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Company Name: ENECHANGE Ltd.

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## **Notice Concerning Demand Response Service for Households Using Smart Devices**

ENECHANGE (hereinafter referred to as the "Company") has developed a new demand response service for households using smart devices through the Company's wholly-owned UK subsidiary, SMAP Energy. Through a business alliance agreement formed since January 2020 with Summit Energy Corporation (hereinafter referred to as "Summit Energy"), a Sumitomo Corporation's Group company, the Company will provide the service to Summit Energy's customers in the fall of 2021.

### **1. Background and Purpose**

Among the 4Ds of energy business sectors in which the Group operates, Decarbonization will be achieved by significantly increasing renewable energy contributions in the future energy mix. In the area of Decentralization, there is an increasing need for supply and demand adjustment for distributed assets, and we anticipate the expansion of the VPP market which is expected to reach 100 billion yen (Note 1).

Under such circumstances, the Group has classified its VPP strategy in the energy data business as follows, and is providing the following corresponding services.

Approach	Service	Service Launch
Creation of Demand Adjustment Capacity for Households	SMAP DR	Since January, 2019
Creation of Demand Adjustment Capacity for Corporates	ENECHANGE Kiwi Platform	Since May 2021
Aggregation of Demand Adjustment Capacity	ENECHANGE DR	Since February 2021

Since 2019, the Group has been providing a DR service for households ("SMAP DR") that creates adjustment capacity as a demonstration experiment, in collaboration with Looop Co. (Taito-ku, Tokyo, Representative Director Soichiro Nakamura). However, since the conventional service form that relies on behavioral change had issues in creating stable adjustment capacity, the Company has been developing a service that can create more predictable adjustment capacity by controlling devices such as refrigerators and air conditioners, based on advanced examples in the U.S. (Note 2), in order to solve this issue. As a first step, the Company has decided to develop the service through a business alliance with Summit Energy, as the Company is now ready to provide and expand the sales of device control DR services using smart devices amidst the growing demand for power savings in the summer and winter.

This new service launch will contribute to the enhancement of the SMAP DR service by creating adjustment capacity for households as shown in the table above, and is part of the expansion of the service lineup (related to digitalization) in the Energy Data business. The Company will first start providing the service to the household customer base of Summit Energy, which is ranked 41st (Note 3) in the electricity supply ranking, and then gradually expand the number of customers to include Summit

Energy-related electricity retailers and other top-tier electricity retailers that supply electricity to household customers. With that, the Company aims to improve ARPU and increase the number of customers.

(Note 1) Based on the calculation derived from the cumulative total of new installations of backup power generators for disasters and large storage battery cells (at least 10 kWh) in 2015-2019. Sources: *Backup power generators for disasters: Nippon Engine Generator Association / Large storage cells: Japan Electrical Manufacturers' Association independent statistics*.

(Note 2) A clear example is OhmConnect, an American company. OhmConnect provides user-reduced virtual power plant (VPP) solutions for households in North America, and currently has 500,000 users and more than 100MW of reducible resources. Similar to SMAP DR, which uses smart devices, users can reduce their energy consumption through smart devices when the energy demand reaches a peak, and the company provides a service where cash or prizes are awarded according to the amount of reduction. The service also supports immediate response, and in August 2020, when the power grid was destabilized by a fierce heat wave in California, with the cooperation of more than 150,000 users, 1GW of electricity was saved during peak hours, preventing continuous power outages.

(Note 3) Based on electricity sales volume in February 2021 (amount recorded: 122,991 MWh), ranked among new entrants (from "Electricity Demand Performance", The Agency for Natural Resources and Energy).

## 2. Overview of business alliance

Through this business alliance, the Company plans to provide its DR platform for households, SMAP DR, and device control DR services using smart devices to Summit Energy's household customers. As a result, in addition to incentives based on the amount of electricity saved through the conventional behavioral DR service, those household customers using this new service will be able to steadily enjoy incentives based on the amount of electricity saved by controlling home appliances through the device control DR service. In addition, the Company will be able to contribute to higher value-added customer services through the provision of SMAP DR. In the future, it is also expected that SMAP DR can be used as a resource for market transactions in connection with the opening of the low-voltage capacity market.

## 3. Overview of SMAP Energy Limited

1) Name	SMAP Energy Limited
2) Address	1 King William Street, London, EC4N 7AF, United Kingdom
3) Name and Title of representative	Yohei Kiguchi, CEO
4) Description of business	Providing smart meter data analytics SaaS ("SMAP")
5) Capital	GBP 166.70
6) Date of incorporation	February 4, 2016
7) Major shareholders and their shareholding ratio	ENECHANGE Ltd.: 100%

## 4. Overview of Summit Energy

1) Name	Summit Energy Corporation
2) Address	Gate Otemachi 9F, 2-3-4, Uchikanda, Chiyoda-ku, Tokyo,

	Japan	
3) Name and Title of representative	Junji Ozawa, Representative Director	
4) Description of business	Planning, development and management of power generation business and retail electricity business	
5) Capital	1,000,000,000 JPY	
6) Date of incorporation	27 April, 2004	
7) Major shareholders and their shareholding ratio	Sumitomo Corporation: 100%	
8) Relationship between the Company and Kiwi Power	Capital Relationship	N/A
	Personal Relationship	N/A
	Status of Related Party	N/A
	Business Relationship	Providing the Company's Energy Platform service and Energy Data service

(Note) Financials are undisclosed at Summit Energy's request.

## 5. Impact on the Company's business performance

The impact on the Company's business performance is limited. We will make timely disclosure if a material impact on the forecast is expected.