Framework of governmental support to Tokyo Electric Power Company (TEPCO) to compensate for damage caused by the accident at Fukushima nuclear power station

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Nuclear Power Station Accident Economic Impacts Response Team
Decision at the Related Ministerial Meeting

Regarding the accident (hereinafter referred to as the “Accident”) at Fukushima nuclear power station run by Tokyo Electric Power Company (hereinafter referred to as “TEPCO”), TEPCO published on April 17 the “Roadmap towards Restoration from the Accident”. The Government will request TEPCO to ensure the stable implementation of this roadmap in a manner as early as possible and will make regular follow-ups, monitor the progress of work and necessary safety checks. In order to achieve a stable condition through cooling of the reactor cores as soon as possible, the government will gather together all knowledge, technologies and other available resources from Japan and abroad and take every possible measure available.

With respect to the serious damage suffered by residents and business operators due to the accident, TEPCO has recently stated that it will compensate damage with fairness and swiftness under the Act on Compensation for Nuclear Damages (hereinafter referred to as the “Compensation Act”). TEPCO has also requested governmental support as it has financial difficulty due to the accident at TEPCO’s Fukushima nuclear power station caused by the Great East Japan Earthquake.

In response to the request, the government has required TEPCO to confirm whether TEPCO would implement the following policies and TEPCO confirmed that it would do so: (1) No limitation should be imposed in advance on the total amount of compensation and the damages should be compensated properly and promptly; (2) The utmost efforts must be paid to stabilize the condition of TEPCO’s Fukushima nuclear station as well as the safety and living environment of workers at the nuclear station should be improved and adequate attention should be paid to their economic aspects; (3) Necessary expense should be ensured for stable electricity supply and safety of equipment, etc.; (4) Except for the above, rationalization of management and cost reduction should be sought to the utmost extent; (5) The actual conditions of management finance should be examined by a third party committee established by the government, in order to implement strict asset valuation and complete reexamination of costs, etc.; and (6) Cooperation of all stakeholders should be sought and especially
the status of cooperation from financial institutions should be reported to the government.

The government must (1) take every possible measure for prompt and proper compensation for damage, (2) stabilize the condition of TEPCO’s Fukushima nuclear power station and avoid any adverse impact on related business operators, etc. dealing with the accident and (3) secure stable electricity supply which is indispensable for people’s living.

In recognition of the government’s social responsibility on nuclear energy policy, which has been promoted through the cooperation between the government and nuclear operators, the government will provide support to TEPCO under the framework of the Compensation Act, basically aiming to minimize the burden to be placed on the public.

Under the current situation, the government will establish a framework that can also deal with future payments of compensation for nuclear damages, etc. and will ask nuclear operators other than TEPCO to also participate in the framework.

The government will facilitate examination to review the energy policy, including the future of Japan’s electricity business and implement necessary reforms. The government should create a framework that won’t interfere with such examination and reforms and will further examine, after a certain amount of time, whether the affected people have been provided adequate relief, whether a stable electricity supply is ensured, whether the stability of financial markets is ensured etc., and will take additional measures where necessary.
As the framework of the governmental support for TEPCO, the government will establish a general support framework for nuclear operators as described below (See the attached chart), and aims to promptly submit a necessary bill to the Diet.

1. A support organization (association) will be established and deal with payments, etc. of compensation in case of occurring nuclear damages.

2. Basically, electric power companies that operate nuclear power stations (nuclear operators) are obligated to participate in the organization. The participants are required to pay contributions to the organization to enable the organization to procure adequate funds. The contributions will be paid as operating expenses of the business operators.

3. The organization will provide support (including granting of funds, and adequate capital) to any nuclear operators in need of funds for paying compensation for nuclear damage. No upper limit will be imposed on the support and the support will be provided as many times as necessary and will cover all amounts that are necessary for compensation for damages, equipment investment, etc. in order to prevent nuclear operators from incurring excessive debts.

4. The government or the organization will provide consultation for people affected by nuclear damage. The organization will take proper measures in order to facilitate smooth payment of compensation, including purchase of assets from nuclear operators.

5. The government will provide necessary support to the organization including issuance of government compensation bonds and government guaranteed grants.

6. Prior to initiation of the support, the government, in response to request from nuclear operators, will examine the details of necessary support, rationalization of management, etc. and will supervise the nuclear operators for a certain period of time with respect to rationalization of management, etc. (and give approval, etc. to the nuclear operators).

7. If nuclear operators receive support from the organization, the nuclear operators will pay special contributions to be set taking into account the operating revenue of each year as well as other factors.

8. The organization will pay to the national treasury necessary amounts from the contributions, etc. paid by the nuclear operators.

9. A legal provision will be stipulated to the effect that, in an exceptional case such as when nuclear operators have difficulties in maintaining stable electricity supply due to the payment of contributions, the government will be able to provide support to the nuclear operators.
*The organization will be able to guarantee debts when financial institutions provide financing to TEPCO, and to purchase TEPCO’s corporate bonds, etc.

*Setting up the consultation office for the affected people will be considered by the government or the organization.