

# Sernsang Power Corporation Public Company Limited

Results of 1<sup>st</sup> Quarter 2019

22 May 2019



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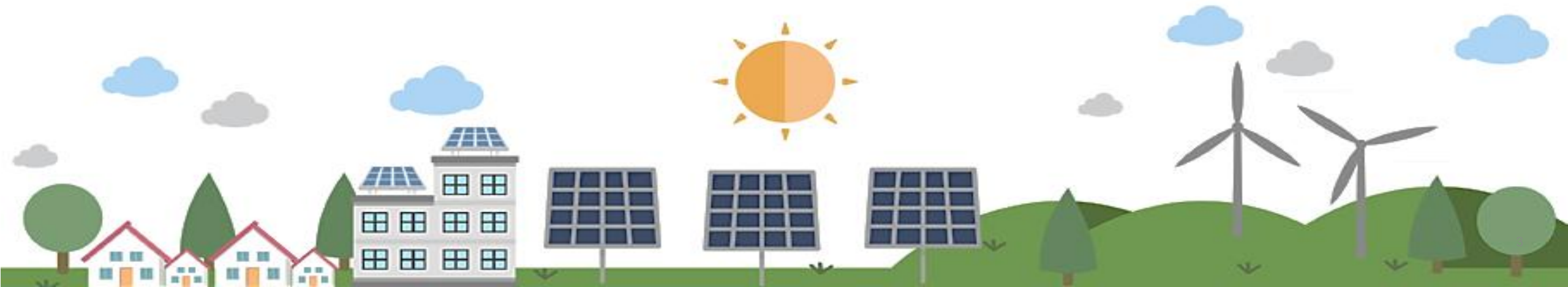
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## Key Highlights

- 1Q19 shows meaningful higher financial results, thanks to solid performance of SPN, Japanese projects, and full quarter contribution of Solar WVO:
  - Revenue: +41.2% YoY even though -2.1% QoQ
  - EBITDA (excl. unrealized FX): +31.9% YoY and +18.3% QoQ
  - Net Profit: +16.4% YoY and +19.0% QoQ
  - Core Operating Profit: +11.8% YoY and +19.0 QoQ
- Key drivers included:
  - SPN volume increased 4.8% YoY, while relatively flat QoQ.
  - Hidaka volume substantially increase 23.8% from last quarter, while Zouen continued to be solid.
  - Full quarter contribution from Solar WVO (start COD in 30 Nov.18)
- Mongolia (16.4 MW installed capacity @75% stake) and Vietnam projects (49.6 MW installed capacity @80% stake) is on track to have COD within 2Q19.



# Progress Report of Projects under Construction/Development

# Project Details: Khunsight Kundi Project 16.4 MWp in Mongolia



## Project Details

Business Type	: Solar power plant
Project Owner	: Tenuun Gerel Construction LLC (TGC)
Shareholding Stake	: 75%
Solar Irradiation*	: 1,777 KWh/sq.m./annum
Location	: Khushig valley, Tuv aimag, Mongolia (South of Ulaanbaatar)
Installed/PPA MW	: 16.4/15.0 MW
SCOD date	: Within 2 <sup>nd</sup> quarter 2019
Power Purchaser	: National Dispatching Center LLC
Purchase Price	: Under FiT Scheme of USD 0.162/KWh
Purchase Term	: 12 years

\*Source: (i) Meteonorm Software

## Khunsight Kundi (Mongolia) 16.4 MWp:



- Financing closed (ADB) of 18.7 mUSD in March 20, 2019

## Khunsight Kundi (Mongolia) 16.4 MWp:



- Technical commissioning : 100% Complete
- State commissioning : 97% Complete
- Waiting for operating license approval, expected to COD within end of Jun-19



# Project Details: Binh Nguyen Solar Project 49.6 MWp in Vietnam



## Project Details

Business Type	:	Solar power plant
Project Owner	:	Truong Thanh Quang Ngai Power and Hi-tech Joint-Stock Company (TTP Quang Ngai)
Investment Percentage	:	80%
Solar Irradiation	:	1,848 KWh/sq.m./annum
Location	:	Binh Nguyen commune, Binh Son Distric, Quang Nai Province, Vietnam
Installed Capacity (MW)	:	49.61 MW
COD date	:	Within 30 June 2019
Project Cost	:	Approximately +/- USD 50 million
Power Purchaser	:	Electricity of Vietnam (EVN)
Purchase Price	:	Under FiT Scheme of USD 0.0935/KWh
Purchase Term	:	20 years

Agreement	Counterparty	Status
Share Purchase Agreement	SSP, TTP and 2 Individuals	Engaged <input checked="" type="checkbox"/>
Shareholder Agreement	SSP, TTP and 1 Individual	Engaged <input checked="" type="checkbox"/>
EPC Agreement	SHARP	Engaged <input checked="" type="checkbox"/>
O&M Contractor	TBD	On Process <input type="checkbox"/>
Land Lease Agreement	TTP Quang Ngai and Local Government	On Process <input type="checkbox"/>
Power Purchase Agreement	Truong Thanh Quang Ngai Power and Hi-tech Joint-Stock Company (TTP Quang Ngai)	Engaged <input checked="" type="checkbox"/>

## Binh Nguyen Solar (Vietnam) 49.6 MWp:



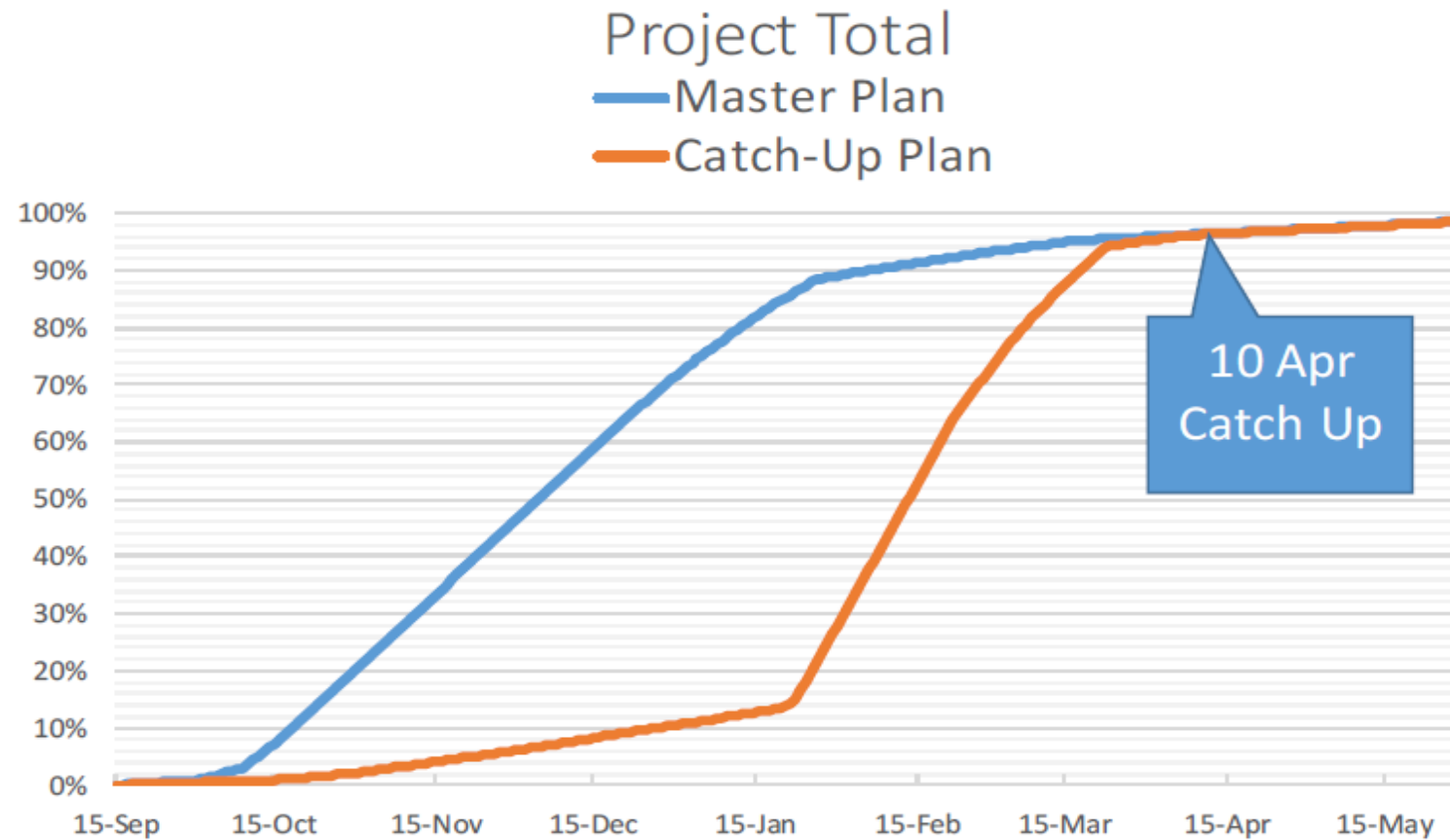
- Commissioning test (within May-2019)
- Target to COD within Jun-2019



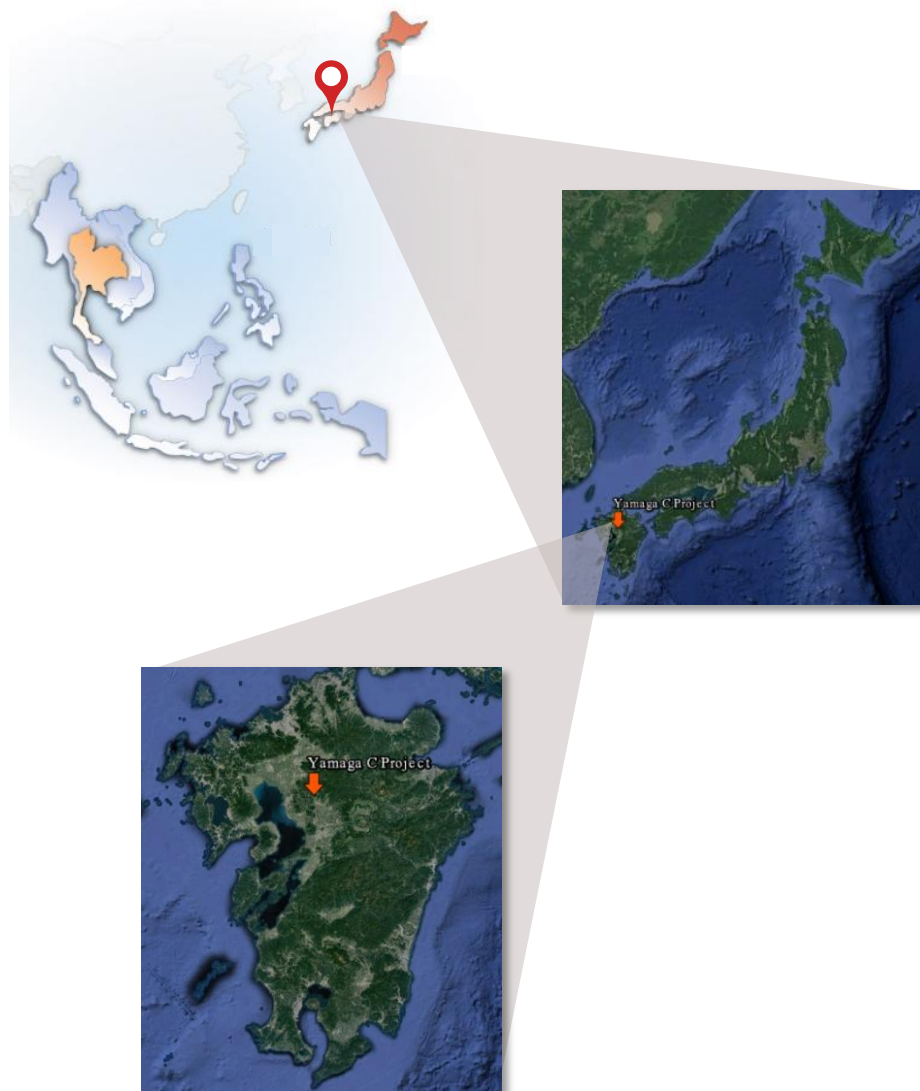
# Binh Nguyen Solar (Vietnam) 49.6 MWp:



## Construction Progress (Binh Nguyen Solar)



# Project Details: Yamaga Project (Japan) 34.5 MWp



## Project Yamaga Details

Business Type	: Solar power plant
Project Owner	: GSSE (GK Company)
Investment Type	: Through SEG, as TK Investor, under GK-TK Investment Structure
Investment Percentage	: 90.0%
Solar Irradiation*	: 1,413 - 1,460 KWh/sq.m./annum
Location	: Kumamoto, Japan
Installed/PPA MW	: 34.5/30.0 MW
Solar Cell Technology	: Polycrystalline Silicon
Land Details	: 404-0-46 rais (surface right)
Project Status	: Under construction (commencement in July 2017)
SCOD date	: End of Jun-2020
Total Project Cost	: Approximately JPY 12,500.0 mm
Power Purchaser	: Kyushu Electric Power Co., Inc
Purchase Price	: Under FiT Scheme of JPY 36/KWh
Purchase Term	: 20 years
Tax Incentive	GK-TK Structure <ul style="list-style-type: none"> <li>• TK distribution of GK Company to TK investor can be used as tax deductible expense at GK Company level</li> </ul>

\*Source: (i) New Energy and Industrial Technology Development Organization  
(ii) Power Plant Analysis Report, Mitsui Chemicals Inc.

## Yamaga (Japan) 34.5 MWp:



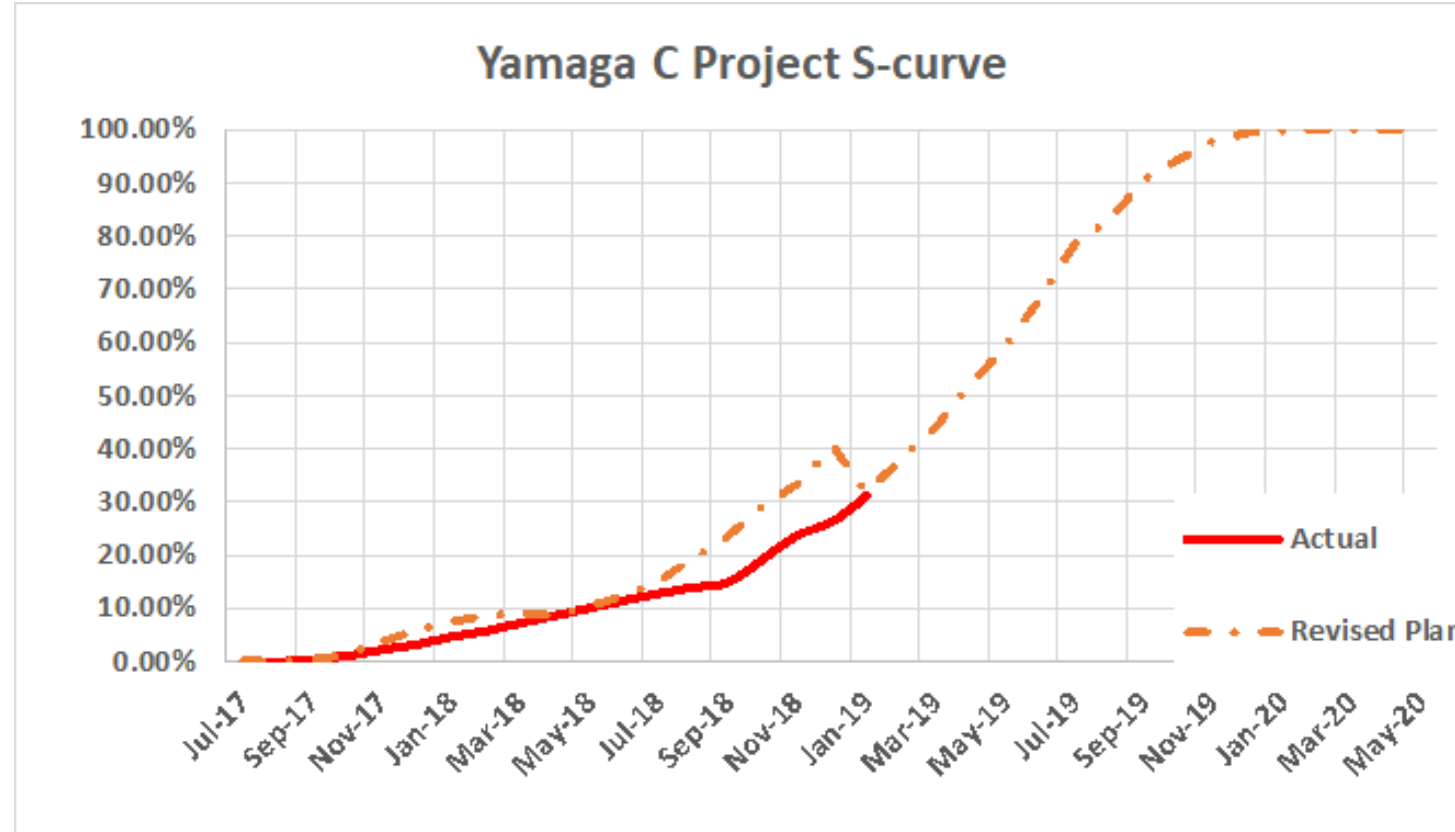
- Mounting Work
- PV Panel Installation Work



# Yamaga (Japan) 34.5 MWp:



## Construction Progress (Yamaga)



## Current & Next Progress: Yamaga



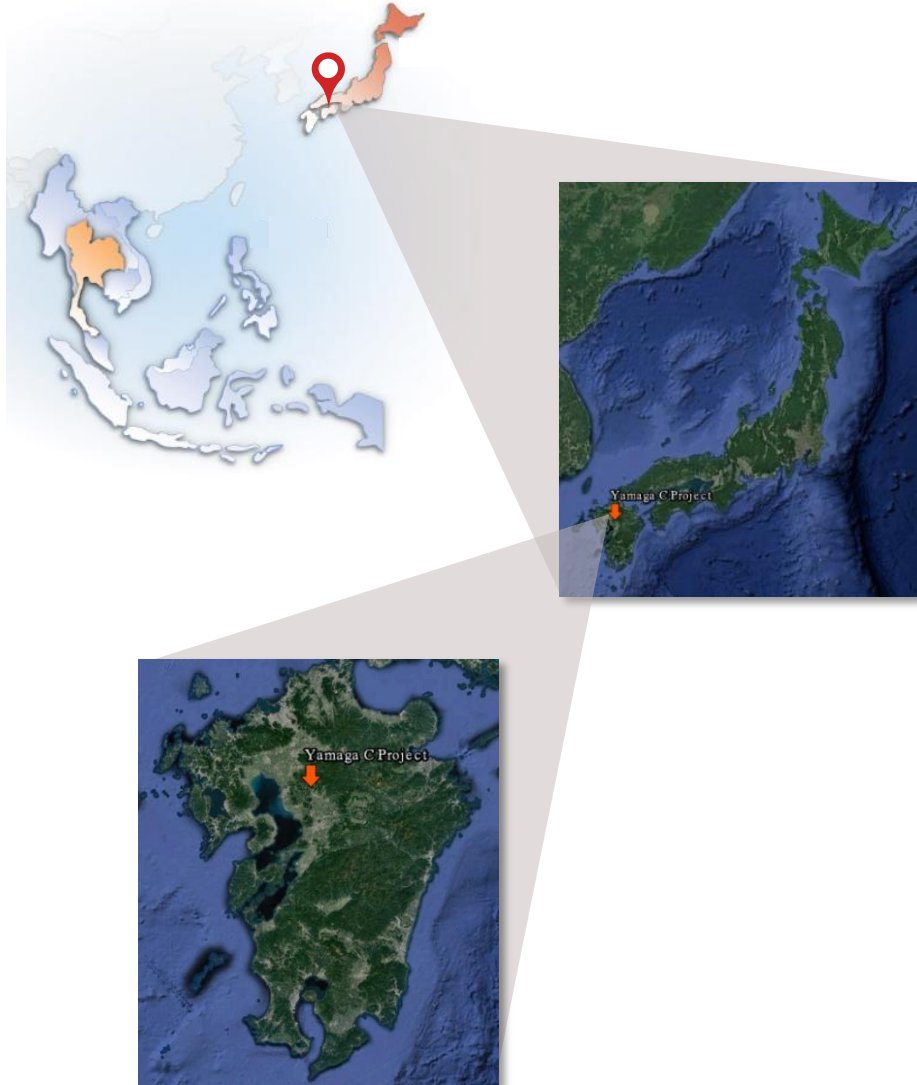
### Current Progress (As of March 2019)

Site Preparation	:	94.40% Completed
Grid-Connection Substation Work	:	TBD
Electrical Work	:	4.48% Completed
High-Voltage Wiring Work	:	9.70% Completed
Inverter Installation Work	:	3.46% Completed
PV Panel Installation Work	:	7.97% Completed
Panel Wiring Work	:	7.13% Completed
Monitoring & Security System	:	3.36% Completed
Mounting Work	:	39.59% Completed
Self-Operated Distribution Line Work	:	3.61% Completed
Material Delivery	:	37.67% Completed

### Next Progress

Site Preparation	:	94.48% Completed by end of April 2019
Electrical Work	:	15.30% Completed by end of April 2019
Self-Operated Distribution Line Work	:	12.77% Completed by end of April 2019
Material Delivery	:	46.39% Completed by end of April 2019

# Project Details: Leo Project (phase# 1) 26 MWp:



## Project Leo Details

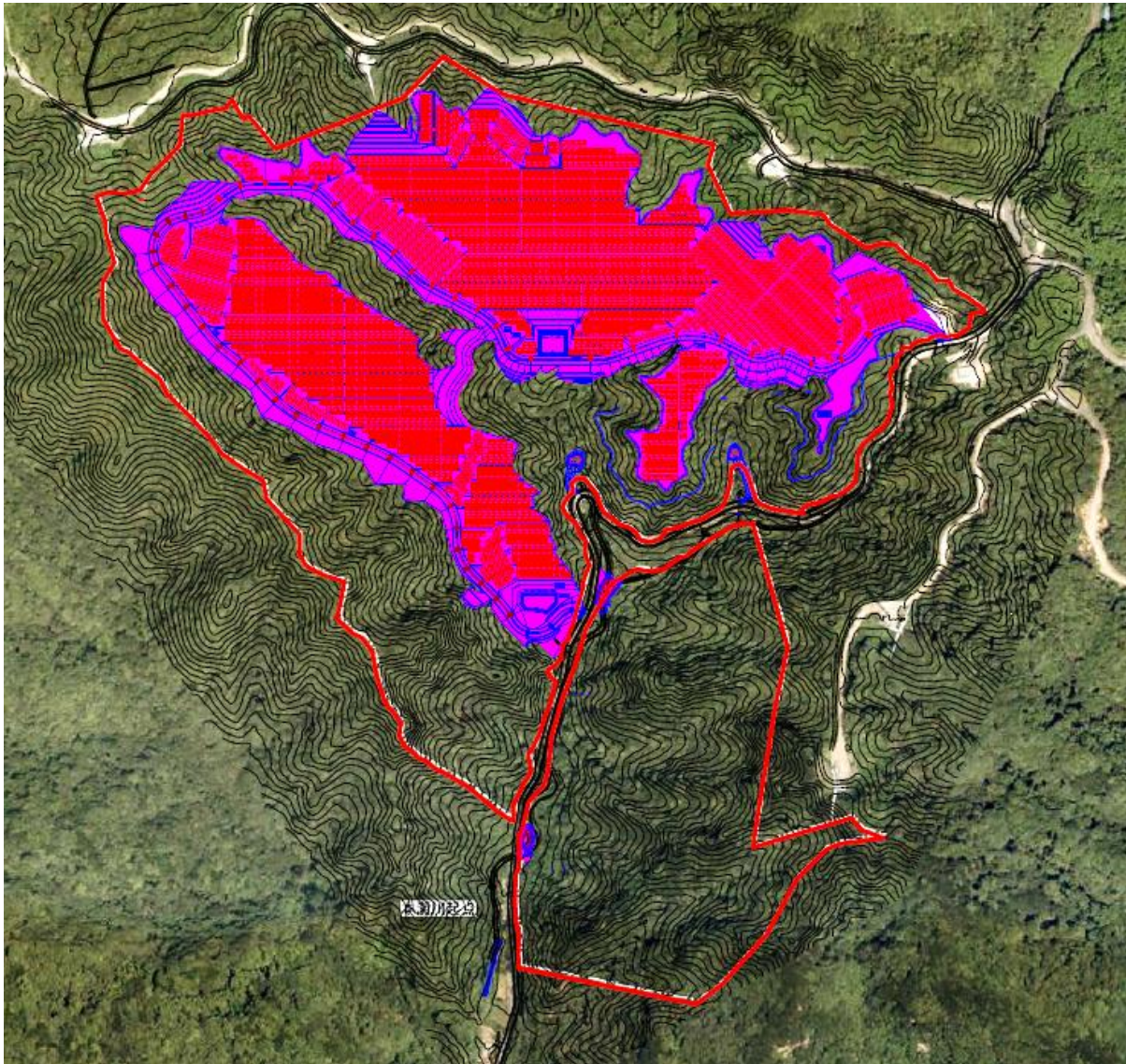
Business Type	: Solar power plant
Project Owner	: Ashita Power 1 (GK Company)
Investment Type	: Through SEG, as TK Investor, under GK-TK Investment Structure
Investment Percentage	: 100.0%
Solar Irradiation*	: 1,413 - 1,460 kWh/sq.m./annum
Location	: Shizuoka, Japan
Installed/PPA MW	: 26/20 MW (Phase#1)
Solar Cell Technology	: Polycrystalline Silicon
Land Details	: 756 rais (surface right)
Project Status	: Under construction (commencement in September 2018)
SCOD date	: End of July-2021
Total Project Cost	: Approximately JPY 13,700.0 mm
Power Purchaser	: Tokyo Electric Power Co., Inc
Purchase Price	: Under FiT Scheme of JPY 36/KWh
Purchase Term	: 20 years
Tax Incentive	GK-TK Structure <ul style="list-style-type: none"> <li>• TK distribution of GK Company to TK investor can be used as tax deductible expense at GK Company level</li> </ul>

\*Source: (i) New Energy and Industrial Technology Development Organization  
(ii) Power Plant Analysis Report, Mitsui Chemicals Inc.

## Leo (phase# 1) 26 MWp: Construction Progress (Site Preparation)

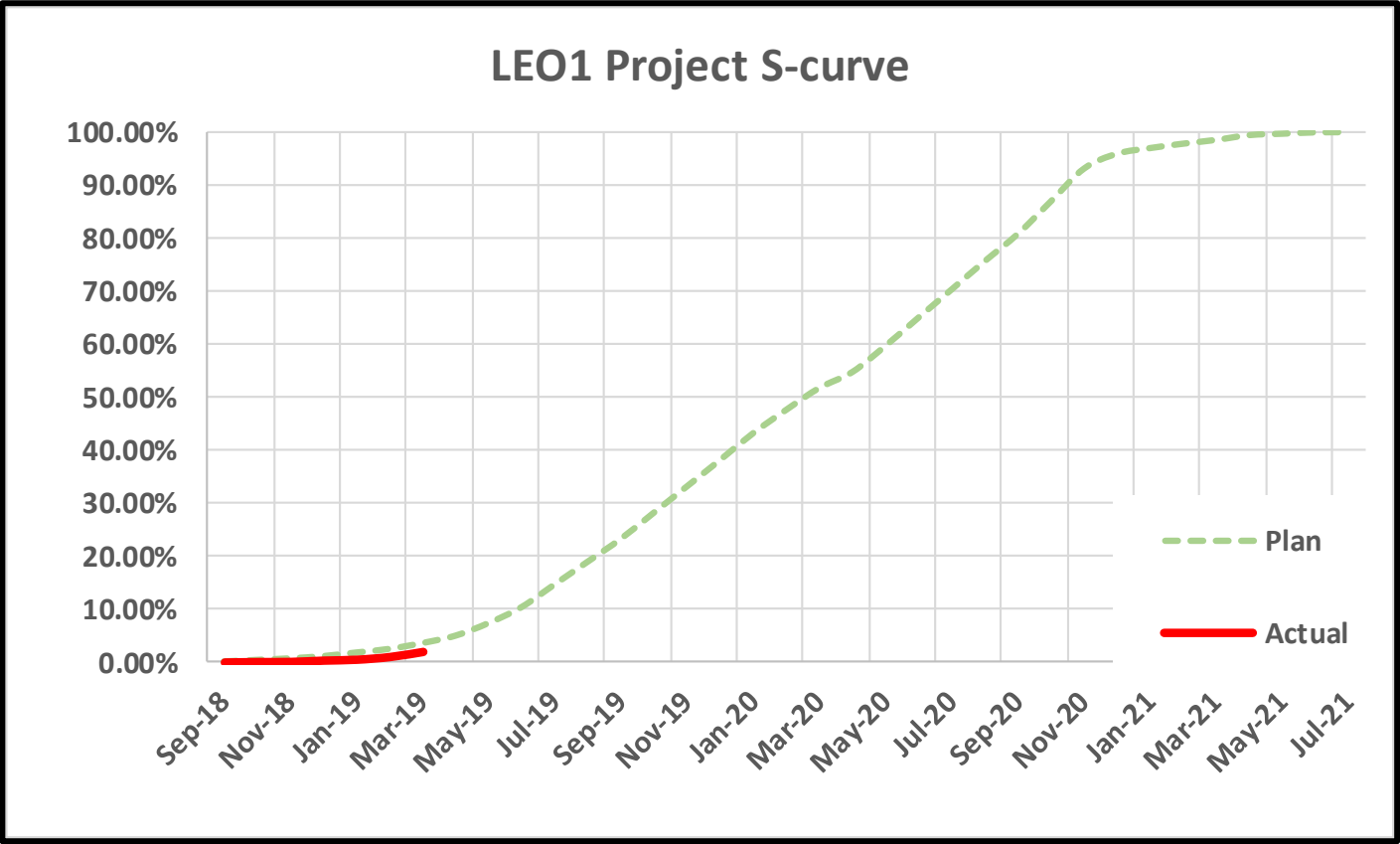


## Leo (phase# 1) 26 MWp:



- Leo:
  - EPC contract signed (Daiwa House)
  - Construction commenced in September 2018
  - Financing closed (SMTB) in September 2018

# Construction Progress (Leo-phase# 1)



## Current & Next Progress: Leo-phase# 1

### Current Progress (As of March 2019)

Site Preparation	: 4.85% Completed
Grid-Connection Substation Work	: TBD
Electrical Work	: TBD
Self-Operated Distribution Line Work	: TBD
Material Delivery	: TBD

### Next Progress

Site Preparation	: 10.33% Completed by end of April 2019
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# 1<sup>st</sup> Quarter of 2019

## Results

## Key Financial Highlights (Quarterly YoY and QoQ)

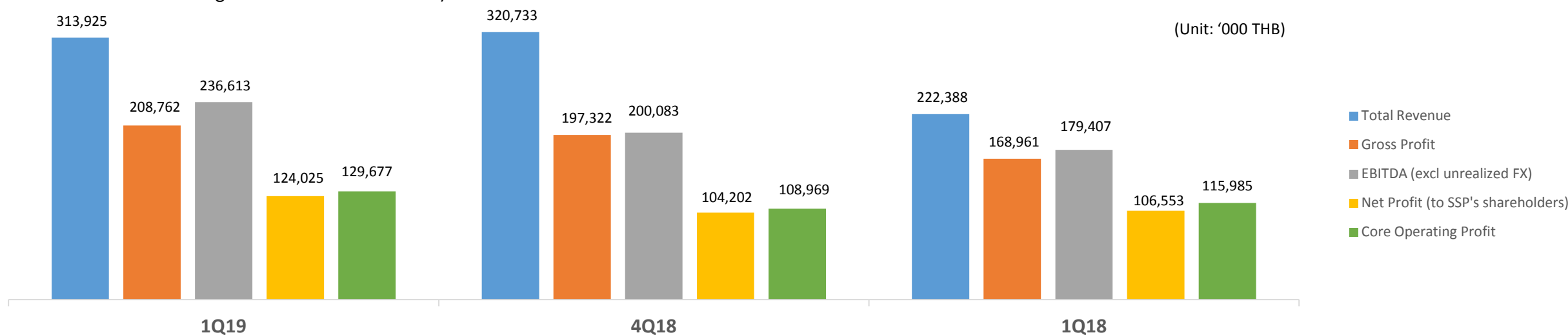
### 1Q19 vs 1Q18 (YoY)

- Total Revenue and Gross profit was +41.2% and +23.6% respectively
  - Higher SPN's volume by +4.8% and average Tariff increased by 0.5%
  - Contribution from new projects is for full quarter from commercial operation last year
  - Revenue from EPC in 1Q19 = 11.6 mTHB (none for 1Q18)
- EBITDA (excluded unrealized FX gain/loss) is +31.9%, mainly driven by full contribution from new projects.
- Net Profit is +16.4%, Core Operating Profit is +11.8%

### 1Q19 vs 4Q18 (QoQ)

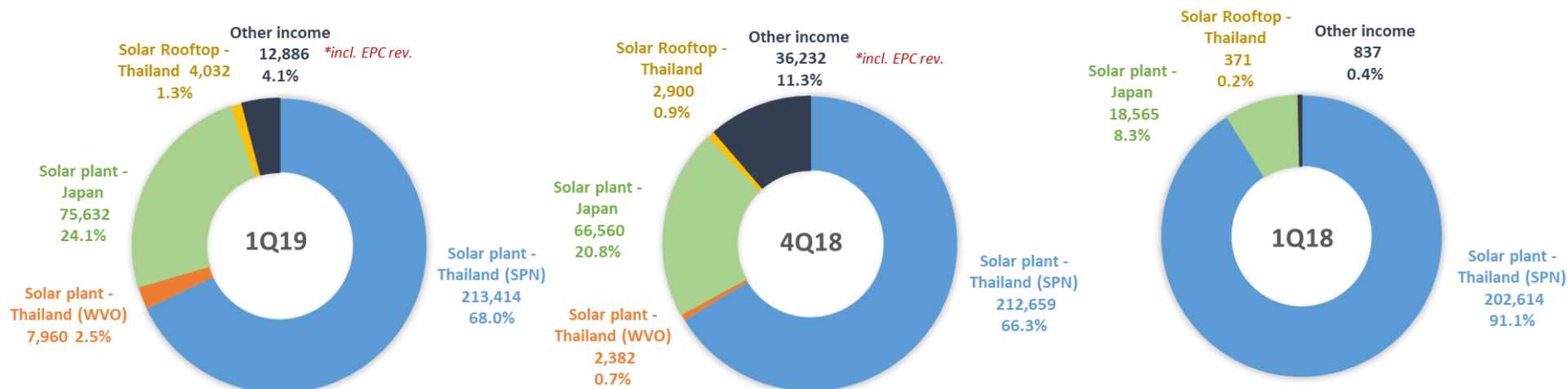
- Total Revenue and Gross profit was -2.1% and +5.8%
  - Higher production from Japanese solar projects (Seasonality effect (heavy snow) in Q4.18)
  - Full contribution from Solar WVO (start COD in 30 Nov.18)
  - Revenue from EPC in 1Q19 = 11.6 mTHB vs 4Q18 = 32.7 mTHB
- EBITDA (excluded unrealized FX gain/loss) is +18.3%, mainly driven by higher production from SPN, Japanese projects, and full quarter contribution from Solar WVO.
- Net Profit is +19.0% and Core Operating Profit +19.0% (unrealized FX loss in 1Q19 is 5.7 mTHB whereas unrealized FX gain of 11.5 mTHB in 4Q18)

	QoQ	YoY
Total Revenue	-2.1%	41.2%
Gross Profit	5.8%	23.6%
EBITDA (excl. unrealized FX)	18.3%	31.9%
Net Profit (to SPP's shareholders)	19.0%	16.4%
Core Operating Profit	19.0%	11.8%

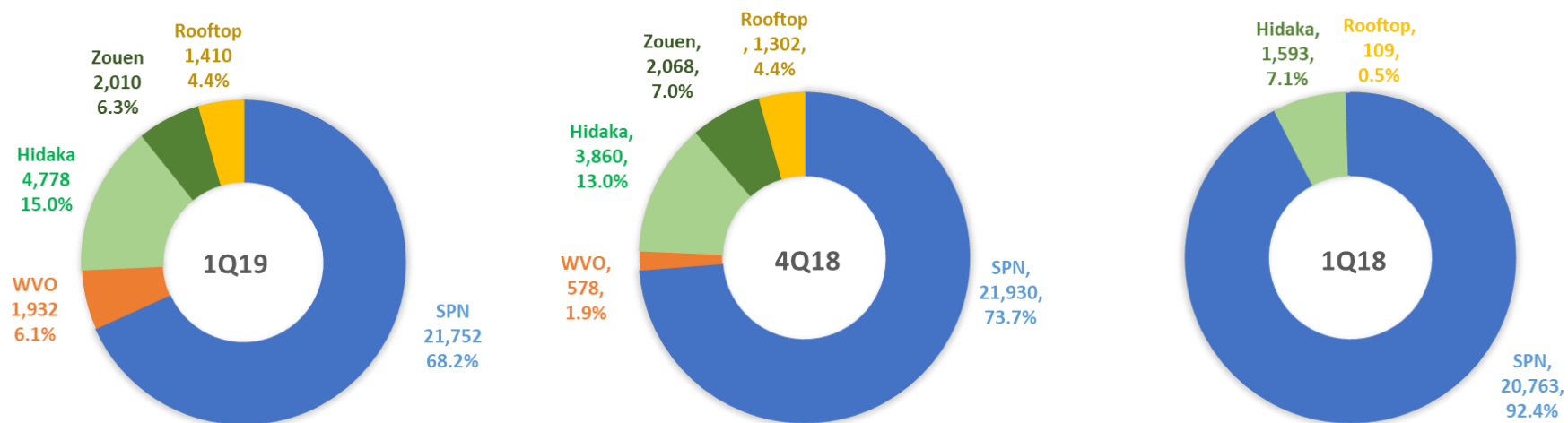


# Sale Revenue and Sale Volume breakdown

## Sale Revenue (kTHB):



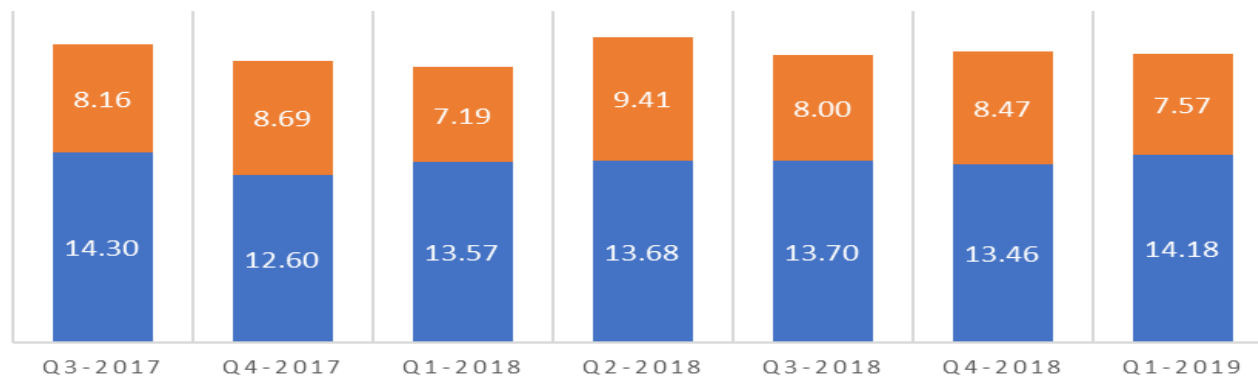
## Sale Volume (MWh):



## SPN: Higher sale volume and average tariff is slightly increased (adjusted Ft rate)

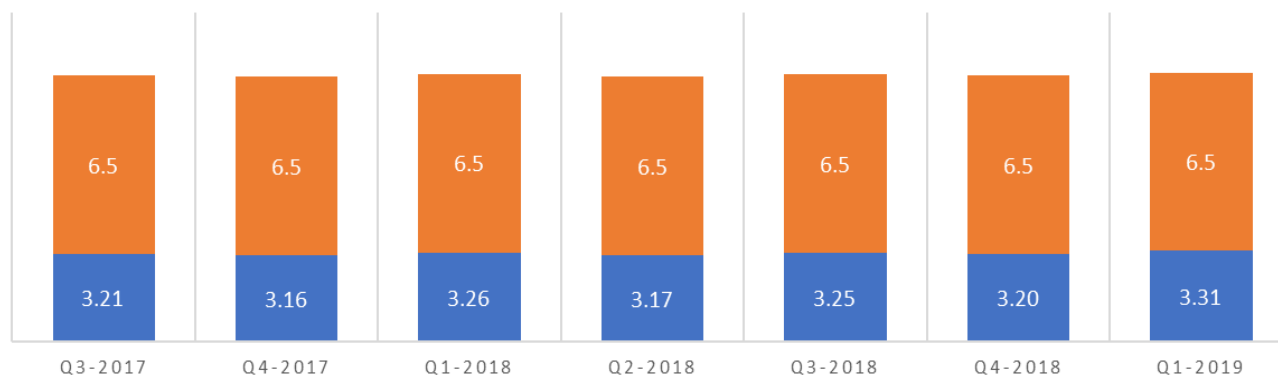
### TOTAL PRODUCTION-SPN (GWH)

■ Peak ■ Off-Peak



### AVERAGE TARIFF-SPN (THB/KWH)

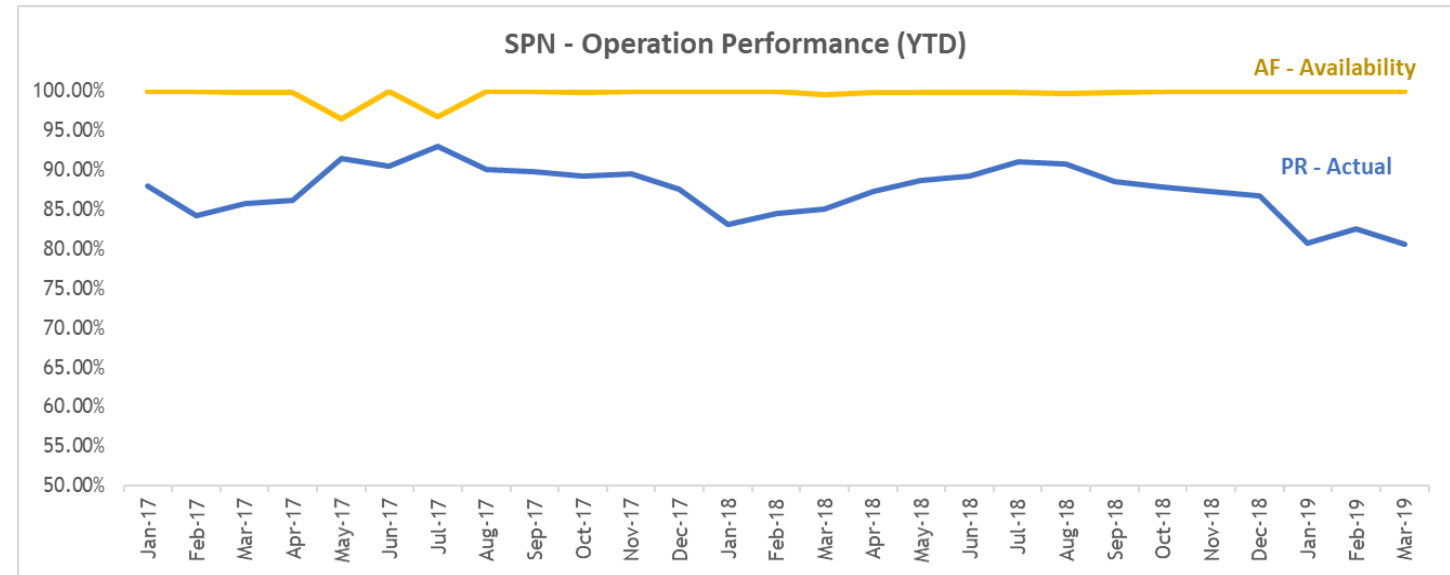
■ Base Tariff ■ Adder



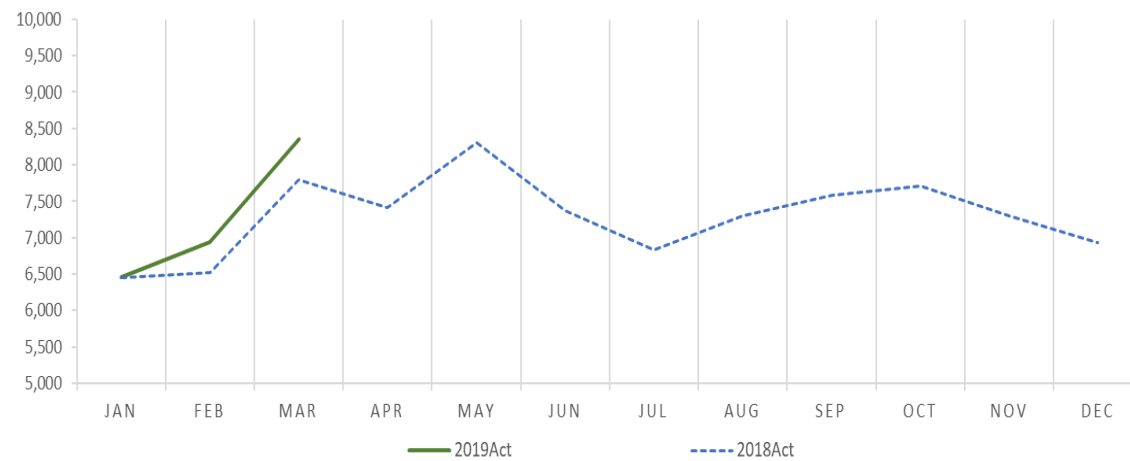
	YTD	QoQ	YoY
Production	4.8%	-0.8%	4.8%
Average Tariff	0.5%	1.2%	0.5%

Ft rate adjustment (satang/kWh)			
Jan'16 - Apr'16	-0.159	Change :	-0.16
May'16 - Aug'16	-0.397	Change :	-0.24
Sep'16 - Dec'16	-0.428	Change :	-0.03
Jan'17 - Apr'17	-0.472	Change :	-0.04
May'17 - Aug'17	-0.348	Change :	0.12
Sep'17 - Dec'17	-0.302	Change :	0.05
Jan'18 - Mar'18	-0.319	Change :	-0.02
Apr'18 - Jun'18	-0.293	Change :	0.03
July'18 - Sep'18	-0.289	Change :	0.004
Oct'18 - Dec'18	-0.306	Change :	-0.02
Jan'19 - Mar'19	-0.263	Change :	0.042

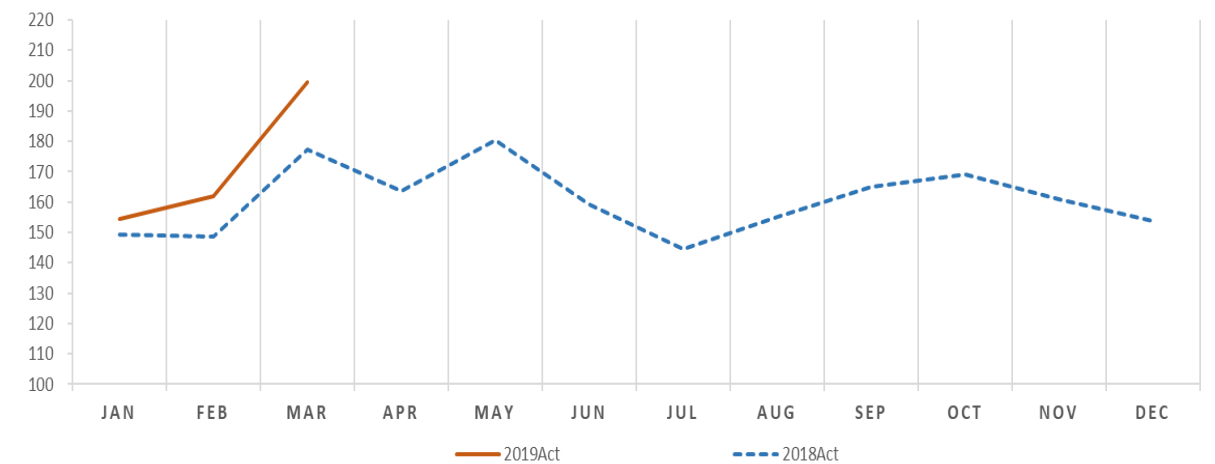
# SPN 52 MW: Operation performance



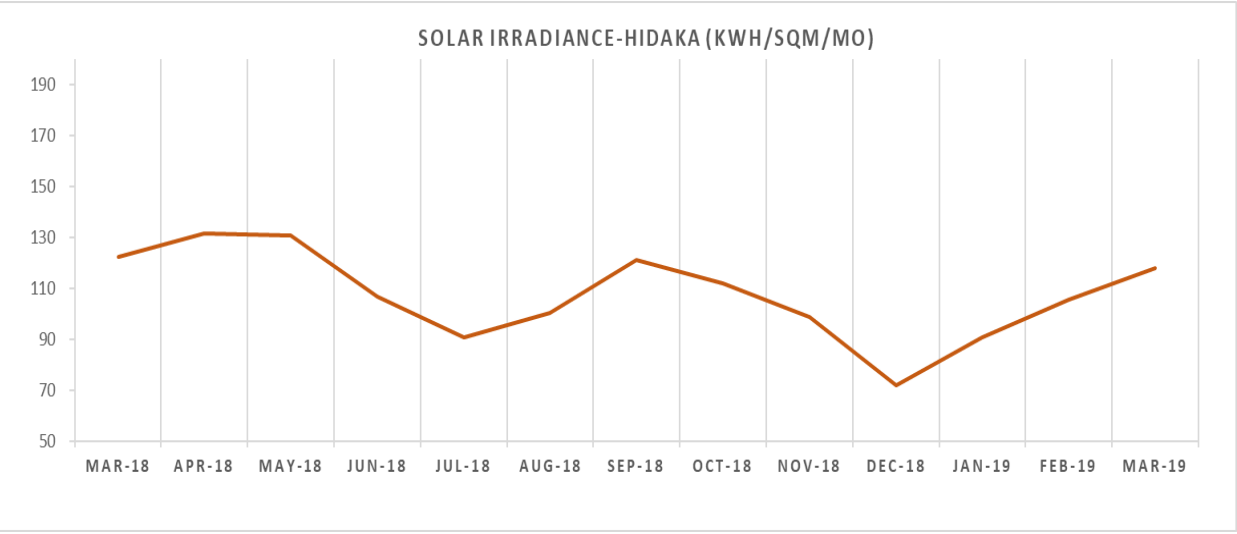
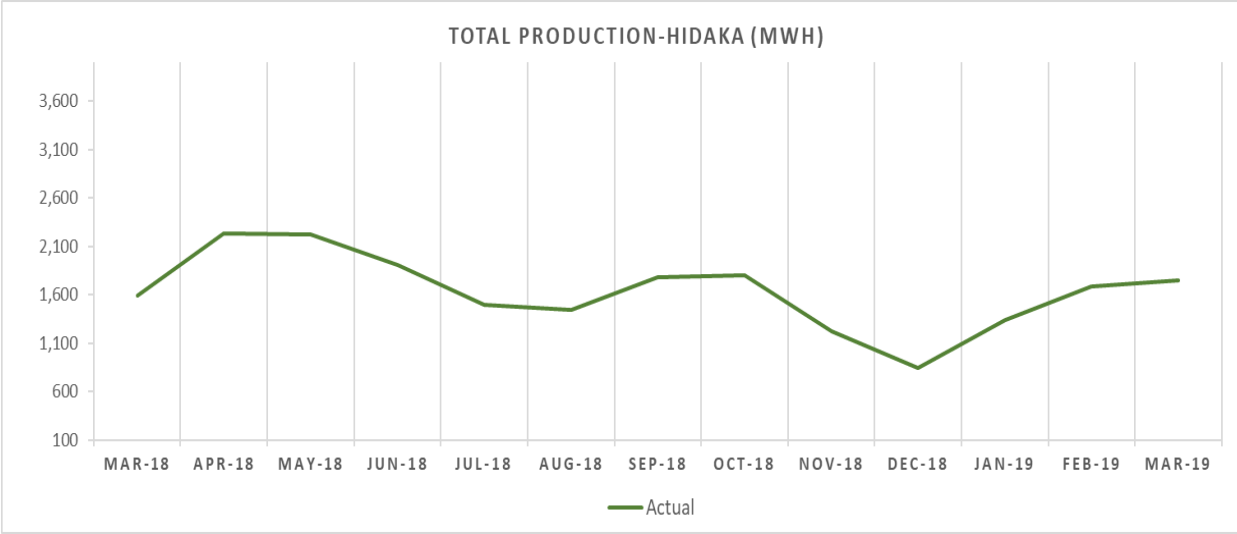
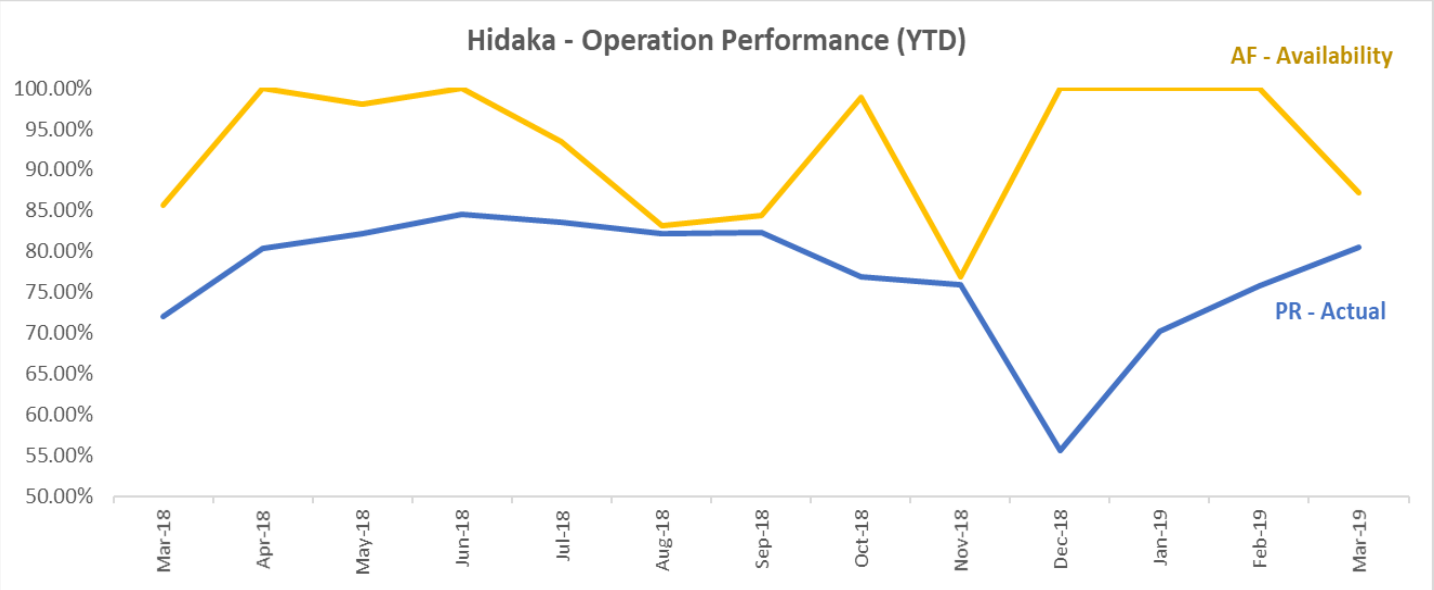
**TOTAL PRODUCTION-SPN (MWH)**



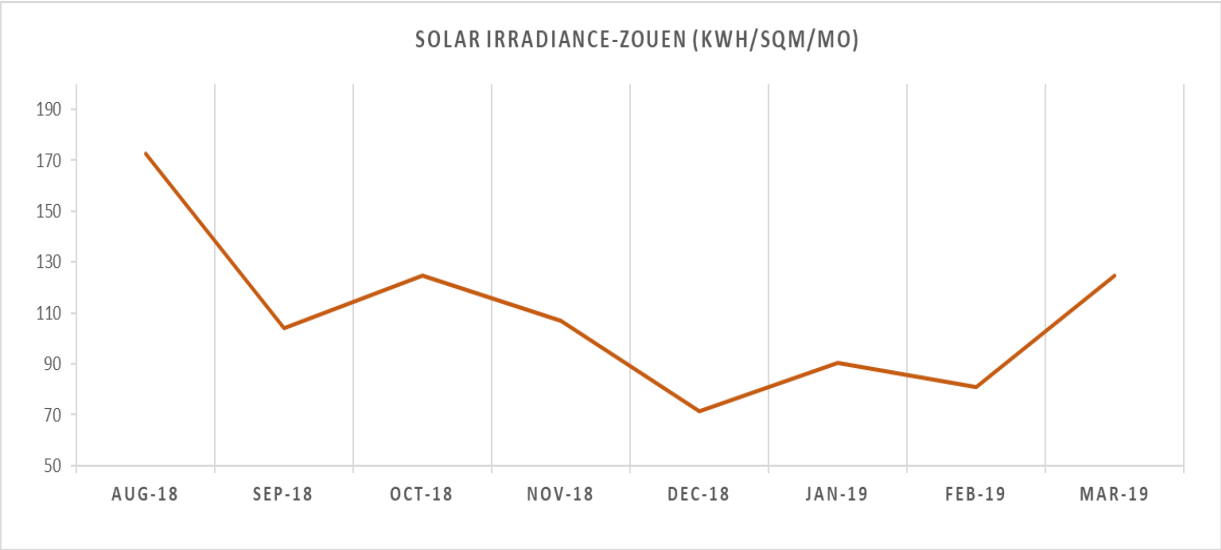
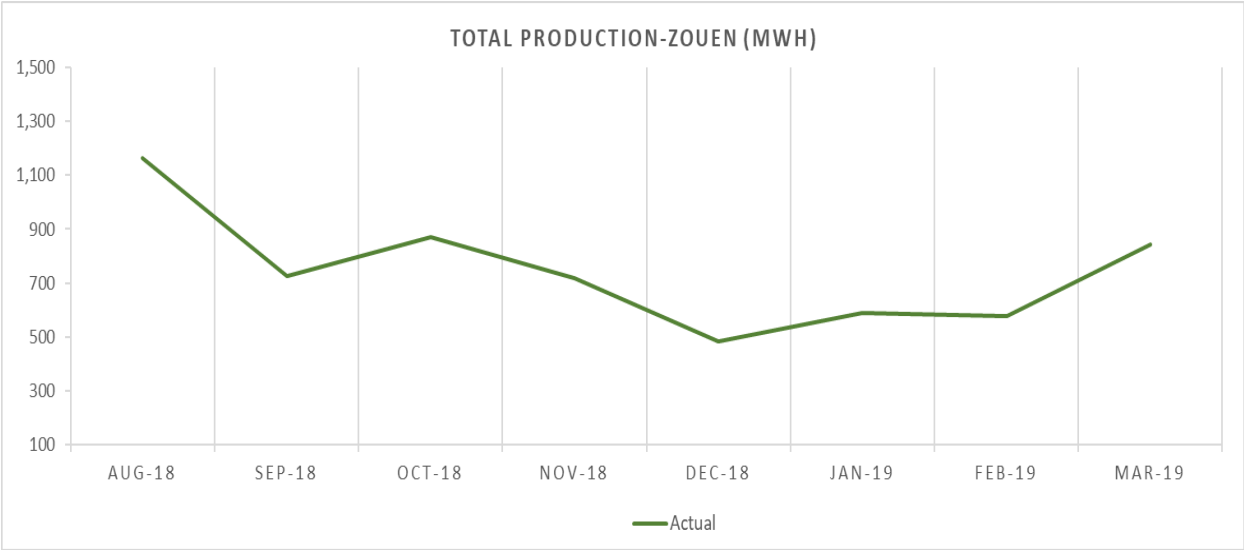
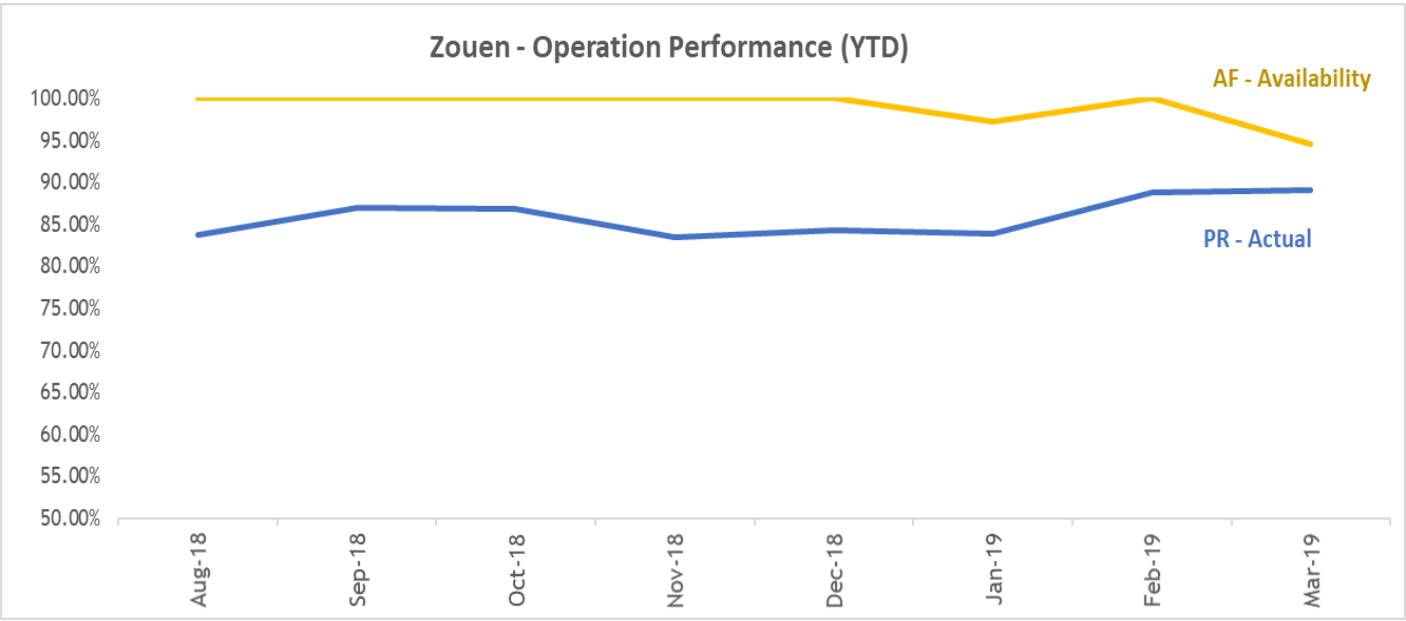
**SOLAR IRRADIANCE - SPN (KWH/SQM/MO)**



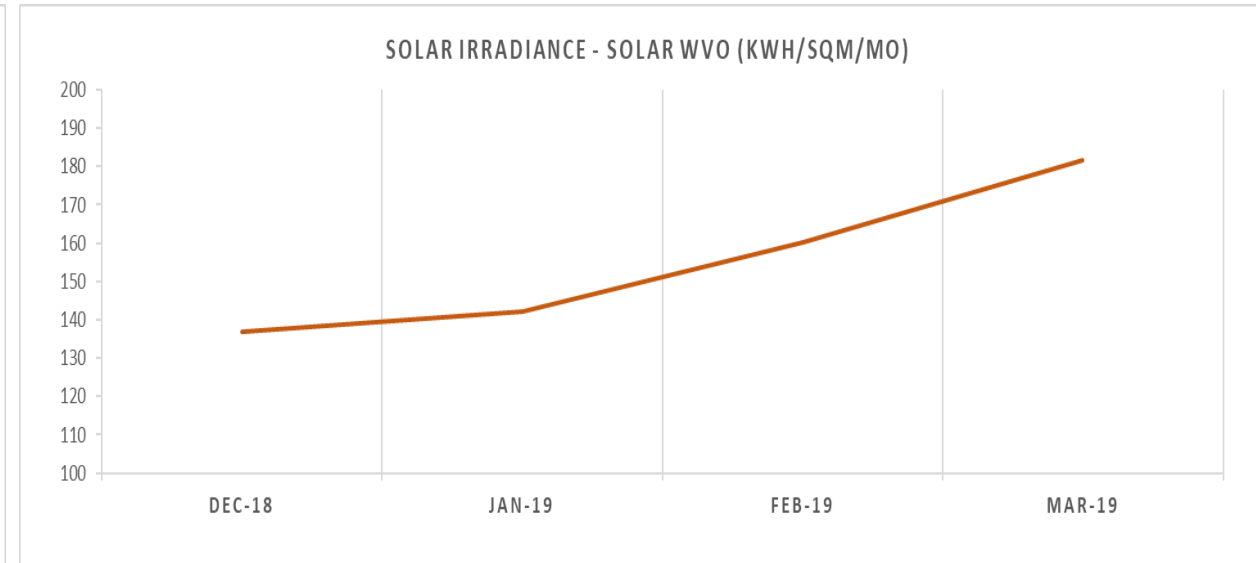
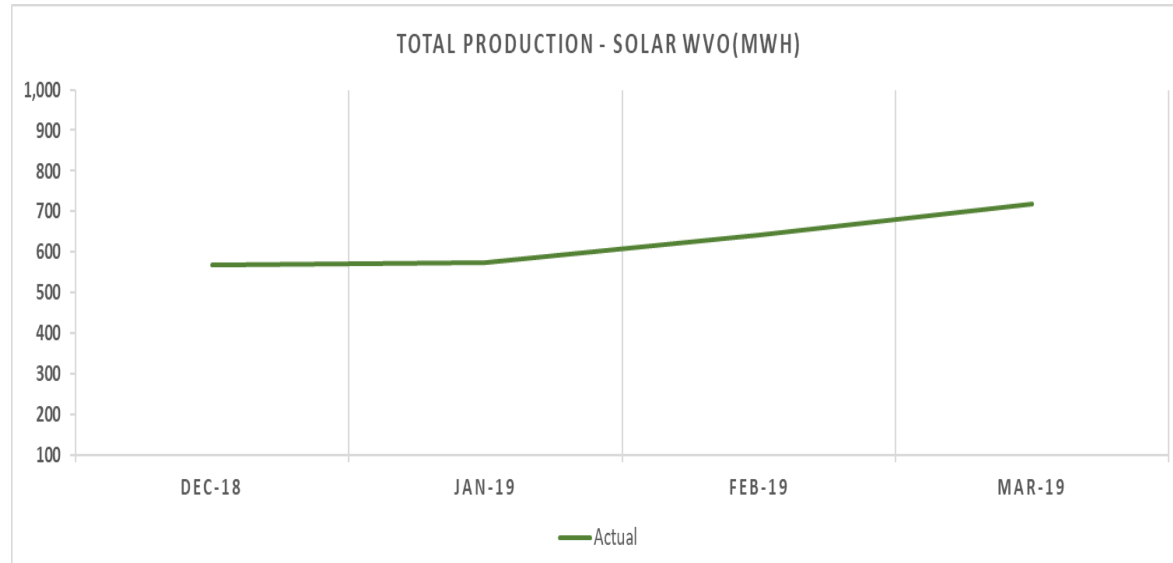
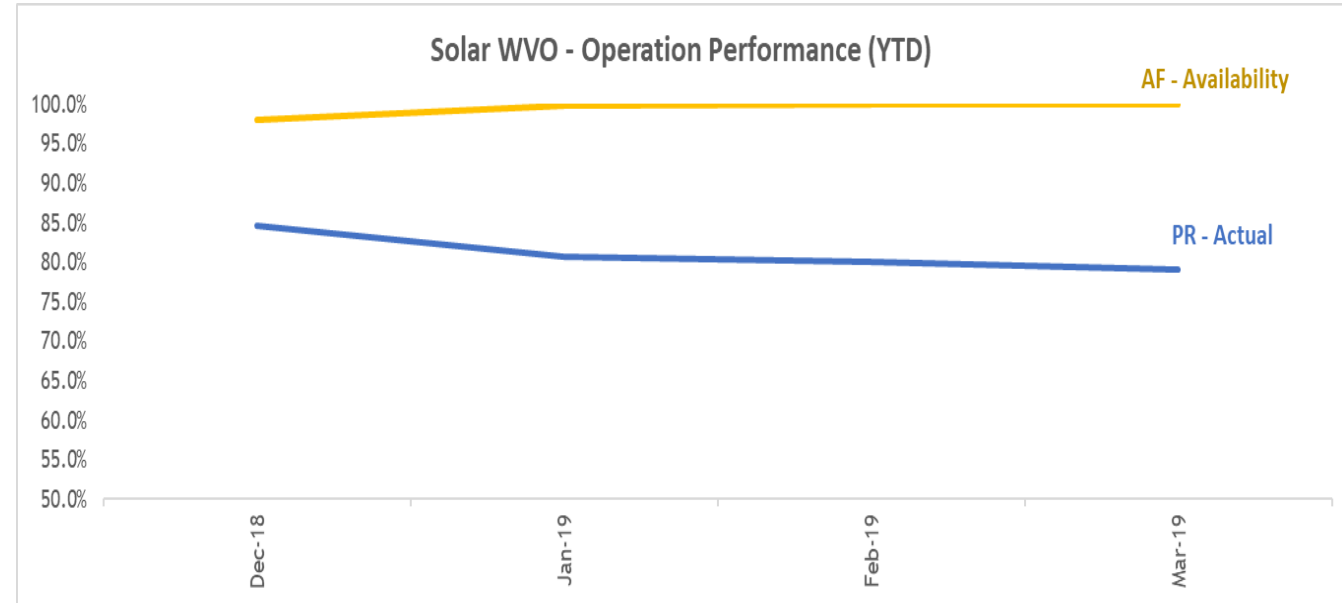
# Hidaka 21 MW: Operation performance



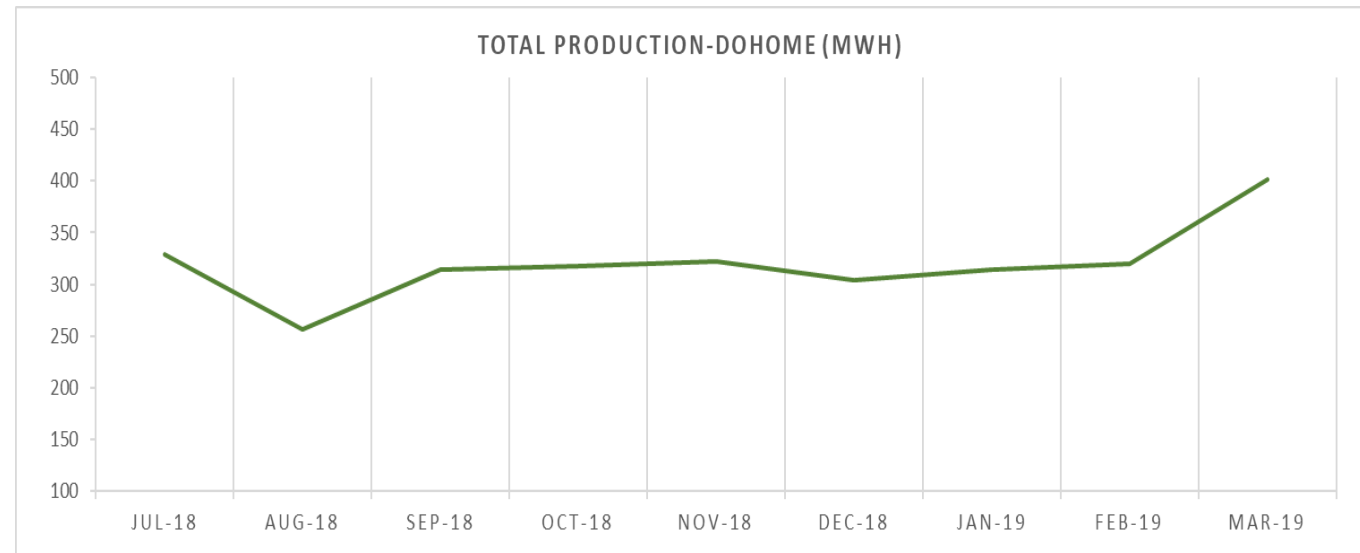
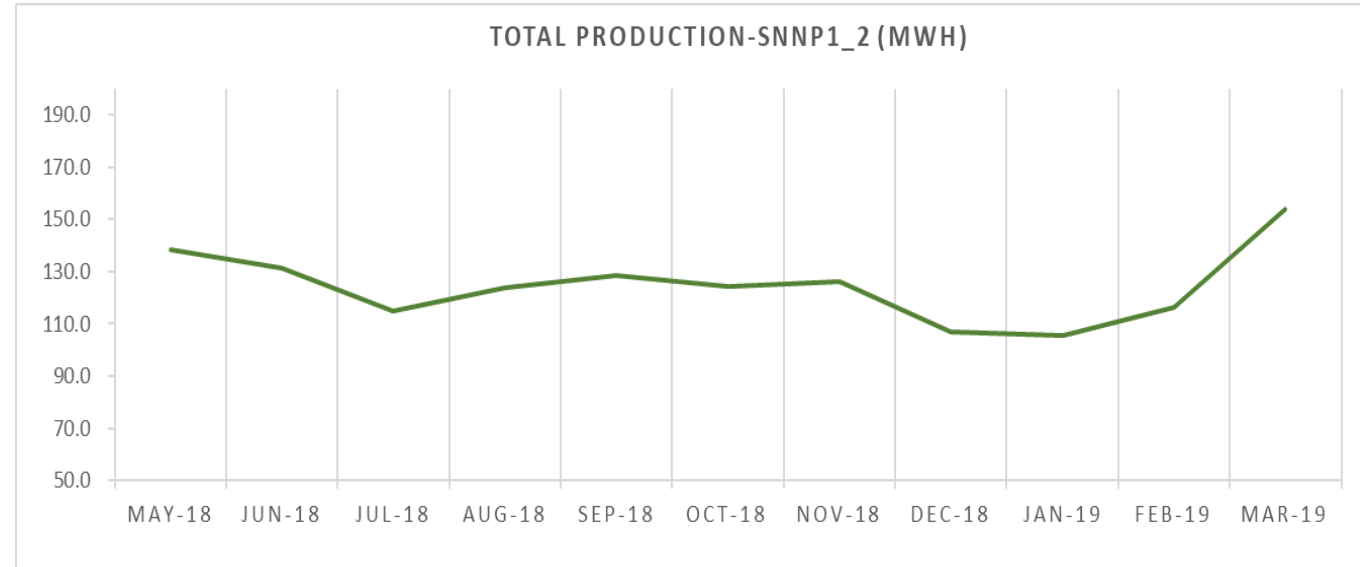
# Zouen 8 MW: Operation performance



# Solar WVO 5 MW: Operation performance

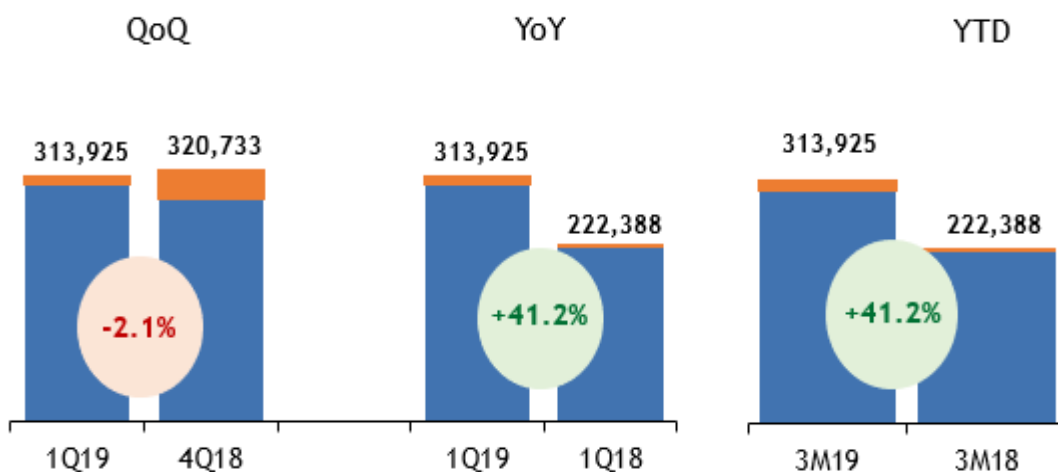


## Solar Rooftop (SNNP1&2, DoHome#1): Operation performance



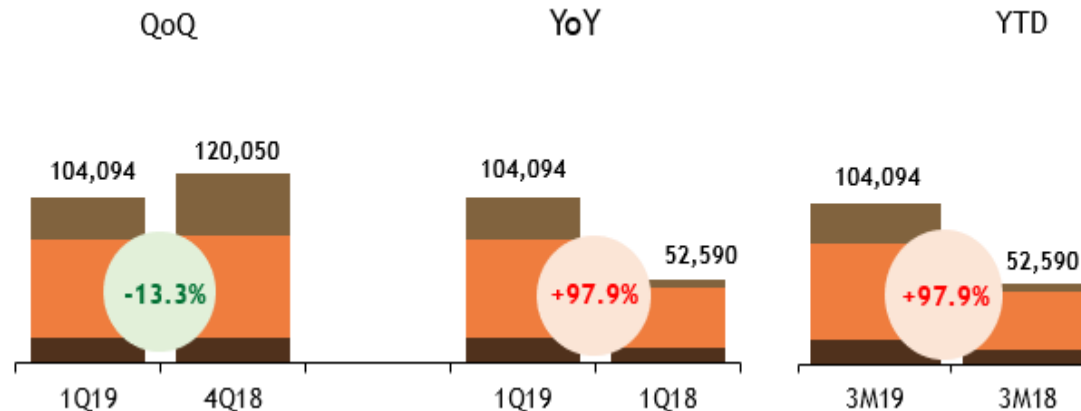
# Revenue/COGS

**Revenue** ■ Sale Revenue ■ Other Revenue (including EPC revenue)  
(Unit: '000 THB)



- **Higher YoY and YTD**
  - Contribution from new projects;
    - Hidaka (COD 01 Mar.18) , Solar WVO (COD 30 Nov.18), Zouen (COD 01 Aug.18) and Solar rooftop (SNNP1&2, DoHome) in last year
  - SPN's volume higher by +4.8% YoY, while lower by -0.8% QoQ.
- **Lower QoQ**, mainly from booked EPC revenue of 11.6 mTHB in Q1-19 (of 32.7 mTHB in Q4-18)
- **Other income**, mainly from EPC construction revenue on Solar rooftop projects (DoHome phase#2) booked in Q4.18 and Q1.19

**COGS** ■ O&M Costs ■ Depreciation and Amortization ■ Others (Including EPC construction cost)  
(Unit: '000 THB)



- **Higher YoY and YTD**,
  - Mainly resulted from new projects entered COD throughout the year (mainly from higher depreciation from new projects)
- **Lower QoQ**,
  - Mainly from a lower of EPC construction cost of 9.9 mTHB booked in Q1-19, and 25.7 mTHB in Q4-18.

# Gross Profit/SG&A

**Gross Profit** ■ GP from Sale ■ GP from EPC (construction)

**SG&A** ■ Unrealized FX loss (gain) ■ General G&A expense

(Unit: '000 THB)

QoQ

YoY

YTD

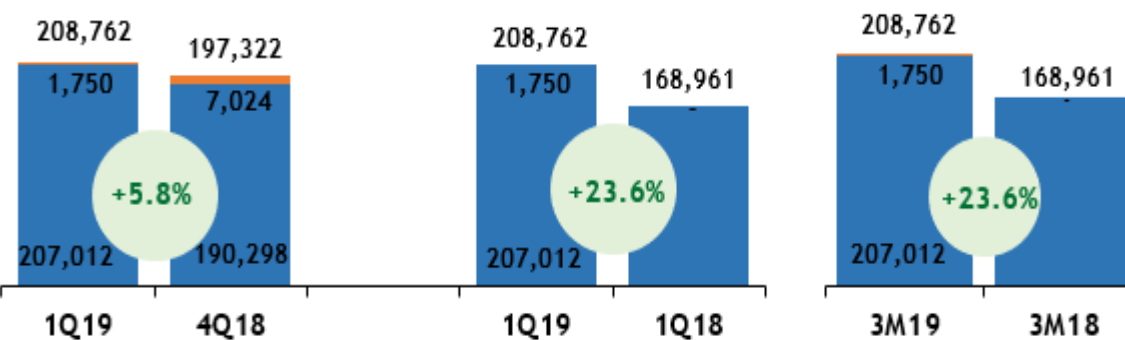
(Unit: '000 THB)

QoQ

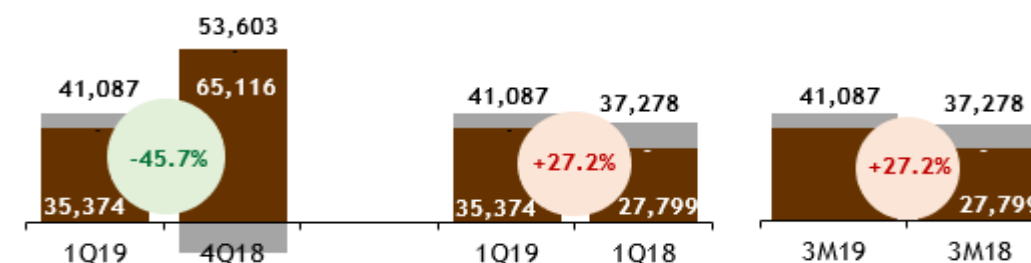
YoY

YTD

(Unit: '000 THB)



- Higher QoQ, YoY and YTD, mainly driven from contribution of new projects.



- Higher YoY and YTD, mainly driven from contribution of new projects.
- Lower QoQ, mainly as a result of unrealized impairment provision in JP project and development cost of Vietnam project have been booked in Q4-18

# EBITDA and Core Operating Profit (COP)

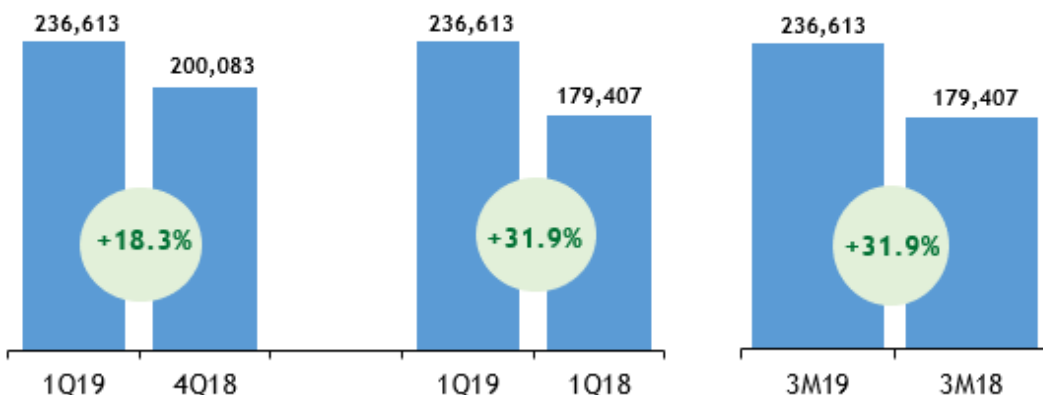
## EBITDA

(Unit: '000 THB)

QoQ

YoY

YTD



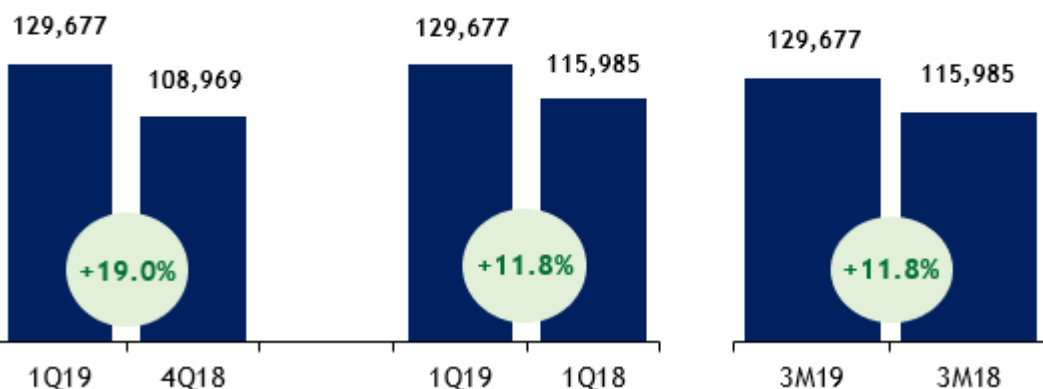
## Core Operating Profit (COP)

(Unit: '000 THB)

QoQ

YoY

YTD



(Unit: '000 THB)

	1Q19	4Q18	1Q18
Net Profit Distribution to SSP's Shareholders	124,025	104,202	106,553
Adjustment Items (after minority interest)			
Unrealized FX loss (gain)	5,713	(11,513)	9,479
Uncapitalized land lease during construction and interest of SSP equity loan	0	0	0
Deferred tax expenses (revenue)	(61)	(47)	(47)
Uncapitalized development cost	0	3,161	0
Unrealized impairment provision	0	13,166	0
<b>Core Operating Profit (to SSP's shareholders)</b>	<b>129,677</b>	<b>108,969</b>	<b>115,985</b>

- Core operating profit is increase with mixture of main factors (YoY):
  - Positive:
    - Hidaka, Zouen and Solar WVO commercial operation and contribution from Solar rooftop projects (both SNNP1&2 and DoHome)
    - Higher SPN volume and average tariff by FT adjustment

# Consolidated P&L

P&L Statement ('000 THB)	1Q19	4Q18	1Q18	3M19	3M18
Sale Revenue	301,039	284,501	221,551	301,039	221,551
EPC Revenue (Construction)	11,630	32,712	-	11,630	-
Service Revenue	187	159	-	187	-
Other Revenue	1,069	3,361	837	1,069	837
<b>Total Revenue</b>	<b>313,925</b>	<b>320,733</b>	<b>222,388</b>	<b>313,925</b>	<b>222,388</b>
Cost of Goods Sold (Sale)	94,214	94,362	52,590	94,214	52,590
Cost of Construction (EPC)	9,880	25,688	-	9,880	-
<b>Gross Profit (Sale - COGS)</b>	<b>207,012</b>	<b>190,298</b>	<b>168,961</b>	<b>207,012</b>	<b>168,961</b>
<b>Gross Profit (EPC - COC)</b>	<b>1,750</b>	<b>7,024</b>	<b>-</b>	<b>1,750</b>	<b>-</b>
<b>Gross Profit (total)</b>	<b>208,762</b>	<b>197,322</b>	<b>168,961</b>	<b>208,762</b>	<b>168,961</b>
<b>Gross Profit Margin</b>	<b>66.7%</b>	<b>62.2%</b>	<b>76.3%</b>	<b>66.7%</b>	<b>76.3%</b>
<b>SG&amp;A</b>	<b>41,087</b>	<b>53,603</b>	<b>37,278</b>	<b>41,087</b>	<b>37,278</b>
Land lease during construction	-	-	-	-	-
Unrealized FX loss (gain)	5,713	(11,513)	9,479	5,713	9,479
General G&A expenses	35,374	65,116	27,799	35,374	27,799
<b>EBITDA (excluding unrealized FX gain/loss)</b>	<b>236,613</b>	<b>200,083</b>	<b>179,407</b>	<b>236,613</b>	<b>179,407</b>
<b>EBITDA margin</b>	<b>75.4%</b>	<b>62.4%</b>	<b>80.7%</b>	<b>75.4%</b>	<b>80.7%</b>
Financial Expenses	46,066	44,390	26,479	46,066	26,479
Tax	(19)	1,362	49	(19)	49
<b>Net Profit</b>	<b>122,697</b>	<b>101,326</b>	<b>105,992</b>	<b>122,697</b>	<b>105,992</b>
<b>Net Profit Distribution</b>					
<b>To SSP's Shareholders</b>	<b>124,025</b>	<b>104,202</b>	<b>106,553</b>	<b>124,025</b>	<b>106,553</b>
Minority Shareholders of Subsidiaries	(1,328)	(2,875)	(561)	(1,328)	(561)
<b>Adjustment Items (after minority interest)</b>					
Unrealized FX (gain)/loss	5,713	(11,513)	9,479	5,713	9,479
Uncapitalized land lease during construction and interest of SSP equity loan	-	-	-	-	-
Deferred tax expenses	(61)	(47)	(47)	(61)	(47)
Uncapitalized development cost	-	3,161	-	-	-
Unrealized impairment provision	-	13,166	-	-	-
<b>Core Operating Profit (to SSP's shareholders)</b>	<b>129,677</b>	<b>108,969</b>	<b>115,985</b>	<b>129,677</b>	<b>115,985</b>

- Sale revenue of 1Q19 is higher YoY (compared to 1Q18), which is mainly from higher sale production and average tariff from SPN and contribution from new projects
- COGS and SG&A is higher mainly from new projects (both Thailand and Japan projects).
- Unrealized FX loss for 1Q19 = 5.7 MTHB (vs FX loss = 9.5 MTHB for 1Q18 and vs. FX gain = 11.5 MTHB for 4Q18)

# Consolidated Balance Sheet

<b>Balance Sheet Statement ('000 THB)</b>	<b>31-Mar-19</b>	<b>31-Dec-18</b>
Cash and Cash Equivalent	1,072,486	1,125,130
Short-term restricted bank deposits	211,155	438,922
Trade and other receivables	368,933	408,800
Other Current Assets	13,611	42,093
<b>Total Current Assets</b>	<b>1,666,185</b>	<b>2,014,945</b>
Long-term restricted bank deposits	105,025	96,733
Revenue department receivable	15,814	68,634
Property, plant and equipment	9,107,537	8,352,084
Intangible Assets	943,929	950,633
Other Fixed Assets	401,684	409,699
<b>Total Fixed Assets</b>	<b>10,573,989</b>	<b>9,877,783</b>
<b>Total assets</b>	<b>12,240,174</b>	<b>11,892,728</b>
Account Payables	815,908	503,820
Current Portion of Long-Term loan	513,562	508,586
Other Current Liabilities	148,025	134,494
<b>Total Current Liabilities</b>	<b>1,477,495</b>	<b>1,146,900</b>
Long-Term Loan	6,813,603	6,868,209
Other Non-Current Liabilities	7,303	19,473
<b>Total Non-Current Liabilities</b>	<b>6,820,906</b>	<b>6,887,682</b>
<b>Total liabilities</b>	<b>8,298,401</b>	<b>8,034,582</b>
Paid-up share capital	922,000	922,000
Premium on ordinary shares	1,511,210	1,511,210
Surplus on business combination under common control	33,098	33,098
Legal Reserve	64,815	64,815
Unappropriated Retained Earnings	1,208,081	1,084,056
Others components of shareholders' equity	(114,914)	(81,638)
<b>Total Equity of Company</b>	<b>3,624,290</b>	<b>3,533,541</b>
Minority interest	317,483	324,605
<b>Total shareholders' equity</b>	<b>3,941,773</b>	<b>3,858,146</b>

- Majority of the cash and cash equivalent is from IPO, SPN, new projects and syndicated loan.

- PP&E gradually increased along with construction of projects under development.

- Consolidated D/E ratio (excluded minority int.) as of 31/03/19 = 2.29x increased from 2.27x as of 31/12/18.
- SSP's company only D/E ratio as of 31/03/19 is at around 0.32x decreased from 0.33x as of 31/12/18

# Q&A



# Back-up



# SSP Group Portfolio - Over 200 Equity MWp under Operation and Construction

Installed MWp / SSP Installed Equity MWp

**Mongolia – total 12.3 MWp**

Construction

▪ **Khunshight Kundi** 16.4/12.3 MWp

**Thailand – total 62 MWp**

Operational

▪ **SPN** 52/52 MWp  
 ▪ **SNNP1** 0.384/0.384 MWp  
 ▪ **SNNP2** 0.998/0.998 MWp  
 ▪ **Do Home 1** 3/3 MWp

▪ **Solar WVO** 5/5 MWp

Construction

▪ **SNNP 3 & 4** 0.7/0.7 MWp

**Japan – total 97.30 MWp**

Operational

▪ **Hidaka** 21/18.25 MWp  
 ▪ **Zouen** 8/8 MWp

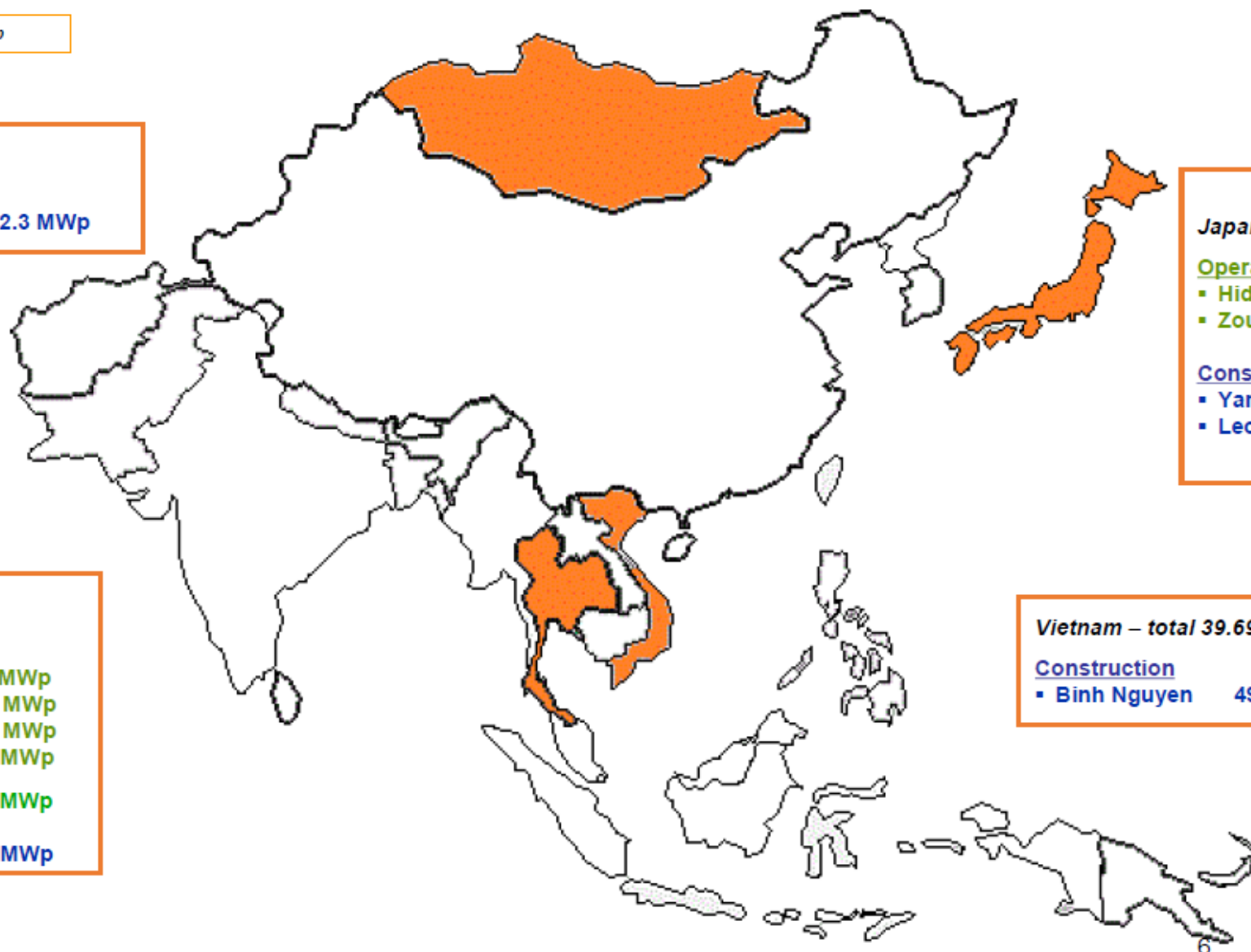
Construction

▪ **Yamaga** 34.5/31.05 MWp  
 ▪ **Leo** 40/40 MWp

**Vietnam – total 39.69 MWp**













Construction

▪ **Binh Nguyen** 49.61/39.69 MWp

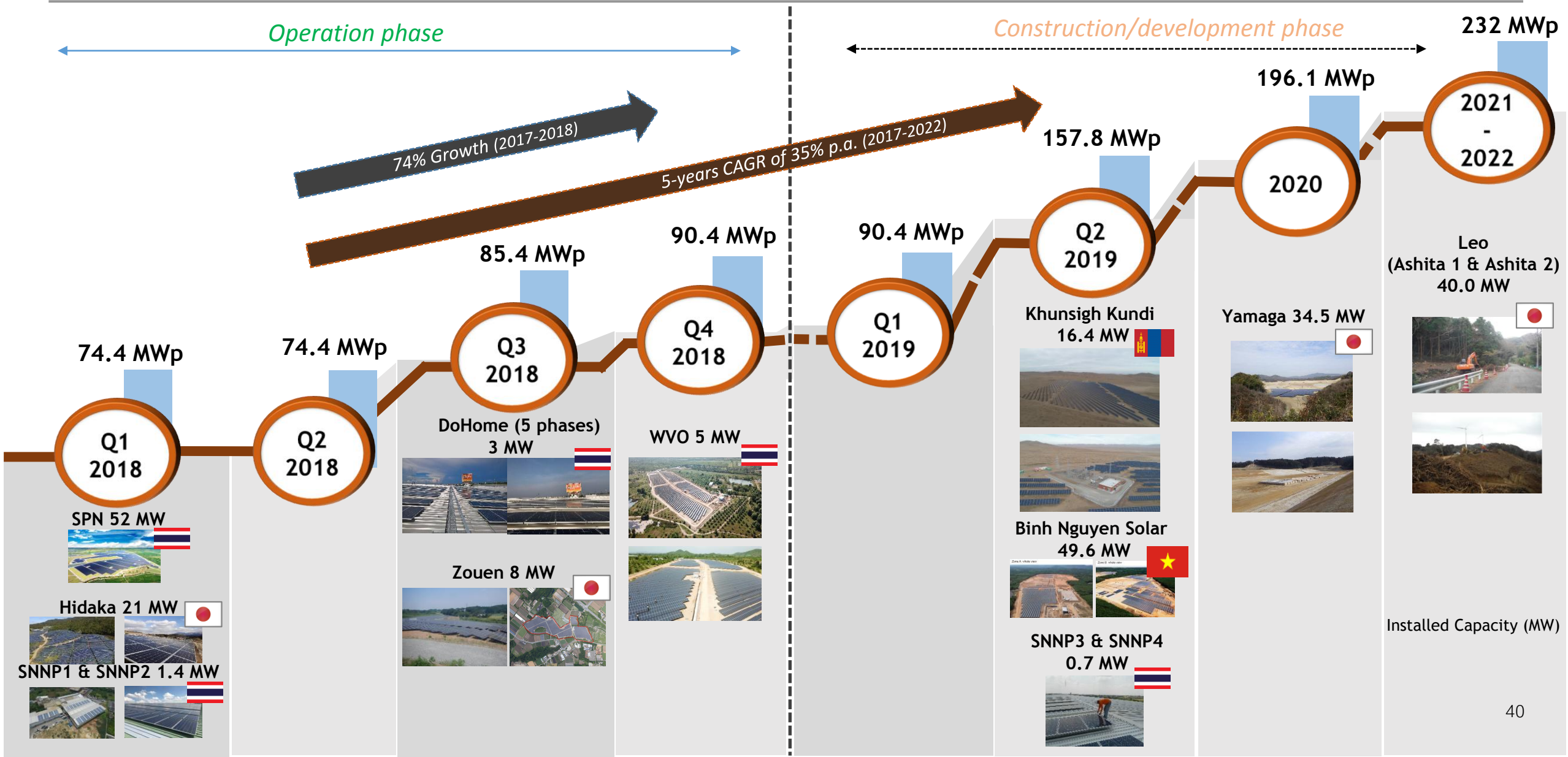


## Robust Portfolio Growth from High Quality Pipeline

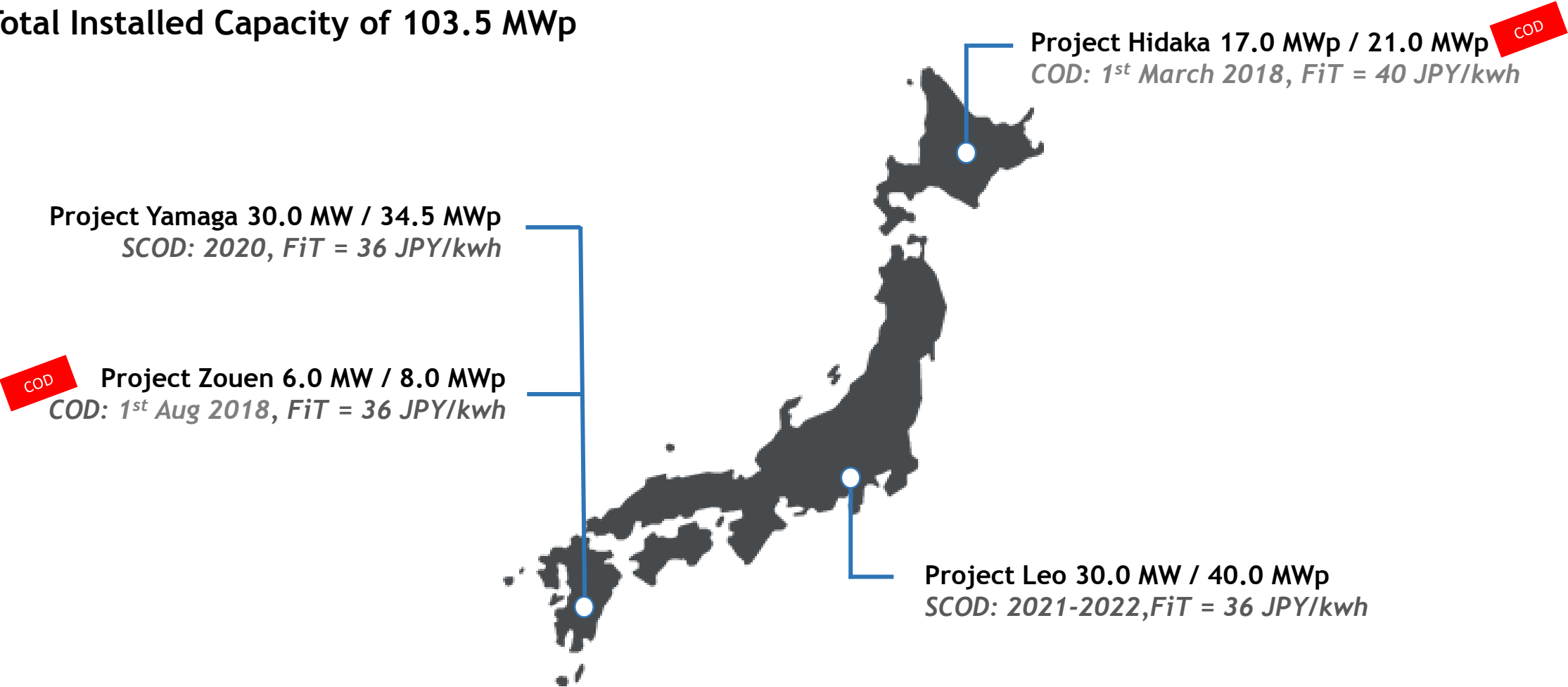
### Future Project Pipeline Details

	Project	Location	Status	Installed Capacity (MWp)	Expected COD
COD	SPN		Start Commercial Operation (2 <sup>nd</sup> February 2015)	52.0	Q1 2015
COD	Hidaka		Start Commercial Operation (1 <sup>st</sup> March 2018)	21.0	Q1 2018
COD	SNNP1		Complete	0.384	Q1 2018
COD	SNNP2		Complete	0.998	Q1 2018
COD	Do Home		Complete	3.0	Q3 2018
COD	Zouen		Start Commercial Operation (1 <sup>st</sup> August 2018)	8.0	Q4 2018
COD	Solar WVO		Start Commercial Operation (30 <sup>th</sup> November 2018)	5.0	Q4 2018
	SNNP 3 and SNNP 4		Under Construction	0.7	Q2 2019
	Khunsight Kundi		Commissioning	16.4	Q2 2019
	Binh Nguyen Solar		Under Construction	49.6	Q2 2019
	Yamaga		Under Construction	34.5	Jun-2020
	Leo (Phase1 and Phase2)		Under Construction/Development	40.0	July-21/2022

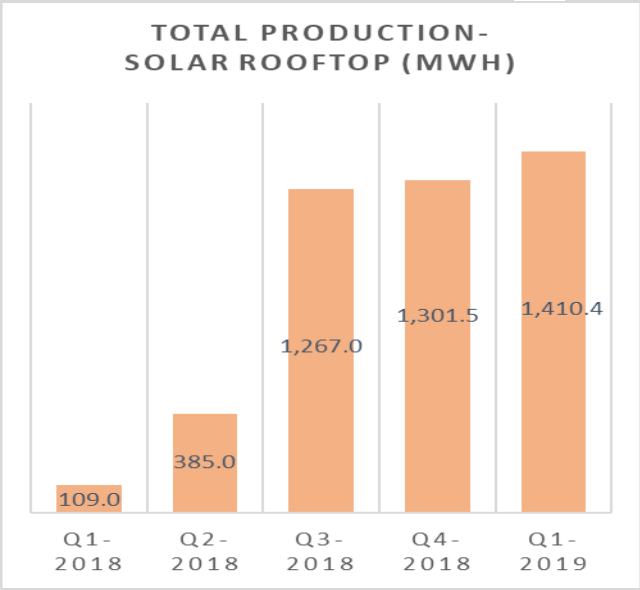
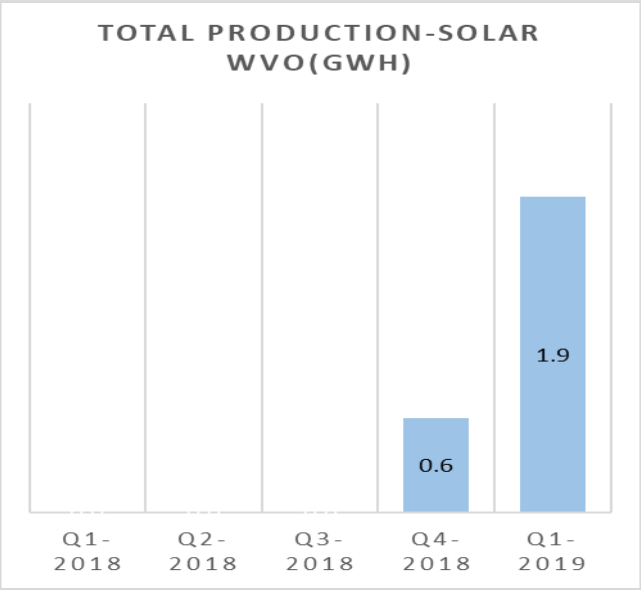
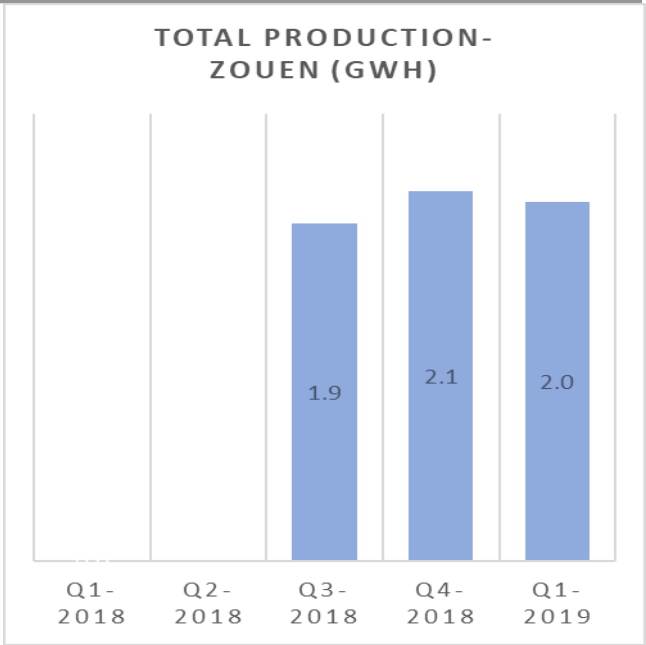
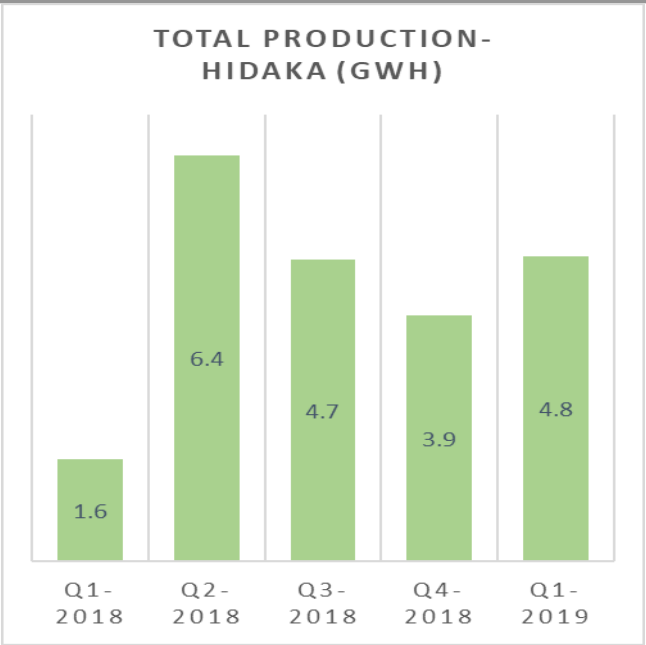
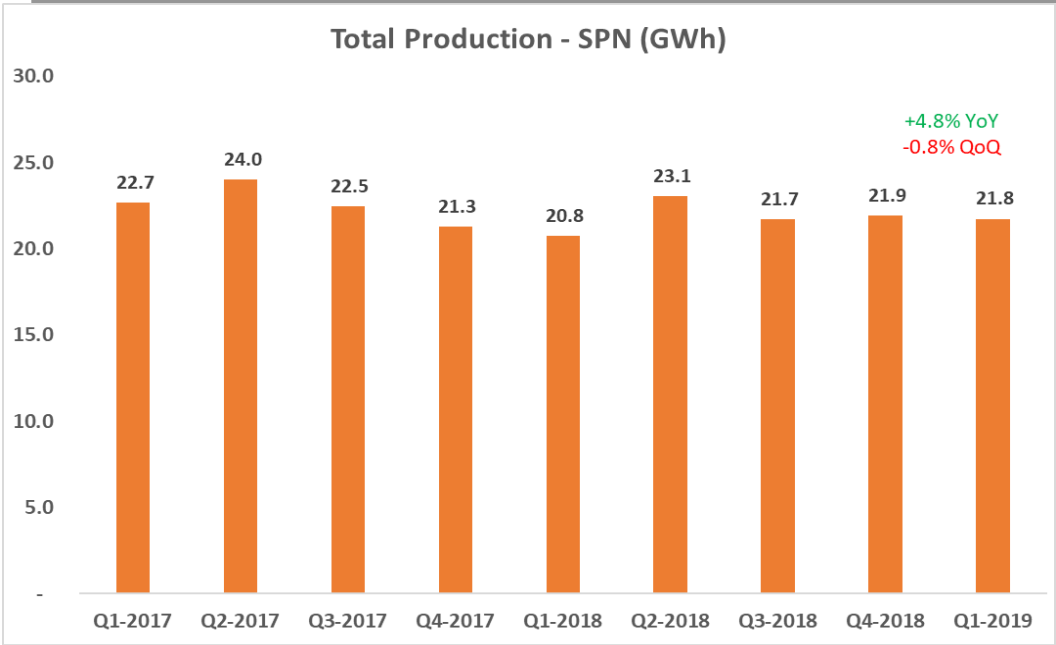
Delivery timeline:



Total Installed Capacity of 103.5 MWp



# Sale Volume: Quarterly production performance



## Japan new FIT rule - New METI regulation: “1-year rule”

- During late 2018, METI issued new regulation affecting Solar projects with capacity over 2 MW; so called “1-year rule”.
- This regulation is in addition to prior regulation; so called “3-years rule”.
- Implication of 3-years rule: start of PPA tenor will be fixed at certain date → meaning PPA may be ‘shorter’ if project cannot start COD by such date.
- Implication of 1-year rule: project may get both ‘FIT reduction’ (to 21 JPY/kwh) and/or shorter PPA tenor;
- 1-year rule test is quite complex, though key tests are:
  - a. If project obtain METI ID after Jul-15 ‘or’ executed grid agreement after Jul-16, project will fall into 3-years rule; If not, further test required.
  - b. As of 05/12/18, If project already obtained “Notification of Construction Plan”, project is exempted from 1-year rule; if not, further test required.
  - c. If not already obtained Notification of Construction Plan by 05/12/18,
    - i. Project will be exempted from 1-year rule, if achieve all of this:
      1. Already acquired “Forestry Permit” and get accepted of “Notification of start of Forestry Activities” as of 05/12/18
      2. Get accepted of “Notification of Construction Plan” by 30/9/19
      3. Start PV panel installation work by 31/10/19
    - ii. If not achieve all 3 conditions in i, project is subject to 1-year rule
      - If project can get i-2 above, no FIT reduction, but PPA tenor starts from 01/10/2020
      - If project cannot get i-2 above, FIT will be reduced to 21 JPY/kwh (for 2019 submission) and start of PPA tenor starts from 1 year after construction work submission date.
- **Implication to SSP’s projects:**
  - a. Hidaka and Zouen → already COD → no effect
  - b. Yamaga → under construction (more than 1 year already) → no effect
  - c. Leo → fall into category ‘a’ above (and already start construction) → 3-years rule → no effect