

Joint Development of 84 Small and Medium-Sized Photovoltaic Power Plants
with a Total Capacity of approximately 8MW by Osaka Gas and JPN ENERGY Integrated System

November 17, 2022

Osaka Gas Co., Ltd.

JPN ENERGY Integrated System Co., Ltd.

Osaka Gas Co., Ltd. (President: Masataka Fujiwara; hereinafter referred to as “Osaka Gas”) and JPN ENERGY Integrated System Co., Ltd. (Representative Director: Seiji Kurobuchi; hereinafter referred to as “JPN”), which is a wholly owned subsidiary of FUSO Holdings Co., Ltd. (President: Hisanobu Kado; hereinafter referred to as “FUSO Holdings”) and which develops photovoltaic power plants, have decided to jointly develop 84 small and medium-sized photovoltaic power plants with a total capacity of approximately 8 MW in Japan (hereinafter referred to as the “Project”). The two companies will develop 48 non-FIT/non-FIP photovoltaic power plants with a total capacity of approximately 4 MW and 36 FIT photovoltaic power plants with a total capacity of approximately 4 MW. The Project to develop non-FIT/non-FIP photovoltaic power plants will be implemented based on its selection as a recipient of the Subsidy for Promoting Consumer-led Introduction of Photovoltaic Power Generation (Supplementary Budget for FY2021)^{*1} publicly offered by the Ministry of Economy, Trade and Industry.

Osaka Gas and FUSO Energy Inc., a subsidiary of FUSO Holdings, will conduct the Project through JO Denryoku 1 Gou LLC. (hereinafter referred to as “business company”), a limited liability company which Osaka Gas and FUSO Energy each acquired a 50% stake. The Project aims to put non-FIT/non-FIP and FIT photovoltaic power plants into operation by the end of February 2023 and 2024, respectively. JPN will be in charge of maintenance, and CO2O Inc. will be entrusted with a part of the operational management work of the plants. Osaka Gas will purchase all the electricity generated at power plants on a long-term basis to use for the increased supply of renewable energy to customers which aim to achieve RE100 and promote ESG management.

Part of the funds required for the Project will be procured through project financing^{*2} under a non-recourse financing^{*3} agreement with MUFG Bank, Ltd. The conclusion of a non-recourse financing agreement for the development project of non-FIT/non-FIP photovoltaic power plants is a pioneering initiative in the domestic financial industry.

Considering that the land suitable for development of large-scale photovoltaic power plants is decreasing, Osaka Gas is conducting activities to develop small and medium-sized commercial photovoltaic power plants at multiple sites in collaboration with developers with development capabilities. On the other hand, JPN has been developing renewable energy power sources nationwide, mainly in Shikoku. Notably, JPN has been working on integrated projects encompassing development and operation of photovoltaic power plants. JPN’s policy is to promote collaboration with partners who have a strong business foundation in the electric power business to further spread the use of renewable energy.

In April of this year, the two companies concluded an agreement^{*4} regarding continuous joint development and joint ownership of small and medium-sized commercial photovoltaic power plants with an annual capacity of tens of thousands of kW over the next several years. The Project forms part of that agreement. Both companies will continue to contribute to the realization of a carbon-free society through the joint development of renewable energy power sources.

The Daigas Group aims to contribute to the spread of renewable energy power sources worth 5,000 MW^{*5} both within Japan and abroad, including in-house development/ownership and procurement from other companies, by FY2030. Including the Project, the group's contribution to spreading renewable energy power sources, including in-house development/ownership and procurement from other companies, will be worth about 1,760 MW.

The FUSO Group operates water and sewage, housing, and energy businesses based on the mission "Answers for Community - The more the communities, the more the answers." In its management plan "FUSO VISION 2030," which started in FY2021, the FUSO Group has been working in the field of renewable energy in line with the Green Growth Strategy formulated by the Japanese government in anticipation of the market expansion of the energy business, focusing mainly on distributed generators (e.g., renewable energy, energy storage equipment) due to the global decarbonization trend and regulatory reforms.

*1: To realize Japan's long-term energy supply and demand outlook for FY2030 and achieve the nation's ambitious goal of reducing greenhouse gas emissions, the subsidy is meant to subsidize part of the expenses incurred by consumers in the introduction of photovoltaic power generation facilities through collaboration with power producers. On May 20, 2022, the Project was selected to receive the subsidy.

*2: Financing for a specific project, with the repayment source limited to the cash flow from the invested project.

*3: A financing method in which only the cash flow generated from assets related to the use of financing is used as the source for repayment.

*4: Conclusion of an agreement between Osaka Gas and JPN ENERGY Integrated System on joint development and ownership of photovoltaic power plants (released on May 23, 2022)

https://www.osakagas.co.jp/en/whatsnew/_icsFiles/afieldfile/2022/05/27/220523.pdf

*5: The renewable energy mentioned here includes energy from power sources to which the FIT program applies, such as solar, wind, and biomass power.

1. Outline of the photovoltaic power plants to be jointly developed

	New non-FIT/non FIP photovoltaic power plant	FIT photovoltaic power plant
Locations	Shikoku, Chugoku and Kanto regions	Shikoku and Chugoku regions
Number of power plants	48 plants	36 plants
Production capacity (total)	Approx. 4,000 kW	Approx. 4,000 kW
Start of operation (planned)	End of February 2023	End of February 2024



<Locations of power plants>

2. Company profiles

< JO Denryoku 1 Gou LLC.>

Company name	JO Denryoku 1 Gou LLC.
Headquarters	1964-1 Hayashi-cho, Takamatsu City, Kagawa Prefecture
Representative	Representative member: General Incorporated Association JO Energy Executor: Ikuhiro Okada
Established	May 30, 2022
Business description	Ownership and management of photovoltaic power plants

<Osaka Gas>

Company name	Osaka Gas Co., Ltd.
Headquarters	4-1-2 Hiranomachi, Chuo-ku, Osaka, Japan
Representative	Masataka Fujiwara, President and Representative Director
Capital	132.16666 billion yen
Established	April 10, 1897
Business description	Production and sale of gas; generation and sale of electricity, etc.

<JPN>

Company name	JPN ENERGY Integrated System Co., Ltd.
Headquarters	1964-1 Hayashi-cho, Takamatsu City, Kagawa Prefecture
Representative	Seiji Kurobuchi, Representative Director
Capital	100 million yen
Established	May 7, 2013
Business description	Renewable energy business, housing business, new electric power business, etc.

<FUSO Holdings>

Company name	FUSO Holdings Co., Ltd.
Headquarters	2-3-1 Nihonbashi Muromachi, Chuo-ku, Tokyo
Representative	Hisanobu Kado, President
Capital	100 million yen
Established	June 1, 2020
Business description	Business planning, business management, etc. of 10 group companies

<Fuso Energy>

Company name	Fuso Energy Inc.
Headquarters	2-3-1 Nihonbashi Muromachi, Chuo-ku, Tokyo
Representative	Tomohiro Kataoka, President
Capital	100 million yen
Established	October 7, 2013
Business description	Power retail, planning/proposal/introduction support of energy solutions, etc.

<CO2O Inc.>

Company name	CO2O Inc.
Headquarters	6F Shibaura Renasite Tower, 3-9-1 Shibaura, Minato-ku, Tokyo
Representative	Masayuki Sakai, Representative Director
Capital	100 million yen
Established	July 2012
Business description	Operational management/inspection, survey/diagnosis, design/construction of photovoltaic power plants, etc.