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Fibrowatt selects Surry County site for second renewable energy plant in North Carolina

POWER PLANT THAT GENERATES POWER FROM POULTRY LITTER WILL CREATE NEW JOBS AND PROVIDE VALUABLE SERVICE TO LOCAL POULTRY FARMERS

DOBSON (JUNE 5, 2008) — Fibrowatt, a pioneer in generating renewable energy from poultry litter, announced today that it has chosen a site offered by Surry County near Elkin to build a new biomass-fueled power plant. This plant will provide poultry growers with an important alternative for the management of poultry litter in western North Carolina.

“We are excited to welcome a Fibrowatt plant to Surry County. This project is an important development for Surry County, bringing new jobs to the region and increasing our tax revenues,” said Craig Hunter, Chairman of Surry County Board of Commissioners. “The poultry industry is an important employer in this region and an important part of our rural economy. This plant will help support our local poultry industry and will benefit all of the people who live in and around Surry County.”

The Fibrowatt plant is expected to contribute at least \$10 million annually to the local economy through fuel purchases and transportation, employee payroll, and facility maintenance costs.

The plant will create much-needed jobs for the region, both during the construction phase and during long-term operation of the plant. Based on Fibrowatt’s experience with the Fibrominn plant in Minnesota, the project is expected to create as much as 300 construction jobs during the two-year construction phase of the project. When operations begin, the project is expected to support 80 or more jobs in plant operations, fuel transportation, barn cleanout services, and the operation of a planned adjacent ash fertilizer plant.

The plant will be designed to produce up to 40 megawatts (MW) of renewable energy without introducing new greenhouse gases into the environment. At 40 (MW), the plant would annually generate enough energy to power about 30,000 homes.

“By using poultry litter as our primary source of fuel, the Fibrowatt plant is able to remain carbon neutral, creating energy from existing biomass materials,” said Rupert Fraser, CEO of Fibrowatt. “That is one of many environmental benefits that a Fibrowatt plant offers.”

Other benefits include:

- The Fibrowatt plant will be a significant new source of renewable energy, helping North Carolina utilities meet their minimum requirements for renewable energy that are mandated by the state.

- The plant will provide poultry farmers with an important alternative to land application of poultry litter. This should have a positive impact on the region's soil and water resources.
- By contracting with poultry farmers to regularly collect litter, the Fibrowatt plant will ease the manure management burden on area poultry farmers and can minimize the need for long-term storage of litter on local farms, providing additional greenhouse gas benefits and reducing nuisance odor impacts.

"Fibrowatt's announcement is good news for North Carolina's \$3 billion poultry industry because this Surry County plant will provide farmers with a new use for their poultry litter," said N.C. Agriculture Commissioner Steve Troxler. "The company's innovative approach to energy holds a lot of promise for our farmers, our consumers and our environment."

Fibrowatt will work with state regulators to complete a comprehensive permitting process to demonstrate that the plant will meet required state and federal air quality requirements and other environmental standards.

Surry County site offers convenient highway access, proximity to electrical substation

Following an extensive evaluation process that lasted more than a year, Fibrowatt has chosen to locate its second North Carolina plant on a 60-acre tract outside of Elkin on NC Highway 268. The site is about 2 miles east of Interstate 77 (Exit 85).

In October 2007, Fibrowatt narrowed its search for a western North Carolina plant to sites that had been offered by officials in Surry and Wilkes County. The company held Open House meetings in Surry and Wilkes County in November 2007, providing an opportunity for local residents to learn more about Fibrowatt's plans.

"This was a tough decision. Both counties made a very compelling case and have worked hard and long to bring this important development to their county," Fraser said. "The Surry County site was ultimately chosen based on a variety of technical factors that make it the best site for our western plant."

Some of the technical factors that were important included site topography and design/construction characteristics, convenient access to major roadways such as I-77, and direct access to an electrical substation.

The project will receive a tax incentive and construction assistance package from Surry County which could be valued at \$5.28 million. The county's offer of assistance also includes necessary infrastructure improvements, including roads, water and sewer services.

Next steps

Fibrowatt will begin discussions with Surry County on a development agreement for the site. In addition to the development agreement, other key steps in the development of the Surry County project include:

- **Obtaining fuel agreements:** Fibrowatt has been working with local poultry growers and fuel suppliers to secure long-term commitments for fuel within the region.

- **Finalizing a power purchase agreement:** Fibrowatt must reach a long-term agreement to sell the renewable energy created by the plant. It is currently engaged in ongoing discussions.
- **Securing project financing:** Project financing is expected to exceed \$190 million, covering the cost of project development, permitting, financing and plant design, construction and capital equipment.

North Carolina's commitment to renewable energy

“North Carolina is an important market for Fibrowatt,” Fraser said. “It is one of the nation’s leading poultry producers, so there is plenty of litter here, and the state legislature has made a strong commitment to promoting renewable energy.”

North Carolina passed a landmark renewable energy bill last year that makes it the first state in the Southeast to require minimum levels of renewable energy — including energy generated from biomass materials such as poultry litter — beginning in 2012.

“I’m excited to learn that Fibrowatt is coming to western North Carolina. This plant will provide a major economic boost to Surry County and offer a tremendous service to the local poultry industry,” said N.C. Rep. Jim Harrell III, a sponsor of the state’s renewable energy bill. “Bringing companies like Fibrowatt to North Carolina will support our economy and help us meet our renewable energy targets.”

Last month, Fibrowatt announced plans to build a plant in Sampson County in eastern North Carolina. In addition, a third North Carolina plant location will be announced later this year. The company is currently evaluating sites in Moore, Montgomery and Stanly County in central North Carolina.

About Fibrowatt

Fibrowatt LLC is a Pennsylvania-based developer, builder and operator of electrical power plants fueled with poultry litter and other biomass. It was founded in 2000 by the management team that built and operated the world’s first three poultry litter-fueled power plants in the United Kingdom in the 1990s. Fibrowatt LLC is owned by Homeland Renewable Energy Inc.

Fibrowatt’s subsidiary Fibrominn opened the nation’s first poultry litter-fueled power plant in Benson, Minnesota last year, helping the State of Minnesota meet its own commitment to biomass-generated renewable energy. This plant was designed constructed and is now operating using the Fibrowatt management team’s 20 years of expertise in developing poultry litter fired power plants.

For more information, visit www.fibrowattusa.com.

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