Summary of Press Conference Comments Made by Kazuhiro Ikebe, FEPC Chairman on May 19, 2023

I am Kazuhiro Ikebe, Chairman of the Federation of Electric Power Companies (FEPC). Today I want to talk about four topics and end with my thoughts as Kyushu EPCO President. The four topics are: 1) progress in initiatives to ensure compliance with conduct regulations and the Anti-Monopoly Act, 2) passing of the GX Promotion Bill, 3) cabinet approval of the revision to the Basic Policy for the Final Disposal of Specified Radioactive Waste, and 4) research into demonstrations of reprocessing spent MOX fuel.

<Progress in initiatives to ensure compliance with conduct regulations and the Anti-Monopoly Act>

First, I will talk about our progress in initiatives to ensure compliance with conduct regulations and the Anti-Monopoly Act.

The Federation of Electric Power Companies (FEPC) established the Compliance Promotion Headquarters in March, and in late April, held a meeting to share the FEPC's initiatives to ensure compliance with conduct regulations. We will further enhance these FEPC initiatives based on reviews of each company's initiatives and matters identified in company confirmations.

For the compliance with the Anti-monopoly Act, the expert team of lawyers assembled last month is contacting each company about the objective and procedures of the interviews scheduled to start next week. The insights gained in the interviews will inform discussions on the scope of the questionnaires which will be performed swiftly. We will keep you informed on the progress.

Retail electricity operators must comply with conduct regulations and with the Anti-monopoly Act for there to be any fair competition. The FEPC will steadily perform these kinds of investigations and work to prevent recurrence taking into

account the requests from the Fair Trade Commission. At the same time, as an organization tasked with supplying electricity stably and to realize carbon neutrality by 2050, we will continue to discuss what we can do to operate our businesses under fair and transparent competitive conditions.

<Passing of the GX Promotion Bill>

Next, I will talk about the passing of the GX Promotion Bill.

The GX Promotion Bill, which include the creation and implementation the GX Promotion Strategy, issuance of GX Economic Transition Bonds, and the introduction of growth-oriented carbon pricing, was passed on May 12. As competition for investment into GX picks up speed, we understand that this law will play a very important role in realizing carbon neutrality by 2050, increasing industrial competitiveness as well as economic growth.

20 trillion-yen worth of GX Economic Transition Bonds will be issued in the ten years from FY2023. We believe that some portion of the money raised from these bonds should go toward 1) financing areas with high operating risk such as those that require R&D into new technologies and 2) short-term measures to balance building a stable and affordable energy supply structure that will serve as the foundation for increased industrial competitiveness and economic growth, with steadily reducing CO2. Investments could be made in R&D for and in the deployment of renewable energy, innovative reactors, hydrogen, ammonia and other decarbonized power sources, as well as CCS, and the deployment of heat pumps that use atmospheric heat as a renewable energy. We hope to see support that will encourage further investment by private and public sectors.

For growth-oriented carbon pricing, the government has decided to introduce a fossil fuel surcharge as well as paid auction for power generating operators as part of the emissions trading system. Discussions to flesh out the details of these programs will need to ensure that the burden on operators is fair regardless of the

type of energy or applicable government program; that the overlap between existing systems is resolved; and that measures to encourage behavioral change among broader society are also devised. Understanding and acceptance of these measures will need to be nurtured among the public and the business sector. “Promoting electrification” is key part of “realizing carbon neutrality in 2050”. With this in mind, we believe substantive discussions need to be had on carbon pricing for the power generation business.

We understand that the government will take these matters into account when designing the system. At the same time, as a party that will be implementing GX, we electric utilities will cooperate with the government while also fulfilling our own responsibilities.

<Cabinet approval of the revision to the Basic Policy for the Final Disposal of Specified Radioactive Waste>

Next, I will talk about the cabinet approval of the revision to the Basic Policy for the Final Disposal of Specified Radioactive Waste.

On April 28, the cabinet approved of the revision to the Basic Policy for the Final Disposal of Specified Radioactive Waste. Final disposal is one of the most important issues in advancing energy policy. We find it very meaningful that the government has committed to standing at the forefront of this issue and taking ownership of promoting the issue.

Based on the revision of this policy, we as operators will develop mechanisms and strengthen ties with relevant organizations including by visiting municipalities with teams comprised of members from the government, NUMO and electric utilities, to do our utmost to expand the number of municipalities which will undergo literature surveys.

On the same day, the Ministerial Conference on Nuclear Energy passed the

“Future Nuclear Energy Policy Direction and Action Guidelines.” The Conference indicated that the government will maximally use existing nuclear power stations by extending the operating period and such, develop and construct next-generational innovative reactors, and accelerate the reprocessing, decommissioning and final disposal processes. The document also clearly puts the onus on operators to voluntarily reform safety management to continuously improve plant safety, keeping in mind the lessons learned from the Fukushima Daiichi accident.

We nuclear operators will continue to work on establishing backend processes including final disposal, with safety as a premise, to ensure that nuclear power generation can contribute to society in the mid-to-long term toward realization of GX.

<Research into demonstrations of reprocessing spent MOX fuel>

Next, I will talk about research into demonstrations of reprocessing spent MOX fuel.

Today, the 11 nuclear operators decided to advance efforts to conduct research into demonstrations of reprocessing spent MOX fuel at Orano in France.

Safely and steadily processing and disposing of spent fuel according to the nuclear fuel cycle policy is extremely important in Japan continuing to use nuclear power generation. As spent MOX fuel is already being discharged from domestic pluthermal nuclear power plants, establishing a reprocessing technology for it at an early date is critical.

Reprocessing of spent MOX fuel is technically feasible and has been performed in laboratories within Japan and abroad. However, a reprocessing process for commercialization based on the unique characteristics of the spent MOX fuel needs to be established. The government has started basic research in this area as outlined in the 6th Strategic Energy Plan which committed to R&D to establish this

technology by the late 2030s. The “Future Nuclear Energy Policy Direction and Action Guidelines” also mentions accelerating R&D to establish this technology at an early date, and highlighted plans for international cooperation in both the private and public sectors toward this goal. On May 3, Minister Yasutoshi Nishimura of Japan’s Ministry of Economy, Trade and Industry, and Minister Agnès Pannier-Runacher, France’s Ministry of Ecological Transition, signed a joint agreement on technological cooperation on the reprocessing of spent MOX fuel. In this environment, the nuclear operators decided to advance efforts to conduct research into demonstrations of the reprocessing process with Orano in France, which has experience in reprocessing spent MOX fuel in commercial plants.

This research project will provide the technical knowledge necessary for the commercialization of spent MOX fuel reprocessing including the impact on reprocessing facilities and proof that the MOX fuel used in domestic nuclear power plants can be reprocessed in commercial plants, which will be a significant step forward in establishing reprocessing technology in Japan. As for the implementation structure, the current plan is for Japan Nuclear Fuel Limited, Japan Atomic Energy Agency, the Nuclear Reprocessing Organization of Japan (NURO) and Orano to collaborate in the research. Details will be announced as they are decided.

Using nuclear power in the mid-to-long term is crucial for increasing Japan’s energy independence, securing a stable supply of electricity and realizing carbon neutrality. We will continue to work on establishing the nuclear fuel cycle toward this goal.

<FEPC personnel changes>

Lastly, I would like to announce some personnel changes within the FEPC.

The General Policy Committee Meeting today decided on the replacements for the part-time Vice Chairman and full-time Senior Managing Director following their retirement.

This is all from me as FEPC Chairman. Thank you.

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