

**Summary of Comments Made at a Press Conference  
by Shosuke Mori, FEPC Chairman, on October 24, 2008**

Today, I would like to report on the 10th International Electricity Summit which was held about two weeks ago, and then outline the opinions of the electric power companies of Japan about discussions at the Electricity Industry Committee and Coordination Subcommittee of the Advisory Committee for Natural Resources and Energy of the Ministry of Economy, Trade and Industry (METI).

1. Report on the International Electricity Summit

First, I would like to report on the International Electricity Summit held on October 6 and 7 in Atlanta, the United States.

At the Summit, directors from three of the world's industry associations, the FEPC of Japan, the Edison Electric Institute of the United States and EURELECTRIC of Europe, met to discuss the state of the electricity industry and other topics of common interest. These meetings for exchanging opinions on a wide range of topics are held regularly about every 18 months.

In this 10th Summit, 35 participants, including 13 from Japan, discussed topics such as climate change prevention, issues regarding the construction and renewal of electric power infrastructures, and the present state and challenges of renewable energy.

The greatest achievement of this Summit was that a proposal from the electricity industry of Japan on coordinated action for preventing global warming through an international partnership in the electric power sector has led to the formation of the International Electricity Partnership (IEP) for a global low-carbon future through advanced electric power technologies.

Specific activities of the IEP will be discussed at the first meeting to be held next month in the US. In the meantime, we plan to produce a roadmap for developing the sectoral approach in the electric power sector by promoting the transfer of highly efficient thermal generation technologies to developing

nations and the development and implementation of other advanced technologies such as clean coal technologies.

In this Summit, we were highly impressed by the discussions on climate change, particularly those concerning emissions trading systems.

While some participants from the EU region commented that the EU-ETS is functioning well, there were also negative opinions such as: “EU-ETS is a failure. Other parts of the world should learn from this failure” and “EU-ETS is not appropriate as a global system. The world’s electric power companies should therefore jointly make suggestions to national governments.”

Since EU participants expressed only positive opinions about EU-ETS during the previous summit in March 2007, we were surprised by the change in mood.

In addition, regarding the current global financial crisis, participants from various countries expressed their concern that it might affect the funding of investments in facilities to meet growing demand for electricity. Once again, the strong need for strengthening financial credibility and quickly stabilizing global financial markets was evident.

The next International Electricity Summit will be held in Kansai in April 2010.

## 2. Discussions at the Electricity Industry Committee

Next, I would like to express our opinions concerning the discussions on revising the electricity rate system at the Electricity Industry Committee of the Advisory Committee for Natural Resources and Energy, which resumed on October 17.

As we emphasized during the session of the Electricity Industry Committee, the electric power companies of Japan have been making utmost efforts to lower and stabilize electricity rates while fulfilling public missions such as stable supply, environmental conservation and universal service.

Specifically, we countered the general trend of rising fuel and other prices by working hard to streamline overall management and save costs, reducing impacts on customers, and lowering electricity rates several times.

However, we cannot absorb the recent sharp rise in fossil fuel prices by our efforts alone. The fuel cost accounted for about 10% of the total cost when the current fuel cost adjustment system was established, but this has now grown to about 30%, causing major changes in the management environment.

The electric power companies of Japan acknowledge the need for a comprehensive review of the electricity rate system in consideration of such changes.

However, in the present review, we believe that, as suggested by many committee members during the session last week, discussions should not only consider the impacts on customers, but also public duty such as ensuring a stable supply.

Electric power companies are supported by various stakeholders including customers, shareholders and partner companies. As the electric utilities of Japan, we will express our opinions clearly to ensure that a good electricity rate system is developed based on opinions from such various stakeholders.

As for the special consideration for fuel cost adjustment for the first quarter (January to March) of next year requested by METI Minister Nikai and by the Agency for Natural Resources and Energy, the Kansai Electric Power Co., Inc., as it announced in the session last week of the Electricity Industry Committee, will take measures to prevent excessive impacts on customers in the regulated retail market by leveling the burden of higher electricity rates.

As an electric power company with great social responsibilities, our most important mission is to ensure a stable supply of electricity. Thus, we are now drawing up detailed measures needed to sustain corporate soundness by ensuring that the cost for electricity supply can be recouped.

It may take some time to finalize the measures; details will be announced as

they become available.

### 3. Discussions at the Coordination Subcommittee

Finally, I would like to comment briefly on discussions at the Coordination Subcommittee of the Advisory Committee for Natural Resources and Energy, which began on October 10.

The present session of the Coordination Subcommittee will include discussions on the extended use of non-fossil energy sources in view of recent changes in the energy situation characterized by rising energy prices, the emergence of resource nationalism and the need to respond to global environmental issues.

In the past, the electric power companies of Japan have always aligned themselves with basic national energy policies as we pursued the optimal combination of power sources by maximizing the use of our managerial flexibility to simultaneously achieve stable supply, economy and environmental compatibility.

We expect careful discussions during the present session because the managerial flexibility and initiative of electric power companies should not be adversely affected.

Moreover, as we have always emphasized, the siting and construction of nuclear power plants and other power generation infrastructure require a very long time.

Policy goals that prescribe a future vision based on certain assumptions naturally tend to differ from the reality of implementation plans produced by the electric power companies which are responsible for supplying power.

We hope that the discussions during the present session do not lead to major impacts on our construction projects that are already in progress.

Energy and environmental issues cannot be solved solely by the efforts of

energy suppliers, but require nationwide efforts. We believe that committee members should thoroughly discuss matters to clearly establish the roles and responsibilities of not only energy suppliers but also of the public and the government.

This is all for today. Thank you for your kind attention.