

28 December 2006

### **Notification of modification of wheeling supply articles**

Tokyo Gas Co., Ltd.

Today, we at Tokyo Gas Co., Ltd. notified the Minister of Economy, Trade and Industry of a modification in our wheeling supply articles (for retail wheeling), to be effected on 1 April 2007.

On 1 April 2007, the scope of liberalization will be expanded to include customers with annual contracts for supply of from 100,000 to less than 500,000 cubic meters of gas per year (in terms of a calorific value of 46 MJ). It was to cope with this expansion that we made notification of new wheeling supply articles. The main modifications in the aforementioned articles are as follows: 1) institution of new low-pressure wheeling tariffs, 2) instatement of a simple method of measurement, and 3) establishment of new selective tariffs for the demand associated with air conditioning.

The prevailing systemic reform in the gas industry is aimed at promoting effective use of the existing pipeline network, expanding the options of customers using gas, and conditioning the climate for fair competition. In keeping with the spirit of this reform, we shall continue in our efforts for a further assurance of equity and transparency in wheeling, and increase in the benefit to customers, through proper application of these articles.

Main points of modification of/addition to the existing wheeling supply articles

1. Institution of new low-pressure wheeling tariffs

The expansion of the scope of liberalization will be accompanied by an increase in the number of customers supplied with gas through low-pressure pipes. For this reason, we shall institute wheeling tariffs for the case of use extending to low-pressure pipes.

Tokyo area and certain other areas	Unit commodity charge for low-pressure pipe use	yen/m3	2.44
Kofu area	Unit commodity charge for low-pressure pipe use	yen/m3	1.79
Gunma area	Unit commodity charge for low-pressure pipe use	yen/m3	0.96

\*For use extending to low-pressure pipes, we shall add the additional amount from application of the unit commodity charge for use of low-pressure pipes to that from application of the unit commodity charge for wheeling in the case of use medium-pressure pipes.

2. Instatement of a simple method of measurement

Within a scope that does not impair operation of the network, we shall make it possible to consider the planning transport value as the actual one for small-scale industrial demand involving agreements for yearly wheeling supply of less than 500,000 cubic meters. This step will eliminate the need for facilities for measuring the transport volume etc. per hour and related telecommunications facilities, and thereby lower the burden of measurement and communications costs for same times and measurements.

3. Establishment of new selective tariffs for the demand associated with air conditioning

The expansion of the scope of liberalization will be accompanied by a diversification of the forms of pipe use by customers and of utilization efficiency. In view of this development, we shall diversify our wheeling tariff schedule by newly establishing high-multiplier retail wheeling tariffs for demand associated with air conditioning (only in the Tokyo area and certain other areas).

High-multiplier retail wheeling tariff for demand associated with air conditioning	Standing charge	Fixed amount	Yen/contract, monthly	64,800
		Flow rate	Yen/m3, monthly	1,400.00
	Unit commodity charge		Yen/m3	4.02
	Unit commodity charge for low-pressure pipe use		Yen/m3	1.30