Summary of Comments Made at a Press Conference
by Tsunehisa Katsumata, FEPC Chairman, on December 14, 2007

Time passes quickly, and has brought us once again to our final press conference of the year. I would therefore like to take this opportunity to comment briefly on the year's events.

In both a good sense and a bad sense, this was a year in which nuclear power received much attention.

In the first half of the year, the problem of generating facility data falsification arose.
In order to make a full reckoning of all past misdeeds, the companies interviewed over 70,000 individuals, going back in time as far as possible.
The result, regrettably, was that more than 300 instances were found at nuclear, thermal, and hydro generating facilities, causing concern to local community residents and the general public that led to a loss of trust.

A complete reform of staff awareness and corporate culture is not an overnight job, and from the standpoint of our constantly changing relationship with society, there is no point at which we can say, "There, now we have done enough."
Taking the lesson we have learned from this experience to heart, we will relentlessly persevere on an industry-wide basis to make generating plants better trusted by everyone.

In July, the Niigata Chuetsu Offshore Earthquake damaged the Kashiwazaki-Kariwa nuclear power plant and caused increased concern about the earthquake resistance of nuclear power plants.

At the Kashiwazaki-Kariwa plant, the most essential safety operations of shutdown, cooling, and containment were properly carried out. There were, however, delays in reporting and extinguishing a transformer fire, as well as other issues that revealed a need to improve emergency preparedness.

Each of the companies is currently reconfirming safety in the light of new earthquake-resistance guidelines. As their reports come in and are analyzed, and as we apply what we learn from inspecting and studying data from the Kashiwazaki-Kariwa nuclear power plant, we will undertake necessary

measures and actively work to ensure nuclear power plant earthquake resistance.

As we move forward, we will keep in mind that Japan is an earthquake-prone nation and will carefully explain our actions in a way that everyone can understand, so that local community residents and the general public can comfortably put their minds at ease.

With all reactors at the Kashiwazaki-Kariwa nuclear power plant currently shut down, we are reminded of the important role and effect of nuclear power in assuring a stable power supply, energy security at reasonable cost, and the suppression of CO_2 emissions.
If we consider future increases in fuel prices and competition for resources, as well as the problem of global warming, it only reconfirms the importance of nuclear power as the nation's primary energy supply.

Although it has been a difficult time for nuclear power, there were several advances made with regard to the nuclear fuel cycle.

Although construction underway at the Japan Nuclear Fuel Limited reprocessing plant in Rokkasho-mura, Aomori, has been delayed by input errors in the earthquake-resistance calculations for some of the facilities, active tests are about to enter the final phase, and in February of next year construction is scheduled to be complete.

With respect to pluthermal plans, there was movement at several of the companies, with approval for reactor modifications being granted to Chubu Electric Power Company in July, and production of MOX fuel for Kyushu Electric Power Company beginning in October.

With regard to the long-pending issue of site selection for final disposal of high-level radioactive waste, the Radioactive Waste Sub-committee met this year and, taking into account the lessons learned in the case of Toyocho, in Kochi prefecture, announced strengthened measures.
For its part, the Federation of Electric Power Companies established a Geological Repository Promotion Headquarters in September, and in close

cooperation with the government and NUMO has decided to strengthen its public relations efforts and support for NUMO activities.

There were also a number of other developments this year in the fields of energy and electric power. Foremost among these is the escalating crude oil prices that have had a major affect not just on the electric power industry, but also on industry and daily life in general. Crude oil prices have risen with particular rapidity since September due to rising demand in Asia and an influx of speculative money into the oil market. In November, the US$50 per barrel prices of early this year had almost doubled to US$100 per barrel, making it no overstatement to call this the world's third 'oil shock.'

In the first oil shock in 1973, oil-fired plants accounted for over 70% of Japan's electricity output, and we were forced to raise electricity rates by an average of more than 50% across the nine electric power companies.

Mindful of that experience, we have since diversified our energy sources with nuclear power at the core, and now rely on oil-fired plants for less than 10% of our power output. As a result, we are able to respond with far more resilience than before.
Even so, the continued flow of speculative money to the oil market and unrest in the Middle East give cause for concern, and we will be watching developments with a careful eye.

Electricity market liberalization was also a much-discussed topic this year.

A basic report is expected in January of next year, but since discussions began last April, they have amply taken into account the rapid rise in crude oil prices, global warming measures, and other changing circumstances, and we are confident that the report's findings will be on target.

In our ongoing promotion of market liberalization, we have stressed efficiency, improved customer service, and fair competition at every level, right down to the front line of operations. Next year will see the formulation of specific plans, and we will continue to remain true to our basic principles.

These, then, have in my view been the year's most notable developments.

There are now only two weeks left in the year.
Next year, in addition to the issues I have mentioned today, will bring many new developments, including the start of the first phase of Kyoto Protocol target achievement, and active discussions at home and abroad on the way forward in the post-Kyoto Protocol era.
I therefore ask again for the continued support of Energy Press Club members in the coming year.