



December 14, 2021

Summary of Remarks by JGA Chair HONJO Takehiro

1. Looking back on 2021

It was a memorable year in 2021 as the restrictions on economic and social activities continued due to the COVID-19, and the Tokyo Olympics and Paralympics were held under these circumstances.

In addition, Tokyo Gas won the long-awaited first victory at the "Intercity Baseball Tournament 2021", where five gas companies participated for the first time.

In the energy industry, there were movements such as the tight supply and demand of electricity at the beginning of the year, soaring natural gas prices mainly in Europe in the fall, and global crude oil prices toward the end of the year.

In addition to the recovery of demand due to the resumption of economic activity, the sharp shift to decarbonization, such as the stagnation of investment in fossil fuels and the decline in the operation of renewable energy, is considered to be one of the reasons behind this. We are currently at a major turning point in energy policy, but it was a year when we strongly felt the importance of S (Safety) + 3Es (Energy Security, Economic Efficiency, and Environment), including supply stability and economic efficiency.

As an energy supply industry, we would like to continue working to realize

decarbonization without neglecting stable supply and ensuring security.

Regarding the gas industry, the realization of a carbon-neutral society has become a social issue, and in June, the "Carbon Neutral Challenge 2050 Action Plan" was formulated and announced.

At the same time, it was a year in which the "JGA's Carbon Neutral Committee" was established to establish the foundation for steadily implementing carbon neutralization of the gas business.

In addition, by actively responding to policy discussions such as participation in the government's "Study Committee on the Ideal Gas Business for 2050", countries such as the "6th Strategic Energy Plan" and "Green Growth Strategy" In the energy and environmental policy of Japan, we were able to incorporate the importance of city gas for the future, such as the shift of natural gas and the utilization of synthetic methane.

On the other hand, although earthquakes with a seismic intensity of 5 or higher occurred frequently this year, we believe that we were able to demonstrate high resilience without causing major damage such as disruptions of gas supply.

Furthermore, it was a year of strengthening support for gas companies amid major issues such as decarbonization and population decline.

2022 marks the 150th anniversary of the start of the gas business. With the trend of decarbonization, the gas industry is at a crossroads of new transformation, but we would like to make it a year of start that will lead to future leap toward the conversion and further development to the next-generation thermal energy industry.

(1) Policy trends toward carbon neutrality in 2050 and efforts by the gas industry

Regarding the status of efforts by the gas industry in the "Carbon Neutral Challenge 2050 Action Plan", in Action 1, "Contribution to Achieve NDC in 2030", conversion to natural gas and introduction of carbon neutral LNG are progressing. In Action 2, "Challenge to Implement Methanation(Synthesizing Methane)," the demonstration project for practical use and domestic and overseas supply chain construction, and in Action 3, "Challenge to Direct Hydrogen Supply," the efforts for technological development are stated. We accept that efforts are being made steadily toward the realization of carbon neutrality of gas.

(2) Response to frequent earthquakes

An earthquake with a seismic intensity of over 5 occurred off the coast of Fukushima Prefecture in February and in Tokyo in October, but no major damage such as supply suspension occurred. It can be said that this is the result of the replacement of polyethylene pipes and other earthquake-resistant gas pipes.

The earthquake resistance rate of low-pressure gas pipelines was 90.3% at the end of 2019, achieving the national target of 90% at the end of 2025 ahead of schedule, and aiming for the target of 95% in 2030 for stable supply. We will promote such efforts.

(3) Efforts for regional revitalization

Regarding regional decarbonization, we are proceeding with briefing sessions and exchanges of opinions in order to promote the activities of gas

companies, which are expected to play a leading role. We will continue to support our efforts by sharing advanced cases and providing tools.

In addition, we started the "Regional New Value Creation Project" to support the creation of new services and products that will lead to regional revitalization and resolution of regional issues. A lecture was given by inviting an outside lecturer, and 20 officers from gas companies nationwide participated. We plan to continue to provide individual support to businesses that want to deepen their studies. We hope that along with the creation of new businesses, we will be able to share examples of initiatives within the gas industry.