

# ***Escanaba Power Plant Purchase Proposal***



# Locations



# Traxys-Facts & Figures

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- In FY 2008 Traxys had \$4.5 billion turnover
- 250 employees world wide
- 25 global offices
- 50 employees in the U.P., Michigan



# Traxys - Investments & Shareholder Partners

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➤ Pegasus Capital Advisors – over \$1.5 billion under management



➤ Kelso & Company - \$4.5 billion under management



➤ Resource Capital Funds - \$1 billion under management



➤ Traxys Management - the Traxys Management Team is made up of seasoned industry experts from around the globe.



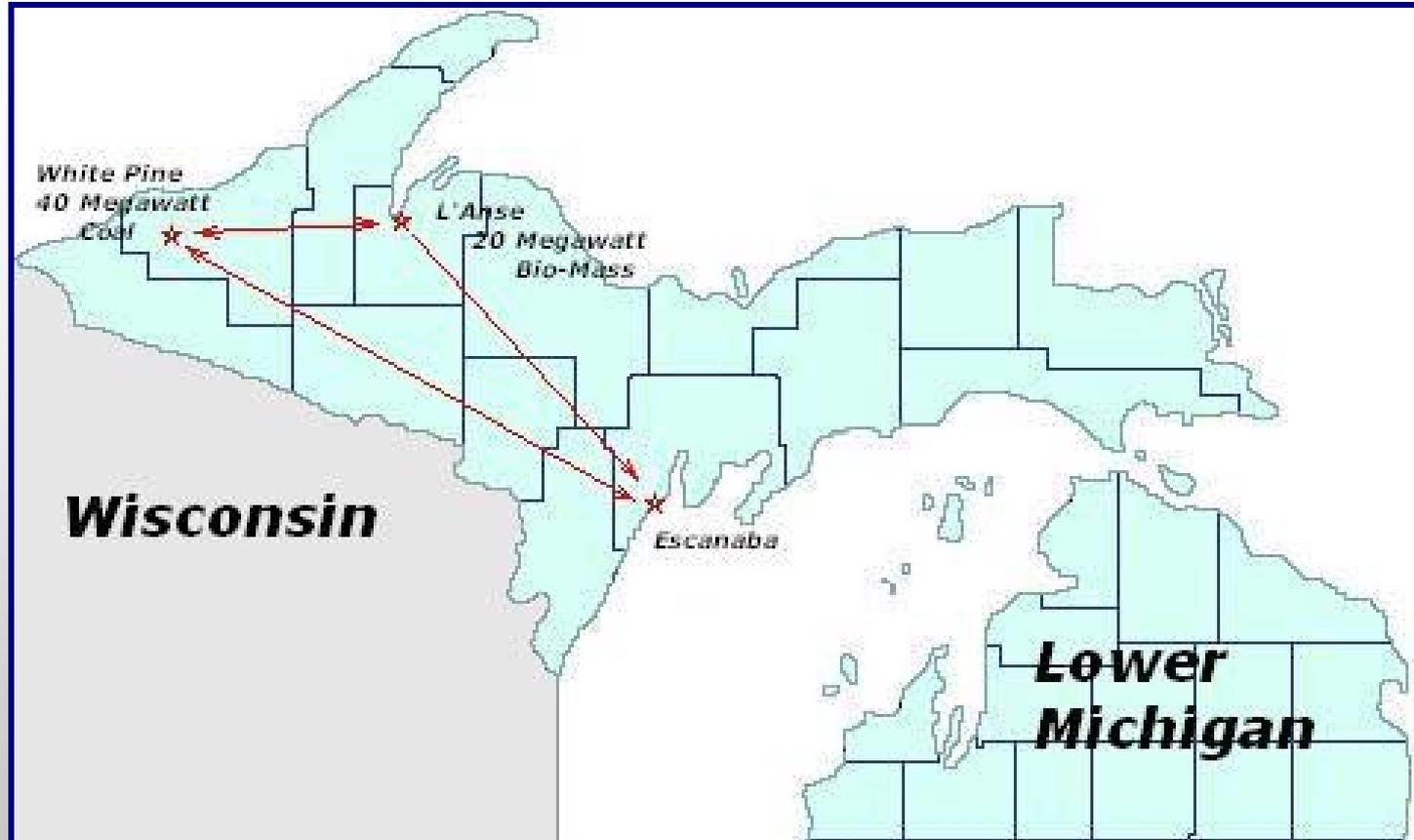
# Traxys – Energy & Power

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- U.S. operating facilities that have annual capacity in excess of 40 million tons for trans loading, blending and storage of coal and other commodities
- Energy generation capabilities of 60 Megawatts in Upper Peninsula, Michigan
- U.P. Power Marketing – a fully licensed AES (Alternative Electric Supplier) brokering wholesale and retail power

# Traxys – Energy Distribution

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# Traxys – Energy Assets

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- White Pine Electric Power, LLC.
  - ✓ 40 Megawatt coal generation
  - ✓ Serving a wholesale contract since 2004
  - ✓ Plant availability well above utility grade standards
  - ✓ 5 years without Lost Time Injury

# Traxys – Energy Assets

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- L'Anse Warden Electric Power, LLC.
  - ✓ 20 Megawatt biomass generation
  - ✓ 40,000 lbs per hour “green” process & heating steam
  - ✓ Commercial operation since November 2008
  - ✓ First green plant to come on-line in Michigan since Governor Granholm and the House passed Senate Bill # 213 (the “RENEWABLE ENERGY PORTFOLIO AND ENERGY EFFICIENCY ACT”).
  - ✓ LWEC has been nominated for an innovation award by the State of Michigan

# Traxys – Power Plant Conversion Expertise

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- \$48 million Capital Expenditure in the U.P. to convert 2 formerly idle coal plants to dispatchable assets
- Strong team of management, engineering, permitting and environmental staff working closely with State and Federal Agencies to promote economically viable renewable energy



TRAXYS

# Traxys – Environmental Issues & Concerns

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- White Pine Power Plant is located on a previously active mining site and has over 40 years of operation history
- With Traxys expertise and consultants, the transfer and purchase was done with mitigation of risks to both parties
- J.H. Warden site (L'Anse, Michigan) operated as a coal facility starting in the late 1950s until the 1990s with coal deliveries and ash containment on site. Through the BEA (Baseline Environmental Assessment) process, both the selling utility and Traxys had full confidence in the process to mitigate environmental liabilities.
- The entire clean up of the site activities was completed within 4 months

Traxys, if the successful purchaser of the plant, envisions a similar process, giving assurance to the City of Escanaba that all pre-existing contamination and post purchase activities will be handled in a cost efficient manner and adhering to all MDEQ, State, Federal and local concerns.

# Traxys – Long Term Vision of the Plant

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- Run unit # 1 on coal
- Convert unit # 2 to biomass
- While converting to biomass, the balance of the city load will be served by U.P. Power Marketing
- Run unit # 2 on biomass and convert unit # 1 to biomass

# Traxys – Escanaba Investment

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- Retention existing power plant jobs
- About 75 direct and indirect jobs are created for every 10,000 acres of willow crops
- Local land owners farming and harvest opportunities
- 100 construction jobs for 20 months locally
- Traxys Capital Expenditures of \$25 million locally
- Increased Tax Revenue for the City of Escanaba

# Traxys – Existing Power Plant

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- The entire city load will be supplied from the plant after conversion of both units to biomass has been completed
- The city's excess loads will be supplied by U.P. Power Marketing
- Combustion turbine unit will remain as back up capacity
- Existing work force will be offered employment with Traxys
- Since the load will be served from the plant, limited transmission upgrades are needed

# Traxys – Fuel for Plant

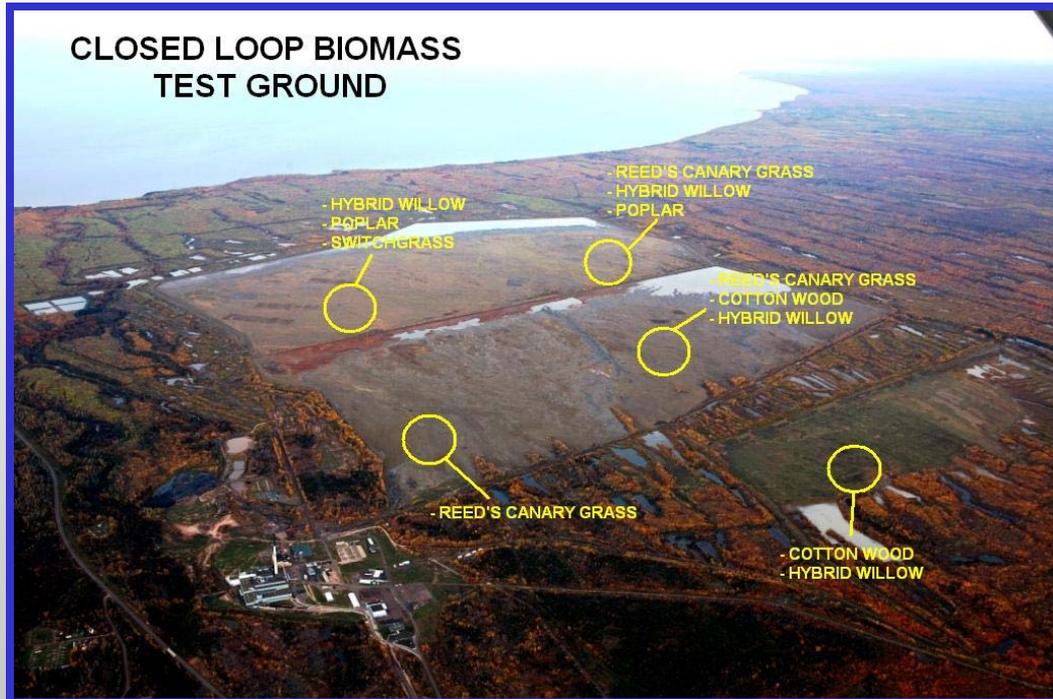
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- While generating on coal, Traxys' Carbon Division will supply coal to the plant
- Major portion of the biomass fuel needed for the plant will be grown on leased acreage in close proximity to the plant
- The balance of wood is low grade wood residues, bark, diseased wood, pallets, building debris, tree tops and trimmings
- High grade wood chips are not in the mix, so will cause no interference with paper industry



# Traxys – Closed Loop Biomass

Working with Michigan State University professor Ray Miller, testing with hybrid willow and poplar has been proven to be successful in both the White Pine and Escanaba areas.



# Traxys – “Assurance”

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- Traxys, if the successful bidder of the purchase of the facility, will invest substantial capital investment in the asset in order to convert the facility into a “Biomass” facility.
- Jobs will remain the same, plus 60 – 100 construction jobs.
- Spin-off jobs will range 25 – 50 new jobs in wood aggregation and farming opportunities.
- Traxys would even consider a “First Option on Right of Refusal” to purchase back the plant if Traxys were to exit the power business or were to purchase all the energy and capacity from the grid.

# Traxys – Questions

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**White Pine Electric  
Power, LLC.**

**L'Anse Warden Electric  
Company, LLC.**

