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Notice Regarding an Error in Cost Calculation for Electricity Rates in the Regulated Sector

The Kansai Electric Power Company, Incorporated (the “Company”) hereby announces that it has identified an error in the cost calculation included in the notification of changes to the Specific Retail Supply Terms and Conditions*¹ that have been in effect since April 1, 2024. The error was identified while the Company was calculating the costs for electricity rates in the regulated sector in preparation for reflecting the revisions to wheeling tariff rates by general transmission and distribution companies scheduled for November 1, 2026.

Specifically, due to an error in determining the discount rate applicable to wheeling charges imposed on electricity generators (“Generator Wheeling Charge”) *² for certain facilities, the Company calculated costs for Generator Wheeling Charge in excess of the appropriate amount. The impact of this error on the variation in costs for regulated electricity rates is approximately ¥14 million over three years, or approximately ¥5 million per year.

At this time, the impact on the electricity rates of customers in the regulated sector established in April 2024 is expected to be no more than ¥1 per rate plan per month. The Company will consider how to make refunds to customers and will take measures to prevent recurrence.

The Company sincerely apologizes to its customers for any concern this matter may cause.

- *1: A procedure for filing a notification with the Minister of Economy, Trade and Industry when revising regulated electricity rates, pursuant to the Electricity Business Act.
- *2: A scheme under which power generation businesses bear a portion of the costs required to maintain and expand transmission and distribution facilities, including transmission lines and substations (introduced in April 2024).

Attachment: Overview of the Cost Calculation Error

Overview of the Cost Calculation Error

- In the course of calculating the costs underlying regulated electricity rates in connection with the revision of wheeling tariff rates scheduled for November 2026, it was discovered that, in the cost calculation for the rates implemented in April 2024, the voltage classification for certain power plants had been determined incorrectly. As a result, a discount unit rate lower than the rate that should have applied^{*1} (outlined in blue in the figure below) had been used (outlined in red in the figure below).
- Specifically, based on the “receiving voltage: 154 kV” stated in the relevant particulars used to determine the voltage classification, the receiving voltage was determined to exceed the “standard voltage^{*2} of 140 kV”. However, the receiving voltage stated in those particulars represented the “nominal voltage^{*3},” rather than the “standard voltage.”
- As a result of understating the discount amount, the Generator Wheeling Charge was calculated at an amount higher than it should have been. Consequently, the amount of change in the costs underlying regulated electricity rates was overstated by approximately ¥14 million in total over the three-year period, or approximately ¥5 million on an annual basis.

* 1 Discount rate : The unit rate of the discount applied under the generation-side charge scheme to power plants that contribute to the efficient use of transmission and distribution facilities. It is determined according to the degree of such contribution, taking into account the plant's location relative to, and connection status with, transmission and distribution facilities such as substations.

* 2 Standard voltage(as specified in the terms and conditions) : reference voltage under the terms and conditions used to determine the discount rate.

* 3 Nominal voltage : representative voltage used to technically describe an electric power system or equipment.

[Generation-side charge discount rates prescribed in the Wheeling Service Terms and Conditions (yen/kW/month, tax included)]

	Correct discount rate (where the receiving voltage is at or below the standard voltage ^{*2} of 140 kV)	Discount rate used in cost calculation (where the receiving voltage exceeds the standard voltage ^{*2} of 140 kV)
Discount category A-1	32.19	32.19
Discount category A-2	11.55	5.78
Discount category A-3	5.78	2.89