

Summary of Press Conference Comments Made by Kingo Hayashi, FEPC Chairman
on November 14, 2025

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

I have two topics to address today: 1) reflecting on supply and demand this past summer and projections for this winter and beyond, and 2) our initiatives to improve nuclear safety.

First, I will reflect on supply and demand this past summer and address our projections for this winter and beyond.

The Subcommittee on Building the Next-Generation Electricity and Gas Infrastructure last month reflected on supply and demand for the summer of FY2025 and set out supply and demand measures for the winter.

As you are aware, this year was marked by extreme heat nationwide, starting in the end of June, ahead of the peak of summer. However, even in this weather, utilities worked steadily to secure supply capacity, maintain equipment and facilities, and secure fuel.

When demand increased in the summer, additional supply capacity was deployed by operational mode switching of pumped-storage hydroelectric facilities and starting up additional reserve power sources to ensure stable supply. In situations where supply and demand remained tight even with these measures, to improve supply and demand, the timing of power sources outages for generating operators to inspect their facilities were adjusted or postponed. I want to take this opportunity to express my respects to the efforts of those concerned in maintaining stable supply.

Turning to this winter's supply and demand outlook, current projections show that the 3% reserve margin, the minimum required for stable supply, can be maintained. However, the reserve rate in January and February in some areas including eastern

Japan is nearing that minimum in the 4% range. This is a very serious situation.

Given the possibility that demand surpasses expectations due to fluctuations in weather, and the possibility of supply capacity falling due to unplanned outages of electrical facilities, we believe the situation will remain extremely tight with no room for complacency.

As operators, we will remain vigilant in our efforts to maintain equipment and facilities and securing fuel. We want to maximally implement measures not just on the supply side but on the demand side, where we will actively promote the expansion of demand and response (DR) and encourage efficient energy use.

Though no official energy conservation requests are expected to be issued this winter, we ask that electricity customers try to use energy and electricity efficiently if possible.

Last month's Subcommittee also set out supply and demand projections for FY2026. The figures published are preliminary figures and may change depending on the operational status of power sources. However, the projections indicate a very severe outlook: if temperatures rise above forecasted levels during high summer demand, the reserve margin in the Tokyo area is projected to drop below 1%

This situation results from long-term planned maintenance outages and facility shutdowns overlapping in FY2026. The summer of FY2026 will be a transition period for power sources as new power sources from the Long-term Decarbonized Power Sources Auction are scheduled to start coming online in FY2029 and onwards.

There is much uncertainty around demand and supply capacity, and it is our understanding that Organization for Cross-regional Coordination of Transmission Operators (OCCTO) will be reviewing it in detail. At the same time, the government

has also indicated a policy of procuring additional supply capacity. As operators, we will continue to do our best to strengthen measures on both the supply and demand sides in this tight business environment.

Looking beyond FY2026, we believe in the medium term, supply capacity constraints may intensify. As facilities age, plants will go into long-term outages with future decarbonization in mind, and discussions are being had about decommissioning power plants, especially inefficient coal-fired thermal power plants.

Currently, the capacity market exists to efficiently secure supply necessary capacity. Challenges in the capacity market such as its ability to secure appropriate levels of supply capacity when demand is forecasted to grow need to be carefully verified in the comprehensive verification of the capacity market being implemented this fiscal year. In addition to this, necessary modifications need to be implemented to the capacity market with a sense of urgency given the recent supply and demand situation.

The government and OCCTO are also considering new mechanisms other than the existing capacity market to secure supply capacity in a sustainably manner. While advancing decarbonization initiatives such as utilizing long-term decarbonized power source auctions and introducing GX-ETS, a foundation that can maintain stable electricity supply over the long term must be established. Though there are various policies and needs to consider, I believe the government must rank their policies by priority and advance discussions flexibly and quickly.

Next, I would like to talk about the maximal use of nuclear power to secure supply capacity in the medium to long term.

Each operator is doing their utmost to restart nuclear power, to improve availability of nuclear power plants, and conduct equipment maintenance for long-term operation with safety and the understanding of the local community as prerequisites.

To increase availability, we are also in dialogue with the regulatory authority as it is also important to improve the predictability of regulatory movements in line with reality.

As a recent example, the Atomic Energy Association (ATENA) explained the current state of terrorism and specialized safety facilities (SSF) during the opinion exchange between the Nuclear Regulatory Authority (NRA) and nuclear operators.

Specifically, ATENA requested that the transition period from the approval of the construction plan for SSF to operation be extended from the current 5 years to 8 years in light of the changes in the labor environment in the construction industry.

SSF is a facility established to protect against acts of terrorism such as airplanes crashing into nuclear power plants and does not directly have to do with the safety of power plant facilities themselves. Because safety measures requirements for nuclear power plants are achieved through the design of the main facilities and through severe accident measures, SSF can be considered as an additional backup measure that supplements them.

Therefore, we believe that plants currently without SSF maintain the necessary level of safety to continue operation.

The safety in SSF construction is being improved through NRA reviews and are increasing in scale but each operator is continuing to make every effort to complete construction as early as possible.

In April 2024, the revised Labor Standards Act regulations regarding overtime work limits took effect in the construction industry. The labor shortages due to these environment changes and other external factors have increased the possibility of construction projects taking longer than expected.

ATENA's request to extend the transitional period for establishing SSF comes with these changes in circumstances as the backdrop. The NRA was accepted the outline of the request but asked that ATENA explain in more detail.

ATENA, nuclear operators, and the construction industry will explain the reality on the ground in more detail. We hope that this will lead to the NRA make revisions that reflect real world conditions.

This concludes my remarks for today.

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