

Today, I would like to say a few words on the following two topics: the supply and demand outlook for electricity for this summer and a request for saving electricity, and the submission of our opinion regarding the new nuclear safety regulatory requirements.

1. Supply and demand outlook for electricity for this summer and a request for saving electricity

First, I would like to say a few words on the supply and demand outlook for electricity for this summer and a request for saving electricity. On April 9, each electric power company reported to the government its supply and demand outlook for electricity for this summer. Following a review of the reports by the Electricity Supply and Demand Verification Subcommittee, the government finalized the outlook on April 26.

The outlook takes into account the enormous efforts of all our customers to save electricity which have now taken root. To ensure that efforts continue to be made to save electricity at a reasonable level, and with as little impact as possible on the lives of the people and economic activities, a request will be made to save electricity, but without numerical targets, in the areas of the nine electric power companies excluding Okinawa on business days between July 1 and September 30.

We apologize to everyone in the country for the inconvenience and trouble this will cause, and ask for their cooperation in cutting back on electricity at a reasonable level.

Meanwhile, each power company is making utmost efforts to increase its supply capacity, such as restarting the thermal power plants that had been shut down and adjusting the interval between periodic inspections of thermal power plants, since there are no clear prospects for restarting the nuclear power plants. In the light of these circumstances, the latest supply and demand measures include measures to deal with a power shortage resulting from unforeseen risks such as a major break in the supply.

To ensure a stable supply of power throughout this summer, we will make great efforts on both the supply and demand sides, including offering a tariff discount to customers who agree to have their power turned off when an electricity shortage is imminent, while continuing to work steadily on the maintenance and security of power generation facilities.

Regarding the supply and demand of electricity, Document 1 shows a graph of the generation mix of the various power sources for FY2012.

The ratio of nuclear power used to be around 30% in normal times, but plunged to 1.7% in 2012 as no nuclear power plants were restarted after the restart of Ohi Units 3 and 4.

Meanwhile, the ratio of thermal power, which used to total around 60% in normal times, soared to nearly 90% in 2012. Regarding the breakdown of fuel types, LNG accounts for the highest proportion at 42.5%, followed by coal at 27.6% and petroleum at 18.3%.

Accordingly, fossil fuel consumption has grown dramatically; the total thermal fuel consumption of the 10 power companies nearly doubled from approximately 3.6 trillion yen (3.6616 trillion yen) in FY2010 to 7 trillion yen (7.795 trillion yen) in FY2012.

Due to this tremendous increase in costs, many power companies have taken the tough decision to apply for a raise in electricity tariffs.

However, nuclear power plays an essential role in providing cheap, stable electricity and in combating global warming. We will make utmost efforts to restart, as early as possible, those plants that have been proven to be safe.

2. Submission of our opinion regarding the new nuclear safety regulatory requirements

Next, I would like to say a few words on the submission of our opinion regarding the new nuclear safety regulatory requirements. Document 2 shows the comment that we submitted on May 10 during the public comment period. Among other points, which we ask you to read later on, I would like to comment on three main points today.

The first point is the retrofitting procedure. Currently, one of the proposed methods for reviewing a plant's compliance with the new regulatory requirements is to use the reactor installation/change license applications submitted by power companies. This would also apply to the retrofitting procedure in the future.

The power companies are planning to take the steps needed to start the compliance review as soon as we are ready, and hope that the Nuclear Regulation Authority will efficiently check whether the plants comply with the new regulatory requirements and decide whether to permit the plants to continue or restart operation, and not leave them unchecked for a long time.

The second point is the procedure for reflecting expert opinions into the requirements. The identification of natural phenomena with large uncertainty, such as earthquakes, requires high expertise and the ability to make scientifically and technologically unbiased decisions. Thus, we ask the authorities to draw up a procedure for incorporating various expert opinions impartially into the regulatory requirements and for holding discussions with stakeholders from an early stage.

The third point is improving the regulatory requirements based on the safety targets. The Nuclear Regulation Authority has presented new safety targets with the new regulatory requirements. We will continue to actively evaluate risks and work on improving safety under these safety targets. Accordingly,

we ask the Nuclear Regulation Authority to improve the safety requirements to ensure that the requirements and their operation remain rational and consistent with the safety targets.

This is the second time for us to submit our opinion as a public comment. To achieve the common goal of the regulators and the power companies of ensuring safety, we will continue to actively provide and explain the knowledge and data we have acquired through operations, and ask the regulators to keep in close communication with us.

The power companies will continue to work to ensure nuclear safety, including further improving safety and reliability, while fully meeting the new regulatory requirements which will be implemented in July.

Lastly, an evaluation meeting of specialists was held regarding the fracture zone issue of the Tsuruga Nuclear Power Station of the Japan Atomic Power Company, and a report was finalized identifying the fracture zone as an “active fault that should be considered in the seismic design”. The Nuclear Regulation Authority is due to make the final decision.

Meanwhile, the Japan Atomic Power Company intends to conduct additional investigations until the end of June to substantiate its claim that the geological feature in question is not an active fault. We ask the Nuclear Regulation Authority to accept the result of the investigations, discuss them thoroughly from scientific and technological standpoints, and reach a conclusion once again.

Thank you for your kind attention.

May 17, 2013

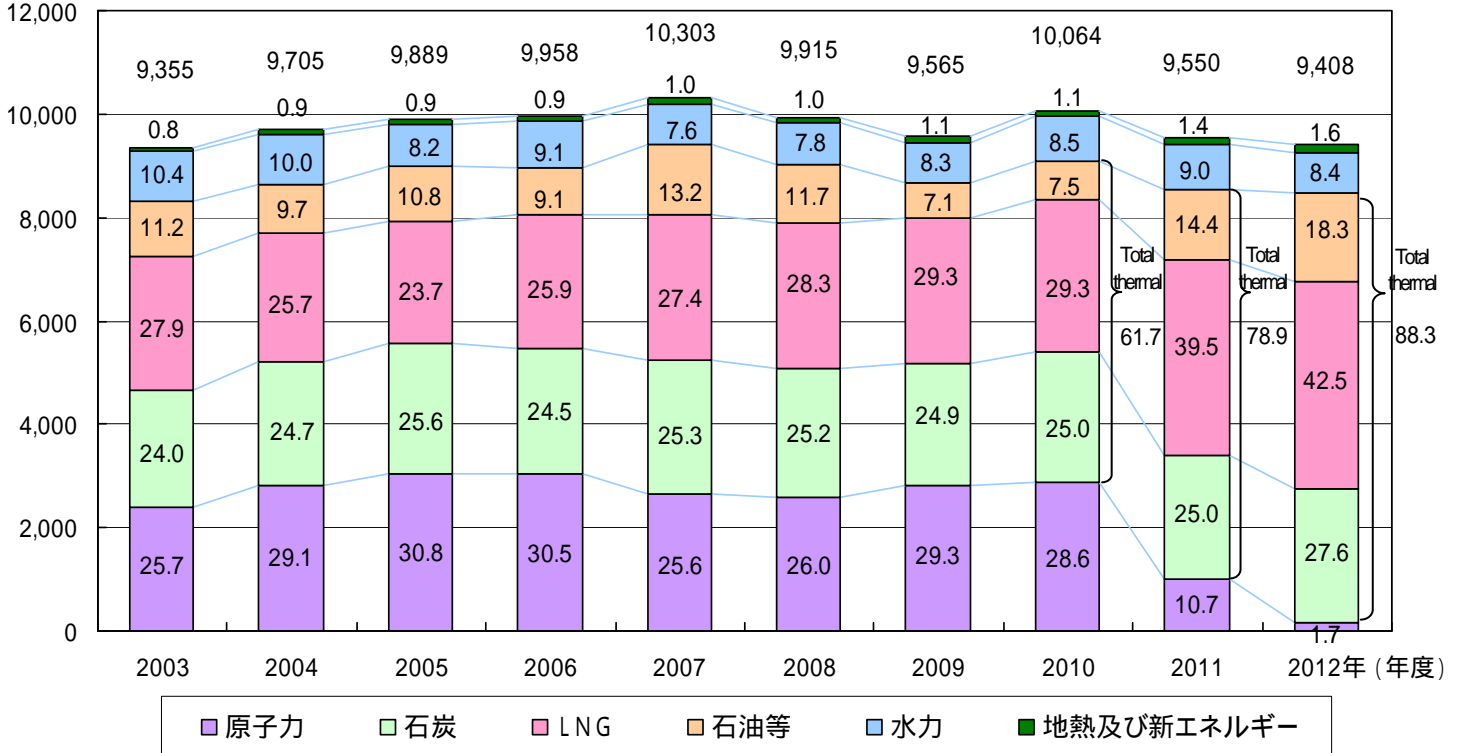
Federation of Electric Power Companies

(0.1 billion kWh)

Proportion of power sources in the generation mix

(FY)

(億kWh)



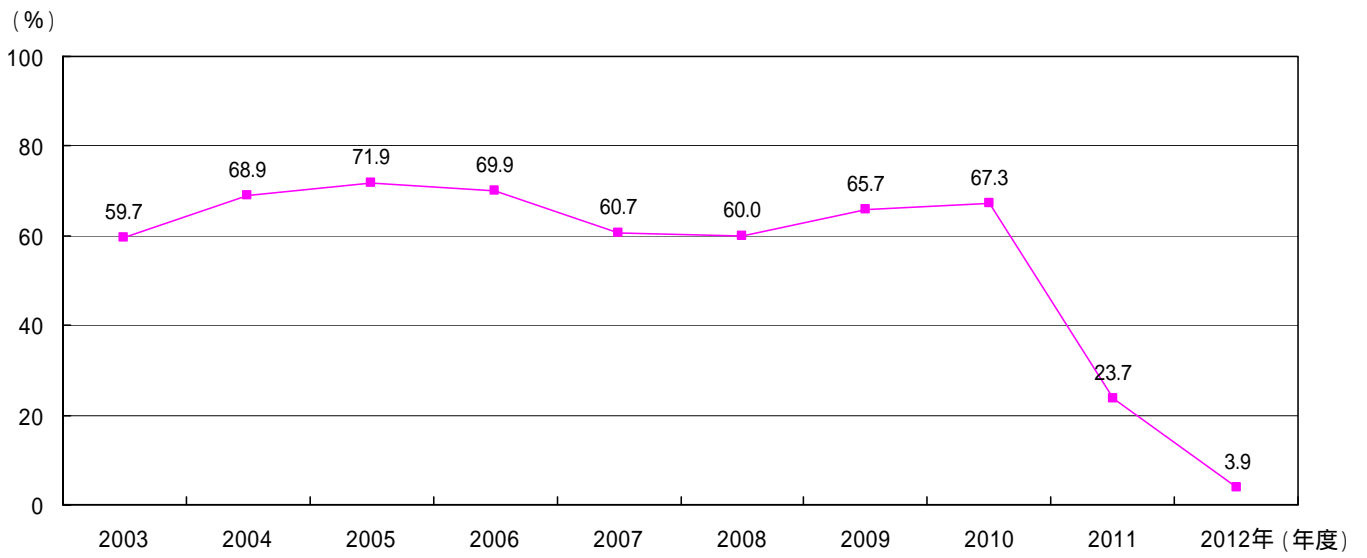
(注) 10電力計、他社受電分を含む。石油等にはLPG、その他ガスを含む。
 グラフ内の数値は構成比(%)。四捨五入の関係により構成比の合計が100%にならない場合がある。

2012 (FY)

Nuclear Coal LNG Petroleum Hydraulic Geothermal & new energies

Note: Total for the 10 power companies, including purchased power. Petroleum includes LPG and other gases.
 The values in the graph show the proportion (%). The numerals are rounded as necessary and may not add up to 100%.

Capacity factor of nuclear power plants



(注) 日本原子力発電(株)を含む。

Note: Including the Japan Atomic Power Company.

2012 (FY)

Public comment submitted by the FEPC to the Nuclear Regulation Authority on May 10, 2013

Our opinion on the “Draft rules on the establishment of relevant rules concerning the partial implementation of the Act for Establishment of the Nuclear Regulation Authority”

May 10, 2013

Federation of Electric Power Companies

Key point:

It is important to efficiently review whether the nuclear power plants comply with the regulatory requirements in order not to leave the plants unchecked for a long time.

Opinion/reason:

Regarding the entire “Draft rules on the establishment of relevant rules concerning the partial implementation of the Act for Establishment of the Nuclear Regulation Authority”:

(1) Retrofitting procedure

- Currently, one proposed procedure for reviewing whether the non-operating nuclear plants comply with the new regulatory requirements is to use the reactor installation/change license applications submitted by power companies. This could also apply to the retrofitting procedure in the future.
- It is important for the Nuclear Regulation Authority to efficiently review whether the nuclear power plants comply with the regulatory requirements and decide whether to permit the plants to continue or restart operation, in order not to leave the plants unchecked for a long time.
- This can be achieved by making maximum use of the result of the preliminary check of Ohi Units 3 and 4 by applying the result to the common features of all other plants of the same type, and by increasing resources of the review team as necessary.
- In other countries, retrofitting is usually performed without stopping operation and by setting an appropriate transition period, to the extent reasonably feasible considering the condition of plant facilities and their operation, risk reduction effect and urgency, and based on thorough communication with the parties concerned.

(2) Procedure for reflecting expert opinions into the requirements

- As the regulatory handling of natural phenomena that are highly uncertain, such as earthquakes, requires high expertise and the ability to make scientifically and technologically unbiased decisions, it is essential to draw up a procedure for incorporating expert opinions impartially into the regulatory requirements and for holding discussions with stakeholders from an early stage.
- There is a good practice of documenting* such procedure for incorporating expert opinions into regulatory requirements by the NRC in the US. We believe that Japan should also code such procedure in the regulatory requirements in order to enhance the transparency and predictability of the requirements. (*NRC Report: NUREG/CR-6372)

(3) Incorporating the latest knowledge into the regulatory requirements

- The Nuclear Regulation Authority is currently considering incorporating the latest data in the regulatory requirements, for example, for defining the reference earthquake motion. However, some data need to be collected continuously and take a long time to process before they can be reflected in the requirements as the latest knowledge.
- To conduct the reviews appropriately, we believe that decisions must be made based on thoroughly-processed data. Unprocessed data should not be used in the reviews until they have been thoroughly reviewed and processed, and instead, should be separated from the reviews and verified on a continuing basis.

(4) Improving the regulatory requirements based on safety targets

- Under the safety targets recently indicated, we are determined to actively conduct risk evaluations such as probabilistic safety assessment and work on improving safety.
- We think that the Nuclear Regulation Authority should improve the safety requirements by effectively using the safety targets, to ensure that the requirements and their operation remain rational and consistent. Furthermore, the process for improvement should be documented, as is the case in the US.
- It should be noted that the “Interim Report on the Status of Deliberation and Studies on the Safety Targets” of the former Nuclear Safety Commission, on which the current discussions are based, also states that safety targets “serve as a reference for judgment that affects the entire regulatory activity, including its rationality and consistency, and thus, it is appropriate to apply them”.

(5) Reference processing period of installation licenses

- The internal rule on the standard processing period stipulates that the lead time for processing installation licenses is “2 years” across the board for all cases. This is the same as the current processing time for new construction and expansion licenses for nuclear reactor facilities.
- While the former internal safety review rules stipulate the approximate review period for each type of review (about 2 years for new construction and expansion, and about 6 months for cases that have been reviewed before and do not require hearings of expert opinions), the recently released rules do not specify a period for each type of review, leaving uncertainties.
- Thus, we think that the lead time should be clarified for each type of review. Furthermore, considering that the double check by the Nuclear Safety Commission has been abolished, the lead time should be changed to 1 year for new construction and expansion and 3 months for those that have been reviewed before. The rule should also require an explanation for any failure to complete the review within the specified lead time, together with an extension period.
- The standard lead time for security rule approval is 6 months across the board except for changes in the operation period. Considering past reviews and that efforts to improve safety should be started promptly, the standard lead time for security rule approval should be changed to 3 months.