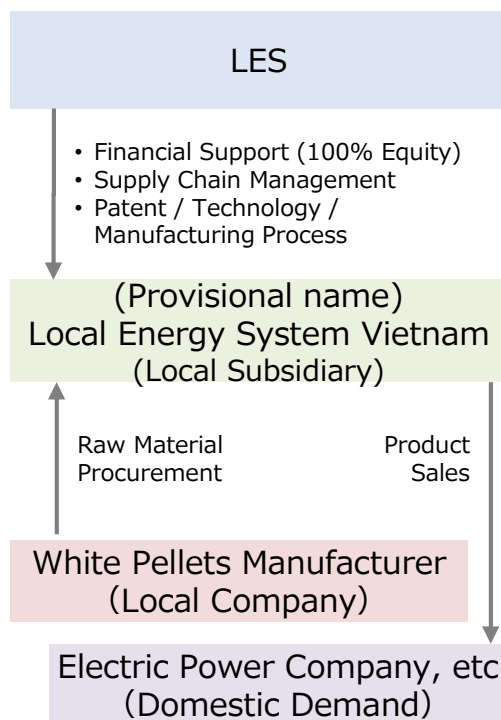


The Global South Future-Oriented Co-Creation Project: Selected Companies (1st Application)

Project Name	Socialist Republic of Viet Nam / Demonstration Project for Stable Production of Black Pellets, Market Formation, and Supply Chain Building (Black Pellets = BP)		
Company Name	Local Energy System CO., LTD. (LES)	Company Size	SME • Other than SME
Category	Category 1 • Category 2 • Category 3	Project Field	GX • DX • Economic Security
Total Project Expenses/Total Subsidy Expenses/ Subsidy Application Amount	10.2 billion yen /8.0 billion yen /4.0 billion yen		

Project Outline 【Project Scheme】



【Outline】

- Establish a BP manufacturing plant in Gia Lai Province, Vietnam, equipped with a small, modular, high-efficiency torrefaction furnace
- Procure raw materials (FSC-certified materials, etc.) from a major local WP manufacturer and establish a BP production system
- Regarding BP quality, logistics and long-term stable feasibility for power generation applications, and verify the establishment of a sustainable supply chain model in both Japan and Vietnam

【Key Technologies and Demonstrations】

- Verify the full commercialization (stable supply and utilization) of BP produced in a small, modular, highly efficient torrefaction furnace manufactured and improved by a Japanese SME as a co-firing material for domestic coal-fired power plants

【Schedule】

- April 2026 : Demonstration project
- April 2027 – March 2028 : Project phases 1-3 operation sequentially
- March 2029 : Project completes
- After April 2029 : Coordination for the second and subsequent factories in Vietnam

【BP Production / Small Modular High-Efficiency Torrefaction Furnace】



Resulting benefits to Japan

【Points that this project contributes to innovation creation in Japan】

- Reduce CO2 emissions by utilizing co-combustion materials at coal-fired power plants without large-scale renovations
- Build a BP supply chain (acquire know-how on international rules and standards in line with new IMSBC code requirements, including long-distance ocean transport, dust control measures during loading and unloading, and quality maintenance during storage)
- Establish a domestic R&D center for BP production using a variety of raw materials, serving as a mother factory for future expansion into other ASEAN countries

【Resulting domestic employment and investment benefits】

- Invest in R&D and create direct employment at R&D bases