

North Carolina Agricultural Energy Partnership

Minutes of Third Meeting February 23, 2006 11.00 am GrandOver Resort, Greensboro, NC

1. Attendees

The meeting was attended by:

- Zach Henderson, Wilkes Co. Commissioner
- Robin Hamby, Wilkes Co. EDC
- Steve Smith, Duke Power
- Wayne Huddleson, Duke Power
- Judy Stevens, Montgomery Co. EDC
- David Icenhour, Alexander Co. EDC Director
- Kathy Bunton, NC Extension Service, Statesville
- Robin Rhyne, Surry Co. EDC president
- Jody Smith, NC Extension Service, Munroe
- Jackie Morgan, Union Co. EDC
- David Beam, NC Electric Membership Corp
- Bud Cohoon, NC Electric Membership Corp
- Sam Whittington, Tyson Wilkesboro
- Ann Coan, NC Farm Bureau Federation
- Jim Shepard, Mountaire
- Robin Rhyne, Surrey Co EDC
- Carl Strickler (CWS), COO, Fibrowatt LLC
- Eric Jenkins (EJ), VP of Commercial Development, Fibrowatt LLC
- Terry Walmsley (TPW), VP of Environmental Affairs, Fibrowatt LLC
- Geno Kennedy (GK), Project Consultant, Fibrowatt LLC
- Kellylorén Metzger (KM), Executive Assistant to Rupert Fraser, Fibrowatt LLC

2. Introduction

- (a) Attendees introduced themselves.
- (b) The minutes of the previous meeting were briefly reviewed.

- (c) A question was asked on how Fibrowatt addresses community outreach. Fibrowatt gave an overview of the public outreach program for Fibrowatt's Minnesota project. In Minnesota,

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Fibrowatt began development with a group similar to this NCAEP, held open-house citizen meetings in each of the short-listed communities, participated in a citizen's advisory panel, and was involved in many public hearings and state board meetings. Fibrowatt is very committed to working closely with interested communities.

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3. Progress Update and Forthcoming Activities

In general, Fibrowatt has organized the development effort into 10 project task areas and has begun activities under many of the tasks. As such, Fibrowatt will use this task list for future meetings where appropriate.

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- Fuel contracting;
- Power Sales contracting;
- Facility Siting;
- Legislative liaison;
- Outline plant design;
- Permitting;
- Ash Sales contracting;
- Detailed Design and Engineering;
- Operations Planning;
- Financing.

(a) Power Sales

Fibrowatt mentioned that Duke has indicated an interest in pursuing a power purchase agreement with Fibrowatt and it was noted that each of the major electrical utilities in North Carolina have been in contact with Fibrowatt.

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(b) Fuel

Fibrowatt indicated that it soon will begin a sampling and testing program to better determine fuel quality in North Carolina. It was noted that this fuel analysis is important for many reasons such as a better understanding of barn management practices, comparison of Minnesota data with North Carolina data, determining state litter generation rates, and support for the facility design and financing as well as for purposes of marketing the ash by-product. It was noted that Fibrowatt will be dependent on the poultry companies and growers for sampling based on biosecurity reasons.

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Ash fuel content;

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<#>Location,¶
<#>Type of bird (Broiler, Egg Layer, etc.)¶
¶
He noted that respecting the growers' own processes would be paramount in order to ensure accurate sample testing as only growers are permitted on their farms to reduce bio security risks. EJ

Fibrowatt has now completed its preliminary analysis of state litter generation rates and will next determine how much of this litter will be available for contracting. In general, litter availability will likely be about 50% of what is generated. It is expected that Fibrowatt will begin fuel contracting within the next 2-4 weeks.

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(c) Siting

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Fibrowatt reiterated the benefits of a litter fueled power plant including roughly 90 permanent jobs (30 at the plant) and around 200-300 construction jobs, protection of the viability of the poultry industry in the state and potential industry expansion, support for the local tax base, fertilizer manufacturing jobs and revenue, and the generation of 30-40 MW of green energy.

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- Deleted: that will be produced per year and the 30-40 MW of green energy that would be produced. TPW

Fibrowatt explained the process that will be used for site selection, some of which is currently underway. The initial step is to better understand through modelling, the location where litter is generated and how much of this litter would be made available to the plant by the individual growers. In addition to fuel supply considerations, it was also stressed that site selection will also be strongly dependent on power purchase considerations. When fuel and power contract information are better understood, Fibrowatt will complete a preliminary "Fatal Flaw" Evaluation of the sites being suggested by interested communities and from these results and transportation modelling, Fibrowatt will select a "short list" of sites. Once the short list is established, an in-depth evaluation of these sites will be completed, leading to final selection of the site for Fibrowatt's new plants.

To assist the communities with siting proposals, Fibrowatt supplied a list of criteria that will ultimately be used to select the site, a list which outlined the areas where the communities will be looked to for information. This list addressed criteria related to (a) location, (b) stakeholder support, (c) physical site characteristics, (d) utilities and services, (e) electrical generation and transmission, (f) economics, and (g) facility impacts.

It was suggested that interested municipalities should look for sites with a minimum of 15-25 acres of land.

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- Deleted: would be needed to act as a buffer for the chosen site. CWS mentioned that the contribution of NCAEP members to a more effective siting selection process would also result in broader scale benefits such as the improvement of related industries such as the poultry and trucking industries.

Fibrowatt detailed several ways in which members could assist in the effective selection of a site including:

- Provide insight into possible sources of funding.
- Detail local zoning rules or restrictions that could impact the site;
- Do a title search to ensure there are no encumbrances on the property;

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- Deleted: <#>Alerting Fibrowatt of additional benefits or challenges associated with available sites.¶ Provide
- Deleted: <#>Take surroundings into account (Is site near a railroad? If so, how efficient is it?, etc.);¶ <#>Do site measurements in feet;¶ <#>Provide local weather data;¶ <#>Consider the impact of trucks on the local community/other possible noise issues;¶ <#>Provide insight into possible sources of funding.¶ ¶
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(d) Legislative and Political Initiatives

It was recommended by members that Fibrowatt join the North Carolina Green Climate Change Committee.

Fibrowatt asked those present to keep alert for grants that could assist with project development and/or construction, as well as green power initiatives or loan guarantees that could be utilized in structuring the project economics.

Fibrowatt continues to promote the sharing of any input with regard to changes to be made to the NC Contacts summary that it has already established and circulated. Please forward comments and updates to Kellylorén Metzger at Kellyloren.Metzger@Fibrowattusa.com

(e) Conceptual Design

Fibrowatt indicated that they are working on some conceptual design items but will need sampling data in order to proceed further. Fibrowatt also is looking into ways it might also manage some swine industry waste but stressed that the plants will be primarily based on poultry litter.

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- Deleted: and beginning discussions with a company who has drying technology
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4. Contacts

NCAEP members have recommended that the following persons be invited to future meetings:

- Representative from the NC Department of Agriculture
- Bob Ford, Poultry Federation
- Paul Jordan
- Sam Perdue
- Pryor Gibson

Members felt that it would be advisable to also keep Sam Perdue and Pryor Gibson informed even if they were not interested in directly participating. Fibrowatt requested that further recommendations should be forwarded to Kellylorén Metzger at Kellyloren.Metzger@Fibrowattusa.com.

5. UK Plant Visits

The possibility of visiting the UK plants was discussed, and it was noted that it would be important for local community representatives to visit the UK in order to report back to residents, but that such visits by elected officials might only be justified once a particular community has been selected, or at least short listed. Fibrowatt will discuss UK plant visits with the Department of Commerce and other NC agencies. Given the timeline for site selection Fibrowatt has estimated that the first plant tour could be arranged for sometime in April. Each trip taken could accommodate about 12 people.

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6. Press Coverage

Fibrowatt reminded attendees that press enquiries should be forwarded to Rupert Fraser on 651-260-8451 or Carl Strickler on 267-352-0014. Please forward any relevant press coverage you receive to Kellylorén Metzger at Kellyloren.Metzger@Fibrowattusa.com or to the Fibrowatt Corporate office at 6 Penns Trail, suite 201, Newtown Pavilion, Newtown, PA 18940.

7. Next Meeting

This will be held on Wednesday, 12th of April, 2006 at 11.00 am (Note: This was one of two dates discussed at the meeting).