

Summary of Press Conference Comments Made by Makoto Yagi, FEPC Chairman,
on March 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: supply and demand for electricity this winter, decision on the extension of operating life of nuclear power plants, and the discussions on power generation costs.

March 11 marks the fourth anniversary of the Great East Japan Earthquake. As a member of the electric power business, I deeply regret the serious concern and problems caused by the Fukushima Daiichi nuclear accident to the whole of Japan. The reconstruction of Fukushima is progressing steadily under the government's policies. We sincerely hope that the reconstruction will continue to make progress, and our industry will provide assistance for the steady decommissioning of the plants.

1. Supply and demand for electricity this winter

First, I would like to say a few words on the supply and demand for electricity this winter. This winter, all regions except Okinawa have been asked again to cut back on electricity at a reasonable level. We deeply apologize for the inconvenience caused, and thank everyone for their cooperation. This winter, December saw many colder days than last winter, but in the peak winter months of January and February, the temperature remained relatively high. Accordingly, the total electricity consumption of the ten power companies marked 147.95 GW on December 17, down 1.39 GW or 0.9% from last year. The supply capacity was 160.78 GW, and the usage rate reached 92%.

Thus, with less electricity demand mainly caused by higher temperatures, and thanks to the utmost efforts of the electric power companies to increase their capacity and particularly everyone's cooperation in cutting power consumption, we managed to maintain a stable supply and meet the demand this winter. However, the situation remains difficult as we continue to barely manage to secure a sufficient supply of electricity by operating our thermal power plants at full capacity, even the aged ones.

Verification of supply and demand for the summer should start shortly. We will continue to make utmost efforts on both the supply and demand sides. However, to secure a stable supply of electricity on a sustainable basis, it is essential to restart the nuclear power plants.

2. Decision on the extension of operating life of nuclear power plants

Next, I would like to comment on the decision on extending the operating life of nuclear power plants. The power companies have been instructed by the Ministry of Economy, Trade and Industry (METI) to decide whether or not to apply for the extension of operating life of the seven relevant power plants between April and July this year. As publicized earlier, the power companies announced their decisions, which were reported to the METI Minister yesterday.

Specifically, the power companies decided to decommission five nuclear plants, namely Kansai Electric's Mihama Units 1 and 2, Chugoku Electric's Shimane Unit 1, Kyushu Electric's Genkai Unit 1, and JAPC's Tsuruga Unit 1. The decision has been made following a comprehensive examination by each company of the situation of compliance with the new regulatory requirements, supply security based on the supply-demand outlook, and also the recent revision of the accounting system to facilitate plant decommissioning. For the remaining two plants, Takahama Units 1 and 2, the decision will be made based on the result of the special inspection on the application to extend their operating life, which is currently underway.

In making the decision for decommissioning, I would like to once again thank the local residents for their long-standing cooperation and understanding for the nuclear plant business since the initial stage of construction. In the meetings such as the Nuclear Power Subcommittee, residents of the host communities have made requests concerning the local economy and employment, and financial measures, which are very important for proceeding with the decommissioning project safely and without hindrance. I ask the government for their continued efforts in this regard.

The power companies will take solid measures to ensure that the decommissioning project, which will take a long time, goes safely and steadily.

3. Discussions on power generation costs

Lastly, I would like to comment on the discussions on power generation costs leading toward formulating the new energy mix. In formulating the energy mix, the relevant Subcommittee is actively discussing matters, in parallel with verifying the cost of each power source, which is also an important factor for the discussions.

In the previous verification of 2011, the cost estimation included, in addition to direct generation costs, the social costs shouldered by the general public, and I recall that there was much debate over the fair handling of the power sources. I believe there is also a wide range of points to consider in the current verification, including how to consider the effects of the rising costs of grid stabilization and low thermal power utilization associated with the increase in renewable energies, how to predict

fossil fuel prices and estimate CO₂ reduction costs, and for nuclear power generation, how to set the probability of an accident and the risk costs if the costs for additional safety measures are going to be included.

Naturally, cost is an essential element of the S+3E principle. In the verification currently underway, we ask that the characteristics and roles of each power source, including the points mentioned above, be explained objectively, fairly and clearly, to enable wide-ranging discussions on establishing a realistic and well-balanced energy mix.

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