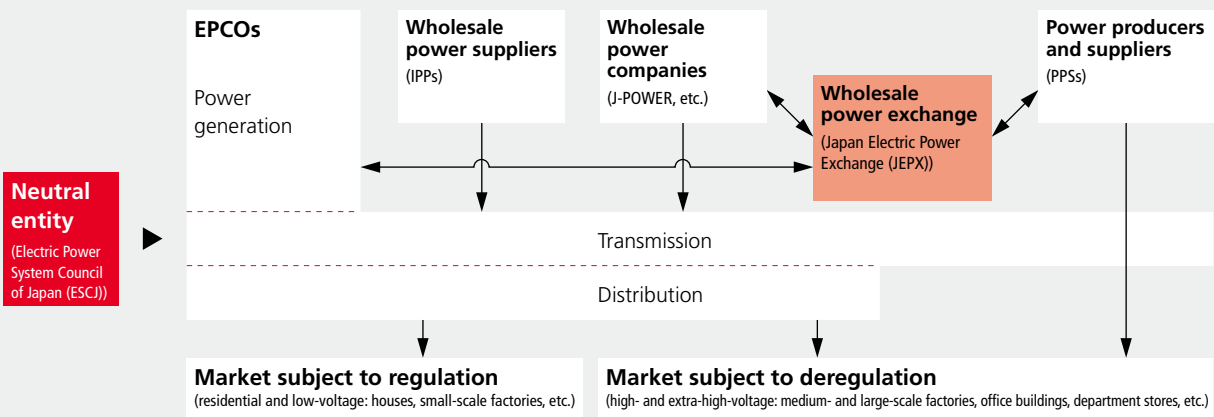


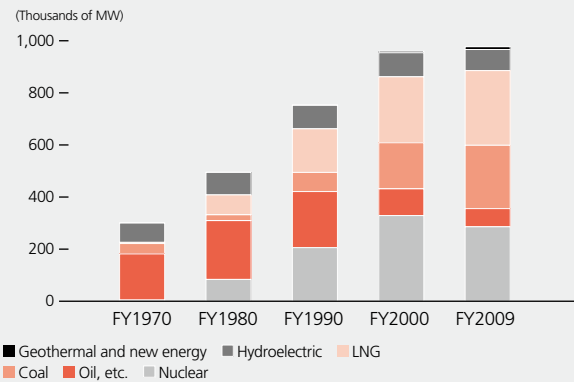
# Japan's Electric Power Supply System

Japan's electric power industry includes 10 major regional EPCOs, J-POWER, and other wholesale power companies that supply power to the EPCOs, wholesale power suppliers (IPPs), PPSs, and other entities. Amid the trend to the increasing liberalization of power industry regulations, the revision of the Electricity Business Act created systems from 1995 that enabled the creation of IPPs and PPSs and allowed companies other than electric power companies to engage in the wholesale supply of power to electric power companies and the retail distribution of power. Since 2005, electric power transactions have been carried out at the Japan Electric Power Exchange (JEPX).



## Composition of Total Generating Output by Fuel Type

While hydroelectric power previously accounted for the bulk of electric power generating capacity in Japan, there was a shift to the use of abundant and inexpensive oil to fuel thermal power plants. Since the oil shocks, there has been a need to increase the diversity of power generation methods, and efforts have been made to create a "best mix" national power generation structure through the creation of coal- and natural gas-fired thermal power plants, nuclear power plants, and other kinds of power plants.



Note: Figures for oil, etc., include figures for other kinds of gas and bituminous substances (including power received). Figures for total power generation volume are for the 10 EPCOs (including power received).

Source: Agency for Natural Resources and Energy

## Use of Power-Source Combinations to Respond to Demand Fluctuations

To provide stable power and respond to daily fluctuations in demand for electric power, optimal power-source combinations are employed based on consideration of each power source's special operating characteristics and economic characteristics.

