Gov't presses 2 utilities to lower planned rate hikes

TOKYO — The government is pressing Kansai Electric Power Company and Kyushu Electric Power Company to lower their planned rate hikes for households, saying the utilities need to implement further cost-cutting measures.

Kansai Electric (KEPCO) had applied to the ministry to hike rates by 11.88%, starting April 1, while Kyushu Electric was seeking a 8.51% hike. However, Economy, Trade and Industry Minister Toshimitsu Motegi and Minister of State for Consumer Affairs Masako Mori told executives of both companies that they should lower their rate hikes to 9.7% and 6.2% respectively, TBS reported Thursday.

Both utilities said they have to raise rates since all but two of their nuclear power plants remain offline. They also said that costs have surged due to the utilities’ switch to geothermal power, and they face a shortage in operating revenue.

But Motegi and Mori looked at the operating costs for both companies, including the costs of fuel and personnel, and suggested there were still areas where cost-cutting could be carried out in order to minimize the impact for consumers.

KEPCO said it will implement salary cuts of 16% for all employees and sell off some assets worth 7.5 billion yen. Kyushu Electric said it hopes to raise 14 billion yen by selling various facilities.

The new rate hike is now expected to go into effect on May 1.

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This kind of idiocy happens when politicians try to run the economy. So first the increase the cost of production by ordering the shut-down of nuclear power plants. Next, when the inevitable price hike comes, the want to make that go away by ordering so. This kind of demented thinking is right out of a cartoon, or of North Korea for that matter.

Govt shouldn't be pressing but rather ordering them to lower the hikes.

"They also said that fuel costs have surged due to the utilities' switch to geothermal power. Eh? What are the fuel costs in geothermal energy? Someone is telling porkies, I reckon."

No. It makes perfect sense. Geothermal power is not automatically "free" just because it is in the ground. To actually produce it, you have all other costs; for construction of the production facilities, modifications in the grid, etc. etc.

Governments have run into the same problem with other fashionable "green" energies. That is, for example, the reason that Germany just recently had to cut down on its ambitious solar panel program. They simply could not afford the subsidies anymore, and without subsidies, the "green" energy is so outrageously expensive it a gigantic waste. Same situation with the windmills, too.

- It states, "fuel costs of geothermal power"! It says nothing about construction or modifications! That is my point!!!

Every step in the production chain has to be spelled out?
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