

November 8, 2023

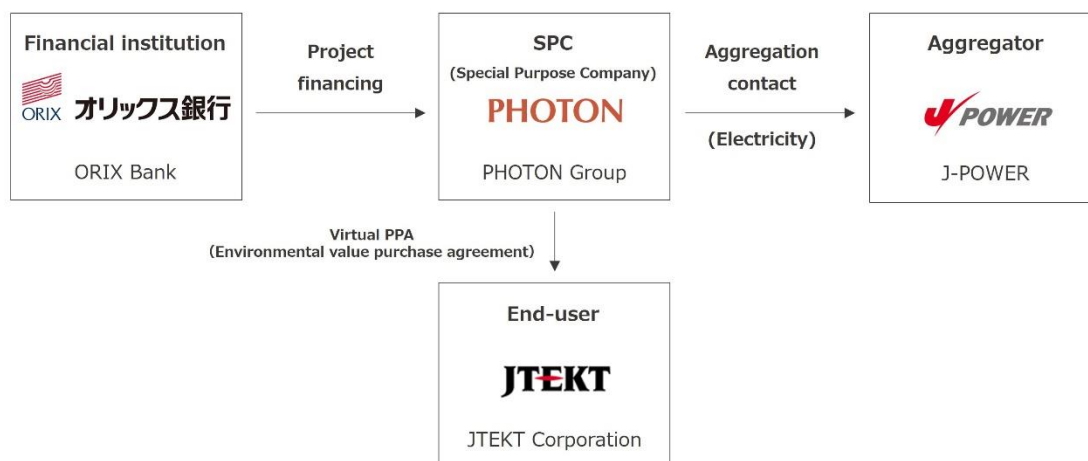
Electric Power Development Co., Ltd.
PHOTON CAPITAL LLC
ORIX Bank Corporation

Aggregation Service Contract Signed for Virtual Power Purchase Agreement for PV Solar Power Plants

Electric Power Development Co., Ltd. (J-POWER, headquartered in Chuo-ku, Tokyo; President: Hitoshi Kanno) has signed an aggregation service contract (“the Contract”) for electricity from solar power generation with the PHOTON Sustainable PV Investment Limited Partnership (LPS)¹ through an investment special purpose company which PHOTON CAPITAL LLC (headquartered in Shibuya-ku, Tokyo; Managing Partner: Yuko Mizuno, collectively, “PHOTON”) manages. This project, developed and structured primarily by the PHOTON Group, is for a long-term virtual power purchase agreement (PPA²) and an aggregation contract over 20 years. This commitment has enabled nonrecourse project financing with ORIX Bank Corporation (ORIX Bank, headquartered in Minato-ku, Tokyo; President: Yuichi Nishigori).

The Contract is for the virtual PPA that PHOTON and JTEKT Corporation announced in a joint press release on November 2, 2023. Under the Contract, PHOTON will develop six new high-voltage PV power plants (totaling 11.9 MW dc) on idle land in the Chubu and Shikoku regions. J-POWER will provide management of the generated electricity including generation forecasting, balancing the planned and actual generation volumes, power trading, etc., (collectively called the “renewable energy aggregation”).

Agreement overview



For over 60 years, J-POWER has developed and operated a range of renewable energy power plants including those based on hydropower, wind, geothermal, and biomass. J-POWER has the second-largest share in Japan for both hydropower and wind power output. As the feed-in tariff (FIT) system in Japan transitions to a feed-in premium (FIP) system, there is a need to align the planned and actual power generation volumes in non-FIT renewable energy development projects. This will make renewable energy aggregation indispensable for renewable energy development. J-POWER—using extensive experience in developing and operating renewable energy plants and a diverse power source portfolio—will drive renewable energy aggregation and contribute to the growth of renewable energy through collaborations with an array of corporations.

PHOTON has developed and invested in new non-FIT power generation projects with the goal of enabling various PPA programs. Intending to further expand the growth of renewable energy requires promoting new mechanisms, such as virtual PPAs and the sophisticated aggregation services that effectively leverage them, alongside advanced financial services to provide quality financing. PHOTON will continue structuring bankable programs and projects with partners to contribute to the spread of renewable energy.

ORIX Bank is transforming their business model to focus on sustainability in order to contribute to forming a sustainable society. ORIX Bank has promoted project financing for PV power plants in the past and will support advanced initiatives such as virtual PPAs that expand the renewable market, helping to resolve social issues such as climate change through financing.

Notes:

1. PHOTON Sustainable PV Investment Limited Partnership, established in September 2021. Japan Petroleum Exploration Co., Ltd. (JAPEX), JA Mitsui Leasing, Ltd. (JAML), and Chuo-Nittochi Co., Ltd. (Chuo-Nittochi) are the limited partners.
2. A power purchase agreement (PPA) is a contract for the direct purchase/sale of power between a power producer and a customer. A virtual PPA covers only the environmental value from a renewable energy plant built outside the customer's site, proportional to the amount of power generated aside from actual power. This allows customers to procure non-FIT non-fossil certificates without changing their power supplier.

J-POWER: Corporate profile

Name	Electric Power Development Co., Ltd.
Address	6-15-1, Ginza, Chuo-ku, Tokyo, Japan
Representative	Hitoshi Kanno
Capital	180.5 billion
Business categories	Electric Utility

PHOTON CAPITAL LLC: Corporate profile

Name	PHOTON CAPITAL LLC
Address	13F, Shibuya Cross Tower, 2-15-1, Shibuya, Shibuya-ku, Tokyo, Japan
Representative	Yuko Mizuno
Capital	10.2 million
Business categories	Development of renewable energy power generation projects and fund management

ORIX Bank: Corporate profile

Name	ORIX Bank Corporation
Address	ORIX Inui Building, 3-22-8, Shiba, Minato-ku, Tokyo, Japan
Representative	Yuichi Nishigori
Capital	45 billion
Business categories	Banking