

## Summary of Press Conference Comments Made by FEPC Chairman, on February 18, 2011

Today I would like to speak on three topics: (1) submission of a written opinion on “bilateral offset” to the United Nations; (2) electricity demand in January; and (3) invitation to an exhibition of electrical cooking appliances for commercial kitchens.

### 1. Submission of a Written Opinion on Bilateral Offset to the United Nations

First, I would like to report that the FEPC today has submitted a written opinion to the United Nations, requesting them to approve “bilateral offsets” as a new mechanism to be introduced into the post-Kyoto framework.

We prepared this written opinion because, as a part of the Cancun Agreement adopted by the participants to COP16 at the end of last year, it has become possible for UN-approved private organizations to submit written opinions concerning new mechanisms that promote the reduction of greenhouse gas (GHG) emissions.

Under the framework of the Asia-Pacific Partnership (APP) for Clean Development and Climate, we help developing countries improve the thermal efficiency of coal-fired power generation, and we are also involved in Clean Development Mechanism (CDM) projects which contribute to a reduction in GHG emissions of 260 million tons over five years.

However, the CDM is handicapped by its procedure, which starts with a UN review and ends with credits taking two years or even longer to be granted. Furthermore, the CDM is practically inapplicable to projects that support the diffusion of energy-efficient appliances, the deployment of highly-efficient coal-fired power generation and the introduction of nuclear power.

We believe that bilateral offset mechanisms will be an effective complementary measure to help us avoid such challenges in pursuing joint global warming countermeasures between developed and developing countries. We are now conducting feasibility studies with ultra super critical

coal-fired power generation and nuclear power projects to establish the framework for bilateral offset mechanisms, focusing on quantification issues and procedural arrangements.

We sincerely hope that our proposal will be approved as new mechanisms, which, as described in the written opinion, encourages private investment, the spread of decarbonization technologies, and human resource development.

Last year, on the first day of COP16, the Japanese government clearly announced its policy that it would “never accept an extension of the Kyoto Protocol under any circumstances.”

The Kyoto Protocol has not been signed by the United States and China, the two largest producers of GHG emissions in the world, and therefore covers only 27% of global emissions. The Japanese government pointed out that extending the Kyoto Protocol would “never contribute truly to the fight against global warming” and might actually “discourage the United States and developing countries from joining a new framework.” We appreciate this as a right argument and concur with this view.

Other conference participants seemed to understand the Japanese government’s stance. However, there were some negative statements in overseas media, reflecting their incomplete understanding of the essence and background of the Japanese government’s position.

We fear that Japan may come under strong diplomatic pressure with the approach of COP17 at the end of this year in South Africa.

For Japan to be able to help build a fair and effective framework without becoming isolated, it is crucial that we actively report information to the mass media not only in Japan and but also abroad, so that people can understand Japan’s position and the assistance it gives developing countries, as well as the progress made by Japanese industries through their Voluntary Environmental Action Plans, for example.

To address such concerns, the FEPC will provide more information in English on its website and actively publish information worldwide using our partnerships with other industries and NPOs in Japan.

## 2. Electricity Demand in January

Next, I would like to report the electricity demand in January.

Record-breaking snowfall at the beginning of this year affected services in Sanin and Tohoku regions in Japan, causing power interruptions to more than 300 thousand customers in total. A typical winter weather pressure pattern persisted, and in all regions of Japan the mean ambient temperature in January fell to its lowest for 25 years since 1986.

As a result, the amount of electricity generated and distributed by the 10 electric power companies in January this year was more than in any previous January. Four of the companies posted new records of peak demand of winter or full year, and seven have reported record amounts of electricity generated per day.

According to a bulletin today on electricity sales in January, "lighting" demand amounted to 34.1 billion kWh, due mainly to increased heating demand such as the use of air conditioners in various regions. As a result, maximum monthly electricity sales reached a new high (not only for January, but any month).

Large industrial demand was up year on year for 14 consecutive months, increasing by 5.7%.

Industrial activity appears to be recovering as the Index of Industrial Production, reported for the month of December, indicated growth for two consecutive months. However, there are concerns about the strong yen and the slowing down of economies overseas. Therefore, great care is required in trying to predict future electricity demand.

## 3. Invitation to an Event to Promote the Use of Electrical Cooking Appliances for Commercial Kitchens

To increase the use of electrical cooking appliances in commercial kitchens, the 10 electric power companies of Japan will participate in the exhibition

“JAPAN FOOD SERVICE EQUIPMENT SHOW 2011” to be held at Toyo Big Sight from February 22 to 25.

For this exhibition, a new “electric commercial kitchen” logo was designed, to be used by both electric power companies and appliance manufacturers in a joint campaign, emphasizing the high thermal efficiency of induction-heating cooking appliances, the advantage of being combustion-free, and the “three-C’s” of Cool, Clean and Control.

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

**Submission to Paragraphs 82, 86 and 87 of the Outcome of the work of the Ad Hoc Working Group on long-term Cooperative Action under the Convention**

The Federation of Electric Power Companies of Japan (hereinafter referred to as *FEPC*) would like to take this opportunity to present the Ad Hoc Working Group on long-term Cooperative Action under the Convention (AWG/LCA) with its views pursuant to paragraphs 82, 86 and 87 of the “Outcome of the work of the Ad Hoc Working Group on long-term Cooperative Action under the Convention” concerning section D: “Various approaches, including opportunities for using markets, to enhance the cost-effectiveness of, and to promote, mitigation actions, bearing in mind different circumstances of developed and developing countries”.

FEPC has been representing the Japanese electric power industry on behalf of its 10 member companies, whose supply areas cover all of Japan, at the international climate change talks since 1992. Electricity is key to a low-carbon society and plays an increasingly vital role as businesses, industries, and governments strive to reduce GHG emissions respectively.

GHG emissions from developing countries will continue to increase as their economies grow, especially in Asia. The Japanese electricity industry has been committed to supporting GHG emission reductions and sustainable development in the developing countries’ electricity sectors through various approaches, including the use of Kyoto Mechanisms. Although we realize that the Clean Development Mechanism (CDM) has contributed to enhancing our efforts to some extent, in order to further promote developing countries’ mitigation actions it is also essential that the mechanisms which support developing countries through multilateral and bilateral channels be recognized, while CDM needs to be reformed.

As indicated above, the deployment of low-carbon technologies and capacity building in the electricity sector would substantially contribute to the mitigation of climate change, and FEPC continues its support for national low-carbon strategies in developing countries. These efforts have resulted in the creation of valuable incentives for developed countries’ businesses to invest in deploying the best available technologies and share best practices, and greater chances for developing countries to obtain support. The Japanese government and Japanese industries have been examining the feasibility of establishing a new bilateral mechanism with some developing countries in order to

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further enhance our cooperation. Ensuring the utmost environmental integrity and considering the different circumstances of each country are vital in this process. In this regard, we believe that the new mechanisms should incorporate project-based mechanisms, including cross-corporation programs, in which the contribution of each project can be fairly evaluated, thus providing proper incentives for participation.

FEPC therefore urges that various mechanisms, particularly project-based bilateral offset mechanisms, be fully recognized under the new framework to be established, based on the outcome of the work of the AWG/LCA.