

## **New Working Committee to Address Ways to Improve Investment Climate for Nuclear Power**

**On September 4, the Advisory Committee for Natural Resources and Energy's Electric Utility Industry Subcommittee approved two reports, one by the Working Committee on Systems Evaluation, which is evaluating electric power-market deregulation and other matters, and the other by the Nuclear Power Subcommittee, entitled "A Plan To Make Japan a Nuclear Energy Powerhouse."**

It also decided to establish a working committee to look into the investment climate for nuclear power, as proposed in the Nuclear Power Subcommittee's report. The new committee is to address the design of a specific system, both in technical and professional terms, so as to enhance the investment climate.

Three items are to be considered by the new working committee, as follows: (1) considering the appropriate scale of calculation and design of a specific system to deal with expenses in corporate accounting for spent fuel other than that reprocessed at the Rokkasho Reprocessing Plant; (2) developing measures in corporate accounting in order to equalize the sharing of initial investments, including depreciation, for nuclear power plants (NPPs); and (3) verifying whether, based on the latest knowledge, reserves for demolishing nuclear power facilities are excessive or not enough, taking into account the clearance system and development of safety regulations on decommissioning, and, based on the verification conclusion, the appropriateness of the measures involved.

The report by the Nuclear Power Subcommittee says that the first two items above should be included in the current settlement of accounts.

The subcommittee will be established through a reorganization of the working committee on costs and other matters, as well as the working committee on systems and measures. Since 1995, Japan's electric power utility system has undergone reform (i.e., liberalization or deregulation) in three phases, and the scope of the deregulation now encompasses 60% of the entire industry. From now on, the subcommittee will look at the appropriateness of total deregulation of power retailing in 2007, which will include general households.

Upon the receipt of the reports, the members of the Electric Utility Industry Subcommittee made various comments. One person said, "In deregulating the power market, it is important to maintain a stable supply and balance. So far, power rates have been reduced by 30%, partly due to low interest and decreased capital investment." Another member said, "This is a good chance for us to stop and think about total deregulation. The situation has changed completely from a decade ago, as no one thinks of oil as a readily available product anymore." Meanwhile, someone else commented, "I hope power deregulation for households will be implemented more carefully than ever," while another member said, "We haven't achieved real competition yet among the power utility companies. Reform efforts toward total deregulation should not slacken." Finally, one person gave this opinion: "Deregulation and stable supply are not contradictory. The CO2 countermeasures implemented by the electric power utilities alone are not sufficient."

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