

Outline of Supply Plans for FY2012

(Non-Consolidated)

March, 2012
Tokyo Gas Co., Ltd.

Table of Contents

Introduction	1
1. Gas Penetration Plan	1
2. Gas Sales Volume Plan	1
3. Production/Purchasing Volume and Feedstock Use Plan	2
4. Major Facility Plan	3
5. Capital Investment Plan	4
(Appendix) Supply Area Map	

Introduction

The Great East Japan Earthquake in March, 2011, forced us to call into question the nature of energy supply, and we, Tokyo Gas Group, are expected to tackle speedily with such agendas as “Enhancement of energy security”, “Energy cost reduction”, and “Innovation of energy systems” under current tight condition of energy supply.

Tokyo Gas Group posted long-term management vision, “Challenge 2020 Vision for energy and the future” in November 2011, and is promoting the enhancement of LNG value chain thereafter.

<Enhancement of LNG Value Chain>

1. Enhancement of added value delivered through the LNG value chain
2. Expansion of areas covered by the LNG value chain

With these initiatives, Tokyo Gas Group will make an effective contribution to realize a prosperous, fulfilling way of life, competitive domestic industries, and an environment-friendly society where people can live in peace of mind through the spread and expansion of natural gas use, pursuing sustained growth for the Group at the same time.

1. Gas Penetration Plan

For the next five years, the average number of newly connected customers is expected to be about 190,000 per year. We foresee an average annual growth rate of 1.1 percent in our customer base over the next five years, projecting the customer base of 11.172 million by the end of FY2016.

(Unit: thousand)

	FY2011 Outlook	FY2012	FY2013	FY2014	FY2015	FY2016	CAGR (2012-2016)
Number of new customers	183	186	192	194	195	194	1.2%
Total number of customers	10,564	10,680	10,801	10,924	11,048	11,172	1.1%

*Total numbers of customers = Number of gas meters installed

2. Gas Sales Volume Plan

With the gradual recovery of the economy and the aggressive marketing mainly for the industrial demand, the plan foresees the total gas sales volume of approximately 16 billion m³ in FY2016. As a result, the projected average annual growth rate over the next five-year period would be 3.6 percent.

(Unit: Million m³, 45MJ/m³)

	FY2011 Outlook	FY2012	FY2013	FY2014	FY2015	FY2016	CAGR (2012-2016)
Total gas sales volume	13,412	13,871	14,310	14,887	15,608	16,020	3.6%

*FY2011 number is after standardization (applied temperature is adjusted for the one adopted for FY2012 and after).

The standardization applies all the following tables.

(1) Residential demand

In this sector, the amount of sales per customer is in decline due to such factors as the reduction in the number of family members per household, a rise in the share of collective residential properties with high levels of air tightness and insulation, and the penetration of high-efficiency gas equipment. The trend of excess population influx into the Tokyo metropolitan area is expected to moderately continue, and we are committed to efforts for the cultivation of new demand and the penetration and expansion of its cutting-edge equipment and systems such as Ene-Farm. We expect its residential gas sales volume in FY2016 to be 3.4 billion m³.

【Residential gas sales volume】 (Unit: Million m³, m³/customer·year, 45MJ/m³)

	FY2011 Outlook	FY2012	FY2013	FY2014	FY2015	FY2016	CAGR (2012-2016)
Residential gas sales volume	3,323	3,358	3,362	3,366	3,372	3,380	0.3%
Gas sales volume per customer	376	376	373	370	367	365	-0.6%

(2) Commercial and other demand

With the spread and expansion of co-generation systems and marketing for the air-conditioning demand, we foresee its commercial and other gas sales volume in FY2016 to be 2.9 billion m3.

【Commercial and other gas sales volume】 (Unit: Million m3, 45MJ/m3)

	FY2011 Outlook	FY2012	FY2013	FY2014	FY2015	FY2016	CAGR (2012-2016)
Commercial and other gas sales volume	2,586	2,620	2,659	2,683	2,788	2,896	2.3%
Incl. Large-volume gas sales volume	(1,291)	(1,331)	(1,354)	(1,373)	(1,440)	(1,509)	(3.2%)

(3) Industrial demand

This sector accounts for the largest share of the total gas sales of the company. The sales volume in this sector is expected to grow as a result of the development of large-volume demands for the expansion of our business to a wider area, fuel conversion to natural gas from other sources, marketing for the power generation demand, and the spread and expansion of co-generation systems. For these reasons, we expect its FY2016 industrial gas sales volume to be 7.5 billion m3.

【Industrial gas sales volume】 (Unit: Million m3, 45MJ/m3)

	FY2011 Outlook	FY2012	FY2013	FY2014	FY2015	FY2016	CAGR (2012-2016)
Industrial gas sales volume	5,326	5,684	6,025	6,629	7,235	7,504	7.1%
Incl. Large-volume gas sales volume	(5,216)	(5,568)	(5,908)	(6,510)	(7,114)	(7,380)	(7.2%)

(4) Wholesale demand

We expect the gas sales volume to other gas utilities/marketing companies in FY2016 to be 2.2 billion m3, taking into account the trends in industrial demand among wholesale customers.

【Wholesale gas volume】 (Unit: Million m3)

	FY2011 Outlook	FY2012	FY2013	FY2014	FY2015	FY2016	CAGR (2012-2016)
Wholesale gas volume	2,178	2,209	2,264	2,209	2,213	2,240	0.6%

3. Production/Purchasing Volume and Feedstock Use Plan

We aim to heighten flexibility in our procurement by engaging in upstream business development and through the utilization of short-term business transactions to cope with demand fluctuation, making an effort to procure more competitive resources in addition to long-term contract based procurement of resources and commencement of receiving unconventional LNG.

【Gas production and purchasing volume】 (Unit: Million m3, 45MJ/m3)

		FY2011 Outlook	FY2012	FY2013	FY2014	FY2015	FY2016
Natural gas	LNG	12,889	13,276	13,590	14,107	14,415	14,767
	Domestic natural gas	219	229	229	244	246	250
Petroleum oil	LPG	379	402	532	580	997	1,056
	Boil-off gas	103	110	110	110	110	110
Other	Biogas	1	1	1	1	1	1
Total		13,590	14,019	14,461	15,042	15,768	16,184

【Gas resource/fuel use volume】 (Unit: 1,000 ton)

	FY2011 Outlook	FY2012	FY2013	FY2014	FY2015	FY2016
LNG	10,223	10,444	10,681	11,079	10,789	11,060
LPG	301	343	453	494	849	900

4. Major Facility Plan

Based on the business environment change after the Great East Japan Earthquake, we will improve the security and disaster prevention initiatives by taking measures resistant to earthquakes and floods as well as accelerating the replacement of aged pipes. We will install and reinforce the production and supply infrastructure to establish more safe and secure base of supply and to respond more appropriately to gas demand projection, taking into account the heightened expectation and demand toward natural gas from customers and society at large.

- We will complete the Hitachi LNG terminal and the Ibaraki-Tochigi Line connecting to the existing network, and newly plan to install the Koga-Moka Line.
- We will complete the Shin-Negishi Line (Yokohama City), the 2nd Phase of the Yokohama Line (Yokohama City – Kawasaki City), and the Saito Line (Soka City – Koga City).
- We will install vaporizers in the three terminals located on Tokyo Bay and complete the construction of the No.4 LNG tank in the Ohgishima LNG Terminal.

【Major pipeline plans】

Planned Commencement	Name	Route	Inner Diameter (mm)	Total Length (km)
Jun. 2012	Kashima Waterfront Line	Kamisu city, Ibaraki pref.	600	4.5
Jun. 2012	Minamisode Line	Sodegaura city, Chiba pref.	300	2.6
Mar. 2013	Extended Sowa medium-pressure Line	Koga city, Ibaraki pref.	300	8.7
Oct. 2013	Shin-Negishi Line	Isogo ward, Yokohama city – Izumi ward, Yokohama city	600	14.0
Oct. 2013	Yokohama Line (2nd phase)	Aoba ward, Yokohama city – Asao ward, Kawasaki city	750	6.3
Oct. 2015	Saito Line	Soka city – Koga city	600	39.9
Mar. 2016	Ibaraki Tochigi Line	Hitachi city – Moka city	600	81.3
Mar. 2016	Extended Tochigi Line	Moka city, Tochigi pref.	400	2.7
FY2017	Koga Moka Line	Koga city – Moka city	600	-

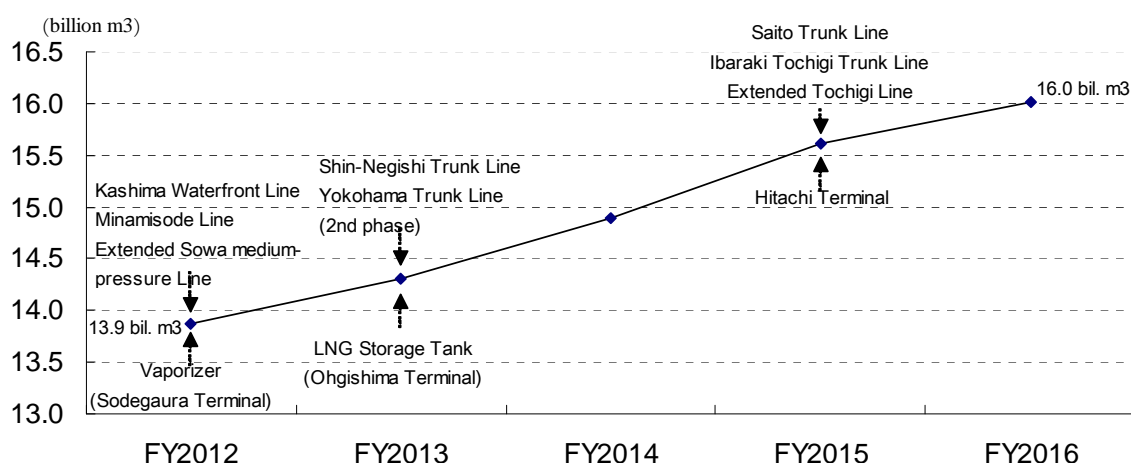
【Total length of pipelines at year-end】 (Unit: km)

FY2011 Outlook	FY2012	FY2013	FY2014	FY2015	FY2016
54,636	55,284	55,932	56,587	57,366	58,021

【Major production facilities plans】

Planned commencement	Installed site	Installed facilities	No. of units
Dec. 2012	Sodegaura LNG Terminal	LNG vaporizer	2
Oct. 2013	Ohgishima LNG Terminal	LNG storage tank	1
Mar. 2016	Hitachi LNG Terminal	LNG storage tank	1
Mar. 2016	Hitachi LNG Terminal	LPG storage tank	1
Mar. 2016	Hitachi LNG Terminal	LNG/LPG vaporizer	3
Mar. 2016	Hitachi LNG Terminal	LPG vaporizer	2

【Gas sales volume plan and facilities development plan】



5. Capital Investment Plan

Tokyo Gas plans to invest a total of 709.5 billion yen in its facilities (after advanced depreciation of contribution for construction) over the five-year period of the supply plans (FY2012 – FY2016) as follows.

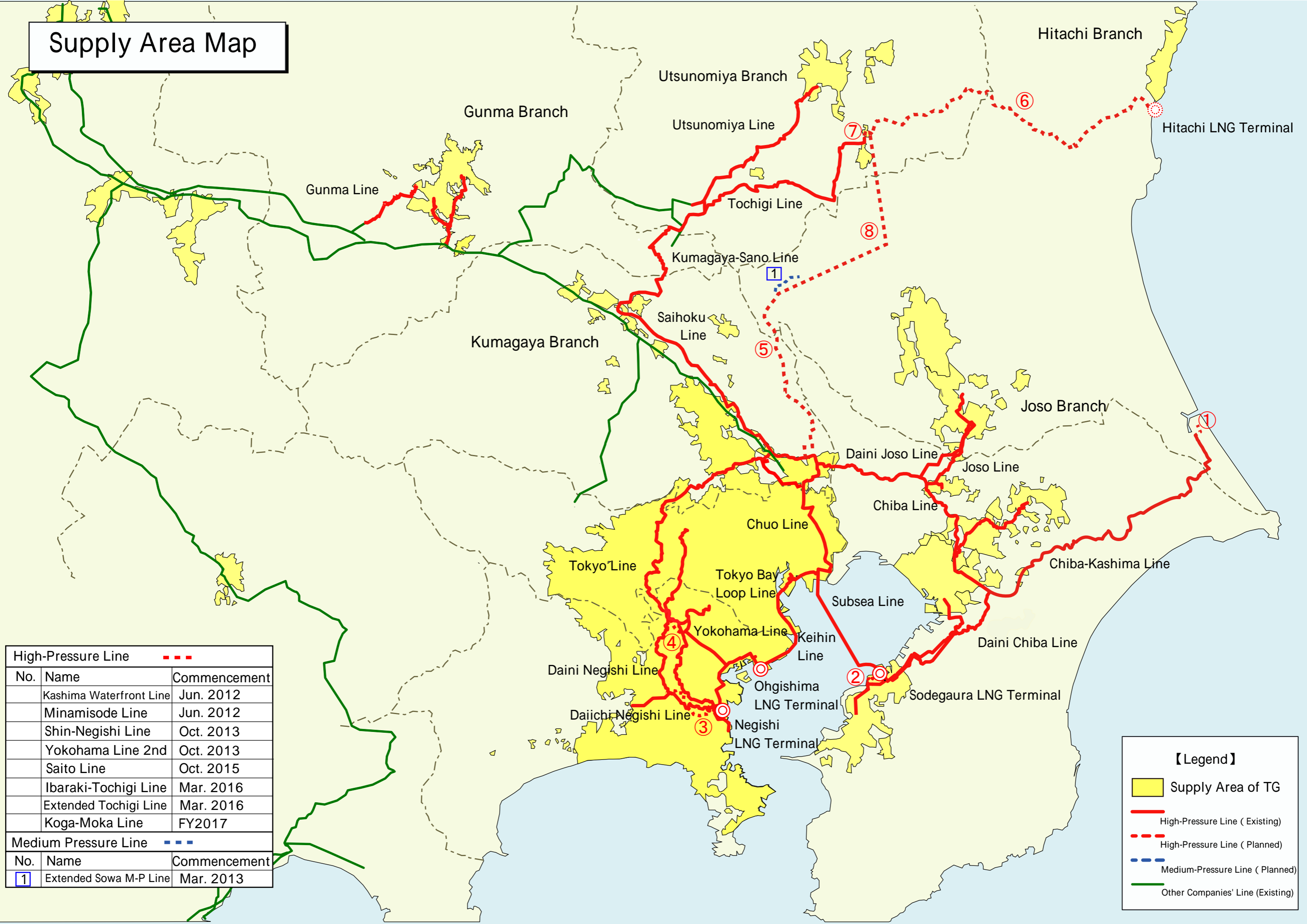
- (1) Production facilities; the further reinforcement of stable production systems through expansions of the LNG-related facilities in the three terminals on Tokyo Bay and construction of the No.4 LNG storage tank in the Ohgishima Terminal, as well as by proper measures resistant to earthquakes and floods and scheduled repair and renovation of aged facilities.
- (2) Supply facilities; the establishment of stable supply systems and safety assurance through investment in pipeline installation for new demand development, formation of main pipeline network (reference: P5 “Supply Area Map”), facilities for measures resistant to earthquakes and floods, and further promotion of replacing aged pipes.
- (3) Business facilities; the further reinforcement of business development systems through improvements to information systems, enhancement of earthquake-proof business buildings, and promotion of technology development.
- (4) Incidental business facilities; improvements mainly to existing facilities.

【Facility investment plans】 (Unit: billion yen)

	FY2011 Outlook	FY2012	FY2013	FY2014	FY2015	FY2016	FY2012- FY2016 Total
LNG facilities	15.8	19.5	22.2	30.2	18.8	0.7	91.4
Other	3.3	9.1	5.4	3.7	3.9	6.5	28.6
Production facilities	19.2	28.6	27.5	33.9	22.7	7.2	120.0
Trunk line investment	9.6	18.9	25.2	22.9	20.6	12.4	100.1
Other	66.6	67.4	65.1	65.3	65.1	65.6	328.5
Supply facilities	76.2	86.4	90.2	88.2	85.7	78.0	428.6
Business facilities	21.3	23.2	21.1	33.1	44.2	36.8	158.4
Gas supply business Facilities (*)	116.6	138.2	138.9	155.3	152.5	122.1	706.9
Incidental business facilities	0.7	0.8	0.5	0.5	0.5	0.4	2.6
Total (*)	117.3	139.0	139.3	155.8	153.0	122.5	709.5

*: After the advanced depreciation of contribution for construction

Supply Area Map



High-Pressure Line		
No.	Name	Commencement
	Kashima Waterfront Line	Jun. 2012
	Minamisode Line	Jun. 2012
	Shin-Negishi Line	Oct. 2013
	Yokohama Line 2nd	Oct. 2013
	Saito Line	Oct. 2015
	Ibaraki-Tochigi Line	Mar. 2016
	Extended Tochigi Line	Mar. 2016
	Koga-Moka Line	FY2017
Medium Pressure Line		
No.	Name	Commencement
1	Extended Sowa M-P Line	Mar. 2013

【Legend】

- Supply Area of TG
- High-Pressure Line (Existing)
- High-Pressure Line (Planned)
- Medium-Pressure Line (Planned)
- Other Companies' Line (Existing)