

Summary of Press Conference Comments Made by Makoto Yagi, FEPC Chairman, on September 14, 2012

Two months have passed since the last press conference due to the break in August. Thank you for taking the time to be here today.

Today, I would like to say a few words on the supply and demand for electricity this summer, and present our views on the Innovative Strategy for Energy and the Environment.

1. Supply and demand for electricity this summer and a message of thanks for saving electricity

First, I would like to report on the situation of supply and demand for electricity this past summer.

Numerical targets for saving electricity, which several electric power companies have been asking to the customers since July 2, ended today at the last remaining utility. I would like to sincerely thank everyone in this country for the efforts to save electricity in the home and at work. I also deeply apologize to all customers for the significant inconvenience and trouble this has caused. While the electric power companies have taken every possible measure to ensure supply, it would have been impossible to get through this summer without people's enormous cooperation. Thank you again for people's efforts.

Please look at Document 1.

Let me start by explaining the demand situation. The graph on the bottom left-hand side shows the temperature trend for July and August this year. The average highest temperature for July was 0.5°C lower than last year but that for August was more than 1°C higher. It was about 1°C lower than in 2010 when record heat was experienced, but was still higher than in normal years.

Under such temperature conditions, the combined peak demand of the ten electric power companies from July to August was 155.95 million kW at 3 pm on July 27, as shown in the graph on the top left-hand side (The Combined Peak Demand of the Ten Electric Power Companies for July and August). This peak demand was more than 12% lower than that in 2010, even though the temperature on this day was 34.7°C, only 0.5°C lower than the day when the maximum demand was recorded in 2010.

The table on the top right-hand side compares the peak demand and the supply-demand balance of each company. The combined peak demand of the ten utilities was 155.95 million kW

against the day's supply capacity of 173.85 million kW, resulting in a usage rate of 89%. Compared with 2010 when record heat was experienced, the maximum demand was about 10% lower for all power companies except the Okinawa Electric Power Company.

Now, please look at the graph on the bottom right-hand side. It shows the combined maximum demand of the 10 utilities over the past 10 years. The left bar shows the result for the year, while the right bar shows the year's result compensated by the average maximum temperature of the past 10 years so that the results can be compared without being affected by temperature difference. This year's result was the lowest since 2000, and was 19.46 million kW lower (more than 10%) than in 2010, the year of record heat. While the details of the electricity demand are yet to be analyzed by each company, the main reason why the maximum demand was significantly lower following last year was the electricity saving.

I would now like to explain the supply situation. The electric power companies have made tremendous efforts to generate sufficient electricity, including restarting the Ohi Nuclear Power Station Units 3 and 4, restarting thermal power stations that were out of service and postponing their inspections, exchanging power among power companies, and increasing the volume of purchase from in-house power generation. All these efforts enabled us to get through this summer somehow. However, we must remain alert as the supply-demand situation could tighten due to the lingering heat.

While the near-term supply and demand forecast for electricity, including this winter, is yet to be considered in detail by each company, I expect the tight situation to continue in view of potential situations such as sudden large temperature changes and troubles in thermal power plants.

We will continue to make utmost efforts to secure supply capacity and implement demand-side measures, take all possible measures to secure the safety of nuclear power, and work on gaining public understanding for restarting those nuclear power plants that have been proven to be safe.

2. Our views on the Innovative Strategy for Energy and the Environment

I would now like to address the Innovative Strategy for Energy and the Environment.

On September 6 last week, the Democratic Party of Japan announced their policy position that Japan should "move towards a nuclear-free society by the 2030s". The government will discuss the policy on energy and the environment taking this DPJ's policy into consideration.

To date, we have repeatedly stated that Japan must “avoid rushing to conclusions and rethink the generation mix options” and that “removing nuclear power from the generation mix is not a feasible policy”.

Removing the nuclear power option from the generation mix would have serious consequences on various aspects of the country, including the economy and the daily lives of people such as higher electricity tariffs due to the increase in fossil fuel costs and the consequent loss of national wealth, response to global warming issues, and securing the personnel needed for nuclear power including those for decommissioning, not to mention energy security.

Above all, it would ruin the good will and trust of the residents of nuclear plant-hosting communities who have supported nuclear power under the national policy. Furthermore, regarding the nuclear fuel cycle, it could seriously affect the near-term electricity supply due to the issues such as handling of spent fuel. This problem exists right now, not in the future.

Therefore, the policy to remove nuclear power from the generation mix, if agreed, will generate immense problems that are too hard to solve, and thus we are greatly concerned about it.

With limited energy resources, Japan learned from the oil crises the importance of having diverse energy options and combining them optimally, and so has steadily diversified its power sources under a national policy.

We believe that we need to continue to promote the nuclear fuel cycle by working with the nuclear plant-hosting communities, and to utilize nuclear energy as an essential power source. To do so, we will continue to make utmost efforts to ensure safety, which is an absolute prerequisite for operation, and to pursue the highest level of safety in the world so that a Fukushima Daiichi accident is never repeated.

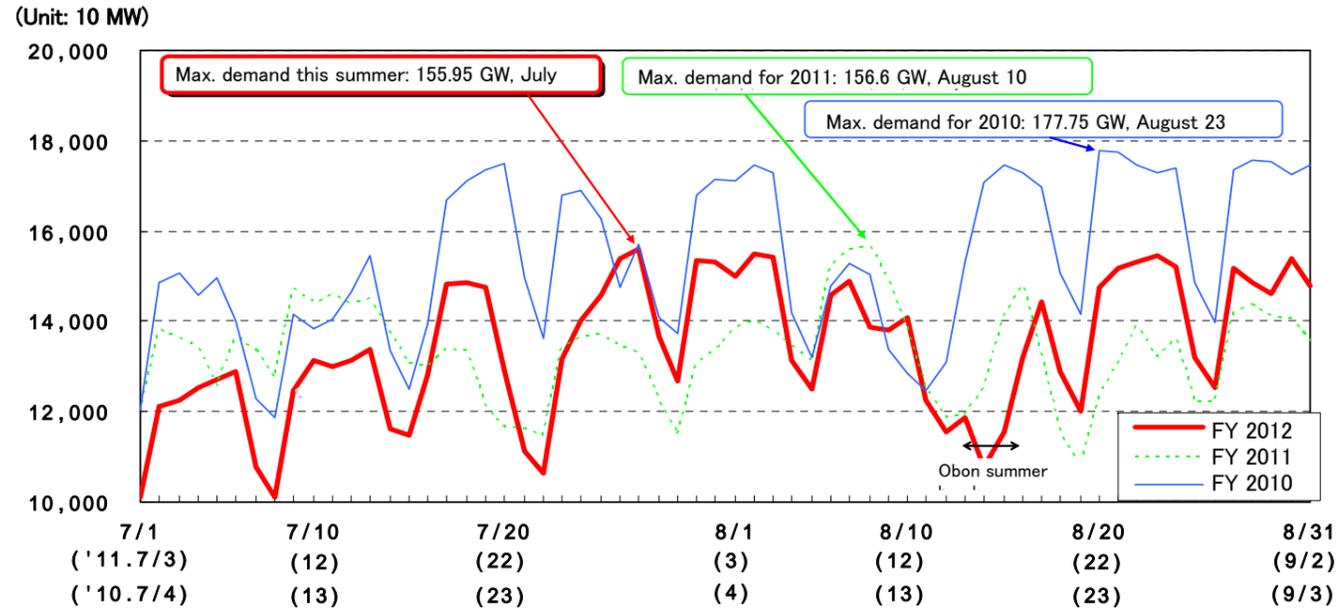
We request the government not to abandon the nuclear energy option in order to maintain the diversity of energy resources, and to make a level-headed and realistic decision without postponing addressing the various issues.

This concludes my presentation. Thank you for your attention.

Electricity Supply and Demand for this Past Summer (July – August)

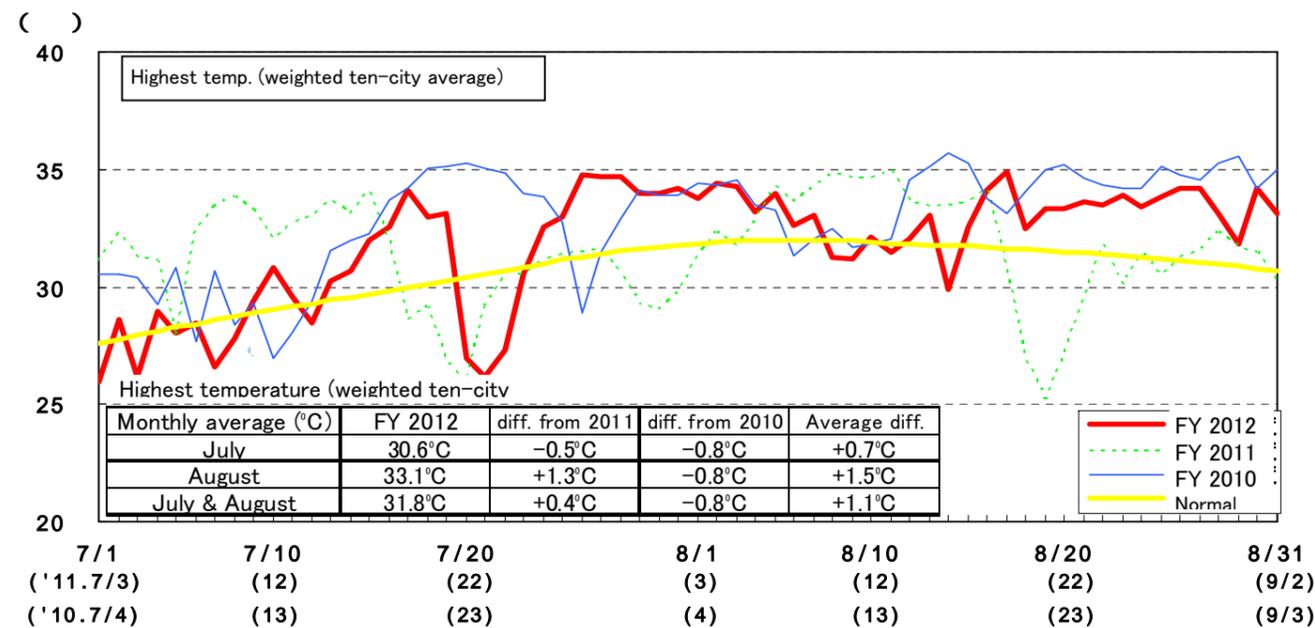
1. Combined peak demand of the ten electric power companies (July – August)

○ The combined peak demand of the ten electric power companies was 155.95 million kW recorded at 3 pm on Friday July 27, which was down 650,000 kW (-0.4%) from last year and down 21.80 million kW (-12.3%) from 2010. [Reference] Highest electricity generation in the past: 182.69 million kW at 3 pm, July 24, 2001.



2. Temperature trend (July – August)

○ The average highest temperature for July (weighted ten-city average) was 0.5°C lower than last year at 30.6°C, but 1.3°C higher than last year for August at 33.1°C. The highest temperatures were 0.8°C lower for both months compared to 2010.



3. Electricity supply and demand of each utility this summer and the supply-demand balance at the time of peak

○ The maximum demand was lower for all companies excluding Tohoku, Tokyo, Chugoku and Okinawa, and was lower in all electric power companies except Okinawa by almost 10% compared to 2010, the year of record heat.

○ The total electricity generated and purchased across the ten power companies for July and August was 167.744 billion kWh, 0.2% higher than last year and 10.0% lower than 2010. The figures were higher than last year in Tokyo and Tohoku which were required to reduce power consumption last year, but were lower for all other power companies except Okinawa.

Company name	Maximum demand				Electricity generated and purchased			
	Usage rate	Occurred at	YoY	Compared to 2010	(Total for Jul. & Aug.)	YoY	Compared to 2010	
Hokkaido	463	93 Aug. 22 5 pm	96.0	91.5	5354	94.2	91.4	
Tohoku	1364	94 Aug. 22 3 pm	109.5	87.6	14279	105.4	88.4	
Tokyo	5078	93 Aug. 30 3 pm	103.2	84.7	53207	102.9	86.3	
Chubu	2478	93 Jul. 27 3 pm	98.3	91.5	24976	99.8	94.0	
Hokuriku	526	91 Aug. 22 3 pm	98.7	91.8	5434	98.4	93.1	
Kansai	2682	89 Aug. 3 4 pm	96.3	86.6	28525	96.8	90.2	
Chugoku	1085	90 Aug. 3 3 pm	100.2	90.4	11725	99.9	93.4	
Shikoku	526	88 Aug. 7 2 pm	96.6	88.1	5538	95.8	90.5	
Kyushu	1521	93 Jul. 26 3 pm	99.1	86.9	16962	98.4	92.9	
Okinawa	148	88 Jul. 6 5 pm	102.8	100.3	1743	101.4	98.2	
Total	15595	89 Jul. 27 3 pm	99.6	87.7	167744	100.2	90.0	

(Note) The values for electricity generated and purchased above are confirmed values for July and quick estimations for August.

4. Trend of combined maximum power generation of the ten electric power companies

○ The combined maximum demand of the ten electric power companies this summer compensated by the average maximum temperature of the past 10 years was 155.35 million kW, the lowest since 2000, and 19.46 million kW lower (down 11.1%) than in 2010. Considering that the year 2011 was a record high.

