

*Nuclear Power Generation
and
Nuclear Fuel Procurement
of TEPCO*

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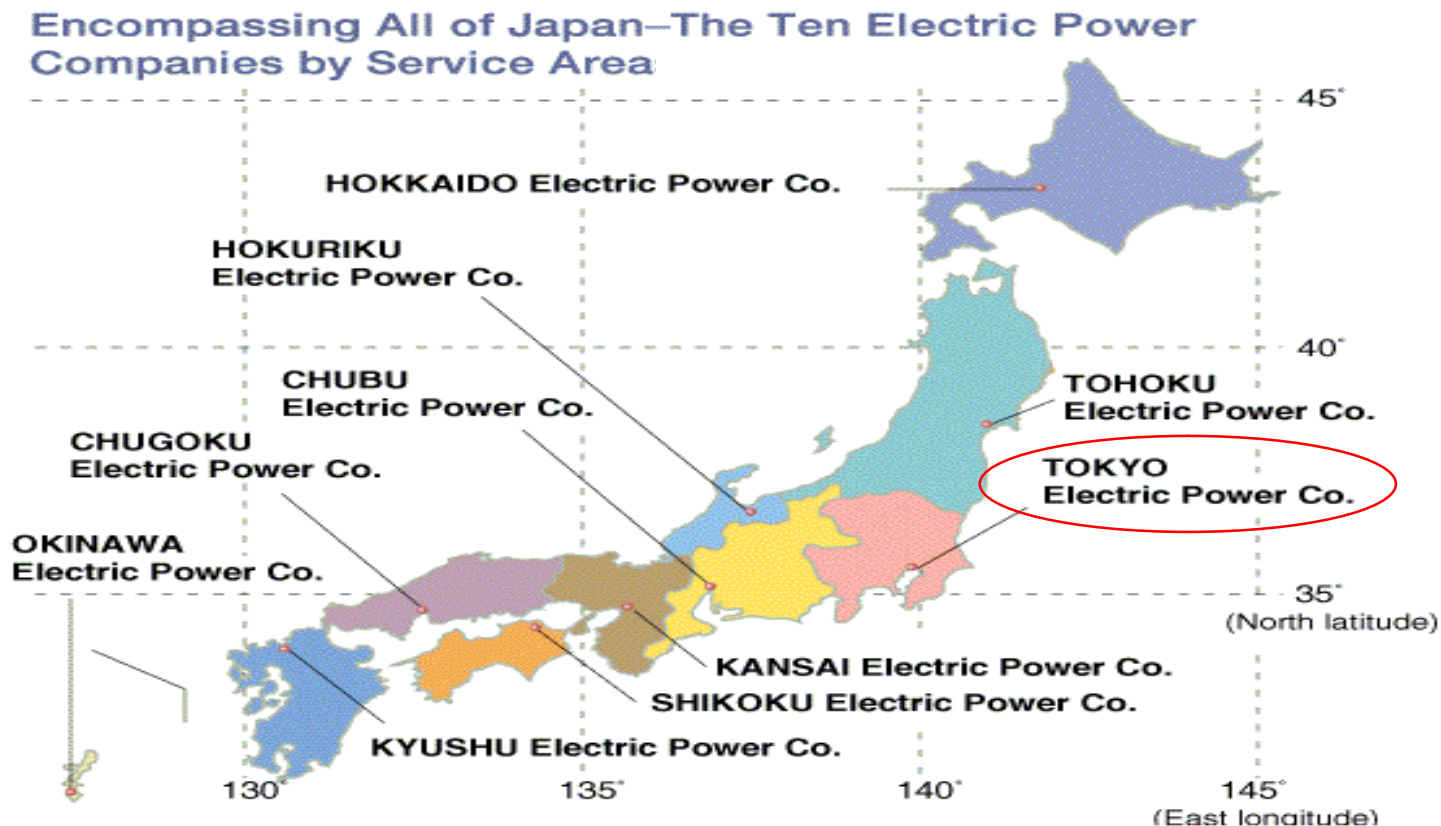


TOKYO ELECTRIC POWER COMPANY

TEPCO's Overview

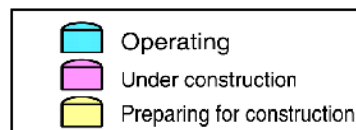
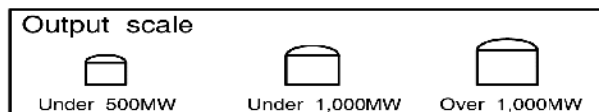
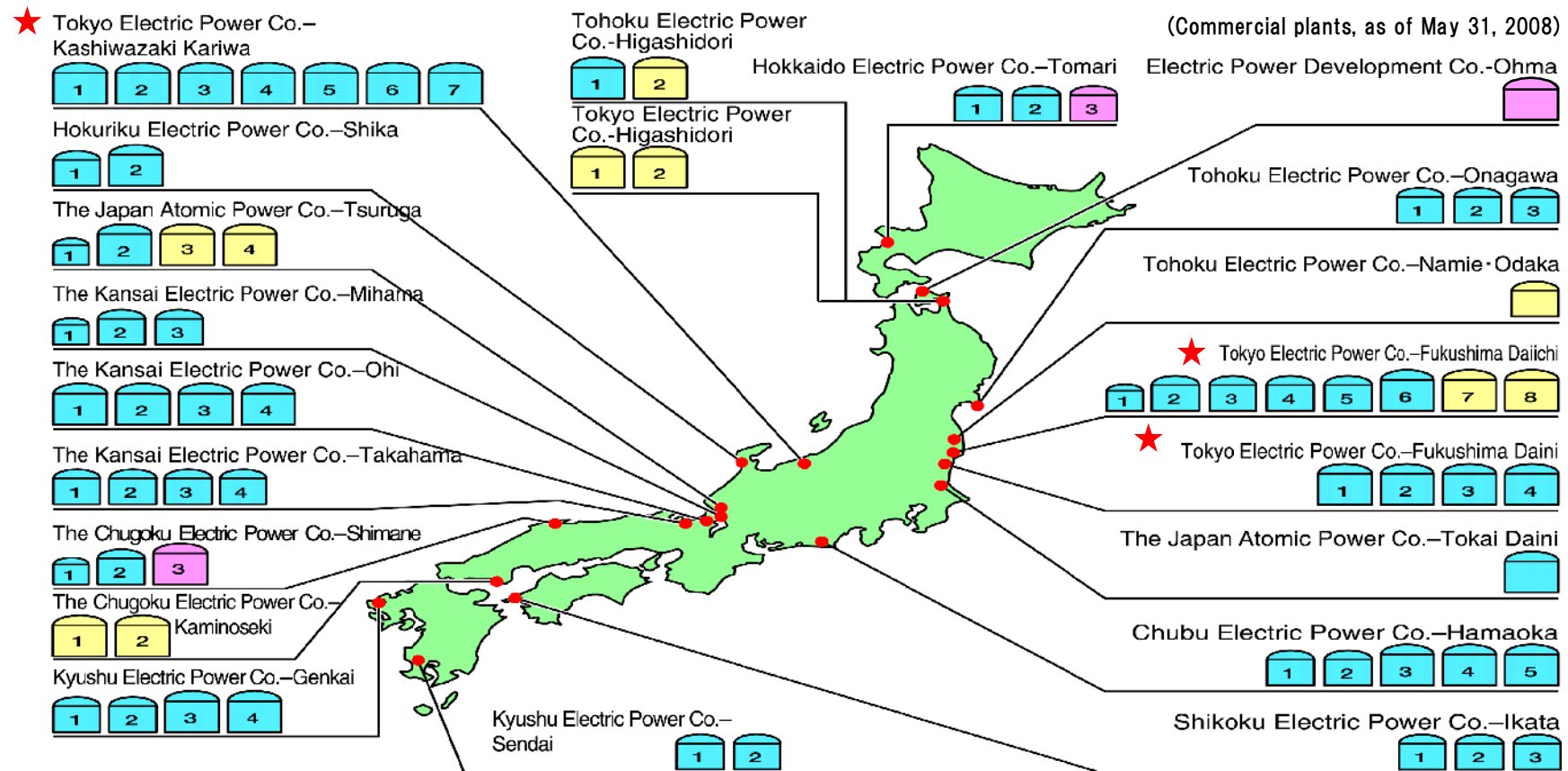
(1) Electric Power Supply by TEPCO

- TEPCO provides electric power to the Tokyo Metropolitan Area which is the hub of Japan's economy.
- Electricity sales account for approximately 1/3 of Japan's consumption. (almost the same as that of Italy)



(2) Nuclear Power Plants in Japan

- Presently, Japan has the third largest scale of nuclear generation capacity in the world. (55 units account for about 30% of total generation in Japan)



	Number of Units	Total Output (MW)
In operation	55	49,467
Under construction	3	3,668
Preparing for construction	10	13,562
Total	68	66,697

(3) Advantage of Nuclear Power Generation (1/2)

➤ Economic Competitiveness

- ✧ Cost-effective in comparison with generation costs by fossil fuels.
- ✧ Nuclear fuel costs account for less than 30% of total nuclear generation costs.
 - Contribute to stabilization of generating costs

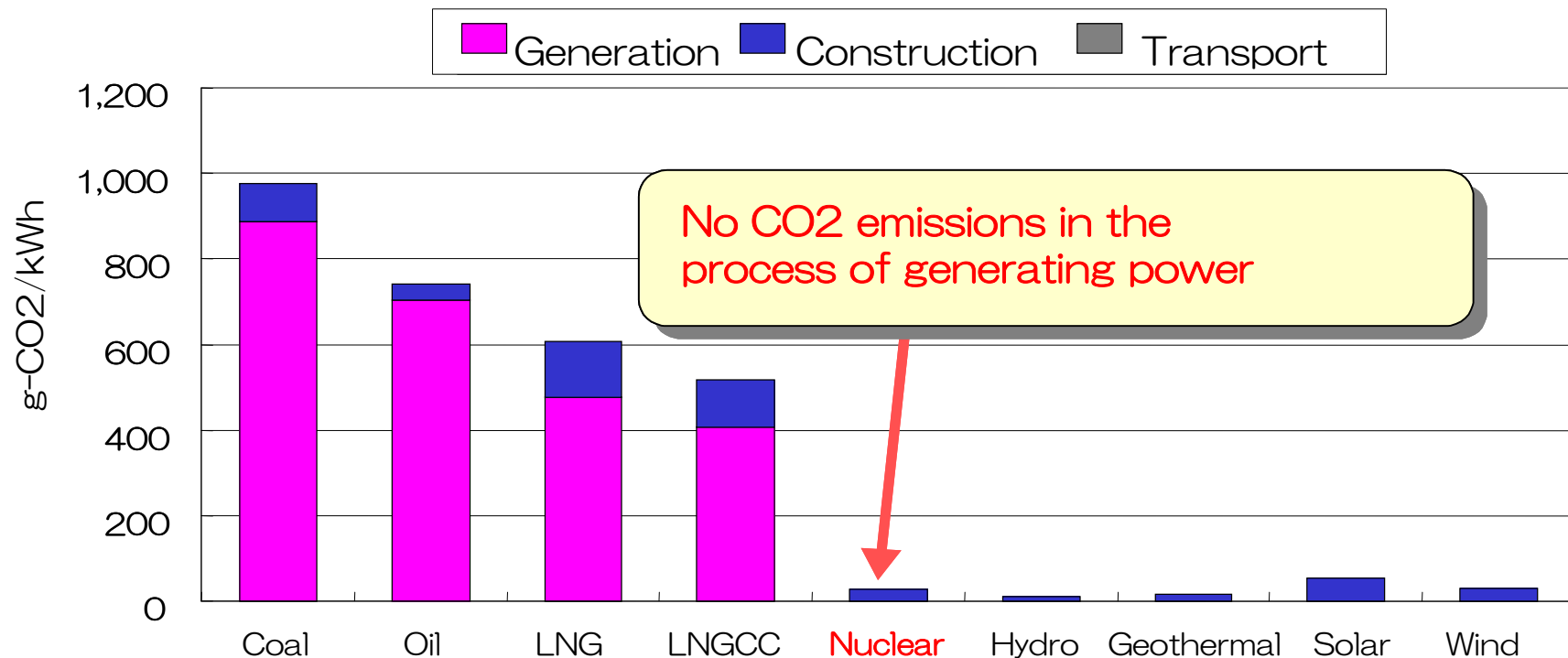
➤ Energy Security / Supply Stability

- ✧ Enough uranium to run light water reactors for 85 years globally.
- ✧ Geographic distribution of Uranium is not polarized, and a stable supply can be ensured.

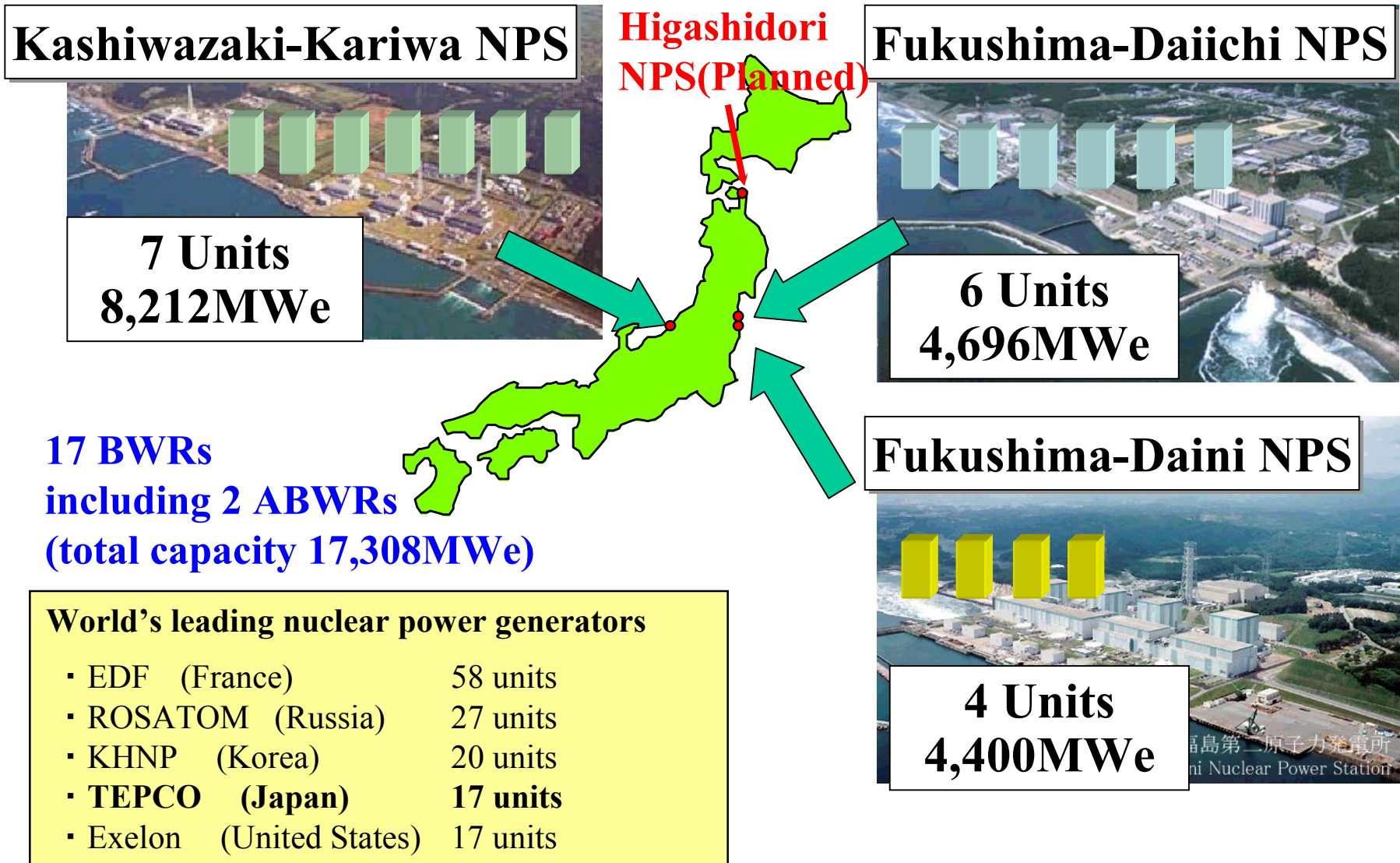
(3) Advantage of Nuclear Power Generation (2/2)

➤ Environmental Compatibility

- ✧ Nuclear power generation does not produce carbon dioxide.
- ✧ CO2 emissions over the lifetime of the plant, including construction and the excavating and processing of nuclear fuel, is extremely small.

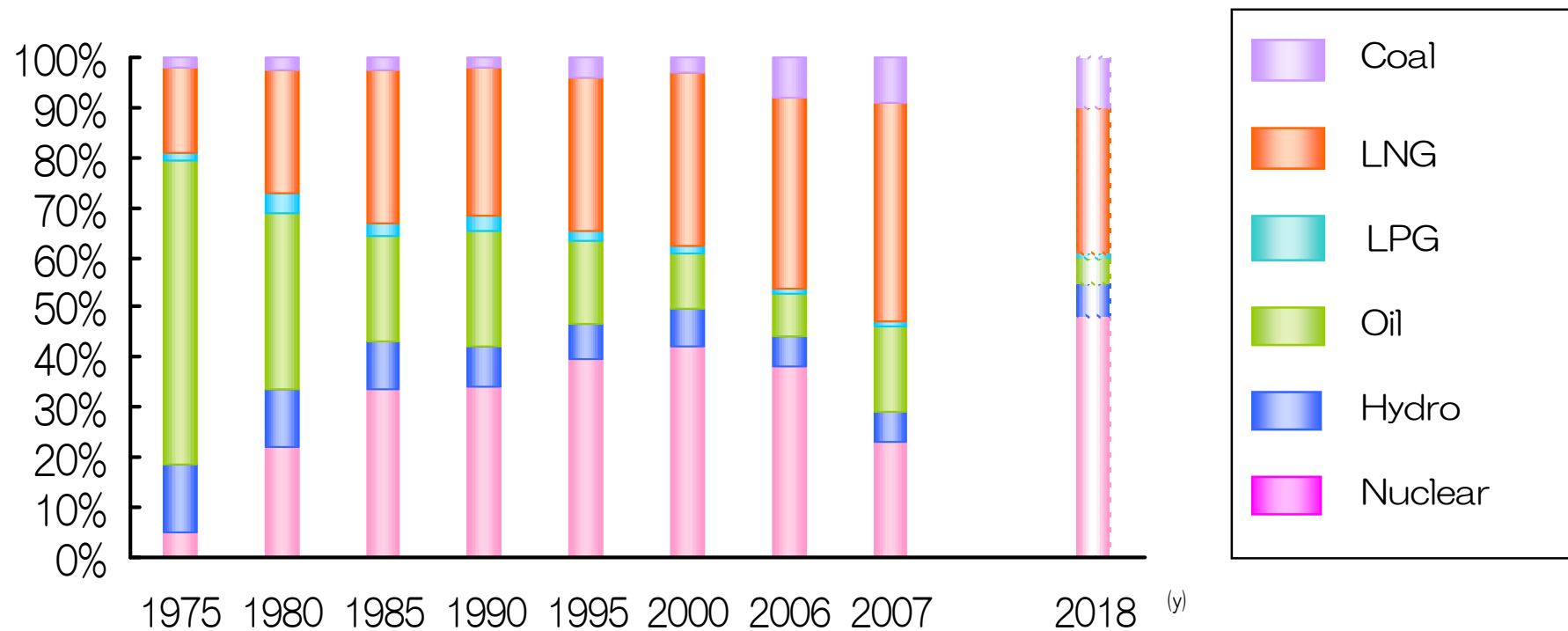


(4) TEPCO's Nuclear Power Plants

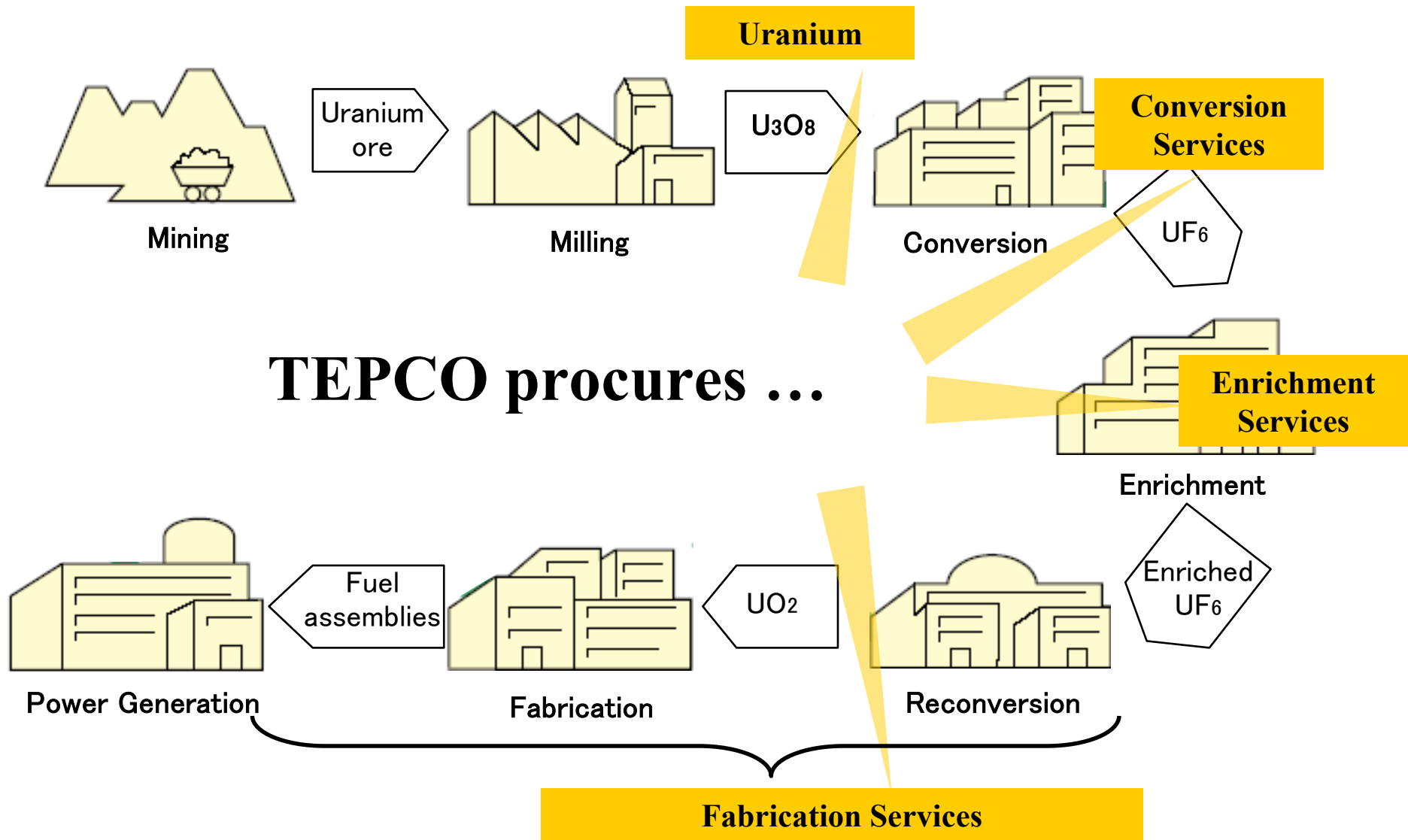


(5) TEPCO's Energy Source Portfolio

- After the oil crises, increase of gas (LNG) and nuclear as energy source has contributed to realization of "best mix" in the portfolio
- 17 nuclear units generate $\sim 40\%$ in kWh at present
- Nuclear is, and will be playing an important role in our portfolio



Nuclear Fuel Procurement



(1) Uranium Procurement (1/3)

- Annual Demand : Approx. 4,000 stU₃O₈*
(5% of world total requirement)
- Policy: Long-term, economical and stable procurement

a. Procurement Method

- ✧ Supply contracts with current major suppliers
- ✧ More weight on long term contract
- ✧ Diversification of suppliers and supply areas
- ✧ Participation in mining projects

b. Inventory policy

- ✧ Sufficient level of inventory

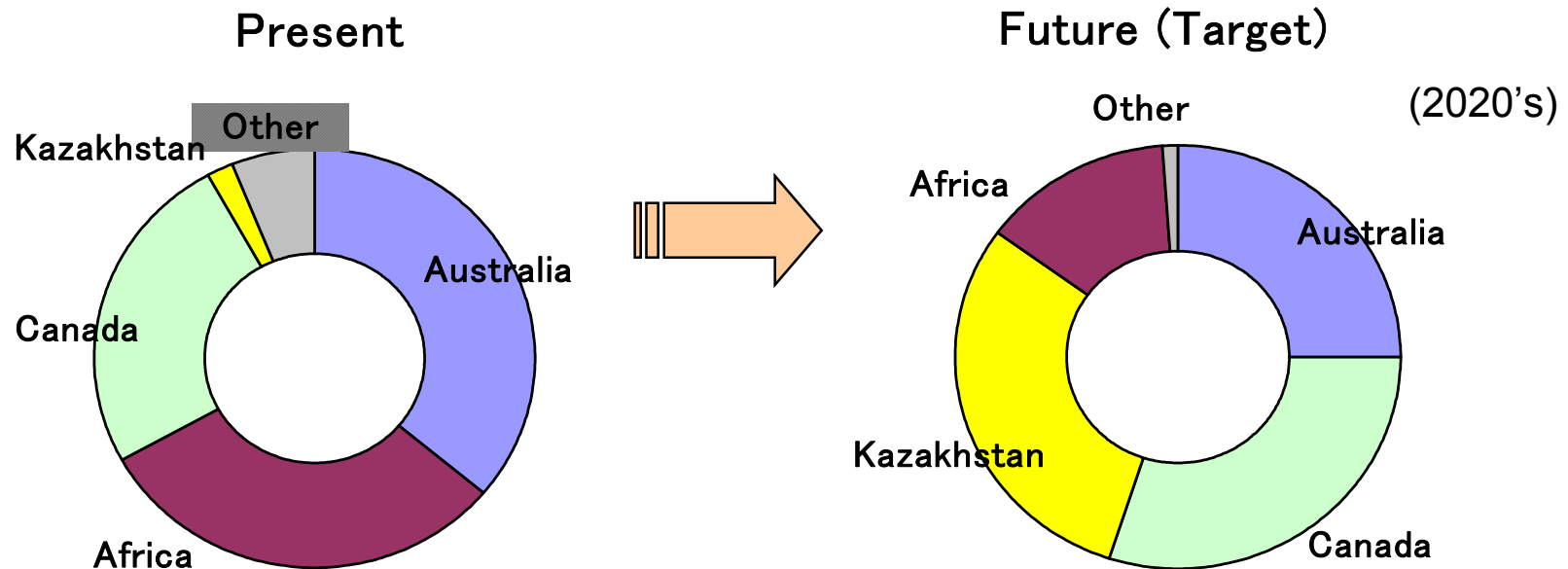
c. Price stability

- ✧ Contracts using various pricing mechanisms

* 1 stU₃O₈ ... equal to some 0.91 metric tons of triuranium octoxide

(1) Uranium Procurement (2/3)

- The requirement for the next several years are already covered by existing contracts
- Continuing procurement from existing major suppliers, considering the Diversification of Suppliers and Supply Area



(1) Uranium Procurement (3/3)

➤ TEPCO plans to procure some portion of its uranium demand by participation in the following projects.

✧ Cigar Lake Project

- Located in Canada
- TEPCO to obtain 5% of uranium production
- Production to commence in 2011

✧ Kharassan Project

- Located in Kazakhstan
- 6 Japanese companies including TEPCO to obtain 40% of uranium production
- Production to commence in 2009

(2) Conversion & Enrichment Services

➤ Annual Demand:

Conversion Services: Approx. 3,000 tU as nUF₆

Enrichment Services: Approx. 330 tU as eUF₆

➤ Policy: Long-term, economical and stable procurement

→ The same as uranium procurement

➤ Points to consider

✧ Limited suppliers

→ Efforts to achieve both competition and diversification at the same time

✧ Transition period from old plants to new plants

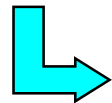
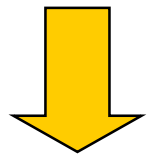
→ Stable and long term procurement from reliable suppliers is of particular Importance

(3) Fuel Fabrication Services

- Annual Demand : Approx. 2,000 fuel assemblies (350tU)
- Domestic Fabricators occupying a high share in Japan
- Enhancement of Competitive Environment
 - ✧ Purchase of Fuel Fabrication Services together with Reactor Core Management from Nuclear Reactor Makers

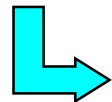


- ✧ Promotion of Reactor Core Management by TEPCO



Enabled us to procure Fabrication Services regardless of Reactor Makers

- ✧ Introduction of Overseas fuels



Price reduction by competition among fabricators

Thank You !