

Agreement between Green Power Fuel and Shiso City, Hyogo Prefecture, on the Utilization of Fast Growing Trees

-Aiming for local production and consumption of biomass fuels and sustainable growth of domestic forestry-

December 17, 2021

Osaka Gas Co., Ltd.

Green Power Fuel Corporation (hereinafter "GPF"),^{*1} a stock company funded by Osaka Gas Co., Ltd., has signed a cooperation agreement with Shiso City, Hyogo Prefecture, on the utilization of fast growing trees for fuel applications, aiming for local production and consumption of biomass fuels and sustainable growth of domestic forestry.

GPF is a company that procures, transports, and sells domestically grown woody biomass for domestic biomass power plants. Since established in March 2019, GPF has achieved the capability to procure 100,000 tons of domestic woody biomass per year through discussion with various forestry business partners nationwide. The company plans to accelerate the local production and consumption of biomass fuels by supplying the woody biomass that GPF procures to biomass power plants which Daigas Group funds as well as to other facilities in the future.

This time, GPF has decided to start a demonstration project that aims to build a stable supply system of biomass fuels using fast growing trees, in cooperation with Shiso City, Hyogo Prefecture, which has abundant forest resources (land suitable for project operationalization). The company focuses on fast growing trees,^{*2} which are expected to have shorter growth and logging cycles than general tree species, from the viewpoint of further increasing its biomass procurement volume and reducing cost. As the first step of this project, the company plans to examine the growth of fast growing trees and evaluate their usefulness as biomass fuels through trial planting in the forests owned by Shiso City and on abandoned cultivated land.

(Key points of the agreement)

Purpose	Promoting the utilization of fast growing trees as fuels and the effective use of forests and abandoned cultivated land
Role of GPF	Implementing a demonstration project for planting fast growing trees for fuels, evaluating their usefulness as biomass fuels, and considering their commercialization as fuels
Role of Shiso City	Lending land required for the tree planting demonstration project, providing policy support for the tree planting demonstration project, promoting support for the commercialization of fast growing trees as fuels, etc.

Through this demonstration project, GPF will work to build a sustainable business model for domestic forestry by utilizing fast growing trees as fuels and by utilizing the output of this project. The company will try to realize the independent operation^{*3} of biomass power plants after the purchase period under the FIT scheme expires.

To achieve carbon neutrality by 2050, Daigas Group will contribute to the spread of renewable energy sources with a total capacity of 5,000 MW^{*4} in Japan and overseas, including in-house development and ownership and procurement from other companies, by FY2030. The group will also aim to increase the percentage of renewable energy in its electricity business in Japan to about 50%.^{*4}

Going forward, the entire Daigas Group will continue to develop technologies and services that contribute to decarbonization of society and strive to solve social issues such as climate change.

* 1: GPF is a joint venture established in March 2019 by Osaka Gas Co., Ltd., Seishin Shinrin Shigen Co., Ltd., and Nippon Paper Lumber Co., Ltd.

* 2: A general term for trees that grow faster than the commonly planted tree species. Some representative species include Chinaberry and Chinese Fir.

* 3: Under the feed-in tariff (FIT) scheme, renewable electricity is purchased at fixed prices for 20 years at maximum. After this period, the generated electricity must be sold at market prices.

For this reason, GPF aims to substantially reduce mainly transportation costs by using domestically produced fuels, thereby realizing sustainable fuel costs.

* 4: Renewable energy includes power sources to which the FIT scheme applies, such as solar, wind, and biomass energy.

Company Profile

<Osaka Gas>

Company name	Osaka Gas Co., Ltd.
Head office address	4-1-2 Hiranomachi, Chuo-ku, Osaka, Japan
Representative	Masataka Fujiwara, Representative Director and President
Capital	132,166.66 million yen
Establishment	April 10, 1897
Business description	Manufacture, supply and sale of gas; generation and sale of electricity, etc.

<GPF>

Company name	Green Power Fuel Corporation
Head office address	3-5-11 Doshomachi, Chuo-ku, Osaka, Japan
Representative	Koichiro Age, Representative Director and President
Shareholder composition	Osaka Gas 55%, Seishin Shinrin Shigen 35%, Nippon Paper Lumber 10%
Capital, etc.	100 million yen
Establishment	March 7, 2019
Business description	Procurement, transportation and sale of domestically produced wood fuel

Regarding Daigas Group's efforts for the spread of renewable energy, see the following webpages (in Japanese):

(For PC users) https://www.osakagas.co.jp/company/renewable_energy/index.html

(For smartphone users) https://www.osakagas.co.jp/sp/company/renewable_energy/index.html

(References)

1. Daigas Group's Biomass (Single Fuel Combustion) Power Plants (In Operation/Under Construction)



2. (1) Activities of GPF and (2) Osaka Gas on Domestically Produced Biomass Fuel

