

Outline of the Nuclear Damage Compensation Facilitation Corporation Act

August 2011
Cabinet Secretariat

1. Objective of the Act

In response to the large-scale nuclear damage due to the accident at the Tokyo Electric Power Company (“TEPCO”)’s Fukushima nuclear power plant, the government will take every possible measure to support the compensation for nuclear damage in accordance with the basic policy of “aiming to minimize the burden to be placed on the public” in order to 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 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 its social responsibility as the promoter of nuclear policy to date.

2. Outline of the Act

Taking into account the possible payment of a large amount of nuclear damage compensation related to the nuclear business, the government shall build, under the concept of mutual support among nuclear operators, a framework by which to establish a support organization (the Nuclear Damage Compensation Facilitation Corporation) that enables nuclear operators to deal with future compensation payment for nuclear damage and associated transactions.

(1) Establishment of the Nuclear Damage Compensation Facilitation Corporation and receipt of contributions from nuclear operators

As the support organization dealing with compensation payment for nuclear damage and associated transactions in case of an occurrence of nuclear damage, the Nuclear Damage Compensation Facilitation Corporation (hereinafter referred to as “Corporation”) shall be established and it shall reserve funds in preparation for nuclear damage compensation.

The Corporation shall receive contributions from nuclear operators, as expenses necessary for the Corporation’s business.

The Corporation shall have a third party committee (hereinafter referred to as

“Management Committee”) which makes resolutions with respect to business operation of the Corporation, including resolutions on financial assistance to a nuclear operator.

(2) Normal Financial Assistance by the Corporation

If a nuclear operator is in need of assistance by the Corporation in order to compensate nuclear damage, the Corporation shall grant financial assistance (such as granting of funds, share subscription, loan of funds and acquisition of bonds, etc.) after obtaining a resolution of the Management Committee.

In order to raise funds necessary for the financial assistance, the Corporation may issue government guaranteed bonds and borrow funds from financial institutions.

(3) Special Financial Assistance by the Corporation

(i) Certification of the Special Business Plan

When the Corporation needs to receive special government aid for giving financial assistance to a nuclear operator, the Corporation shall, jointly with the nuclear operator, prepare a “Special Business Plan” and apply for certification of the competent ministers.

The Special Business Plan shall include the forecast of the total amount of Compensation, measures for implementing prompt and appropriate compensation for damages, the contents and the amount of financial assistance, measures for rationalization of management, request for cooperation to stakeholders in order to secure the funds necessary for performance of compensation for nuclear damage, and measures for clarification of management responsibility.

Upon preparing of the Special Business Plan, the Corporation shall value the nuclear operator’s assets strictly as well as objectively and review its business management thoroughly, and shall also confirm whether the requests for cooperation to relevant persons (stakeholders) made by the nuclear operator are appropriate and sufficient.

The competent ministers shall grant certification of Special Business Plan, following mutual consultation with heads of relevant administrative organs.

(ii) Supporting to a nuclear operator based on the Special Business Plan

In order to grant financial assistance (special financial assistance) under the Special Business Plan, after receiving the certification of the competent ministers, the government shall grant government bonds to the Corporation, and then the Corporation requests for reimbursement of (raising cash through) the government bonds and grant necessary funds to the nuclear operator.

The government may grant necessary funds to the Corporation additionally within the

amount prescribed by the budget, only when the government finds that the funds to be allocated for compensation are likely to be insufficient even after granting the government bonds.

The Corporation may raise funds by issuing government guaranteed bonds, etc. in order to support the nuclear operator.

(4) Payment to the Treasury by the Corporation

The nuclear operator, which has received financial assistance from the Corporation, shall pay a special contribution.

From the contributions, etc., the Corporation shall make payments to the Treasury until the repayment reaches the amount of reimbursement of government bonds.

However, the government may grant necessary funds to the Corporation only when the government finds that specifying an excessive amount of contributions leads to the risk of obstructing stable supply of electricity and any other operations, or of causing unexpected disruption in the lives of the citizenry and the national economy by imposing extreme burden on the users of the business.

(5) Facilitation of smooth implementation of compensation for damage

In order to facilitate the payment of nuclear damage compensation, the Corporation may (i) provide necessary information and give advice in response to consultation requests from the affected people, (ii) purchase assets possessed by the nuclear operator, and (iii) implement affairs concerning compensation payment on behalf of the nuclear operator upon entrustment by the nuclear operator, and temporary payment* on behalf of the nuclear operator upon entrustment by the States and prefectural governor.

* Temporary payment on behalf of the nuclear operator by the State based on the Act on Emergency Measures Related to Damage Caused by the 2011 Nuclear Accident

(6) Accounting

Corporation shall manage contribution figures for each nuclear operator.

3. Effective date

The Act shall come into effect on the day of promulgation. The government shall:

- (1) review the responsibility of the State pertaining to the compensation of nuclear damage and the involvement, and shall take necessary measures including fundamental review of amending the Compensation Act, etc. based on the result of these review;

- (2) review the status of enforcement of this Act including the burden among TEPCO, the government and other nuclear operators, and the burden on shareholders and any other relevant persons of TEPCO, etc., and shall take necessary measures based on the result of this review; and
- (3) review the responsibility of the State for the nuclear energy policy, etc. based on the review of the policy on energy including improving systems pertaining to electricity supply, and shall take necessary measures including fundamental review of Acts concerning nuclear energy.