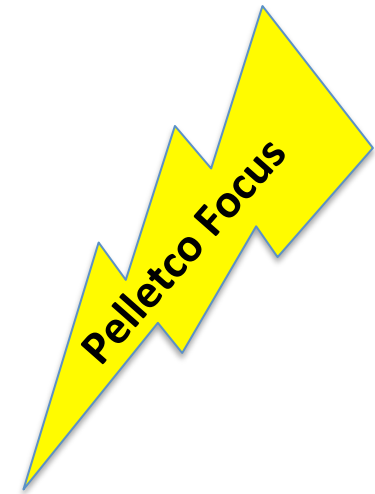


Presentation to
Washington County Council of Governments
September 11, 2012



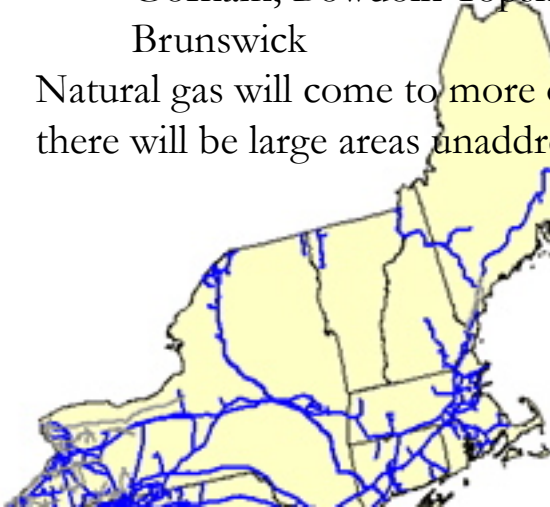
Heat for Commercial and
Institutional Buildings at 20%
less than oil

Pelletco's Target Market



Pelletco goes where Natural Gas isn't

- Major portion of Northeast do not have access to Natural Gas
- Blue lines indicate Gas pipelines
- Natural Gas is available in the following areas of Maine:
 - Northern Utilities: Greater Portland area, Lewiston, Auburn, and Kittery.
 - Bangor Gas: Bangor, Brewer, Old Town, Orono and Veazie.
 - Maine Natural Gas: Windham, Gorham, Bowdoin Topsham and Brunswick
- Natural gas will come to more of Maine but there will be large areas unaddressed



Commercial and Institutional Oil Users paying over \$3/gallon or \$30+/Mmbtu. Buildings using 5-50,000 gallons of oil per year (~10,000-125,000 sq ft) Examples include:

- Schools
- Hospitals
- Universities
- Businesses
- Other

Pelletco has existing contracts with three reference accounts at

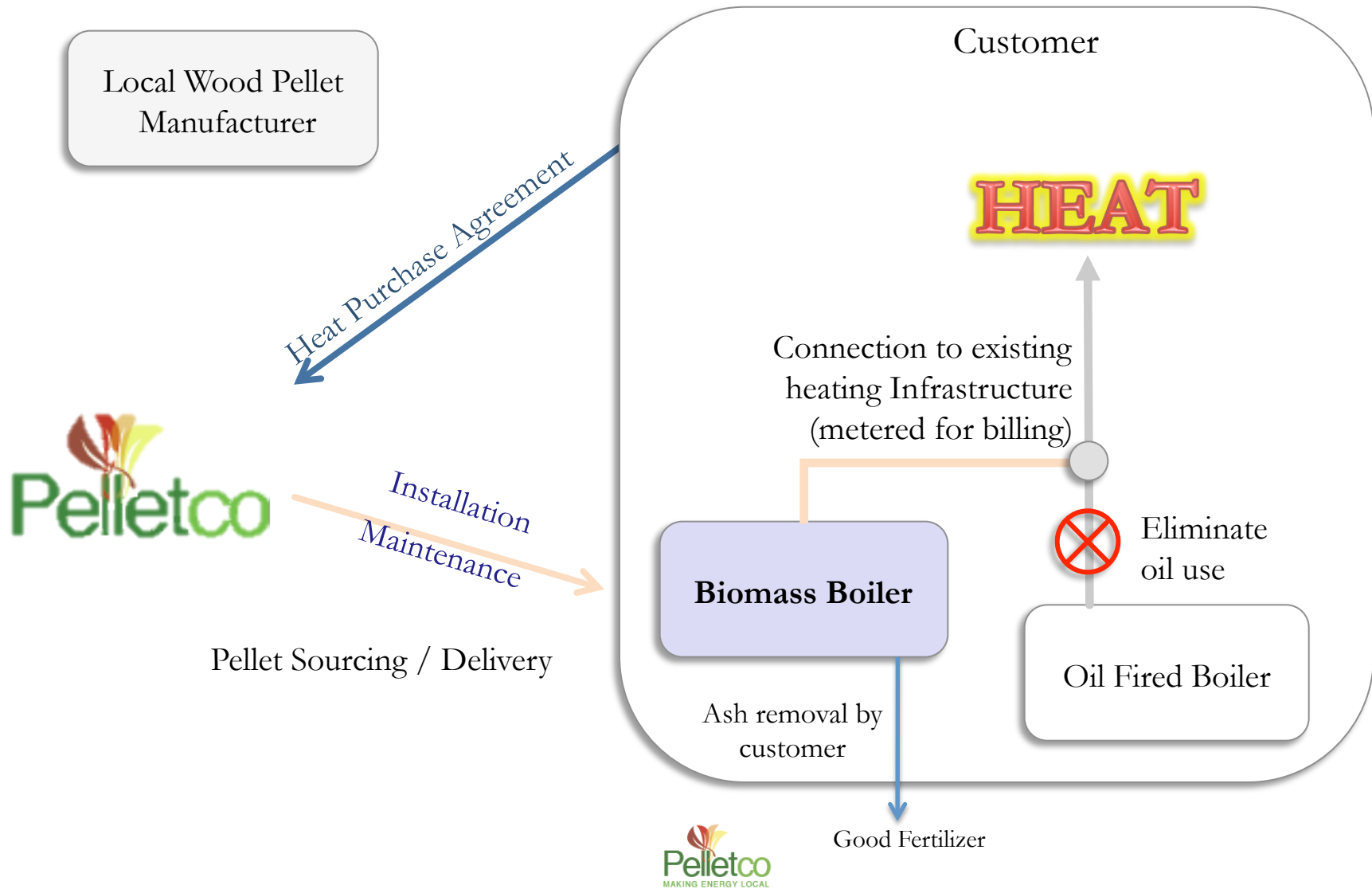
- U Maine CCAR site in Franklin, Maine
- Sukeforth Conference Center in China, Maine
- Hotel on Lake Sebago

Example of a Containerized Boiler for Heat Sale



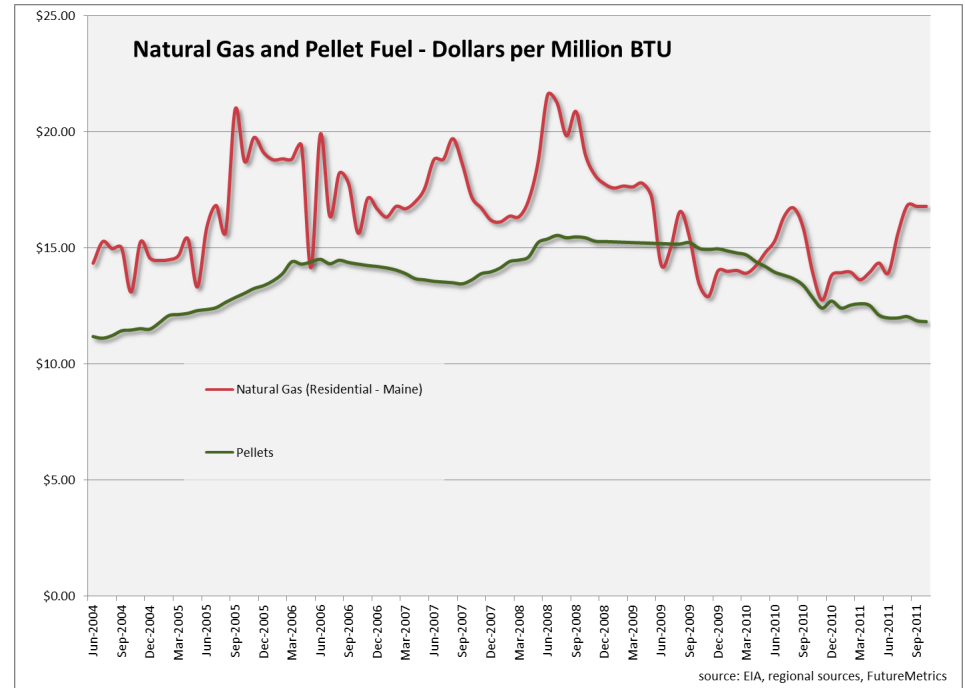
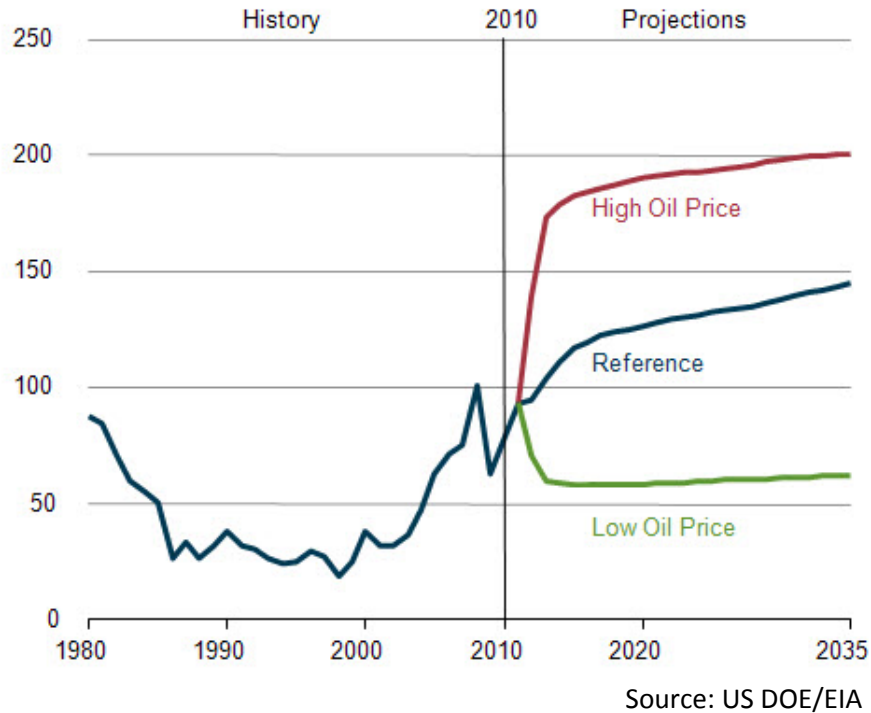
- Customer agrees to replace oil use with Pelletco heat at a cost savings to the customer of \$10,000 per year
- Container is owned by Pelletco
 - Boiler and all other equipment are proven technology with years of commercial experience
 - Multiple boiler vendors including European and US companies
- No customer capital required
- Customer “turns off” existing oil boiler but maintains its operations for full redundancy and back up.
- Pelletco provides the heat to the customer and is responsible for all operations and maintenance of biomass boiler and fuel
- Heat is sold on a long term (4-10 year contract)
- Pelletco becomes the customer’s “Local Utility”
 - Two service/ preventative maintenance calls per year
 - Remote real time monitoring of combustion, efficiencies and heat transfer
- Pelletco delivers customer real savings at 80% of Oil cost
- Benefit to customer is immediate with no effort except ash removal which is a small wheel barrow every week
- Locked in (Stable and predictable) heating costs

Pelletco: Business Flows



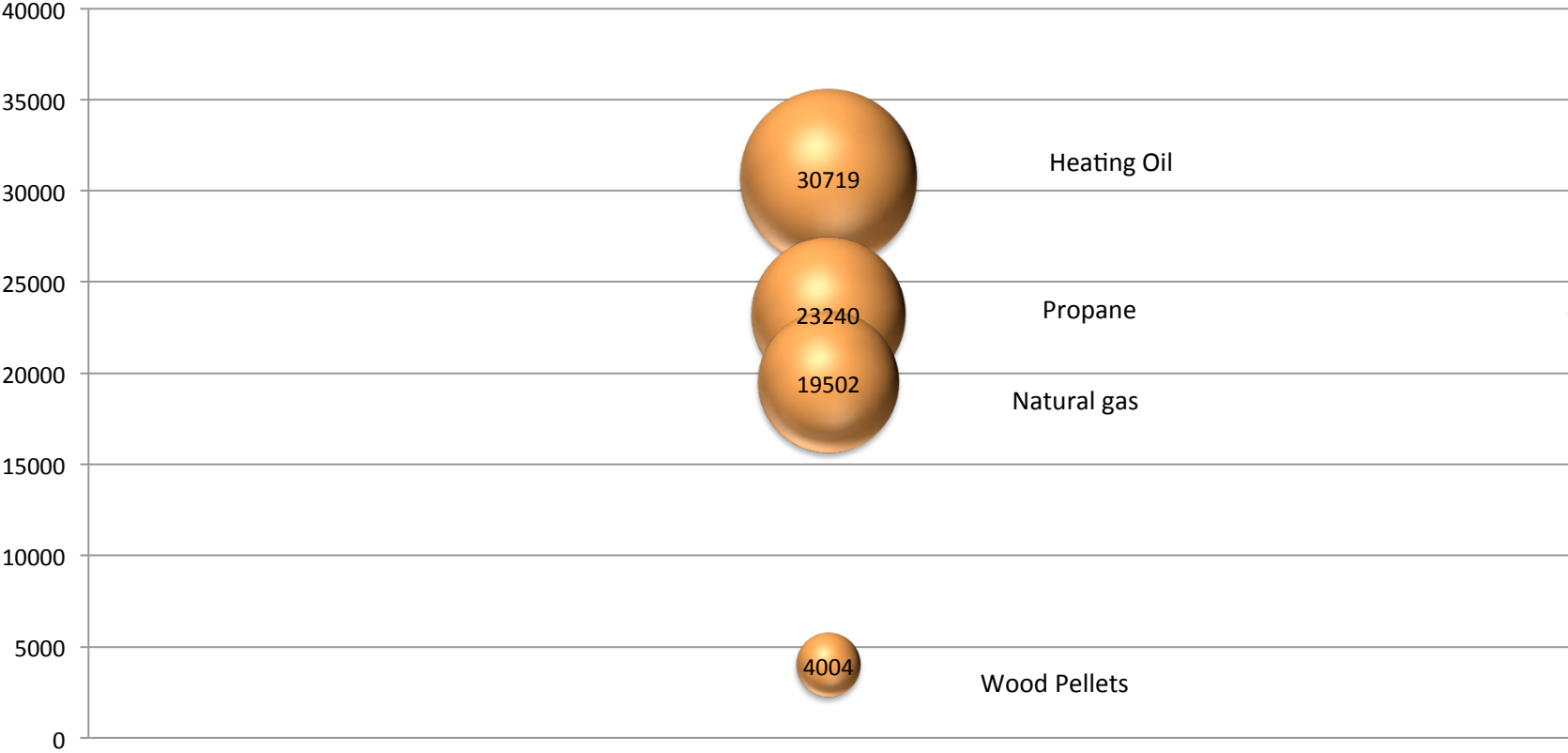
Why Biomass? Biomass is lower cost, more price stable than Oil and compares in cost to Natural Gas

Figure 18. Average annual world oil prices in three cases, 1980-2035
(2010 dollars per barrel)



Source: Courtesy of Futuremetrics-reproduced with permission

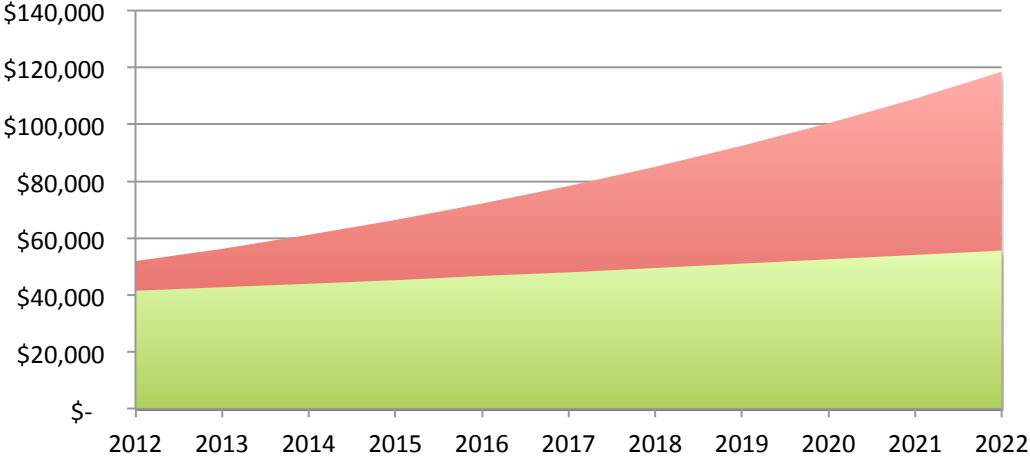
Emissions: Greenhouse gas (CO₂) pounds emitted per year by different fuel types normalized for 1000 BTU from Oil



Courtesy of Cordjia

Here is what the savings look like for a building with usage of 15k gal of oil/year

Pelletco Costs compared to Heating Oil Costs



Cumulative Savings

