

Tottori Citizen Electricity Co., Ltd.

Itochu Enex Co., Ltd.

Itochu Enex Announces Electric Power Business Alliance

Tottori Citizen Electricity Co., Ltd. (headquartered in Tottori-shi, Tottori Prefecture; Taiichi Kojima, President and CEO; “Tottori Citizen Electricity” hereinafter) and Itochu Enex Co., Ltd. (headquartered in Minato-ku, Tokyo; Kenji Okada, Representative Director and President; “Itochu Enex” hereinafter) have announced an agreement between the two companies concerning an electric power business alliance.

1. Business Alliance Background and Overview

Tottori Citizen Electricity is a PPS (Power Producer and Supplier) recently established by Tottori Gas Co., Ltd. (headquartered in Tottori-shi, Tottori Prefecture; Taiichi Kojima, President and CEO; “Tottori Gas” hereinafter) and Tottori City and managed primarily by Tottori Gas.

In fiscal 2013 and 2014, working through cooperation among industry, government, academia and financial institutions, Tottori City took part in the Distributed Energy Infrastructure Project organized by the Ministry of Internal Affairs and Communications to promote positive cycles in local economies. This effort involved research and planning on establishing local energy companies, developing energy sources, and other related initiatives, eventually leading to the establishment of Tottori Citizen Electricity. Ahead of the full deregulation of retail power, Tottori Citizen Electricity is striving to boost local economies through local energy production and consumption.

Having positioned Tottori Citizen Electricity as a core provider in the retail power business, the Tottori Gas Group is currently planning to undertake the steady development of retail power businesses for customers of Group members Tottori Gas and Tottori Gas Sangyo Co., Ltd. (headquartered in Tottori-shi, Tottori Prefecture; Taiichi Kojima, President and CEO).

At the same time, Itochu Enex will provide the integrated functions and expertise established to date in the areas of power generation, supply and demand, and sales, as well as a new system for accommodating the amended Electricity Business Act, thereby handling the support functions needed to achieve stable power supply-and-demand management and power supply.

Itochu Enex is also moving forward to form a balancing group^{*1} as a part of its business strategy and plans to expand the provision of equivalent retail power business support services to local government bodies and private sector companies in different industries.

Under current plans, NTT DATA Corporation will serve as system partner to provide the system functions needed for the retail power business operations in connection with the abovementioned system.

Through this business alliance and drawing on their respective strengths, Tottori Citizen Electricity and Itochu Enex will promote local community development and help establish a safe and secure community.

2. Main Roles of the Companies

Tottori Citizen Electricity: Power source development, power source procurement, sales, marketing, customer service (reception, requests), etc.

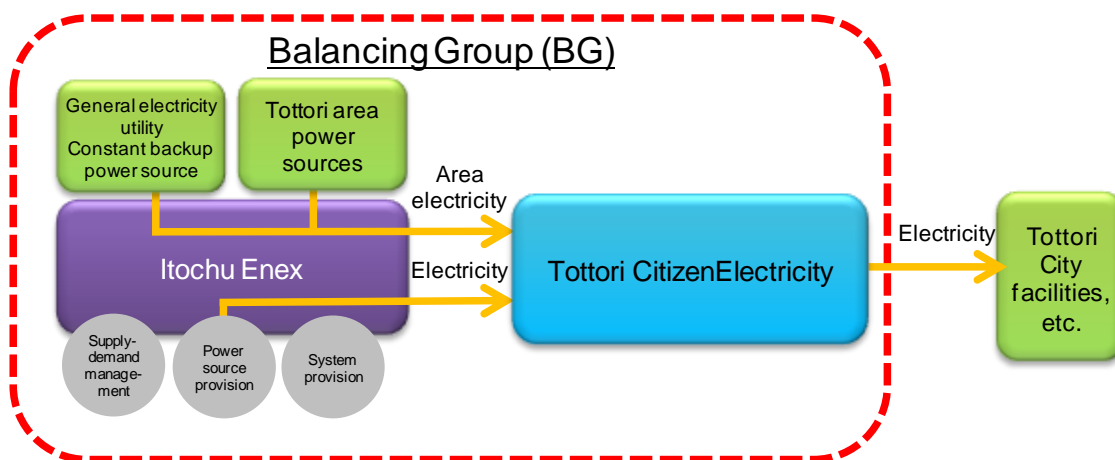
Itochu Enex: Power source development, power source procurement, power supply-and-demand management, system provision, etc.

3. Main Customers of Tottori Citizen Electricity

Tottori City public facilities, etc. (with plans to steadily expand beyond public facilities)

- *1 Balancing group: A system whereby the representative of a group established by multiple retail power providers (in this case, Itochu Enex) mitigates imbalance risks in a balancing system^{*2} by coordinating the power demand and supply balance of the entire group.
- *2 Balancing system: A rule that calls for implementing balancing measures at 30 minute intervals to ensure that power supply constantly matches demand. If a supply-demand gap occurs at 30 minute intervals, a penalty called an imbalance charge must be paid to the general electricity utility.

[Business Scheme Diagram]



<Reference Information> Company Overviews

[Tottori Citizen Electricity Co., Ltd.]

- (1) Head office: 6 Gotanda-cho, Tottori-shi, Tottori
- (2) Representative: Taiichi Kojima, President and CEO
- (3) Established: August 2015
- (4) Main businesses: Power generation and business related to power trading, etc.

[Tottori Gas Co., Ltd.]

- (1) Head office: 6 Gotanda-cho, Tottori-shi, Tottori
- (2) Representative: Taiichi Kojima, President and CEO
- (3) Established: July 1918
- (4) Main businesses: Gas business, sales of gas equipment, city gas fitting works, community gas utility business, etc.

[Tottori Gas Sangyo Co., Ltd.]

- (1) Head office: 6 Gotanda-cho, Tottori-shi, Tottori
- (2) Representative: Taiichi Kojima, President and CEO
- (3) Established: September 1941
- (4) Main businesses: Sales of LP gas, high-pressure gas and petroleum products, consulting services, etc.

[Itochu Enex Co., Ltd.]

- (1) Head office: 2-10-1, Toranomom, Minato-ku, Tokyo
- (2) Representative: Kenji Okada, Representative Director and President
- (3) Established: January 1961
- (4) Main businesses: Sales of petroleum products and LP gas, generation and sales of electric power, support services for retail power providers
- (5) Paid-in capital: ¥19,877 million
- (6) Sales: ¥1,373,393 million (consolidated, as of March 2015)
- (7) Number of employees: 6,034 (consolidated, as of March 31, 2015)

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