

Summary of Press Conference Comments Made by Kazuhiro Ikebe, FEPC Chairman,
on April 16, 2021

I am Kazuhiro Ikebe, Chairman of the Federation of Electric Power Companies.

First, I would like to address the industry-wide initiatives being conducted given the partial loss of function of the physical protection facilities and other incidents that have occurred at TEPCO Holdings' Kashiwazaki-Kariwa Nuclear Power Station.

In the Strategic Policy Committee of the Advisory Committee for Natural Resources and Energy for the Ministry of Economy, Trade and Industry held on April 13, the Agency for Natural Resources and Energy addressed the response of TEPCO Holdings and of the industry to the series of inappropriate incidents, and pointed out that other nuclear operators also would need to continue unending efforts to strengthen nuclear security.

The Federation of Electric Power Companies of Japan (hereinafter FEPC) takes this series of inappropriate events very seriously and has confirmed today that the industry will engage in the following as industry-wide efforts.

- To raise the level of nuclear security across the board, nuclear security managers for each utility will cooperate in reviewing the rules and initiatives implemented at other companies and go out to the field to check compliance with the rules and initiatives in person to identify and implement improvements.
- Furthermore, to conduct similar inspections for station work outside the nuclear security area, each utility will continually improve their safety culture fostering activities with the support of JANSI.

With these efforts, we will work to ensure that such incidents will never occur again.

Now, for the rest of my time today, I would like to talk about our "position on the

revision of the Strategic Energy Plan” and “Utilities’ cybersecurity measures”.

<On our position on the revision of the Strategic Energy Plan>

Discussions are ongoing on the revision of the Strategic Energy Plan, and we as utilities would like to address this revision from the two perspectives of “looking toward realizing carbon neutrality in 2050” and “energy policy in 2030”.

To achieve carbon neutrality in 2050, progress needs to be made on both the supply and demand side: the supply side with the decarbonization of power sources and on the demand side with the promotion of electrification. In addition, there needs to be innovation that will produce radical technological advancements.

In decarbonizing power sources, we must move forward with the following two pillars.

- Introducing renewable energy, a non-fossil energy, as much as possible and using nuclear power generation in the medium to long term
- Decarbonizing thermal power generation that will be needed as regulating reserve, inertia, and synchronizing force capacity.

In the field of renewable energy, we will work on developing various technologies, engaging in discussions on utilities’ developing power sources in-house while considering stable supply and economic efficiency and using network systems effectively, in addition to investing in next generation networks.

In the field of nuclear power, under a strong commitment to never let an accident like the Fukushima Daiichi Nuclear Power Station Accident occur again, we will contribute to efforts to achieve carbon neutrality by 2050 through continuing to pursue safety, restarting plants as early as possible, and maximally using existing reactors with increased safety. In order to achieve this, we must provide ease of mind to the people of the siting region who are experiencing a range of emotions about prospects of nuclear power. The nuclear power industrial infrastructure needs to be maintained and the

nuclear fuel cycle needs to be promoted to achieve safe and stable operation of nuclear power plants. As nuclear power operators, we want the government to indicate a vision for the future that includes prospects on construction, expansion and replacement of plants early on.

Thermal power generation will need to be maintained as a regulating reserve for renewable energy which has fluctuating supply. If renewable power were to be simply increased, the inertia and synchronizing capacity of the system overall will decrease, potentially affecting stable supply. As such, the challenge is decarbonizing thermal power generation which has regulating reserve, inertia, and synchronizing capacity. This requires use of CO₂-free fuel such as hydrogen and ammonia, innovation in CO₂ storage and recycling through CCUS and carbon recycling. This kind of radical innovation requires investment and we hope that there will be policy support to encourage these efforts.

At the same time, carbon neutrality cannot be solved on the supply side alone: there also needs to be electrification on the demand side. We utilities will work flexibly with inventive measures to promote electrification but all parties need to work in concert: increasing customers' understanding of electrification and manufacturers breaking ground on technological innovation with policy backing from the government. For example, buildings built today will likely be in use in 2050; thus, the decarbonization of residential homes and buildings needs to be implemented now.

Next, I would like to talk about our thoughts on the energy policy for 2030.

Looking forward to 2030, we believe that the establishment of a balanced energy mix with S+3E as a major premise must be considered. In concrete terms, the two pillars of

- Further deploying renewable energy, a non-fossil energy, and achieving the target ratio of nuclear power generation to the overall amount of electricity generated
- Gradually reducing carbon emissions from and eventually decarbonizing thermal power generation

needs to be advanced.

In terms of deploying renewable energy, operators are actively working on offshore wind power projects and other renewable power projects. In further deploying renewable energy, we believe targets need to take into consideration the lead time for installing power plants in the time frame of now to 2030 and to also seek a balanced power source composition. Presently, some of the renewable energy measures such as FIT surcharges are posing a large financial burden on the public and the amount of renewable energy that can be introduced needs to be considered carefully with the understanding of consumers.

In terms of nuclear power, in the short term, once safety is secured, there needs to be steady progress in restart to first achieve 20 to 22% nuclear power in FY2030. The FEPC has launched the “Restart Acceleration Taskforce” to support utilities’ efforts for restart and to increase long cycle operation and availability factors with safety as the major premise. Meanwhile, under the current operational life system established through policy, recovery of investment into safety measures is looking increasingly difficult. Informed on the opinions indicated by the Nuclear Regulation Authority, we wish for the government to establish the role of nuclear power, including the operation life system, as policy in the Strategic Energy Plan looking toward realizing the nuclear power generation ratio in 2030.

This winter, when demand and supply were tight, thermal power generation contributed greatly to stable supply. We believe that balancing LNG, coal and oil, based on the characteristics of each will further increase system resilience. In coal-fired thermal power generation, it is necessary to keep on using high efficiency coal-fired thermal power plants while further increasing efficiency and phasing out the use of non-efficient coal-fired plants. As operators, we will gradually work on initiatives to lower carbon emissions and decarbonize thermal power generation.

Carbon neutrality by 2050 and the targets for greenhouse gas emissions in 2030 are very challenging. The electricity industry is being called upon to play a large role in these challenges and we are prepared to do our utmost to contribute as much as we can, gathering all the technology, wisdom and knowledge we have at our disposal.

<On the utilities' cybersecurity measures>

Next, I would like to talk about the utilities' cybersecurity measures.

As the threat of international cyber attacks looms larger for Japanese companies, the Ministry of Economy, Trade and Industry (METI) remotely held the 2nd meeting for the Council on Electricity Cybersecurity Measures today with the Presidents of the utilities and the FEPC in attendance to establish a cybersecurity framework and secure service reliability for the Olympic and Paralympic Games in July.

The FEPC explained the cybersecurity response framework that each utility has implemented to prepare for the Olympic and Paralympic Games, and that the utilities are preparing to create an information sharing system that will operate even during the weekends, holidays and in nighttime through the Japan Electricity Information Sharing and Analysis Center (JE-ISAC) that shares and analyzes information on cybersecurity.

Afterward, the FEPC hosted the second meeting of the Electricity Cybersecurity Measures Committee and, based on the discussions at the METI's Council on Electricity Cybersecurity Measures, reaffirmed measures that each utility will need to implement such as establishing an internal communication structure and preparing to share information swiftly with the JE-ISAC for the Games.

We will be working together as an industry in preparation to stably supply electricity in order to ensure the Games will go smoothly; utilities will continue to share information regarding cyber attacks and progress in cybersecurity measures, and each utility will be implementing concrete measures under the leadership of top management.

<In conclusion>

This is all from me today as the Chairman of the FEPC, but I would like to say a few words as the President of Kyushu Electric Power.

Today, April 16, marks the fifth anniversary of the Kumamoto Earthquake. I want to take this opportunity to say to those affected by the earthquake and those who are still in the process of recovery that we, Kyushu Electric Power, are with you.

And I want to again deeply thank other utilities, our contractors and those who protected electricity along side us: at the time of the earthquake, we received 629 support staff as well as 110 high voltage generator cars, 67 aerial work platform cars, and 99 supporting vehicles, adding up to almost 300 vehicles, from utilities in other areas. With their support, Kyushu Electric Power was able to transmit power to the Aso area five days after the earthquake, and was able to temporarily recover power via the transmission lines and electricity system by building a steel tower in 10 days adopting an innovative new construction method that used metal panels laid on the ground as the foundation for the towers instead of excavating the site.

This is all from me today.

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