

Summary of Press Conference Comments Made by Kazuhiro Ikebe, FEPC Chairman
on January 19, 2024

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

First, I would like to say a word on the Noto Peninsula Earthquake that occurred on January 1. This earthquake wreaked tremendous damage to the region especially in Ishikawa Prefecture. I offer my deepest condolences to those who lost their lives and heartfelt sympathy to the many people affected by this disaster.

Electrical facilities were also affected by the earthquake leading to at its peak, outages in 40,000 homes in the area serviced by Hokuriku EPCO, inconveniencing many.

Hokuriku EPCO started earnest recovery efforts immediately after the earthquake, and utilities across Japan sent in over 2500 people and mobile generators by the 17th. We are working on recovering power to these areas as quickly as possible through these efforts, but around 7500 homes where in places the roads have fallen in, are blocked by landslides, and other difficult-to-recover areas continue to be out of power. As an industry, we will continue to provide support by assisting Hokuriku EPCO coordinating with other utilities.

As for the nuclear power plants in the area, though there were minor issues such as oil leaking from the transformer, the stopping, cooling, and containment function of the plants was maintained and the plants' safety was uncompromised. We believe that in such situations, accurate information on the impact on power plants needs to be quickly communicated to resolve people's concerns. The FEPC has created a special website that provides results of plant inspections and a FAQ section that addresses various questions. The website is updated appropriately to deliver information in a timely manner. We are also active on social media and hope that the media will find it useful.

Moving onto today's topics, I'll be talking about two things: 1) resolutions for 2024 and 2) the Spent Fuel Measures Promotion Council meeting.

<1. Resolutions for 2024>

Today, I would like to talk about our resolutions for 2024.

As I mentioned in the press conference at the end of last year, we made a progress in various fronts including in energy policy last year. Building on this progress, we want to make 2024 "a year of making progress toward a new stage".

In the short term, it is of the most importance for us to fulfill our largest mission—providing stable supply every day. In addition, we will steadily advance carbon neutrality efforts and do our best to deliver electricity as affordably as possible even as energy costs increase due to soaring fuel costs and investments into decarbonization. This is indeed, a pursuit of 3E, or energy security, environmental compatibility and economic efficiency. And to maximally utilize nuclear power, an important option for realizing 3E, nothing is more important than continuing to operate running nuclear power plants safely and stably. In addition, this year, expectations are high for us to make progress on restarting BWR plants. Chugoku EPCO's Shimane Nuclear Power Station Unit 2 and Tohoku EPCO's Onagawa Nuclear Power Station Unit 2, which was directly affected by the Great East Japan Earthquake, are set to restart and TEPCO's Kashiwazaki-Kariwa Nuclear Power Station Unit 7 just completed the Nuclear Regulatory Authority's additional inspection and is expected to move on the next phase of the regulatory process and to make headway in gaining the local community's understanding.

On the backend business side, efforts to complete the fuel reprocessing plant are also critical, and we will continue to send our best to assist Japan Nuclear Fuel Limited putting safety first.

We will work to balance stable supply with decarbonization pursuing all possible

options in addition to nuclear power, such as encouraging the deployment of renewable energy, efficiently using thermal power, developing technologies for reducing CO2 emissions, and on the demand side, promoting electrification and encouraging the spread of heat pumps.

At the same time, this year will be an important year for thinking about the future of energy. As the year for revising the Strategic Energy Plan draws closer, I've heard that, in the Basic Policy Subcommittee held last month, many committee members made comments referencing the revision of the Plan. There were mentions of the importance of creating energy policy that takes into consideration the changes in industry structure, measures to encourage the sustainable use of nuclear power, securing resources as uncertainty increases in the international order, and the need to improve the energy self-sufficiency rate—all meaningful comments on the future of energy policy.

Energy policy supports the foundation of the country and the Strategic Energy Policy is, as the name suggests, a compass for thinking about and executing for the future of energy. It goes without saying that the Plan should not be immutable and should be able to flexibly respond to the various changes going on domestically and abroad. In that sense, the revisions to the Plan made every three years is very meaningful.

As entities operating the electricity business, we believe it is important to incorporate into the Plan the perspective how we ensure sustainable electricity businesses in order to ensure stable supply taking into consideration the uncertainty in the future. We will deliberate and cooperate in concrete discussions on revising the Plan but at this point, we believe that the Plan needs to include clear language on the need to replace, expand on, and build new nuclear power plants in order for Japan to continue to use nuclear power sustainably and to realize carbon neutrality by 2050. At the same time, on the demand side, we hope the Plan will clearly draw a picture of the progress to be made in electrification, including deploying heat pumps that use atmospheric heat, a renewable energy.

Along with the revision of the Strategic Energy Plan, this year will see discussions ramp up on the long-term electricity supply and demand scenario conducted by Organization for Cross-regional Coordination of Transmission Operators, Japan (OCCTO) started last year. We expect the OCCTO to thoroughly discuss the implications of the spread of electrification, further development of an information society and other factors that could affect electricity demand, and outline a realistic scenario that will lead to the sustainable development of facilities.

Furthermore, in time for the 5 year anniversary of the legal unbundling of the transmission and distribution division in March 2025, the Basic Policy Subcommittee on Electricity and Gas started verifying the electricity system reform in December of last year.

Electricity system reform has led to some results as seen in the strengthening of the supply and demand adjustment function nationally through the establishment of OCCTO and expansion of options for customers with full liberalization, including retail electricity. In this environment that offers new opportunities for business, we as utilities believe that our creative efforts such as our diversified offerings of plans have gradually begun to take root.

Meanwhile, after the Great East Japan Earthquake, renewables spread quickly and as the electric power industry was liberalized at the same time, while non-efficient thermal power plants were phased out. This made predicting the recoupment of investments in the mid-to-long term more difficult, creating an unfriendly environment for power source investments. With these kinds of challenges becoming apparent, concerns about electricity crunches have recently become the norm.

Though mostly market-based measures such as the establishment of the capacity market and long-term decarbonized power source auctions are being implemented, we

believe challenges persist as the system still doesn't necessarily provide the kind of predictability in cost recovery and profit creation that can justify the decision to invest in power sources to shareholders and banks. This environment and these challenges need to be verified thoroughly and in-depth discussions had to create an environment that makes power generation an attractive business.

We believe taking this verification seriously and resolving each of these challenges will be key to rebuilding an electricity system that can support our economy and the lives of citizens now and into the future. We will do our best to cooperate as utilities that take on the actual work in these kinds of important verifications.

<2. The Spent Fuel Measures Promotion Council meeting>

Next, I will talk about the Spent Fuel Measures Promotion Council meeting. I participated in the 7th Spent Fuel Measures Promotion Council, held at the Ministry of Economy Trade and Industry (METI) at 2 pm today.

At this meeting, which I'm sure many of you were there to cover, I explained our spent fuel plan using the Spent Fuel Measures Promotion Plan that the nuclear operators have put together.

I made clear that we will support JNFL's efforts to complete the reprocessing plant as early as possible putting our best on the case to establish the nuclear fuel cycle as quickly as possible. We also consider pluthermal efforts and spent fuel measures to be industry challenges and will coordinate and cooperate among operators to advance them. In addition, the relationship of trust between the local communities lies at the foundation of all these businesses and we must also do our best to contribute to regional development and work with the community. I talked about these thoughts and our commitment to these efforts as operators. Looking to other backend processes, I also made clear we will be actively working with the government and the Nuclear Waste Management Organization of Japan (NUMO) to promote understanding of final

disposal.

METI Minister Ken Saito assured us that the government will take the lead in promoting the nuclear fuel cycle and requested that we coordinate closely among operators and provide more assistance to JNFL toward the completion of the plants. Taking into consideration these requests, we will make steady progress in promoting the nuclear fuel cycle and in our spent fuel measures.

This concludes my remarks for today.

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