
4. Environmental Accounting

Kyushu Electric introduced environmental accounting in fiscal 2000. The total environmental activity related costs and resulting achievements identified through this accounting method will be publicized, and distributed as business resources for environmental activities. The achievements of fiscal 2000 were limited to a totaling of environment activity-related costs, being the first year of implementation. This amount came to 15 billion yen for investments and 60 billion yen for expenses, or 5% of our total investments and 5% of total expenses respectively. (Refer to the table on the next page for details.) Kyushu Electric will promote more effective environmental activities by establishing a policy to better understand the relationship between cost and effect, and by using environmental accounting for budget management of the following fiscal year's environmental activities.

[Reference] Policy in Environmental Activity Cost Calculation

Definition of activities subject to cost calculation: Actions that achieve or contribute to the prevention of, control of, removal of, or the recovery from damage caused by adverse affects on the environment (environmental load) occurring in the course of business activities.

Supplemental definition

The above activities are exclusive of those related to safety and sanitation within the company, such as measures to remove particles in work places.

The said "actions that achieve or contribute to the prevention of, control of, removal of, or the recovery from damage caused by environmental loads" do not include measures implemented in the course of regular business activities, regardless of their consequent reduction of environmental impact. This includes such solutions as constructing nuclear power plants and high efficiency thermal power plants to prevent global warming.

Also excluded are environmental activities considered to be socially conventional and incur no particular cost increase, such as low-noise transformers and electric motors.

Definition of environmental activity costs: Costs incurred to suppress or otherwise control load on the environment caused by business activities. "Investments" and "expenses" for each environmental activity are defined as follows:

Investment: expenditures during a fiscal year for items that are added up in the assets, such as investment in plants and equipment for environmental conservation.

Expense: Expenditures for a fiscal year such as depreciation expenses, lease expenses and repair expenses; maintenance and operation expenses for environmental protection facilities; and environment-related commission and personnel expenses.

To streamline operations, costs are sorted carefully by category in accordance with the Environmental Accounting Guidelines (Ministry of the Environment). Environmental activity costs are calculated by adding the entire amount, difference, or portion of the amount based on the degree of environmental preservation, according to these Environmental Accounting Guidelines.

(1) FY 2000 environmental activity costs

(Unit: 100 million yen)

Category of environmental activity costs		Area of cost incurrence	Investment	Expense
Pollution prevention	Air pollution prevention	Flue gas treatment (desulfurization, denitrification, particulates reduction equipment and others)	47	91
	Water pollution prevention	Waste water treatment, measures for oil leaks and warm waste water at power plants	8	32
	Noise and vibration prevention	Measures to reduce noise levels at power plants, substations and transmission facilities	5	0.4
Global environment preservation	Global warming prevention	Contribution to World Bank Prototype Carbon Fund, introduction of energy conserving or new energy equipment, purchase of surplus power generated using new energy, Green Power System, support system for photovoltaic power and SF ₆ emission control	3	44
	Ozone layer protection	Measures to promote halon alternatives and to recover freon and other gas	0	0.4
Resource recycling	Water conservation	Expenses for miscellaneous water system within company buildings	0	2
	Industrial waste	Expenses for reduction and recycling of industrial waste	7	20
		Disposal expenses	13	15
	General waste	Reduction, recycling and disposal of general waste	1	3
	Radioactive waste	Expenses for waste disposal facilities and others	7	56
Spent nuclear fuel reprocessing	Expenses for spent fuel pits and cask storage facilities, and reprocessing reserves	11	250	
Green procurement		Additional expenses incurred during green procurement		
Environmental activity management	Environmental activity organization expenses	Expenses for environment related license acquisition, education and training, and for personnel	0	1
	ISO and EMS establishment expenses	Expenses for ISO14001 acquisition and maintenance	0	0.6
	Environmental load measurement and monitoring	Expenses for environmental impact assessment, environmentally burdening substance monitoring and measurement, and costs for PRTR measure	5	15
Environment related research	Environmental preservation	CO ₂ measures and utilization of wastes	2	6
	Environmental load control during power generation	Improvement of generating efficiency	0	2
	Environmental load control during transmission and distribution	Improvement in transmission and distribution loss factor	0	0
Social activities	Greening of sites	Costs for greening of Kyushu Electric sites	13	19
	Maintaining quality townscapes and surroundings	Expenses incurred for special design and plans to improve harmony with surroundings, such as underground transmission and distribution lines	25	20
	Environment Months	Expenses for events held during Environment Month	0	0.2
	Supporting local environmental activities	Environmental seminars organized by each office for respective communities	0	0.3
	Environmental information disclosure	Expenses for Environment Action Report and home page preparation	0	5
Measures for environmental damage		Pollution load charge	0	9
Total			147	593
(Reference)	Percentage of Kyushu Electric total investments and expenses		5%	5%
			Total investments: 281.3 billion yen Total expenses: 1,306.4 billion yen	

* Listed are Kyushu Electric's environmental activity costs for FY2000. Figures are rounded up or off, and may not add up to the total.

(2) Understanding the effects

There are various views as to the effects compared with the costs of environmental activities. Kyushu Electric plans to review the definition and calculation methods to further enhance its environmental accounting system. A record of environmental load is one way of viewing the effects of the company's environmental activities to date. The table on P. 11 indicates our major environmental load from fiscal 1998 to fiscal 2000.