Summary of Press Conference Comments Made by Kazuhiro Ikebe, FEPC Chairman, on December 17, 2021

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

We are fast approaching the end of the year and this is the last press conference of 2021. Today, I would like to talk about the following two points: “securing this winter’s supply through nuclear power plants” and “reflections in 2021 and resolutions for 2022”.

<On securing this winter’s supply through nuclear power plants>

First, I would like to talk about securing this winter’s supply capacity through nuclear power plants. Shikoku EPCO’s Ikata Nuclear Power Station Unit 3 started its reactor on the 2nd of this month and started generating electricity on the 6th. With the completion of the specific safety facilities required in the new regulatory requirements, Ikata Nuclear Power Station is now able to respond to severe accident such as acts of terrorism and aircraft collisions even better than before. We believe that that has led to the understanding of the local community in restarting the power plant.

Kyushu Electric Power’s Sendai Nuclear Power Station Unit 1 under periodic inspections has mostly completed all of the inspections to be conducted while the reactor is shutdown. The reactor is scheduled to restart on the 18th, and start power generation on the 20th. Sendai Nuclear Power Station has also been working to improve the safety and reliability of the plant even further by enhancing the support functions of the emergency response measures building by expanding the space to house necessary personnel in an accident and setting up break rooms.

The start of these two power stations will play an important role in stabilizing the supply and demand of electricity this winter.

With the understanding of the public, we will continue to steadily restart and continue to safely and stably operate nuclear power plants in order to pursue S+3E which includes the decarbonization of electricity and the pursuit of economic efficiency in addition to stabilization of demand and supply, while building the public's trust of nuclear power one day at a time.

<On reflections in 2021 and resolutions for 2022>

Next, I would like to talk about reflections in 2021 and resolutions for 2022.

<Responding to tightening electricity demand and supply/COVID-19 response>

Looking back on the past year, in January, just as we started the year, we caused much concern with tightening of electricity demand and supply. As electricity demand rose significantly due to the intermittent cold waves, and LNG stock fell, the industry faced a kWh shortage. We also had to ask the public for their help in conserving energy. One factor in this was thermal power fuel shortages having an outsized impact on the demand and supply of electricity nation-wide in part due to offline nuclear power plants, another was the general trend of power sources going shutting down permanently due to the economic pressures that came with the liberalization of electricity market. With the public's cooperation in conserving energy, utilities managed to secure stable supply, working undauntedly to securing supply capacity and cooperating with Organization for Cross-regional Coordination of Transmission Operators, JAPAN (OCCTO) to interchange power across regions.

There are also concerns about demand and supply tightening this winter. We will continue to work to maintain stable supply with a sense of tension by securing fuel and thoroughly enforcing security in facilities.

In terms of realizing our mission of stable supply, all utilities have each worked to continue our businesses with a sense of urgency in their respective fields of power generation, transmission and distribution, and customer response throughout the year including during the Olympics and Paralympics in August and September as the novel coronavirus continued to spread. We still cannot become complacent. We will continue to work with an awareness of and pride as essential workers responsible for infrastructure.

<Revision of the Strategic Energy Plan/discussions of carbon neutrality/rising natural resource prices>

In terms of energy and environment policy, in April, the Japanese government announced its policy to aim for a 46% reduction in greenhouse gas emissions in FY2030 compared to FY2013. In line with this, in May, the FEPC also compiled our initiatives for “Achieving Carbon Neutrality in 2050” centered on decarbonizing power sources and promoting electrification.

In October, the Strategic Energy Plan was revised for the first time in three years, a testament to Japan’s strong commitment to develop measures to pursue all possibilities for decarbonization. The sustained use of nuclear power at a necessary scale and the promotion of the nuclear fuel cycle was clearly positioned as part of this Plan. Then, in the COP26 held at the tail end of October, countries came together to reach an consensus on some issues, informed by the reality facing each country as the momentum toward decarbonization built across the world.

Based on these discussions energy and climate policy, we as electricity operators renewed our resolve to contribute to balancing global warming measures and the development and advancement of the Japanese society at large, by realizing a balanced energy mix and promoting electrification.

As such discussions range on, this fall, fossil fuel prices rose and supply capacity shortages occurred due to a confluence of factors, and countries were forced to scramble to respond. Domestically, gasoline prices and electricity rates rose, inconveniencing energy users and negatively affecting utilities' financial performance. The situation clearly demonstrated again that natural resources and energy is an issue that has a direct effect on people's livelihoods and economic activities.

<Developments surrounding nuclear power>

In terms of nuclear power, in March, TEPCO Holdings discovered that the physical protection function had been partially lost at one of their plants. As a result, the industry is working to review and improve its nuclear security culture through initiatives such as having utilities mutually compare and check each other's rules and operations related to physical protection with a critical eye.

Meanwhile, there was some progress on nuclear power station restart. In July, the Kansai EPCO's Mihama Nuclear Power Station Unit 3 commenced commercial operation, the first plant to do so having operated more than 40 years. In September, the Chugoku EPCO's Shimane Nuclear Power Station Unit 2 received permission to change the installment license of the reactor after an 8-year review process.

In terms of the nuclear fuel cycle, in February, the FEPC published the Plutonium Utilization Plan. The nuclear fuel cycle also may have been raised in the public consciousness as it was one of the key issues in the Liberal Democratic Party presidential election held in September. In November, Minister of Economy, Trade and Industry Hagiuda visited Aomori Prefecture and reiterated that the Japanese government will hold steadfast to its basic policy of promoting nuclear fuel cycle. We will continue to provide full support for JNFL in responding to the review, and further strengthen cooperation

among utilities, which include the steady promotion of the cycle business and initiatives for final disposal.

<Resolutions for 2022>

This was our 2021. In the coming year, amidst the global trend toward decarbonization, we will be required to flesh out a long-term vision toward carbon neutrality in 2050 as set forth in the Strategic Energy Plan and a policy for 2030 based on this vision. In that sense, I believe that next year will be a very important year for us to establish a solid foothold for the future.

We are also committed to establishing a solid foothold to significantly advance the decarbonization of power sources and electrification of the demand side in order to realize S+3E which is the foundation of Japan's energy policy. It bears repeating that we, as the supply side, will promote the maximal introduction of renewable energies, restart and stable operation of nuclear power plants with safety as a major premise, use of thermal power as necessary for stable supply, and technological development to realize zero emission thermal power. On the demand side, we will push for large-scale reform that transforms society as a whole to a decarbonized structure through a drastic review of lifestyle and how we use energy in light of the importance of electrification.

At the same time, we also are aware that, regardless of the situation, we must continue to fulfill our largest mission of stable supply. Various electricity system reforms including liberalization of the electricity market and establishment of new wholesale electricity markets have been implemented but our efforts to create a mechanism to realize S+3E is still underway, and needs to be fleshed out further. In particular, we believe that measures to secure supply capacity will become an important issue. In the near term, a system that ensures the reliable operation of the capacity market, and in the mid- and long-

term, a mechanism to channel funds to maintain and build power sources and realize an "attractive power generation business" will become necessary.

While the problems are numerous, it is important to be aware of the timeline, and implement necessary measures, including transitions, within the context of a larger goal. As a member of the electric power industry, we will continue to contribute to the development and reformation of society by taking on the challenges of carbon neutrality and stable supply.

<Finally>

Last but not least, I want to thank the Energy Press Club and the media for their support over the past year.

I would like to ask for your continued support in 2022.

This concludes my remarks for today.

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