

Efforts to Secure Stable Supply and Stance on Rate Review

September 16, 2022



Stable supply (Supply and demand for this summer)

- Supply and demand was expected to be tight during this summer (summer of FY2022) with a reserve rate in the 3% range during the most severe weather events. But with the cooperation of the public in save electricity, we have been able to maintain stable supply.
- In June, demand rose significantly along with the temperature, resulting in the issuance of a tight power supply-demand preparation notice and a tight power supply-demand warning. But we were able to supply power without major impact thanks to cooperation of the public in save electricity and additional supply capacity such as increased output from thermal power.

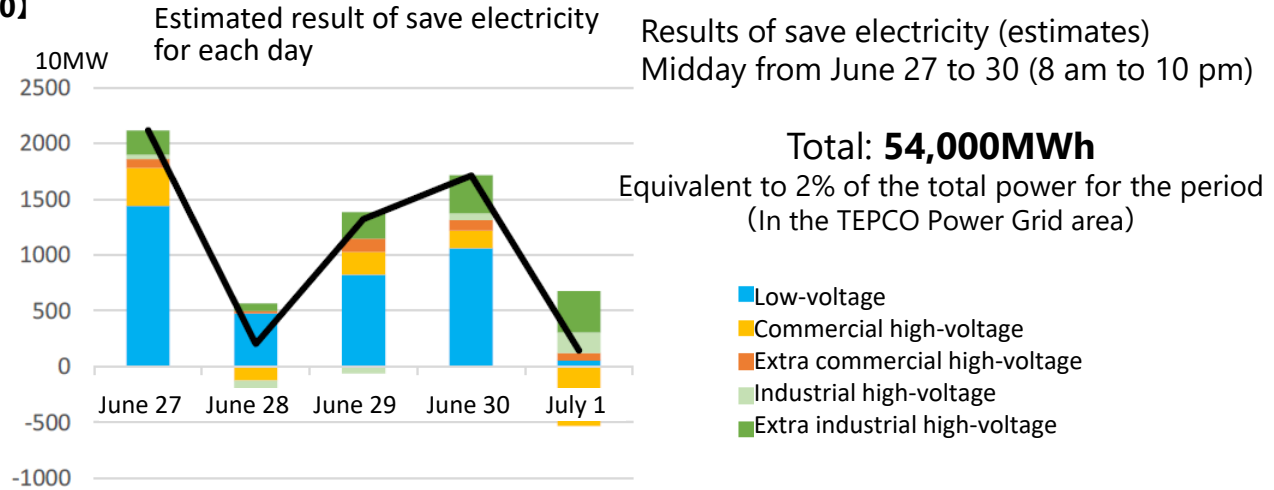
Supply and demand for the summer of FY2022

[Results of save electricity in summer of FY2022]

[Supply and demand forecast for the summer of FY2022 as of July 20]

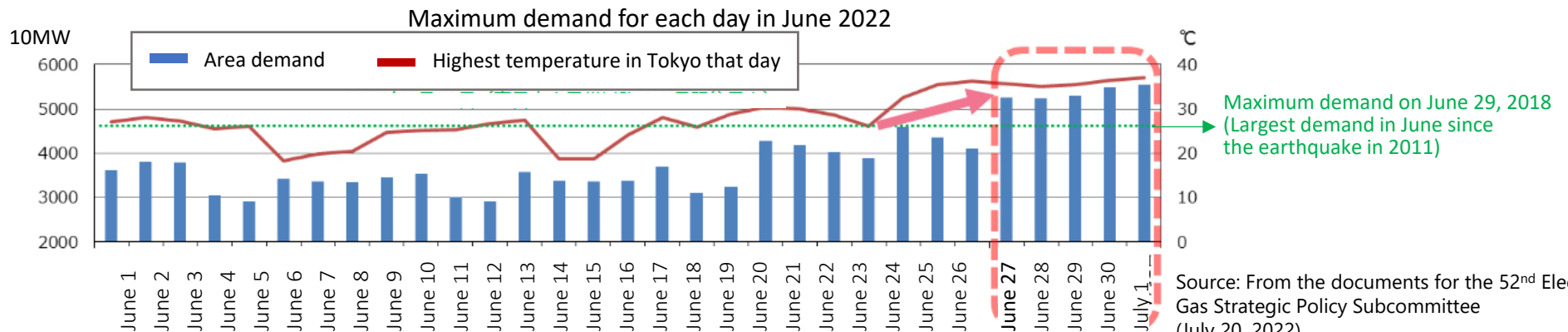
< As of July 20 >

| | July | August | September |
|----------|-------|--------|-----------|
| Hokkaido | 21.4% | 12.5% | 23.3% |
| Tohoku | | | |
| Tokyo | | | 6.2% |
| Chubu | | | |
| Hokuriku | 3.7% | 5.7% | |
| Kansai | | | 6.4% |
| Chugoku | | | |
| Shikoku | | | |
| Kyushu | | | |
| Okinawa | 28.2% | 22.3% | 19.7% |



Source: From the documents for the 53rd Electricity and Gas Strategic Policy Subcommittee (September 15, 2022)

Demand during the tight power-supply demand in June



Stable supply (Forecast for this winter)

- While the minimum reserve rate (3%) necessary for securing stable supply will likely be maintained this winter (winter of FY2022) even in the most severe weather events, the situation still requires close monitoring as there is the possibility of drop in supply capacity due to unplanned outages of generators among other unexpected events.
- We will cooperate with the national government and the Organization for Cross-regional Coordination of Transmission Operators (OCCTO) to do the utmost efforts to take measures in both the supply and demand side in securing stable supply.

Supply and demand forecast for the winter of FY2022 (reserve rates)

【Supply and demand forecast for the winter of FY2022 as of September 15】

Reserve rate in severe weather H1 demand
(Maximum electricity demand under weather conditions similar to the most severe (coldest) year in the past 10 years)

<Projections as of June>

| | December | January | February | March |
|----------|----------|---------|----------|-------|
| Hokkaido | 12.6% | 6.0% | 6.1% | 12.3% |
| Tohoku | 7.8% | 1.5% | 1.6% | 10.1% |
| Tokyo | | (103) | (95) | |
| Chubu | 5.5% | 1.9% | 3.4% | 65.3% |
| Hokuriku | | | | |
| Kansai | | | | |
| Chugoku | | | | |
| Shikoku | | | | |
| Kyushu | 45.4% | 39.1% | 40.8% | 11.3% |
| Okinawa | 45.4% | 39.1% | 40.8% | 65.3% |

<Projections as of September>

| | December | January | February | March |
|----------|----------|---------|----------|-------|
| Hokkaido | 14.4% | 7.9% | 8.1% | 12.1% |
| Tohoku | 9.2% | 4.1% | 4.9% | 11.5% |
| Tokyo | | | | |
| Chubu | 7.3% | 4.8% | 6.4% | 56.6% |
| Hokuriku | | | | |
| Kansai | | | | |
| Chugoku | | | | |
| Shikoku | | | | |
| Kyushu | 6.4% | 33.1% | 34.4% | 11.3% |
| Okinawa | 44.5% | 33.1% | 34.4% | 56.6% |

Note: The figures in parenthesis is the amount of electricity needed to meet the 3% reserve rate target Unit: 10MW

Forecasts reflect changes in circumstances since June

【Changes in maintenance plans of power source】

- Bringing back online Shinchi Unit 1 (thermal power plant in Fukushima) ahead of schedule (Moving it up from the end of December 2022 to the end of October)

- Bringing back online Shinchi Unit 2 (thermal power plant in Fukushima) ahead of schedule (Moving it up from the end of March 2023 to mid January 2023)

- Bringing back online Takahama Unit 3 (nuclear power plant in Fukui) (Restart date TBD to restart on July 27, 2022)

【Results of bidding for kW by general transmission and distribution operators】

- 779 MW secured for the East Japan area
- 1856 MW secured for the West Japan area
- General transmission and distribution operators will sign individual contracts with power sources for which bids were not successful.

Source: From the documents for the 53rd Strategic Policy Subcommittee on Gas and Electricity meeting (September 15, 2022)

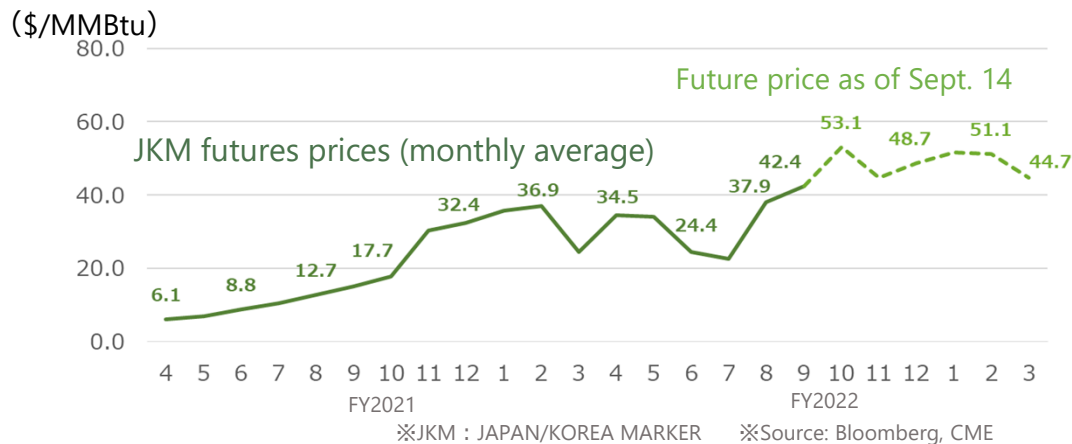
- The supply side will conduct facility maintenance to minimize the risk of capacity reductions due to equipment troubles.
- Additional energy conservation measures will be implemented on the demand side. We are developing measures that will encourage energy conservation not just for this winter but also going forward.

Current business environment for TEPCO①

- Faced with soaring raw material prices triggered by the crisis in Ukraine, international fuel shortages including LNG, and the weakest yen in 24 years, we recognize that the situation is critical not only for TEPCO but also for Japan as a whole in terms of energy security and stable supply of electricity.
- These events are affecting economic activity as well as households via rising electricity prices.
- TEPCO Energy Partner (hereinafter EP) has received many inquiries from potential customers on switching providers to EP. Since entering FY2022, the amount of extra high-voltage and high-voltage electricity sold by EP has been increasing.

<Fuel and electricity market prices>

LNG spot prices

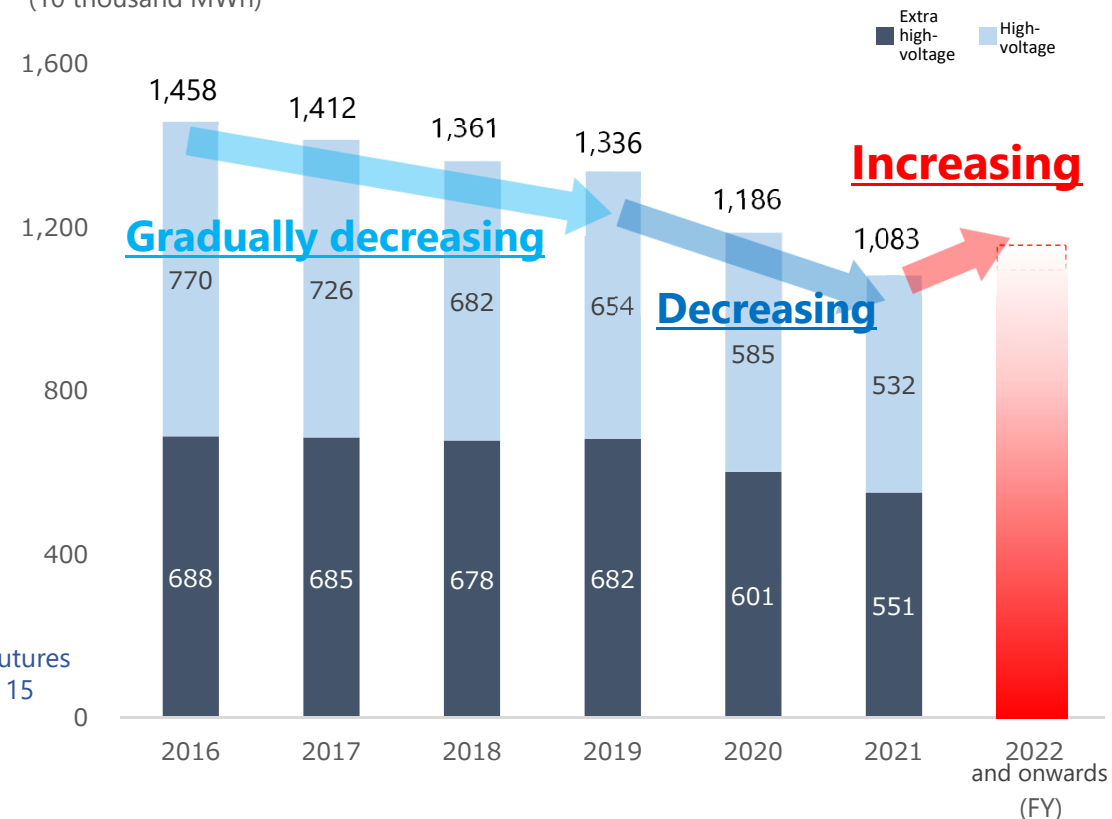


Prices at the wholesale power exchange



<Amount of extra high-voltage / high-voltage electricity sold (EP)>

(10 thousand MWh)

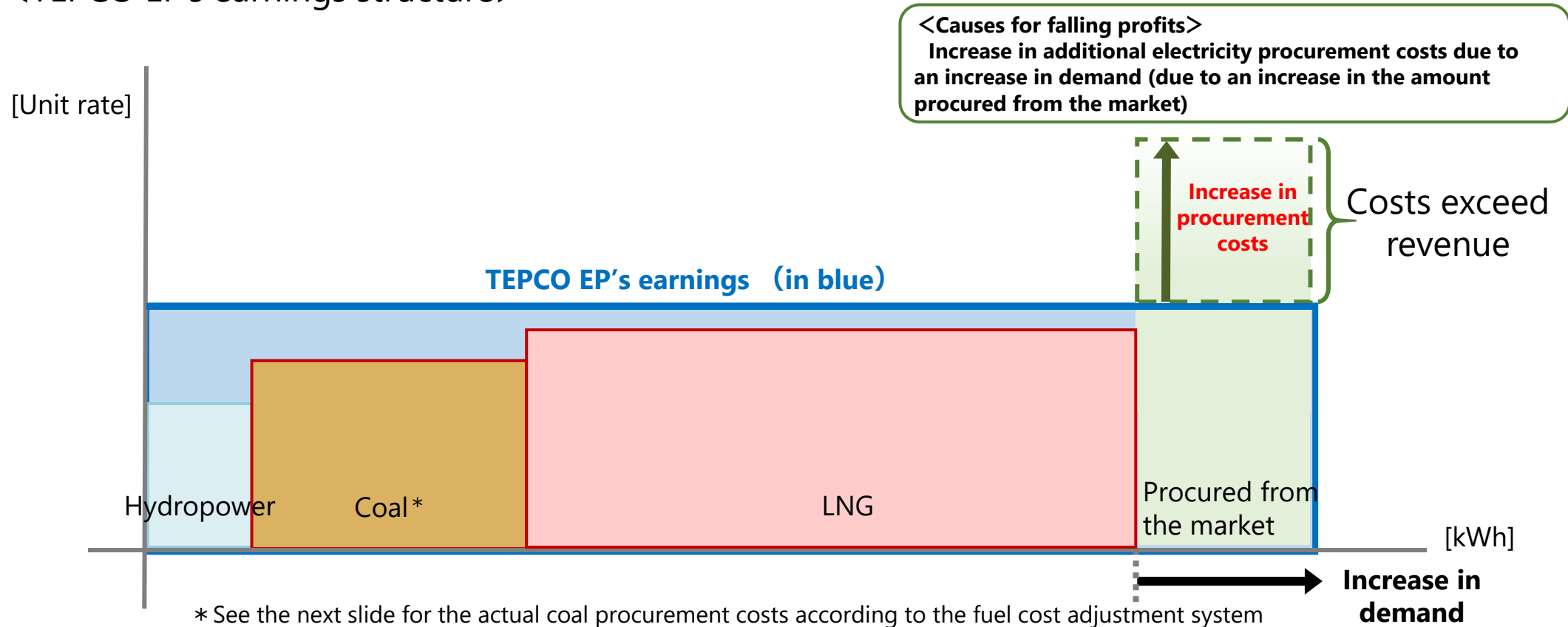


Even in this situation, we are committed to achieving **stable supply** and **stable fee rates**.

Current business environment for TEPCO ② ~EP's earnings structure and current state~

- As shown in the chart below, expenses for procuring electricity from the market and other costs exceed revenues, and this is a factor of negatively affecting EP's earnings, so it is necessary to correct this structure.
- Although the number of applications for EP contracts from customers is on the rise, and the increase in procurement from the market and other costs is putting pressure on EP's earnings, we will do our best to meet the demands of customers.
- With this in mind, EP has decided to review the rate plans for the extra high-voltage and high-voltage rate plans that are especially affected by fluctuations in wholesale electricity market prices. The details are currently being discussed.

<TEPCO EP's earnings structure>



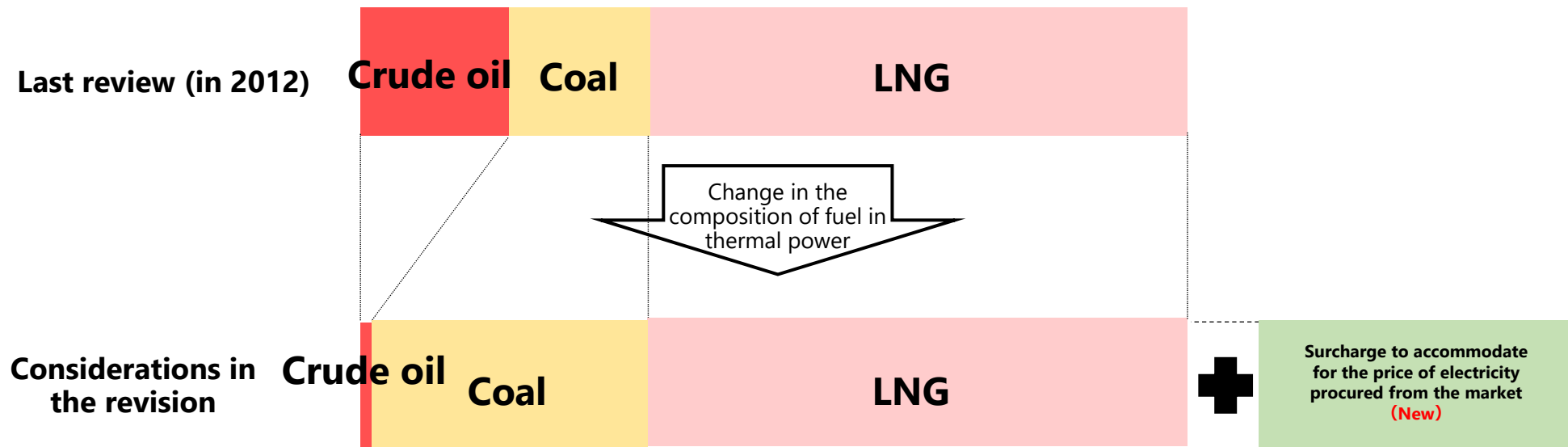
Stance on rate review

【Stance on rate review】

- ① The rates for the extra high-voltage and high-voltage will be reviewed to reflect the current fuel composition for thermal power according to the fuel cost adjustment system. The power mix of thermal power sources procured by EP will be corrected, as revenues will exceed costs compared to the 2012 rate review as a result of the shift of oil to coal, while costs will exceed revenues in response to the sharp rise in coal prices.
- ② In addition, the current rate menu will be corrected by establishing a new adjustment term. Because the current rate menu does not reflect the current procurement price in its rates regarding the Exchange Procurement and Other Prices.

To minimize the burden on our customers, nuclear power generation, which is a low-cost and stable power source, is incorporated in the calculation of new rate plan. ※See the next slide

<Reflecting the cost of electricity procured in the exchange in the reviewing rate plans>



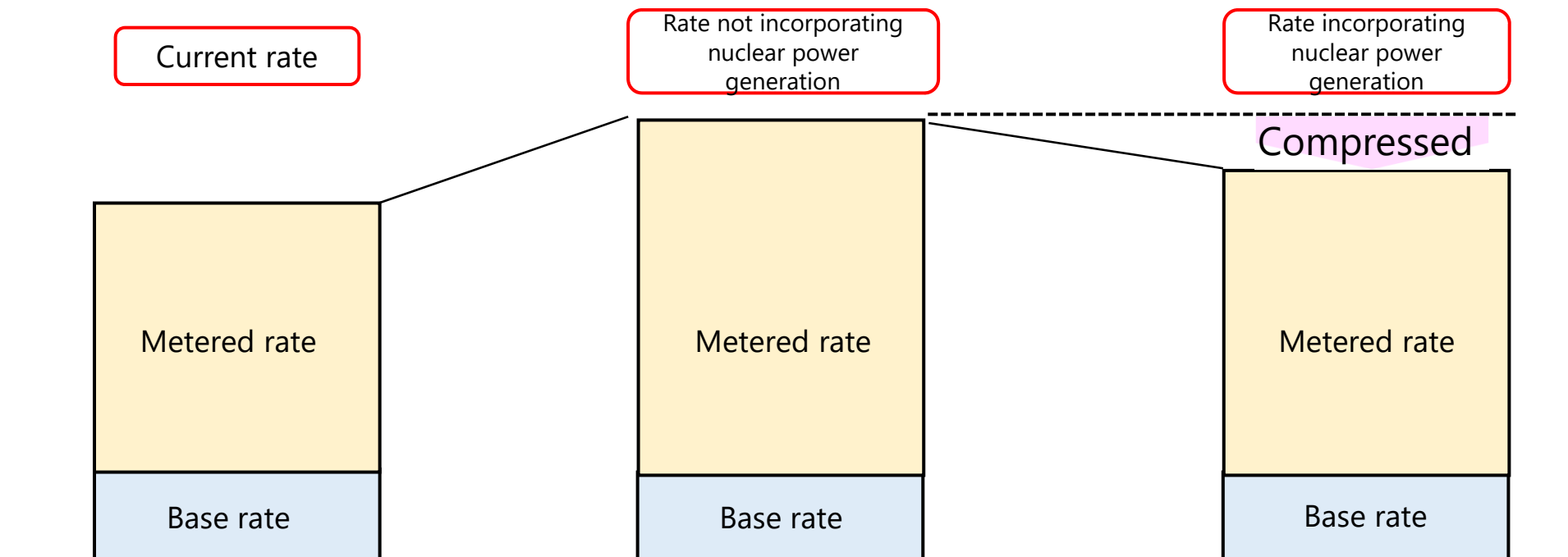
- The new rate plan will be created taking into account the expected increase in amount of electricity sold once EP starts taking applications from customers who wish to change their electricity providers to EP.
- Specifics of the change in rate plans are being discussed and will be announced as soon as they are determined.

Measures to reduce the burden on customers

~Nuclear power generation is incorporated in the calculation of new rate plan~

- Nuclear power plants, as a low-cost and stable power source, need to be restarted swiftly for energy security and to ensure stable supply of electricity. Nuclear power is an effective tool for controlling and stabilizing electricity rates including that on the Exchange, and for reducing the amount of electricity that needs to be procured on the Exchange. However, TEPCO is not yet been able to provide a specific date for the restart of plants.
- Meanwhile, we cannot shift the increase fuel prices and the Exchange Procurement and Other Prices solely onto the customer without considering the option of nuclear power generation. As such, 75% of the operation of Kashiwazaki-Kariwa Nuclear Power Station's Unit 7 is incorporated in the calculation of new rate plan for FY2023.
- This is not a projection of when the plant will be brought back online; merely that nuclear power will be taken into account when reviewing the rate plan. TEPCO will continue to cooperate with the NRA's additional inspections and do our best in securing plant safety.

<Reviewed rate plans incorporating nuclear power generation>



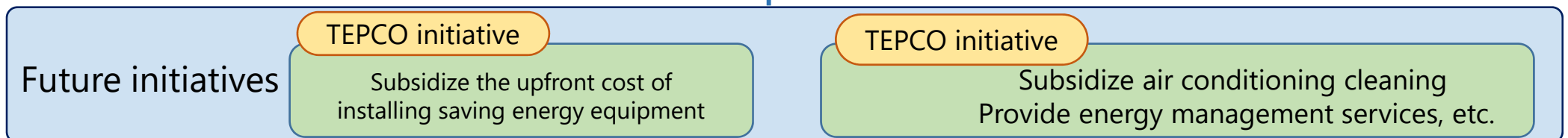
Measures to reduce the burden on customers ~Saving electricity initiatives~

- Electricity rates for customers are expected to rise even when nuclear power is taken into account in revising the price plans. To reduce the burden on our customers, we will promote saving electricity initiatives that seek to reduce the amount of electricity our customers use.
- We will aim to save 600,000MWh, or 3% of the amount of electricity sold by EP, which we consider to be the saving electricity potential. In order to achieve this goal as quickly as possible, we will suggest saving electricity measures to our customers and will work together with our customers to save electricity.

Saving electricity point program

| | Corporate sector | Household sector | |
|----------------|---|--|--|
| | DR plan | Saving Electricity Challenge 2022 | My Saving Energy Action Declaration |
| Time | June 1, 2022- | July 1, 2022 to March 31, 2023 | June 8, 2022 to March 31, 2023 |
| Details | <ul style="list-style-type: none"> • Create and disseminate leaflets that contain tips for saving electricity in every occasion to save electricity without trying too hard for each industry and type of business • Create another rate plan in addition to the existing demand-response plan <p>National government</p> <ul style="list-style-type: none"> • Return the equivalent of 200,000 yen as part of the saving electricity program subsidized by the national government ※Will start receiving applications later | <ul style="list-style-type: none"> • Award points based on the amount of electricity saved during times specified by TEPCO ✓ Award 5 points or more for each kWh saved ✓ Award 100 points for the first 0.01kWh saved <p>National government</p> <ul style="list-style-type: none"> • Award 2,000 points as part of the saving electricity program subsidized by the national government <p>Tokyo Prefecture</p> <ul style="list-style-type: none"> • Award 500 points as part of the saving electricity program subsidized by the Tokyo Prefecture | <ul style="list-style-type: none"> • Award 20 points every month with the Saving energy Action Declaration for each month • Awards 1,000 points every month to 100 people chosen by lottery from people who submit of saving energy tips |

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We will do our utmost to ensure customers enjoy the benefits of conserving energy (e.g., implement measures to subsidize the upfront cost of installing saving energy/electricity equipment) to overcome this difficult time together.