

Summary of Press Conference Comments Made by Kazuhiro Ikebe, FEPC
Chairman on January 20, 2023

I am Kazuhiro Ikebe, Chairman of the Federation of Electric Power Companies (FEPC). I look forward to your continued support this year. I have two topics to address today: our resolution for 2023 and the date of completion of the JNFL fuel reprocessing plant.

<Our resolution for 2023—a year of rebuilding and implementing—>

I first will talk about our resolution for 2023.

Late last year, the GX Implementation Council decided on the direction of the energy policy. We believe that this very important direction for future energy policy was presented based on discussions that reflected a wide range of perspectives on the topics of rebuilding a stable energy supply in Japan and decarbonizing with stable supply as a premise. Going forward, we must start making steady progress in line with this direction. In that sense, as mentioned in late 2022, we want to make this year, the “year of rebuilding and implementing” the system that will supply energy stably in Japan.

Japan experienced a few bitterly cold days from late last year to early this year. However, we have been able to somehow secure stable supply with the cooperation of the public in conserving electricity in any way they feel comfortable. To keep on maintaining stable supply next summer and winter, even when supply and demand are expected to be tight, nuclear power plants must be restarted with safety as a premise. Nine units are currently in operation as planned. We will make a concerted effort to restart the seven units that have received approval to change the installation permit, in addition to other reactors.

Russia's invasion of Ukraine sparked a tightening of the fossil fuel market across the globe. This has renewed our awareness that, for resource-poor Japan, energy security directly translates to national security. In the short-term, emergency public kWh offerings and buildings of fuel sharing frameworks have been implemented to ensure enough fuel is procured. But in the long term, a sustainable electricity system will need to be built to balance stable supply of electricity and green transformation (GX). A mechanism to pursue and exhaustively and strategically implement all options to create a sustainable system such as the mid-to-long term use of nuclear power, turning renewable energy into the main source of energy, developing and maintaining dispatchable power sources necessary for introducing renewables on a large scale, technological development to realize zero-emission thermal power, and streamlining distribution facilities will need to be built.

Building such a sustainable electricity system requires a long-term perspective. Considering the lead time for the construction of a power plant, current supply and demand management based on demand projections for the next ten years under the current supply plan may be insufficient for securing future supply capacity and building streamlined transmission lines and other distribution facilities. We believe a framework for creating facility plans, fuel plans, and balancing capacity plans based on longer-term electricity demand projections on the scale of 20 years needs to be developed.

In keeping with this, the Strategic Policy Subcommittee held on November 2022 discussed the need to create a new framework to plan the development and maintenance of supply capacity including long-term projections for electricity supply and demand beyond the 10-year supply plan. The inaugural Long-term Decarbonized Power Source Auction to take place in FY2023 will increase the predictability of cash flow for operators to recover the investment into constructing power sources. While this is a step in the right direction, we believe

there is more that needs to be discussed to develop a business environment to promote long-term investment into power sources. We electric utilities will actively engage in such discussions to help build a foundation for long-term stable supply.

<Date of completion of the JNFL fuel reprocessing plant>

Next, I'd like to talk about the date of completion of the JNFL fuel reprocessing plant.

Japan Nuclear Fuel Limited (JNFL) is responding appropriately to the Nuclear Regulation Authority (NRA) reviews and is working at full speed toward the completion of the reprocessing plant which is the crux of the nuclear fuel cycle. As announced by JNFL on December 26, the date of completion has been postponed to the earliest possible date in the first half of FY2024 based on progress made. We as nuclear operators, regret the concern the delay in the completion of the plant may cause to the people of the local community and the public. Most of the major construction work was completed as of the end of last year, and the overall construction progress rate is approximately 97%, so we believe that the work has reached a certain level of progress.

To accelerate JNFL's efforts to complete the reprocessing plant, the FEPC has also established a Fuel Cycle Promotion Task Force and a structure for responding appropriately to NRA reviews. The first facility design and construction plan application were approved on December 21 and the second and final application was submitted on December 26. We believe that this is a large and important step toward the completion of the fuel reprocessing plant and to further improve the safety of the plant through discussions had in the reviews.

The nuclear fuel cycle is critical in terms of effectively using uranium as well as reducing the volume and toxicity of waste. We wish for JNFL to continue to do its best in responding to the reviews and in the safety measures work for the

completion of the Rokkasho Reprocessing Plant as the crux of the nuclear fuel cycle. We as nuclear operators will come together as an industry to continue to support JNFL by putting our best people on the case. Another critical part of the nuclear fuel cycle is pluthermal power generation. We have developed an action plan to quickly identify plants that will use MOX fuel and to share progress made by companies to obtain the understanding of the local community and knowledge gathered. We will continue to make a concerted effort to ensure the wide adoption of pluthermal generation.

Additionally , on the backend, the GX Implementation Council has decided that the national government will be putting its full force behind promoting final disposal in addition to fuel reprocessing. As a generator of high-level radioactive waste who has a basic responsibility for it, we will continue to collaborate more closely with the national government and NUMO to expand areas undergoing literature surveys keeping an eye on the status of national government discussions.

<Finally>

Those were the topics on today's agenda. But I'd also like to say a few words in regard to the mishandling of customer information.

Late last year, it was found that the customer information owned by transmission and distribution companies was visible from the retail company side.

On January 13, 10 major electric utilities and 9 transmission and distribution companies received instruction from the Electricity and Gas Market Surveillance Commission to conduct an emergency inspection of their information management practices, and I'm aware that each company is currently verifying and investigating its practices. Investigations and recurrence prevention measures will be implemented by each individual company, but we take this problem seriously as one that affects the core of electricity liberalization. The

FEPC has issued warnings on information management based on this issue to all member companies and will continue to respond appropriately.

I have a final message as the President of Kyushu Electric Power Company. We received a report collection order from the Electricity and Gas Market Surveillance Commission and Personal Information Protection Commission on January 18, in regard to wheeling-related information owned by Kyushu Electric Power Transmission and Distribution has been viewed for unauthorized purposes.

Details are being investigated. I apologize deeply for any doubts this may have cast on the how the electricity business is operated.

This concludes my remarks for today.

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