

Summary of Press Conference Comments Made by Satoru Katsuno,
FEPC Chairman, on December 16, 2016

I am Satoru Katsuno, Chairman of the FEPC.

Time flies so fast, as this will be the last press conference of the year. Today, I would like to reflect on “the year for the electricity industry”.

A year that started laying the groundwork for truly realizing the effects of electricity systems reform

Firstly, the electricity industry faced the “full liberalization of retail electricity”, a transitional period at an unprecedented scale to which the utilities responded by developing various initiatives. At the same time, new frameworks were deliberated and prepared in order to solve public issues such as stable power supply and global warming countermeasures, which need to be tackled simultaneously under a competitive environment.

In this regard, 2016 could be summarized as “a year that started laying the groundwork for truly realizing the effects of electricity systems reform”.

Start of full liberalization of retail electricity

Next, I would like to review this year in more detail. The “full liberalization of retail electricity” began on April 1, and many businesses entered retail electricity. Many customers are choosing to switch to new providers and liberalization options.

There were minor issues related to the switching of systems, but in general I feel that we are off to a good start.

We have experienced the Kumamoto Earthquake under such conditions. The electricity utilities were unified for a fast recovery from the outage, collaborating with groups such as the Organization for Cross-regional Coordination of Transmission Operators (OCCTO).

Restart of nuclear power plants

Regarding the restart of nuclear power plants, Takahama Unit 3 restarted in February, and Ikata Unit 3 restarted in September. Genkai Units 3 and 4 are also in the last stage of the screening, and several other plants have decided on the design basis ground motion. Also, Takahama Units 1 & 2 and Mihama Unit 3 received approval for extending operation after 40 years.

As it can be seen, there is a steady progress in responding to the inspection for checking conformity.

We would like to continue addressing the New Regulatory Requirements in an appropriate manner. Furthermore, we will strive to secure further safety, and gain public understanding by widely giving thorough explanations to the society.

The “Nuclear Reprocessing Organization” was established in October with the mission to implement an effective and sound reprocessing of spent fuel under the new business environment characterized by the full liberalization

of retail electricity.

We would like to utilize the new framework that was established to continue the steady promotion of reprocessing, etc. with the Organization and Japan Nuclear Fuel Limited (JNFL) by gaining understanding of the wide public such as Aomori and Rokkasho-mura, where the sites are located.

Global warming countermeasures

As for global warming countermeasures, the “Electric Power Council for a Low Carbon Society” was established in February with the mission to promote effective countermeasures as the electric power industry as a whole. It is very meaningful that the member operators from different backgrounds (started with 36 companies, now 42) collaboratively set a goal and constructed a framework in order to achieve that.

In November, the “Paris Agreement”, an international framework that consists of all the major greenhouse gas emitting countries, was implemented. Discussions commenced in order to decide on specific rules.

We will aim to achieve our goal set forth by the committee and contribute to the reduction of greenhouse gases on a global scale by pursuing for an optimum energy mix from the viewpoint of “S+3E”

Energy policy discussion

As for the energy policy, it is very meaningful that certain directions were settled as a result of discussions regarding solving public issues and stimulating competition under liberalization at gatherings in the latter half of 2016 such as the “Policy Subcommittee for Completing the Electricity Systems Reform”.

(Conclusion) New year’s resolution

I have mentioned several points to summarize 2016, but now I will talk about 2017. On April 1, 2017, the “full liberalization of retail gas” will start. This will mark the dawn of a new age in energy where competition will transcend the conventional sectors. We will do our best so that customers will choose electricity out of other options from an overall perspective.

The “Policy Subcommittee for Completing the Electricity Systems Reform” discussed decommissioning and who will bear the burden of compensation for damage from the nuclear accident, and about creating new markets such as the capacity market and baseload power market. I understand that specific deliberations will be continued regarding the details.

We would like to continue taking an active role as practitioners so that the electricity systems reform will be truly beneficial for the customers.

As already discussed, initiatives to improve the effectiveness of the gas and electricity systems reform will be continued in 2017. Our belief that providing stable and high quality electricity at a reasonable price serves as the foundation of the people’s lives and economic activities remain unchanged.

The electric utilities shall continue to achieve both “cooperation and competition” simultaneously by having a strong sense of mission and responsibility. Ordinary transmission operators shall cooperate with each other to secure stable supply, while operation and retail companies shall compete for best performance.

Nuclear power plays a significant role in not only securing a sustainable and stable power supply, but also in dealing with global warming. We would like to deepen the initiatives to improve safety and sincerely deal with the inspection for checking conformity to the New Regulatory Requirements.

Furthermore, we will strive for a restart as early as possible by thoroughly explaining such continuous efforts for improving safety to the society including the local sites.

We are terribly sorry that there were quality management issues at JNFL and they were given orders to submit reports by the Nuclear Regulation Authority based on the Law for the Regulations of Nuclear Reactors.

We take this issue very seriously since it is related to the system of quality assurance, the most important aspect of operation, although it was not an intentional fraud.

Company wide effort shall be made at JNFL to isolate the cause and make amendments as soon as possible.

We would like to offer assistance that JNFL deems necessary.

Final remark

I would like to thank the people who work for the media such as the Energy Reporters' Club for their support this year. Please continue your support in 2017.

This will conclude my segment of the press conference today. Thank you very much.

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