

**LETTER OF INTENT
FOR COOPERATION IN A SMART COMMUNITY SYSTEM
DEMONSTRATION PROJECT**

BETWEEN

**THE CITY OF SPEYER
FEDERAL REPUBLIC OF GERMANY**

AND

**THE NEW ENERGY AND INDUSTRIAL TECHNOLOGY
DEVELOPMENT ORGANIZATION
JAPAN**

1. Preamble

The City of Speyer of the Federal Republic of Germany (hereinafter "Speyer") and the New Energy and Industrial Technology Development Organization of Japan (hereinafter "NEDO"), (Speyer and NEDO are hereinafter referred to singularly as "Party" and collectively as "Parties"), have agreed to cooperate in connection with a smart community system demonstration project (hereinafter "Project") which is expected to contribute to resolving common challenges in the energy field.

This Letter of Intent evidences the intent of the Parties to cooperate in connection with a feasibility study for the Project and the Project in Speyer.

The Parties hereby express their intent as follows:

2. Objective

- 2.1 The Project aims to create a smart community model that focuses on maximizing self-consumption of regionally generated renewable energy using management technology of reverse power flow and electric power from distribution systems. The Parties believe that the Project will contribute to the establishment of an energy management system used in achieving Speyer's aggressive goal of generating 100% of its energy from renewable sources. Speyer believes that the Project will also promote local business development in the Speyer area, especially its small and medium-sized enterprises which will be involved in installation and maintenance work related to the Project, hence, to create new employment. It is assumed that NEDO will introduce leading-edge Japanese technologies by providing relevant equipment, and Speyer will take necessary measures, with the support from the entrusted companies as defined below in paragraph 4.1, for the successful installation, operation, management, and maintenance of the equipment and to cooperate with NEDO during the Project.
- 2.2 Before the start of the Project, NEDO shall conduct a feasibility study in cooperation with Speyer in order to prepare a basic design required for the Project.
- 2.3 Following an evaluation by NEDO of the results of the feasibility study provided for in accordance with paragraph 2.2, the Parties may conclude a memorandum of understanding covering implementation of the Project. The Parties will endeavor to ensure that the conclusion of any memorandum of understanding will not be unnecessarily delayed so as to delay the planned schedule for the Project.

3. Activities

- 3.1 The Parties intend that NEDO will conduct a feasibility study in order to determine the viability of the activities as referred to in paragraph 3.2, including any modifications.
- 3.2 The Parties intend that, if the following activities are determined by NEDO to be viable, the scope of the Project shall be as follows:
- i.) To install home energy management systems (HEMS) in each house in the demonstration area in Speyer in order to control power generation elements and power storage elements.
 - ii.) To install smart meters in each house in order to monitor electric power supply and demand, and transmit relevant data to a community energy management system (CEMS).
 - iii.) To install CEMS to establish an energy management system based on dynamic pricing information through its control of HEMS.
- 3.3 NEDO may modify the scope of the Project in paragraph 3.2 as necessary, after consultation with Speyer.

4. Entrustment and Responsibility

- 4.1 NEDO shall conduct the feasibility study for the Project by entrusting such work to one or more companies with relevant expertise (hereinafter "Entrusted Companies") selected through a public solicitation process in Japan.
- 4.2 Speyer shall cooperate with NEDO and the Entrusted Companies by providing information required by NEDO and the Entrusted Companies for the feasibility study and use all reasonable endeavors to ensure that relevant entities, such as local companies, housing suppliers, energy providers and distribution network operators, cooperate with the feasibility study.
- 4.3 NEDO shall request the Entrusted Companies to work in a spirit of cooperation with Speyer, and Speyer shall request relevant entities, such as local companies, housing suppliers, energy providers and distribution network operators, to work in a spirit of cooperation with NEDO, and working arrangements will be put in place by the Parties to manage ongoing relationships.

5. Ownership and Maintenance of Equipment

- 5.1 Equipment provided by NEDO for the use of Project (hereinafter "NEDO Equipment") will be the property of NEDO during the demonstration term (hereinafter "Term").

- 5.2 At the end of the Term, ownership of the NEDO Equipment will be transferred on an 'as-is' and 'where-is' basis and without any express, implied or statutory representation or warranty from NEDO, to private entities at relevant cost or public body at no cost. Speyer shall ensure that Speyer or others accept such transfer of ownership of the NEDO Equipment. The detailed terms and conditions of transfer and operation after transfer will be agreed to separately between NEDO and the respective new owners.

6. General Matters

- 6.1 This Letter of Intent is made in both the English and German languages. In the event of any discrepancy between the English language version and the German language version, the English language version shall be the only true, authentic and prevailing expression of the Parties' meaning and intent, and the English language version shall prevail in any and all instances of interpretation of the meaning of any and all provisions hereof.
- 6.2 All documents, letters and technical documents such as drawings and specifications shall be written in English.
- 6.3 Schedules and meeting arrangements will be based on the German date and time unless conducted in Japan.

7. Confidentiality

Other than as required by law, the Parties shall not, other than for the purpose of implementing this Letter of Intent, disclose any technical documents or information obtained through the feasibility study to a third party.

8. Validity

- 8.1 This Letter of Intent shall become effective upon the date of signature of the Parties and shall remain in force for one (1) year from the date of signature or until the effective date of any memorandum of understanding covering implementation of the Project, whichever is earlier. This Letter of Intent can be extended for a period of one (1) year, as determined and mutually agreed by the Parties in writing.
- 8.2 Either Party may terminate this Letter of Intent by notifying the other Party in writing sixty (60) days in advance of such termination.

9. Counterparts and Language

This Letter of Intent is executed in both the English and German languages and shall be deemed to have become effective when and only when all of the counterparts have been executed by or on behalf of each of the Parties hereto and have been delivered by each Party to the other Party.

Signed in **Location** on **MMDDYYYY**

Hansjörg Eger
Mayor
City of Speyer
Federal Republic of Germany

Hiroshi Kuniyoshi
Executive Director
New Energy and Industrial Technology
Development Organization
Japan