

Summary of Press Conference Comments Made by Kingo Hayashi, FEPC Chairman
on November 15, 2024

I am Kingo Hayashi of the Federation of Electric Power Companies of Japan.

I would like to discuss two topics today: 1) the restart of Tohoku EPCO's Onagawa Nuclear Power Station and its significance, and 2) a review of supply and demand for the past summer and our supply and demand forecasts for this winter.

Regarding the first point, Unit 2 of Tohoku Electric Power's Onagawa Nuclear Power Station restarted its reactor for the first time in 13 years after being shut down in November 2010 and having experienced the Great East Japan Earthquake in March 2011. As you all know, it experienced problems such as the failure of equipment to calibrate the neutron detector but has continued to work with safety as its top priority and was able to start its reactor this week. It is currently preparing to restart the plant.

Tohoku EPCO and its contractors have been working on recovery in the harsh environment and confusion following the Great East Japan Earthquake. I've heard that Onagawa Nuclear Power Station took in evacuees in the station gymnasium when the earthquake struck and overcame the Great East Japan Earthquake and its aftermath together with the local community.

It has achieved this reactor startup by responding to the new regulatory requirements and making steady progress in safety measures work. I would like to take this opportunity to pay my respects to the people of Tohoku EPCO and their contractors. Most importantly, I would like to express my sincere gratitude to the people at Miyagi Prefecture, Onagawa-cho, Ishinomaki-shi, and its surrounding municipalities for their support and understanding.

This is the first boiling water reactor, or BWR to have experienced the Great East

Japan Earthquake, to be restarted after the Earthquake. We as an industry also feel that this restart of a nuclear power plant that has been shut down for a long time is a momentous occasion. This is indeed a very significant event not only in terms of securing stable power supply in eastern Japan but also in terms of revitalizing the region.

We hope that Tohoku EPCO will continue to work steadily, step by step, with the understanding of the local community toward the restart and commercial operation of the plant. The reactor of Chugoku Electric Power's Shimane Nuclear Power Station Unit 2 is also scheduled in startup in December. As the electric industry, we will continue to support the early restart of plants aiming to restart through the activities of our Restart Acceleration Task Force.

My second point concerns electricity supply and demand for this past summer and the coming winter. The Electricity and Gas Strategic Policy Subcommittee recently put together the electricity supply and demand measures for this winter after reflecting on the supply and demand for this past summer.

Looking back on this summer, while we were able to maintain stable supply somehow, in the seasonal transition period of late June to early July, a supply and demand crunch power interchange directive was issued and request was made to adjust scheduled outage plans in the Tokyo area in September and October. On September 20, a request was made to operators outside of the Hokkaido and Tohoku areas to increase output of privately owned power generation facilities, causing much concern to electricity consumers.

Current projections show that the reserve rate for electricity supply and demand will exceed 11% in all regional blocks but problems may still occur at power plants and demand may be higher than expected. As electric utilities, we will do our best to maintain stable supply on both the supply and demand sides by working to properly

maintain facilities and secure fuel on the supply side and working to expand demand response (“DR”) and promote efficient energy use on the demand side.

Looking ahead to FY2025, we expect to be able to secure the minimum reserve requirement for stable supply of 3% for both the summer and winter seasons. However, some areas will have lower reserve rates than others. In this environment of continued concern about tight supply and demand, the restart of Unit 2 of the Onagawa Nuclear Power Station and the restart of Unit 2 of the Shimane Nuclear Power Station scheduled for later this year are also very significant in terms of securing supply capacity. Continuing the restart of nuclear power plants is essential to securing supply capacity in kW and generated electricity in kWh when thinking about securing stable supply.

With Russia’s invasion of Ukraine and instability in the Middle East, geopolitical tensions remain high. Japan needs to secure LNG and other fuels while also restarting nuclear power plants to maintain stable supply of electricity.

The government’s approach to LNG policy outlined government discussions of the issue has broken it down to three areas: the competitive area, in which operators actively secure LNG; the cooperative area, which requires cooperation among operators and between private and government entities; and the emergency response area, in which the government takes the lead in securing LNG in anticipation of rare events. As utilities, we have been implementing various fuel procurement measures such as optimizing the portfolio by combining long-term contracts with short-term and spot contracts, and building in flexibility into the volumes of procurement contracts.

However, we believe that the government and public entities need to actively stockpile resources and fuel in anticipation of emergencies. There also needs to be government support for stable procurement given the potential for LNG demand to fluctuate significantly as the fuel transition progresses and changes occur in other

energy sources. We hope that the government will make steady progress on this “approach to LNG policy,” which we believe supports utilities’ thinking.

Finally, I would like to talk briefly about the new cabinet that was formed after the House of Representatives election.

Japan is facing an onslaught of challenges from problems in the domestic economy, diplomatic issues, and a declining birth rate and an aging population. Looking to the rest of the world, the situation surrounding energy is changing at a dizzying pace, as seen in the change in the ruling party in the US presidential election. In this environment, Japan needs to work flexibly to achieve certain economic growth.

Energy policy is currently facing a pivotal moment as the government revises the Strategic Energy Plan to realize both GX and stable supply.

Although electricity demand is projected to grow, Japan has not been able to take decisive action to build new plants even though plant construction requires lead time. We must act now to secure supply capacity for the future. This is the last possible moment to adopt a policy to preserve technical skills and technologies as well as the supply chain.

Energy policy underpins people’s lives and economic activity and is the bedrock of a country. In resource-poor Japan, it is crucial to achieve a balanced energy mix by promoting the deployment of renewables, maximizing the use of nuclear power by establishing a nuclear fuel cycle with safety as a premise, increasing the efficiency of thermal power, and decarbonizing through R&D.

Companies in the steel and communications sectors which are the backbone of Japan and consume a lot of electricity have also communicated their understanding of the need to develop decarbonized energy in the form of nuclear power on a large scale to achieve carbon neutrality.

The government in its discussions to realize GX have pledged to maximize the use

of nuclear power with safety as a premise. In line with this, we believe that the government needs to make clear its policy to maximally use nuclear power by building, expanding, and replacing nuclear power plants in the next Strategic Energy Plan.

We hope that the second Ishiba Cabinet will continue the policies developed by the GX Implementation Council and implement an effective energy policy.

This concludes my remarks for today.

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