

ELECTRIC POWER BU

Outline

Since 2000 when the Tokyo Gas Group started to generate and supply the electric power, it has engaged in a comprehensive range of business activities that extend from fuel procurement to power generation and sales. Among the new entrants to the sector following the start of its deregulation program, we own the largest-scale power station in the Greater Tokyo Area and sell generated power to wholesale and large-lot customers. With the completion of deregulation of the retail electric power sector in April 2016, we started electricity sales to residential and commercial customers. By our responding to customers' needs for more affordable, reliable, and safe energy, we aim to significantly expand our electric power business and to raise corporate value.

Net sales	Number of Customers	Electricity Sales Volume
¥145.7 billion	728,000	12.7 billion kWh
FY2016	FY2016	FY2016

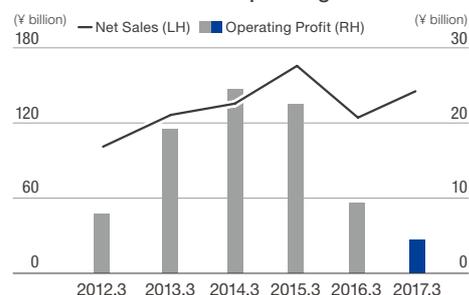
Strengths

- The largest-scale, highly-efficient power sources among the new power suppliers in the Greater Tokyo Area
- Community-based sales network (operated by Tokyo Gas Lifeval, Enesta, etc.) and over 11 million customers as a base
- Infrastructure and operating know-how and system

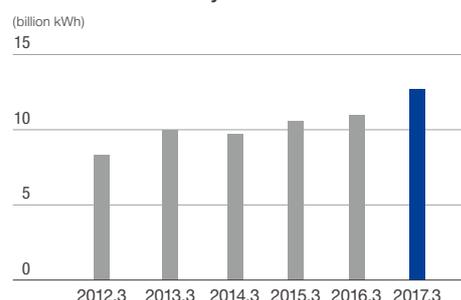
Risks

- Decline in price competitiveness of LNG thermal power generation, associated with changes in prices of raw materials and fuels
- Potential damage to power generation facilities and supply issues of raw materials and fuels, stemming from a large-scale disaster

Net Sales and Operating Profit



Electricity Sales Volume



Toward realizing our Challenge 2020 Vision

Deregulation of the retail market, that completed the government's program for electric power and gas system reform, is being used to provide impetus for the Tokyo Gas Group to greatly advance toward expanding as a "total energy" concern. Following the electricity retail deregulation program in 2016, the gas retail deregulation was completed in 2017. While competition is likely to become intensified, we are

expecting to gain more earnings opportunities by entering the much bigger electricity retail market.

In the Challenge 2020 Vision, we aim to evolve our total energy business including the electricity retail business, and expand the ratio of "electric power, LNG sales, and other business" from 20% of consolidated net earnings when the plan was adopted to 25% by fiscal 2020.

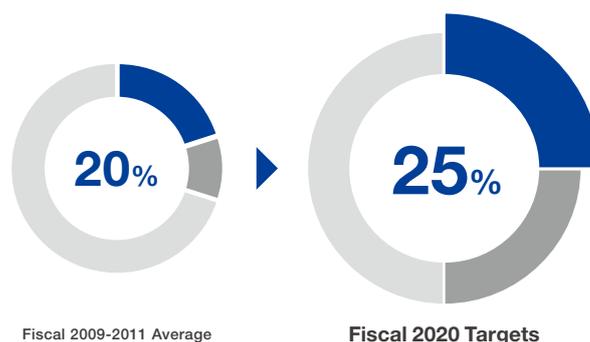
Full Deregulated Market of the Electricity and Gas

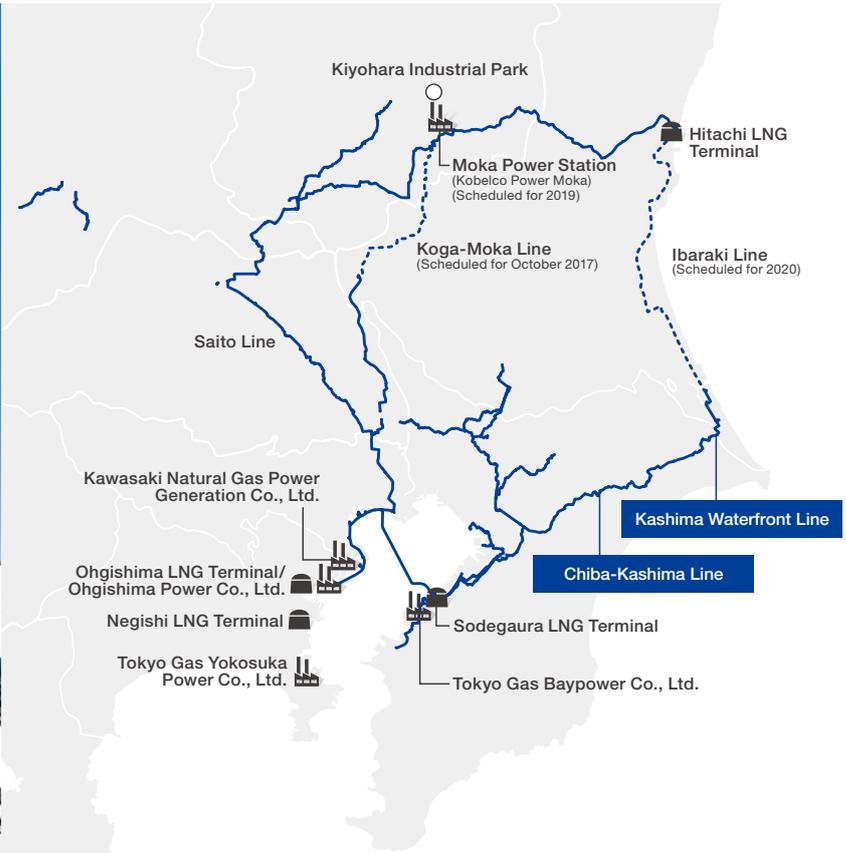
	Number of companies*	Approximate potential customers (Million)	Approximate market size (Ytrillion)
Electricity	10	85	8.0
	Within TEPCO's domain	29	2.8
City gas	203	26	2.4

* Former general electric power operators, former general gas operators

Business Structure (Consolidated Net Income Ratio by Business)

- Electric power, LNG sales, and other business
- Overseas business
- Gas business



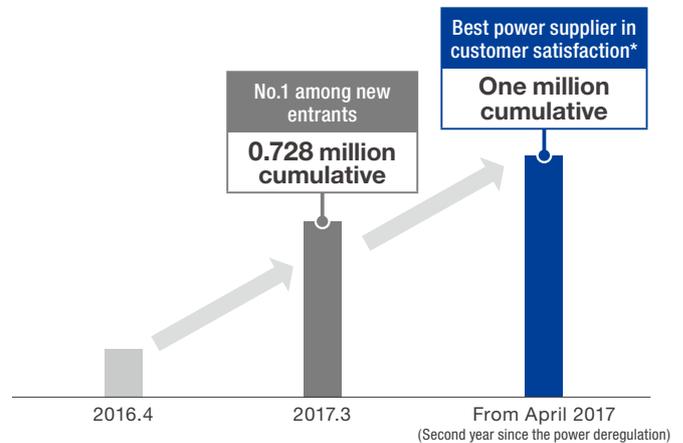


What we achieved in the first year of the complete deregulation of the electric power retail market

We have marketed the “Zuttomo Plan”, a package that includes gas, electric power, and various other services, to support our expansion in the electric power retail market. As of March 31, 2017, we signed plan contracts with 728,000 customers, acquiring the No. 1 position among new entrants in the low-voltage market.

Entering the second year, we are working on retaining the No. 1 position in the number of contracts among new entrants and introducing new service menus, in order to achieve the year’s target of having one million customers. At the same time, we are aiming at becoming the “Best Power Supplier” in terms of customer satisfaction so that those who have switched to Tokyo Gas will be content with their decision.

Number of Low-Voltage Customer Contracts

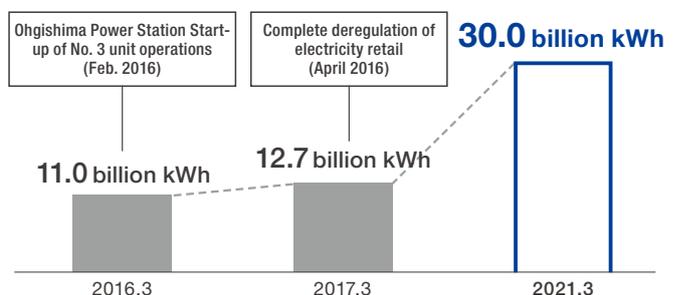


* Aiming to become the best power supplier, meaning No. 1 power supplier in customer satisfaction

Objective: Selling about 10% of electricity demand in the Greater Tokyo Area

Using the advent in 2016 of completion of electricity retail deregulation, the Tokyo Gas Group expanded sales to residential and commercial customers in addition to the wholesale segment, selling electricity volume of around 12.7 billion kWh in fiscal 2016. We plan to sell about 30 billion kWh, equivalent to about 10% of demand in the Greater Tokyo Area, by 2020.

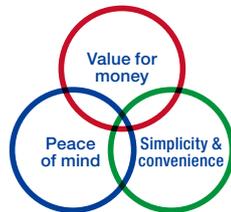
Electricity Sales Volume



What we will do in and after the second year since the complete deregulation of the electricity retail sector

In light of the objectives of the electric power system reforms and of the needs of customers, Tokyo Gas is working at establishing a demand and supply structure that contributes to greater stability of supply, supplies affordable energy, and helps diversify services offered to customers. To do this we established the Power Business Division and are undertaking a variety of measures to expand its electric power business.

Gas/electricity package deal, providing three-way value (good price, reliable, simple & convenience)



Value for money	Through our gas pricing menu, including our new one - "Zuttomo Gas" + "Zuttomo Electricity", we will provide customers with highly competitive pricing and services.
Peace of mind	Reliable services for home life and business (Gas Fixture Troubleshooting Support and Residential Monitoring Services)
Simplicity & convenience	We serve the official app of the service for Web members, "myTOKYOGAS" to customers, which provides them with various information such as not only the gas and electricity usage but also the information related to the point and useful tips for everyday.

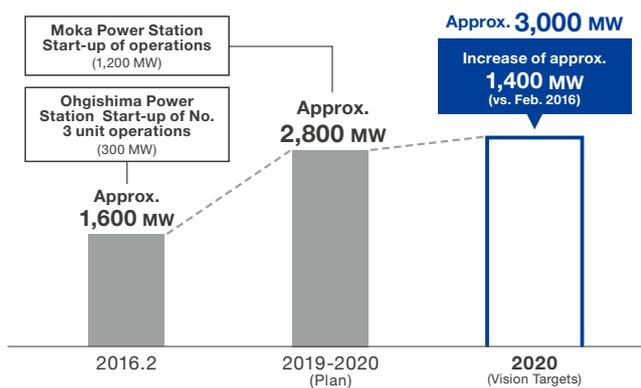
Expand power sources

Prompted by completion in 2016 of deregulation of electricity retailing, we are aiming at delivering electricity to low-voltage residential and commercial customers, in addition to serving the wholesale market, and we plan to expand generation capacity from the current level of approximately 1,600 MW (own equity base) to around 3,000 MW by 2020. In addition to the Tokyo Gas Group's power stations, it has been agreed that electric power generated at Moka Power Station, which is under construction by Kobe Steel, one of the largest Independent Power Producers (IPP), will be supplied to Tokyo Gas. Adding to our competitive gas-fired thermal power sources and base load supply sources, we will also promote initiatives aimed at expanding renewable power sources in order to address the issue of preventing climate change.

Recent Initiatives

Sep. 2014	Concluded an agreement with Kobe Steel, Ltd. for the supply of electricity from the Moka Power Station (1,200 MW; operations scheduled to commence from fiscal 2019)
Jan. 2016	Submitted the "Environmental Impact Statement" for the construction plan of the coal-fired thermal power plant (power generation scale up to a maximum of 2,000 MW by mid-2020s) of Chiba-Sodegaura Energy Co., Ltd. (investment by Idemitsu Kosan, 33%; Kyushu Electric Power, 33%; Tokyo Gas, 33%)
Feb. 2016	Ohgishima Power (investment by Showa Shell Sekiyu, 25%; Tokyo Gas, 75%) started operation of the No. 3 of Ohgishima Power Station, expanding the Tokyo Gas Group's Power source to approximately 1,600 MW
Mar. 2016	Received the subsidy of Fukushima Prefecture's wind power generation optimal location selection business and began a study of wind conditions.
Feb. 2017	Formed a business alliance with Shizen Energy Inc., with the objective of acquiring around 60MW of solar power generation sources

Plan to Expand Power Sources (Own Equity)



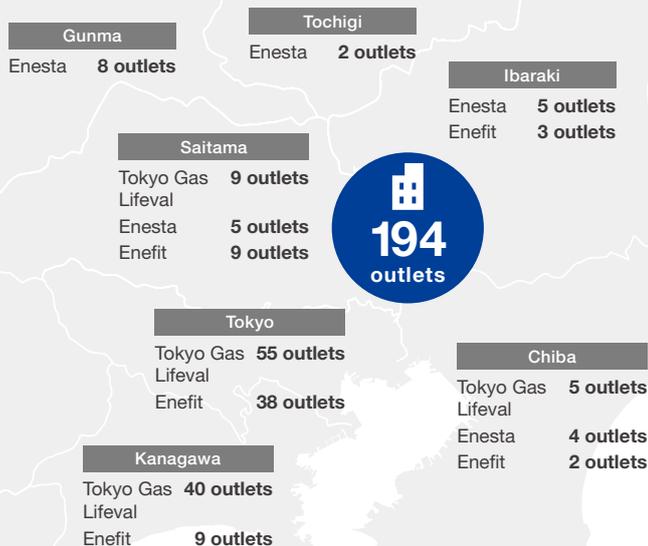
* Shizen Energy Inc. specializes in solar power generation and other renewable energy businesses and provides total services, from development to operation and maintenance.

The Group's Natural Gas-Fired Thermal Power Plants

Company	Generation capacity	Start of operations	Tokyo Gas generation capacity	Tokyo Gas interest
 Tokyo Gas Baypower Co., Ltd.	100MW (100MW x 1 unit)	2003	100MW	100%
 Tokyo Gas Yokosuka power Co., Ltd.	240MW (240MW x 1 unit)	2006	180MW	75%
 Kawasaki Natural Gas Power Generation Co., Ltd.	840MW (420MW x 2 units)	2008	400MW	49%
 Ohgishima Power Co., Ltd.	1,221MW (407MW x 3 units)	2010	900MW	75%

Expand electricity sales to low-voltage customers

We sell electricity through the Tokyo Gas Group companies, such as Tokyo Gas Lifeval, Enesta, and Enefit, as well as through partnerships with companies in various industries, including nearby city gas and LPG suppliers and businesses in a range of other industries, including housing, construction, equipment, and telecommunications services.



Community-based sales network and over 11 million customer base

The Tokyo Gas Group has established a community-based sales network with about 200 outlets in the Kanto region enabling us to tailor services to individual customers' needs. The 10,000 employees of Lifeval, through whom there is direct interaction with those customers on behalf of the Tokyo Gas Group, have built strong relationships of trust with over 11 million customers. They are engaged every day in meticulous services that encompass sales calls and maintenance of gas appliances to the opening and closing of gas fixtures when a household moves, gas appliance safety checking, and gas meter reading.

In the retail sales of electricity, in addition to the push-type marketing, involving contacts with these customers at their homes and places of work, we will use our updated website for applications and steadily accumulate more contracts to enhance our customer base.



Infrastructure and management know-how and system

In addition to the owned city gas business assets such as LNG terminals, pipelines, and LNG procurement capacity, the Tokyo Gas Group is capable of using distributed-type power generations, including cogeneration systems and fuel cells, know-how for management of electricity generation by use of LNG, and experience in systematic business techniques from utility rate calculation to billing and collection. We will make use of these assets and experiences.

Expand electricity sales to high-voltage and extra-high-voltage customers

By establishing Ennet in 2000, jointly with NTT Facilities and Osaka Gas, we have made another change to expand electricity sales. In October 2015, we established Synergia Power Co., Ltd., jointly with Tohoku Electric Power Co., Ltd.

From April 2016, Synergia began electricity sales to high-voltage and extra-high-voltage customers in the Kanto Region, mainly in its northern area.



Corporate name	ENNET Corporation
Established	July 7, 2000
Main business	Electricity trading and electricity generation
Shareholders	NTT Facilities 40%; Tokyo Gas 30%, Osaka Gas 30%



Corporate name	Synergia Power Co., Ltd.
Established	October 1, 2015
Main business	Electricity retail supply to high-voltage and extra-high-voltage customers in the Kanto region, mainly in its northern area
Shareholders	Tohoku Electric Power 50%; Tokyo Gas 50%