

Summary of Press Conference Comments Made by Kazuhiro Ikebe, FEPC Chairman, on
September 10, 2021

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

Today, I will talk about the Sixth Strategic Energy Plan, preliminary figures for CO2 emissions in FY2020, and nationwide fish-eating promotion measures.

<On the Sixth Strategic Energy Plan>

First, I will talk about the Sixth Strategic Energy Plan. The Strategic Policy Committee of the Advisory Committee for Natural Resources and Energy released the draft of the Sixth Strategic Energy Plan on August 4. The proposed plan is currently in its public comment period. We view this proposed plan as a very meaningful step: it indicates Japan's strong commitment in pursuing all possibilities to implement measures for decarbonization in its energy policy to achieve carbon neutrality by 2050.

In pursuing this target, honoring the S+3E principle that aims to meet the objectives of stable supply of energy, economic efficiency, and environmental suitability simultaneously with safety as the basic premise remains critical in resource-poor Japan. Stable supply of electricity, especially, will need to be a foremost concern.

On the renewable energy front, we consider the proposed targets for renewables to be highly ambitious, given the tight time frame with less than 10 years until 2030. In the short-term, the burden on the public is expected to increase as a result of FIT tariffs among other measures, and we believe that it is important for the national government to gain the public's understanding on that front. We as electric utilities, will actively develop renewable energies and contribute to introducing them as much as possible by utilizing networks effectively.

The plan continues to position nuclear power as an important baseload power source. It

addresses various issues in sustainably using nuclear power at the necessary scale, promoting the nuclear fuel cycle, and prolonged operation, and discusses pursuing safety in plants and developing a stable business environment. We are looking forward to the national government pursuing concrete discussions in this area. Meanwhile, there was a passage on reducing dependency on nuclear power and no mention of replacement, expansion, and building of new power plants. We believe the government will need to send a clear message swiftly to sustainably use nuclear power, a semi-domestic energy source that also does not emit any carbon dioxide.

Thermal power currently plays an important role as supply capability. It will remain an indispensable power source as its balancing capacity, inertia, and synchronizing capacity will be critical when introducing renewable energies on a large scale. To realize carbon neutrality in 2050, thermal power generation with technological innovations such as hydrogen and ammonia generation, CCUS and carbon recycling will need to be maintained at a certain scale. The private and public sectors will need to come together to implement measures to this end and the government will need to back this up with sound policy. Because there is uncertainty in the speed and direction of renewable deployment and progress in technological development, the focus cannot be completely on quickly phasing out thermal power generation; we ask that policies be flexible in working step-by-step to confirm that measures to secure stable supply are sufficient before advancing the phase-out of thermal power generation. If thermal power generation is to be used as a back-up power source for renewable energy, since it is expected to become less economically competitive as availability falls, we ask that the government also consider ways to secure economic efficiency as an important issue.

Recently, the decline in wholesale electricity market prices has introduced more uncertainty for utilities to recoup its investment into power sources. To maintain necessary power sources for stable supply and to secure power sources that contribute to the goal of balancing carbon neutrality by 2050 with stable supply, we ask that the national government create an attractive market environment for electricity-generating operators

with high predictability for return on investment.

On the demand side, the proposed plan states that, “In addition to improving energy consumption efficiency through strict energy conservation, electrification will need to be advanced.” Taking into account the lock-in effect that predicts equipment introduced now will continue to be used in 2050, we believe electrification will need to be tackled immediately to realize carbon neutrality in 2050. We utilities will be working flexibly using incentive measures to promote electrification, but all parties need to work in concert to achieve this goal with policy backing from the government: customers’ understanding of electrification will need to be developed and manufacturers will need to break ground on technological innovations.

Regardless of the specific methods employed, achieving carbon neutrality by 2050 will incur significant costs in introducing facilities and conducting research and development. Considering that FIT tariffs are already being imposed on the electricity price, we ask that the government consider building a mechanism to bear the costs of this effort as a society so as not to inhibit advances in electrification which are necessary in realizing carbon neutrality.

We will make a concerted industry effort to work responsibly and comprehensively to overcome these difficult issues and implement various measures including decarbonization on the supply side and promoting electrification on the demand side so that we can contribute to balancing global warming prevention with economic progress and the development of Japanese society as a whole.

<On the preliminary figures for CO2 emissions in FY2020>

Next, I will talk about the preliminary figures for CO2 emissions in FY2020. The Electric Power Council for a Low Carbon Society has put together the preliminary figures for CO2 emissions for FY2020 as part of its efforts to realize the goals set out in the Low-Carbon Society Action Plan.

According to Council calculations, in FY2020, 328 million tons of CO2 were emitted, and the CO2 emissions factor was 0.439 kg per 1 kWh of electricity sold. CO2 emissions fell by approximately 5.0% and the CO2 emissions factor by approximately 1.1% compared to the previous fiscal year. Both the amount of CO2 emissions and the CO2 emissions factor have been falling for six consecutive years since the Council was established. We believe this to be a result of our continuous efforts to use renewable energies and nuclear power generation with safety as the major premise, and to introduce cutting-edge high-efficiency thermal power generation facilities.

The Council as a whole will continue to run PDCA cycles to implement effective measures as an industry to tackle the worldwide challenge of global warming prevention.

<On nationwide fish-eating promotion measures >

Third, I want to talk about the nationwide fish-eating promotion measures. The Ministerial Conference on Steadily Implementing the Basic Policy for the Handling of ALPS Treated Water determined the immediate measures for handling TEPCO Holdings' Fukushima Daiichi ALPS Treated Water in its second meeting held on August 24. The published document clearly indicates that the government will be building a "mechanism to prevent adverse rumor-caused impacts" and a "mechanism to overcome any adverse rumor-caused impacts for business owners to pass down and expand their businesses without undue concern."

People involved in the fisheries industry are an important stakeholder for electric utilities. In light of this decision, the FEPC together with TEPCO will consider concrete measures such as mail-order retail of processed seafood products from across the nation, including Fukushima and neighboring prefectures, and hosting of events to promote fish-eating culture in the Tokyo metropolitan area and other major consumption areas as measures to encourage the production, processing, distribution, and consumption of seafood in order to minimize adverse rumor-caused impacts. We will actively advance fish-eating promotion

including improving consumption and sales of processed seafood products on a nationwide scale.

In addition to existing efforts to encourage the purchase of products produced in Fukushima, we, electric utilities will work on promoting the consumption of fish and fish products across Japan to eliminate concerns about ALPS treated water affecting sales.

<Finally>

Last but not least, the closing ceremony for the Paralympic Games was held on September 5, marking the end of competitions for the Olympic and Paralympic Games. During the Games, the electric utilities of the hosting areas strengthened their facilities' patrolling efforts, avoided work that would stop electricity, and switched networks systems as appropriate during accidents. Each utility steadily implemented measures including gathering information about cyber security under the leadership of top management to deliver stable electricity to the venues. I would like to express my respects to all those who were involved in the hosting of the Games, and take this opportunity to thank everyone for their kind cooperation in securing a stable supply of electricity. Thank you.

This concludes my remarks for today.

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