

January 12<sup>th</sup>, 2022

Sojitz Corporation  
CS Energy Ltd.  
Nippon Engineering Consultants Co., Ltd.

Sojitz to Provide Green Hydrogen Produced in Australia to Pacific Island Countries  
–Selected as a Hydrogen Demonstration Project by Japan’s Ministry of the Environment–

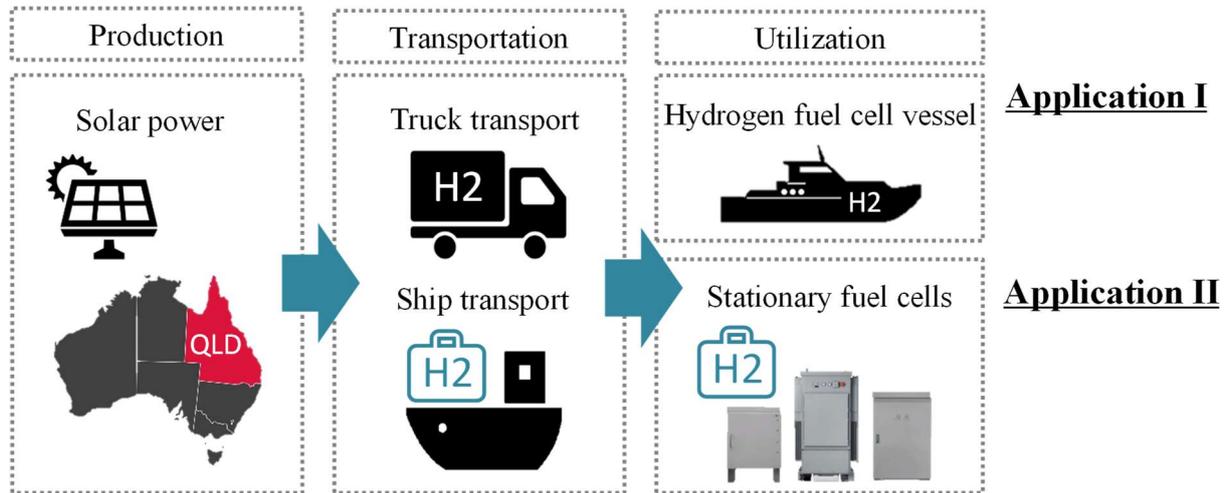
Sojitz Corporation (“Sojitz”) will begin a demonstration project together with CS Energy Ltd. (“CS Energy”) and Nippon Engineering Consultants Co., Ltd. (“Nippon Engineering Consultants”) to transport renewable hydrogen produced in Australia to the Republic of Palau (an archipelago of islands) for utilization in fuel cells and hydrogen fuel cell vessels. Sojitz’s application for this green hydrogen project was selected by the Ministry of the Environment of Japan (MOEJ) to receive subsidies under the ministry’s “Pilot Project for Comprehensive Support Throughout the Whole Hydrogen Supply Chain Abroad,” a financing program that is part of MOEJ’S Financing Programme for JCM Model Projects in FY2021. Sojitz and its partners are scheduled to carry out this demonstration project over the course of three years, from FY2021 to FY2023.

Specifically, this demonstration project involves the use of solar power generation to produce green hydrogen in Queensland, Australia, which will then be transported to Pacific Island countries for utilization in small fuel cells and hydrogen fuel vessels that have the potential to popularize hydrogen use on islands. Sojitz will serve as the representative for the project, and the company will provide overall management for the project, conduct a field study in Palau, and support the implementation of equipment. As joint partners on the project, CS Energy will generate and supply green hydrogen, while Nippon Engineering Consultants will conduct a study of hydrogen applications and forecasted hydrogen demand that accounts for the energy market demands in Pacific Island countries. Nippon Engineering Consultants will also analyze the economic feasibility of marine transport for green hydrogen and the effects of CO<sub>2</sub> reduction. Additionally, the demonstration of fuel cells will be conducted by Brother Industries, Ltd., which will participate as a subcontractor on the project.

The hydrogen production site in Australian state of Queensland was selected as the ideal location for producing renewable energy due to its vast land area and high level of solar radiation, making it possible to export green hydrogen at a low cost. The Queensland Government, which provided support for this application, announced a hydrogen strategy in 2019 which is supporting the development of a large-scale hydrogen industry in Queensland. The valuable experience which should be gained in this collaborative project may be applicable to Queensland's remote communities and islands in terms of the development of the local hydrogen based society. The hydrogen produced for this project will be used in Palau, where there is currently a high dependence on fossil fuels for energy. As part of its efforts to shift towards decarbonization, Palau has committed to achieving a target of 45% renewable energy generation by 2025.

For this hydrogen demonstration project, a feasibility study will be conducted to assess the potential of supplying hydrogen from Australia for use by Pacific Island countries. Specifically, the study will investigate hydrogen applications and forecast hydrogen demand based on the needs of Palau and other specific Pacific Island countries, as well as calculate the effects of reducing CO<sub>2</sub> emissions. The study will also do a quantitative analysis of economic efficiency after project partners determine the optimal maritime route and best hydrogen carriers in the event hydrogen will be transported by sea. After the conclusion of the demonstration project, Sojitz and its partners seek to achieve early commercialization of an economically efficient hydrogen supply chain that will extend to include neighboring Pacific Island countries.

The Japan and Australian governments announced their commitment to the Japan-Australia Partnership on Decarbonisation through Technology in order to pursue a decarbonized society through mutual cooperation on hydrogen policies. Both countries reiterated their willingness to promote the use of green hydrogen at the 9th Pacific Islands Leaders Meeting (PALM9), and Japan and Australia have agreed to investigate the possibility of supplying green hydrogen to island countries. The green hydrogen initiatives stemming from the declarations by both the Japanese and Australian governments serve as the backdrop for this current hydrogen demonstration project.



### **Application I: Small vessels**

The Republic of Palau is an archipelago comprised of over 200 islands, where more than 1000 gasoline-fueled small vessels are in operation as part of island tourism, daily life, and the fishing industry. In anticipation of a hydrogen-based society after 2030, a demonstration will be conducted with the goal of converting these boats to hydrogen fuel vessels in the future. During the period for this project, demonstrations with hydrogen fuel vessels will first be carried out off the coast of Queensland, Australia.

### **Application II: Fuel cells**

The Republic of Palau has a poor power grid system, and there is a demand for construction of a backup power system. At present, the country's main source of energy is independent power plants that rely on diesel fuel. In anticipation of a hydrogen-based society after 2030, demonstrations will be conducted with the aim of implementing stationary fuel cells as backup power sources.

[Related Information]

[Company Overview – CS Energy Ltd.]

Established	1997
Head Office	Level 2, HQ (North Tower) 540 Wickham Street Fortitude Valley, QLD 4006 Australia
Representative Director	Andrew Bills CEO
Main Business	Power generation
Website	<a href="https://www.csenergy.com.au/">https://www.csenergy.com.au/</a>

[Company Overview – NIPPON ENGINEERING CONSULTANTS CO., LTD.]

Established	January 23, 1963
Head Office	Sumitomo Fudosan, Akihabara Station Bldg 4F 300 Kanda Neribeicho, Chiyoda-ku, Tokyo
Representative Director	Nobuhiro Arai President & COO
Main Business	Civil engineering consulting towards “construction and conservation of this beautiful and attractive national land” and the “creation of our safe and comfortable living environments”. Working mainly on the planning and design of structures such as bridges, as well as various infrastructure such as roads, cities, rivers and ports both in Japan and overseas, Overseas Projects Department works on design of long bridges and studies of overseas projects, including JICA infrastructure projects. Environmental Energy Promotion Department works on all cutting-edge research and development, business development, and various consulting services related to renewable energy and hydrogen.
Website	<a href="https://www.ne-con.co.jp/english/">https://www.ne-con.co.jp/english/</a>

[For questions regarding this press release, contact:]

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