

Top Commitment

Contributing to the realization of a carbon-free, safe, secure, resilient, and comfortable society by accelerating the creation of new value that connects customers to society

President & Director

Hayashi Kingo

PROFILE

Hayashi Kingo, President & Director

Born in 1961 in Mie Prefecture. Hayashi Kingo earned a bachelor's degree in legal study from Kyoto University and joined Chubu Electric Power in 1984. Before Hayashi was appointed director in 2018, holding the position of Director & Senior Managing Executive Officer, President of Customer Service & Sales Company, he served as General Manager of Market Research Group and General Manager of Sales Planning Group of the Sales Division, Sales Manager of the Nagano Regional Office, General Manager of Business Strategy Group of the Corporate Planning & Strategy Division, General Manager of the Customer Services Division, and General Manager of the Tokyo Office. He has been in his present position since April 2020.



1 Looking back on 2020

The year 2020 was a tumultuous year. At a press conference in February 2020 prior to assuming the duties of president, I stated that the business environment is at a historic turning point, as evidenced by the advance of digital transformation (DX), rising needs for low carbonization, diversifying customer needs, and intensifying natural disasters. I also expressed my determination to contribute to the development of society by making our utmost efforts toward the simultaneous achievement of “fulfilling our unwavering mission” and “creating new value” as articulated in the Chubu Electric Power Group Management Vision formulated in 2018.

Soon after the press conference, COVID-19 began spreading rapidly, and Chubu Electric Power Group spared no efforts to ensure its business continuity while protecting the safety and health of its employees and their families and improving its personnel allocation structure that underpins our ability to continuously maintain a stable supply. Based on the concept that the wellness of the Chubu Electric Power Group is closely tied to the well-being of its customers, we implemented measures to provide as much support as possible to those customers suffering from the impact of COVID-19. In society as a whole, the social structure and lifestyles are undergoing dramatic changes that include decreasing flows of people due to greater teleworking and people staying at home, while at the same time there has been a higher logistics volume.

In keeping with the move toward preventing

global warming, in October 2020 Prime Minister Suga Yoshihide announced Japan’s 2050 Carbon Neutral Declaration, while in April 2021 Japan raised its greenhouse gas reduction target for 2030 to 46%, as initiatives have accelerated in one sudden burst to extend from low carbonization to decarbonization.

Meanwhile, tight nationwide supply and demand for electricity that occurred last winter also taught us a valuable lesson. This situation arose from a combination of factors such as a cold wave in Asia and matters related to the production and transportation of liquefied natural gas (LNG). Although we were ultimately able to secure the necessary supply capacity thanks to the cooperation of our customers and businesses, this

situation reaffirmed our recognition of the importance of our responsibility to “stably deliver the energy that is indispensable to people’s lives.”

I am confident that these major changes will instead create tremendous opportunities for us to innovate our management. Going forward, I believe that this will particularly be a time for overcoming the impact of COVID-19 and for transforming into a new economic society that differs from conventional models. We view changes in the business environment such as drastic transformations of the social structure and lifestyles as well as the move toward decarbonization as new business opportunities. We will bravely tackle the challenges of addressing these changes based on a strategy that anticipates our image of Japanese society in 2050.

Chubu Electric Power Group Management Vision



Providing services that exceed the expectations of our customers first and foremost

“Total energy service corporate group that is one step ahead”

Consolidated ordinary income: 250 billion yen or more (The late 2020s)

2 Looking ahead

Image of Japanese Society in 2050 ▶ P15

Based on the keywords of “decarbonization,” “self-distributed and recycling-oriented system,” and “resilience”

In envisioning Japan in 2050, we assume that decarbonization will transform the social structure and lifestyles while the advance of DX will accelerate these changes and anticipate that Japan will become a self-distributed and recycling-oriented system. Concurrently the need for resilience (safety and security) will likely continue to grow. I believe these three points are closely and mutually linked. A safe and secure society is a “regionally dispersed, independent, and recycling-oriented system.” For example, utilizing renewable energy such as solar power and wind power in each region to decarbonize rather than relying heavily on energy from overseas will serve as the foundation that supports a safe and secure society.

Taking advantage of the characteristics of the Chubu region ▶ P16

Balanced industrial structure

The Chubu region boasts an ideal balance of the elements essential for realizing the above-mentioned three points. These consist of primary industries that are blessed with abundant nature; secondary industries having a concentration of human capabilities needed for spurring the thinking and ingenuity that drive advanced manufacturing and innovation; and tertiary industries located in the

center of Japan, reflecting the region’s position as a transportation hub in logistics as well as being a large consumption region. Combining these excellent primary, secondary, and tertiary industries in the same manner as with the sixth industrialization of agriculture will provide the basis for creating new business models and realizing a self-sustaining, decentralized, and highly efficient recycling-oriented society.

Contributing to the realization of a carbon-free society ▶ P19

Zero Emissions Challenge 2050

In March 2020, we announced “Zero Emissions Challenge 2050” based on our strong determination to contribute to the realization of a carbon-free society while drawing an image of the society we envision in 2050. We have set an array of numerical targets that include taking on the challenge of attaining net zero CO₂ emissions from our entire business by 2050; as a milestone toward attaining this goal achieving a 50% reduction in CO₂ emissions derived from electric power sold in 2030 versus the 2013 level; and aiming for 100% electrification of company-owned and -operated vehicles, excluding a portion of our special vehicles.

Zero Emissions Challenge 2050 is extremely ambitious. Nevertheless, we will strive to achieve this together with our customers and society by multiplying the characteristics of the Chubu region with our energy infrastructure and solution technologies such as for promoting energy savings and electrification.

3 What we aim to realize ▶ P27

Value we provide to customers and society

Contributing to the realization of a “safe, secure, and resilient society where people can live comfortably” is the value we deliver to our customers and society.

Building an Energy Platform

Our mission of “providing high-quality energy in a safer, more affordable, and more stable manner” remains unchanged. However, we need to significantly change the ways we realize this mission. This will involve assuring energy security amid the trend toward decarbonization and evolving geopolitical risks as well as responding to the increased complexity of the flows of electricity accompanying



the growing introduction of renewable energy. We will continue to fulfill our mission of providing a stable supply by building an Energy Platform tailored to the evolving times.

Building a Data Platform

Chubu Electric Power Group regards “connections” with our customers cultivated to date as a major strength. Maximizing this strength, we will deliver services that anticipate needs from a customer-oriented perspective. Tremendous value is created by analyzing and utilizing data. For example, by analyzing the ways electricity is used in homes (energy data) we can identify lifestyle patterns as well as the products and services needed by customers. We will strive to build a Data Platform to create such value.

Elevating these into a Community Support Infrastructure

What we aim to realize extends beyond these platforms. By combining energy and various data, we will elevate these platforms into a Community Support Infrastructure to deliver new value, such as comfort and safety, to our customers as a package. The areas we target cover all aspects of people’s lives. We are not just a company that merely sells energy. We will transform into a business model that delivers energy in combination with various values and services. We aim to cooperate and collaborate with a variety of partners to create new value that is unique to Chubu Electric Power Group.

4 Management goals and four focused initiatives to achieve what we aim to realize

(1) Business goals ▶ P27

To achieve what we aim to realize, we have set a business goal of transforming our business portfolio and aim for consolidated ordinary income of 250 billion yen. Specifically, we aim to transform our portfolio so that the proportion of profits generated in the domestic energy business and new growth fields are balanced at 1:1. Our domestic energy business generates about three-quarters of our current profits. However, we plan to accelerate profit growth in new growth fields through such measures as providing new value and undertaking overseas businesses without shrinking the domestic energy business. By doing this, we intend to increase consolidated ordinary income from current level of 150 billion to 250 billion yen in the late 2020s.

(2) Our four focused initiatives Providing resilient and optimal energy services ▶ P29

Providing resilient and optimal energy services
To the present, the electric power business has consisted of a simple framework under which local electric power companies build large-scale power plants and power transmission and distribution facilities to deliver electricity to customers in a one-way direction. Today, distributed energy resources (DER) are spreading and electricity is being produced everywhere across regions. For



example, solar power can be used for household consumption or it can be sold depending on the time of day. Electric vehicles (EVs), which are coming into wider use, can not only store but also supply electricity. As such, these vehicles have the function of a so-called mobile power plant. In view of these factors, managing the overall flow of electricity, which is becoming more complex even on a regional basis, is becoming essential. At the same time, we also regard these developments as a business opportunity for providing aggregate services*1 that utilize DERs.

Moreover, a plan was created for increasing interconnection capacity between eastern and western Japan following a major nationwide shortage of supply capacity in the aftermath of the Great East Japan Earthquake. As part of these efforts, in March 2021 the Hida Converter Station (900 GW) commenced operation. We believe that we can now contribute to providing a stable

supply of electric power when large-scale disasters lead to tight supply; helping spur electricity transactions in normal times; expanding the introduction of renewable energy; and enabling the procurement and operation adjustment capability to regulate supply and demand in wider areas.

We will promote the provision of resilient and optimal energy services through the establishment of next-generation power transmission and distribution grids that achieve a balance between this type of wide-area utilization of power sources and the advance of local production for local consumption as well as through the deployment of aggregate services.

Providing services that enhance convenience and enrich lives [▶ P31](#)

Through its Community Support Infrastructure, the Chubu Electric Power Group utilizes energy and various data upon ensuring security to provide services that are close to each customer and enhance convenience and enrich lives while working to maximize the experiences and actual sense of utilizing this value.

As an example of these efforts, in 2020 we made Medical Data Card, Inc., a medical information management company, into a subsidiary. In collaboration with university hospitals, clinics, and patients, we will support telemedicine and provide services that include preventive medical care. Looking further beyond, we aim to provide value

and services that are one step ahead and that combine energy data and medical data. Keeping track of changes in life rhythms through energy data and combining this data with medical data enables forecasts on the impact on disease risk. Moreover, in working toward improving lives, through partnerships with catering companies we can provide services such as delivering the most ideal drinks and meals based on the physical conditions of customers. In this way, we will be able to identify and anticipate the needs of our customers and deliver value that integrates health, comfort, and food.

Decarbonization in all areas of the value chain [▶ P20](#)

In working toward decarbonization, although there is a tendency to focus attention on the power generation sector, it is also crucial to make efforts in every aspect of the value chain.

In the power generation sector, building a well-balanced power portfolio is a prerequisite. With regard to renewable energy, we have set a goal of developing more than 2 million kW in generating capacity by around 2030. As of June 2021, we have achieved 29% of this goal. In addition, nuclear power is an important and realistic means for decarbonization and we will thus utilize nuclear power upon assuring its safety. That said, thermal power will still remain essential for ensuring a stable supply. For this power, we will use hydrogen and ammonia that does not emit CO₂ and maximize the use of innovations such as CCUS*2, as we promote zero-emission thermal power together with JERA.



In power transmission and distribution, we will promote the building of networks that achieve both maximum utilization of renewable energy for decarbonization and stable supply of electricity. To do so, we will strengthen adjustment capability in wider areas and sophisticate output prediction of power sources in responding to output fluctuations and the supply-demand balance accompanying the increased use of renewable energy power sources.

In power sales fields, we will work to improve the electrification rate, which is currently hovering at around 25%. Furthermore, we believe we can provide innovations as new solutions for decarbonization in non-electric sectors as well. We have accumulated unique solution know-how that leads to the overall effective use of energy. This includes actively working together with customers on integrated development solutions that are built in from production lines. These solution technologies and partnerships with customers serve as extremely effective business models for decarbonization, and we will work on the triad of Energy Saving, Energy Creation, and Energy Activation.

Utilizing the Hamaoka Nuclear Power Station with the highest priority on ensuring safety ▶ P37

From the perspective of S + 3E*³, especially in working toward decarbonization, nuclear power is playing an increasingly vital role as it does not

emit CO₂ during power generation. I believe properly utilizing this power source upon ensuring its safety is essential.

Chubu Electric Power's Hamaoka Nuclear Power Station is currently undergoing an inspection for confirming conformity with new regulatory standards by the Nuclear Regulation Authority. Plant-related inspections will then proceed after generally determining the "standard for seismic movement" and the "standard for tsunami," which are the cornerstones of safety improvements. We will then be able to explain to local residents and society the details of safety improvement measures based on these initiatives. We will continue to make all-out efforts to earn the understanding and trust of the local community and society more than ever before.

5 Building a business foundation that utilizes diversity

The most important part of our business activities is responding to the trust of our customers and society. In doing so, the Chubu Electric Power Group will fulfill corporate social responsibility (CSR) as a good corporate citizen.

Chubu Electric Power and Chubu Electric Power Miraiz underwent an on-site inspection by the Japan Fair Trade Commission on April 13, 2021 on suspicion of violating the Antimonopoly Act (unfair trade restrictions). We take this matter

seriously and are cooperating fully with the committee's investigation. We realize this matter has caused all of your great concern. We will fully recognize that trust serves as the foundation of our business operations and will therefore make every effort to ensure thoroughgoing compliance.

The Group's business activities can be undertaken only when the safety and health of employees and partners are assured. Based on this recognition, we are promoting workstyle reforms and making active efforts to create an environment where employees can further demonstrate their individual abilities. My personal motto is "Let's make efforts to the fullest." New innovative ideas are born when a diversity of people can voice their opinions to the fullest regardless of their age, gender, or job title. Making efforts to the fullest will lead us to our next stage even if we fail. I am confident this approach will definitely raise employee motivation and improve Chubu Electric Power's business performance.

Multiplying the respective values of each new external partner and providing services that are closely matched to each customer will enable growth. In keeping with our corporate slogan of *むすぶ。ひらく。* (Musubu. Hiraku.), the Chubu Electric Power Group promises to create new value that opens up the future together with our stakeholders by connecting customers to customers, customers to society, and customers and society to the Chubu Electric Power Group.

*1. This is a business that provides various values such as reducing energy costs for customers and avoiding curtailment of renewable energy output by consolidating distributed energy resources and demand using communication technology and regulating the volume of electricity flow by adjusting the amount of electricity used and instructing storage batteries to be charged and discharged.

*2. Carbon dioxide Capture, Utilization and Storage

*3. Safety, Energy security, Economic efficiency, Environmental conformity