



JRI news release

JRI Teams Up With 2 US Companies in Energy Business Sector, Aiming to Establish ESP Businesses (Customer Solutions) for a Free Market

The Japan Research Institute, Limited ("JRI"; President: Masahiko Koido; 16 Ichiban-cho, Chiyoda-ku, Tokyo) recently signed agreements with two American energy venture companies, Avista Advantage, Inc. ("Avista") and Ecom-Energy, Inc. ("Ecom-Energy"), in collaboration with which it aims to establish consumer-oriented businesses, in anticipation of the proposed liberalization of electrical power in Japan, in two years' time. Earlier this year (on May 31, 2001), JRI established the Energy Service Providers 2001 Consortium ("ESPC"), an organization whose purpose is to foster new energy-related businesses in anticipation of the liberalization of electrical power.

1. Background to the Agreements

Over 20 states in the United States, where the electrical power market is already free, a large number of venture companies have sprung up in electrical power and other energy-related sectors. Although venture companies of this kind, especially those whose business models are highly customer-oriented (hereafter "customer-oriented businesses"), are achieving rapid growth in the United States, they do not even exist in the Japanese energy sector.

JRI's decision to team up with Avista and Ecom-Energy, two venture companies pursuing "customer-oriented businesses" in the United States, was made with a view to importing their experiences and know-how in this field to Japan. Through

the tie-up with the ESPC, Avista and Ecom-Energy aim to gain access to Japan's electrical power market, the 3rd largest (kWh base) in the world.

Through the activities of the ESPC, JRI aims to acquire know-how relating to customer-oriented businesses from Avista and Ecom-Energy and use it to develop customer-oriented businesses in Japan, in anticipation of the proposed liberalization of electrical power in two years' time.

2. Outline of the Agreements

(1) JRI is to receive information and advice from Avista and Ecom-Energy, on the basis of which it will research customer-oriented business models suited to the Japanese market, develop Websites for customer services use, etc., with a view to establishing models for customer-oriented businesses suited to the Japanese market.

(2) The agreements are to remain in effect until March 2003, when the period of activity of the ESPC.

(3) In conjunction with the establishment of actual business enterprises, JRI's relationship with Avista and Ecom-Energy is to be determined as provided elsewhere, through the establishment of fresh agreements, etc.

3. Profiles of Business Partners

(1) Avista Advantage Inc.

(i) Established: 1996

(ii) Head office: Spokane, Washington (USA)

(iii) Services offered: Billing services for companies operating regular chains (management and analysis services and payment services relating to invoices for public utility charges, telephone & telecommunications charges, waste disposal charges, maintenance management, repair & operation service charges, etc.), facilities management (advice on improving efficiency of energy use, etc.: referred to by Avista as "facilities intelligence"), etc.

(iv) Target customers: The company currently has 170 customers, including 36 companies in the Fortune 500. Services are provided to more than 85,000 sites around the United States, including branches of Starbucks Coffee, Kinko's, Time Warner, and Microsoft.

(v) Sales: The company processes 170,000 invoices/month (M\$375), and is growing rapidly, currently at an annual rate of 100%.

(vi) Other: Subsidiary of energy data technology company Avista Corp., based in Washington State. Business includes billing services for companies operating regular chains conversion of billing data to databases, and advisory and consulting services. Currently expanding customer network.

(2) Ecom-Energy, Inc.

(i) Established: 2000

(ii) Head office: Philadelphia, Pennsylvania (USA)

(iii) Services offered: Information services relating to liberalization of electric power provided to medical institutions only, electric power procurement services, optimal utilization of non-regular electric power generators, ESCO (energy cost reduction services involving finance methods such as leasing, eliminating need for investment by customer).

(iv) Target customers: Medical institutions

(v) Other: Established as a joint venture between NPO and ESCO, organizations which provide medical information services to meet the strong demand for energy cost reduction through the liberalization of electric power, etc., shown by medical institutions in the United States. Ecom-Energy focuses exclusively on medical institutions and also operates an e-learning program designed to train energy specialists for medical institutions where such experts are in short supply.