

New England Wood Pellet LLC



Clean, Efficient, Convenient Fuel
for the Future

SmallWood, May 16, 2006

Our Jaffrey, NH Facility



Quick Overview of Manufacturing Process



The manufacturing process begins when tractor trailer loads of raw material (wet and dry sawdust, chips etc.) arrive at the plant. The material is unloaded by a skid steer, a live-floor or a truck dump.



**...and
here's the
Truck
Dump**



An increasing percentage of our wood supply is coming from green whole tree chips; we are experimenting with screening to reduce bark and twig content to an acceptable level



We are also increasing procurement of hardwood roundwood, with on-site flail debarking and chipping later this spring





The material is stored in piles until a front end loader transfers it into the in-feed system.



The in-feed system meters it into a screener, which separates the chips and the sawdust.



At this point, the chips pass through a pre-grinder and are mixed with the sawdust.



The material then fills a silo which meters wood into the dryer.



The 12-foot diameter, 60-foot long dryer dries the material.



**The dryer is heated
by a biomass
boiler.**



The burner is fueled by sawdust from a metering bin.



Air is then blown into a series of cyclones which separate water vapor from the sawdust. Moist air is then exhausted.



The sawdust is conveyed into a screener which separates the fine sawdust from the coarse.



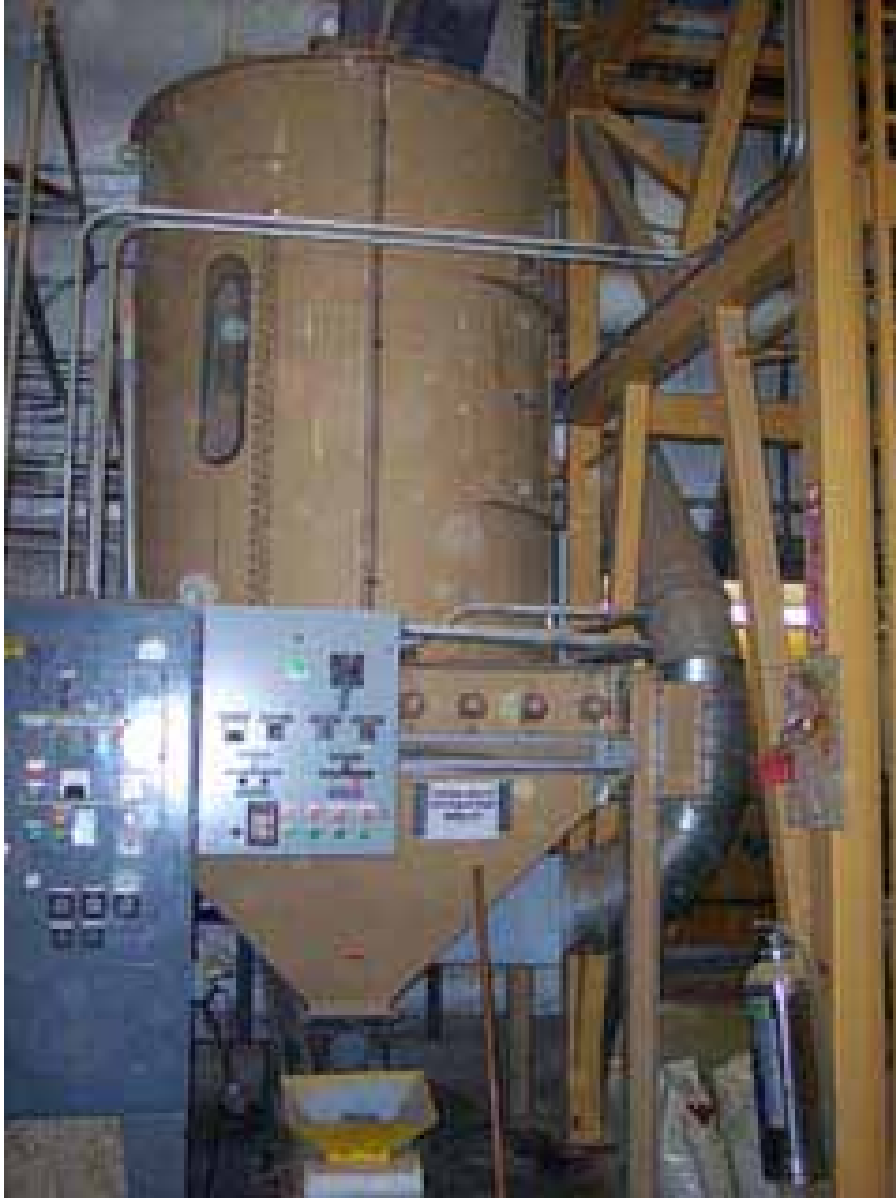
Now the coarse sawdust goes through a hammer mill to be reduced in size.



The material is now conveyed to a silo where 10-20% goes back to the burner.



The material in the silo is then metered into the mills where the pellets are formed.



The pellets travel through a cooling system.



Once the pellets have been cooled, they are then conveyed to a storage silo.

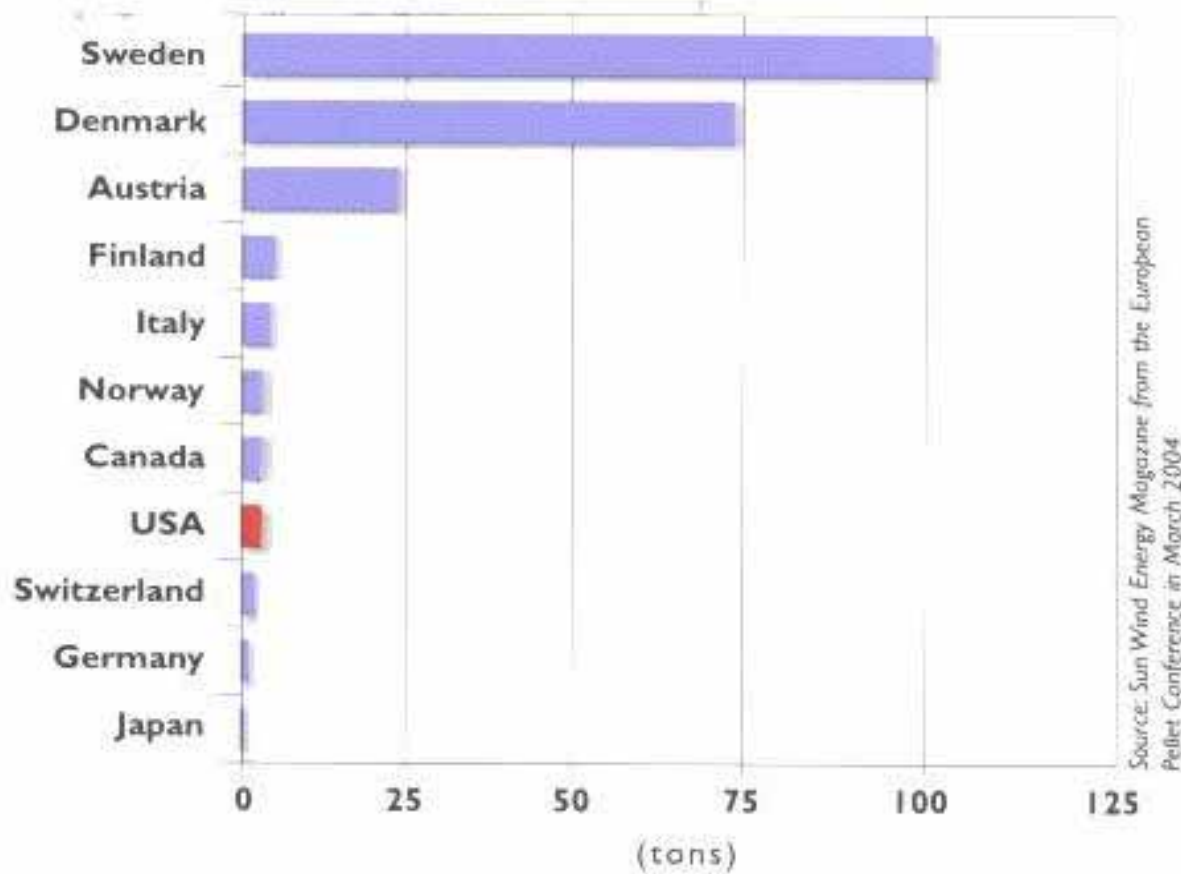


Pellets are separated into 40-pound bags and stacked by our robotic packaging system. Some product is diverted to our bulk delivery truck for delivery to central heating customers.



Pellets are then shipped to retailers throughout New England and on to over 25,000 end users.

PELLET FUEL CONSUMPTION IN TONS PER 1000 PEOPLE IN 2003



**Enormous
growth
potential in
United
States**

**“Green” Building
increasing in
popularity and
acceptance.
Renewable
energy heating
systems are a
major component
of green building.**

Conservation Center,
Concord, NH – heated by
sun, wood chips, pellet
stove



New furnace, boiler technology expands large-scale central heating options; bulk delivery makes it possible



NE Wood Pellet Bulk Truck

TARM



PELCO

The Future.....not that far off!



✓ **Government Policies Promoting Renewable Energy Development**

Examples:

Federal – 2005 Energy Bill authorized up to \$3,000 rebate for home installation of high efficiency renewable energy systems -- pellet stoves qualify

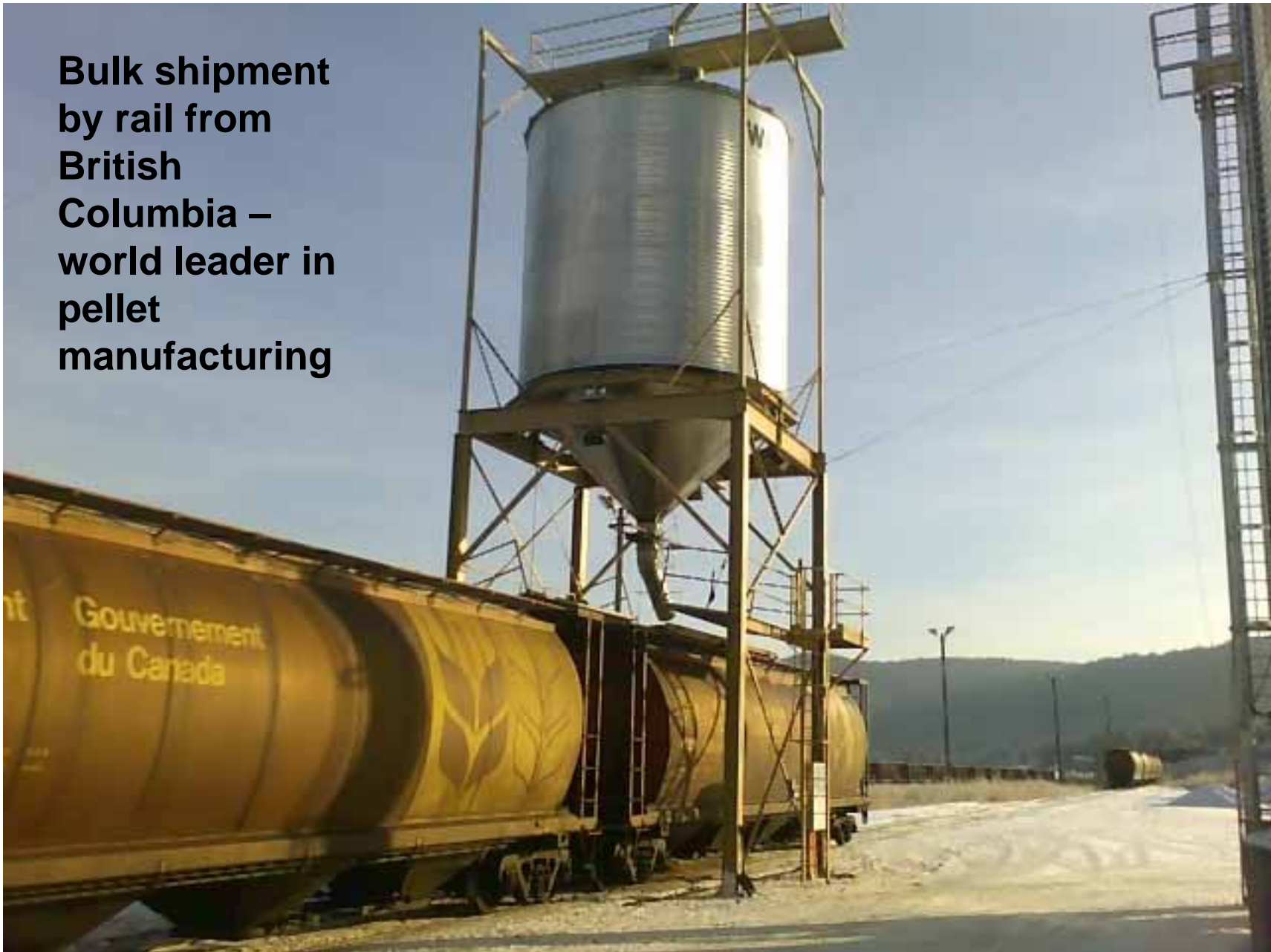
State – Ex/ NYSERDA Power Naturally -- numerous grants, incentives for renewable energy

President Bush 2006 State of the Union speech -- “America is addicted to oil” -- Biomass energy figures prominently in the President’s Advanced Energy Initiative

What is New England Wood Pellet Doing to Address Demand Challenge?

- ✓ **Increasing capacity at Jaffrey plant – increasing production to 100,000 TPY (2006)**
- ✓ **Building a \$1.5 million fabrication facility in Jaffrey, NH to design, refine, test and manufacture equipment for our plants (opens spring, 2006)**
- ✓ **Building two new 100,000 TPY pellet plants in NY (ground breaking summer, 2006) and one other northeastern state (2007-2008)**
- ✓ **Bulk shipping via rail nearly 100,000 TPY of premium quality pellets from a Canadian manufacturer into MA site (deliveries begin fall, 2006)**
- ✓ **Establishing a subsidiary LLC to develop, test and distribute new high capacity pellet-fueled boilers for large-scale central heating (2008)**

**Bulk shipment
by rail from
British
Columbia –
world leader in
pellet
manufacturing**



Energy is One of the Big 21st Century Problems

- **Cheap, plentiful, and highly useful energy fueled the unprecedented economic growth of recent history**
- **Pressure is mounting on the availability and price of such energy**
 - **Growing demand (e.g. India, China)**
 - **Dwindling supply (reserves, production/refining capacity)**
 - **Increasing environmental and geopolitical costs**
- **Society is active in seeking economic and sustainable solutions**
 - **Most efforts aimed at high value areas of electricity & transportation**
- **The heat segment is a big opportunity**
 - **Large, essential segment – ~1/3 of consumption, ~\$200 billion**
 - **Largely unnoticed – has not received much attention compared to electricity & transportation**

Wood Pellets are a Promising Part of a Solution



- **Refined product of biomass**
 - Made from waste wood, low-grade
 - Safe, clean, and inexpensive refining process
 - Consistent size, shape, and weight
 - Energy dense
- **Useful**
 - Easily stored, distributed, and consumed
 - Ideal for heating and combined heat and power
- **Priced competitively vs. alternatives**
- **You can feel good about using them**
 - Renewable
 - Effectively carbon neutral
 - Locally produced

**New England Wood Pellet is
meeting the clean renewable
energy challenge....**

**....and the
future looks
bright!**

