

Shizen Energy Starts Construction of First Solar Power Plant in Brazil

~Net Metering Business Model~

On February 26, 2019, Shizen Energia do Brasil Ltda (Location: Brazil/hereinafter Shizen Brazil), the local joint venture of Japanese Shizen Energy Inc. (Headquarters: Arato, Chuo-Ku, Fukuoka-Shi, Fukuoka/Representative Directors: Ken Isono, Kenji Kawado, Masaya Hasegawa, hereinafter Shizen Energy) and MS Consultoria e Suporte (Headquarters: Feira de Santana, Brazil/represented by Bruno Suzart), and Espaço Y (Headquarters: Brasilia, Brazil/Representative Directors: Daltro Noronha, Flávio Barros, hereinafter Espaço Y), a Real Estate development company in Brazil, have officially announced the beginning of the construction, of a 1.1 MW solar power plant in Brasilia, Brazil. While the construction of the plant began on January 29, 2019, a public event was organized in commemoration of the construction on February 26, publicizing the official announcement.

Brazil is among the top 10 consumers of electricity in the world, boasting a positive demand growth profile for the next years. Renewable energy makes up as much as 80.3% of the power generation installed capacity, with hydro power being the main source. However, other technologies such as wind and solar have developed quick due to strong political support since 2012.

In particular, the solar energy market has become increasingly attractive to investors considering aspects, such as the availability of quality resources, cheap land, falling system costs, and a creative remote net-metering policy, that help to drive the development of solar power in Brazil. While the last few years have seen some advancement in capacity augmentations, some mid-term projections forecast a larger-than-fortyfold growth in the coming 10 years, to a whopping 47 GW installed.

Aiming to leverage the long-term growth expectation, Shizen Energy decided to bet on the market, establishing its operations through a subsidiary, Shizen Brazil, in 2018. Following its establishment, Shizen Brazil announced its partnership with Espaço Y. The partnership renders its first fruits, with both companies announcing the successful development of a ground-mount 1.1MW pilot project in Brasilia, with an expected COD later this semester.



Off-takers of the 1.1MW project will be registered on a government sponsored remote net-metering system, benefiting from discounted rates whilst promoting cleaner power generation. The regulation allows the facility to be installed and operated remotely, while the net-metering system offsets the off-takers' electricity consumption against the power plant's generation. Any extra power the solar PV plant produces is registered as credits that can be used to offset yet more power usage from the off-takers.

“The global expansion is one of the steps towards our commitment of ‘Changing the World with Energy.’ Developing green power assets is our way to create power for the future, and more importantly, to impact the way people and organizations use energy”, said Ken Isono, Shizen Energy's co-founder.

[Project Outline]

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|---------------------------------|--|
| Facility | 1.1 MW(DC) |
| Location of PV Power Plant | Brasilia, Distrito Federal, Brazil FAZ SOL UFV 01 |
| PV power plant owner | Espaço Y and Shizen Brazil |
| Start of construction | 29 th January, 2019 |
| COD (Commercial Operation Date) | 20 th May, 2019 |

[About Espaço Y]

Founded 25 years ago, Espaço Y operates multiple businesses, including Real Estate development, construction, call center, and others. Espaço Y is a local reference in the construction, property, and telco industries. The company joined the renewable energy segment in 2018 after announcing a partnership with Japanese Shizen Brazil. Espaço Y's stalwart is to develop great places to live, and to do so with a commitment to social responsibility and sustainable development.

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- URL: <https://espacoy.com.br/>
- Business: Property, Real Estate, Call Center.

[About Shizen Energy Inc.]

Founded in June 2011 with the mission of “Changing the World with Energy”, Shizen Energy



has contributed to the development of approximately 1 gigawatt (as of the end of January 2019) worth of renewable energy across Japan. It is engaged in all services required for the installation and operation of solar, wind, small hydroelectric, and other renewable energy power plants, such as development, EPC (engineering, procurement, construction), O&M (operation and maintenance), and asset management. The company entered the electricity retail market in 2017, and along with supplying electricity to individuals and businesses, Shizen also provides support for initiatives towards environmentally friendly energy usage and generation undertaken by third party companies and organizations.

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- Representative Directors: Ken Isono, Kenji Kawado, Masaya Hasegawa
- Tel: +81 92-753-9834
- URL: <http://www.shizenenergy.net/en/>
- Business: Electricity generation (IPP) with solar, wind power, small hydroelectric and other renewable energy power plants, business development, funding procurement, asset management, electricity retail for individuals and businesses

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