

Summary of Press Conference Comments Made by Makoto Yagi,
FEPC Chairman, on April 15, 2016

Thank you for taking the time to be here.

<Regarding the earthquake in the Kumamoto region >

An earthquake with a maximum seismic intensity of seven occurred last night in the Kumamoto region. We offer our deepest condolences for those that have lost their lives in this disaster and express our sympathy for those affected by the disaster.

The earthquake has also caused power outage in the Kumamoto Prefecture, and the Kyushu Electric Power Company is doing its best for a quick recovery. FEPC is prepared to make maximum cooperation if support, etc. is requested by the Kyushu Electric Power.

Unit 1 and 2 of the Sendai Nuclear Power Station continue its normal operation, and the Genkai Nuclear Power Station, currently shutdown, has reported no abnormalities in plant status.

<Changes regarding the FEPC Chairman>

Before today's report, I would like to speak about a change in personnel regarding the FEPC Chairman. As you may already be aware, I have announced on March 28th regarding my resignation as President of Kansai Electric Power Company after the general shareholder's meeting to be held on June, but I will also be stepping down from my post as FEPC Chairman.

President Katsuno of the Chubu Electric Power Company will be tasked with becoming the succeeding chairman at today's general policy committee. An official announcement will be made at the press conference in June. I will continue to fulfill my duty as chairman until that date.

I would now like to say a few words on the following four topics: Full liberalization of electricity retailing, this summer's supply and demand of electric power, our thoughts regarding the draft plan for global warming countermeasures and the status of efforts for enhancing measures against nuclear disaster.

1. Full liberalization of electricity retailing

The first point is regarding the full liberalization of electricity retailing.

The full liberalization of electricity retailing that started from the 1st of April enables all customers including households to choose their electricity company. We will strive to continue being chosen by our customers by diversifying our electricity rate options and providing new services.

At the same time, the fact remains that inexpensive and high quality electricity is at the fundamental base of the lives of people as well as industrial activities, and that our greatest mission is in the stable supply of electricity.

While each electricity company must firmly embrace its sense of duty and fulfill its responsibilities, stable supply of electricity will be realized through cooperation between companies. FEPC will contribute to comfortable life and economic activities through such framework.

We would also like to actively participate in discussions regarding issues such as “establishment of framework and rules for stable supply”, “stabilization of supply and demand of electricity” and “establishing an environment for nuclear business” so that the Electricity System Reform can become truly beneficial to customers.

2. This summer’s supply and demand of electric power

The second point is regarding “this summer’s supply and demand of electric power”.

Each power company reported their speculations for this summer’s supply and demand of electric power to the Ministry of Economy, Trade and Industry on the 8th of April. We believe that the Electricity Supply-Demand Verification Subcommittee will investigate the contents of the reports and the necessity of additional measures will be deliberated.

Speculation for this summer’s supply and demand of electric power indicates that each utility will most likely be able to secure the minimum 3% reserve necessary

However, the contents of the report displayed the harsh situation, including the efforts made by our customers to conserve energy regarding demand, and regarding supply, having to use aging thermal power stations including plants that have been scheduled for long term shutdown and adjusting the dates of periodical inspection of thermal power stations. This dependence on thermal power comes from nuclear power stations being shut down other than the Sendai Nuclear Power Station, which recommenced operation from last year.

We will make our utmost efforts to respond to various issues in both supply and demand, such as preparing for increasing demand as summer approaches and the risk of decreasing supply capacity due to facility issues.

The total amount of fuel consumption in FY2015 by the ten companies have decreased, but the cost of fossil fuel continues to become a heavy burden for companies with oil consumption being 20% higher than before the Great East Japan Earthquake, and LNG being 30% higher as well.

Nuclear power plays an important role not only in terms of supply and demand of electric power, but also in easing the burden of the population. FEPC will continue to respond to examination to confirm conformance in order to recommence operation of the nuclear power stations as quickly as possible.

3. Our thoughts regarding the draft plan for global warming countermeasures

The third point is about our thoughts regarding the draft plan for global warming countermeasures.

The government's Global Warming Prevention Headquarters has compiled the draft plan for global warming measures on the 15th of March and attached in the public comment issued on the 13th of April. We would like to present our opinion submitted regarding this plan.

Now we will discuss the long term goal to "reduce 80% of greenhouse gas emissions by FY2050". This goal differs in character in comparison to the mid-term goal set by the INDC (intended nationally determined contributions). The draft plan was not drawn up based on specific measures to be taken. Instead, it assumes and depends on future innovations in technology. Setting the goal for "80% reduction" based on such uncertain factor is problematic.

Also, when setting a long term goal out of necessity, if prerequisites such as future technological innovations cannot be met, the goal itself needs to be reviewed.

Regarding the consideration to implement domestic emission trading system, there have been many issues in countries that have already implemented such system.

The cost increase resulting from the emission trading system will not only burden the life of people and corporate activities, it will cut international competitiveness of corporations, hampering technological development.

We would like to contribute to global warming countermeasures by achieving our own goals, taking effective activities stated in the Action Plan for the Electricity Business for Achieving a Low-Carbon Society, included in the draft plan for global warming countermeasures.

4. The status of efforts for enhancing measures against nuclear disaster

The fourth point is about the status of efforts for enhancing measures against nuclear disaster.

Nine electric companies, together with J-Power, JAPC, had received a request on the 17th of March from the Minister of Economy, Trade and Industry Hayashi to report on their efforts regarding nuclear disaster measures that take into consideration items decided in the conference of ministers concerned with nuclear power. Each company reported their efforts today.

We believe that specific details of the report will be published by each company, but as nuclear operators, we will continue to enhance our framework in responding to accidents and supporting victims of the accident. Such efforts will be explained in a comprehensible manner to both regions where the plant is sited and to the society as a whole.

<Activities to foster understanding for final treatment of high level radioactive waste>

Finally, I would like to make a few remarks regarding activities to foster understanding for final disposal of high level radioactive waste.

The government and NUMO will be hosting a “National symposium regarding high level radioactive waste” from May 9 – June 4 in nine cities across the country.

We are already using our experience of conducting business activities rooted in the local community to foster understanding for nuclear power including final treatment of its spent fuel, but we would like to use the hosting of this symposium to further explain the overview and necessity of final disposal to deepen national discussion and promote understanding through active dialogue.

This is all for today, thank you for your kind attention.