Summary of Press Conference Comments Made by Kazuhiro Ikebe, FEPC Chairman on October 20, 2023

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

Today, I'd like to talk about three topics: 1) marking 50 years since the 1973 oil crisis and electric utilities' response, 2) reports from the 20th International Electricity Summit (IES), and 3) the name of FEPC's pavilion in the Osaka-Kansai EXPO 2025.

<1. Marking 50 years since the 1973 oil crisis and electric utilities' response>

First, I will talk about marking 50 years since the 1973 oil crisis and electric utilities' response, looking back on the history.

From before the 1973 oil crisis, the electric industry had been building power plants and developing the transmission grid based on long-term electricity demand projections to respond to rapid increases in electricity demand due to the post-war economic boom and the spread of electric appliances.

Against this backdrop, the 1973 oil crisis, triggered by the Fourth Arab–Israeli War in 1973, plunged the world, especially countries like resource-poor Japan, into turmoil. Learning from the lessons of this crisis, we initiated a transition from oil to LNG, diversified fuel procurement sources, and built a balanced energy mix of hydropower, thermal and nuclear energy. We focused on nuclear power in particular as the countries from which nuclear fuel is imported are fairly politically stable and because the fuel comprises a small share of costs, the effects of fuel price fluctuations on the overall cost of nuclear power generation are minimal. Nuclear power was developed so that it would make up a certain share of the energy mix. As a result, over 30 years, Japan was able to lower the percentage of thermal power generation in the energy mix from over 70% in the 1970s to around 50% in the

2000s.

On the demand side, after the oil crisis, Japan made strides to increase the energy conversion efficiency of electrical appliances, and collect and use unused energy by creating an R&D plan for energy conservation technologies and passing the Act on Rationalizing Energy Use in 1979, to become a global leader in energy efficiency.

However, in March 2011, the Great East Japan Earthquake caused many of the nuclear power plants in Japan to shut down, skewing Japan's energy mix and pushing up the share of thermal power to over 70% again. Meanwhile, as the world heads toward decarbonization, the energy supply structure is increasing in complexity.

In this environment, starting with the Russian invasion of Ukraine in February 2022, countries scrambled to secure natural resources and fuel prices rose sharply on a global level, dramatically changing the landscape surrounding energy. This situation calls back to the 1973 oil crisis in that energy became a strategic good in a military emergency, and brought back to light that energy security is, in fact, national security.

Meanwhile, domestically, since the liberalization of the electric power industry, as renewables expand, thermal power plants are phased out and the restart of nuclear power plants is delayed, electricity crunches have become a persistent concern every summer and winter. In implementing electricity system reform, securing mid-to-long term supply capacity in addition to short-term stable supply is an important challenge to address, and maintaining existing power sources and increasing predictability in being able to recover investments into the construction of new power sources are critical. To overcome these challenges, discussions need to be deepened on creating an environment where power generation business can be more attractive. We as operators on the front lines will continue to cooperate as

much as possible in these discussions.

Though we were forced to dramatically raise electricity prices during the 1973 oil crisis, we have since been streamlining our business by building a balanced energy mix that takes into consideration economic efficiency and stability and adopting various competitive market principles. As a result, we have managed to curb further price increases compared to other public utility prices. With the recent spike in fuel costs, multiple electricity companies made the painful decision to raise rates to prevent it from affecting stable supply but in the past few months, fuel prices have started to come down and the burden on our customers has also been reduced through the fuel cost adjustment etc., surcharge. We believe that taking a mid-to-long term perspective and continuing to deliver electricity stably to households and the industry at as low a cost as possible is an important responsibility for us as electricity operators.

As mentioned above, in resource-poor Japan, to increase energy security and realize carbon neutrality by 2050, a balanced energy mix needs to be built to pursue the three Es, energy security, economic efficiency, and environment (conserving the environment), simultaneously. Nuclear power generation plays a large role in this development of a balanced energy mix, and we will continue to aim to use nuclear power as much as possible with the understanding of the public through our never-ending efforts to improve safety.

<2. Reports from the 20th International Electricity Summit (IES)>

Next, I will report on the 20th International Electricity Summit (IES).

The FEPC, Edison Electric Institute (EEI) from the US, Eurelectric from Europe, operator and industry organizations top management from Canada and Australia gather at the International Electricity Summit to widely discuss the current state of the electricity business and the challenges they face. I also attended this year's IES, held in Washington D.C in the US over two days, from October 2 to October 3.

In this 20th Summit, 35 members from across the world, shared their experiences and views on the current environment surrounding the energy business and discussed initiatives for promoting the transition to clean energy and the role that electric utilities should play in stably delivering the necessary amount of electricity to customers. At the start of the Summit, I also delivered a speech on the stable supply of electricity in Japan, progress being made in decarbonization, and challenges in advancing green transformation led by the national government.

I explained how “all zero-emission power sources, not just renewable energy sources, need to be utilized” in the decarbonization of energy, and the importance of “developing a business environment that invites investment into decarbonized power sources” and “the maximal utilization of nuclear power with safety as a premise” to achieve that goal.

We were able to learn of countries’ efforts to reduce geopolitical risk and realize carbon neutrality and have very meaningful discussions around the amount of resources in each country, progress in technical capabilities, and the importance of each country leveraging its own strengths and helping each other out.

<3. Name of FEPC’s pavilion in the Osaka-Kansai EXPO 2025>

Next, I would like to talk about the name of FEPC’s pavilion in the Osaka-Kansai EXPO 2025.

On October 4, we announced the name of the FEPC’s pavilion, “Electric Power Pavilion – Eggs of Possibilities.” in the Pavilions for Private Sectors Concept Presentation hosted by the Japan Association for the 2025 World Exposition.

We chose this name hoping that the visitors to the pavilion would be able to experience many “eggs of possibilities” and see new energy possibilities for a brighter future.

We will continue to flesh out the details to create a pavilion that provides visitors with exciting experiences by envisioning a society from the unique perspective that the electricity industry brings as an industry that is the foundation of society, and looking toward a future beyond carbon neutrality.

We have a model of the pavilion here today. Please take a look later on.

<Finally>

Finally, I want to discuss the new TV commercial the FEPC is launching. This new commercial hits airwaves this month, and stars actress Mio Imada, continuing from last year.

In addition to the “supply of sustainable electricity” version of the commercial that features the energy mix, we’ve also created a different version, “efficient use of electricity”, that features the spread of heat pumps and promotion of electrification. In addition to the TV commercials, we’ve also shot a web-only video on opportunities for thinking about energy and climate change in our daily lives. We hope this will encourage viewers, including younger audiences, to think about the importance of energy and the use of electricity.

A dedicated website for the commercials can be accessed from the FEPC website. I hope you’ll check it out and spread the word.

This concludes my remarks for today.

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