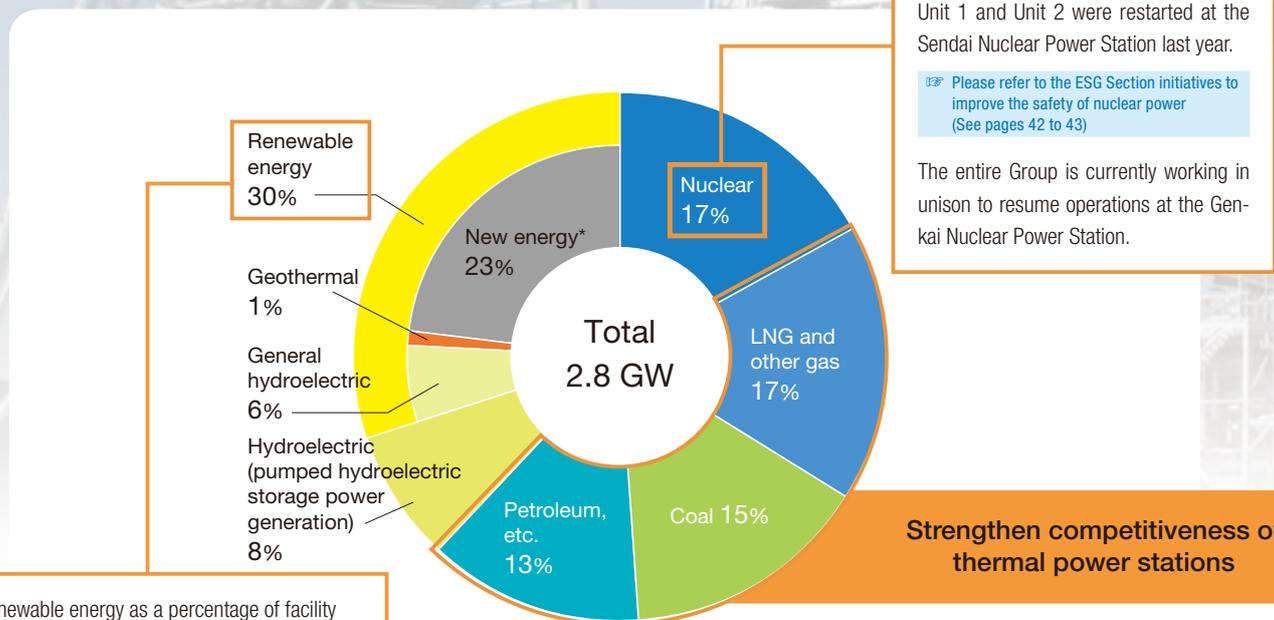


Initiatives to Strengthen Competitiveness of Power Sources

Balanced Portfolio of Power Sources and Low Electricity Rates

- Kyushu Electric Power's electricity rates are among the lowest of the major electric power companies, thanks to efforts to increase management efficiency while maintaining a balanced portfolio of power sources.
- Kyushu Electric Power intends to strengthen the competitiveness of its power sources by accommodating rapidly growing renewable energy as much as possible, restarting nuclear power plants and increasing the efficiency of thermal power plants.



Unit 1 and Unit 2 were restarted at the Sendai Nuclear Power Station last year.

Please refer to the ESG Section initiatives to improve the safety of nuclear power (See pages 42 to 43)

The entire Group is currently working in unison to resume operations at the Genkai Nuclear Power Station.

Renewable energy as a percentage of facility capacity (kW): about 30%

Please refer to the ESG Section regarding renewable energy initiatives (See pages 48 to 49)

Strengthen competitiveness of thermal power stations

Composition of Capacity for All Facilities (kW) (Including power purchased from other companies) (At the end of March 2016)

To prosper in a competitive environment, Kyushu Electric Power maintains a good balance of nuclear power, coal, LNG and renewable energy sources of power through endeavors to secure power sources that are both competitive and reliable, as well as by flexibly responding to changes in the strengths and weaknesses of power sources as a result of trends in the business environment.

More specifically, Kyushu Electric Power has advanced the development of competitive power sources, commencing operations of Unit No. 3 x 4 at the Shin-Oita Power Station in June 2016, and planning to launch operations of the cutting-edge, coal-fired Unit No. 2 at Matsuura Power Station in December 2019.

Operations Commence at Unit No. 3 x 4 at the Shin-Oita Power Station

- Operations commenced in June 2016 with LNG combined cycle system that boasts the highest level of efficiency in the world.
- We estimate that this plant will reduce CO₂ emissions by about 400,000 tons per year when operating at planned output of 480 MW.

Early Development of Unit 2 at Matsuura Power Station

- We plan to bring forward the launch of operations by six months to December 2019, from June 2020 previously, to more quickly secure a power source that is both competitive and reliable.
- We aim to reduce fuel consumption and environmental impact by achieving higher levels of efficiency with the use of cutting-edge ultra-super critical (USC) technology that is currently in the process of being commercialized.

* Ultra-super critical (USC): This is a highly efficient method of generating electricity that reduces environmental impact, boosting thermal efficiency by using steam under higher temperatures and pressures to generate electricity.

Steam Power Generation Station Development Plan (As of March 31, 2016)

