Electricity Supply-Demand Measures for this winter

November 1, 2011
Electricity Supply-Demand Review Meeting

1. Summary of electricity supply-demand measures for the summer 2011

(1) In the summer 2011, the government requested a reduction in maximum electricity use of 15% in peak periods and times (*) in the TEPCO and Tohoku EPCO areas. In particular, a restriction in electricity use was imposed on large customers under Article 27 of the Electricity Business Act. In the area serviced by Kansai EPCO, the government requested electricity saving of 10% or more as a whole. In the areas serviced by other electric utilities in midland and western Japan (Chubu EPCO, Hokuriku EPCO, Chugoku EPCO, Shikoku EPCO and Kyushu EPCO areas), electricity saving measures were taken to the extent that would not interfere with the people’s economic activities and lives.

(*) The periods and times, during which electricity saving was requested in the areas serviced by each of the electric utilities

(2) Thanks to customers’ cooperation with electricity saving in response to the above-mentioned request, and also to the efforts of electric utilities including supply capacity increase and flexible electricity interchange, the electricity demand generally remained at the targeted level (*), and we could avoid rolling blackouts and blackouts due to a tight supply-demand balance.

(*) Comparing the level on a day with high demand and temperature in this year with the level of a day with similar temperature in the previous year, electricity demand was reduced by 19% in the TEPCO area, 18% in Tohoku EPCO area and 8% in Kansai EPCO area.

(3) In terms of individual electricity demand trends, large customers in the TEPCO and Tohoku EPCO areas tended to save electricity more than the targeted level, due to such factors as the restriction on electricity use under Article 27 of the Electricity Business Act. In cases of small customers, electricity saving generally conformed to the target, even though the target was set as voluntary action. In households as well, electricity saving was implemented to a reasonable extent, even though the target was set as voluntary action, in response to the specific methods of electricity saving presented by the government.
2. Forecast of supply-demand balance in this winter

(1) General
Generally speaking, winter electricity demand is low compared to summer demand. It is expected that the electricity supply-demand balance nationwide in this winter will not be as tight as the supply-demand balance in the summer 2011, even if the nuclear power stations, which have been suspended due to periodical inspection, etc., are not restarted.

(2) Eastern Japan (Hokkaido EPCO, Tohoku EPCO and TEPCO areas)
Although the reserve rate of Tohoku EPCO is expected to be -3.4% (January), the total reserve rate of the three electric utilities in eastern Japan is expected to be 4.6% (January).

(3) Midland and western Japan (Chubu EPCO, Hokuriku EPCO, Kansai EPCO, Chugoku EPCO, Shikoku EPCO and Kyushu EPCO areas)
Although the reserve rates of Kansai EPCO and Kyushu EPCO are expected to be -7.1% (January) and -2.2% (January), respectively, and warrant no optimism, the total reserve rate of the six electric utilities in midland and western Japan is expected to be 0.6% (January).

3. Basic concept of electricity supply-demand measures for this winter

Taking into account the situation described above, the following measures will be taken in order to avoid rolling blackouts and blackouts due to tight supply-demand balance.

(1) Supply side measures
[1] Continuous efforts will be made to increase supply capacity.
[2] During daily operation of the power system, flexible electricity interchange will be further promoted on the basis of supply-demand balance at each of the electric utilities so that supply-demand balance will be secured in areas with tight supply-demand conditions.

(2) Demand side measures
For any supply-demand gap, which exists after maximum possible increase of supply capacity, will be addressed by a restriction of maximum electricity use (kW) (electricity saving) during peak periods and times. The electricity saving will be implemented under the following policies in order to minimize impact on economic society.
[1] The restriction on electricity use under Article 27 of the Electricity Business Act will not apply.
[2] Carefully-planned electricity saving measures will be requested, according to the actual situation
of economic activities and people’s lives

In addition to the above, the government will also consider and take every possible measure including budget allocation and regulatory reform, in order to eliminate any electricity supply-demand gap. Not only measures that will be effective on a short-term basis but also measures that will be effective on a longer term basis (one to three years) will be taken.

4. Electricity supply-demand measures for this winter

Based on the basic concept described above, the government will take the following actions as electricity supply-demand measures for this winter.

(1) Eastern Japan (See Appendix 1)
[1] The reserve rate of Tohoku EPCO area will be -3.4% (January). However, while giving consideration to reconstruction demand of the disaster-stricken region, we will secure supply capacity by making maximum use of electricity interchange from TEPCO and Hokkaido EPCO in the same manner as in the summer 2011.
[2] Taking into account the necessity to prepare for risk of power source dropout, etc., the government will request customers to save electricity (specifically, electricity saving in lighting, air conditioning equipment, etc.) to the extent that does not interfere with people’s lives and economic activities (no specific numerical target will be set). At the same time, we will give special consideration to the disaster-stricken region so that unreasonable electricity saving will not be imposed on the region.

(2) Midland and western Japan (See Appendix 1)
[1] Taking into account that the reserve rate that does not reach 3% in the whole midland and western region and the necessity to prepare for power source dropout, etc., we will make maximum use of the electricity interchange among electric utilities and will request customers to voluntary save electricity, in the same manner as in the summer 2011.
[2] Especially in the Kansai EPCO and Kyushu EPCO areas, where the supply capacity falls below the expected maximum electricity demand, the government will request carefully-planned electricity saving measures with a numerical target for maximum electricity use (kW) during peak periods and times, based on analysis of demand of large customers, small customers and households in the summer 2011. In the areas serviced by other electric utilities (Chubu EPCO, Hokuriku EPCO, Chugoku EPCO and Shikoku EPCO), the government will request customers to control their maximum electricity use (kW) during peak periods and times (specifically, electricity saving in
lighting, air conditioning equipment, etc.) to the extent that does not interfere with people’s lives and economic activities (no specific numerical target will be set). At the same time, special consideration will be given to the disaster-stricken region so that unreasonable electricity saving will not be imposed on the region.

(3) Request for electricity saving in each area (Control of maximum electricity use (kW) during peak periods and times * Appendix 2)

<Within Kansai EPCO area>
[1] Electricity saving target (Electricity saving of 10% or more)

i. The government will request large customers, small customers and households to control the electricity use so that the maximum electricity use (kW) during the periods and times specified in [2] will not exceed the level equivalent to 90% of the reference electricity value specified in [3].

ii. When electricity saving interferes with maintenance of lifeline functions such as hospitals and railways (*1), or cause material impact on production activities, the government will request that relevant customers voluntarily set electricity saving targets to the extent that does not interfere with functional maintenance or that does not cause any material impact on production activities. At the same time, the government will request the relevant customers to control electricity use by indirect departments (*2) of such customers so that the maximum electricity use (kW) by the indirect departments during the periods and times described above will be reduced by more than the common target (10% or more).

*1 The concept of alleviation of restriction, which was introduced when Article 27 of the Electricity Business Act applied to TEPCO and Tohoku EPCO areas during the summer 2011 (Appendix 3), will be referenced for electricity saving to be implemented by departments of the customers, which are other than indirect departments.

*2 “Indirect departments” means indirect and administrative departments (back-office departments) of large and small customers.

(Example 1) Hospitals: Indirect and administrative departments other than facility functions providing medical services to patients
(Example 2) Railways: Indirect and administrative departments other than facility functions related to train operation
(Example 3) Financial businesses: Indirect and administrative departments other than facility functions (such as system centers) related to transactions and information processing
(Example 4) Manufacturing businesses: Business offices other than manufacturing departments
[2] Period of electricity saving
Weekdays during the period from December 19 (Monday) to March 23 (Friday) (excluding
December 29 and 30 and January 3 and 4)  9:00-21:00

[3] Reference electricity value
The value of the maximum electricity use (kW) of the same month in the previous year will be used
as the reference electricity value.

[4] More than one business establishment within the area may jointly and collectively set an
electricity saving target.

<Within Kyushu EPCO area>
[1] Electricity saving target (Electricity saving of 5% or more)
i. The government will request large customers, small customers and households to control the
electricity use so that the maximum electricity use (kW) during the periods and times specified in [2]
will not exceed the level equivalent to 95% of the reference electricity value specified in [3].
ii. When electricity saving interferes with maintenance of lifeline functions such as hospitals and
railways (*1), or causes material impact on production activities, the government will request that
relevant customers voluntarily set electricity saving targets to the extent that does not interfere with
functional maintenance or that does not cause a material impact on production activities. At the same
time, the government will request the relevant customers to control electricity use by indirect
departments (*2) of such customers so that the maximum electricity use (kW) by the indirect
departments during the periods and times described above will be reduced by more than the common
target (5% or more).

*1 The concept of alleviation of restriction, which was introduced when Article 27 of the
Electricity Business Act applied to TEPCO and Tohoku EPCO areas during the summer 2011
(Appendix 3), will be referenced for electricity saving to be implemented by departments of the
customers, which are other than indirect departments.

*2 “Indirect departments” means indirect and administrative departments (back-office
departments) of large and small customers.
(Example 1) Hospitals: Indirect and administrative departments other than facility functions
providing medical services to patients
(Example 2) Railways: Indirect and administrative departments other than facility functions related
to train operation

(Example 3) Financial businesses: Indirect and administrative departments other than facility functions (such as system centers) related to transactions and information processing
(Example 4) Manufacturing businesses: Business offices other than manufacturing departments

[2] Period of electricity saving
Weekdays during the period from December 19 (Monday) to February 3 (Friday) (excluding December 29 and 30 and January 3 and 4) 8:00-21:00

[3] Reference electricity value
The value of the maximum electricity use (kW) of the same month in the previous year will be used as reference electricity value.

[4] More than one business establishment within the area may jointly and collectively set an electricity saving target.

<Other electric utilities>
In the areas serviced by other electric utilities (Hokkaido EPCO, Tohoku EPCO, TEPCO, Chubu EPCO, Hokuriku EPCO, Chugoku EPCO and Shikoku EPCO), the government will request customers to control their maximum electricity use during the peak periods and times (specifically, electricity saving in lighting, air conditioning equipment, etc.) to the extent that does not interfere with people’s lives and economic activities. The same will apply to the Kansai EPCO and Kyushu EPCO areas during the period other than the above-mentioned period.

Period of electricity saving:
Weekdays during the period from December 1 (Thursday) to March 30 (Friday) (excluding December 29 and 30 and January 3 and 4)
9:00-21:00 (8:00-21:00 in case of the Kyushu EPCO area)

(4) Information provision, etc.
[1] The government will suggest to business operators and households specific electricity saving methods for this winter. In this case, it must be clarified that the purpose of the requested electricity saving is not to control total electricity use (kWh) by each customer but to control the maximum electricity use (kW) by each customer during the peak periods and times.
[2] Electric utilities will by themselves disseminate information about the status of the electricity supply-demand balance and expected electricity demand and will actively cooperate with
wide-ranging information provision by private enterprises (such as cell-phone business operators and Internet business operators).

[3] If the electricity supply-demand balance is expected to become tight, electric utilities will control the demand of large customers by taking full advantage of the supply-demand adjustment contracts, and the government will issue a “tighter supply-demand alert” to ask every customer for further electricity saving.

[4] The government and government-related organizations will proactively take electricity saving measures based on the electricity saving target described in (3) above.