Summary of Comments Made at a Press Conference
by Shosuke Mori, FEPC Chairman, on November 21, 2008

Today I am going to speak on two subjects. Firstly, I would like to say something about the report that 1.5 million Eco-Cute electric water heaters have been shipped in Japan. Secondly, I would like to present the electricity supply and demand forecast for this winter.

1. 1.5 Million Eco-Cute Water Heaters Shipped in Japan

The 14th Conference of the Parties to UNFCCC (COP14) will begin on December 1. The conference will surely attract lively discussions on the post-Kyoto framework, with conclusions expected to be reached at another conference next year (COP15).

I wish to emphasize again that achieving a low carbon society requires efforts not only on the supply side but also on the demand side. Consumers need to use energy more efficiently and achieve higher levels of energy saving.

Heat pump technology is an important means of achieving that. With advanced technology developed in Japan, it is possible to obtain a thermal output three to four times as large as the energy consumed by the system in the form of electric power.

One excellent product that uses this technology is Eco-Cute, and we have been working hard to expand the use of Eco-Cute which also greatly reduces CO_2 emissions in comparison with conventional forms of water heater.

Eco-Cute electric water heaters were released in 2001. In the seven years since then, around 1.5 million units have been shipped (1,529,000 units by the end of last month).

The total number of units exceeded one million in September 2007, and another 0.5 million units were shipped in just the next year or so.

Looking at quarterly shipments by number of units, the 133,132 units shipped in

the last quarter (July to September) was record-breaking, which was 28.8% higher than the shipment in the previous year.

This steady growth demonstrates how more and more people are beginning to buy Eco-Cute because of its excellence.

There are several factors driving the sales of Eco-Cute year after year. These include the coordinated efforts made by the Government and private enterprises to expand the use of Eco-Cute by means such as subsidies from the Government, besides stronger awareness of global environmental problems and households' increasing focus on energy costs and energy saving.

The CO_2 emissions saved by 1.5 million Eco-Cute units are estimated to be 900 thousand tons of CO_2, which is equivalent to the CO_2 absorbed by forests four times as large as the 23 wards of Tokyo.

In the meeting last month of the Council on Economic and Fiscal Policy, Eco-Cute was specifically cited: "To lead the world in achieving a low carbon society while strengthening energy security, it is important to provide incentives for switching to Eco-Cute, etc." In partnership with the Government, the electric power industry will continue promoting Eco-Cute, aiming to increase the total number of units to 10 million by the end of FY2020.

Last month, Japan started pilot operation of unified domestic emission trading market, and introduced a domestic credit system at the same time.

The domestic credit system encourages large enterprises to help small and medium sized firms reduce their CO_2 emissions by providing them with necessary technologies and funds. The credits generated from such contributions can be applied to targets in voluntary action plans, for example. Heat pump technology is characterized as an effective means for reducing CO_2 emissions by making use of this system.

On November 7, Chugoku Electric Power and Tokyo Electric Power filed applications to the Government respectively in response to the first call for project applications based on this domestic credit system. The project involves

introducing heat pump systems to hospitals and spas that presently depend on fossil fuels for producing heat.

As mentioned in the Energy White Paper published in May this year, the greater use of heat pump systems in Japan in the future, widely covering the demand for air conditioning and water heating in the commercial/residential sector and the demand for heating and drying in the industry sector, may end up saving 130 million tons of CO_2 emissions, cutting the country's total CO_2 emissions by approximately 10%.

Since heat pump technology has such a massive potential to reduce CO_2 emissions, the electric power industry intends to use it for actively helping small and medium sized enterprises reduce their CO_2 emissions.

Heat pump technology is also attracting much attention in the rest of the world, particularly in Europe, as a way of utilizing renewable energy sources such as ground heat and atmospheric heat.

A brochure for the Energy Technologies Perspectives 2008, in which the IEA prescribes solutions for energy and environmental issues, defines the heat pump as a key technology for reducing CO_2 emissions from buildings.

2. Electricity Supply and Demand Forecast for This Winter

Next, I would like to present the electricity supply and demand forecast for this winter.

According to the Meteorological Agency, temperatures this winter are expected to be average or higher than average in most parts of Japan.

In view of this and other factors, we estimate that the peak demand this winter across the 10 electric power companies will be 160.34 million kW.

We plan to meet this demand by securing the supply capacity of 186.03 million kW, which will allow a supply margin of 16%.

Last winter, the peak demand for the 10 electric power companies reached a record high as many as four times, while the maximum daily consumption reached a record high six times.

In the coldest season, a drop in ambient temperature of 1°C can increase the country's peak demand by about 2.1 million kW, which corresponds roughly to the output from two nuclear power plants.

Furthermore, we need to be ready for uncertainties such as unexpectedly cold spells or troubles at power plants.
All electric power companies of Japan intend to ensure the stable supply of electricity through careful attention and coordinated efforts.

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