

## Summary of Press Conference Comments Made by Kazuhiro Ikebe, FEPC

Chairman, on October 21, 2022

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

Today, I will talk about four topics: the “state of electricity supply and demand, and the need to build a sustainable electricity system”, “mechanisms to promote reform in nuclear power generation safety management”, “rising electricity prices and discussions by the Japanese government to control them”, and “highlights from the 19th International Electricity Summit”.

<State of electricity supply and demand, and the need to build a sustainable electricity system>

The first topic is the state of electricity supply and demand and the need to build a sustainable electricity system.

This summer, when supply and demand was expected to be tight, we asked the public for their cooperation in conserving energy while putting safety first from July 1 to September 30. With everyone’s cooperation, we were able to secure stable supply for that period. I would like to take this opportunity to express my sincere gratitude for your cooperation.

Moving on to this upcoming winter, while projections show that we should be able to cobble together the bare minimum reserve margin of 3%, the situation needs to be monitored closely as we need to be prepared for unexpected increases in electricity demand due to a significant fall in temperatures or a economic or societal structural change, including those wrought by COVID-19, and the LNG supply from Russia being cut off as a result of the effects of the situation in Ukraine. We will continue to implement all available measures on both the supply and demand sides, but we ask for your continued support in

using electricity efficiently while this winter as requested by the Japanese government.

In addition to short-term measures, it is critical that we build a sustainable electricity system to ensure electricity supply and demand crunches are not a frequent occurrence. To secure supply capacity in the mid-to-long term, a balanced power mix comprised of sources such as renewables, nuclear and thermal power will need to be secured based on longer term electricity demand projections, and streamlined distribution facilities that best suit the energy mix will need to be built, expanded and reinforced. We hope that a roadmap to rebuilding stable electricity supply, which should include developing a business environment that makes it possible to build these facilities, will be presented in the reinspection of the electricity system proposed by the GX Implementation Council.

<Mechanisms to promote reform in nuclear power generation safety management>

Next, I'll explain the mechanisms to promote reform in nuclear power generation safety management.

As you all may be aware, the GX Implementation Council is going to discuss key issues in nuclear power including mobilizing all relevant parties in restarting plants, maximally utilizing existing nuclear power plants by, for example, extending the operation period, developing and building next-generational innovative reactors, and accelerating the reprocessing, decommissioning and final disposal processes. It is important for these matters to be thoroughly discussed going forward. We will keep a close eye on any developments and will cooperate as operators. It is critical that we keep on voluntarily improving safety without letting the lessons of the Fukushima Daiichi Nuclear Power Station accident be forgotten with a commitment to never let such an accident occur again.

Management has a very important role to play to ensure that we don't fall prey

to the myth that something is completely safe, and to ensure that everyone in the organization is committed to constantly and ambitiously improving safety. Up until now, each utility had been working creatively on managing safety considering their own unique organizational culture and characteristics. Meanwhile, because the organizational structure and organizational culture differs among the utilities, information sharing and roll out of good practices across the industry were not being conducted to an adequate standard. We believe learning from each other's safety enhancement efforts is highly effective in improving safety. To encourage this, we have established, within the FEPC, a Safety Management Reform Task Team comprised of CNOs, the heads of each utility's nuclear power divisions. We also announced the establishment of this Task Team at the Nuclear Energy Subcommittee held on the October 13th. On the 14th, the following day, we held the first Task Team meeting where we decided to not only share good practices but practices developed by reflecting on what could have been issues. Going forward, these practices will be aggregated and explored further, with each utility discussing the good practices that could be introduced at their power plants.

In addition to these cross-utility initiatives, we have an existing framework in place for promoting safety improvements, comprised of the Atomic Energy Association (ATENA), Japan Nuclear Safety Institute (JANSI), the Nuclear Risk Research Center at the Central Research Institute of Electric Power Industry (NRRC), to deepen the cooperative ties between utilities and each organization, and lead utility efforts to improve safety. Through these efforts, the industry together will work on improving safety.

<Rising electricity prices and discussions by the Japanese government to control them>

Next, I will explain the rising electricity prices and discussions by the Japanese government to control them.

On the 12th of October, I explained the management environment surrounding

electricity operators and our response to rising electricity prices to Prime Minister Fumio Kishida at his request. With the situation in Ukraine, fuel prices have sky rocketed to never before seen levels. Despite the utilities' best efforts in not only streamlining their own operations but also reducing the burden on our customers through a variety of creative means including encouraging energy conservation, multiple companies have hinted at the possibility of raising prices starting next April. Some companies have announced that they have no choice but to remove the ceiling price for the fuel cost adjustment system for their post-liberalization price plans for households and consider raising prices for regulated price plans.

We are well aware that rising electricity prices will put significant strain on people who use electricity and will have a large impact on the society and the economy. While we as operators are doing our best to control the rise of electricity prices as much as possible, there seems to be no end in sight to the global rise in resource prices.

The environment surrounding the electricity business changes significantly day by day as seen in the change in the geopolitical environment around natural resources and major shifts in business models as a result of the liberalization of the retail electricity market. Under such circumstances, we believe that ensuring stable electricity supply is our greatest mission as electricity operators. We, in cooperation with the Japanese government, will continue to explore ways to balance controlling the rise in electricity prices with securing stable electricity supply by ensuring that operators can manage their businesses appropriately.

<Highlights from the 19th International Electricity Summit>

Finally, I'm going to present the highlights from the 19th International Electricity Summit.

The FEPC, Edison Electric Institute (EEI) from the US, the Eurelectric from the Europe, top management from operators and industry organizations from Canada and Australia gather together at the International Electricity Summit to

widely discuss the current state of the electricity business and their challenges it faces. I also participated in this year's Summit held over two days from September 26th to 27th in Oslo, Norway.

31 participants from each region gathered at the 19th Summit to discuss common management challenges and the roles electricity operators have to play in creating a decarbonized future. At its opening, I addressed the participants on the need to "secure a balanced energy mix informed by the unique situation of each country and to pursue all available options," "maximally use nuclear power that contributes to 3E, or energy security, environmental protection, and economic efficiency," and "develop a business environment that makes the electricity business look attractive" to achieve stable supply and carbon neutrality.

Lively discussions were held in the sessions that followed where we reaffirmed our commitment to cooperate in decarbonizing the energy system while strengthening our respective country's energy security prioritizing reliability and economic efficiency. In concrete terms, we were able to reach an agreement on several important points: that partners across the world need to cooperate and work together in the face of the crises such as the Russian invasion of Ukraine; the importance of a diverse and balanced energy mix comprised of, among other sources, renewables, nuclear power and low-carbon power sources, to achieve stable electricity supply; that decarbonization of power sources and electrification is the optimal solution to achieving net zero carbon emissions; and that the resilience of the electricity supply system overall, including its cyber security, needs to be improved.

The outcomes from these discussions have been summarized in a joint statement.

This concludes my remarks for today.

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