

Aiming to promote the utilization of forest resources  
and the creation of environmentally friendly energy

## **Equity Participation in Biomass Power Generation Business in Hachinohe City, Aomori Prefecture**

Sumitomo Forestry Co., Ltd. announced the joint establishment of Hachinohe Biomass Power Generation Co. Ltd., in cooperation with Sumitomo Osaka Cement Co., Ltd. (President: Fukuichi Sekine; Head Office: Chiyoda-ku, Tokyo), and East Japan Railway Company (President and CEO: Tetsuro Tomita; Head Office: Shibuya-ku, Tokyo). The new company will produce electric power in Hachinohe City, Aomori Prefecture from unused wood materials and thinnings.

The company will be located on industrial land close to Hachinohe port, involving the construction of a 12 MW biomass power plant, operating a power generation business taking advantage of the feed-in tariff scheme for renewable energy.<sup>1</sup> The wood-chips which will be used as fuel will mostly originate from thinnings and offcuts from the Sanpachi-Kamikita-Shimokita region along with thinnings from nearby railway forests gathered with the cooperation of other local parties together with a portion of palm husks.

It is anticipated that this business will lead to the creation of environmentally friendly energy and help encourage the maintenance of the local forest environment, thereby making a significant contribution to the region through the advancement of forestry and job creation.

The Sumitomo Forestry Group launched the first biomass power generation business in Indonesia in May 2008. In Japan, the Group began operation of a 33 MW urban-sourced wood biomass power plant that uses mainly construction waste materials for fuel (Kawasaki Biomass Electric Power Corporation<sup>2</sup>) in Kawasaki City, Kanagawa Prefecture in February 2011. Furthermore, the Group has commenced work on construction of a 50 MW forest-sourced wood biomass power plant in Mombetsu City, Hokkaido (Mombetsu Biomass Power Generation Co., Ltd.<sup>3</sup>), that will use unused wood materials and thinnings for fuel, with operation planned to commence in December 2016. In May 2015, the Group will commence construction of a 5.8 MW biomass power plant in Tomakomai City, Hokkaido (Tomakomai Biomass Power Generation Co., Ltd.<sup>4</sup>), that will be 100% fueled using unused wood materials from forest regions with the aim to commence operation in December 2016. The participation in the project in Hachinohe City announced at this time will be the fourth power generation business in Japan for the Group.

The Sumitomo Forestry Group is leveraging the experience gained thus far in the wood biomass power generation business in its involvement in power generation operations both large and small to deploy an environmentally friendly energy business suited to local conditions and other requirements. Moving forward, the Group intends to further enhance the added value of forest resources while contributing to the stable provision of energy, with consideration for the environment.

<sup>1</sup> Under this system, electric power companies are required to purchase electricity generated using renewable energy (solar, wind, hydro, geothermal, biomass) at a fixed price.

<sup>2</sup> A joint-operating company created through an investment ratio of Sumitomo Joint Electric Power Co., Ltd. 53%, Sumitomo Forestry Co., Ltd. 34% and Fuluhashi EPO Corporation 13%.

<sup>3</sup> A joint-operating company created through an investment ratio of Sumitomo Forestry Co., Ltd. 51% and Sumitomo Joint Electric Power Co., Ltd. 49%.

<sup>4</sup> A joint-operating company created through an investment ratio of Mitsui & Co. Ltd. 40%, Iwakura Corporation 20%, Sumitomo Forestry Co., Ltd. 20% and Hokkaido Gas Co., Ltd. 20%.

## ■ Overview of new business

Name	Hachinohe Biomass Power Generation Co. Ltd.
Location	Chiyoda-ku, Tokyo (to be transferred to Hachinohe City, Aomori Prefecture upon the commencement of construction)
Capital	300 million yen
Equity stake	Sumitomo Forestry: 52% Sumitomo Osaka Cement: 30% JR East: 18%
Business activities	Electric power supply through biomass power generation
Fuel used	Unused wood materials, offcuts, thinnings from nearby railway forests and palm husks etc. (approximately 130,000 tons annually)
Main facilities	Fluidized bed boilers, steam turbine generators
Generation capacity	Generating-end output: Approx. 12.0 MW (Sending-end output: 10.5 MW)
Annual output	Approx. 85,000 MWh (sufficient to meet the annual electric power requirements of approx. 17,000 average homes)
Construction schedule	Commencement: June 2015 Completion: October 2017 Start of operations: December 2017
Date of establishment	October 28, 2014
Date of agreement of the three parties <sup>5</sup> (planned)	January 16, 2015

<sup>5</sup> Hachinohe Biomass Power Generation Co. Ltd. (Hachinohe City, Aomori Prefecture)