Summary of Press Conference Comments Made by Satoru Katsuno, FEPC Chairman, on January 18, 2019

I am Satoru Katsuno, Chairman of the Federation of Electric Power Companies. I would like to begin by wishing everyone a very Happy New Year. Today, I would like to talk about the challenges that we face in 2019 and our aspirations for the coming year.

<Looking back on 2018>

Looking back on 2018 on a global level, in December, the international framework for tackling climate change, signed by all countries including the major greenhouse gas emitting countries, began in earnest as the "rulebook" to implement the 2015 Paris Agreement starting in the year 2020 was adopted during the COP24 held in Poland.

Meanwhile, in the domestic electricity industry, an energy mix looking toward the future was established as competition across and beyond energy types continues to grow. The government has also started initiatives to further strengthen the resilience of electric infrastructure to prepare for increasingly devastating natural disasters.

We have made progress in responding to the new regulatory requirements conformity review. Units 3 and 4 of Kansai Electric Power Company's Ohi Nuclear Power Station and Units 3 and 4 of Kyushu Electric Power Company's Genkai Nuclear Power Station restarted commercial operation. The Japan Atomic Power Company's Tokai Daini Nuclear Power Station, a BWR plant, received permission for changes in reactor installation in September and received approval for the extension of the operating period in November.

<Challenges and aspirations for 2019>

Now I would like to address our challenges and aspirations for 2019.

This is the year to wrap up preparations for the smooth legal unbundling of the transmission and distribution divisions in April 2020. We will work toward spinning off the relevant divisions into different companies.

The domestic energy market has entered a period of tough competition. Players are accelerating initiatives that use the latest technology such as IoT and AI and creating new services every day.

Keeping pace with Japan's dramatic shift in economic and societal structure toward

"Society 5.0", we will aim to build a sophisticated energy infrastructure with high reliability and efficiency, taking this as an opportunity for growth and tackling various initiatives.

Meanwhile, given the broad and long-lasting power outages that swept the nation as a result of last year's natural disasters, the government's review council has been discussing increasing the electricity infrastructure's resilience.

We as operators will continue to steadily implement "emergency measures" or measures for the early recovery of electricity following an outage and providing accurate information swiftly to customers, as well as discussing "midterm measures" or specific measures to avoid blackouts to the greatest extent possible.

We look forward to having comprehensive discussions on further strengthening the Hokkaido Honshu HVDC Link and exchanging existing facilities with self-commutated types for the stable supply of electricity and the broader introduction of renewable energy, at the Organization for Cross-regional Coordination of Transmission Operators, JAPAN (OCCTO) and other organizations with consideration to economic viability and the fair allocation of costs.

We will actively cooperate, as operators involved in the implementation of initiatives, in discussions regarding network investment including the cost recovery scheme for disaster response costs and investment into power sources, wheeling system reform, and development of power supply markets such as baseload power supply market, capacity market, supply and demand adjustment market as part of Japan's electricity system reform.

In terms of nuclear power generation, we will build up a track record of safely and stably operating the restarted plants and give an all-out effort to respond to the new regulatory requirements conformity review for the early restart of BWRs following PWRs.

We, the nuclear operators, will continuously work to reduce risk by voluntarily improving safety and tackling challenges as an industry through the "Atomic Energy Association (ATENA)".

We will work to recover the trust of society by explaining these initiatives thoroughly and in an easy to understand manner to society as well as the residents of the siting areas.

The nuclear fuel cycle is extremely important from the perspectives of effective use of uranium, volume reduction of waste, and toxicity reduction.

We encourage Japan Nuclear Fuel Limited (JNFL), following organizational restructuring and under the new President Masuda to continue to do their best to respond to the new regulatory requirements conformity review for the completion of the Rokkasho Reprocessing Plant.

We, the nuclear operators, will come together as one to fully support JNFL, realize the Spent Fuel Measures Promotion Plan, and steadily reduce the plutonium stockpile.

Regarding the final disposal of high-level radioactive waste, the government and NUMO will continue to host the "Dialogue-Based Explanatory Meetings", which started in May of last year, across Japan to enhance understanding among the public about geological disposal.

We will continue to work on increasing the understanding of and interest in final disposal through dialogue with the local residents in cooperation with the government and NUMO.

On the environment front, as a member of the "Electric Power Council for a Low Carbon Society (ELCS)", we will continue to pursue the optimal energy mix incorporating zero-emission power sources such as nuclear power and renewable energy from an "S + 3E" standpoint to reduce greenhouse gas emissions on a global scale.

<In closing>

Even as the Heisei era draws to a close, our challenges remain diverse and numerous. However, our fundamental mission of "providing stable and affordable electricity that takes the environment into consideration in a safe manner" is unchanged.

As an organization involved in the electric power industry, we will maintain our strong sense of responsibility to pursue our fundamental mission. We will keep challenging ourselves to start revolutionary projects beyond what has been done before to balance the two aims of "supplying electricity stably" and "responding to changes".

This will conclude my segment today.

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