

# TEPCO Group Business Operations

## Corporate Division

**Main business:** Provision of common services to each in-house company and nuclear power generation

### ● Initiatives Aimed at Revitalizing Fukushima

In addition to ensuring the prompt payment of compensation for every single eligible claim, TEPCO stepped up follow-up services targeting non-claimants in cooperation with local governments. In these ways, TEPCO strove to ensure that every last person is compensated. Reflecting these efforts, compensation that has been paid out totaled ¥4,790 billion as of March 31, 2015.

As it aims to ensure local residents' peace of mind, the Company provided technological assistance to decontamination activities undertaken by national and local governments while monitoring the level of contamination found in residential areas. Moreover, TEPCO has been proactively involved in initiatives aimed at facilitating the revitalization of communities, such as cleanup and weeding activities, with the aim of helping evacuees to return to their homes as well as farmers and businesses to resume their operations at the earliest possible dates.

### ● Decommissioning of Fukushima Daiichi Nuclear Power Station

Under the initiative of Fukushima Daiichi Decontamination & Decommissioning Engineering Company, TEPCO strove to mitigate risk caused by contaminated water, putting the utmost priority on purifying heavily contaminated water by taking a multi-layered approach that consists of seven aspects, including ALPS multi-nuclide removal equipment. Furthermore, in December 2014, TEPCO completed the removal of all fuel from the spent fuel pool of Unit 4. The Company also manufactured special equipment to perform full-scale surveys inside the reactor containment vessels with an eye to removing fuel debris; in this way, the Company is steadily promoting decommissioning. These efforts were highly evaluated by the International Atomic Energy Agency (IAEA) as evidence of progress toward decreasing the radiation risk.

In addition to these efforts, TEPCO continued to endeavor to improve the working environment from the perspective of on-site workers by, for example, setting up a new administrative office building and a meal supply center.



The extended structure and covering installed onto Unit 4 reactor building for the removal of fuel  
(Left above: Unit 4 reactor building immediately after the nuclear accident in March 2011)



High-performance multi-nuclide removal equipment (absorption towers)



Removing fuel from the spent fuel pool of Unit 4

## ● Nuclear Power Safety

In line with its Nuclear Safety Reform Plan, TEPCO has promoted such initiatives as the provision of training to raise employees' safety awareness at every level, including senior management, as well as the collection and analysis of information on nuclear accidents and related problems from countries around the world, with the aim of achieving world-leading quality and safety. However, despite its efforts to realize reforms, TEPCO has seen serious human accidents, including fatal accidents, occur again and again at its nuclear power stations. Moreover, shortcomings with regard to the proper disclosure of information on the status of wastewater drainage channels at the Fukushima Daiichi Nuclear Power Station caused anxiety and agitation among the public, especially the residents of Fukushima. Drawing lessons from these incidents, TEPCO exhaustively analyzed the causes of the accidents under the leadership of the General Manager of the Nuclear Power and Plant Siting Division and then stepped up initiatives aimed at improving safety and quality as a top priority issue. At the same time, the Company reviewed its information disclosure approach.

At the Kashiwazaki-Kariwa Nuclear Power Station, steady efforts have been under way to enhance safety by drawing on the lessons of the Fukushima accident. To improve its responsiveness to emergencies, the Company has sought to develop a more clearly defined chain of command, utilizing its latest knowledge on incidents overseas as case studies. Moreover, employees are engaged in periodic emergency response training, including rehearsing the connection of vehicle-mounted generators and implementing drills assuming the occurrence of an accident at night or amid inclement weather conditions.



TEPCO employees engaging in the Niigata Prefecture Nuclear Disaster Drill at the Kashiwazaki-Kariwa Nuclear Power Station

## ● Establishment of the Niigata Headquarters

In April 2015, TEPCO established the Niigata Headquarters to increase opportunities to communicate with people in Niigata Prefecture in an effort to better accommodate the needs of local communities. Specifically, the Company will utilize this Headquarters to provide briefings on the accident at the Fukushima Daiichi Nuclear Power Station and the status of the Kashiwazaki-Kariwa Nuclear Power Station while offering tours of the latter and other TEPCO facilities.

## ● Measures for Management Rationalization

With no apparent time frame for the resumption of operations at the Kashiwazaki-Kariwa Nuclear Power Station, the TEPCO Group has been steadily strengthening its operating platform, with the Corporate Division and in-house companies working in close collaboration. For example, the Group solicited voluntary retirement and thereby completed its 10-year plan for downsizing seven years ahead of the initial schedule while postponing non-urgent spending on construction and other items as emergency measures. Thanks to these efforts, the Group achieved more than ¥800 billion reduction in costs in fiscal 2014.

## Fuel & Power Company

Main business: Fuel and thermal power generation business

### ● Comprehensive Alliance

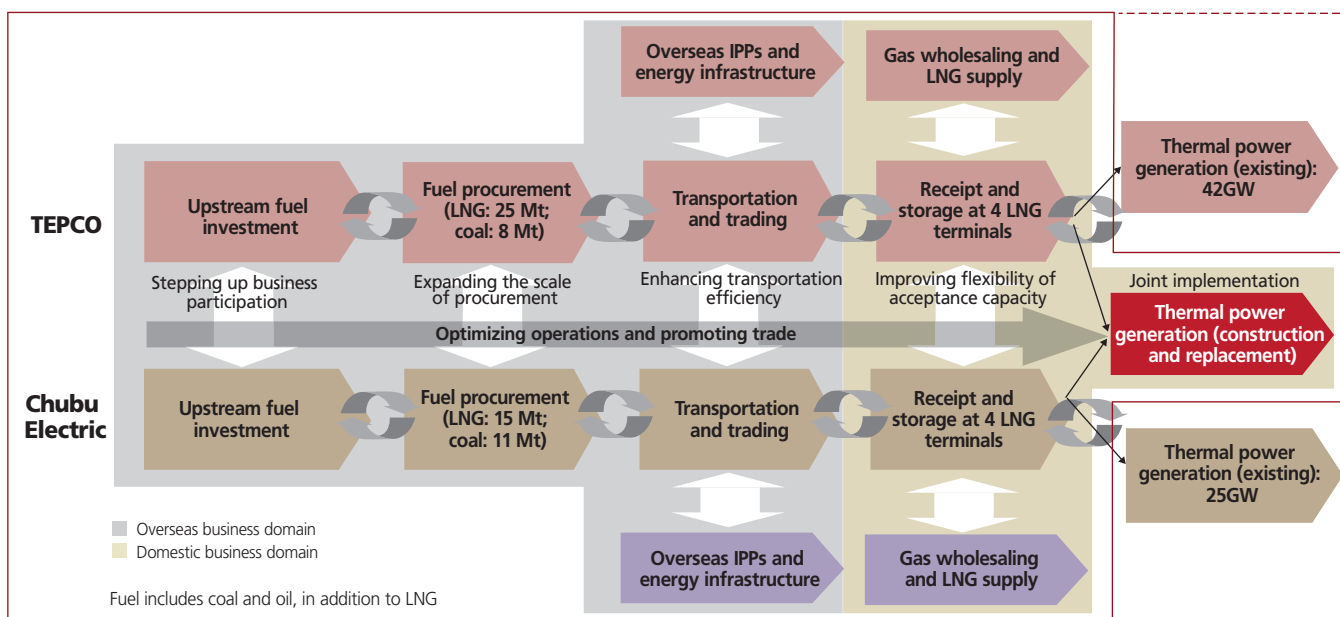
In February 2015, TEPCO and Chubu Electric Power Co., Inc. (hereinafter "Chubu Electric") agreed to form a comprehensive alliance encompassing the entire supply chain, from upstream investment and fuel procurement through power generation, while establishing a roadmap for such alliances. Moreover, the two companies have signed a joint venture agreement to launch a new company that will collectively handle both companies' fuel-related business as well as thermal power generation facility development and replacement in Japan and overseas.

The joint venture, JERA Co., Inc. (hereinafter "JERA"), was thus established in April 2015. Through this joint venture, the two companies will begin by collaborating in business areas in which it is easier to develop highly effective alliances. In these ways, TEPCO and Chubu Electric will enhance the value of their respective groups.

#### Roadmap for Expanding JERA's Business Domain

October 1, 2015 (planned)	Integrate fuel transportation and fuel trading businesses into JERA
December 2015	Execute a supplementary agreement on the integration into JERA of the parent companies' existing fuel businesses, including such upstream assets as fuel procurement, receipt, and storage operations, and gas transportation facilities, and overseas power generation and energy infrastructure businesses
Summer 2016	Integrate the above businesses into JERA
Spring 2017	Decide whether or not to integrate the parent companies' existing thermal power stations into JERA (target)

#### Scope of the Comprehensive Alliance



## Power Grid Company

Main business: Transmission and distribution business

### ● Reducing Energy Wheeling Costs While also Ensuring a Stable Supply

In addition to ensuring a reliable power supply, TEPCO has promoted exhaustive and ongoing cost reductions, with an eye to achieving a low wheeling rate comparable to those of world-leading utilities. Specifically, along with the steady refurbishment of aging facilities, TEPCO has implemented initiatives to enhance productivity, such as reducing unit prices through the adoption of streamlined specifications and stepping up procurement through competitive bidding.

### ● Launching Services Using Smart Meters

In April 2014, TEPCO performed verification testing of the communication functions of approximately 1,000 smart meters installed in Kodaira City, Tokyo. Based on the results of this testing, in February 2015 the Company began providing new smart meter services to customers in its Tama Branch service area, utilizing these meters' communication and remote reading functions.

## Customer Service Company

Main business: Retail electricity business

### ● Forming Alliances with Various Companies

In anticipation of the full liberalization of the electricity retail market in April 2016, TEPCO aims to secure greater marketing and product development capabilities, both of which are essential to delivering a constant stream of attractive services to customers throughout Japan. To this end, the Company began having discussions about alliances with various companies, such as mobile network operators, gas suppliers and online music distributors. Looking ahead, TEPCO will continuously seek out alliance opportunities with diverse businesses to create synergies while giving due consideration to their compatibility with its electricity business.

### ● Launching Nationwide Electricity Sales

In October 2014, Tepco Customer Service Corporation Limited, a wholly owned subsidiary of TEPCO, began selling electricity to customers throughout Japan. Going forward, the TEPCO Group will step up electricity sales activities outside its conventional service areas, thereby boosting its operating revenues to ¥34.0 billion in fiscal 2016, and further, to ¥170.0 billion in fiscal 2023.