to secure supply capacity by: restarting thermal plants undergoing a planned long-term suspension of operations; making use of test operation output; increasing output from thermal and other power plants while confirming safety; and by purchasing excess electricity from self-generators. As a result, we now expect to be able to boost supply capacity by 2.4 million kW even during February, when supply and demand will be tightest, to reach 56.8 million kW, giving us a supply margin of approximately 6%.

Even so, securing this supply will require us to run older thermal plants at full capacity, and to utilize test operation output from newly constructed power plants. We are therefore proceeding with utmost caution, and are asking customers to continue to cooperate with power conservation efforts.

More specifically, beginning next month we will ask residential customers and large industrial users alike — via customer calls, messages on the back of meter-reading slips, and other activities — for their cooperation in conserving power.