

Summary of Press Conference Comments Made by Satoru Katsuno, FEPC Chairman,
on January 17, 2020

I am Satoru Katsuno, Chairman of the Federation of Electric Power Companies. I look forward to continuing to work with you all this year. Today, I would like to address two points— “initiatives for recovering the public’s trust in the electricity industry” and “challenges and goals for 2020.”

<On initiatives for recovering the public’s trust in the electricity industry>

First, I would like to talk about initiatives for recovering the public’s trust in the electricity industry.

Today, we held the first Corporate Ethics Committee meeting of 2020. In this fourth meeting since the inauguration of the Committee, the top management of each company reconfirmed their intent to thoroughly enforce compliance in heralding in the new year, sharing compliance initiatives implemented by organizations in other industries and starting discussions on the future direction of the action guidelines stipulated by the Federation of Electric Power Companies.

A press conference was held last December by the third-party committee for Kansai Electric Power. We understand that investigations are ongoing for the final report.

The Federation of Electric Power Companies will continue to hold Corporate Ethics Committee meetings and through unceasing efforts, such as improving the compliance structure and action guidelines given the response to challenges identified in Kansai Electric Power’s third-party committee investigations, work to recover the public’s trust in electricity business and nuclear power generation.

<On the “challenges and goals for 2020”>

Next, I would like to discuss the “challenges and goals for 2020”.

2020 will be a milestone year for the electricity system as the year that the electricity

business will start operating under the new system. Utilities will prepare appropriately to maintain the stable supply of electricity for the legal unbundling of the transmission and distribution division scheduled in April this year as the final step of electricity system reform.

We believe that system reform for turning renewable energy into a main power source and wheeling fee system reform for increasing electricity resilience which have been discussed in government committees at the end of last year are critical in achieving stable supply in the future and in realizing S+3E

The government will start designing systems in detail this year which will include revision of laws and we are prepared to cooperate as electric utilities to realize a system that is sustainable and stable.

Initiatives to strengthen electricity resilience were discussed in government committees at the end of last year and were put together as government-wide measures yesterday.

We, as Federation of Electric Power Companies, will continue to work on formulating a Disaster Cooperation Plan in collaboration with various utilities and continue to further strengthen electricity resilience this year by sharing TEPCO HD verification results and best practices on coordination with relevant organizations.

Looking toward international affairs for a moment, early in the new year, oil, stock and exchange rates fluctuated wildly as tensions increased in the middle east. We are well aware that the middle east situation will require close monitoring.

We, as electric utilities, given the lessons learned in the oil crisis of the 1970s, have been working continuously to diversify power sources from a power source composition that was dominated by oil-fired thermal power to a more balanced composition that includes nuclear power, renewable energy, LNG, and coal. The use of oil-fired thermal power is now limited.

While the situation has not impacted procurement as the percentage of imported LNG that passes through the Strait of Hormuz has been in decline, there could be an impact on future import prices as LNG procurement prices tend to move in tandem with crude oil prices. We will continue to keep a close eye on proceedings, on guard and with great interest.

Given these developments, we again acknowledge the significant role that nuclear power generation plays in resource-poor Japan from the perspective of securing sustainable stable supply in addition to other perspectives.

Review to gain permission for changes in the installation permit is in its final stages as seen in the closing of the public comment period of the Tohoku Electric Power Onagawa Unit 2 review document proposal at the end of last December.

We will ensure that the nine PWR units that have already restarted will continue to steadily operate safely and stably and continue to do our utmost to respond to reviews so that BWRs will also be able to restart as soon as possible.

We believe that the nuclear fuel cycle is very important from the perspectives of the effective use of uranium and the reduction of waste volume and waste toxicity. We expect Japan Nuclear Fuel Limited to continue responding to the review with full force for the completion of the Rokkasho Reprocessing Plant.

We, as nuclear operators, will fully support Japan Nuclear Fuel Limited as an industry and promote initiatives such as the realization of the Spent Fuel Measures Promotion Plan and steady reduction of the plutonium stockpile.

Regarding the final disposal of high-level radioactive waste, last year, the government committee indicated a concrete policy for conducting document investigations on multiple sites which include actively supporting the formulation of a regional development vision, strengthening efforts for promoting understanding to a wide range of age groups and providing information that is wanted.

Nuclear power utilities have a fundamental responsibility as a generator of high-

level radioactive waste. In line with this responsibility, we will continue to cooperate with the government and Nuclear Waste Management Organization of Japan (NUMO) and work to increase interest and understanding of the final disposal of high-level radioactive waste through dialogue activities with the people in the regions.

On the environment front, the Japan Business Federation published the “Challenge Zero” plan last December. We also believe that innovation that leads to the development of radical and breakthrough technology is necessary to reduce greenhouse gases and will respond as an industry to this plan.

We will continue to contribute to the reduction of greenhouse gasses on a global scale as members of the Electric Power Council for a Low Carbon Society by pursuing the optimal energy mix that includes nuclear power, renewable energy, and other zero-emission power sources from an S+3E standpoint.

The lives of the people, the economy and society overall will continue to change increasingly rapidly this year as IoT, AI, and other cutting-edge digital technologies are harnessed to realize Society5.0. We will frame these changes as an opportunity for growth and will boldly implement new initiatives unbound by existing perceptions.

Japan will receive international attention as the country hosting the Olympics and Paralympics this year.

We as electricity operators will do our utmost to provide electricity stably so as not to affect the games.

<In conclusion>

Finally, I would like to address the Hiroshima High Court’s decision in the compliant trial for the temporary injunction on the operation of the Shikoku Electric Power Ikata Nuclear Power Station Unit 3.

I am very disappointed to hear that the Hiroshima High Court imposed a temporary injunction to halt the operation of the Shikoku Electric Power Ikata Nuclear Power

Station Unit 3 in the compliant trial today.

In resource-poor Japan, nuclear power continues to have a large role to play in many respects in regards to the many challenges facing Japan including providing electricity stably, reducing the burden on the public and responding to global warming.

In addition to responding appropriately to the new regulatory requirements following government policy, we will continue to do our utmost to secure the safety of nuclear power stations and explain our efforts to society at large as well as the people of the siting region to gain their understanding.

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