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Power industry boss: Proposed reform threatens nuclear power generation

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By KENTARO UECHI/ Staff Writer

Proposed sweeping reforms of the electric power industry would deprive utilities of so much revenue that they would be incapable of operating nuclear facilities they own now or plan to in the future.

That warning was issued Feb. 15 by Makoto Yagi, head of the Federation of Electric Power Companies of Japan. He is also president of Kansai Electric Power Co.

Yagi was referring to a proposal compiled Feb. 8 by a panel of experts with the Ministry of Economy, Trade and Industry that was described as “the most sweeping reform of the electric power industry in postwar years.”

The panel recommended as part of key elements of the reform that power transmission and distribution be separated from regional utilities within five to seven years so that these operations are undertaken by their subsidiaries.

The idea is to allow suppliers of renewable energies to have fair access to power transmission and distribution networks owned by the utilities.

Under the existing setup, utilities have monopolized power generation and transmission, as well as distribution, stifling competition. Many new suppliers found themselves at a great disadvantage in trying to find customers.

In response, Yagi raised doubts about the soundness of the proposed overhaul of the industry.

“It has yet to be ascertained if a stable supply of inexpensive electricity will be secured,” he said. “The proposed reform will not necessarily benefit our customers.”

He and many utility executives fear the proposed reform would result in a sharp drop in profits, which would make it harder for them to finance the operation of nuclear power plants.

Nuclear power stations are costly to maintain and building new facilities represents a huge investment for a utility.

Yagi also called for restarts of reactors which have been idled since the nuclear disaster at the Fukushima No. 1 plant nearly two years ago.

“Nuclear plants should be utilized to provide a stable and inexpensive power supply,” he said.

Many utilities have sought government approval to raise electricity rates, saying imports of fossil fuels to reactivate thermal power plants are hitting their bottom lines.

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