Summary of Press Conference Comments Made by Kazuhiro Ikebe, FEPC Chairman on June 16, 2023

I am Kazuhiro Ikebe, Chairman of the Federation of Electric Power Companies (FEPC). Today, I will talk about 1) the enactment of the GX Decarbonized Power Sources Act, and 2) the state of power supply and demand in FY2023 and our request to save electricity in the Tokyo area.

<Enactment of the GX Decarbonized Power Sources Act>

First, I will talk about the enactment of the GX Decarbonized Power Sources Act.

On May 31, the “Act to Partially Amend Laws Including the Electricity Business Act to Establish an Electricity Supply Structure that Can Realize a Decarbonized Society”, known as the GX Decarbonized Power Sources Act, was enacted.

This law promotes the maximum deployment of renewable energy and the use of safe nuclear power plants as well as their decommissioning in a bid to achieve the Basic Policy to Realize GX which was approved by the Cabinet in February following deliberations in 2022. This is a very meaningful step in ensuring a stable supply of energy given Japan’s unique constraints, in order to also realize decarbonization.

In regards to renewable energy, the law certifies plans to develop important transmission lines and stipulates the development of a system to facilitate the procurement of necessary funds. We also hope it will promote the deployment of renewables in a way that can coexist with the local community through its mandates for businesses to exert more discipline in coexisting with the local community.

In regard to nuclear power, the law, on the part of the Japanese government, clarifies the value of using nuclear power in securing a stable supply of energy and in contributing to realizing decarbonization, in addition to highlighting the

importance of giving the highest priority to safety. It also tightens regulations for aging reactors and establishes regulations regarding the operating period, while also promoting smooth and steady decommissioning. Nuclear power generation is key to making Japan more energy self-sufficient, securing a stable supply of electricity, and realizing carbon neutrality. We consider the government presenting these backend measures to sustainably use nuclear power as a significant step.

We as electricity operators will continue to work on both the supply and demand side to secure stable supply and realize carbon neutrality by 2050 by maximally using renewable power and safe nuclear power plants, decarbonizing thermal power, and promoting electrification.

<State of power supply and demand in FY2023 and our request to save electricity in the Tokyo area>

Next, I will talk about the state of power supply and demand in FY2023 and our request to save electricity in the Tokyo area.

As mentioned in the Discussion Meeting on Electricity Supply and Demand held by the national government on June 9, supply and demand projections for electricity this fiscal year are grim, with the Tokyo area reserve rate projected to hit a low of 3.1 % in July. To ride out the summer when electricity demand surges, operators will secure fuel for thermal power generation and perform thorough routine facilities inspections. There have been discussions on the demand side of implementing and developing a structure to execute energy conservation measures in coordination with the industry and municipalities, and the expanding demand response. We will also cooperate with the national government, OCCTO, and general transmission and distribution operators in these efforts.

We ask that the people in the Tokyo area cooperate with saving electricity to the extent you feel comfortable as called for by the government, and that the people in other regions continue to use energy efficiently.

Finally, I will talk about our efforts to secure stable supply in the mid-to-long term. The Supply Plan Review of FY2023 points out concerns about securing stable supply and the necessity of implementing appropriate measures to secure necessary supply capacity, based on the challenges identified by OCCTO. For example, power sources that were not bid on in the capacity market tend to be marked suspended or retired in the supply plan, and more and more inefficient thermal power plants are being phased out in a push to realize carbon neutrality. We also share these concerns and have devised three concrete measures to secure stable supply and in the mid-to-long term and to realize carbon neutrality.

The first is to keep on deepening discussions on developing systems to realize a business environment that encourages investment into power sources by increasing the predictability of the return on investment into the power generation business; the second is to develop facility plans, fuel plans, and capacity balancing plans based on electricity supply and demand projections, that are the foundation of power source investment planning and are improved through in-depth discussions about elongating the projected timeline and improving projection methods; and the third is to provide support for building supply chains for decarbonized fuel such as ammonia and hydrogen.

We consider these issues as well as immediate supply and demand issues to be urgent, and will actively participate in discussions to address them as we contribute to creating a foundation of stable supply in the mid-to-long term.

This concludes my remarks for today.

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