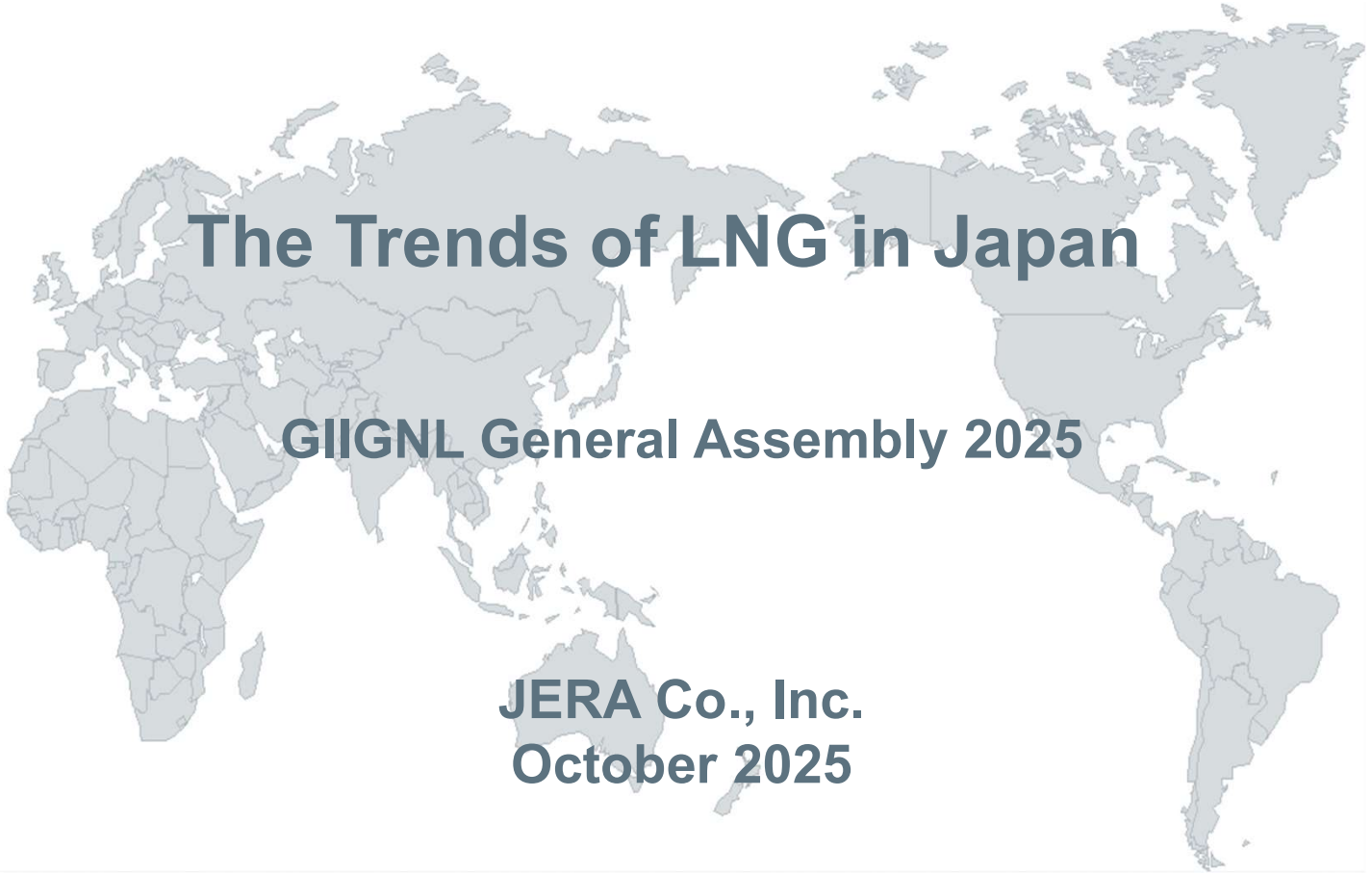
Energy for a New Era



The Trends of LNG in Japan

GIIGNL General Assembly 2025

JERA Co., Inc.
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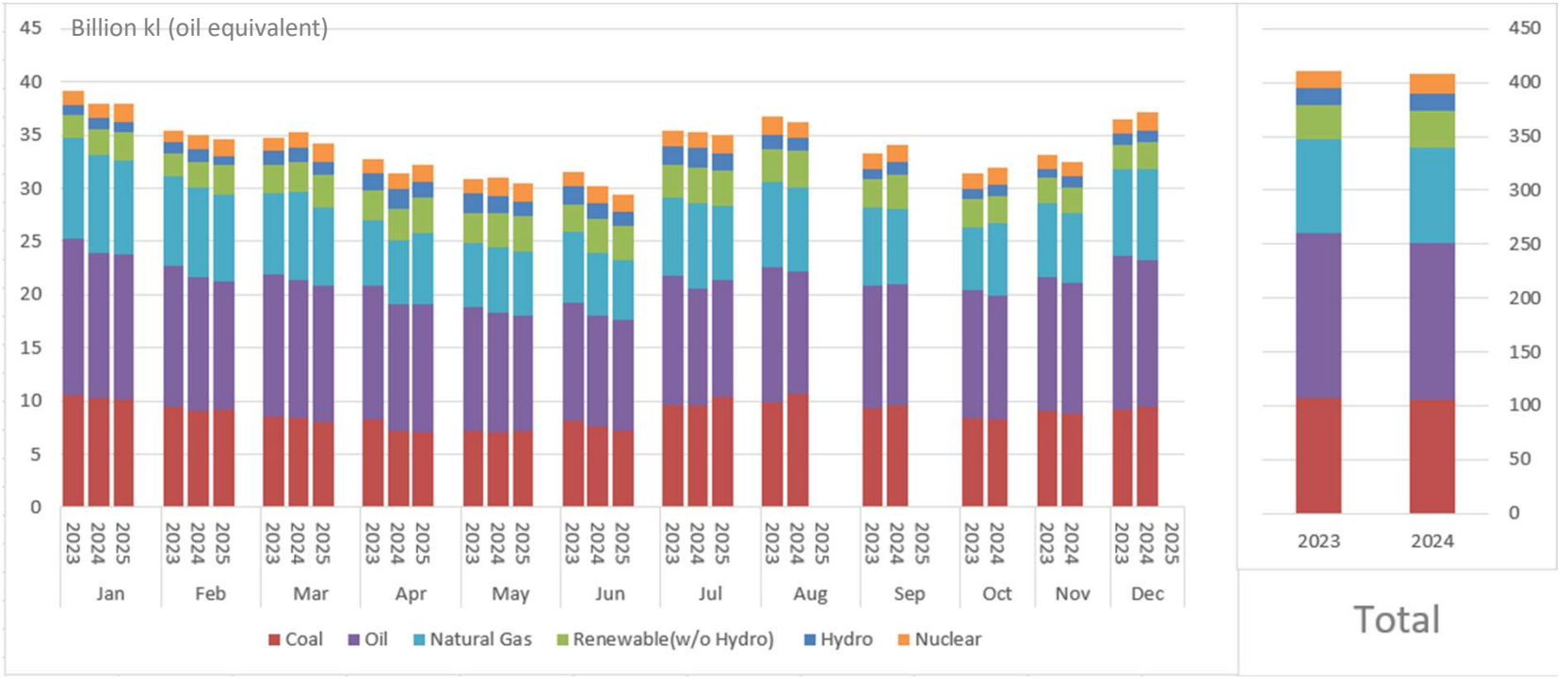
Contents

1. Update on Recent LNG Situation around Japan

Primary Energy Supply in Japan

- In CY2024, the primary energy supply in Japan decreased by 0.8%.
- Natural gas accounted for 21.8% of Japan's total primary energy supply in 2024, and the share of natural gas increased by 0.4%.

Primary Energy Supply in Japan

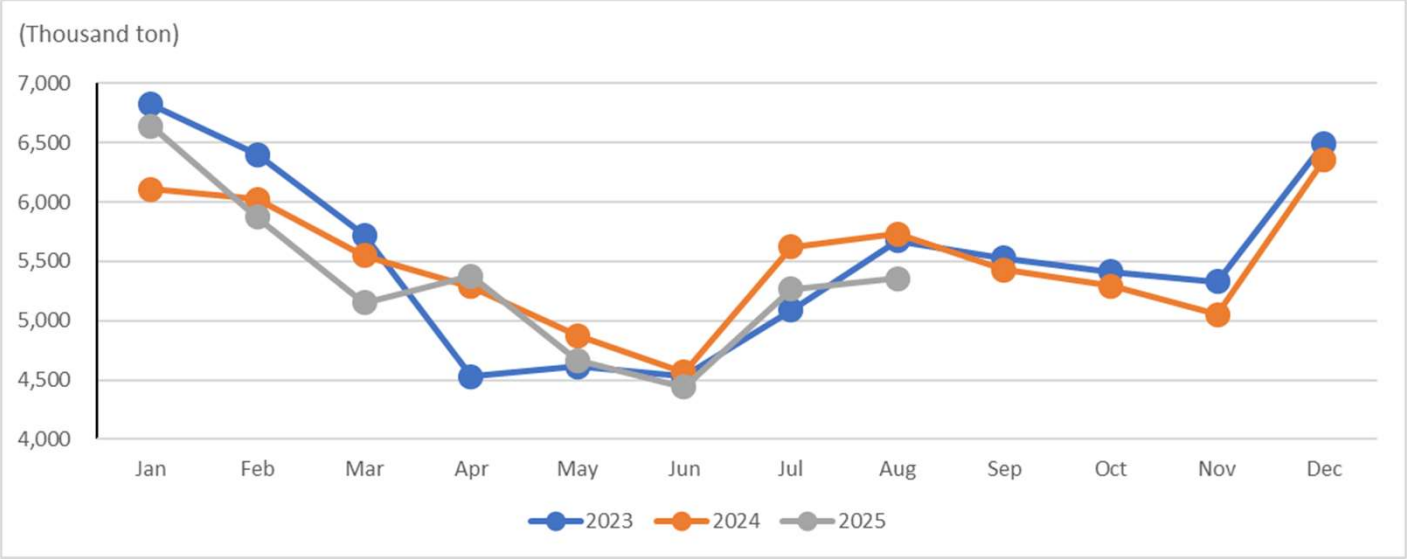


Source: Institute of Energy Economics in Japan

LNG Imports to Japan

- ◆ Over the past three years, Japan's LNG import volumes have remained relatively stable.
- ◆ In CY2024, LNG imports showed little change compared to CY2023, declining slightly by 0.3 Mt to 65.9 Mt.
- ◆ So far in 2025, there have been no major events or significant changes.

Monthly LNG volumes



Annual LNG volumes

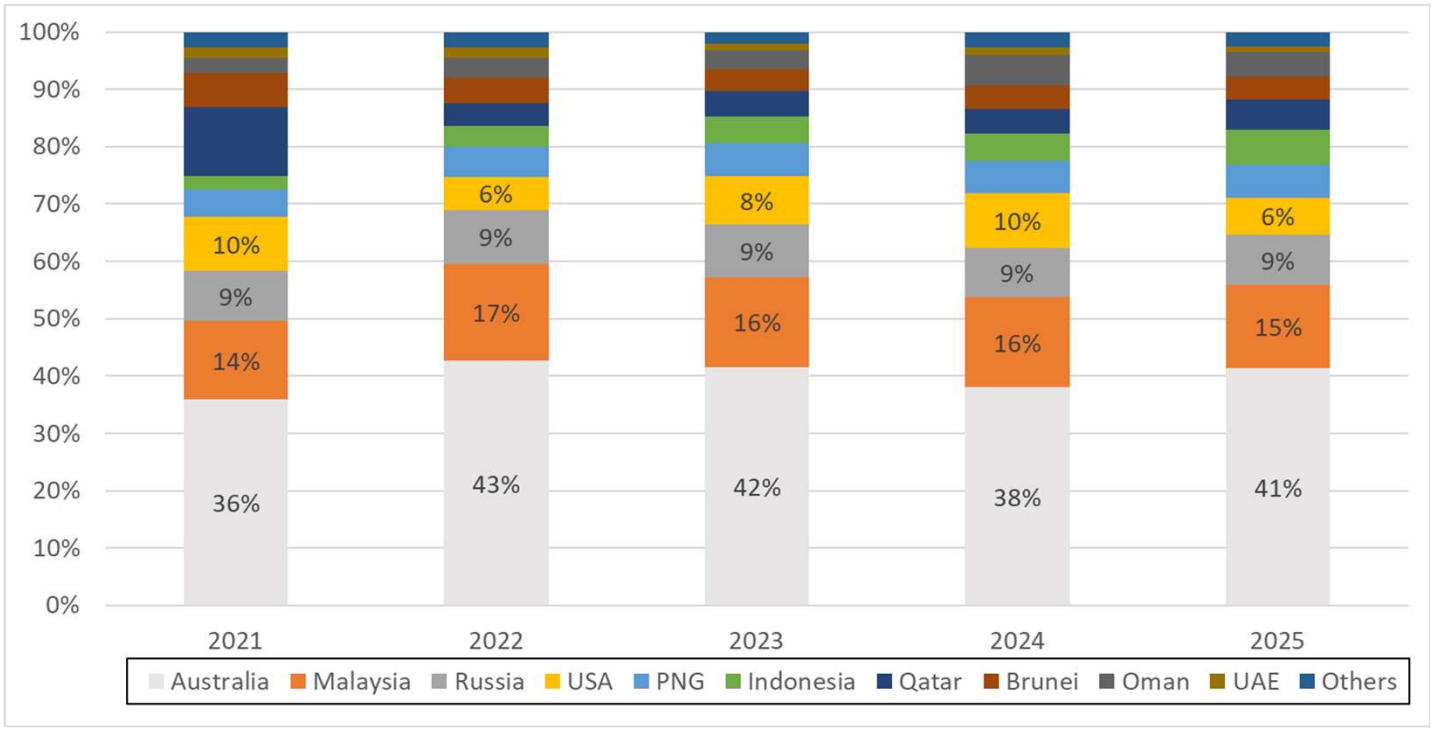
Source: Trade Statistics of Japan Ministry of Finance

Share of Imports to Japan by Supplier Country

◆ In 2024, the share of LNG from Australia was the largest (38%) , followed by Malaysia (16%).

◆ USA has increased its percentage by the resolution of several project accidents in 2024.

LNG Imports to Japan



LNG Imports to Japan (2024)

65.9 Mt

＊Data of 2025 is Jan-Aug

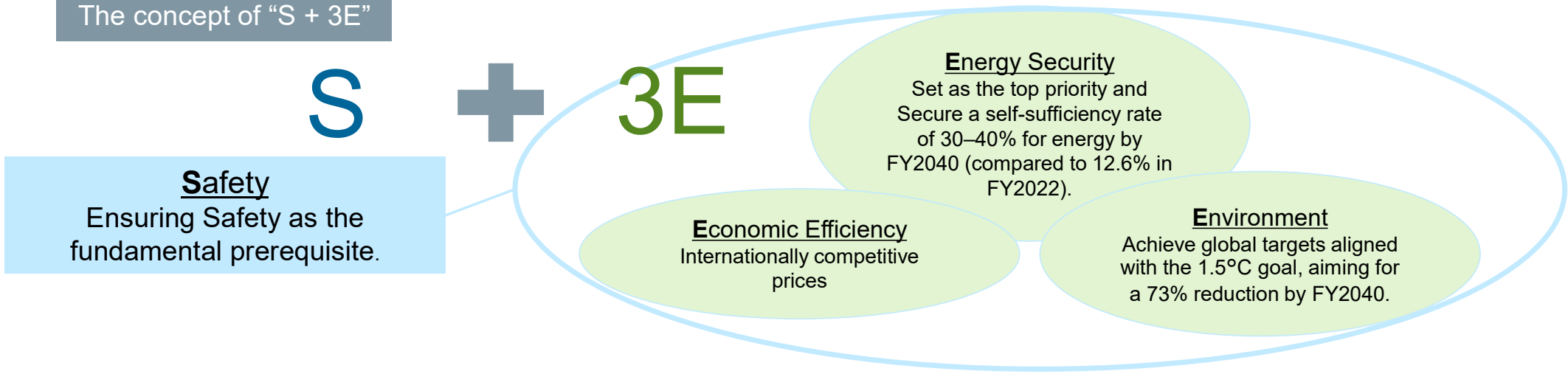
Source: Trade of Statistics of Japan Ministry of Finance

2. The 7th Strategic Energy Plan

The 7th Strategic Energy Plan

- Released by METI in February 2025, the 7th Strategic Energy Plan (“The Plan”) outlines Japan’s energy policy through 2040.
- Compared to The 6th Strategic Energy Plan released in 2021, it focuses on ensuring a stable energy supply, reflecting growing concerns about energy security due to recent geopolitical tensions in Europe and the expected rise in electricity demand from the progress of GX and DX.
- While maintaining ambitious goals toward carbon neutrality, the importance of diverse and realistic approaches has been clearly stated.
- The 7th Plan has continued set the concept of “S +3E” as the foundation.

The concept of “S + 3E”



Key changes from the 6th Strategic Plan

- In 2040, the annual volume of electricity generated will increase to around 1,100 - 1,200TWh from 1,000TWh in 2022.
- The government continues to promote renewable energy and clearly states that it will be used as a main power source.
- Thermal power, which was previously planned to be reduced, is now described as a “transitional power source.”
- At the same time, a phase-out policy for existing coal plants continue to be in place, and the role of LNG has been positively reassessed and is now seen as more important.

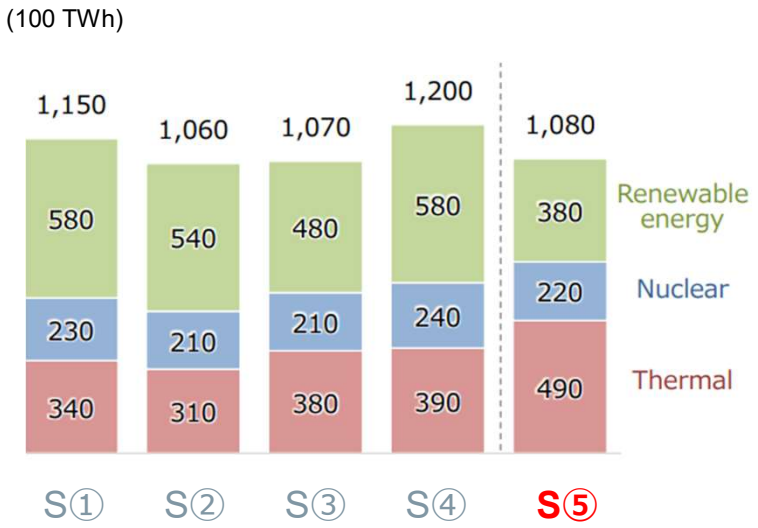
Item	CY2022	6th Strategic Energy Plan (2021)	7th Strategic Energy Plan (2025)
Target Year	• 2022	• 2030	• 2040
Generated Electricity	• 1,000TWh	• 934TWh	• 1,100 - 1,200TWh
GHG Reduction Target (compared to 2013 levels)	• 22% reduced	• 46% reduction	• 73% reduction (compared to 2013 levels)
Renewable Energy	• Share:21.8%	• Share: 36–38% Promotion of expansion	• Share: 40–50% Positioned as main power source
Nuclear Energy	• Share:5.6%	• Reduction of dependency • Share: 20–22%	• Maintain approx. 20% • Promotion of maximum use • Phrase “reduction of dependency” removed
Thermal Power	• Share:72.6%	• Reduction of dependency	• Redefined as “transitional power source” Maintain share of 30–40%
- Coal-Fired Power	• Share:33.8%	• Reduced to share of 19% • Phase-out policy firstly adopted	• No quantitative target specified • New installations basically prohibited Phase-out policy continues
- Gas-Fired Power	• Share:30.8%	• Reduced to share of 20%	• No quantitative target specified • Re-evaluated for its dispatchability, stability, and low environmental impact

The 5 Scenarios for 2040 Energy Mix

- In the 7th Strategic Energy Plan, five scenarios (S1-S5) are presented to address uncertainties in power demand driven by advances in renewable energy, hydrogen, new fuels and CCS technologies and the impact of GX and DX.
- S5 differs from the others as it relies only on existing technologies and set lower GHG emission reduction target.
- While S1–S4 serve as base scenarios assuming major technological progress, S5 is a risk scenario assuming little or no progress.
- Though the government treats S5 as a risk scenario, many private and academic institutions regard it most realistic one.
- Under S5, the required LNG volume is estimated at approximately 74Mt, compared to about 65Mt consumed in FY2024

Scenario	Overview	CO2 reduction (vs 2013)
① Advanced renewables	Focused on large-scale deployment of renewable technologies such as solar and wind through significant cost reductions.	70%
② Advanced hydrogen and new fuels	Wider use of hydrogen and ammonia reduces reliance on conventional thermal power while supporting decarbonization.	
③ Advanced CCS	Expanded CO_2 storage and cheaper CCS allow continued fossil fuel use with emissions reduction.	
④ Advanced innovative technology	Comprehensive adoption of multiple advanced technologies—renewables, hydrogen, CCS, storage—accelerates decarbonization.	
★ **⑤ Technological progress (only existing technology)**	Decarbonization relies mainly on existing technologies due to limited cost reductions in advanced ones.	56%

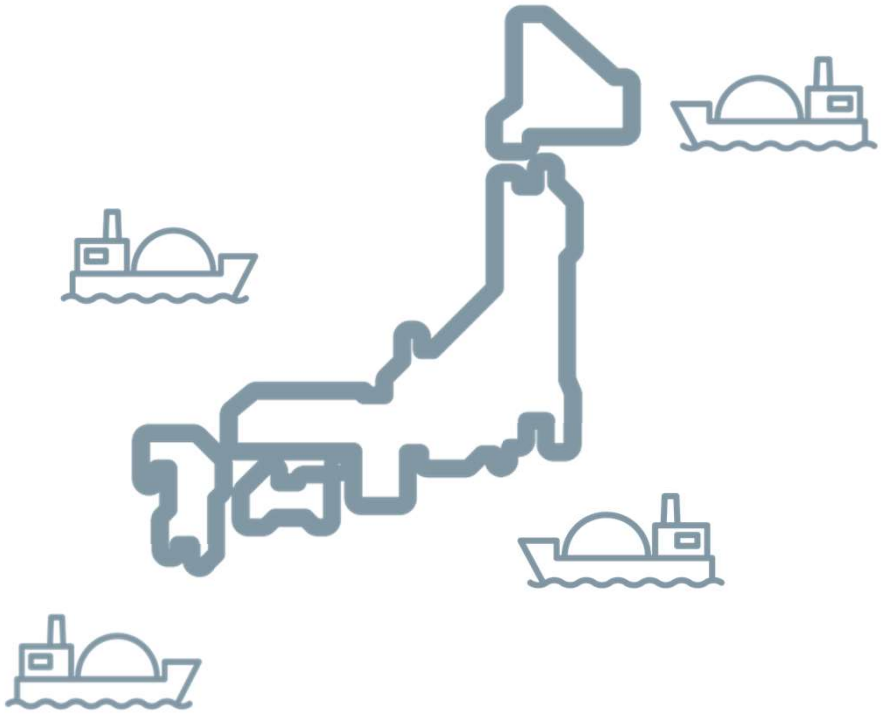
Electricity Supply in FY 2040



※ Totals may not match due to rounding.

Japan’s Energy Policy Supports LNG for Security and Stability

- The 7th Strategic Energy Plan emphasizes LNG’s role in energy security and encourages public-private cooperation to secure long-term supply contracts.
- The government aims to secure LNG volume based on the technology progress (only existing technology) scenario, where the LNG demand is highest.
- To support overseas LNG investments, the government will provide risk money through JOGMEC, as part of its national energy policy.
- In emergencies, the government will take the lead in securing LNG volumes, working closely with industry.
- The Plan positions LNG not just as a transitional fuel but also as a realistic and stable one.
- The government plans to advance LNG VC decarbonization by analyzing emission reduction potential and economic feasibility of key technologies, while collaborating with the IEA to create an environment for outlining LNG decarbonization pathways.
- It will promote the CLEAN initiative, cooperate with International Methane Emissions Observatory (IMEO) and energy firms, and explore a certification system for low-carbon LNG.



Thank you !