

Being able to use energy as effectively as possible is important for the environment and economy. We will maintain our competitive edge against other types of energy by providing an optimal energy solutions from the customers' viewpoint.



Gas power generation and hot water floor heating system ECOWILL

Residential Market

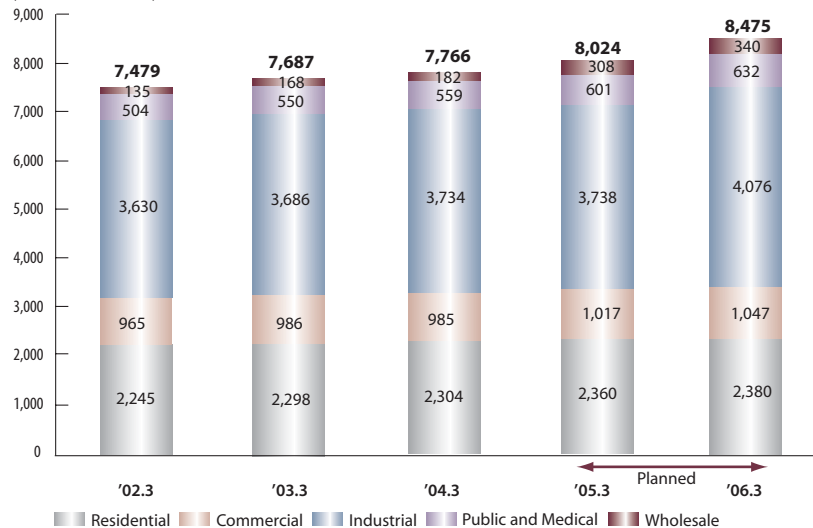
In fiscal 2004, sales took off for the residential gas engine cogeneration system ECOWILL. ECOWILL is a revolutionary new product that generates electricity while supplying hot water and heating. First-year sales totaled 3,000 units, far surpassing our target for 2,000 units, as customers embraced ECOWILL for its high efficiency and convenience in controlling overall energy costs.

The Osaka Gas Group concentrated its efforts on expanding sales of fan heaters and hot water floor heating systems, which contributed considerably to higher residential gas sales. Unlike oil heaters which requires refueling, fan heaters are used in more than 30% of the households in our service area. Replacement demand is increasing from customers who have already purchased fan heaters, and new demand is rising as customers switch from heating equipment that use other types of fuel.

Sales are steadily expanding for our hot water floor heating systems, which are popular for providing heat from a person's feet upward and keeping room air clean. Hot water floor heating systems have become so popular that they are often included as standard features in newly constructed housing complexes such as condominiums. In addition to the new housing market, the Osaka Gas Group is encouraging the further proliferation of hot water floor heating systems by proposing their introduction along with other remodeling plans to the approximately six million homes in the Kansai region.

Gas Sales by Volume (Non-consolidated, including Toyooka area)

(Million m³ · 45MJ/m³)



Compound Annual Growth Rate from '02.3 to '06.3: 3.2%



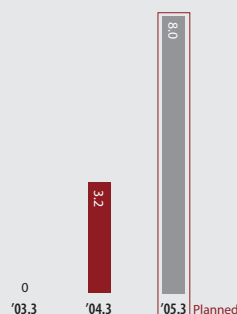
Regeneburners enable reductions in energy consumption of 35-50% using the accumulated heat burning method.

Non-Residential Regulated Markets

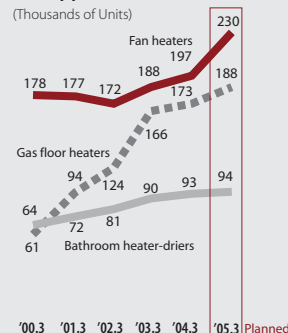
Natural gas plays a crucial role as the basic energy source for a wide variety of industry, including steel, metals, chemicals and machinery. Natural gas compares favorably to other primary energies in terms of energy conservation, space conservation and cleanliness. Demand for natural gas is increasing as Osaka Gas promotes detailed solution marketing activities based on a firm grasp of customer needs and its strong technologies. Natural gas is increasingly used for such purposes as cooling processes and clean rooms, in addition to thermal energy for furnaces and boilers. Able to generate both heat and electricity simultaneously, cogeneration systems realize substantial energy savings in factory operations, and their utilization is increasing as needs grow for distributed power sources in society.

Gas sales to the commercial, public and medical sectors are increasing due mainly to the use of gas air conditioners and cogeneration systems. Gas absorption air-conditioning systems have become the dominant technology for air-conditioning in large buildings, while gas heat pump air-conditioning systems are becoming increasingly popular in small and medium-sized buildings because of their convenience. The air-conditioning system Quick Multi, which we released in fiscal 2003, can be installed using existing cooling ducts, and has contributed significantly to sales along with the upgrading of air-conditioning systems in old office buildings. Customers both large and small deploy cogeneration systems, ranging from major commercial facilities to hospitals, hotels and retail stores. Our Gene-Light Series of compact 9.8kW cogeneration systems for small and medium-sized office buildings and shops has been very popular since its launch in fiscal 1999. To date, more than 1,000 customers have installed the Gene-Light Series.

Sales Projection for ECOWILL
(Thousands of Units)



Sales Volume of Residential Gas Appliances
(Thousands of Units)



Note: 1. Controller base for gas floor heaters
2. Bathroom heater-driers feature drying and misting

Total Installed Air-Conditioning Capacity
(Thousand RTs, Million m³)

