

Summary of Press Conference Comments Made by Satoru Katsuno,  
FEPC Chairman, on January 20, 2017

Happy New Year. I am Satoru Katsuno, Chairman of the FEPC. Today, I would like to talk about the “issues and resolution for 2017”.

<Looking back at 2016>

Looking back at 2016, there were significant events in the world such as Donald Trump winning the U.S. Presidency, and Britain voting to leave the European Union. Meanwhile in Japan, the economy recovered steadily, and there were indications to end deflation and have an economic reform.

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, 2016 was a “year that started laying the groundwork for truly realizing the effects of electricity systems reform”, exemplified by the deliberation and preparation of new frameworks in order to solve “public benefit issues” which need to be tackled simultaneously under a competitive environment.

It was also a year that saw steady progress in responding to the inspection for checking conformity as can be seen from events such as the restart of Takahama Unit 3 and Ikata Unit 3, and the determination of design basis ground motion at several plants.

<Issues and resolution for 2017>

Next, I would like to talk about the “issues and resolution for 2017”.

The full liberalization of retail gas will begin in April 1 this year, marking the dawn of a new age in energy where competition will transcend the conventional sectors.

We will continue to do our best for the customers to make decisions based on the overall energy situation, not limiting themselves to electricity.

Around the end of last year, certain directions were indicated in the “Policy Subcommittee for Completing the Electricity Systems Reform” regarding solving public benefit issues under liberalization and stimulating competition. 2017 will see specific deliberations about creating new markets such as the capacity market and baseload power market.

We would like to continue taking an active role as practitioners so that the market will be organized to secure stable supply in Japan as a whole, integrating currently implemented market transactions to accomplish true benefits for the customers.

As for the details of designing the regulation in the future, we would like to see the deliberation started swiftly, giving careful consideration to the balance and consistency among each regulations and the administrative schedule.

We also need to keep an eye on international affairs that affect energy such as the change in energy policy by the inauguration of the new U.S. President, and crude oil production cuts by both OPEC members and non-members.

Under such circumstances, Japan is virtually devoid of natural resources as can be seen from the low energy self-sufficiency ratio at 6%. Nuclear energy, a semi-domestic energy, must be utilized as an important power source, and the nuclear fuel cycle

is also extremely important in terms of effectively utilizing the uranium resources and waste volume reduction.

On the 18th of this month, Genkai Nuclear Power Station Units 3 and 4 have received approval of a revised review of reactor upgrade plans. We would like to continue sincerely dealing with the inspection for checking conformity to the New Regulatory Requirements, and also collaborate with external organizations such as the NRRC and JANSI to confront nuclear risks head-on and transcend the regulation's boundaries to achieve safety at a higher level.

Furthermore, we will continue to improve the emergency response capabilities that transcend the frameworks of utilities through measures such as the Mihama Nuclear Emergency Support Center that started full operation at the end of last year and mutual cooperation between the electric utilities.

Currently, a new inspection system is being deliberated. We would like to continue improvements and enrich the operators' safety activities in order to further improve the safety at nuclear facilities.

Going forward, we would like to strive for the earliest possible restart of nuclear power stations by carefully explaining the initiatives to the wide public including the site communities.

As for the reprocessing businesses, the Nuclear Reprocessing Organization was established last year. We will cooperate and proceed with the Organization and Japan Nuclear Fuel Limited, gaining understanding from Aomori Prefecture and Rokkasho-mura, where the Organization is situated, and the wider public.

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. Currently, JNFL is identifying the cause of the incident and deliberating amendments, and will promptly report the NRA as soon as they get settled. We would like to provide the necessary support.

Last November, the "Paris Agreement", an international framework that consists of all the major greenhouse gas emitting countries, was implemented. It is a major progress for global warming countermeasures that discussions commenced in order to decide on specific rule making.

In Japan, the "Electric Power Council for a Low Carbon Society" has already been established with the mission to promote effective countermeasures as the electric power industry as a whole. Each member utilities already take responsibility based on their plans, but it is my understanding that the Council will amalgamate each company's initiatives, and promote the PDCA cycle as the whole of the Council.

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"

<Closing remarks>

I have mentioned several topics so far, but the whole energy industry is entering a transitional period marked by the start of full liberalization of retail electricity in last April.

Under such circumstances, we would like to provide new values such as products and services that help the customers' living and businesses by having a broad perspective and accurately capturing the expectations and needs of the society without being

constrained to conventional ideas.

To stably provide inexpensive and high quality electricity remains the foundation for the people's lives and economic activities. The electric utilities shall continue to have a strong sense of mission and responsibility that they are contributing to the society, and as

The electric utilities shall continue to achieve "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.

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

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