
22 December 2016

**Tokyo Gas Applies for Authorization of
revised “Transmission Service Agreement”**

Tokyo Gas Co., Ltd.

Tokyo Gas Co., Ltd. (Head office: Minato-ku, Tokyo; President: Mr. Michiaki Hirose, “Tokyo Gas”) has submitted an application to the Minister of Economy, Trade and Industry for authorization of “Transmission Service Agreement” prescribed in Article 48 Paragraph 1 of the Gas Business Act (5th revision), pursuant to Article 18 Paragraph 1 of this Act^{*1} .(released on 29th July 2016)

Today, Tokyo Gas reapplies for authorization of revised “Transmission Service Agreement” (hereinafter referred to as “Agreement”) reflecting the instructions of revision based on the policy of assessment by Minister of Economy, Trade and Industry on 7th December 2016.

The “Agreement” is provisions which prescribe the tariffs and other supply conditions in cases where businesses newly participating in gas sales and other gas retailers aside from Tokyo Gas use the gas pipelines and facilities of Tokyo Gas. The present transmission service agreement has been revised to reflect the revisions of various laws toward the full liberalization of the gas retail market to be implemented on April 2017 as well as the contents of deliberations at national councils^{*2}.

The average of transmission service tariff is 20.64 yen (Tokyo district etc.) on the “Agreement”. The optional agreements provided in the application on 29th July are not set in this reapplication.

The “Agreement” is to be applied on April 1st, 2017 after authorization of the Minister of Economy, Trade and Industry.

*1 supplementary Provisions of the Act on Partial Revision to the Electricity Business Act, Etc. (enacted on June 24, 2015).

*2 National councils include the Gas System Reform Subcommittee of the Strategic Policy Committee of the Advisory Committee for Natural Resources and Energy.

■ Tariff table

1. Standard transmission service tariff(Type1) [tax-exclusive]

					Tokyo District etc. (45MJ)	Gunma District etc. (45MJ)	Yotsukaidou12A District (38.51166MJ)	
Type1	A	Tokyo District etc.:0m ³ ~20m ³ Gunma District etc.:0m ³ ~24m ³ Yotsukaidou12A District:0m ³ ~20m ³	Fixed tariff	Standing	¥/contract /month	345.00	345.00	345.00
			Unit tariff		¥/m ³	47.88	82.56	73.08
	B	Tokyo District etc.:20m ³ ~80m ³ Gunma District etc.:24m ³ ~500m ³ Yotsukaidou12A District:20m ³ ~200m ³	Fixed tariff	Standing	¥/contract /month	395.00	906.10	660.20
			Unit tariff		¥/m ³	45.38	59.18	57.32
	C	Tokyo District etc.:80m ³ ~200m ³ Gunma District etc.:500m ³ ~ Yotsukaidou12A District:200m ³ ~	Fixed tariff	Standing	¥/contract /month	801.40	5,861.10	2,638.20
			Unit tariff		¥/m ³	40.30	49.27	47.43
	D	Tokyo District etc.:200m ³ ~500m ³	Fixed tariff	Standing	¥/contract /month	1,459.40	—	—
			Unit tariff		¥/m ³	37.01	—	—
	E	Tokyo District etc.:500m ³ ~800m ³	Fixed tariff	Standing	¥/contract /month	2,329.40	—	—
			Unit tariff		¥/m ³	35.27	—	—
	F	Tokyo District etc.:800m ³ ~	Fixed tariff	Standing	¥/contract /month	6,953.40	—	—
			Unit tariff		¥/m ³	29.49	—	—

2. Standard transmission service tariff(Type2) [tax-exclusive]

					Tokyo District etc. (45MJ)	Gunma District etc. (45MJ)	Yotsukaidou12A District (38.51166MJ)	
Type2	No.3	Fixed tariff	Standing	¥/contract /month	43,070.00	46,100.00	24,170.00	
			Flow rate	¥/m ³ /month	675.00	719.74	159.00	
		Unit tariff	Winter	¥/m ³	4.12	22.82	5.83	
			Other seasons	¥/m ³	3.35	18.84	4.83	
		No.2	Fixed tariff	Standing	¥/contract /month	105,840.00	79,600.00	—
				Flow rate	¥/m ³ /month	675.00	719.74	—
	Unit tariff		Winter	¥/m ³	2.44	21.98	—	
			Other seasons	¥/m ³	1.95	18.14	—	
	No.1	Fixed tariff	Standing	¥/contract /month	227,570.00	141,600.00	—	
			Flow rate	¥/m ³ /month	675.00	719.74	—	
		Unit tariff	Winter	¥/m ³	1.66	21.62	—	
			Other seasons	¥/m ³	1.30	17.84	—	
Amount added for low pressure		Additional unit tariff		¥/m ³	1.97	2.99	—	

Outline of the cost of the “Transmission Service Agreement”

1. Preconditions for estimating the tariff for Transmission Service (Tokyo District etc.)

Period for the calculation	Gas volume(average)	Rate of fair return
FY2017~FY2019	13.9 BCM	2.18%

(注) ・The gas volume is estimated based on the Supply Plan.

・The ratio of fair return is calculated subject to the relevant law.

2. The costs taking into account at the estimation of the tariff

- As the estimation, we take into account the costs for required check, maintenance, repairs and replacements for the gas transmission facilities to secure stable and safe gas supply and the amortization expense for the construction for new pipelines.
- We also estimate the costs taking into account the reflection of Gas Market Reform including the required costs for the sales activities contributing to the installation of new pipelines for new customers and the operation to keep our gas supply stable.
- At the same time, we also take into account the impact of the assumed cost saving including the promotion to seek competing bids for the purchases of maximally. As the result, the amounts of the costs were estimated 287.7 billion yen as the costs in the supply area of “Tokyo district etc.” (the average of 3 years (FY2017 to 2019)).

【Contents (Tokyo district etc.)】

(Unit:100 million yen)

		Estimated cost (application)	reference
Network cost subject to yardstick assessment		1,055	Total of Personnel expenses, General expenses (except for “cost related to facilities” and “taxes and dues”) and General and administrative expenses
Cost related to facilities	Depreciation & amortization	907	
	Repair costs	318	
	Loss on retirement of property, plant and equipment	176	
fair return		135	
Taxes and dues		323	
Other expenses・Allowable profit		-87	
Cost for supply and demand adjustment		23	Total of cost for adjustment and transfer
Cost for market research and development		25	Total of cost for market research and market development
Settlement of costs among business operators		3	
Total		2,877	