

Summary of Press Conference Comments Made by Satoru Katsuno, FEPC Chairman,
on June 14, 2019

I am Satoru Katsuno, Chairman of the Federation of Electric Power Companies. Today will be my last press conference as the Chairman of the FEPC.

Today, I will first hold this FEPC Chairman press conference, then, address the change in Chairmen with the new Chairman President Iwane of Kansai Electric Power in attendance.

I would first like to mention yesterday's attack on a ship run by a Japanese shipping company at the Strait of Hormuz.

Currently, the Strait of Hormuz has not been closed and the utilities do not think that there will be immediate effects on electricity supply. However, we will continue to closely observe any development that may impact fuel procurement or the stable supply of electricity.

Now as FEPC Chairman I would like to address "nuclear power stations' independent safety improvement initiatives" and "transitioning to the final stage of electric power system reform".

< Nuclear power stations' independent safety improvement initiatives >

Since the Fukushima Daiichi Nuclear Power Plant Accident, we as nuclear power utilities have been working tirelessly to voluntarily improve safety while working to respond to the new regulatory requirements conformity review.

We have already started introducing risk informed decision-making (RIDM) at nuclear power plants. We are working autonomously to further strengthen plant management using risk information by enhancing the probabilistic risk assessment model and rebuilding mechanisms to identify and resolve issues for the effective reduction of risk.

Please take a look at the [materials](#) (only Japanese) we have passed around for details of initiatives being implemented at each utility. This material was made public in May 24, 2019.

We as nuclear utilities will continue to collaborate with the Nuclear Risk Research Center (NRRC) at the Central Research Institute of Electric Power Industry (CRIEPI) to expand the scope of RIDM applied.

We also intend to collaborate with external organizations such as the Atomic Energy Association (ATENA) and the Japan Nuclear Safety Institute (JANSI) to promote voluntary nuclear power plant safety improvement initiatives at a higher level.

By explaining these initiatives with care in an easily understood manner not only to siting regions but to society as a whole, we will strive to recover the trust of society.

< Transitioning to the final stage of electric power system reform >

Next, I would like to address “transitioning to the final stage of electric power system reform”.

On May 28, the government’s “Subcommittee on Electricity and Gas Basic Policy” put together the verification results for progress made on electricity liberalization and the state of electricity supply and demand. Given these results, the government has made clear its intention to implement as planned in next April the legal unbundling of the transmission and distribution division as the final stage of the electric power system reform.

To maintain stable supply under a liberalized electricity market, it is important for all operators, including those engaged in power generation, transmission and distribution, and retail, to each fulfill their roles.

Electric utilities will steadily prepare for this unbundling by building appropriate

organizational structures in order to keep the electricity supply as stable as it has been under the existing system.

Furthermore, in this era of uncertain electric demand with a decreasing population, an environment that encourages necessary investment in the appropriate places needs to be quickly developed through the drastic revision of the wheeling charge system. This will promote the introduction of a next generational transmission and distribution network that strengthens electricity resilience, promotes the introduction of renewable energy, and expands opportunities for cross-regional transactions.

It is also very important to secure and maintain power necessary in the mid-to-long term to achieve stable supply, as our public-minded mission.

In addition to the baseload market that will be opened in July of this year, a capacity market is also being developed. We would like to ask the relevant parties to carefully moderate these discussions to ensure that utilities' incentives in investing and maintaining power sources are secured.

Nuclear power generation is an important baseload power source in realizing a stable power supply and a decarbonized society. We will continue to do our utmost to respond to the new regulatory requirements conformity review as we strive for the early as possible restart and stable operations.

We believe that the development of a conducive business environment, such as the Act on Compensation for Nuclear Damages, is essential for private utilities to continue nuclear power generation in the long term. We ask that the government conduct necessary discussions to this end.

Even after the legal unbundling of the transmission and distribution division scheduled in April of next year, our efforts to secure stable electricity power supply is never-ending.

We ask that the government and related organizations conduct swift discussions and verifications should new challenges and issues emerge as the electric power system reform goes forward.

This will conclude my segment today.

END