

Summary of Press Conference Comments by Shosuke Mori, FEPC Chairman
May 21, 2010

Today I would like to report on two topics: the submission of our opinions concerning the energy and environmental policies of Japan, and our activities toward engagement in nuclear power projects in Vietnam.

1. Submission of Our Opinions Concerning the Energy and Environmental Policies of Japan

This week, the Basic Bill for Global Warming Countermeasures passed the House of Representatives. It is unfortunate that this important bill, which will greatly affect people's welfare and companies' activities, seems to have been adopted without sufficient discussion. I sincerely hope that the issue will continue to be discussed seriously in the next session of the House of Councilors.

From late April to May, as national discussions about energy and environmental policies entered the final stage, FEPC submitted letters to the Government, representing the industry's opinions about the Mid- and Long-Term Roadmap, the revision of the Basic Energy Plan, and the proposed arrangement for the full purchase of power from renewable sources.

First, let me comment on the Mid- and Long-term Roadmap, which describes measures that Japan should take to achieve the mid-term targets.

Our greatest concern is the unacceptable lack of clarity in addressing feasibility and effectiveness. Is it possible to implement such measures without sacrificing the stable supply of electricity at reasonable prices? We strongly doubt it.

For example, the installation of photovoltaic systems on houses is now expanding at a rate of about 150,000 households per year, whereas the Roadmap assumes expansion by 1,000,000 households annually.

The Roadmap expects oil-fired thermal power generation to fall by 80% and coal-fired by 60% from the 2005 level by 2020, with photovoltaic power expanding to 50GW and wind power, etc. to 20GW. Such figures are beyond the acceptable range to us, as we must act according to realistic supply plans to ensure a stable supply of electricity.

Furthermore, the economic analysis with regard to the Roadmap overemphasizes the benefits of the proposed measures against global warming, such as GDP growth and the stimulation of demand, while failing to mention their negative impacts.

We hope that this Government roadmap would focus more carefully on various aspects of reality, such as the feasibility and economic implications of each measure as well as their acceptability to energy consumers.

Next, let me comment on the proposed revision of the Basic Energy Plan as announced on April 19.

With the proposed update of the Basic Energy Plan, the Government expects major progress in energy conservation and a massive introduction of renewables, and is aiming for the highly ambitious target of boosting the share of carbon-free power sources to about 70% by 2030.

Our most important obligation is to ensure a stable supply of electricity, so this high target is unrealistic. As with the Roadmap, we cannot commit ourselves to attain such a target.

Of course, we are willing to do our best to achieve the target, but it is important that the Government takes the initiative in implementing various measures with nationwide support from various stakeholders.

Regarding the interpretation of the target proposed for inclusion in the Basic Energy Plan, the Government should clearly state that the proposed target represents the Government's commitment, and therefore, the ultimate responsibility for the proposed target rests with the Government.

As a policy measure to expand the use of nuclear power, the proposed plan suggests obliging utilities to attain certain targets through additional regulations based on the Law on the Promotion of the Use of Nonfossil Energy Sources and Effective Use of Fossil Energy Materials by Energy Suppliers.

Needless to say, we are already committed to continuing and strengthening our efforts to improve the capacity factor of nuclear power and to developing new nuclear power plants. Therefore, we expect the Government to introduce measures to support, rather than browbeat, utilities.

Finally, let me express our opinions concerning the proposed option for the full purchase of power from all renewable sources.

We already presented our basic opinions on this issue at a meeting at the Ministry of Economy, Trade and Industry in December last year and have explained them at the press conference meeting.

As for the scope of purchase and the purchasing prices, I would like to add that, considering the need to minimize the burden on citizens, existing facilities should be excluded from the scope and the purchasing system should be designed so as not to allow profit-oriented new entrants to earn excessive profit.

In view of the purpose of the purchasing system, it is important that the economic burden is shared equally by all citizens.

If the economic burden arising from the purchasing system must be covered solely by adding on to electricity prices, then electricity consumers will be unfairly forced to accept disadvantages to consumers of other energy options. Therefore, we expect the Government to arrange for the burden to be

shared equally by all energy consumers through taxation, etc.

That summarizes our opinions about those several policies proposed by the Government.

2. Activities toward Engagement in Nuclear Power Projects in Vietnam

Next, I would like to report on our activities toward engagement in nuclear power projects in Vietnam.

At the end of last month, as already announced, the Government, three electric power companies (Tokyo Electric Power, Chubu Electric Power and Kansai Electric Power) and three plant manufacturers (Mitsubishi Heavy Industries, Toshiba and Hitachi) agreed on a plan to jointly establish a new company to focus exclusively on nuclear power projects in Vietnam. A planning committee is due to be set up next month, with a view to starting the new company in the fall.

Since 2000, mainly under the coordination of the Japan Atomic Industrial Forum, the electric power industry of Japan has been supporting nuclear power initiatives in Vietnam by dispatching experts and supporting human resource development. In addition, since 2007, the Japan Atomic Power Company, representing the electric power industry of Japan, has been helping Electricity of Vietnam (EVN) prepare their feasibility studies.

Earlier this month, executives in charge of nuclear power from the above-mentioned power companies and plant manufacturers visited Hanoi to meet with representatives from the Vietnamese Government, to convey the readiness to engage in nuclear power projects in Vietnam with the full commitment of all important stakeholders on the Japanese side, and to hear about the needs on the Vietnamese side.

During the visit, the team enjoyed an opportunity to meet Deputy Prime Minister Hai and Minister of Planning and Investment Phuc along with Minister Sengoku of the National Policy Unit of Japan.

Minister Sengoku announced Japan's willingness to support Vietnam with the latest nuclear technologies with a high safety level, and explained the plan to establish a new company in the near future for taking on projects under a strong public-private partnership. The representatives from the Vietnamese Government welcomed this announcement and appreciated the willingness to commit.

Regarding strengthening activities toward engagement in nuclear power projects in Vietnam, the FEPC and Japan Atomic Industrial Forum will jointly set up a booth at The 4th International Exhibition on Nuclear Power to be held in Hanoi, Vietnam, for three days from May 27.

The exhibition is held once every two years by the Vietnam Atomic Energy Institute. The exhibition this year will focus on progress toward the Ninh Thuan nuclear power plant project, and is expected to be visited by many government officials. At our booth, we will display panels that illustrate the history of cross-national cooperation between Japan and Vietnam in the field of nuclear power along with models of the latest nuclear plants to help attract offers for project engagement.

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