



October 29, 2018

Press Release

Idemitsu Kosan Co.,Ltd.

## Biomass Power Generation Project Planned for Former Refinery Site of Tokuyama Complex

**Idemitsu Kosan Co.,Ltd (Head Office: Chiyoda-ku, Tokyo; Representative Director and CEO: Shunichi Kito; hereinafter, the “Company”) has begun study of commercialization of a biomass power plant at its Tokuyama Complex (location: Shunan City, Yamaguchi; Manager: Mitsuhide Hachiyama).**

The Tokuyama Complex began operating in 1957 as the Company’s first refinery. In March 2014, it discontinued its oil refining function after 57 years in accordance with the Act on Sophisticated Methods of Energy Supply Structures. Today, it helps increase the Company’s competitive strengths as a main facility in the chemicals business.

This project is planned to transform the Tokuyama Complex into a new base of activities for non-fossil energy, intended to contribute to new methods of preventing global warming by using the former refinery site and existing infrastructure in the nearby community.

Since this project will involve large-scale power output of 50,000 kW, for a period after commencement of commercial operations it will use as fuel the renewable energy sources of imported wood pellets and palm kernel shells (PKS). Plans call for shifting over the medium to long term to use of a certain volume of domestically sourced materials such as timber from forest-thinning activities and lumber remnants. Through these efforts, it will aim to build and further develop sustainable forestry, forest revitalization, regional revitalization, and a recycling-based economy, all grounded in consideration for environmental protection.

In light of changes in energy-market conditions, the Company will continue promoting the renewable energy business in order to contribute to Japan’s energy security, through diversification and establishment of the best mix of energy sources.

### Power plant overview

1. Location: 2200 Shingu-cho, Shunan-shi, Yamaguchi (on site of the Company’s Tokuyama Complex)
2. Power generation output: 50,000 kilowatts
3. Annual power generation: 360 million kWh (enough to power about 100,000 households)
4. Fuel consumption: approximately 230,000 tons/year
5. Fuels used: imported wood pellets, palm kernel shells (PKS)\*
6. CO2 reductions: approximately 230,000-300,000 tons/year
7. Line of business: biomass power generation (using feed-in-tariff program for renewable energy)
8. Start of commercial operation: during FY2022 (target)

\*An agricultural waste generated in the process of palm-oil production.

[Reference]

The Company's existing biomass power generation business

| Company                     | Location          | Power output | Commercial operation began | Fuel used                             | Ownership   |
|-----------------------------|-------------------|--------------|----------------------------|---------------------------------------|---|
| Tosa Green Power Co., Ltd.  | Kochi City, Kochi | 6,250 kW     | April 2015                 | Unused materials                      | Idemitsu Kosan: 50%<br>Tosaden Traffic Co., Ltd: 25%<br>Kochiken Shinrinkumiai Rengokai: 25%                          |
| Fukui Green Power Co., Ltd. | Ono City, Fukui   | 7,270 kW     | April 2016                 | Unused materials<br>General materials | Kobelco Eco-Solutions Co., Ltd.: 70%<br>Idemitsu Kosan: 10%<br>Kuzuryu Forestry Cooperative: 10%<br>Newchip-Unso: 10% |

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