

Investment in Woody Biomass Gasification and Power Generation Project

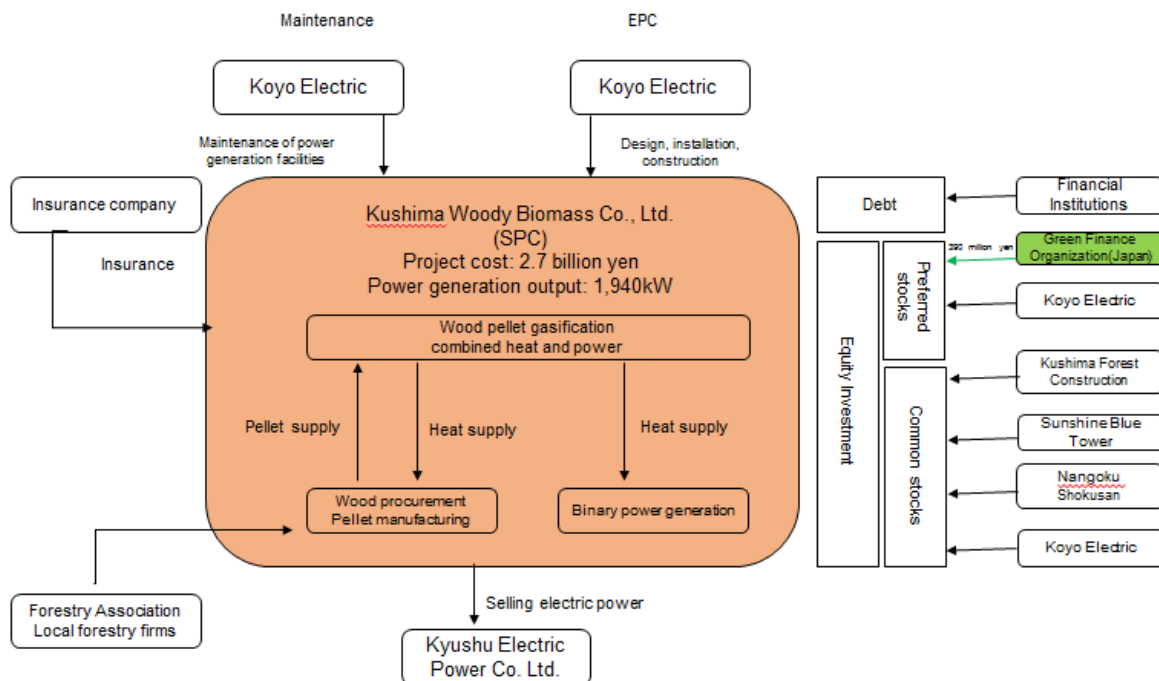
Kushima-city, Miyazaki Prefecture

The Green Finance Organisation (Japan) (CEO: Takejiro Sueyoshi; hereafter “GFO”) is pleased to announce its decision to invest 390 million yen in woody biomass gasification and power generation project developed by Koyo Electric Co., Ltd.(Location: Kobe City, Hyogo Prefecture; CEO: Masahiro Inui). This is the collaboration between Koyo Electric Co., Ltd. and local businesses in Kushima-city, Miyazaki Prefecture for small-scale combined heat and power (< 2,000 kW power generation), making practical use of unused biomass resources, principally thinned woods, left in the forest areas.

Compared to large-scale woody biomass power generation systems (5,000kW and above), commercialization of such a small-scale woody biomass generation business has been limited in Japan, due to small economy of scale. For this project, the residual heat from the power generation and also the heat created during timber production processing are used for 1) binary power generation and 2) drying process as part of the wood pellet production (Wood pellets are used as fuel for the power generation).In addition, woody biomass gasification process is expected to contribute to efficient and stable business operation.

GFO’s decision to invest was based on the following considerations: the participation of GFO will encourage other financial institutions to provide financing for this project; the project will help promote business creation of similar small-scale woody biomass power generation in Japan; and it is expected to bring about regional revitalization through construction work in collaboration with local businesses and the creation of new jobs.

1. Scheme Overview



(Description)

(1) GFO will invest 390 million yen in this project; Koyo Electric Co., Ltd., Nangoku Corporation, Sunshine Blue Tower Company, and Kushima Forest Construction Company will invest 409 million yen in total. (In addition, 1.9 billion yen financing is expected via syndicated loan, with local financial institutions to be invited to participate.)

(2) Utilizing the above funds, Koyo Electric Co., Ltd will build the power generation facility with regional companies. After the start of the operation, Kushima Woody Biomass Co., Ltd. will take a responsibility for the management and operation of the facilities.

2. Anticipated value from this investment

The following points are key for GFO in reaching its decision to invest.

- 1) The involvement of GFO encourages financial institutions to participate in it and subsequently facilitates the commercialization of this project. In addition, commercialization of this project will help promote the wider business deployment of similar small-scale woody biomass power generation.
- 2) It is expected that this project brings about regional revitalization through construction work in collaboration with local businesses and the creation of new jobs.
- 3) The project will contribute to reducing carbon dioxide emissions (7,478t CO₂ emission reduction per year through this project is expected)

Translated by Green Bank Network from the news release of

Green Finance Organisation (Japan)

Homepage: <http://greenfinance.jp/index.html> (Only Japanese)