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

14 June 2011
Cabinet Decision

Regarding the accident at the Tokyo Electric Power Company (hereinafter referred to as “TEPCO”)’s Fukushima Nuclear Power Plant (hereinafter referred to as the “Accident”), 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 and monitor the progress of work as well as 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 fairly and promptly under the Act on Compensation for Nuclear Damages (hereinafter referred to as the “Compensation Act”). TEPCO had also requested government support as it has financial difficulty due to the Accident caused by the Great East Japan Earthquake, etc..

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 amount of compensation and the damages should be implemented prompt and appropriate compensation certainly; (2) The utmost efforts must be paid to stabilize the condition of TEPCO’s Fukushima nuclear plant as well as the safety and living environment of workers at the nuclear plant should be improved and adequate attention should be paid to their economic aspects; (3) Necessary expense should be secured 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 and 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 ensure to (1) take every possible measure for prompt and appropriate compensation for damage, (2) stabilize the condition of TEPCO’s Fukushima nuclear power plant...
plant and avoid any adverse impact on related business operators, etc. dealing with the accident and (3) supply stable electricity 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 support 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 also enables nuclear operators to 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 victims 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 if necessary.
As the framework of the government support for TEPCO, the government will establish a general support framework for nuclear operators as described below.

1. A support organization (hereinafter referred to as “corporation”) will be established and deal with payments, etc. of compensation in case of occurring nuclear damages.

2. Basically, electricity utilities that operate nuclear power plants (nuclear operators) are obligated to participate in the corporation. The participants are required to pay contributions to the corporation to enable the corporation to procure adequate funds. The contributions will be paid by the business operators as operating expenses.

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

4. The government or the corporation will provide consultation for victims of nuclear damage. The corporation will take proper measures in order to facilitate smooth payment of compensation, including purchase of assets a nuclear operator.

5. The government will provide necessary aid to the corporation including granting of government bonds and government guarantee, etc..

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

7. If a nuclear operator receives support from the corporation, the nuclear operator will pay a special contribution to be set taking into account the operating revenue of each year as well as other factors.

8. The corporation will pay to the Treasury necessary amounts from the contributions, etc. paid by 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 subsidy to the corporation.