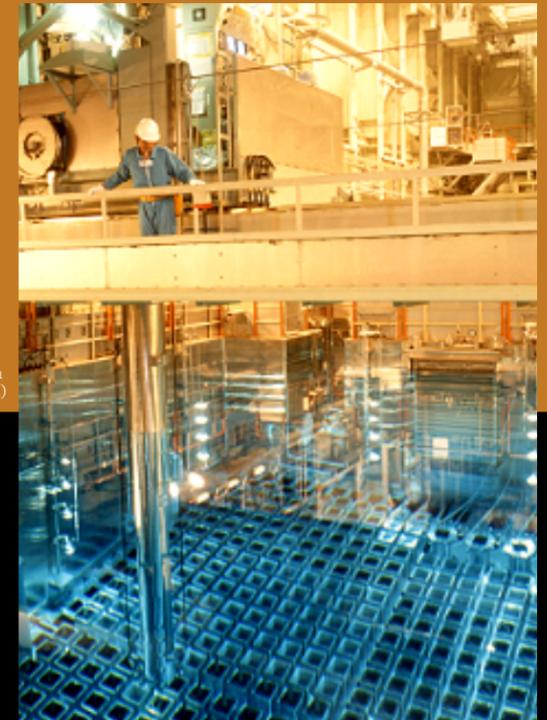
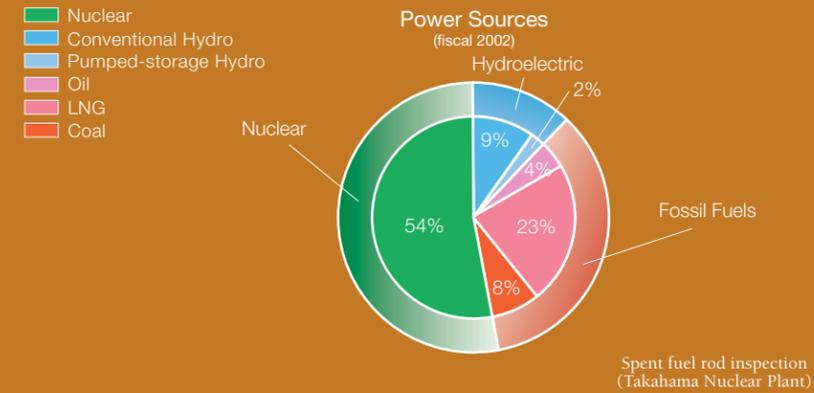


Because electricity demand traces a steadily rising curve, Kansai EP explores all options to achieve optimally effective use of available resources and infrastructure.



Central Load Dispatching Center



Using resources, infrastructure and innovations effectively to meet demand well into the future

Sales Expansion to Accompany Economic Recovery

Fiscal 2002 was a year in which the Japanese economy deteriorated with unremitting continuity. Against that severe backdrop, Kansai EP registered the first year-on-year decline in sales volume in nine years, with total electricity sales slipping 2.2% to 139.8 billion kWh. Beyond the near term, however, demand is expected to resume steady expansion, especially for use in residential and business use.

Pursuing Maximum Use of Existing Infrastructure

Electricity sales expansion puts increasing strain on the overall power infrastructure. To utilize existing infrastructure to optimum effect — and thereby enhance the Company's com-

petitive position — we implement an array of initiatives focused on minimizing increases in peak demand on the system: in other words, improving our load factor.

First, we encourage the adoption of systems engineered for higher energy efficiency. Second, we aggressively promote the adoption of "Eco Ice," our innovative thermal-storage system that stores power generated during nighttime hours, when demand is modest, and thereby makes a significant contribution to easing daytime peak system demand. Third, we provide attractive rate schedules tailored to induce customers to adopt these energy-saving systems. The burgeoning success of these vigorous initiatives is reflected in the gradual improvement achieved in our load factor in recent years.

Aiming for the Optimum Generation Mix

Japan, a nation of limited natural resources, is in a perennially precarious energy position. To cope with this vulnerability, Kansai EP continuously probes the optimum combination of nuclear, thermal and hydro power, capitalizing on the respective advantages of each generation method to maximum effect.

Nuclear power forms the core of our energy platforms, meeting a majority 51% of the Company's total output demand. Nuclear power offers salient economic advantages because we pioneered its development, and this long record today yields benefits in terms of relatively modest depreciation costs and a sustained high capacity factor. Nuclear energy is also friendly to the environ-

ment as it produces low levels of CO₂ emissions.

Thermal power, which offers superior load-following characteristics, is our second-most important source of energy. In this area, we are pursuing diversification beyond oil dependency and striving for efficient operation of facilities by retiring or suspending, at length, operation of power plants plagued by poor efficiency or low load factor.

We are also developing hydroelectric power aggressively, in view of this energy source's modest burden on the environment and the need to optimize effective use of Japan's available resources. Pumped-storage hydropower plants play a significant role in satisfying peak demand.

