

Memorandum of the Third Nuclear Reform Monitoring Committee

1. Date : 11:30-12:30, March 29 (Friday), 2013
2. Place : TEPCO Headquarters 10th FL West Side Conference Room
3. Participants : Dr. Dale Klein (Chairman), Lady Barbara Judge CBE (Deputy Chairman), Masafumi Sakurai (Member of the Committee), Kazuhiro Suzuki (Secretary General), Kazuhiko Shimokobe (TEPCO Chairman, Member of the Committee), Naomi Hirose (TEPCO President, Chief of the Nuclear Reform Special Task Force), Zengo Aizawa (TEPCO Executive Vice President, Deputy Chief of the Nuclear Reform Special Task Force), Takafumi Anegawa (General Manager of the Nuclear Asset Management Department, Secretary-General of the Nuclear Reform Special Task Force)
4. Summary :

Chairman's Opening Address and Individual Committee Member Comments

(Dr. Klein) We look forward to being back in Japan and hearing from continued progress that TEPCO has been making. I think in general what I have been impressed with is the hard work that has gone on to prepare the Nuclear Safety Reform Plan (hereafter, "reform plan"). It's clear that TEPCO understands the need for reform and the fact that you established a committee, the fact that you have done a reform plan demonstrates your desire to reform.

As we have said before, this is journey. It doesn't end with the plan, it begins with the plan. And so, we look forward to hearing in detail the elements of the plan and we thank you for your hospitality. We look forward to making advances to make TEPCO, a world leader in both safety and security for nuclear activities. I would like to compliment TEPCO on their active international involvement and to encourage you to continue that process. It's very important for the world to understand the technical details of what happened with the accident and you have done a good job of sharing that information today and we look forward today in continuing that process.

(Lady Judge) I would like to report on the fact that TEPCO, and to congratulate TEPCO, for the establishment of an internal self-regulatory safety organization, which will be called the Nuclear Safety Oversight Office. It is planned that TEPCO will be bringing in numbers of various safety specialists to educate the people within TEPCO so that at the end of the journey as the Chairman has said, we believe that TEPCO will have the highest, best safety culture in the industry. That is the goal and

we will be here to help organize and monitor the achievement of that goal, because we believe that safety must be the most important aspiration of the reform plans.

(Mr. Sakurai) From the perspectives of the areas for which I am responsible—corporate ethics, disaster prevention, and communications—I’m sorry to say that numerous issues cropped while TEPCO was deciding on its reform plan. This committee asked the Nuclear Reform Special Task Force (hereafter, “Task Force”) to do a study and give us the results. However, as the chairman and others have noted, I think this event was one that made us as a committee deeply aware of the importance of crafting a reform plan and moreover of how TEPCO would concretely proceed with reforms. To supplement the chairman’s remarks slightly, I would like to have TEPCO show us a concrete progress schedule for reform, report to the committee on how the progress of implementing it is going, and tell the public at large about those things that require such.

Comment from Deputy Chief of TEPCO Nuclear Reform Special Task Force

(Deputy Chief of the TF, Aizawa) I am grateful to Chairman Klein and all the members of the Nuclear Reform Monitoring Committee (hereafter, “the NRMC”) for having so energetically and rigorously monitored and overseen nuclear reforms at TEPCO since October of last year. Based on the valuable recommendations that we have received thus far from the committee members, as a Task Force we were able to put together our Final Report on the Fukushima Nuclear Accident and Nuclear Safety Reform Plan. I will later be explaining the contents of that report, so I hope you will take note of and go over it. The content of that report has teeth. TEPCO ought to be reborn as a nuclear operating company that can certainly achieve the best safety in the world, and we will make maximum effort to do so. I ask you to continue to give us your guidance.

The Final Report on the Fukushima Nuclear Accident and Nuclear Safety Reform Plan

- The explanation received from TF Secretary-General Anegawa on the Final Report of the Fukushima Nuclear Accident and Nuclear Safety Reform Plan focused on changes since the interim report of December 2012, the Correspondence to the Proposals from the Nuclear Reform Monitoring Committee, and the Nuclear Safety Reform Action Plan Schedule Chart, as did the debate. The main comments from committee members were as follows.

(Dr. Klein) Who is in charge of providing the public at large with information about the

recent power outages at Fukushima Daiichi Nuclear Power Station (hereafter, “Fukushima Daiichi”)? How has this actually been done? Also, what was the best way to do so?

(Secretary-General of the TF, Anegawa) Power outages have also happened at night, so first of all the person who is permanently responsible for dealing with problems who is on duty at the time has dealt with it. The power team and repair crew chiefs are responsible for determining the causes of any accident. After the initial report on an accident has been sent to the head office, the public relations team there has the responsibility of mapping out how widely the mass media is to be informed and when. Problems on this occasion included the announcement being delayed and the power being out for a lengthy period. Regarding the first point, there was gap between doing the work of collecting information on site to pass on to head office PR staff and the PR staff making the decision to issue a bulletin based on the scope of what they knew. Our analysis shows the root cause to have been the lack of vision and awareness when it comes to quickly informing the public at large and the local community in particular in light of situations such as power outages. On the second point, it took a long time—29 hours—to restore power. We summarize this as the lack of adequate awareness on the part of the Fukushima Daiichi technical team that “the local community especially will be worried if we do not restore power as quickly as possible.” Given our awareness that there is an issue when it comes to quickly addressing what the public needs as these two points illustrate, we are thinking to create a Social Communication Office to strengthen the functions of aiding and assisting the president and public relations work.

(Lady Judge) Did word of the incident get out before TEPCO could report it?

(Secretary-General of the TF, Anegawa) In Japan, the first report goes to the national government. It is quite possible that the information sent to the government reached the media first.

(Lady Judge) After a Social Communication Office is created, might not this situation arise again in which information is reported to the government and at almost the same time gets to the press?

(Secretary-General of the TF, Anegawa) One of the rules for handling such situations is that sending a report to nuclear regulatory authorities is of the highest priority. Reporting and giving notice to local authorities happens at almost the same time. I think it is very important for us to build a system in which the press is notified smoothly and without delay after that.

(Dr. Klein) In the U.S., an electric power company would notify regulatory authorities

and the media at the same time. TEPCO should create a kind of SWAT team to handle communications promptly, and it should conduct drills at each plant on getting information out right away. What I would recommend is that rather studying ways of getting the initial report into the chairman and president and then out to the public, you should create a mechanism or system that can pass information on to both channels quickly when something has happened. In addition to showing how reforms are being dealt with, you need to speed up getting information out. The fact that it took 24 hours for any information to come out is a bigger problem than the fact that it took 29 hours to restore power. Information, even interim information, needs to get out quickly to let people know “there are no safety issues and we are dealing with the situation.”

(Lady Judge) The more information that is given out, the smaller the problems will be. The important thing is to get the word out quickly whether it is good or bad. I also think TEPCO should create a SWAT team to handle communications and put its emphasis on timely and full disclosure.

(Mr. Sakurai) Creating an organization is itself fine, but the decision-making systems will increase. Any system needs to be carefully designed so that there is no loss of speediness. I would want you to thoroughly study how this concretely would be carried out, such as whether or not it could handle communications at normal times and in emergencies in the same way.

(Deputy Chief of the TF, Aizawa) We have been reflecting on why it was not possible to get information out more quickly. There was a mood and a custom of not releasing information based on the thinking that imprecise information or information where the answers are not clearly understood might make the public worry even more, and that information would be released once a cause has been determined. We recognize there is the need to regularly release information as quickly as possible as the committee members have said, and even when we don't have an answer to tell people, “We are currently investigating the situation,” “Please bear with us,” and “We will inform you of the situation as soon as we know the details.” There was also a sense that we could not make information public until after having informed regulatory agencies, but it is necessary to send reports to such agencies even if they are incomplete and to release the information to the public at the same time. To provide broader background, we lacked a perspective on just how much the public is worried about Fukushima Daiichi and how we should have stepped forth in the glare of the public eye to respond. That's why have started working on a review of all of our activities related to nuclear power that includes our public relations efforts; we

would create a Social Communication Office not for telling people “the situation is fine technically so therefore it’s safe,” but rather to see how our information is received.

(Dr. Klein) When I was on the U.S. Nuclear Regulatory Commission (NRC), we employed a press relations expert. We would get advice from that expert on how to craft communications related to technical specifications and safety regulations that are difficult for the general public to understand, on different kinds of information and how to release it, on establishing an order of priority, and so forth. TEPCO should hire a press relations expert as quickly as possible and create a system for getting urgent reports as information is confirmed. You should avoid releasing information to the press after having screening it because not releasing unbiased information as quickly as possible tends to turn into a negative for humans who are always communicating with each other.

Organize Proceedings and Confirmation of Report on the findings of the Nuclear Reform Monitoring Committee to the Board of TEPCO

(Dr. Klein) It is very important that the committee’s findings be issued to the TEPCO Board and the press. When we get a message out, the important thing is to decide what should come first and to establish a perspective so that the focus does not shift. TEPCO has acknowledge its mistakes, analyzed the causes of the accident, and gotten a grasp on the situation. It has a plan to rectify this, but it is important to remember that this has just gotten underway and will take a long time. As a committee, we need an ongoing communications plan to tackle such questions as what exactly will be done until when, and by what yardstick will we check what has been implemented. We need to first establish the key points, and then sort out our findings into however many paragraphs. The simpler we make it, the easier it will be for the media to understand it.

It should stress “safety culture at the highest level,” and TEPCO creating the best safety culture the best, and its goal of being tops in the class.

(Lady Judge) It should include the reforms are being done from management on down. That should come right at the start. Also we must continue to stress that management needs to take the lead in dealing with reforms.

(Mr. Sakurai) It should mention that the goal of the reform plan is for TEPCO to become an organization with a safety culture that is at a high level globally, and as a committee we deem this to be appropriate. However, I also want it to clearly indicate at the opening of the recommendations of the committee is that this reform

plan will have practical results and will firmly establish a safety culture that is among the best in the world.

Comment from TEPCO Chairman

(TEPCO Chairman, Shimokobe) Since the Nuclear Reform Monitoring Committee was launched, we heard suggestions and concrete advice that is valuable and rigorous in content from all of its members. We have been put together an updated summary of the Fukushima Accident and a nuclear safety reforms plan. The TEPCO Board wishes to express its deep-felt gratitude for the committee members' efforts. At today's meeting, we have gotten specific constructive assessments on the content of the reform plan, as well as concrete advice on how TEPCO should tackle nuclear safety reforms based on it. The social responsibility that TEPCO has been charged with more than anything else is to stubbornly make the reform plan happen. Both the TEPCO Board and management are deeply aware that an incident was created that unavoidable aroused concerns and doubts about how efforts aimed at nuclear safety reforms are being approached, and that the efforts at this point are quite inadequate. As the Board of this company, we are aware that the essential issues are for the reform plan to be stubbornly and concretely implemented, and that even though it may take time for an enormous institution like TEPCO a new organizational culture and corporate makeup needs to be established. We would be grateful if we could continue to receive your oversight and when necessary your advice and suggestions about the efforts that TEPCO will be carrying out with all its might.

Informative Matter

(Secretary-General of the NRMC, Suzuki) We as the Nuclear Reform Monitoring Committee would like to have TEPCO put together a timeline showing the status of its efforts in response to our suggestions for us to monitor the status of TEPCO's reform efforts.

END