



March 27, 2026

Summary of Remarks by JGA Chair UCHIDA Takashi

Today, I will explain three points: ① Initiatives for Stable LNG Procurement, ② The Japan Gas Association Business Plan for Fiscal Year 2026, and ③ Trends in the Review of Gas System Reform.

1. Initiatives for Stable LNG Procurement

The situation in the Middle East has become tense following the military operations on Iran by the United States and Israel at the end of February 2026. Since city gas operators are not currently procuring LNG from Middle Eastern countries, there are no immediate disruptions to stable supply at this time. However, in terms of energy prices, crude oil prices and spot LNG prices are rising. In the city gas sector, the vast majority of LNG procurement is carried out under long-term contracts, most of which are linked to a certain extent to crude oil prices. Therefore, we believe that the gas industry must also keep a close eye on trends in crude oil prices.

The mechanism works such that when crude oil prices rise, this affects LNG prices a few months later and then a few months after that, it is reflected in city gas tariffs.

Consequently, if current crude oil price levels persist for a prolonged period, this will begin to affect city gas tariffs several months down the timeline. As the city gas industry should supply and demand become strained due to any future factors, we intend to closely share information with relevant stakeholders, leverage industry collaboration and

government frameworks and support, and make every effort to ensure stable procurement so that consumers can feel secure.

2. The Japan Gas Association Business Plan for Fiscal Year 2026

In The 7th Strategic Energy Plan and other energy policies, natural gas is positioned as an "important energy source even after achieving carbon neutral," and e-methane is also positioned as a "next-generation energy source" and a "key energy source for achieving carbon neutral. In FY2026, taking these environmental changes into account, we will make concrete progress on various initiatives to achieve the "Gas Vision 2050" and "Action Plan 2030" formulated last June.

First and foremost, this will be based on our ongoing commitment to the stable procurement and supply of energy and disaster response.

Building on this, city gas operators across the country will unite in their efforts to accelerate initiatives such as promoting energy conservation and fuel switching through the use of city gas and natural gas, achieving carbon neutrality for city gas on a national scale through e-methane, biogas and other sources, and establishing the necessary infrastructure to support these goals.

Accordingly, we have established three pillars: ①Accelerating policy responses and innovation towards carbon neutrality on a national scale, ②Enhancing efforts to ensure a safe, secure and stable energy supply, ③ Accelerating energy conservation and the shift to natural gas and supporting the proposal of solutions that also take regional revitalisation into account. We will provide optimal solutions for our customers, spearheading the realisation of prosperous lifestyles, the development of society, industry and local communities, and contributing to the

achievement of carbon neutrality by 2050.

Regarding “① Accelerating policy responses and innovation towards carbon neutrality on a national scale,” we will work to clarify supply chain requirements for the procurement of imported e-methane and engage in the development of international CO₂ accounting rules. We will also examine medium- to long-term mechanisms and systems that contribute to the promotion and expanded use of e-methane and other technologies, including in regional areas. Furthermore, we will engage in the exploration and research and development of new technologies with an eye toward the future.

Regarding “② Enhancing efforts to ensure a safe, secure and stable energy supply,” we will work on accident and earthquake countermeasures, promote the adoption of smart safety systems, and prepare for LNG supply disruptions from both the supply and demand sides.

Furthermore, regarding the large-scale city gas supply interruption that occurred in Ube City, Yamaguchi Prefecture, on December 4 of 2025, we would like to once again apologize for the significant inconvenience and trouble caused to many of city gas customers. At the Ministry of Economy, Trade and Industry’s Gas Safety Subcommittee meeting held on March 9, 2026, in response to this incident, a policy was outlined to strengthen regulations, including mandating preventive measures for pressure regulators at risk of abnormal pressure surges. Safety and security are the top priorities of the city gas business. We will thoroughly implement the measures to prevent recurrence outlined in this report and further strengthen our efforts in collaboration with member companies to improve safety standards, thereby striving to ensure the safe, secure, and stable

supply of city gas.

Regarding “③ Accelerating energy conservation and the shift to natural gas and supporting the proposal of solutions that also take regional revitalisation into account,” we will work to promote energy conservation and fuel conversion, further expand the adoption of distributed power sources to address challenges related to resilience and increasing electricity demand, and advance efforts to address various regional issues to ensure a sustainable gas business.

3. Trends in the Review of Gas System Reform

Since August 2025, discussions on the verification of gas system reform have been underway within the Agency for Natural Resources and Energy’s Working Group on Gas Business Environment Improvement. At the 6th meeting held on January 23, 2026, it was assessed that certain achievements had been made regarding the four objectives of gas system reform. Furthermore, three new directions for gas system reform were identified: ① Ensuring stable supply, ② Ensuring consumer choice, and ③ Achieving carbon neutrality for city gas. We expect that the verification process leading up to the summary scheduled for August 2026 will present measures to address new challenges, such as reflecting rising prices, resolving future labor shortages, and promoting a carbon-neutral society.