

Summary of Press Conference Comments Made by Kazuhiro Ikebe, FEPC
Chairman, on July 15, 2022

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

Today, I would like to talk about the “short term energy outlook and our request to the public to conserve energy” and “securing supply capacity in the mid-to-long term.”

<Short term energy outlook and our request to the public to conserve energy>

We apologize for the grave inconvenience and concern we caused our customers and society at large during the tightening of electricity demand and supply in the TEPCO area and eastern Japan regions in the end of June. Electricity demand and supply was extremely tight as unprecedented heat for June fueled sharp increases in demand. In response, the national government issued a power usage advisory from June 26 to 30.

I want to express my deepest thanks to everyone who cooperated with our requests to conserve energy. I also want to thank the media for calling to the public to conserve energy in the news and in papers.

The heat remains punishing even as we enter July. However, energy outlook has improved slightly as thermal power plants and pumped storage power plants that had been shut down due to inspections were brought back online, and power sources selected in the open call for kW and kWh started coming online. In addition to the thermal and hydropower sources, nuclear power plants have also started operating. On July 13, Unit 4 of Kyushu Electric Power Company’s Genkai Nuclear Power Station started transmitting electricity. The plant is operating steadily and is currently gradually increasing its output. Unit 4 of

Kansai Electric Power Company's Ohi Nuclear Power Station is starting its reactor today on July 15. Supply capacity from nuclear power is going to gradually further increase as Unit 3 of Mihama Nuclear Power Station is scheduled to come back online once its specialized safety facilities start operating in mid-August. We will continue to do our utmost to ensure we have the necessary supply capacity by steadily conducting maintenance on our facilities and securing fuel.

Meanwhile, we are also making progress on our demand side measures. We have started offering demand response plans to encourage consumers to conserve energy and further incentivize conservation, and are preparing systems to disseminate information when supply and demand is especially tight. As mentioned the other day, we have set up a special page on the FEPC website on energy conservation and energy outlook. On this page you can find easy tips for conserving energy in the home, measures implemented on the supply side to generate more energy, and links to the utility websites, all in one place. The tips on energy conservation will be available for download in pamphlet form and will be widely disseminated to the public via social media.

Going forward, updating home appliances and other equipment to more energy efficient ones and making buildings airtight and well insulated will be key in further conserving energy. In order to improve energy efficiency and reduce the carbon footprint of existing homes, the Ministry of Land, Infrastructure, Transport and Tourism is currently promoting renovations that further insulate the home with high performance materials. For example, people who are going to renovate their home using high-insulation glass, windows, material, and exterior doors may be eligible for subsidies. We believe the public may find these initiatives attractive as they not only make the home more comfortable to live in but can also reduce energy costs by conserving on energy. There are a few more months left until winter, when the energy outlook is expected to be tighter than this

summer. I hope everyone will consider implementing some of these measures.

The energy outlook for this winter looks strained. In January 2023, the reserve margin in 8 areas from Tohoku to Kyushu is expected to fall below 3% required for stable supply. If the flow of fuel from Russia were to stop due to developments in the conflict in Ukraine, the situation will deteriorate further. We will be doing our utmost on both the supply and demand fronts with a strong sense of urgency.

<Use of nuclear power>

Demand and supply measures for this summer and winter mentioned above are included in the Comprehensive Measures for 2022 Energy Outlook put together by the national government. The Comprehensive Measures also states nuclear power plants whose safety has been secured will be maximally used provided understanding of the local community has been acquired, and that the government will swiftly discuss the development of an environment where power generation can be a sustainable business model, in addition to discussions on the state of power generation business more generally.

As for nuclear power, while the time until a nuclear power plant can restart depends on the plant, each operator will do their utmost to restart nuclear power plants as early as possible. Of course, securing safety is the top priority. We will keep working sincerely on voluntarily improving safety in addition to responding to the new regulatory requirements. We also want to note that we believe both the regulatory and the operators need to communicate appropriately for reviews progress efficiently. Furthermore, by explaining the state of the power plants and the safety improvement initiatives in a detailed and easy-to-understand way to the people of the siting region and to society at large, we hope to recover trust in nuclear power as we do our utmost to ensure to restart nuclear power plants as the earliest possible date with safety as a premise.

<Securing supply capacity in the mid-to-long term>

To maintain and expand supply capacity in the mid-to-long term, existing power plants will need to be utilized, investment into new facilities and networks expanded, and the details of a mechanism that will create an attractive environment for the power generation business fleshed out even through the liberalization of the industry. Currently, a national government council is discussing the establishment of an “auction to secure decarbonized power sources for the long-term” as part of the capacity market. The interim summary for it was put together yesterday.

We believe this auction could be important in balancing 2050 carbon neutrality and stable supply of electricity if it is designed taking into account the time it takes to build power sources and includes a mechanism to ensure the power source generates a stable income for 20 years.

We will continue to cooperate in future discussions to flesh out the details as operators taking into account the importance of securing predictability in recovering our investment into power sources.

This concludes my remarks for today.

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