

Summary of Press Conference Comments Made by Makoto Yagi, FEPC Chairman,
on May 20, 2011

I am Makoto Yagi, Chairman of FEPC. Thank you for taking the time to be here today. More than two months have passed since the Great East Japan Earthquake of March 11. Despite the continuing efforts by Tokyo Electric Power Company (TEPCO) to deal with the Fukushima Daiichi Nuclear Power Plant accident, numerous local citizens still remain in harsh evacuation living conditions.

Since May 10, the evacuees have been allowed a brief visit to their homes within the 20km-radius “No-Entry Zone”. The electric power companies are helping with radiation screening to ensure that the people returning from these visits and the items that they bring back are not contaminated.

In addition, the power companies are committed to continuing to assist the recovery of Fukushima, led by the Fukushima Support Headquarters which was set up in FEPC last month.

Today, I would like to once again express FEPC’s views on the Framework of Compensation for Nuclear Damage and the suspension of Hamaoka Nuclear Power Station of Chubu Electric Power Company (Chubu Electric).

1. Framework of Compensation for Nuclear Damage

Let me first comment on the scheme of the support for compensation for nuclear damage, which the government has framed.

On May 13 last week, when the government announced the support scheme, I as the Chairman of FEPC received an explanation of the scheme from the government, and shared the information with the respective power companies in order to form a consensus among us.

Consequently, all the power companies agreed on the essential importance of the scheme as a means to ensure that the affected people quickly receive compensation and to fulfill TEPCO’s responsibility of providing a stable supply of electricity.

However, in view of the importance of obtaining the consent of customers and shareholders of the power companies regarding the scheme, we summarized our opinions into a petition which we submitted to the Ministry of Economy, Trade and Industry the day before yesterday.

The petition contains the following three requests. (Please see the Attachment.)

Firstly, we request the Japanese government to clarify why power companies other than TEPCO should bear part of the compensation.

In other words, we ask the Japanese government to announce the importance of continuing with nuclear power generation, the necessity of this scheme as a system of mutual aid that provides for compensation for future nuclear damages, and the reason for applying this scheme to the recent accident of TEPCO as well.

Secondly, nuclear power has been promoted as a national policy, and the Act on Compensation for Nuclear Damage clearly states the government's responsibility to provide support in the event of an accident. We ask the government to clearly state that not only TEPCO but also the government will be responsible for payment so that the affected people are compensated promptly and sufficiently for the damages.

Thirdly, we ask the government to ensure that the compensation the power companies shall bear is kept within a mechanism and to a level that neither threatens the stable supply of electricity, the confidence of financial markets, nor the financial position of the companies.

We also believe it is essential that the government accepts full accountability for the objective of the scheme.

The government must thoroughly explain to the people of Japan any related law that will be established, to obtain their consent and support.

We hope that sufficient compensation will be promptly paid, with the foregoing requests taken into consideration.

2. Suspension of the Hamaoka Nuclear Power Plant

I would now like to say a few words on the feared nationwide power shortage caused by the recent suspension of operation of the Hamaoka Nuclear Power Station.

As you know, on May 9 last week, Chubu Electric took the difficult decision, at the request of the Prime Minister, to suspend operation of Units 4 and 5, and not to resume operation of Unit 3 which was undergoing a planned outage.

The electricity industry was surprised to be requested to suspend operation of the plants on the very day when the Urgent Safety Measures of the power companies, including Hamaoka, were officially evaluated to have been appropriately implemented.

Since the request involved not only Chubu Electric but all the power companies, I met Mr. Kaieda, the METI minister, on May 9 in person to make the following two requests.

Firstly, I asked the government to thoroughly explain the background and basis of the decision to request suspension, as well as its effect on the local economy, to the public, including the local residents living near nuclear power plants.

Many local municipalities have been confused by the abruptness of the request, as well as concerns over the safety of the other nuclear stations.

The government must provide sufficient explanation to remove such doubts and concerns as soon as possible.

The second request concerns the measures to ensure a stable power supply.

With summer approaching in just over a month when electricity demand will reach its peak, Chubu Electric, in addition to Tohoku Electric and TEPCO, is expecting a very tight supply-demand situation due to the reduction of 3600 MW of power caused by the suspension of the Hamaoka Nuclear Power Station.

While FEPC is committed to offering full support with the help of the power companies in West Japan in transmitting electricity to the utility, in view of an important role which nuclear power generation has been playing stable energy supply, it is essential to resume operation of those nuclear power plants which are not operating now.

If the non-operating plants are not restarted by summer, the reserve margin for the entire West Japan based on this year's electricity supply plan of the respective companies may fall far below the adequate reserve margin.

Plant operation cannot be resumed without the consent of local municipalities and residents.

Having already received a supportive answer from the Minister, we ask the government once again to obtain the consent of the people of Japan, including local residents living near power plants, with the Minister himself taking front stage if necessary.

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

Attachment

(This petition was submitted by the Federation of Electric Power Companies of Japan to the Ministry of Economy, Trade and Industry on May 18.)

May 18, 2011

Mr. Tetsuhiro Hosono
Director-General
Agency for Natural Resources and Energy (ANRE)

Petition regarding the Scheme of Government Support on Compensation for Nuclear Damage

We request the government to clarify the following items regarding the scheme of compensation for nuclear damage, decided on May 13 at a cabinet meeting on nuclear damage on the economy, and whose details are expected to be consolidated soon. These issues are extremely important for the electric power companies in fulfilling their accountability to customers and shareholders.

(1) We need to fully explain to our customers and shareholders why the power companies other than TEPCO must bear part of the contribution.

To enable us to do this, we ask the Japanese government to announce the importance of continuing nuclear power generation, the necessity of this scheme as a system of mutual aid that provides for compensation for future nuclear damages, and also the reason for applying this contribution scheme to the recent accident of TEPCO.

(2) We believe that not only TEPCO but also the government should be responsible for compensating for the nuclear damage for the following main reasons:

The Act on Compensation for Nuclear Damage clearly states the government's responsibility to provide support in the event of a nuclear accident;

Prompt and sufficient compensation to victims is essential; and

Nuclear power has been promoted as a national policy.

We ask the government to provide details on the compensation to be borne by the government.

(3) We request the government to first indicate the amount of compensation to be borne by the respective electric companies, and then to assure that such compensation is kept within a

framework and to a level that neither threaten the stable supply of power nor the confidence of financial markets, to enable us to obtain the consent of our customers and shareholders.

Furthermore, in addition to the continued efforts of the power companies, we request that the scheme does not affect the financial position of the companies. It is therefore essential that the government accepts full accountability for the objective of the scheme to the customers of the power companies.

Makoto Yagi

Chairman

The Federation of Electric Power Companies of Japan (FEPC)