

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

Today I would like to talk about the two subjects: "The Japanese Electric Power Industry's View on the Basic Bill for Global Warming Countermeasures and a Revision of the Basic Energy Plan," and the "Resumption of Operations at the Monju Reactor."

1. The Basic Law for Global Warming Countermeasures and a Revision of the Basic Energy Plan

As you already know, the Basic Bill for Global Warming Countermeasures was endorsed by the Cabinet and was submitted to the Diet last week.

As we have maintained, this bill would have a tremendous impact on the life and industry of the country for a long time, so the government should closely verify and fully explain the possible benefits of the legislation and burdens that it may impose on the people. The legislation would not produce any appreciable results without the solid support and cooperation of people and industry.

As the Diet is about to discuss the legislation, we earnestly hope that Diet members will carefully listen to the views of both citizens and industrialists and consider it thoroughly.

The Cabinet-endorsed bill would require the government to ensure international equitability when setting medium-term objectives of GHG emission reduction, to strike a balance between global warming control measures and energy policies, and to promote nuclear power development as we have been emphasizing. We are grateful that these provisions are contained in the legislation.

Regarding a domestic emissions trading system, a regulatory mechanism for emissions intensity has also been adopted, paving the way for broader discussions and options. However, we consider an emissions trading system involves various problems, such as difficulties in allocating emissions caps equitably and concerns about making emissions credits the target of speculative trading.

We hope that Diet members will carefully discuss at a Diet session how this emissions trading system should be in consideration of examples in Europe and elsewhere.

Meanwhile, a revision of the Basic Energy Plan is being examined in line with the development of these governmental global warming control measures and economic growth strategies.

Between last month and this month, the government conducted public hearings to

gather the views of experts and industrialists on the proposed revisions to the plan. On behalf of the Federation of Electric Power Companies of Japan, I presented the Japanese electric power industry's views on the proposal as well as the initiatives we are planning in order to reduce emissions by 2020 and 2030.

I suggested that achieving the three E's – that is, Energy security, Environmental conservation, and Economy – is the fundamental role of the electric power industry and then outlined some important considerations when revising the Basic Energy Plan.

First, for Japan with a low energy self-sufficiency rate, a steady supply of energy and economic efficiency will become increasingly important as competition for natural resources intensifies through the world. Even if the government sets ambitious goals for saving energy and introducing renewable energy sources, the electric utilities which are responsible for providing a steady supply of energy cannot go ahead with actual projects simply premised on uncertain figures that may or may not be achieved.

I also stated that the real solutions for arresting global warming are nuclear power on the supply side and enhanced efficiency and electrification on the demand side.

Promoting nuclear power, and establishing a closed nuclear fuel cycle in particular, is the key to achieving the three E's collectively, and that requires a consistent, constant policy.

I suggested that heat pump technology that uses atmospheric heat source, which is a renewable energy source, should be actively promoted by including it in energy policies.

Regarding the cost of global warming control measures, we hope that the government will consider a mechanism in which citizens understand and share these costs equitably.

Finally, I advised that the government should transfer Japan's outstanding low-carbon technologies, such as highly efficient coal thermal power generation technology, to foreign countries and based on these technologies, take the lead in urging the international community to reduce CO₂ emissions.

Some estimates indicate, for example, that introducing Japan's highest-efficiency coal thermal power generation technology in three large CO₂ emitters – the United States, China, and India – could reduce carbon dioxide by as much as 1,300 million tons, which is equivalent to Japan's total CO₂ emissions.

These are our views that I presented at the public hearing.

2. Resumption of Operations at the Monju Reactor

Allow me now to say a few words about the resumption of operations at the Monju prototype fast breeder reactor.

The Nuclear Safety Commission agreed yesterday with the evaluation of seismic safety of the Monju reactor, which the Japan Atomic Energy Agency (JAEA) has been working to restart by the end of the fiscal year.

The Framework for Nuclear Energy Policy calls upon JAEA to restart the Monju reactor early since it is a cornerstone of the nation's research and development on technologies to establish the fast breeder reactor cycle, to demonstrate its reliability as a power plant, and to establish technology for handling sodium.

Going forward, we expect JAEA to communicate closely with local stakeholders to help them realize that the prototype FBR can be safely and steadily operated based on JAEA's many years of efforts, and to gain their consent for operations to resume at this reactor by the end of the current fiscal year as planned.

3. Appointment of a New FEPC Vice Chairman and Overview of Electricity Demand in this Winter

Finally, I would like to announce that the president of Hokuriku Electric Power Co., Isao Nagahara, Vice Chairman of FEPC, will resign as president of the company on April 1 of this year and so the FEPC General Policy Committee decided today to appoint the president of Chugoku Electric Power Co., Takashi Yamashita, as Nagahara's successor at FEPC. There are no other executive resignations or appointments.

Electricity demand in winter can be referred to in the Attachment (not available in the English version).

Thank you very much for your kind attention.