

Summary of Press Conference Comments Made by Kazuhiro Ikebe, FEPC
Chairman on December 16, 2022

I am Kazuhiro Ikebe, Chairman of the Federation of Electric Power Companies (FEPC). This will be the last press conference of the year.

Before we start in on today's agenda, I have three things to announce.

First, I'd like to ask the public to conserve energy. Electricity demand is expected to grow as it gets colder. While there has not been an electricity crunch, the energy situation remains precarious. We will need to remain vigilant in watching for increases in electricity demand from low temperatures that exceed expectations, unplanned shutdowns of electrical facilities, and disruptions in fuel supply due to the effects of the situation in Ukraine. We ask for your cooperation in conserving energy in any way you feel comfortable. Utilities have launched programs that offer concrete benefits to customers. We thank you for your cooperation.

Second, all FEPC companies have decided to participate in the Japanese government's Measures to Manage Electricity and Gas Prices Surges that subsidize customers' electricity prices. We will cooperate fully in ensuring that these measures which subsidize prices through utilities are implemented smoothly.

Third, regarding the reports of some utilities formed cartels for supplying electricity: the Japan Fair Trade Commission is currently hearing opinions from certain utilities on the issued cease and desist orders and surcharge payment orders under the Antimonopoly Act. We will refrain from commenting on the specifics at this time as the charges are under review, but we offer our apologies for the disturbance. Following the liberalization of the retail electricity industry,

the FEPC has not been dealing in pricing, sales strategies and other information about the competition in the markets and is not involved in any way with this incident. But we will keep a close eye on any developments and will consider responding as an industry as needed.

Moving onto today's main agenda, today's main topics are progress in discussions around the GX Implementation Council, the use of nuclear power generation and promotion of pluthermal, and 2022 reflections and resolutions for 2023.

<Progress in discussions around the GX Implementation Council>

First, I'm going to discuss progress made in discussions around the GX Implementation Council.

As the GX Implementation Council prepares its deliverables, meetings have been held such as the Clean Energy Strategy Joint Discussion Meeting held the day before yesterday and the Strategic Policy Subcommittee held today. These meetings discussed the review of the electricity system, maximal use of nuclear power, growth-oriented carbon pricing framework, measures to promote investment into realizing GX, and other topics that have to do with the stable supply of energy and the policy direction for realizing GX. All of these discussions will inform guiding principles that will be crucial in future energy policy.

On the nuclear power generation front, the Subcommittee is in the concluding stage of discussions. It has indicated its intent to rally all concerned parties for swift restarting operations, to use existing nuclear power plants as much as possible by extending the operating period, to develop and construct next-generational innovative reactors, and to accelerate the establishment of the backend process of the cycle. We believe it is very meaningful in light of our most important mission of supplying electricity stably, that policy is being discussed to ensure nuclear power can keep on contributing to society in the

mid-to-long term, in addition to policy for an early restart of plants in the near term.

The Council also indicated the policy that government investment into GX that is expected to attract private investment in GX will be funded through growth-oriented carbon pricing, among other measures. When introducing carbon pricing, its position in relation to existing schemes such as the FIT levy, which is currently borne only by electricity, and non-fossil value based on the Advanced Energy Utilization Law, will need to be sorted out carefully, and a mechanism to ensure there are no large differences in the burden of entity will need to be established to secure fairness among the various energy sources. In addition to investing in R&D for new technologies, we ask the national government to invest in short-term initiatives that contribute to balancing the stable supply of energy with CO2 reduction such as renewables, innovative reactors, electrification and subsidies for heat pumps.

<Use of nuclear power generation and promotion of pluthermal>

Next, I'd like to discuss the use of nuclear power generation and promotion of pluthermal.

Under the principle of introducing pluthermal as early as possible and as extensively as possible, the 11 nuclear power operators are working to use up their plutonium stockpile steadily. In the Nuclear Energy Subcommittee held on November 28, the direction of the public-private initiative to promote pluthermal was presented based on the instructions issued in the GX Implementation Council.

We will further strengthen our efforts to steadily promote pluthermal in the future in this direction.

Specifically, operators that have already introduced pluthermal will share

documents and knowledge regarding licensing procedures and details of efforts to gain the understanding of the local community. Operators will be encouraged to use and exchange plutonium among the operators on the premise that each operator will use up their own plutonium stock. Specific plants that could introduce pluthermal will be identified as early as possible. The Pluthermal Promotion Communication Council comprised of Presidents of the nuclear operators will be held every year to check on the progress on pluthermal and coordinate efforts.

For resource-poor Japan to secure energy stably in the long-term, it needs to establish a nuclear fuel cycle. Following the Japanese government policy of not possessing plutonium with no clear purpose, we will do our utmost to promote pluthermal to use up plutonium steadily.

<2022 reflections and resolutions for 2023>

I'm going to end by reflecting on 2022 and delivering my resolutions for 2023.

The world's energy landscape was transformed by the Russian invasion of Ukraine in February, fuel prices soaring to never before seen heights, supply facing the risk of disruption, putting energy security at risk. High energy prices and uncertainty in the ability to secure necessary resources remain as challenges in Japan.

In March and June, we were faced with electricity crunches. We were able to avert a crisis through public-private cooperation in securing supply and requests to the public to save energy, but tight supply and demand has become the norm. 2022 was a year that reminded us of the difficulty and importance of securing stable energy supply at the necessary amount at a reasonable price. There was much progress made in energy policy discussions. The government issued a clean energy strategy interim report in May and the GX Implementation Council established in July put forth the items that need political decision-making to rebuild a stable energy supply system.

The GX Implementation Council discussions have entered the final stretch. Next year will be the year in which we have to start steadily realizing the direction set out by the Council. In that sense, we want to make next year, the “year of rebuilding and implementing” the system that will supply energy stably in Japan.

We believe it is important for the government to discuss developing the appropriate environment for us to secure the necessary supply capacity and fulfill our mission of stable supply, as well as carry out the necessary measures toward the large goal of promoting GX in a time-sensitive manner. As a member of the electric power industry, we will continue to contribute to the development and reformation of society.

<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 2023. I wish you and your families the very best holiday season.

This concludes my remarks for today.

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