



ELECTRIC POWER BUSINESS

Outline

Since 2000, when the Tokyo Gas Group began to generate and supply electricity, 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 deregulation, we own one of the largest power stations in the Greater Tokyo region, and sell generated power to wholesale and large-lot customers. With the full deregulation of the electric power retail sector in April 2016, we also began selling electricity to residential and commercial customers.

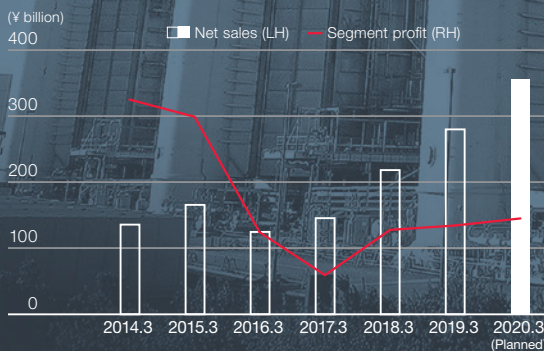
Number of Retail Customers	1.774 million	As of the end of March 2019
Electricity Sales Volume	15.48 billion kWh	FY2018
Segment Profits	¥10.1 billion	FY2018

- Some of the largest-scale, most highly-efficient power sources among the new power suppliers in the Greater Tokyo region
- Community-based sales network (operated by Tokyo Gas Lifeval, Enesta, etc.) and over 11 million customers as a base
- Power source infrastructure, operational know-how and systems aligned with both wholesale and retail sales

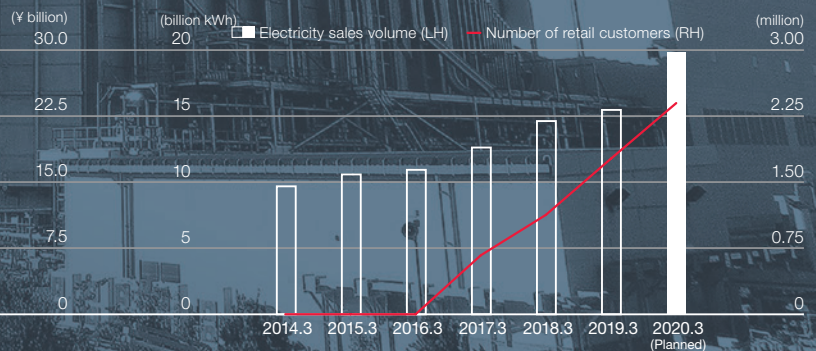


- Decline in price competitiveness of natural gas thermal power generation, associated with changes in prices of raw materials and fuels
- Potential damage to power generation facilities and supply issues of raw materials and fuels, stemming from a large-scale disaster

Net sales and Segment Profit



Electricity Sales Volume and Number of Retail Customers



The era of single-source providers of electricity and gas

For many years, customers in Japan were only able to buy electricity from electric power companies, and gas from gas companies. With the full deregulation of the electric power and gas retail markets, consumers in Japan can now purchase both electricity and gas from a single supplier, just as in the EU and the US.

Based on this, the Tokyo Gas Group will aim to expand its energy business through the proposal and deployment of optimal energy systems.

Full Deregulated Market of the Electricity and Gas

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

* Former general electric power operators and former general city gas operators

* From materials officially announced by the Ministry of Economy, Trade and Industry



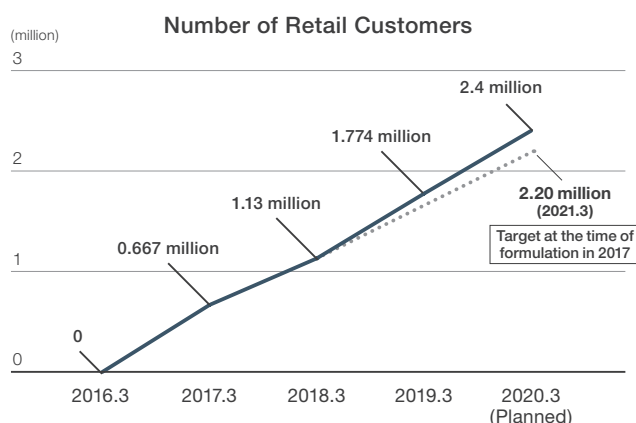
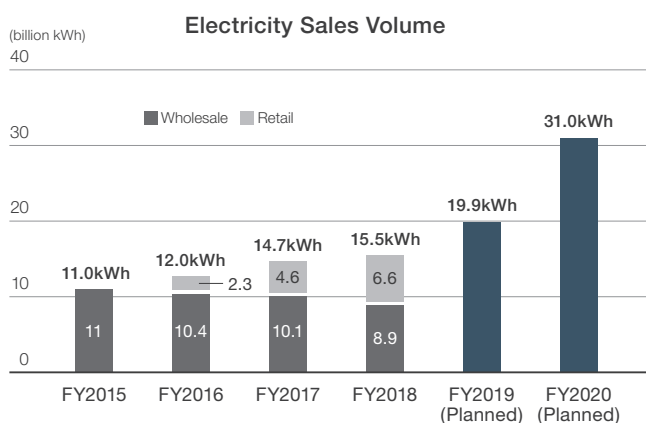
Selling approximately 5% of electricity demand in the Greater Tokyo Area

The Tokyo Gas Group launched its electric power business in the year 2000. Seizing the opportunity of the full deregulation of the electric power retail market in 2016, the Group expanded its sales to residential and commercial customers, in addition to the existing wholesale segment, selling an electricity volume of around 15.5 billion kWh in fiscal 2018. This volume is equivalent to around 5% of total demand in the Greater Tokyo Area. By 2020 we plan to expand this volume to 31.0 billion kWh, equivalent to around 10% of total demand in the Greater Tokyo Area.

Achievements over the past three years since the full deregulation of the electric power retail market

We have marketed and provided the “Always Plan,” a one-stop package that delivers gas, electricity, and various other services, to support our expansion into the electricity retail market. As of March 31, 2019, we are now supplying electricity to 1.77 million customers. For fiscal 2018, we held the largest market share in low-voltage services among new electric power market entrants for the third consecutive fiscal year. Announced in October 2017, our management plan for fiscal 2018-2020, GPS2020, envisioned that the Tokyo Gas Group would deliver its electricity to 2.2 million customers by the end of fiscal 2020. However, in April 2019 we announced that we would increase the number of our electricity customers to 2.4 million by the end of fiscal 2019. We are working to attain the target one year earlier.

We will continue to develop service options that many people will find beneficial in an effort to gain more customers for our one-stop service of supplying gas, electricity and other services.



Initiatives Towards Achieving the Sustainable Development Goals (SDGs)

Sustainable Development Goals Helping to prevent global warming through power generation

- With its high-efficiency gas-fired thermal power stations, adopting the latest cutting-edge gas turbine combined cycle technology, and wind power generation facilities, Tokyo Gas is contributing to the prevention of global warming.
- We have also decided to accept supply of electric power from Moka Power Station, which is currently under construction by Kobelco Power Moka Inc., and are driving the development of renewable energy power sources such as photovoltaic and wind power generation, such as through the signing of a capital partnership agreement with Shizen Energy Inc.





Business overview

Electric power business

Expand power sources

Prompted by the full deregulation of the electric power retail market in 2016, Tokyo Gas began delivering electricity to low-voltage residential and commercial customers, in addition to serving the wholesale market.

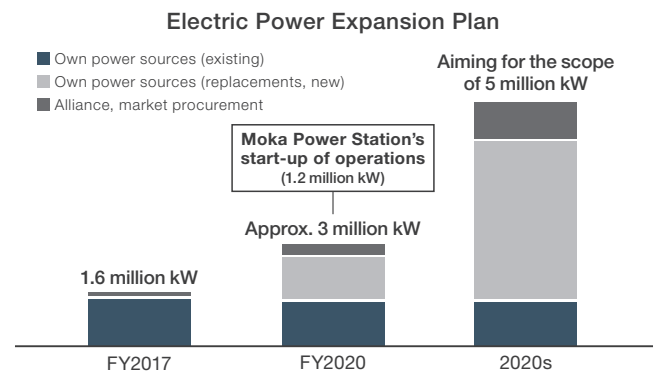
To accomplish this and match the growth of our sales stock with the aim of delivering electric power to 2.4 million retail customers by the end of fiscal 2019, we will continue to increase and expand our network of Tokyo Gas-owned power sources. To meet our targets of achieving an approximate total power output of 3.0 million kW by fiscal 2020 and 5.0 million kW in the next decade, we are developing our own power sources while purchasing electricity from other companies through direct negotiations and from Japan Electric Power Exchange.

It has already been determined that we will receive power from the Moka Power Station constructed by Kobelco Power Moka Inc. as well as from the Tokyo Gas Group's power stations.

In addition to our competitive natural 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.

Expansion of Tokyo Gas-owned power sources

Construction of the Moka Power Station (gas-fired power generation, approximately 1.2 million kW, all to be purchased by the Tokyo Gas Group) is progressing smoothly towards starting operations in fiscal 2019. For the further expansion of power sources, we are considering the construction of natural gas thermal power plants in Sodegaura City and in Ibaraki Prefecture.



Tokyo Gas Baypower Co., Ltd.

Generation capacity	Owned power
0.10 million kW 0.1 million×1 unit	0.10 million kW

Start of operations **2003**
Tokyo Gas interest **100%**



Tokyo Gas Yokosuka Power Co., Ltd.

Generation capacity	Owned power
0.24 million kW 0.24 million×1 unit	0.18 million kW

Start of operations **2006**
Tokyo Gas interest **75%**

Expand electricity sales to low-voltage customers

The Tokyo Gas Group has constructed a network with 11 million customers through its city gas business. We will offer the most suitable energy for the actual use of customers and combine lifestyle-related services to improve value for economy, peace of mind, simplicity and convenience.

Community-based sales network

The Tokyo Gas Group has established a community-based sales network with around 180 outlets in the Kanto region (including Tokyo Gas Lifeval, Enesta and Enefit), enabling us to tailor our services to fit the needs of individual customers. Through its 14,000 employees, Lifeval has built strong relationships of trust with customers. As the "face" of Tokyo Gas Group, Lifeval employees interact directly with customers and engage in a wide array of

services ranging from the sale and maintenance of gas appliances and opening/closing of gas fixtures when customers move house, to gas appliance safety checks and gas meter reading. In retail sales of electricity, too, through push-type marketing making effective use of such opportunities for direct contact with customers, we will continue to steadily accumulate more contracts to enhance our customer base.

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Alliances with various industry partners

Tokyo Gas has formed business partnerships with a total of 48 companies (including wholesale customers such as gas business operators and LPG vendors) regarding the sale of low-voltage electric power. Through this network, we will continue to sell electricity to customers in the Greater Tokyo Area.

Development of renewable energy sources

The Tokyo Gas Group has been working to secure renewable energy power sources mainly for onshore wind power generation. In fiscal 2017, we embarked on our activities for photovoltaic and offshore wind power generation. We will accelerate joint project participation with business partners in Japan and around the world in a bid to initially obtain renewable energy power sources with an approximate output of 1 million kW (of which 400 MW is in Japan and 600 MW is overseas).



Kashima Offshore Wind Power Generation (Conceptual drawing)

Renewable Energy Projects

Feb. 2017	Formed a business alliance with Shizen Energy Inc. (with the objective of acquiring around 60 MW of photovoltaic solar power generation sources)	Jun. 2018	Signed an agreement with Photon Japan LLC. (with the aim of jointly developing photovoltaic power stations with a power generation capacity of 30 MW)
Apr. 2018	Invested in a large-scale project of the Kashima Port offshore wind power generation plant.	Jan. 2019	Acquired Kyoto Ayabe Solar Power LLC (4.872 MW)
May 2018	Acquired a partial stake in SFK Power LLC. (SFK Power has a total power generation capacity of 9.7 MW.)	Apr. 2019	Joint renewable energy development project in Mexico 899 MW (including 450 MW owned by Tokyo Gas)



Kawasaki Natural Gas Power Generation Co., Ltd.

Generation capacity	Owned power
0.84 million kW 0.42 million×2 units	0.42 million kW
Start of operations 2008 Tokyo Gas interest 49%	



Ohgishima Power Co., Ltd.

Generation capacity	Owned power
1.22 million kW 0.407 million×3 units	0.90 million kW
Start of operations 2010 Tokyo Gas interest 75%	





Moka Power Station

Generation capacity	Owned power
1.20 million kW 0.6 million×2 units	1.20 million kW <small>(All the power generated will be purchased by the Tokyo Gas Group.)</small>
Start of operation: 2019 or later (scheduled) Tokyo Gas interest: 0% Unit 1: H2 of 2019 (scheduled) Unit 2: H1 of 2020 (scheduled)	

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

Through the establishment of Ennet in 2000, as a joint venture with NTT FACILITIES and Osaka Gas, we have worked to expand our electricity sales. In October 2015, we established Synergia Power Co., Ltd., as a joint venture with Tohoku Electric Power Co., Inc. As of April 2016, Synergia began selling electricity to high-voltage and extra-high-voltage customers in the Kanto region, primarily in the Northern Kanto area.

	Corporate name	Established	Main business	Shareholders
	ENNET Corporation	July 7, 2000	Electricity trading and electricity generation	NTT FACILITIES, INC. 32.7%, Nippon Telegraph and Telephone Corporation 18.3% Tokyo Gas Co., Ltd. 24.5%, Osaka Gas Co., Ltd. 24.5%
	Synergia Power Co., Ltd.	October 1, 2015	Electricity retail supply to high-voltage and extra-high-voltage customers in the Kanto region, mainly in its northern area	Tohoku Electric Power Co., Inc. 50% Tokyo Gas Co., Ltd. 50%