

Summary of Press Conference Comments Made by Makoto Yagi, FEPC Chairman,
on February 20, 2015

Thank you for taking the time to be here. Today, I would like to say a few words on the following three topics: financial results of the power companies, status of efforts by the power companies through the Nuclear Risk Research Center, and our views on the discussions on the energy mix.

1. Financial results of the power companies

First, I would like to summarize the financial results of the power companies. As already reported, the electric utilities announced their financial results for the third quarter by the end of last month.

The financial results generally improved, with the aggregate current profit/loss of the 10 companies shifting to a surplus. In terms of earnings, the rise in electricity tariffs, which we asked our customers to shoulder, helped support profits despite a 3.3% decrease in sales, while in terms of costs, our extensive efforts for streamlining business brought results. Nevertheless, the result owes much to temporary factors such as deferring repair works for several years, and the current earnings structure is not considered to be sustainable. Further, fuel costs also remained close to the record-high levels of last year (5.5 trillion yen for Q3, 7.7 trillion yen year-round) at 5.4 trillion yen. This is more than double the level in FY 2010 which was 3.6 trillion yen, and accordingly, the fuel cost accounts for an extremely high 40% of the total running cost.

Despite this tough business situation, we will continue to streamline business and cut costs. However, to fulfill our mission of "ensuring an inexpensive and stable supply of electricity", we believe that it is essential to build a sustainable earnings structure and to put the business back on track. To achieve this, we believe that nuclear power is essential, and we are determined to take all possible measures to achieve our goal of restarting our nuclear power plants at an early stage.

2. Status of efforts by the power companies through the Nuclear Risk Research Center

Next, I would like to comment on the status of efforts by the power companies through the Nuclear Risk Research Center. This Center was established in October last year within the Central Research Institute of Electric Power Industry (CRIEPI) as a center of excellence for voluntary, continuous research on nuclear safety beyond the regulatory framework. Besides studying probabilistic risk assessment (PRA), the Center will actively support the power companies' efforts by providing advice and technical assistance for solving issues. [The handout](#) illustrates the activities of the NRRC to date.

Since its establishment, in drawing up its action policies and R&D road map, the NRRC has

communicated with the power companies through various opportunities to share the challenges and needs, such as a meeting between the Head of the NRRC and the chief nuclear officers of the power companies and plant visits. The head of the NRRC, Dr. Apostolakis, has offered valuable advice for continuously improving safety, namely that it is important to stay alert and to identify new risks, and to use risk information accurately in decision-making. The power companies will continue to work closely with the NRRC, respect its operating policy, research outcomes and advice, and reflect them in their business activities wherever possible.

As for the efforts of the power companies, in January 2015, the PRA Promotion Task Team was established within the FEPC for setting the policy on using PRA and considering ways to improve it. Specifically, the Team will study PRA methodologies with the guidance and advice of the NRRC, using Shikoku Electric's Ikata Unit 3 as the model plant. The outcomes and required improvements will be shared across all power companies and applied to the safety improvement assessment, which is scheduled to be held after the first outage of a power plant after its restart. The Team will also aim to make further improvements by studying safety on a continuous basis, learning from the latest research outcomes of the NRRC.

We believe that the pursuit of safety is never-ending and must continue to make progress. We will continue to work tirelessly to pursue the highest level of safety by actively using external functions such as the Nuclear Risk Research Center introduced today and JANSI.

3. Our views on the discussions on the energy mix

Next, I would like to say a few words on our views on the discussions on the energy mix. This year, the discussions on formulating the energy mix will go fully ahead, aimed to put flesh on the bones of the Basic Energy Plan and set the climate action target of Japan.

With an extremely low energy self-sufficiency rate of only 5%, Japan is constantly exposed to fuel procurement risks. It is also vulnerable to cost fluctuations, which could hit people's lives and cause industries to hollow out. While the specific combination of power sources is due to be discussed, in view of Japan's energy situation and response to global warming it is important to build a well-balanced supply system which does not depend excessively on a particular electricity or fuel source. Accordingly, we think that it is essential to secure a certain amount of nuclear power, which is a base source of electricity with a good balance of the 3Es (energy security, economy and environment), in order to secure a high level of safety and to maintain the level of skills and personnel.

For establishing the energy mix, discussions at the subcommittee-level have been under way since the end of January, in parallel with the verification of generation costs. We hope that wide-ranging discussions will take place on a realistic energy mix and the measures for its implementation.

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

Status of Efforts by Power Companies through the Nuclear Risk Research Center (NRRC)

Friday, February 20, 2015
Federation of Electric Power Companies

1. Track record of NRRC since establishment (October 1, 2014)

To help utilities improve their risk management, the NRRC has drawn up an operating principle, R&D road map, and research plan based on the statuses and needs of each utility grasped through various communication opportunities.

Chief Nuclear Officers (CNO) Conference

The head of the NRRC shares the organization's operating principle, R&D program and activity achievements with the heads of nuclear divisions of utilities (equivalent to vice presidents).

- No.1 October 3 Dialogue with NRRC Head Dr. Apostolakis
Shared the operating principle of NRRC
- No.2 December 5 Discussed the response to the outcomes of the Committee Meeting and the research plan for next fiscal year



First Technical Advisory
Chief Nuclear Officers (CNO) conference

Technical Meeting

Attended by the NRRC and the department heads of utilities, manufacturers, and JANSI, the agenda of the CNO conference is reviewed and discussed mainly from a technical perspective.

- No.1 March 21 Review of the R&D road map and the research plan for the next fiscal year
- No.2 December 28 Discussed the response to the outcomes of the First Technical Advisory Committee Meeting and the research plan for the next fiscal year.

Technical Advisory Committee

This is an independent technical advisory group to the Head of the NRRC, comprised of international authorities in the areas of Probabilistic Risk Assessment (PRA), assessment of severe natural disaster hazards, and risk management. It provides confirmation, assessments and advice to ensure that the NRRC's research plan and its outcomes are of the highest technical standard.

- No.1 October 27 - 31 Explained the status of Shikoku Electric's Ikata Unit No.3 which was selected as a model plant for PRA improvement
- No.2 January 19 - 23 Discussed the short- and long-term goals for improving PRA

Other

Other activities include visits to power stations by senior staff of the NRRC for dialogue with top management to ensure that the discussions and reviews are in line with the situations and needs of the sites.

- January 14 Visit to Chubu Electric's Hamaoka NPP by NRRC Head Dr. Apostolakis and Executive Advisor Dr. Meserve
- January 15 Dialogue between Chubu Electric President Mr. Mizuno and Dr. Apostolakis, Dr. Meserve and TAT Chair Mr. Stetkar.



Visit to Hamaoka NPP (in front of the breakwater wall)

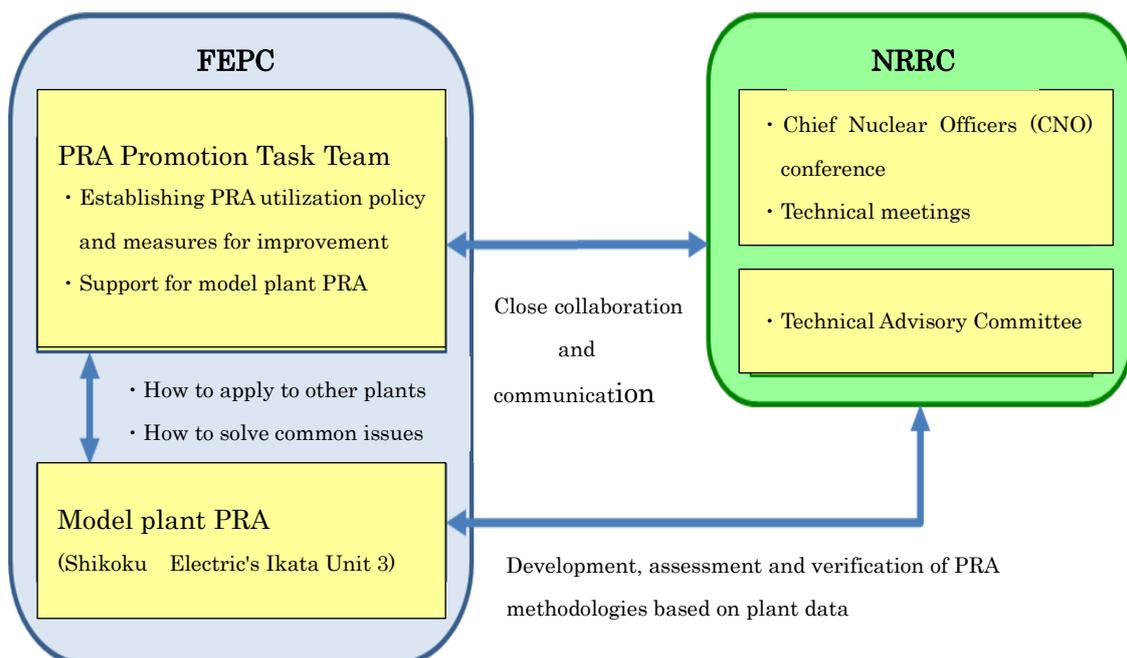


Dialogue with Mr. Mizuno, President of Chubu Electric

2. Building a team for considering the utilization of PRA

- For setting the policy for PRA utilization and studying measures for its improvement, in January 2015, the PRA Promotion Task Team was established within the FEPC.
- The Team selected Shikoku Electric's Ikata Unit 3 as the model plant, and will study PRA methodologies with the guidance and advice of the NRRC. The outcomes and points for improvement will be shared with all electric utilities and used for safety improvement assessment* as they are obtained.

* Safety improvement assessment: A system in which nuclear facilities are evaluated for safety by PRA, and measures to improve safety are planned and registered voluntarily (Initial registration is made within 6 months following the completion of the periodic outage after restart.)



(Reference) Utilities' efforts for PRA improvement

- ① Currently, PRA based on the existing establishment license is performed for the reviews for compliance with the new regulatory requirements.
- ② In the future, PRA of an international level that includes severe accident countermeasures will be adopted in stages for safety improvement assessment.
- ③ PRA will continue to be improved in quality and applied to a broader range of facilities and events, and will be developed based on the outcomes of R&D by the NRRC.

