Outline of the Act to Establish the Nuclear Damage Compensation Facilitation Corporation

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Cabinet Secretariat

1. Objective of the Act
   In response to the large-scale nuclear damage due to the accident at Tokyo Electric Power Company (“TEPCO”)’s Fukushima nuclear power station, the government will take every possible measure to support the nuclear damage compensation in accordance with the basic policy of “minimizing the burden on the people,” in order to ensure
   (1) all possible measures for prompt and proper nuclear damage compensation for affected people;
   (2) stabilization of the conditions of TEPCO’s Fukushima nuclear power station and prevention of adverse effects on business operators and other entities dealing with the accident; and
   (3) stable supply of electricity,
in recognition of its social responsibility as the promoter of nuclear policy to date.

2. Outline of the Act
   Taking into account the possible payment of a large amount of nuclear damage compensation related to the nuclear business, the government shall build, under the concept of mutual support among nuclear business operators, a framework by which to establish a support organization (corporation) that can deal with future payment of nuclear damage compensation and associated transactions.

(1) Establishment of the Nuclear Damage Compensation Facilitation Corporation and receipt of contributions from nuclear business operators
   As the support organization dealing with payment of nuclear damage compensation and associated transactions in case of an occurrence of nuclear damage, the Nuclear Damage Compensation Facilitation Corporation (hereinafter referred to as “the Corporation”) shall be established and it shall reserve funds in preparation for nuclear damage compensation.

   The Corporation shall receive contributions from nuclear business operators, as the operating cost of the Corporation.

   The Corporation shall have a “management committee,” which is a third-party committee that passes resolutions with respect to business operation of the Corporation, including resolutions on financial assistance to nuclear business operators.
(2) Ordinary financial assistance by the Corporation

If a nuclear business operator is in need of assistance by the Corporation in paying nuclear damage compensation, the Corporation shall grant financial assistance (such as granting of funds, subscription for shares, financing and purchase of corporate bonds) following a resolution of the management committee.

In order to procure funds necessary for the financial assistance, the Corporation may issue government guaranteed bonds and borrow funds from financial institutions.

(3) Special financial assistance by the Corporation

(i) Accreditation of special business plan

If the Corporation is in need of special assistance from the government for granting financial assistance to a nuclear business operator, the Corporation shall, together with the nuclear business operator, formulate a “special business plan” and seek accreditation from the competent minister.

The special business plan shall include the prospect for the amount of nuclear damage compensation, measures for prompt and proper payment of nuclear damage compensation, the content and amount of financial assistance, measures for rationalization of management, request for cooperation of parties concerned (stakeholders) in order to procure funds necessary for payment of nuclear damage compensation, and measures for clarification of management responsibility.

Upon formulation of the special business plan, the Corporation shall strictly and objectively evaluate the assets of the nuclear business operator, thoroughly review its business operations, and check that the request for cooperation of parties concerned made by the nuclear business operator is appropriate and sufficient.

The competent minister shall grant accreditation for the special business plan, following mutual consultation with heads of related administrative agencies.

(ii) Assistance for a nuclear business operator under the special business plan

In order to grant financial assistance (special financial assistance) under the special business plan, and following the accreditation granted from the competent minister, the government shall issue government bonds to the Corporation and the Corporation shall request for redemption of (raising of cash through) the government bonds and grant necessary funds to the nuclear business operator.

The government may grant necessary funds to the Corporation within the range of the amount specified by the budget, only when there is a risk that funds for damage compensation may run short even after government bonds are issued.

The Corporation shall procure funds by issuing government guaranteed bonds or by other means and assist the nuclear business operator.
(4) Repayment to the national treasury by the Corporation

The nuclear business operator, which has received the assistance from the Corporation, shall pay special contributions.

From the contributions and other payments received, the Corporation shall make repayments to the national treasury until the repayment reaches the amount of redeemed government bonds.

However, the government may grant necessary funds to the Corporation, if the amount of contribution may significantly affect people's lives and the national economy; such as when a nuclear business operator has difficulty in maintaining stable electricity supply or other services, or when a heavy burden has to be placed on electricity users due to an excessively high amount of contributions.

(5) Facilitation of smooth payment of nuclear damage compensation

In order to facilitate the payment of nuclear damage compensation, the Corporation may (i) provide necessary information and advice in response to consultation requests from the affected people, (ii) purchase assets possessed by the nuclear business operator, and (iii) make compensation payments (compensation payments commissioned by a nuclear business operator or temporary advance payments* commissioned by the central government or the prefectural governor) on behalf of the payer.

* Temporary advance payments pursuant to the bill of the Act on Emergency Measures Related to the Damage Due to the 2011 Nuclear Accident

(6) Accounting

Corporation shall manage contribution figures for each nuclear business operator.

3. Effective date

The Act shall come into effect on the day of promulgation. The government shall

(1) discuss at the earliest possible date such issues as the government responsibility in the nuclear compensation system and the government involvement and responsibility in settlement efforts in the event of an accident, and take necessary measures in accordance with the results, including a fundamental review such as the amendment of the Act on Compensation for Nuclear Damage, taking into account the investigation of the cause of the accident, the situation of compensation payments, the economic and financial conditions, and other factors.;

(2) examine at an early date the implementation status of the Act, including the division of the burden between TEPCO and the government, as well as between TEPCO and other power companies, and the burden to be borne by TEPCO’s shareholders and other stakeholders, and take
necessary measures in accordance with the results, taking into account the investigation of the cause of the accident, the situation of compensation payments, economic and financial conditions and other factors; and

(3) consider such issues as the government responsibility in nuclear policy and take necessary measures in accordance with the results, including a fundamental review of nuclear-related laws, taking into account discussions on future energy policy, including the improvement of the framework for electricity supply.