

Summary of Comments Made at a Press Conference by Shosuke Mori, FEPC Chairman, on February 19, 2010

Today I will talk on two subjects: “A Report on the World Association of Nuclear Operators' (WANO) Biennial General Meeting,” and “the Japanese Electric Power Industry’s View on the Basic Bill for Global Warming Countermeasures.”

1. WANO’s Biennial General Meeting

Allow me now to report on the WANO’s biennial general meeting, which was held in New Delhi, India, for two days from February 1.

WANO is a private international organization established in response to the accident at the Chernobyl nuclear power plant. Aiming to improve safety and reliability, WANO’s activities include exchanging information on operating experience and accidents and holding peer reviews where members visit each other’s nuclear power plants and present ideas for improvement.

At the association’s biennial general meeting, its members’ executive officers come together to discuss and exchange a wide range of information about action policies and various issues related to nuclear power generation. The present tenth biennial general meeting attracted as many as 370 participants from various countries around the world. Japan was represented at the general meeting by some 80 electric power company executives, including myself.

WANO’s tenth biennial general meeting focused on the theme of “Moving Forward Safely in a Changing World” and discussed various issues, focusing on ways to strengthen the association amidst drastic changes in the environment for nuclear power generation as twenty years have passed since the association’s inception.

Dr. Pachauri, Chairman of the IPCC (Intergovernmental Panel on Climate Change), started the general meeting with a keynote address, affirming that “since nuclear power generation greatly reduces greenhouse gas emissions, it should be expanded as quickly as possible. IPCC, for the first time in its fourth assessment report, addressed nuclear power generation as a means for

mitigating global warming, yet nuclear power may not be appropriate without a safety organization and skills. Whether safe nuclear power can be provided or not hinges on WANO's efforts towards this end."

At the sessions that followed, participants discussed issues such as the need to take a fresh look at WANO's organizational framework and enhance its functions in order to maintain and improve nuclear safety on a global scale, given that emerging countries are planning to construct nuclear power plants and existing nuclear operators have committed themselves to building new or additional nuclear power plants, resulting in a rapid increase in nuclear power plants around the world.

Finally, based on the discussions over the two days, Mr. Laurent Stricker, Chairman of WANO and Advisor to the Chairman and CEO for Nuclear Issue, EDF, presented a summary of the general meeting, called on members' CEOs to become actively involved in efforts to reinforce WANO, and suggested that in response to the construction of new or additional nuclear power plants in Asian countries, including China and India, an expert team should be created to help those countries conduct peer reviews of their plants before commissioning.

Looking ahead globally, there are plans to construct a total of nearly 150 nuclear power plants with a combined capacity of 150 GW.

We, nuclear operators around the world, are all in the same boat in that if a major accident or trouble threatening nuclear safety should occur in any country, it would certainly affect nuclear operators worldwide.

The Japanese electric power industry is determined to continue to improve the safety of nuclear power plants around the world by using our broad experience and knowledge accumulated over the past forty years. We wish to provide support for human resources development and know-how on safety management to those countries which are planning to introduce nuclear power generation through continuous commitment to WANO's activities.

2. The Japanese Electric Power Industry's View on the Basic Bill for Global Warming Countermeasures.

Let me now explain the Japanese electric power industry's views on the Basic Bill for Global Warming Countermeasures.

The review team of vice minister-level officials, formed under the Committee of Ministers on the Global Warming Issue, is now considering this basic bill.

According to news reports, the bill would enforce the government's major policies such as the feed-in tariff program, the global warming tax, and the cap and trade program, including the goal of reducing GHG emissions by 25% from 1990 levels. The bill will be endorsed by the Cabinet and will be submitted to the ordinary session of the Diet early in March.

The basic bill now being considered may greatly affect the national life and the Japanese economy for the next ten years. More importantly, it is the people and private businesses such as us who will be forced to shoulder various burdens and to take measures against global warming.

An opinion poll on the enactment of the basic bill, conducted by the Ministry of the Environment at the end of last year, showed that nearly 90% of respondents were opposed to setting the medium-term goal on emission reduction without the government giving adequate information. Most of the respondents also have negative views on individual policies such as the tax on global warming and the cap and trade program.

Meanwhile, a personal interview survey, conducted by the project team concerning the purchase of full amounts of electric power generated by renewable energy sources, revealed that consumer representatives say that more than 70% of consumers are opposed to any additional burden, and some stated that the maximum additional burden should be at the most ¥100 per month per household.

In spite of these negative views and anxieties expressed by many people, the government is considering the bill behind the scenes, without disclosing the details.

We hope that the government will clearly make public the process of examining the bill, listen to the opinions of citizens and enterprises, and arrange open discussions among all those concerned.

As I have repeatedly stated, measures to counter global warming are inextricably linked with the national energy policies and will fail if the balance

with energy security and economic efficiency is ignored.

Our estimates show that if a global warming tax is calculated according to the Ministry of the Environment's proposal of the previous year, for example, the electric power industry would face an extra burden of ¥430 billion annually, and if the cap and trade program is introduced based on the 100% auctioned initial allocation, the industry would have to bear expenses of nearly ¥1 trillion to purchase emission credits. In addition, if we are required to purchase full amounts of electricity generated by all types of renewable energy sources, we will have to pay as much as nearly ¥1 trillion a year to purchase electricity produced by photovoltaic power generation systems alone in the year 2020, by when the capacity of photovoltaic panels installed will reach 280 million kW. And if we are obliged to purchase all electricity generated by all renewable energy sources, then we would have to pay ¥2.4 trillion in total.

We hope that in proceeding with the basic bill, the government will comprehensively analyze the possible effects of global warming control policies on the steady supply of energy, the national life and industrial activities, in addition to CO₂ reduction effects, rather than jumping to conclusions.

Thank you very much for your kind attention.