

The information shown below is an English translation of the “Koatsu oyobi Tokubetsu Koatsu no Hyoujun Ryokin Menu no Minaoshi ni Kansuru Oshirase”, notice regarding revision of standard electricity rates for high voltage and extra high voltage plans released on October 28, 2022.
※The “Koatsu oyobi Tokubetsu Koatsu no Hyoujun Ryokin Menu no Minaoshi ni Kansuru Oshirase” in Japanese is the official document.
This English translation is prepared for convenience.

October 28, 2022

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Code : 9504
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Notice Regarding Revision of Standard Electricity Rates for High Voltage and Extra High Voltage Plans

We have been considering raising all electricity rates, including the regulated sector. This notice is to inform you that, at the Board of Directors Meeting held on October 28, 2022, we decided to revise our standard electricity rates for high voltage and extra high voltage plans.

The revision of low voltage electricity rates will be announced as soon as consideration is finalized.

1. Background for Revising Electricity Rates

Currently, fuel and wholesale electricity market prices are continuing to significantly increase, causing fuel cost adjustment caps in regulated rates to continue to be exceeded. We also expect further deterioration in profitability in the liberalized sector beyond FY2022, when the sector posted a loss. In light of this, we commenced consideration of raising all electricity rates (please refer to “Notice Regarding Commencement of Consideration of Raising Electricity Rates” disclosed on September 13, 2022), and we have considered carefully thus far.

Following the previous notice, we made our utmost efforts to improve group-wide efficiency, but fuel and wholesale electricity market prices remain high, and our profitability forecast remains severe.

Therefore, we determined that this crisis, which could affect the stable supply of electricity, is extremely likely to continue, and decided to revise unit prices for basic charge and electricity usage charges in our standard electricity rates for high voltage and extra high voltage plans and the like.

2. Major Revised Contents

(1) Revision to electricity rate unit prices

Unit prices have been revised in light of increases in procurement costs such as soaring wholesale electricity market prices that can not be reflected in the fuel cost adjustment together with reflecting management efficiency to the maximum extent possible.

The new electricity rate unit prices will be applied starting on April 1, 2023.

Tentative calculations indicate an approximate 16 to 17%* increase in model cases of electricity charge for each contract type due to the application of the new electricity rate unit prices.

*: The actual percentage increase in electricity charge varies for each customer due to fluctuations depending not only on the customer's usage of electricity, but also on the fuel cost, etc. adjustment charges, renewable energy power generation promotion surcharge, and the like.

(2) Revision to the fuel cost adjustment system

In light of the fact that our composition of power sources and fuel prices have significantly changed from the assumptions made when revising electricity rates for high voltage and extra high voltage plans in 2008, we replace the various factors in the fuel cost adjustment charges with the latest values. Also, we newly establish a “market price adjustment charges” to adjust fluctuations* in purchasing costs based on the Feed-in Tariff (FIT) system. Both fuel cost adjustment charges and market price adjustment charges reflect in electricity rates as the “fuel cost, etc. adjustment charges.”

*: We purchase electricity generating from renewable energy under the Feed-in Tariff (FIT) system which was started in 2012. In FY2023, we forecast that FIT-sourced electricity will cover about 14% of our composition of power sources. In this system, costs required for purchasing FIT-sourced electricity are covered by grants. However, the grants is to be calculated excluding the amount equivalent to the procurement cost for electricity, and since FY2022 the amount is calculated linked to wholesale electricity market prices, which fluctuations thereof are not reflected in the current fuel cost adjustment charges.

This revision to electricity rates means that we must ask our customers to bear increasing prices. We sincerely ask our customers for their understanding.

We will continue to swiftly respond to changes in our business environment as we devote our utmost efforts to the ultimate mission of the Chugoku Electric Power Group, which is the stable provision of electricity.