

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^(Note) 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