

Laying the vital groundwork to support tomorrow's energy needs



Mihama Nuclear Power Plant. The Mihama power station, Japan's first commercial nuclear plant, blends in beautifully with the natural scenery along the Sea of Japan.

Sales up amid Signs of Economic Recovery

After a protracted recession the Japanese economy, and the economic picture in the Kansai region, finally began to show some signs of recovery in fiscal 2000. These were reflected at Kansai EP in sustained growth in our sales volume for the seventh straight year. Total sales reached 140.4 billion kWh, constituting a year-on-year increase of 1.1%. Growth in sales to the industrial sector was particularly significant, as sales to this sector had been down year-on-year in fiscal 1999 and into the first half of fiscal 2000, but returned to a positive growth curve in the second half, inviting expectations of sustained recovery going forward.

Promoting Optimum Use of Available Resources

The growing demand reflected in expanded electricity sales puts additional strain on the overall power infrastructure. To cope with this urgent

issue, Kansai EP has been implementing vital measures to enhance its load factor, the ratio between the average electricity demand and the system peak demand during any given year. In fiscal 2000 we succeeded in lowering our system peak demand by a significant margin and improved our load factor

accordingly, through promotion of more energy-efficient systems and equipment and offering of increasingly attractive rate schedules.

Aiming for the Optimum Generation Mix

Japan, a nation of limited natural resources, is in a perennially precarious energy position. To cope with these limitations, the power industry has long sought to achieve the optimum combination of generation methods to support the needs of the country. Today this optimum generation mix combines nuclear power, which offers economic and environmental advantages; fossil-fuel power, which enables diversification of fuel sources; and hydropower, which is a recyclable energy source.

Today, Kansai EP's long record of experience in nuclear power operations is bringing economic benefits in the form of relatively modest depreciation costs; in the years ahead, enhanced service lives are expected to enable further economic advantages. We are also pursuing a moderate level of dependency on fossil fuels and increased diversity in such fuel sources. In addition we are actively developing our hydroelectric capabilities, in recognition of the inherent environmental advantages and the need to optimize the effective use of Japan's available resources. We view pumped-storage hydropower as a prime supply source to help satisfy peak demand.

In fiscal 2000 we lowered our energy costs with our first purchases of power from independent producers. The move represents just one step made possible under recent revisions to electricity legislation, in line with vigorous new initiatives at deregulation.



Eco Ice heat storage system. Herbis Osaka, a commercial tower, employs Kansai EP's Eco Ice heat storage system. The system utilizes inexpensive power generated during nighttime hours to make ice used for air-conditioning during daytime.

To meet steadily growing electricity demand, Kansai EP is actively working to ensure a stable energy supply and achieve enhanced operating efficiency.

