

**Summary of Comments Made at a Press Conference
by Tsunehisa Katsumata, FEPC Chairman, on January 25, 2008**

This is our first press conference of the new year, and I ask for your continued support again this year.

First of all, in view of the fact that I will step down in June as president of Tokyo Electric Power Company and chairman of the Federation of Electric Power Companies, it was unanimously decided at this morning's General Policy Meeting that I will be succeeded as FEPC chairman by President Shosuke Mori of Kansai Electric Power Company. An official announcement will be made at the June press conference, and I ask you all for your support.

I would now like to comment on the most important issues the electric power industry will face this year.

Articles on global environmental problems appeared in the January 1 edition of many of the major daily newspapers, and for those of us in the electric power industry, the most important topic this year will be how to address global environmental problems.

With debate on post-Kyoto Protocols increasing in the run-up to the G8 Hokkaido Toyako Summit in July, the electric power industry will cooperate with other industries and actively increase its information dissemination activities over last year's levels to deepen understanding at home and abroad of the electric power industry's position and efforts.

Against this background, I would like to report on two examples of the sectoral approach we are undertaking.

The first example is the second peer review being conducted by the Asia-Pacific Partnership on Clean Development and Climate (APP), which is made up of seven nations, including the U.S., China, and India.

In the peer review, engineers from participating APP nations visit coal-fired power plants in each country and promote best-practice operation and maintenance in an effort to improve power plant thermal efficiency. The first peer review was held in Japan in April of last year.

For the second peer review, approximately 50 engineers will gather in India from the 6th to the 12th of next month. Fourteen people from six electric power companies are scheduled to participate from Japan.

Participants from various countries are scheduled to visit two coal-fired power plants near New Delhi and exchange opinions on operating data target-value management, operating procedure improvement, and facilities renewal and improvement.

The second example is a facilities assessment project for coal-fired electric power generating plants in China.

As part of a NEDO project, Tokyo Electric Power Company, Chugoku Electric Power Company, and Electric Power Development will make energy conservation and power plant performance assessments aimed at improving the thermal efficiency of coal-fired power plants in China.

Following a first site survey made in December of last year, Electric Power Development is scheduled to make a second site survey on the 21st of this month, and the other two firms are scheduled to do so in late February.

We plan to finalize an improvement proposal by the end of the current fiscal year, and to cooperate in China's facilities renewal to improve thermal efficiency.

China relies on coal-fired power plants for approximately 70% of its power, and India relies on them for over 50%. In the future, we will continue to share best-practice operating and maintenance technologies with engineers from such countries, and develop measures to prevent global warming that are effective and appropriate to each country.

In addition to improving the energy efficiency of power generation, we are also working to improve the energy efficiency of power transmission and distribution.

One example of these efforts is a national project that will start in the coming fiscal year to develop superconducting electrical cables, transformers, and electricity storage devices.

Superconductivity is a physical phenomenon that results in zero electrical resistance when a material is below a certain temperature. The lack of resistance means that no heat is produced, and if these technologies can be

applied to electric power transmission and distribution facilities, transmission loss can be significantly reduced, and high-volume transmission will be possible. This effort is one of the key elements of the nation's Cool Earth Energy Innovative Technology Plan, which aims to achieve a 50% reduction in greenhouse gas emissions by 2050, and we have high hopes for its ability to help solve global environmental problems.

Because research efforts have made the development of wire materials feasible, the project slated to start next fiscal year will conduct research and development aimed at applying this technology to power cables, transformers, and electricity storage devices. The role of electric power companies in this area will become even more important than before, and we will actively support such efforts.

Another issue this year that ranks in importance with global warming is the reestablishment of nuclear power.

I believe that nuclear power is the only energy source that can simultaneously address the issues of global warming, energy security, and energy costs that the nation faces.

For example, if the nationwide nuclear power capacity factor rises by just 1%, it has the effect of reducing total CO₂ emissions from electric power by 1%, which is approximately equal to 3 million tons. And with crude oil prices approaching \$100 a barrel, there is more than a tenfold difference in thermal and nuclear running costs.

However, we believe the vital role and importance of nuclear power are not sufficiently understood by the nation's citizens.

This year we will therefore return to basics, and in addition to strengthening safety management and quality improvement, the electric power industry — with the understanding and cooperation of people in other industries and organizations — will actively work to deepen understanding of the role and importance of nuclear power.

This year, the Rokkasho Reprocessing Plant is at last scheduled to begin operations. In addition, we also anticipate restarting operations at Monju, the steady advancement of pluthermal plans, and new movement with regard to

selecting candidate sites for high-level radioactive waste final disposal. While placing the highest priority on safety, we intend to make the utmost effort on an industrywide basis to ensure that, in retrospect, this year is seen as an epoch-making year for nuclear power.