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## **[II. The Plans to Establish a New TEPCO Group Having Much Stronger Business Structure]**

We are committed to establishing a new TEPCO Group with much stronger business structure by making the best use of the results achieved under the TEPCO Group's mid-term management policy "Management Vision" and by making continuous innovation and use of technical knowledge for breakthrough.

### **1. Win the Trust of Society**

#### **(1) Ensuring Stable Supply from a Long- and Mid-term Perspective and Contributing to Realization of a Low-Carbon Society**

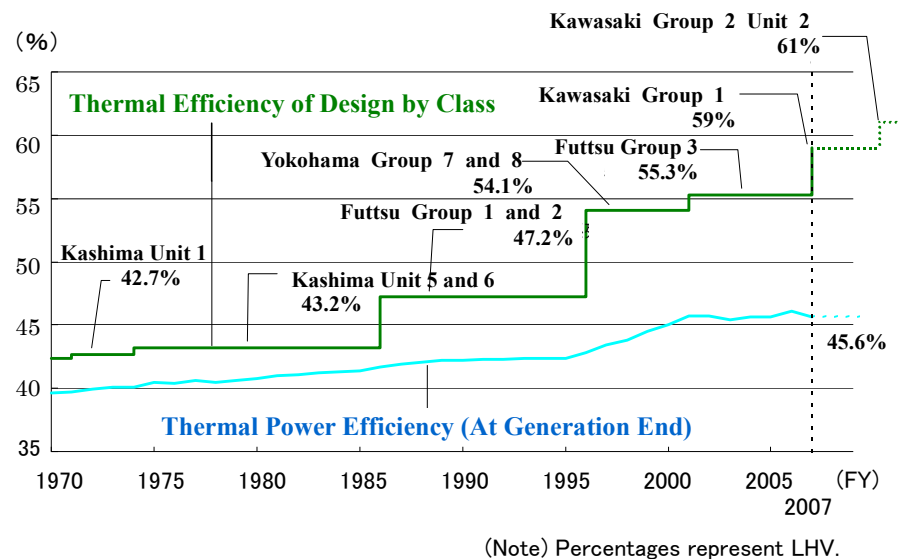
- Promote the best mixture of energy sources, based on the importance of nuclear power generation in every aspect of stability of electricity supply, economic efficiency, and environmental friendliness
- Promote nuclear power generation taking a major role in the zero-emission energy sources, and reestablishment of more flexible and stronger electric facilities by introducing the world's most efficient thermal power generation, in order to contribute to realization of a Low-Carbon Society and to deal with the risk of fuel procurement

#### **<Introduction of the Latest-Design High-Efficiency Thermal Power Generation at the Kawasaki Thermal Power Station Group 2>**

- The 1,500°C-class combined cycle generation (MACC: More Advanced Combined Cycle) has been the best in terms of thermal efficiency. TEPCO plans to introduce even more efficient 1,600°C-class combined cycle generation (MACC II, about 61% thermal efficiency) into the 2<sup>nd</sup> and 3<sup>rd</sup> units of the Kawasaki Thermal Power Station Group 2. The two units will start commercial operation in FY2016 and FY2017. Through this, output of each unit would change from 0.5 million kW(MACC) to 0.71 million kW (MACC II).

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### <Transition of Thermal Power Efficiency>



## (2) Strictly Observing Corporate Ethics, Laws, and Regulations

- TEPCO Group, as a whole, will strictly observe corporate ethics, laws, and regulations, by promoting preventing measures of the recurrence of date falsification, etc. (culture of not doing anything wrong, mechanism of not allowing anyone to do anything wrong, mechanism of encouraging to speak out voluntarily) and regular monitoring

## (3) Thoroughly Ensuring Safety and Managing Quality, and Enhancing Risk Management

- Make every effort for penetration of the sense of putting maximum-priority on safety and thoroughly complying with rules by enhancing communication not only in the TEPCO Group but also with cooperative companies, and prevent disaster from occurring by deeper inspection of causes of disaster and secure implement of countermeasures

## (4) Contributing to the Eco-Conscious Society

- Tackle the realization of a Low-Carbon Society both from the point of “low-carbonization” in electricity supply and from the point of more efficiency and electrification in electricity demand
- Make the best effort to achieve the self-imposed target of “reducing its CO<sub>2</sub> emission intensity by 20% for the five-year average of FY 2008 to 2012 compared to FY 1990”: safe and stable operation of nuclear power stations,

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enhancement of thermal efficiency of thermal power generation, increased utilization of renewable energy sources through conformance to the Renewable Portfolio Standard (RPS) Law, acquiring carbon credits utilizing the Kyoto mechanism, and so on

- In order to contribute to conserving energy and CO<sub>2</sub> reduction in every sector of home, office, industry, and transportation, encourage electrification through further diffusion of electrified systems and high-efficiency appliances such as “Eco-Cute” utilizing heat pump system

#### <Activities to Utilize Renewable Energy>

- As for renewable energy, contribute to more utilization both from capacity of generation and from diffusion support, by development of mega-solar generation, wind power and so on, and diffusion of green electricity certificate and green electricity fund.

#### <Mega Solar Power Plant Construction Project>

Plant name		Ohgishima Solar Power Plant (provisional name)	Ukishima Solar Power Plant (provisional name)	Komekurayama Solar Power Plant (provisional name)
Location		Ohgishima, Kawasaki-ku, Kawasaki, Kanagawa	Ukishima-cho, Kawasaki-ku, Kawasaki, Kanagawa	Shimomukouyama-cho, Kofu, Yamanashi
Specifications	Solar cell output	Approx. 13,000 kW	Approx. 7,000 kW	Approx. 10,000 kW
	Estimated annual power production	Approx. 13.7 million kWh	Approx. 7.4 million kWh	Approx. 12.0 million kWh
	Estimated CO <sub>2</sub> emission reduction	Approx. 5,800 t	Approx. 3,100 t	Approx. 5,100 t
	Land area	Approx. 23 ha (owned by TEPCO)	Approx. 11 ha (owned by Kawasaki City)	Under Consideration
	Solar panel installation area	Approx 20 ha	Approx 10 ha	Under Consideration
Schedule	Start of construction	FY 2009 (slated)	FY 2009 (slated)	FY 2010 (slated)
	Start of operation	FY 2011 (slated)	FY 2011 (slated)	FY 2011 (partial start of operation to be planned)

#### <Reference: FY 2008 Forecast of CO<sub>2</sub> Emission and CO<sub>2</sub> Emission Intensity>

- The amount of CO<sub>2</sub> emission and CO<sub>2</sub> emission intensity of FY2008 are expected to be close to those of FY2007.  
(Note: before reflection of carbon credits)

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## 2. Compete and Succeed













### (1) Reduction of Costs and More Efficient Facility Maintenance

- Establish much stronger business structure by transforming into a continuous effort of reducing cost with the premise of safety of facility and security of quality

### (2) Steady and Effective Promotion of Sales Activities

- Promote steadily and effectively sales activities, as a whole TEPCO Group, appealing environmental friendliness, energy conservation, load-leveling, etc. that contribute to realization of a Low-Carbon Society.

### <Electrified Appliances and Systems that TEPCO Recommends for Corporate Customers>

	Scale of facility	Low	Middle	High	Type of Business
<b>Air-Conditioning</b>	<b>Heat Storage Air Conditioning System</b> - Reduce both costs and CO <sub>2</sub> emissions by utilizing nighttime electricity which is cheaper and is mainly generated by non-fossil fuel  <b>High Efficiency Heat Source System</b> - Ace in the hole for CO <sub>2</sub> emission reduction	 Eco Ice mini   High-Efficiency Electric Heat Pump   Heat Pump for Greenhouse	 Ice Thermal Storage Tank   Flex Moduler Chiller	 High-Efficiency Centrifugal Chiller	Office School Commercial facility Welfare Hospital Hotel Factory Agriculture
<b>Hot-Water Supply・Kitchen</b>	<b>Heat-Pump Water Heaters</b> - Achieve huge CO <sub>2</sub> reduction and various kinds of products for scale and usage  <b>Commercial Electrified Kitchen</b> - Very effective to increase the level of hygiene control due to the ease of temperature and time control. Also contribute to improvement of kitchen environment and reduction of electricity load of air-conditioning and ventilation	 Heat Pump Water Heater   Eco Cute for Business	 Large-Sized Electric Hot Water Heater   Hybrid Heat Pump Water Heater System		Restaurant Welfare Hospital Hotel Fitness Factory
<b>Heating</b>	<b>Commercial Electric Heating</b> - Very effective in various aspects of production process because of its cost reduction, quality improvement, CO <sub>2</sub> reduction, improvement of work environment, safety and so on	 IH Paint Drier	 Inductive Melting Furnace		Food Machine Steel Metal Non-metal

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**(3) Securing Profits in New Business and Thoroughly Choosing and Concentrating**

- Strengthening activities for more sales and profits by establishing value chains connecting TEPCO Group's businesses making the use of their competitive edges
- Thoroughly choosing and concentrating when investing in new businesses, after thorough due-diligence on urgency, profitability, and risks

**3. Foster People and Technologies**

**(1) Invigorating of Workplaces, and Securement and Fosterage of Human Resources**

- Strengthen the business development foundation by the efforts to future invigorate workplaces and foster human resources, sharing challenging mind for breakthrough, through close communications among the whole TEPCO Group

**(2) Maintenance, Succession, and Enhancement of Technologies and Techniques**

- Execute continuously ways to maintain, succeed, and enhance technologies and techniques supporting front-line workplaces

**(3) Formation of Technology Strategy and Promotion of R&D that Support Future Growth**

- Achieve breakthrough and future growth by practicing the R&D results of stable supply, safety securement, cost reduction, environmental solution and so on, which are chosen and concentrated based on technology strategy, such as steady implementation of demonstration tests of IGCC

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**<Reference> Major Management Targets**

Considering the situations of the Kashiwazaki-Kariwa Nuclear Power Station at present, we have not set up numerical targets in the FY 2009 Business Plan. However, we continue to make every effort to achieve the targets set up in “Management Vision 2010.”

**Numerical Targets 2010**  
**- Targets to be achieved by FY 2010 -**

**Operational Efficiency**

**Improve efficiency by 20% or more from the FY 2003 level with equipment safety and securing of quality as major premises**

**Improvement of Balance Sheet**

**Increase shareholders' equity ratio to 25% or higher**

**Business Growth Expansion of Electricity Sales volume**

**Expansion of sales volume by 10 billion kWh or more  
(cumulative total in FY 2004 through 2010)**

**Business Growth –Sales and Operating Income from Businesses Other Than Electric Power Industry (Revised in March 2006)**

**Ensure 300 billion yen or more in sales from businesses other than the electric power industry<sup>(Note 1)</sup>, and 50 billion yen or more in operating income from businesses other than the electric power industry<sup>(Note 2)</sup>**

**Note1: The total of sales of consolidated subsidiaries and affiliates to external customers**

**Note2: The total of operating income of consolidated subsidiaries and affiliates**

**Target of Contribution to Global Environment**

**Reduce the five-year average of CO<sub>2</sub> emission intensity (FY 2008 through FY 2012) by 20% from the FY 1990 level**