

I appreciated the opportunity to speak with you briefly yesterday regarding H2Diesel and its biofuel designed for power applications. I have attached an overview of H2Diesel and its bioemulsion for your review. I have also attached some photos showing an H2Diesel biofuel test installation. These include a photo that shows the very visible difference in particulate matter between #2 fuel oil and distillate fuel.

H2Diesel is a technology company that has developed a renewable biofuel using a proprietary process that is ideally suited to power applications. The fuel is price competitive on a \$/MMBtu basis with #2 fuel oil with the \$0.50 per gallon alternative mixture credit. It is envisioned that the generator would be able to realize the economic value of any REC credits and NOx reductions.

Because of its formulation and process, H2Diesel's biofuel costs less than biodiesel. In addition, it has been shown to materially reduce NOx in a power application. Its formulation allows it to be burned as a replacement for #2 fuel oil rather than as a blend with limited to no equipment modifications.

Some of the advantages of H2Diesel's fuel in power applications include:

- 100% renewable "carbon neutral" fuel with minimal net CO2 emissions
- Significantly lower SO2 emissions than diesel
- Substantially lower NOx emissions than either diesel or biodiesel
- Ability to replace 100% of #2 fuel oil (or, if economic, #6 oil) in power applications without material equipment performance issues
 - H2Diesel's fuel has no solvent properties and no metals
 - H2Diesel's process does not produce any by products so there is no glycerin
- Significantly lower cloud point than biodiesel, less than 0 degrees F
- Proven stability for a long time periods
 - No separation or degradation was evidenced in tests performed on samples during the past two years
- Feedstock flexible
 - Able to be produced from a wide variety of vegetable oil and animal fat feedstocks including soybean oil, canola oil, palm oil, sunflower, GMO, cotton seed and mustard seed, Jatropha, and waste oils
- Significant cost advantages vs. other biofuels on a \$/MMBtu basis
 - Uses less vegetable oil and produces no by products
 - Proprietary additives are readily available at economically reasonable prices
- Simple production process based on precision blending or emulsification resulting in:
 - Low capital costs
 - Low production costs
- Extremely small footprint
 - A 25 mm gallon/year plant can be situated on a site as small as 2,500 sq. ft.

- Co-location at customer facilities can significantly reduce the cost of transportation and storage and increase customer control over feedstock, production and reliability

We would welcome the opportunity to work with Suez Energy and determine H2Diesel's fuel's applicability to the Hopewell plant and potentially other sites as well. The results obtained in the most recent GE Frame 7B test burn were quite good. There was a GE representative present at the Frame 7B test, and he was very positive about the prospects and use of our biofuel in their engines.

Highlights from the GE Frame 7B test include:

- NOx reduced by 60%; from 177 ppm on #2 fuel oil to 60 ppm on H2Diesel's fuel
- Virtually no particulate emissions
- Diminutive change in CO; In the GE Frame 7- CO on #2 fuel oil was about 4 ppm, on H2Diesel's fuel it was about 31 ppm. As you may be aware, increases in CO are not linear. Given the reduction in NOx and PM we found these relatively low CO numbers to be very encouraging.
- 0 ppm unburned hydrocarbons
- Better light-off properties

I look forward to speaking with you after you have had the opportunity to review the attached presentation to determine how H2Diesel and its biofuel could be applicable to Hopewell.

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