

Summary of Press Conference Comments Made by Makoto Yagi,
FEPC Chairman, on May 20, 2016

I am Yagi, Chairman of the Federation of Electric Power Companies of Japan or FEPC.

Firstly, I will talk about the “status of electric utilities’ assistance for communities affected by the recent Kumamoto Earthquakes,” “introduction of the Spent Nuclear Fuel Reprocessing Fund Act” and “outlook of power supply and demand for this summer”.

1. Status of electric utilities’ assistance for communities affected by the recent Kumamoto Earthquakes

The first topic is the status of electric utilities’ assistance for communities affected by the recent Kumamoto Earthquakes.

Above and foremost, let me express my sincere condolences to the families of those who passed away in the earthquakes. My deepest sympathy also goes out to those affected by the disaster.

The series of quakes has caused serious damage to the facilities of Kyushu Electric Power Company. In the main quake that occurred on April 16, up to around 477,000 households in the region lost power.

Immediately after the major foreshock on April 14, Kyushu Electric Power Company launched all-out efforts to restore power. However, since the main quake caused extensive blackout, other Japanese electric utilities responded to the request from Kyushu Electric Power Company, sending vehicles and personnel for assistance and working on the early restoration of power supply under the Kyushu utility’s command.

Since April 16, Japanese electric utilities have provided a total of 110 vehicle-mounted high-voltage generators, 67 aerial work platforms and 1,887 workers for assistance. Kyushu Electric Power Company managed to restore power transmission to high-voltage distribution lines by the evening of April 20, just four days after the main quake, except in areas where restoration work was difficult due to landslides, road damage, etc.

The way all electric utilities united in tackling difficulty of such magnitude to deliver electricity to customers, reflected these companies’ founding philosophy they have inherited from their predecessors.

The region is still plagued with aftershocks, but Kyushu Electric Power Company is committed to ensuring power supply. FEPC is also determined to provide any necessary assistance without delay.

With the liberalization of the retail electricity market in April, Japanese electric utilities are refining their business as mutual competitors in the competitive environment. At the same time, the fact remains that our utmost mission is to ensure ‘stable power supply.’

Under a lofty sense of mission and responsibility, these companies will continue to work together and in cooperation with the Organization for Cross-Regional Coordination of Transmission Operators (OCCTO) to ensure stable power supply and take on retail market liberalization, so as to achieve mutual ‘competition and coordination’ at the same time.

2. Introduction of the Spent Nuclear Fuel Reprocessing Fund Act

The second topic is the introduction of the Spent Nuclear Fuel Reprocessing Fund Act.

The recently-introduced Spent Nuclear Fuel Reprocessing Fund Act is aimed at building a mechanism to ensure steady and efficient reprocessing of spent nuclear fuel, regardless of the change of the business environment, brought on by retail market liberalization and scale-back in the nation's reliance on nuclear energy.

Following the enactment, the government is expected to introduce systemic measures including the introduction of a funding system and the establishment of an implementation body for the spent fuel reprocessing program.

Amidst major changes in the business environment, we recognize that we are responsible for generating spent nuclear fuel. Assuming the responsibility, all the nuclear licensees will actively extend cooperation in raising funds for the reprocessing operation and establishing its implementation body in accordance with the purport of the said Act.

Even under the new system, we are committed to working with Japan Nuclear Fuel Limited in steadily promoting the fuel reprocessing business, while continuing to ensure the understanding of people from local communities and the rest of society at large.

3. Outlook of power supply and demand for this summer

The third topic is the outlook of power supply and demand for this summer.

Last month, all electric utilities reported their respective outlook of power supply and demand for this summer. Following subsequent examination, the government compiled a set of measures on May 13.

This summer, the government has decided not to issue any special energy-saving request. However, in a bid to ensure stable power supply, we will maximize our initiatives in terms of both supply and demand, e.g. continuing to provide energy-saving information and revamping the maintenance of thermal power stations.

As reference data, we have distributed '[Reference 1](#)' containing the aggregated amount of electricity generated in FY2015, broken down by the types of power sources.

In FY2015, even though some nuclear power stations have resumed operation, the proportion of electricity generated by thermal power plants remains high at 84.6%.

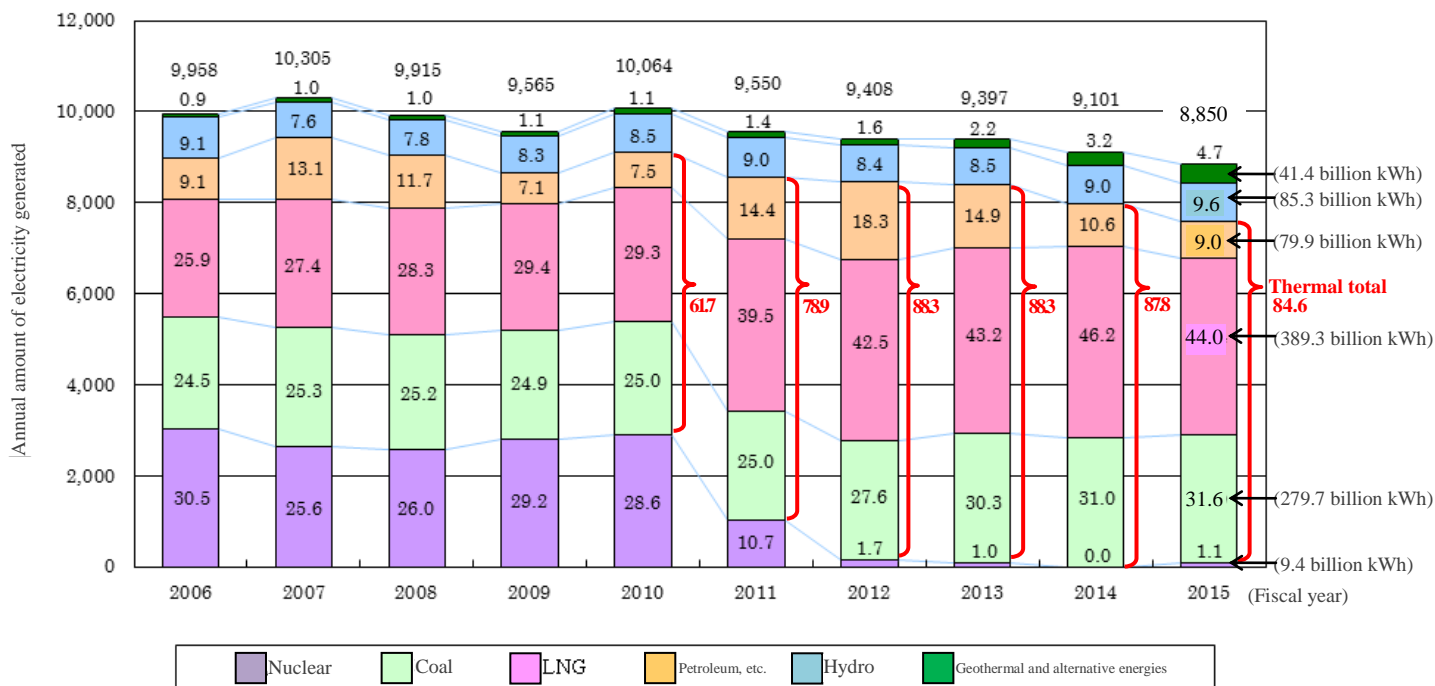
The ten electric utilities' combined cost of fuel totaled 4.5 trillion yen thanks to the drop in fuel prices. It was a substantial decline from 7.2 trillion yen recorded in FY2014. Yet, there continues to be increased cost burden compared to the pre-quake level of 3.6 trillion yen in FY2010.

Nuclear power generation plays a major role from the perspective of not only the supply-demand balance, but also the need to reduce public burden. We will continue to cooperate with compliance reviews in good faith to bring nuclear power stations back into operation as early as possible.

This concludes my comments as the FEPC Chairman.

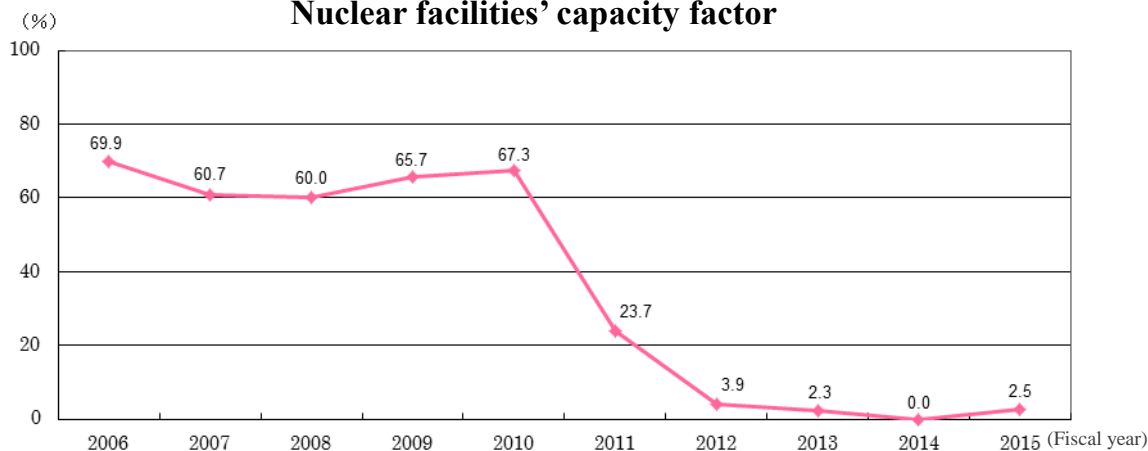
Breakdown of electric power generated by power source type

(100 million kWh)



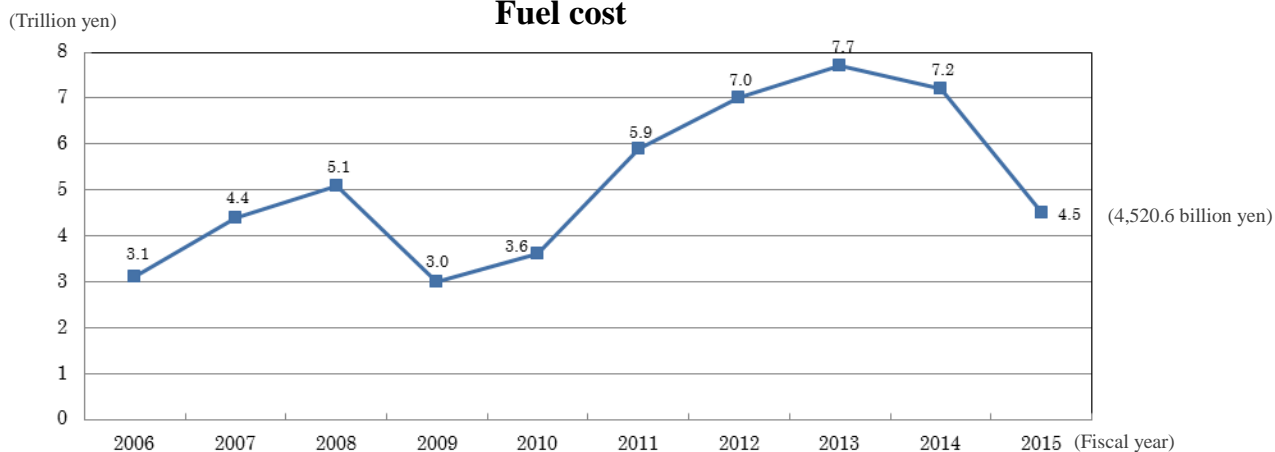
(Note) Generating-end results. Total of ten electric utilities, including purchased power. 'Petroleum, etc.' includes LPG and other types of gas. The figures in the bars indicate ratios (%). Due to the rounding of data, the total of all the ratios may not come to 100% in some cases.

Nuclear facilities' capacity factor



(Note) Including Japan Atomic Power Company

Fuel cost



(Note) Total of ten electric utilities