

Power selling agency service for renewable energy power to the JEPX market

1. Aggregation business proposal

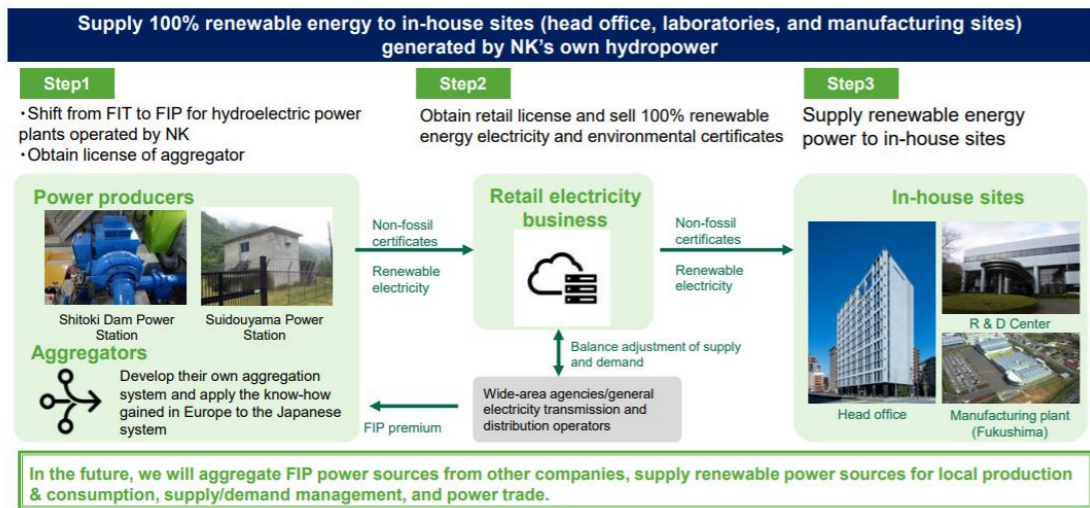
FIT (Feed-in Tariff), which was fundamentally reviewed by national policy, was abolished except for some renewable energy power sources, and FIP (Feed-in Premium) was newly enforced in April 2022. Power generated by renewable energy is traded and sold by power generators to the wholesale electricity market (JEPX). At the same time, an aggregator system (specified wholesale supply business under the Electricity Business Act) was established to manage multiple power plants and conduct market transactions.

We, Koei Energy Co., Ltd ("KE"), are certified as an aggregator servicing the FIP renewable energy introduction business. In addition, we will provide one-stop services from the development of renewable energy power sources to the sales of electricity on the JEPX market, based on the hydropower generation technology that we have cultivated since our founding 75 years.

2. Our Initiatives NKRE100 Demonstration Project Start July 2023

In July 2023, we will start a demonstration project to convert the Suidoyama Hydroelectric Power Station and Shitoki Dam Power Station owned by our company into FIP and retail our own renewable energy power to NK bases through the electricity wholesale market (JEPX). Aim for RE100.

[Case Study] Energy Business: Building a Foundation for Power Generation and Energy Management Business



NIPPON KOEI 23

Source) Nippon Koei Co., Ltd. Presentation of Financial Results for FYE June 30, 2022

3. Nippon Koei Group's one-stop service

- (1) Service contents
 - ① Power plant renewal plan, business feasibility evaluation, finance plan, etc.
 - ② Design, construction, maintenance, and operation of power plants
 - ③ Financing, investment, purchase of power plants, etc. associated with the business.
 - ④ **Applications and procedures for permits and licenses (Electricity Business Law, FIP certification, grid interconnection discussions, etc.)**
 - ⑤ **Power generation forecasting system provision**
 - ⑥ **JEPX market transaction (power sales)**
 - ⑦ **Drafting contracts for this project and various procedures related to the return of profits.**

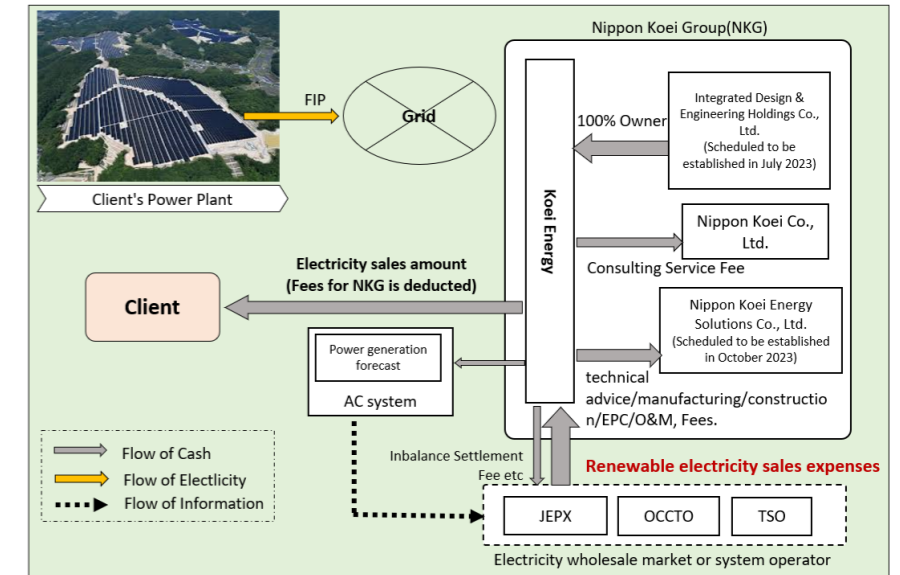
4. Business summary

(1) Power plant suitable for this project

- ① Maximum output
 - Solar: 5 MW or more, Wind 2 MW or more
 - Hydraulic power: 400~500kW or more, others
- ② Power plants to be newly developed, power plants to be sold, etc.
- ③ A power plant in the renewal phase (several decades have passed since the initial development)

(2) Business scheme (example)

- ① The customer and KE enter into an aggregation contract, and KE sells the renewable energy generated by the customer's power plant to the JEPX market.
- ② KE Provides power generation forecasting and systems necessary for our market transactions.
- ③ KE allocates to the customer the power sales amount after deducting business expenses (transmission fees, etc.) and KE's fees



(3) Image of business model (example)

① Income from Client's Power Plant					
Name of the Plant	MW	MWh/Year	FIP unit price (JPY/kWh, Estimate)	Sales in the Elec Market	
				(kJPY/Year)	(kJPY/20years)
○OPV Power Plant	20	23,000	10.0	230,000	4,600,000
Remarks) FIP unit price is determined by bidding. Hypothetical assumption is shown here.					
② Koei Energy Fee		0.6 JPY/kWh	※ Varies by project		
		13,800 kJPY/Year			
③ Net Income for Client		216,200 kJPY/Year			
		4,324,000 kJPY/20 Years			

(4) What you need to prepare

- ① Information on existing hydroelectric power plants
- ② Support for applications and procedures for permits and licenses
- ③ Information such as requests and issues associated with business implementation

5. Customer benefits

- ① Contribute to society by introducing renewable energy (carbon neutral), and contribute to governmental policies by promoting FIP system provision to market power sales
- ② Early start of market trading business (our demonstration business will start in July 2023)
- ③ Outsourcing a wide range of processes from system provision to market power sales
- ④ Operation after FIT expires ^{*1}, etc.

*1: FIP is not able to apply to post-FIT, so KE will be a market power selling agency excluding FIP-related work .

6. Advantages of our group

- ① Social Contribution by Introducing Renewable Energy (Carbon Neutral), Contribution to National Policy by Promoting FIP
- ② Expanding renewable energy resources and expanding business as an aggregator Expanding track record of JEPX market transactions

