Summary of Press Conference Comments Made by Kingo Hayashi, FEPC Chairman on September 19, 2025

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

Ahead of my main points for this press conference, I want to talk about Tropical Storm Peipah (15th typhoon of the season). Tropical Storm Peipah caused heavy rain and sudden gusts across Japan. I extend my heartfelt sympathies to those who were affected by this tropical storm.

Some parts of Shizuoka Prefecture in particular, experienced power outages due to the tornados that occurred as the storm passed by. I would like to express my sincere apologies for the inconvenience and trouble caused to many of you.

Although some facilities in specific areas were extensively damaged, the Chubu Electric Power Group worked quickly together to restore them so that power was resumed swiftly.

Disasters have been intensifying across Japan in recent years. In the face of a large natural disaster such as an earthquake or typhoon, we, the electric utilities, are committed to cooperating with the national government and local municipalities to do our utmost to achieve early restoration.

Additionally, I also want to comment on Kansai EPCO's announcement that it has resumed its voluntary survey in regards to the possibility of constructing a successor unit at Mihama Nuclear Power Station.

As electricity demand is expected to increase in the future, the 7th Strategic Energy Plan indicates that nuclear power generation will need to be maximally utilized as a stable, decarbonized power source. To achieve this, nuclear power plants need to be newly constructed, expanded, and replaced.

Kansai EPCO resuming the survey is very meaningful in this environment. I ask Kansai EPCO to continue with the topography and geological survey after carefully explaining the matter to the local community.

Going back to the main topic of the press conference, today I would like to talk about the electric industry's thoughts on the design of the Green Transformation(“GX”) - Emission Trading System ("ETS").

The introduction of ETS supports Japan’s efforts to decarbonize inefficient coal power plants, switching to LNG, and expand non-fossil power sources as part of GX.

This is part of efforts to transition of an economy and societal structure from fossil-centric to clean energy-centric. This represents a large transformation in industrial structure. For electric utilities to keep pace with this transformation, there must be a change in the configuration of power mix.

Until now, each power generation operator had been developing the power source best suited to the characteristics of the region. To modify the power mix configuration to achieve GX, we must take into account the current environment as well as the lead times necessary to develop new power sources.

The national government's current discussions indicate that ETS in the power generation field will be based on benchmarking. ETS is set to be introduced in FY2026 as the second phase, just when each company will start to invest into realizing GX.

If ETS places an inordinate burden on operators during this period, it may reduce their investment into decarbonization, and hinder the realization of GX.

To prevent this from happening, future system design will need to consider the

timeline for decarbonization, and ensure emission reduction standards are excessively stringent.

There are two perspectives to consider in the timeline for decarbonization. First, is the lead times for developing power sources, mentioned above.

An example of measures to reduce emission intensity in the transition period to decarbonization through facilities is converting coal-fired thermal power to LNG-fired power. However, the lead time for a LNG-fired thermal power plant, from construction to operation, is about 13 years.

In addition, recent shortages in equipment and materials have made difficult it to develop additional thermal power plants by 2032, the end of the second phase.

Second, we also need to take into account the timing of the roll out of decarbonization technologies. The roll out of decarbonization technologies such as hydrogen, ammonia, and CCS, are slated to begin in around 2030. These technologies will likely not have much of an effect in reducing emissions in the second phase.

With this in mind, emission reduction measures need to be developed based on the existing thermal power mix. For example, during the second phase, we ask that emission reductions be promoted through benchmarking only designed by each fuel type.

In introducing ETS, issues other than benchmarking need to be reviewed. The electricity business is already governed by policies such as the Energy Conservation Act, with overlapping effects and objectives. The objectives of these systems and the relationship between existing policies need to be sorted out.

In introducing the system, the public's understanding will need to be obtained

considering the additional costs that will be incurred. We ask that the government work to foster the understanding of society at large as they implement this system.

These are the electric industry's views on the system design of ETS introduction. We as electric utilities will continue to decarbonize in-efficient coal power, convert fuels to LNG, and expand non-fossil power sources. On the demand side, we will contribute to GX by advancing electrification.

Finally, I want to touch on Expo 2025 Osaka, Kansai. There is less than one month left in this Expo, which began in April. I would like to take this opportunity to thank the many visitors we have welcomed at the Electric Power Pavilion.

"The Future of Earth and Biodiversity" is set as the Expo theme for the week of September 17 to 28. The Electric Power Pavilion will also be hosting various events during this week.

On September 21, CEO Kazuki Matsuo of EX-Fusion, who is developing laser fusion technology, will be our guest at a talk event. On September 27, we will be hosting a children's event focused on carbon neutrality at the outdoor stage.

As the Expo comes to a close, the number of daily visitors has exceeded 200,000 on some days. Our staff will continue to work together to ensure that our many visitors can enjoy their time safely at our Electric Power Pavilion. Please come visit the Expo if you haven't yet.

This concludes my remarks for today.

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