

OEPC's power supply plan for fiscal 1999, which ended on March 31, 2000, centered on the core principles of ensuring the Company's ability to provide a steady supply of power over the long term while simultaneously reducing costs. It comprised three priority policies: rigorous cost cutting measures, the creation of a highly efficient transmission network, and measures to prevent environmental damage and to develop new sources of energy.



Kin Thermal Power Station

Power Generation Facilities

We are pushing forward with plans for the expansion of our power generation facilities to cope with forecast increases in demand, while at the same time attempting to ensure that the twin criteria of economic feasibility and maintenance of a steady supply are met.

In the term under review, the main developments in the area of power generation facilities were the start of construction of the main generation plant of the Kin Thermal Power Station on the main island — scheduled to start operation in February 2002 — and the start of operation of wind-powered generators on Hateruma and Tarama islands and a new hybrid system using a combination of wind power, accumulators, batteries and existing diesel engines on Miyako Island. In June and July of 2000, for the first time on one of the smaller islands, a fixed-type gas turbine generator was installed at the No.2 Power Station on Ishigaki Island. This generator allows a considerable cost reduction compared with conventional diesel generators.

Turning to the composition of OEPC's generation facilities by energy source, the Company is following a policy of assuring greater power supply stability by reducing its dependence on oil-fired power stations and gradually shifting more toward coal-fired generation. During the term under review, coal-fired power stations accounted for 60% of total power generated and oil-fired power stations for the remaining 40%, compared with 59% and 41%, respectively in the previous year. With the start of operation of the coal-fired Kin Thermal Power Station,

currently under construction, the coal-fired ratio will rise to 72% by 2009. Coal-fired power stations require the provision of a site where the ash left over after coal combustion can be disposed of. To help reduce the scale of this waste disposal problem, OEPC is operating a plant that recycles coal ash into a construction material called "Pozotech."

One of the Company's most important management tasks is to find ways of reducing the cost of supplying power to the inhabited islands of Okinawa Prefecture that lie at some distance from the Main Island. To this end, we are carrying out a thorough review of the types, capacities, and detailed specifications of power generation facilities used on these remote islands, and are steadily forging ahead with plans for prolonging the useful lives of existing equipment, laying undersea cables, and developing systems for generating power from new sources of energy. By these means, we aim to create economical and efficient systems for the supply of electricity to remote islands. Construction of the gas turbine generation system on Miyako Island is scheduled to start in fiscal 2000.

Transmission Facilities

OEPC is bolstering its transmission facilities to ensure a steady, uninterrupted supply of electricity while transmitting power efficiently at a low cost. Specifically, to raise the operation efficiency of our transmission network — which is both growing in size and becoming more complex — and to promote labor saving, we are installing automatic distribution systems, providing backup trunk-line routes in case of breakdowns, increasing the thickness of our power transmission lines, and steadily expanding the application of new methods of installation that minimize the probability of power blackouts.

In addition to procuring more of our equipment such as storage batteries and distribution transformers from overseas, we are taking a wide range of steps to lower costs still further at all stages, from basic facility design through detailed specification design to installation methods and purchasing.

In June 2000, the construction of the No.2 power transmission route (west side) for the Gushikawa Power Station was completed after approximately two years of work. This will provide a backup route in the event of damage to the east side route. In conjunction with this, the doubling of the cables on the new route, which had originally been scheduled for later, was brought forward in consideration of the need to provide additional safeguards against a power shortage at the site of the G8 Summit.