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Fuyo to Participate in Large-Scale Grid Storage Battery Business to be Implemented by Nippon Koei in the UK

~The first large-scale grid storage battery business to be implemented with investment and financing by Japanese companies~

Fuyo General Lease Co., Ltd. (Headquarters: Chiyoda-ku, Tokyo; President & CEO: Yasunori Tsujita; hereinafter, Fuyo Lease) is pleased to announce its participation in a large-scale grid storage battery project in the U.K., equivalent to approximately 100 megawatts (MW) (hereinafter: "the Project"), which will be led by Nippon Koei Energy Europe B.V. (Headquarters: Rotterdam, the Netherlands; CEO: Masato Suzuki; hereinafter: NKEE), a wholly owned subsidiary of Japan's largest general construction consultancy Nippon Koei Co., Ltd (Headquarters: Chiyoda-ku, Tokyo, President: Hiroaki Shinya; hereinafter: Nippon Koei).

In the U.K. the need to stabilize the power grid is increasing with the spread of renewable energy, and the introduction and use of large-scale storage batteries for the grid is being promoted in order for grid operators to procure adjustment power*1 such as frequency and adjustment in supply and demand from the market. The project will contribute to the stabilization of the power system by connecting to the power transmission and distribution systems operated by National Grid, a major power transmission company in the UK, and providing power system stabilization services (ancillary services*2) to the grid operator. YUSO B.V. (Headquarters: Waregem, Belgium; Managing Director: Bart Pycke; hereinafter "YUSO") will be in charge of the access to the electricity market as an aggregator*3. Construction will start in December 2021, and commercial operation is expected to start around spring 2023. Fuyo Lease, Tess Engineering Co., Ltd (Headquarters: Yodogawa-ku, Osaka; President & CEO: Toshihiro Takasaki), Tokyo Century Corporation (Headquarters: Chiyoda-ku, Tokyo; President & CEO: Makoto Nogami) and Toshiba Mitsubishi Electric Industrial Systems Corporation (Headquarters: Chuo-ku, Tokyo; President: Masahiko Yamawaki) will participate in this project as joint venture partners, making it the first large-scale battery storage project for the grid in the UK to be funded and financed by Japanese companies.

In addition to investing in this project, Fuyo Lease will arrange project finance using the operating revenue from the large-scale storage battery business for the grid as the source of repayment, and will provide financing as a senior lender. This will be Fuyo Lease's first large-scale storage battery project.

The Fuyo Lease Group has positioned “Energy and the environment” and “Overseas” as strategic areas in its Frontier Expansion 2021 medium-term management plan and in order to achieve decarbonization, we are working on renewable energy power generation projects not only in Japan, but also in the United States, Taiwan and other countries. With a wealth of experience, Nippon Koei will lead the project and with the knowledge gained through the participation in this project we will work to expand our business domain in anticipation of the supply and demand adjustment market *4 that is gradually expanding in Japan, and in cooperation with our alliance partners.

The Fuyo Lease Group will contribute to the creation of a sustainable society by practicing the concept of Creating Shared Value (CSV), which calls for active involvement in solving social issues while seeking to grow as a company.

<Project Summary>

Business Description	Large-scale battery storage business for grid in the UK
EPC*5 Provider	NKEE
O&M*6 Provider	NKEE
Aggregator	YUSO B. V.
Project Schedule	December 2021 Construction start Spring 2023 Operation begins (Expected)
Project Location	Tollgate and Cuxton in the southeast of England (Storage battery scale: 49.5MW x 2)

(* 1) Adjustment Power/In order to prevent power outages and disruptions to facilities and equipment, the supply and demand of electricity must always be matched, and this refers to the power required to match supply and demand at power plants and other facilities in response to changes in demand.

(* 2) Ancillary Service/A function that maintains a high-quality, stable supply of electricity by unifying the power supply, transmission, and distribution networks and instantly maintaining the balance between supply and demand.

(* 3) Aggregator/A business entity that provides services that contribute to maintaining the balance between supply and demand for electricity by supplying frequencies to transmission and distribution companies and other power necessary to maintain the balance between supply and demand for electricity.

(* 4) Supply and demand adjustment market/A system that began in April 2021 to trade the electricity (adjustment power) needed to adjust the supply and demand of electricity at power plants in a unified nationwide market.

(* 5) EPC/Engineering, Procurement, Construction

(* 6) O&M/Operation & maintenance



At the project launch ceremony

Japanese investor companies (from left Toshiba Mitsubishi Electric Industrial Systems Corporation, Fuyo General Lease Co., Ltd., Nippon Koei Co., Ltd., TESS Engineering Co., Ltd. and Tokyo Century Corporation)

Contact of inquiries

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