

Shizen Connect Forms Capital and Business Alliance with Osaka Gas and Additional Company in 2nd Close of Pre-Series A Financing

Shizen Connect Inc. (Shizen Connect), a VPP^{*1} platform developer that expanded its capital and business alliance with eight companies as announced on July 9, 2024^{*2}, has entered into a capital and business alliance agreement with Osaka Gas Co., Ltd. (Osaka Gas) and another corporation (company name undisclosed). As a result of this alliance, Shizen Connect's capital and business alliance partners total 10 companies, and the total funds raised, including procurement from partners and loans from its group company Shizen Energy Inc. now total 1.46 billion yen.



To achieve the government's goal of "carbon neutrality by 2050," the expansion of renewable energy generation facilities is being accelerated. However, since the output of renewable energy generation facilities can vary greatly due to weather conditions, it is necessary to have a system that balances electricity supply and demand to effectively utilize renewable energy. As a means to achieve this, attention is increasingly focused on VPPs. The domestic market size for VPPs is rapidly growing and is forecasted to reach 73 billion yen by 2030^{*3}.

In response to this market background, Shizen Connect, as a technology company that develops and operates VPP platforms and provides commercial services in the field of low-voltage energy equipment such as residential storage batteries and EVs, as well as

industrial storage batteries and grid storage batteries, has also been selected to provide the remote control and monitoring system for grid storage batteries for Osaka Gas^{*4}.

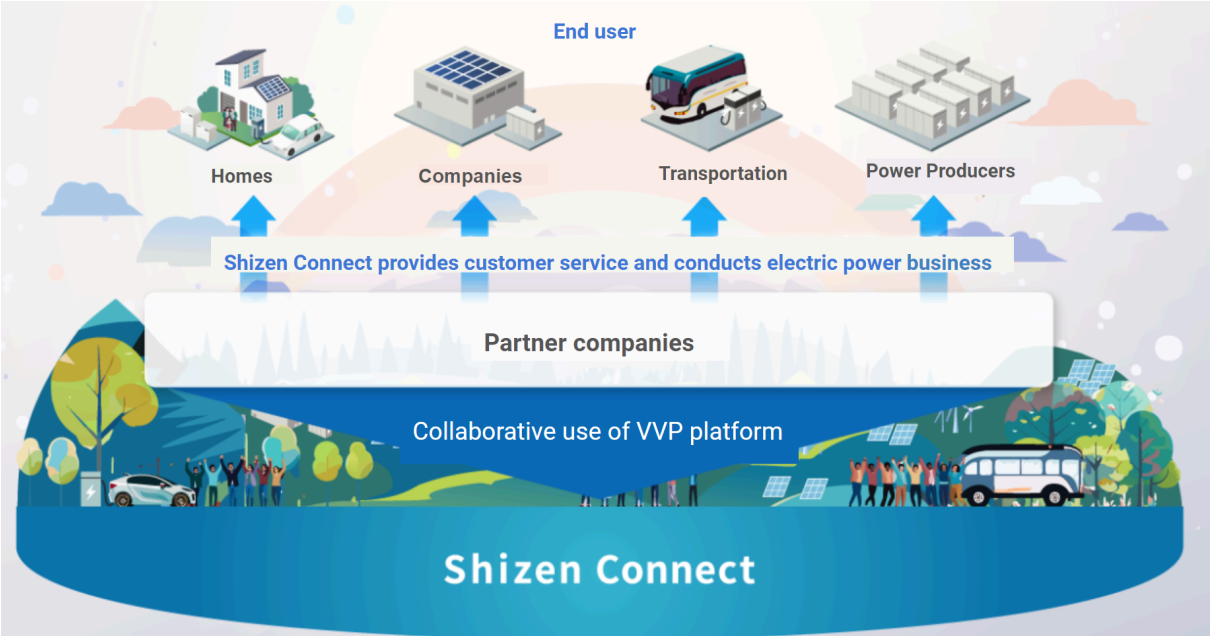
Osaka Gas has been conducting proof of concept (PoC) for VPP using ENE-FARM for some time, and in recent years has also been focusing on energy management that expands the range of resources to include storage batteries, EVs, and home appliances. On the other hand, the effort and cost of connecting each equipment manufacturer's data server to Osaka Gas' data server has been a challenge. Through this alliance, by achieving integration with a wide range of low-voltage energy equipment via "Shizen Connect," the aim is to further expand the scope of control. In addition, Osaka Gas and Shizen Connect will promote the creation of new customer services based on data obtained through "Shizen Connect" and collaboration in fields beyond low-voltage energy equipment, such as remote control and monitoring for the grid storage battery business.

With the additional alliance with one other corporation in the field of grid storage batteries and batteries for high-voltage consumers, Shizen Connect will provide functions such as remote control and monitoring, market trading support, and demand response (DR) for high-voltage consumers. By utilizing these functions, this corporation will expand its VPP-related business, and together with Shizen Connect, both companies will promote further business development.

The partnerships aim to realize the social implementation of VPP with a long-term perspective, with partner companies developing VPP-related businesses using "Shizen Connect" as a common platform, and Shizen Connect focusing on research and development while securing control targets through partner companies.

Shizen Connect remains dedicated to contributing to the realization of a decarbonized society, continuing collaborations with leading companies in various fields.

Content of the Partnership



Business alliance details with partner companies

Equipment	Partner company	Overview of business partnership
Residential storage batteries, EcoCute, EVs, etc.	Osaka Gas, Shikoku Electric, Tokyo Gas, Hokuriku Electric, Hokkaido Electric	Control residential equipment owned by customers (general households) of partner companies
Industrial BESS (behind the meter)	JERA etc.	Control battery storage systems for high-voltage consumers owned by the partners themselves or the partners' customers
EV bus	Shikoku Electric, Nishitetsu	Control EV buses owned by the partners themselves or by the partners' customers
Grid-scale battery Renewable energy BESS	Osaka Gas, JERA, Shin Nippon Air Technologies, Tokyu Land Corporation, Nishitetsu etc.	Control battery storage systems owned by the partners themselves or by the partners' customers
BESS for 24/7 CFE service	JERA, Tokyu Land Corporation	Control battery storage systems, etc., owned by the partners themselves or their customers in accordance with 24/7 CFE requirements

Comment by partner

Yukiko Hayashi, General Manager, Living Development Department, Energy Solution Division, Osaka Gas Co., Ltd.



Since fiscal 2020, we have been conducting PoC for VPP using ENE-FARM as an energy resource, and we plan to focus more on the energy management field in the future. Through our partnership with Shizen Connect, we aim to expand the range of remotely controllable resources to achieve effective services that optimize energy consumption throughout our customers' living environments. In addition, we plan to use the same platform for our grid battery business, which is being developed in advance of the residential sector, and utilize the knowledge gained to contribute to the realization of a low-carbon/decarbonized society.

Comment by Shizen Connect

Munekazu Matsumura, Representative Director/CEO, Shizen Connect Inc.



In July 2024, we announced a capital and business alliance with eight companies, and with the addition of two more companies, the total is now ten. We are grateful that our efforts for the social implementation of VPP have become even more significant. We will continue to research and develop our platform to meet expectations and contribute to an affordable, stable and decarbonized power supply.

*1 **Virtual Power Plant (VPP)**: digital technology that remotely integrates and controls distributed energy resources (power generation facilities, storage batteries, EVs, etc.) and demand-side facilities as if they were a single power plant

*2 Shizen Connect enters capital and business alliance agreements with 8 companies, including 3 major electric power companies, to advance VPP's social implementation (Press release July 9, 2024)

https://www.shizenenergy.net/2024/07/09/sc_capital_business_alliance/ (Japanese)

*3 Data from Yano Research Institute, "Energy Resource Aggregation Business 2019"

https://www.yano.co.jp/press-release/show/press_id/2283 (Japanese)

*4 Energy Management System "Shizen Connect" selected for major city gas company's grid storage battery business (Press release December 8, 2023)

https://www.shizenenergy.net/2023/12/08/osaka_gas_adapt_shizen_connect/ (Japanese)

EMS “Shizen Connect” <https://www.se-digital.net/> (Japanese website)

“Shizen Connect” is an energy management system that uses IoT/AI technology to control energy equipment such as storage batteries, EVs, and EcoCute heat pump water heaters, and enables market trading of the control value. It can reduce electricity bills by cutting peak demand, be used to build microgrids, and create VPPs (virtual power plants) by performing control for various electricity markets. It has been adopted by Tokyo Gas and TEPCO Energy Partner as a VPP platform for residential storage batteries, and by Osaka Gas and Tokyu Land Corporation for controlling storage batteries for power grids.

Shizen Connect Inc.

Head Office: 2-4-7 Nihonbashi-honcho, Chuo-ku, Tokyo

Founded: October 2, 2023

Shareholder: Shizen Energy Inc. 100%

* Shizen Connect has concluded a capital and business alliance agreement through the issuance of convertible bonds with stock acquisition rights with JERA Co., Inc., Shikoku Electric Power Co., Inc., Shin Nippon Air Technologies Co., Ltd., Tokyu Land Corporation, Tokyo Gas Co., Ltd., Nishi-Nippon Railroad Co., Ltd., Hokuriku Electric Power Co., Inc., and Hokkaido Electric Power Co., Inc.

Representative Director/CEO: Munekazu Matsumura

Business: VPP platform, energy management service, IoT equipment sales, etc.

URL: <https://se-digital.net> (Japanese only)

<For inquiries regarding this press release>

Shizen Energy Group, Public Relations Department

E-mail: se-comm@shizenenergy.net