

Tokyo nuclear, Kansai Electric update

The Associated Press

TOKYO, Nov. 26 (Kyodo) — Kansai Electric Power Co. applied to the government Monday to raise household electricity rates by an average 11.88 percent from April 1, after seeing its business conditions deteriorate due to rising fuel costs from running thermal power plants to compensate for the loss of nuclear energy.

The Osaka-based company became the first utility after Tokyo Electric Power Co. to resort to such action since the Fukushima Daiichi nuclear power plant disaster last year, which has left many reactors in the country idle amid safety concerns.

Other utilities that relied relatively heavily on nuclear power as a source of energy supply prior to the crisis are likely to take similar action, possibly leading to rate hikes across the country and creating downward pressure on the economy.

If Kansai Electric is allowed to raise household electricity charges, it would be the utility's first rate increase based on a thorough cost review since 1980. Under the current plan, a standard household using around 300 kilowatt hours per month would see its monthly bill rise 599 yen, or 8.80 percent, to 7,404 yen.

Economy, Trade and Industry Minister Yukio Edano, who has the authority to approve the rate hike, said in a statement released the same day that the ministry will "strictly examine" the costs that the utility is seeking to pass on to consumers.

Kansai Electric also said it has decided to raise electricity bills for corporate users by an average 19.23 percent from April, a move that does not require government approval.

In submitting the rate hike request to the industry minister, Kansai Electric President Makoto Yagi explained that the company will cut 155.3 billion yen in annual costs during the three years starting from fiscal 2013, but that would not be enough to offset the burden created by boosting thermal power generation.

The streamlining efforts include a 16 percent reduction in the annual salary of the company's employees to an average 6.64 million yen per person, compared with 7.9 million yen in fiscal 2011.

Yagi later held a press conference at the company's head office in the city of Osaka and said, "We have to ask for considerable burden (to be shared by customers). We are very sorry."

The utility owns 11 reactors, but only two, at its Oi plant in Fukui Prefecture, are currently online. No other reactors are operating in the country and it remains unclear if and when they will be restarted.

Tokyo nuclear, Kansai Electric update

Published on Electronic Component News (<http://www.ecnmag.com>)

Kansai Electric, however, has devised the rate hike plans based on the assumption that two reactors at its Takahama plant in Fukui on the Sea of Japan coast will be reactivated in July.

A Kansai Electric official said at a press conference in Tokyo that the company will do its best to ensure the two reactors can clear as swiftly as possible new safety standards that the country's nuclear regulatory authority is expected to compile by July.

Restarting the two reactors will help the utility cut around 160 billion yen in fuel costs annually, a senior official has said.

Also on Monday, Kansai Electric released its full-year earnings outlook, expecting a record group net loss of 265 billion yen for the business year through March. In the previous year, it logged a loss of 242.26 billion yen.

The latest announcement raised concerns among companies based in the western region, with a top official of Panasonic Corp. saying, "There may be a serious impact on the survival of our business at a time when our business performances are in a tough situation."

A senior official of another Osaka Prefecture-based major electronics firm, Sharp Corp., said, "We will be affected because we have many production bases in areas serviced by Kansai Electric."

Kyushu Electric Power Co. is also expected to make a rate hike request to the industry minister on Tuesday, while Hokkaido Electric Power Co., Tohoku Electric Power Co. and Shikoku Electric Power Co. are also considering doing so.

In the case of TEPCO, the operator of the Fukushima Daiichi complex, the utility first applied to raise household rates by an average 10.28 percent but was asked to trim the margin of the hike to 8.46 percent following government screening.

Source URL (retrieved on 12/28/2014 - 12:40am):

http://www.ecnmag.com/news/2012/11/tokyo-nuclear-kansai-electric-update-0?qt-video_of_the_day=0