

Summary of Press Conference Comments Made by Kazuhiro Ikebe, FEPC  
Chairman, on November 19, 2021

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

Today, I will talk about the “promotion of the nuclear fuel cycle”, the “role of nuclear power given fuel price fluctuations and the balance of supply and demand”, and “COP 26”.

<Promotion of the nuclear fuel cycle>

First, I will address the promotion of the nuclear fuel cycle.

On the 8th of this month, Minister Hagiuda of the Ministry of Economy, Trade and Industry visited the Rokkasho Reprocessing Plant and other Japan Nuclear Fuel Limited facilities. JNFL President Masuda and I accompanied him on the tour of the facilities.

Ahead of this visit, Minister Hagiuda met with Aomori Governor Mimura and confirmed that the promotion of the nuclear fuel cycle will continue to be firmly maintained as a Japan’s basic policy. The governor requested that the national government further promote the use of MOX fuel and measures to prevent Aomori Prefecture from becoming the final disposal site for high-level radioactive waste.

After visiting the nuclear fuel facilities, the Minister spoke to JNFL and contractor personnel about his strong hope that they have a strong sense of pride, self-awareness, and responsibility in playing a critical role in the nuclear fuel cycle business, and that they do their utmost in responding to the safety review and toward the completion of the plant.

We also are aware that nuclear power generation will need to continue to be used as an importance base load power in resource-poor Japan and that the nuclear fuel cycle is very important in securing long-term energy security, effectively using resources, and reducing the volume and toxicity of radioactive waste.

JNFL has been making every effort in dealing with the review to gain approval of the design and construction methods and in safety measures work. We as nuclear operators will also come together as an industry to fully support these efforts.

<Role of nuclear power given fuel price fluctuations and the balance of supply and demand>

Next, I will talk about the role of nuclear power given fuel price fluctuations and the balance of supply and demand.

Recently, the price of fossil fuel has been soaring due to a confluence of many factors. This has had a large impact on electricity supply in Europe and China. In the UK, multiple retail electricity operators have filed for bankruptcy, affecting many customers, and in China, rolling blackouts were implemented to deal with power shortages. This situation clearly demonstrates that natural resources and energy is an issue that has a direct effect on people's livelihoods and economic activities.

Within Japan, gasoline prices and electricity rates are rising, burdening the people who use energy. The effects of rising fuel costs are also becoming apparent on the management front for us electricity utilities, with all utilities reporting lower profits year-on-year in the interim financial results and seven utilities revising their full-year forecasts downward.

Looking at supply capabilities for this winter, we have somehow managed to secure a reserve margin of above 3% for all areas, and hardly foresee supply and demand tightening unduly due to kW shortages at this time. At the same time, the Agency for Natural Resources and Energy's Strategic Policy Subcommittee meeting held yesterday, it was reported that thermal power generation output had been reduced in multiple areas due to restrictions in the amount of fuel available since mid-November. In the meeting, the Subcommittee announced a policy where general transmission and distribution operators will put out an open call for kWh as an additional measure to avoid kWh shortages due to fuel shortages that happened last winter. We will respond appropriately to measures to secure fuel. Each utility will implement thorough routine maintenance management and remain on guard in ensuring that supply capabilities are not disrupted.

In light of the current domestic and international situation surrounding energy, I am reminded of the importance of maintaining "S+3E", which aims to simultaneously achieve "energy security", "economic efficiency", and "environmental compatibility" with the basic premise of ensuring "safety", as the fundamental energy policy of Japan. Furthermore, as we are faced with a constant scarcity in base power supply, shortages in fuel for thermal power generation, and the reality of electricity supply's vulnerability to fuel price fluctuations, I am again reminded of the significant role that nuclear power generation plays in contributing to economic efficiency by maintaining lower electricity prices, as well as steadily helping maintain stable supply as a baseload power source.

Nuclear power also plays an important role in preventing global warming, in environmental compatibility in the 3E mentioned above. The UK and France have announced policies to restart investing in the development of nuclear power technologies and building new power plants. In the EU, the president of the

European Commission mentioned the need for nuclear power as a stable source of electricity when developing the EU Taxonomy, a set of standards to assess funding from an environmentally sustainable point of view. Nuclear power as a power source that does not produce CO<sub>2</sub> when generating electricity is positioned as an “option for decarbonization in its implementation stage” in Japan’s own Strategic Energy Plan and is considered an essential power source in achieving carbon neutrality.

We will continue to carefully and thoroughly explain these roles that nuclear power generation plays and our efforts to secure safety to the people of the siting region and the wider public to gain their understanding in working toward the restart and safe and stable operation of nuclear power plants.

<COP26>

Lastly, I would like to talk about COP26.

As you all are well-aware, the 2021 United Nations Climate Change Conference (COP26) was held in Glasgow in the United Kingdom from October 31st to November 13th. The participating countries reached a consensus on the Paris Rulebook, which established emission trading methods to reduce carbon emissions and other concrete rules for each country to implement according to terms of the Paris Agreement adopted in 2015. There were also active discussions on the handling of coal-fired thermal power for which no carbon reduction measures have been implemented and funding for developing nations.

Furthermore, in the World Leaders’ Summit held on November 2nd, Prime Minister Kishida declared that “Japan will create a decarbonized society by promoting the transition to clean energy while maximally introducing renewable energy, with a focus on Asia.”

We as electricity utilities will decarbonize energy sources and promote electrification on the demand side to realize carbon neutrality in 2050. Many

organizations are working to achieve technological innovation in the areas of hydrogen, ammonia, and CCUS. We believe that Japan can contribute to effectively reducing CO2 emissions by providing technological support to other countries in a manner informed by the actual conditions of the country, in addition to utilizing its technological capabilities domestically.

We, the utilities, will gather all the expertise and knowhow that we have developed in our businesses and contribute to reducing greenhouse gas emissions on a global scale from many angles using many approaches.

This concludes my remarks for today.

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