



Kyungnam Clean Energy held groundbreaking ceremony for Changwon City Distributed Fuel Cell Project



Kyungnam Clean Energy(KCE, CEO Jung Hoi), a subsidiary of Kyungnam Energy(KNE) specializing in renewable energy business, held a groundbreaking ceremony for the downtown distributed fuel cell power generation project using idle site in Changwon City with Korea Hydro & Nuclear Power, Changwon City, and SK ecoplant on April 20.

The Changwon City Distributed Fuel Cell Project is a project to distribute and install a hydrogen fuel cell system in eight idle sites in Changwon City, and will be completed in the second half of 2023 and will supply about 150,000MWh of electricity per year. The eight fuel cell systems will be remotely monitored and managed in an integrated control center.

KCE plans to expand the energy conversion and distributed power system centered on renewable energy through participation in the project, as well as to revitalize the hydrogen economy. In addition, KCE is taking the lead in realizing energy welfare and carbon neutrality for local residents through clean energy projects such as village-type fuel cell power generation projects, fuel cell power generation projects for energy independence in industrial complexes, and photovoltaic power generation project that shares profits with residents.

Meanwhile, KNE, the parent company of KCE, has made various clean energy businesses in addition to the business through KCE, including projects in steam, biogas, and compressed natural gas (CNG) for the local bus fleet. Firstly, KNE supplies steam to 2 steel manufacturers located in Changwon national industrial complex. Steam is made from Sungsan Resource Recovery Facility and supplied to the customers via KNE pipeline. Almost 11,350 tons of steam is supplied annually. Secondly, KNE also have built and managed a bio-gas facility since 2015. This facility is located at Duk-dong

Sewage treatment plant and bio-sewage is supplied from the facility and added to the KNE city gas network. Lastly, KNE has 4 CNG stations located in Changwon and Gimhae which collectively sell 27 mil.m3 CNG each year to about 850 city buses as well as private cars.

KNE and its shareholder continue to evaluate new investments in clean energy, particularly photovoltaic solar and hydrogen fuel cells, which uses natural gas as a feedstock and is far more energy efficient than current methods of producing electricity. These investments will continue KNE's leadership of environmental, social and governance (ESG) principles within the community.

"Kyungnam Energy takes its ESG responsibilities seriously, having recently won a national best employer award. This award is given to commemorate the contribution of a company that has worked hard to establish a culture of equal employment and work-life balance in the industrial field," said Jung Hoi, CEO of KNE. "The company has also donated ₩ 100 million per year for the last two years for philanthropic contributions in the local community as part of Covid relief efforts. This charitable donation was donated to the 'Gyeongnam Community Chest of Korea,' and through participation in the sharing campaign in the Gyeongnam region, it was used to 1) support small business owners and the unemployed who are vulnerable to COVID-19, 2) support the socially disadvantaged such as the disabled and the elderly, and 3) support children and youth.

KNE also remains committed to making sustainable and responsible investments that meet the growing energy demand and align with the government's commitment to increase the share of cleaner power generation.

"The company has invested ₩156 billion in a capex program over the last five years to expand its network, adding more than 180,000 customers in that time, said Mr. Jung. "We invest such a high level of capital to build out our network and increase gas supply in underpenetrated areas, helping citizens gain access to cheaper and more consistent fuel, often displacing reliance on less clean energy sources such as coal and oil."

KNE recently joined other leading city gas businesses in making a net-zero pledge. On January 14, 2022, the city gas carbon neutrality declaration ceremony was held in Seoul, and was attended by MOTIE and Mr Jung of KNE as well as representatives of other city gas companies. The meeting established a carbon-neutral committee, and with the participation of member companies, they will promote work such as a carbon-neutral joint response and participation in the hydrogen economy.

As part of this KNE is working with MOTIE and the City Gas Association on trials to blend hydrogen into existing and new pipeline through a hydrogen mixing demonstration promotion group. It is expected that, over the period from 2022 to 2026, hydrogen concentration will increase from a minimum of 5% to a maximum of 20%.

About Kyungnam Energy

Kyungnam Energy Co., Ltd. (KNE) is the largest independent city gas distribution business in South Korea. The company provides clean and safe natural gas that is distributed to its more than 860,000 residential, commercial and industrial customers.

KNE plays a critical role in South Korea's transition to net-zero carbon emissions by growing gas usage, the transition energy that is displacing other more polluting sources of energy. Since 2017, KNE and its shareholder, Prostar Capital, have continued to build out KNE's network and add customers, with the highest gas penetration growth rate in South Korea. KNE has also built solar generation capacity and has invested in facilities that generate steam from recycled plastic incineration and produce biogas from sewage. For more information, visit KNE's website at www.knenergy.co.kr.

About Prostar Capital

Established in 2012, Prostar Capital is a private investment firm that invests in energy infrastructure assets located in major trading and logistics supply hubs driven by strong GDP growth and rising energy demand in Asia. Prostar's investment strategy is supported by sound ESG principles and a focus on accelerating the world's transition to net-zero carbon emissions. Prostar's team is comprised of experienced professionals with decades of energy infrastructure investment and operational expertise. Prostar operates from offices in Greenwich, Sydney, and Hong Kong. For more information, visit Prostar's website at www.prostarcapital.com.

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