Summary of Press Conference Comments Made by Kazuhiro Ikebe, FEPC Chairman, on January 15, 2021

I am Kazuhiro Ikebe, Chairman of the Federation of Electric Power Companies. I look forward to continuing to work with you all this year.

First, I will talk about the current state of electricity supply and demand. We sincerely apologize for the great inconvenience and concern this nation-wide tightening of supply and demand has caused our customers and society at large. We are currently asking customers to conserve power by using electricity efficiently. I would like to take this opportunity to give my heartfelt thanks to those who are cooperating in this endeavor. I also want to thank the media for calling to the public to conserve energy in the news and newspapers. Thank you.

Since the end of last year, Japan has been hit with extremely cold weather, and electricity demand has been increasing significantly compared to other years. On January 8, maximum demand exceeded levels projected for the kind of severe weather conditions that are projected to occur only about once every ten years in the seven areas across Japan, centering around east Japan. As a result, electricity generated by thermal power plants increased and fuel inventory decreased across Japan, leading to supply shortages on a national level in both peak supply capacity (kW) and generated electricity (kWh).

Utilities are doing their utmost to secure supply capacity by procuring additional fuel, maximally operating all power plants including aging thermal power plants that are usually dormant while also working with the Organization for Cross-regional Coordination of Transmission Operators, JAPAN (OCCTO) to conduct power interchange with areas that have tight supply and demand, and have been able to secure stable supply at this time. We, the Federation of Electric Power Companies of Japan, are also supporting such efforts and making every effort to secure stable supply.

However, bad weather and severe cold are expected to continue, and the risk of trouble occurring with the aging thermal power plants and the risk of fuel inventory for power generation falling further with an increase in electricity generated by thermal power are expected to increase.

While continuing to use air conditioning to keep warm in the cold wave, we respectfully ask that you continue to use electricity efficiently by reducing the use of lighting and other electrical appliances to an extent that doesn't interfere with your daily lives. We apologize for the inconvenience.

Now I will talk about the "promotion of the nuclear fuel cycle" and "challenges and goals for 2021".

＜On the "promotion of the nuclear fuel cycle"＞

First, I will talk about the promotion of the nuclear fuel cycle.

On December 17, we submitted a report of our responses to the four requests outlined by the Minister of the Ministry of Economy, Trade and Industry in the Spent Fuel Measures Promotion Council meeting held last July. On December 18, we provided a report to the governor of Aomori and explained to the Mayor of Mutsu-shi our intent to start working on the joint use of the Mutsu interim storage facility. Joint use is premised upon securing safety and the understanding of the local community. We will continue to thoroughly explain the endeavor to gain people's understanding.

On the pluthermal front, we published the Pluthermal Program that outlines our intention to implement pluthermal in at least 12 reactors by FY2030 upon the basis that we will introduce pluthermal as early and as maximally as possible while also securing balance in plutonium supply and demand as much as possible. We are currently finalizing the Plutonium Utilization Plan with related parties based on the operation plan for the Rokkasho Reprocessing Plant and the MOX Fuel Fabrication

Plant published by Japan Nuclear Fuel Limited on December 16. We will be publishing this Plan as soon as it is ready.

With the recognition that we must increase reliability and transparency to gain the public's understanding domestically and abroad on the use of plutonium, we will be working comprehensively, consistently, and firmly on such efforts which include steadily implementing the reprocessing business, using plutonium appropriately in pluthermal plants, and promoting understanding for final disposal and smoothly implementing final disposal.

The understanding of the people of Aomori and the public at large is a major premise in steadily implementing the nuclear fuel cycle. We will continue to foster a sense of safety and secure trust from the public through attentive dialogue.

＜On the "challenges and goals for 2021"＞

Next, I would like to address our challenges and goals for 2021.

This year marks the 10th year since the Great East Japan Earthquake. I am deeply regretful for the immense inconvenience, concern, and burden the Fukushima Daiichi Nuclear Power Station accident continues to cause for many people. In Fukushima recovery, we must further accelerate initiatives to recover and revive the area, through the reconstruction of businesses and livelihoods, while also strengthening efforts to help evacuees return to the area according to the Act on Special Measures for the Reconstruction and Revitalization of Fukushima.

With a strong commitment to never letting an accident like this happen again, we nuclear power operators will be continuously reducing risk by responding appropriately to the new regulatory standards, autonomously increasing safety to secure a higher level of safely, and promoting initiatives to solve common challenges across the nuclear power industry.

Furthermore, we will strive to recover the trust of the people by carefully explaining these initiatives in an easy-to-understand manner to the people of the siting region and society at large.

On the electricity system reform front, progress is being made on the detailed design of the reform from the strengthening of electricity resilience, promotion of the introduction of renewable energy, to radical reform of the wheeling system based on the Act for Establishing Energy Supply Resilience in transitioning to a next generational transmission and distribution network to increase wide-area electricity transactions. We understand that discussions regarding the detailed design and revision of various market systems, including the revision of the capacity market to secure and maintain power sources necessary for the future, will be conducted alongside such discussions. We will continue to actively cooperate with these discussions from the standpoint of companies involved in actual practice to ensure that incentives to appropriately invest and maintain the next generational network and power sources are aligned.

This year, discussions regarding the formulation of the Strategic Energy Plan and specific efforts to achieve carbon neutrality in 2050 are expected to gain momentum. The postponed COP26 will also be held in November. In the Green Growth Strategy towards 2050 Carbon Neutrality indicated on December 25 of last year, the government upheld a vision that assumes the decarbonization of the electricity sector, and set out the policy of maximally introducing renewable energy, using thermal power premised on CO2 capture, pursuing hydrogen generation as an option as much as possible, and using nuclear power generation as much as possible given that it is an established decarbonized technology. Currently, we are already actively investing in renewable energy development to turn renewable energy into a main power source and have started concrete discussions for initiatives including a Japanese “Connect and Manage” program for expanding the deployment of renewable energy. On the nuclear power front, we are promoting initiatives for early restart and increasing the availability rate with safety as the major premise. Meanwhile, innovation to develop groundbreaking

technology and to spread such technology is critical in realizing carbon neutrality in 2050. There are many challenges to realizing this goal but it is our understanding that the government will accelerate discussions regarding the challenges and we are also prepared to respond steadily to them.

The Growth Strategy notes that “sectors other than the electricity sector” such as the industry, transportation, operation, and household sectors “will center around electrification” and that “electricity demand in 2050 is projected to increase by 30 to 50% due to the electrification of the industrial, transportation, and household sectors”. This requires extensive reform of society into a decarbonized structure which encompasses revision of the way we use energy, and radical and structural reform of our lifestyle. Discussions will need to be held and actions taken now, looking forward 30 years into the future. We will also be contributing to this goal of achieving carbon neutrality by promoting the decarbonization of power sources in a planned manner while securing a stable supply of electricity into the future. We will hold thorough discussions in the Committee for Achieving Carbon Neutral in 2050 established at the end of last year to formulate measures that will contribute to the decarbonization of society.

＜Finally＞

The effects of COVID-19 continue to be felt in this new year. As electricity operators deemed essential and comprised of essential workers, we will continue to come together as an industry to do our utmost for the stable supply of electricity, implementing infection prevention and infection spread prevention measures based on the Business Continuity Plan (BCP), while hoping for the end of the COVID-19 pandemic.

This is all from me today.

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