

Today, I would like to say a few words on the following two topics: our response to the reforms of the electric power system and participation in the 2013 WANO Biennial General Meeting.

#### 1. Our Response to the Reforms of the Electric Power System

First, I would like to explain our response to the reforms of the electric power system.

While deliberations continue in the Diet regarding the proposed revisions to the Electricity Business Act in relation to the reforms of the electric power system, on June 4, I spoke at the Committee on Economy, Trade and Industry of the House of Representatives as FEPC Chairman and expressed our views.

As we have said many times, we will continue to fully cooperate with the detailed studies on the full deregulation of electricity retailing and the neutral and wide-area operation of the network, to achieve an electric power system that is truly beneficial for the public.

Above all, we had suggested that it was necessary to set up an Organization for Promoting Wide-area Electrical Grid Operation, which is at the core of the proposed revisions and will be created at the initial stage of the reforms, and our suggestion was accepted. We have high expectations that it will assist smooth wide-area collaboration among the power companies and will help deal with challenges such as expanding the use of renewable energy.

As shown in Document 1, a team has been established within FEPC to study the launch of this organization, and has started work already. The team consists of a dedicated taskforce of 10 members within the General Planning Department, and will actively contribute at the working level to the detailed studies by the government on the structure of the organization and the development of rules and systems for wide-area operation.

Meanwhile, we have repeatedly pointed out that various issues concerning the reforms need to be verified. In particular, as we will be in charge of actual operations, we are still concerned about the separation of electricity transmission and distribution, which is the third step of the reforms, and find it difficult to deal

with.

Specifically, to prevent the disruption of stable supply maintained under the integrated system, it is necessary to develop rules and systems to complement the separation, including rules on how the power generation department and the transmission and distribution department should collaborate for recovery in case of an accident, and how to establish a structure that ensures necessary power sources will be steadily developed in the mid- to long-term even amid free competition.

The power companies will fully cooperate with the detailed studies, but if problems are found during the studies, we ask that changes be made flexibly including whether or not to go ahead with the separation.

We also ask that the following prerequisites to the reforms be met, in order to achieve the goals of the reforms including securing a stable supply of energy and promoting competition.

One of the issues is the worsening finances of the power companies due to the uncertainty of the nuclear power policy. We ask the government to make utmost efforts to maintain the funding environment of the power companies to continue the stable supply of electricity.

Another issue is compatibility of the reforms with the energy policy. Currently, the reforms are about to be executed while the energy policy is still being reviewed. In the process of drafting and achieving the optimal combination of energy sources, we ask that the electric power system currently being reviewed be adjusted to match the energy mix and be made fully functional.

## 2. Participation in the WANO General Meeting

I would now like to say a few words on our participation in the 2013 Biennial General Meeting of WANO, the World Association of Nuclear Operators, held in Moscow for 2 days from May 20. Please look at Document 2.

WANO is a private international organization which was established after the Chernobyl accident, joined by nuclear power operators of 35 countries and regions worldwide. WANO's activities include exchanging information on operations for improving safety and reliability, and peer reviews in which the members visit nuclear power stations and suggest improvements.

The general meeting, held biennially, is joined by the management of each member organization to discuss a wide range of issues concerning WANO's policy and nuclear power generation.

The latest General Meeting, the 12th, attracted a record 650 participants from around the world to discuss the fundamentals of safe operation of nuclear power plants worldwide, and saw heated debate on topics such as the efforts of each power company based on the lessons of the Fukushima Daiichi accident. From Japan, 70 people from power companies attended the meeting.

During the panel session, I explained the situation of nuclear power in Japan and efforts being made to improve safety, and reported on the establishment of the Japan Nuclear Safety Institute (JANSI) to lead the power companies and improve nuclear safety in the country. Further, regarding Japan's energy policy, I explained the importance of the "S+3E policy", which stands for safety, energy security, economic efficiency and environmental conservation, and the need to continue using nuclear power generation as an important power source.

In response, Mr. Jacques Regaldo, Chairman of WANO, replied that WANO will continue to support the efforts for restarting the nuclear power plants in Japan.

As an example of a joint effort with WANO, each Japanese power company will undergo a peer review by the organization to check the safety of the plants that are waiting to restart. As many of these plants have been shut down for a long time now, the peer review will focus on whether the plant is ready to restart safely, like the peer review conducted in early June at the Sendai Nuclear Power Station of Kyushu Electric Power Company. We look forward to receiving valuable advice from WANO as a third party with broad international experience.

The power companies will continue working to improve nuclear safety by strengthening ties with overseas organizations including WANO, and by learning from the best practices and latest findings of other countries.

This is all for today.

Thank you for your kind attention.

June 14, 2013

Federation of Electric Power Companies

#### Launch of a Dedicated Team for Establishing an Organization for Promoting Wide-Area Electrical Grid Operation

The Federation of Electric Power Companies is actively involved in the ongoing discussions on the reforms of the electric power system. We believe there is an urgent need to set up an organization to promote wide-area Electrical grid operation to address the challenges such as wide-area adjustment of supply and demand at the time of a large-scale tight supply-demand situation, and expanding the use of renewable energies.

To assist the studies on the work of the organization, including building the framework, drawing up the rules of the organization and developing the system, a dedicated team has been set up within the FEPC and has started work.

The outline of this team is as follows:

- Date of establishment: April 1, 2013
- Members: 10 (1 from each FEPC member power company)
- Location: Within the Planning Department of FEPC
- Scope: The team will assist the government's studies on the following issues:
  - Basic issues concerning establishing a legal entity and running the organization
  - Draft rules on wide-area operation
  - Specifications for developing a system to support wide-area operation

Reference: Outline of the Organization for Promoting Wide-Area Grid Operation

## Outline of the Organization for Promoting Wide-Area Electrical Grid Operation

\* Excerpt from METI's "Outline of the Bill for Partial Revision of the Electricity Business Act", April 2013

In order to prepare the electricity transmission and distribution networks necessary for the wide-area use of power sources and to increase the capacity for adjusting the supply-demand balance in an emergency across the country, an organization for promoting wide-area grid operation will be established.

The purpose of this private organization is to provide instructions to the electric power companies<sup>(Note)</sup> to ensure a stable supply of electricity through wide-area grid operation. Designed to serve the public interest, the organization will be a government-authorized corporation that is strictly monitored by the government, including requiring government approval for its articles of incorporation and for appointing and dismissing board members. All electric power companies of Japan are required to join the organization.

(Note) General electricity utilities, wholesale electricity utilities, specified electric utilities, and PPSs

### Main tasks:

1. Compiling supply and demand plans and system plans, increasing the capacity of electricity transmission infrastructure such as frequency converters and inter-regional lines, and operating the electricity system nationwide across various regions (areas)
2. At normal times, adjusting the overall operation of the wide-area grid based on the regional supply and demand balance and frequency adjusted by regional transmission and distribution operators
3. At times of electricity shortage due to disasters, adjusting the balance of supply and demand of electricity by instructing the electric utilities to increase the output of electricity and supply it to the region in need
4. Performing tasks such as receiving applications for connecting new power sources to the grid and disclosing system information from an impartial standpoint

Planned date of establishment: By 2015

WANO Biennial General Meeting in Moscow, 2013

1. Date: May 20 (Mon.) - 21 (Tue.), 2013
2. Location: Crown Plaza Moscow - World Trade Center, Moscow, Russia
3. Participants: Approximately 650 delegates of WANO related organizations from various countries (From Japan, approx. 70 people including managers of nine electric power companies, The Japan Atomic Power Company, J-Power, Japan Atomic Energy Agency, Japan Nuclear Safety Institute and other organizations)
4. Important programs (main theme: the fundamentals of safe operation of nuclear power plants worldwide)

May 20 (Mon.)

Program	Subject	Speakers
Speech		Yukiya Amano (IAEA Director General)
Keynote Lecture	Lessons from Fukushima Daiichi Nuclear Power Plant	Richard Meserve (Chairman of International Nuclear Safety Group, INSAG)
Sessions	(1) Learning the lessons from Fukushima Daiichi Nuclear Power Plant	Moderator: Philippe Van Troeye (Governing Board Chairman of WANO Paris Center) Panelists: Makoto Yagi (FEPC Chairman) Andre Claude Lacoste (former Chairman of Nuclear Safety Authority in France) Alexander Shutikov (Director of Rosenergoatom) Brian Dames (Chief executive of Eskom Holdings)
Extraordinary General Meeting	Vote on revision of Charter and Articles	

May 21 (Tue.)

Program	Subject	Speakers
Sessions	(2) Building on a strong foundation	<p>Moderator: Shreyans Kumar Jain (Governing Board Chairman of WANO Tokyo Center)</p> <p>Panelists: Nicolas Anciaux (President of International Youth Nuclear Congress, IYNC) Satu Katajala (General Manager of Loviisa Nuclear Power Plant) Gao Ligang (President of China Guangdong Nuclear Power Holding Co., Ltd., CGNPC) Donald Brandt (Chief Executive Officer and President of Pinnacle West Capital Corporation)</p>
	(3) Nuclear safety - WANO's core business	<p>Moderator: Tom Mitchell (Governing Board Chairman of WANO Atlanta Center)</p> <p>Panelists: Ansar Pervaiz (Chairman of Pakistan Atomic Energy Commission, PAEC) Vincent de Rivaz (CEO of EDF Energy) Takuya Hattori (President of Japan Atomic Industrial Forum) Evgeny Romanov (General Director of Rosenergoatom)</p>
Chairman's closing remarks		Jacques Regaldo (Chairman of WANO)
Other	Nomination and election of a new WANO President: Duncan Hawthorne (President and Chief Executive Officer of Bruce Power)	
	WANO Nuclear Excellence Awards ceremony: eight people, including Takao Watanabe, Managing Director, Director of the Nuclear Power Unit in Tohoku Electric Power Co., Ltd., received the prize.	

(Reference) Outline of WANO

1. Official Name: World Association of Nuclear Operators

2. History

Following the accident at the Chernobyl nuclear power plant, the late Lord Walter Marshall of Goring, Chairman of the United Kingdom's Central Electricity Generating Board at that time, suggested establishing WANO in 1989. The purpose was for nuclear operators throughout the world to exchange information on operating experience, in order to improve the safety and reliability of nuclear power generation.

3. Outline of the organization (as of June 14, 2013)

- Membership: 35 countries or areas
- Chairman: Jacques Regaldo
- President: Duncan Hawthorne (President and Chief Executive Officer of Bruce Power)

4. WANO General Meetings

For the sound development of WANO, managers of member companies and organizations gather once every two years, to discuss and exchange opinions about WANO's policy and other general topics about nuclear power generation.

1 <sup>st</sup> Meeting	1991	Atlanta	7 <sup>th</sup> Meeting	2003	Berlin
2 <sup>nd</sup> Meeting	1993	Tokyo	8 <sup>th</sup> Meeting	2005	Budapest
3 <sup>rd</sup> Meeting	1995	Paris	9 <sup>th</sup> Meeting	2007	Chicago
4 <sup>th</sup> Meeting	1997	Prague	10 <sup>th</sup> Meeting	2010	Delhi
5 <sup>th</sup> Meeting	1999	Victoria	11 <sup>th</sup> Meeting	2011	Shenzhen
6 <sup>th</sup> Meeting	2002	Seoul	12 <sup>th</sup> Meeting	2013	Moscow