



June 9, 2011

### **Update to BioPro Power® Partners, Growers and Suppliers**

We have promised occasional updates on our progress to build a 25MW corn-stover-fueled power plant in Rock Falls, Illinois. You may recall that there are many moving parts that must be assembled to complete a project of such magnitude. The processes include: acquiring land for the plant, securing the fuel supply, the emission permits from the EPA, a connection permit to the electrical grid within the USA, selling a PPA (Power Purchase Agreement) contract that endures for 20 years and securing construction financing. Each of these steps requires significant time and effort, and when completed, each represents a major accomplishment.

To date we have worked with growers to secure our fuel; the residual stover that remains following the grain harvest. That task is ongoing but we interrupted that effort as farmers planted their crops and we sought to sell power via a 20 year contract. We will continue to work with growers this fall and have begun to expand our farm test plots from one site near Prophetstown to a total of five sites all within a 25 mile radius of Rock Falls. The new test plots will be on farms adjacent to a well-traveled road for signage exposure and where soil types differ. The added test sites allow us to gather additional technical data.

### **What's been accomplished?**

From previous updates you may recall that the Rock Falls Plant will be located in the Industrial Park on Mc Neil Road, near Highway 30. This land has been acquired under option and is only a few hundred feet from a power substation. This fact allows easy access to our nation's power grid. We have also received a letter indicating approval for power-grid connection via a system referred to as PJM. And, the Illinois EPA (Environmental Protection Agency) has granted an air permit to BioPro Rock Falls to operate the plant at the above location.

We have worked with an exceptional group of farm equipment manufacturers and local dealers to confirm our harvesting technology and secure initial equipment pricing. Our stover harvesting methods and our stover management advantages to growers will be further expanded this harvest season as we increase our test plots and research methods.

Thirty-eight (38) patent claims have been submitted by BioPro Power on both harvesting equipment and power generation processes and equipment. This too is a major achievement as many technology companies seldom file more than a couple of patent applications each year. Thirty-eight patent claims is a significant achievement for our company!

## **What's yet to accomplish?**

Securing a PPA (Power Purchase Agreement) is a critical and difficult task in today's volatile economy. Securing financing for this major project requires many things to be accomplished, not the least of which is a contractual PPA that is fixed in price for a 20 year period. Consider the following example as a way to understand the significance of this task.

From day-to-day, month-to-month and year-to-year, corn pricing is much like power pricing. The price of power fluctuates much like corn prices ; with supply and demand. In a bad growing year or a year of high corn demand the short supply drives the price up. Like most commodities, the input costs figure little in the price of the grain or power.

Just as food processing companies use long term contracts to hedge input expenses, power buyers want to protect themselves with long term agreements. For these reasons, the BioPro Power team is being very careful in its efforts to secure a profitable PPA contract that must span 20 years.

We do have several inherent advantages in this regard. Some utilities and companies are aggressively seeking "green", renewable energy sources. Corn residue is a competitive fuel; and, removing about half of the stover provides significant yield increases and other financial benefits for corn growers.

Assembling the financial components for the plant continues in earnest. Although final financing is possible only with an inked 20 year PPA, the BioPro Power team has been working to arrange the best financing available during our simultaneous work to sell the plant's power and renewable energy credits.

## **Finally....**

The BioPro Power team is deeply appreciative of the support and cooperation that has been extended by area businesses, growers, farm equipment dealers, elected officials, the Rock Falls Community Development Corporation and surrounding communities. The support of area leaders toward our team has been outstanding; we are honored and deeply appreciative. Our goal is to have a PPA, financing and groundbreaking in 2011.

Please feel free to email any questions to [dfuehrer@biopropower.com](mailto:dfuehrer@biopropower.com). You may also visit our website at [www.biopropower.com](http://www.biopropower.com).