

Summary of Press Conference Comments Made by Kazuhiro Ikebe, FEPC
Chairman on February 17, 2023

I am Kazuhiro Ikebe, Chairman of the Federation of Electric Power Companies (FEPC). Today, I will talk about the inappropriate handling of the customer information of power producers and suppliers (PPSs) and our efforts to flesh out the GX Basic Policy.

<Inappropriate handling of the customer information of power producers and suppliers (PPSs)>

First, I'd like to talk about the inappropriate handling of customer information of power producers and suppliers (PPSs).

Since last December, multiple general transmission and distribution operators had been leaving PPSs' customer information that should have been private in a state that was viewable by employees of retail electricity operators in their corporate group. There have also been reports that retail electricity operators viewed PPSs' customer information, and some companies used that information in their sales activities. I sincerely apologize for these incidents that undermine fair competition among retail electricity operators.

It was also found that retail electricity operators used the accounts which were assigned to general transmission and distribution companies to view the information in the Ministry of Economy, Trade and Industry's renewable energy work management system. The Federation of Electric Power Companies takes these incidents very seriously. To prevent recurrence, a Corporate Ethics Committee was held where the Presidents of each member company met with external lawyers well versed in compliance to discuss the matter.

Though the details of the incidents differ by company, to prevent such incidents from recurring, we believe it is important to thoroughly implement recurrence

preventions measures including awareness reform, from both the hardware side, which includes systems, and from the operational side, in terms of setting and following appropriate rules. In the Corporate Ethics Committee, we confirmed that we will continue to share any developments in these incidents, causes of the incidents, any challenges and best practices to thoroughly ensure compliance. Other industries' initiatives to ensure compliance will also be examined in an effort to study the issue from all angles.

We will continue to discuss how FEPC should proceed based on the challenges identified in the investigations to be conducted by each company and while collecting reports, and will diligently and tirelessly work on ensuring compliance to recover trust from society.

<Efforts to flesh out the GX Basic Policy>

Next, I'd like to talk about our efforts to flesh out the GX Basic Policy.

On February 10, the Cabinet approved the Basic Policy for Implementing GX (green transformation), which laid out policy challenges for implementing GX and the direction of efforts to resolve those challenges. The "bill for promoting a smooth transition to a decarbonized growth-oriented economic structure", commonly known as the GX Promotion Bill, was also approved by the Cabinet. This bill has been submitted to the Diet where it is currently being deliberated. We agree with the basic idea of this Policy that stable energy supply should be a premise. Concrete initiatives to realize the policies laid out here need to be advanced with this in mind.

The lead time for constructing power sources and network facilities is long and electricity demand is projected to grow due to the spread of electrification to realize carbon neutrality in 2050. This needs to be taken into account in designing a system to secure stable supply—there needs to be a mechanism for securing supply capacity in a planned manner based on a long-term supply and demand projections, longer than the 10 years projected in the Supply Plan. To secure necessary supply capacity, systems need to be built and operated to increase predictability for

companies to be able to recover their investment in the power generation business.

Next, in designing a carbon pricing system, it is necessary to consider equal shouldering of burdens regardless of the type of energy or applicable systems, elimination of overlap with existing systems, and encouraging behavioral change in energy users and so on. The goals of GX promotion are to realize carbon neutrality by 2050 and economic growth. The system must not impede the spread of electrification which lies at the crux of these goals.

We understand that the government will take these matters into account when designing the system. At the same time, as a party that will be implementing GX, we believe our roles and our responsibilities will increase. With this in mind, we will continue to do our utmost to realize decarbonization with stable supply of energy as a premise.

On the same day, the Ministerial Conference on Final Disposal was held, and a revised draft of the Basic Policy for the Final Disposal of Specified Radioactive Waste was announced. The document, which declares that the national government will take an even more prominent and leading role in realizing final disposal, is very meaningful for the future of final disposal. As nuclear operators, we will collaborate more closely with the national government and NUMO to expand the number of areas for literature surveys keeping a close eye on the deliberations of the national government.

<Finally>

Those are two main topics for today. Finally, I want to briefly mention two more topics.

First, I'd like to ask the public to conserve energy. While there were some bitterly cold days this winter, fortunately, there have not been issues with supply and demand. However, there still is the possibility of an increase in electricity demand

due to low temperatures as seen in March 2022, unplanned power facility shutdowns, and interruptions in the supply of fuel from overseas—the situation warrants close monitoring. We ask for your cooperation in conserving energy in any way you feel comfortable.

Next, I'd like to talk about the electricity price reduction measures. The national government will reduce electricity prices starting this month as part of the electricity and gas price change mitigation measures. Retail electricity operators will pass on the government subsidies they receive by applying discounts per amount of electricity used to the electricity price for the month of January. Customers will not need to take action for these discounts to be applied. Details of this measure can be found on the government website and on social media. For the discount amount, please visit the websites of the companies or reference the monthly meter reading slip,

This concludes my remarks for today.

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