

Summary of Press Conference Comments Made by Satoru Katsuno, FEPC Chairman,  
on November 15, 2019

I am Satoru Katsuno, Chairman of the Federation of Electric Power Companies. Today, I would like to address three issues: “initiatives for the electric utility industry recovering the public’s trust”, “strengthening electricity resilience given the damages of the typhoon” and “discussions regarding future energy policies.”

<On initiatives for the electric utility industry recovering the public’s trust>

The first item on today’s agenda is initiatives for the electric utility industry recovering the public’s trust.

As mentioned in last month’s press conference, the Federation of Electric Power Companies takes Kansai Electric Power Company’s gift reception problem very seriously. We established the Corporate Ethics Committee as of October 18, at the General Policy Committee that was attended by utility presidents, to promote sustained efforts to ensure compliance in the utility industry.

The second Corporate Ethics Committee meeting was held today with the utility presidents in attendance. Each utility reported on the compliance committee meetings hosted at each utility and the status of discussions held on the topic.

Kunio Harada, a lawyer at Tanabe & Partners who has previously served as a judge, was invited to join as an external Committee member. He gave a lecture based on his expertise, on the lessons learned from his involvement in other third-party committee investigations and the importance of building a system that allows the compliance framework to truly function.

Presidents recommitted to each other as top management to continue to promote sustained efforts to ensure compliance by improving their companies’ compliance

structures and guidelines for action based on compliance best practices in other industries and responses to challenges identified in the Kansai Electric Power's Third-Party Committee discussions.

In order to have top management of each utility commit to improving compliance and providing feedback informed by best practices, on the initiatives of each company, Corporate Ethics Committee meetings will continue to be held once a month. We will strive to recover the trust of society in the electricity business and nuclear power generation by making a concerted effort as an industry to sincerely and unceasingly ensure compliance.

<Strengthening electricity resilience given the damages of the typhoon>

The second point I would like to address is strengthening electricity resilience given the damages of the typhoon.

Typhoon Faxai (15th typhoon of the season) and Typhoon Hagibis (19th typhoon of the season) hit the Japan archipelago in September to October of this year and caused severe damage in rain and wind while also causing rivers to overflow.

There have been wide-ranging outages across Japan centering around eastern Japan as a result of these typhoons. I again sincerely apologize for all the immense trouble and inconvenience these outages have caused.

Given the outages caused by these typhoons, the Electricity Resilience WG, hosted three times in October by the government, verified the causes that led to the elongation of the outages in Chiba after Typhoon Faxai as well as the status of recovery from the outages and the damages wreaked on the electric facilities from Typhoon Faxai and Hagibis.

Considering last year's natural disasters, all utilities have been working on swiftly sending support to other utilities in disasters and disseminating information about

when power is set to be recovered in order to quickly recover power and disseminate information accurately and swiftly to customers. Progress in these initiatives was also confirmed by the WG.

In the Electricity Resilience WG hosted on October 31, an interim summary on points of debate was put together for further measures to strengthen resilience based on the verification results. This summary will be presented to a government verification team.

In this interim summary on points of debate included measures from a diverse set of perspectives such as accelerating initial response through the early gathering of information, early recovery of power through enhancing cooperation with municipalities and the Self-Defense Force in addition to other utilities, securing alternate sources of supply until power can be fully recovered, and strengthening the electric power network. These measures will be delegated to and discussed in further detail in specialized and expert meeting bodies.

We as electric utilities will continue to cooperate steadily among utilities and do our utmost to provide stable electricity to customers while also further strengthening electricity resilience based on lessons learned from Typhoons Faxai and Hagibis.

<On discussions regarding future energy policies>

The third point I want to address is the discussions regarding future energy policies.

Currently, the government is discussing specific future energy policies in the “Subcommittee for Sustainable Power Systems” and “Subcommittee on System Reform for Renewable Energy as Main Power Source”.

In the “Subcommittee on Building a Sustainable Electricity System” held on November 8, concrete discussions were started on developing the utility grid in a planned manner and reforming the wheeling fee system to maintain sustainable

investments in power sources and to build a next generational electricity network.

Meanwhile, in the “Subcommittee on System Reform for Turning Renewable Energy into a Main Power Source” held on October 28, discussions were held on the ideal system for sources of power to be used locally for when the government drastically revamps the FIT system to make renewable energy a competitive power source as part of efforts to make renewable energy a main power source.

We as general transmission and distribution operators consider the transition into a next generational transmission and distribution network system a necessity in securing stable supply going forward, realizing S +3E, and turning renewable energy into the main power source. We will be actively cooperating in these government discussions.

The domestic energy market has entered the age of full-scale competition and as initiatives to use the latest digital technology such as IoT and AI accelerate, new services are being launched to leverage the technology. Lifestyles of the public, the economy, and society at large are changing drastically toward realizing Society5.0.

We will aim to build a sophisticated energy platform that is reliable, efficient and will contribute to solving a variety of societal problems today and in the future. Efforts will include building of a next generational transmission and distribution network to provide a stable supply of electricity, digitalize systems, realize a low carbon society and tackle the challenges posed by a declining birthrate and aging population, the last for which we will also launch new services.

<On this winter’s supply and demand outlook>

Finally, I would like to address this winter’s supply and demand outlook.

This winter’s supply and demand outlook was examined in the Electricity and Gas

Basic Policy Subcommittee hosted on November 6. It was confirmed that, even in the coldest of winters, all areas will be able to secure a reserve rate of 3% or more that is considered the minimum required.

Meanwhile, on the demand side, we are still factoring in customers' cooperation in conserving energy. On the supply side, we continue to be forced to use aging thermal power plants and is still heavily reliant on thermal power generation.

We will continue to do our utmost on both the supply and demand sides considering the increase in demand due to falling temperatures this winter, potential issues in thermal power generation facilities, and the risk of reduced supply of solar power due to changes in the weather and accumulation of snow.

We ask the Japanese public's cooperation in conserving energy in a reasonable capacity.

This will conclude my segment today.

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