Initiatives by Osaka Gas and Prologis to Help Boost the Installation of Rooftop Solar Power Plants
—Signing an Agreement for Electricity Purchase from FIP Power Plants—

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Osaka Gas Co., Ltd.

Osaka Gas Co., Ltd. (Head Office: Chuo-ku, Osaka City, Osaka Prefecture; Representative Director and President: Masataka Fujiwara; “Osaka Gas”), which aims to be an innovative energy and service company that continues to be the first choice of customers, and Prologis (Japan Head Office: Marunouchi, Chiyoda-ku, Tokyo; Representative Director, Chairman and CEO: Miki Yamada), a leading global company in the field of ownership, operation, and development of logistics real estate, today concluded an agreement (hereinafter referred to as the “Agreement”) under which Osaka Gas will purchase, at a fixed unit price over the long term through a negotiated transaction, electricity and environmental value derived from the solar power generation equipment—which Prologis will develop and own on the roof of its logistics facility, Prologis Park Tsukuba 2—operating under the FIP system.[1]

Expanding the installation of rooftop solar power plants is considered important under the FIP system from the perspective of overcoming location constraints, coexisting with the local community, and improving resilience. Application of a separate FIP standard price for the rooftop installation category came into effect in the second half of fiscal 2023.

The two companies will aim to continuously develop and utilize renewable energy sources, with a goal of 5,000 kW or more per year.

Power producers with ownership of power plants using the FIP system are required to not only conduct such tasks as imbalance[2] management and the sale and purchase of electricity and environmental value in the market but also deal with the risk of profit fluctuations associated with these tasks.

Osaka Gas has extensive know-how in the renewable energy business, developed through experience ranging from a project, which started in 2020, involving the purchase of electricity from newly built non-FIT solar power plants and utilization of such electricity in the retail business to power generation projections using its proprietary weather forecasting technology.[3] Utilizing its know-how, the company is working to reduce the operational burden of power generation companies and the risk of profit fluctuations. Under the Agreement, Osaka Gas will manage imbalances, trade electricity and environmental value, and strive to solve issues for customers and society to become carbon neutral by supplying renewable energy to corporate customers committed to promoting decarbonization.

The Agreement will enable Prologis to sell electricity at a fixed unit price over the long term through a negotiated transaction and enhance the predictability of profits from investment in renewable energy source development, thereby further expanding its business in solar power generation by deploying the roofs of its logistics facilities. Meanwhile, continuous purchase of renewable electricity from Prologis will lead to further expansion of Osaka Gas's renewable energy business. The initiatives of both companies will contribute to the spread of renewable

energy that coexists with the local community.

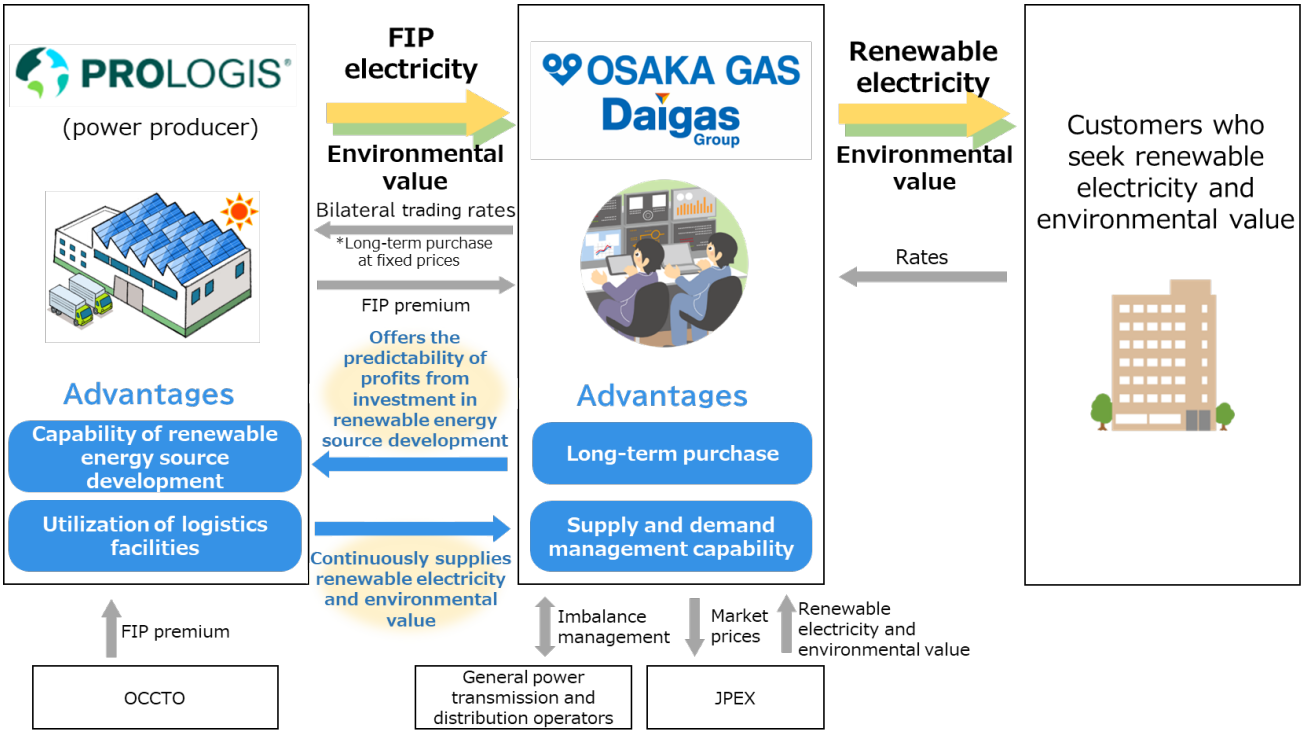
In order to achieve carbon neutrality by 2050, the Daigas Group aims to contribute to the spread of renewable energy power generation worth 5,000 MW[4] both within Japan and abroad, including in-house development and ownership and procurement from other companies, by FY2030. The company will continue to steadily promote initiatives related to the Agreement, considering them activities conducive to the spread and expansion of renewable energy power sources.

Prologis aims to achieve net zero greenhouse gas emissions across its entire value chain (Scope 1, 2, and 3) by 2040 and is implementing various measures to reduce its greenhouse gas emissions. In addition to reducing costs in its business operations, Prologis is also promoting the Prologis Green Solution to help its tenants green their electricity use and reduce their environmental impact.

By combining Prologis's expertise and renewable energy development capabilities, which it has developed as a pioneer in the development of advanced logistics facilities, with Osaka Gas's stable power business foundation and know-how, the two companies will work on measures that will help reduce the environmental impact of logistics facilities and other facilities and will work to realize a decarbonized society through continued development and supply of renewable energy.

1: Abbreviation for the feed-in premium system, in which the difference between the standard price (FIP price) and the market price is paid as a premium when electricity generated by a renewable energy generation company is sold in the wholesale power trading market or through a negotiated transaction
2: Imbalance refers to the difference between the projected output and the actual output. Under the FIP system, power producers are required to pay imbalance charges to general power transmission and distribution operators according to the difference between the pre-submitted, projected output and the actual output, as in the case of non-FIT power plants.
3: This technology enables detailed forecasting that takes topographical effects into consideration by dividing the forecast area into small high-resolution meshes and performing data analysis. Machine learning based on observation data is combined for even higher accuracy.
4: Including projects under construction or for which decisions have already been made, and power supply applicable to the FIT system

1. Business model based on FIP procurement



2. Prologis Park Tsukuba 2, where solar power generation equipment will be installed

(Tsukuba City, Ibaraki Prefecture/Installed capacity: approx. 3,500 kW)