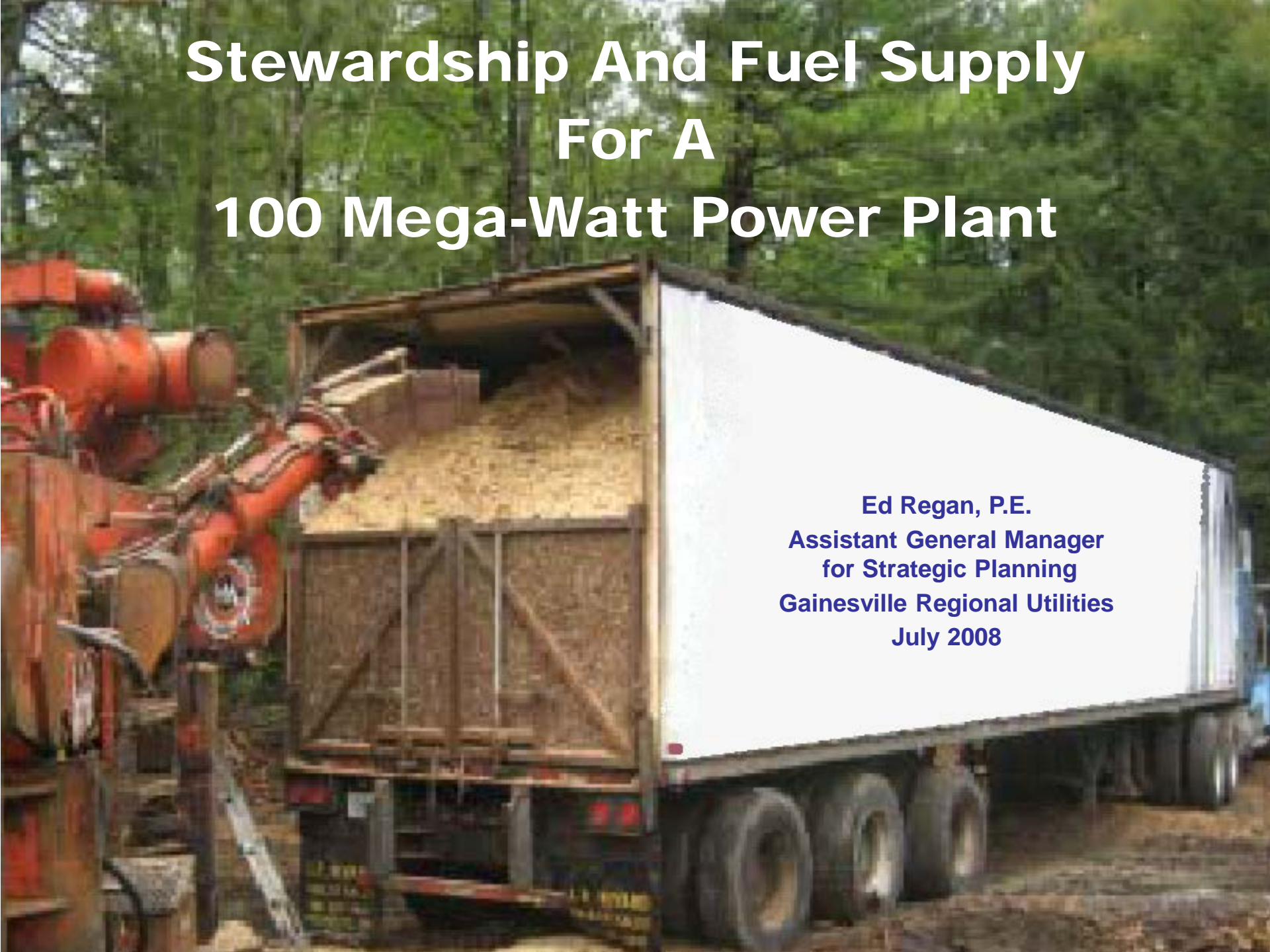


Stewardship And Fuel Supply For A 100 Mega-Watt Power Plant



**Ed Regan, P.E.
Assistant General Manager
for Strategic Planning
Gainesville Regional Utilities
July 2008**

Gainesville Regional Utilities

- Municipally Owned And Operated
- Full Service: Electric: Coal, Gas, Oil, Nuclear and LFGTE*
Natural Gas
Water
Wastewater
Telecommunications
Chilled Water
- AA Rated By Moody's & Standard and Poor

* Landfill gas to energy

The Gainesville Community And GRU

- GRU Firsts:
 - “In Home” Computer Energy Audit
 - Green Power Sales
 - Zero Discharge Steam Power Plant
- Lowest Kilowatt-hour Consumption Per Residential Customer In Florida
 - Strong Conservation Ethic
 - Promote Natural Gas
 - Tree City USA Award

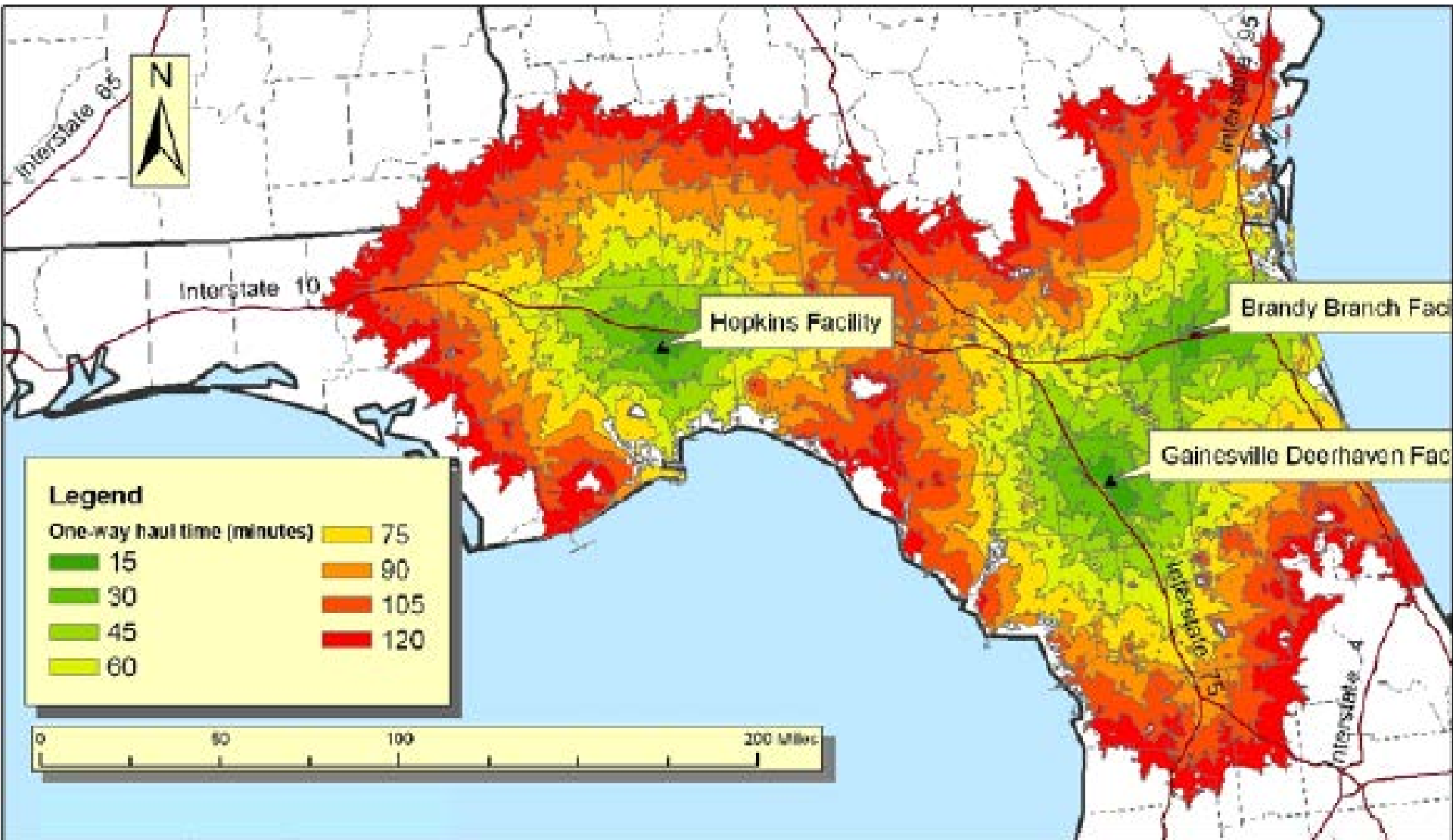
Our Integrated Resource Plan

- Conservation Program – Reduce Load Growth By 60%
 - Solar PV Program
 - Rebates
 - Loans
 - Rate Designs
- Need Base Load Capacity For Economic Reasons
- Carbon Management Goals
 - Kyoto Targets
- No Coal, Petroleum Coke Or MSW
- Nuclear?

Biomass Resource Studies

- Forest Products (order of probable amount)
 - Chip & saw, pulp, harvest residues
 - Forest thinnings
 - Urban waste wood
 - Pulp
- Key Issues
 - Competition for fuel
 - Cost drivers
- Four Studies
 - Post & Cunilio
 - Black & Veatch
 - ICF Consulting
 - UF School of Forest Resources

GIS Model Of Competition And Travel Time



RFP Process For Biomass Plant

- Community Concerns
 - Pillaging natural forests
 - Sustainable forestry practices
 - Invasive species
- Two Step Process To Promote Innovation
- Key Evaluation Factors
 - Commitment to sustainability
 - Efficiency
 - Risk management
 - Costs

Description Of Selected Proposal

- Owned And Operated By Nacogdoches Power, LLC
 - On GRU's site
- Bubbling Bed Boiler, Steam Turbine
- Only NO_x And Particulate Controls Needed
 - No MSW possible
 - No Coal or Pet Coke possible
- Zero Water Discharge
- 100% Biomass – 1,200,000 Tons/Year!

Promoting Sustainable Forest Management

- Minimum Standards For Fuel Acceptance
 - No stumps, except from urban land clearing
 - No exotic species unless part of forest restoration
 - Nutrient retention on-site
 - Compliance with Division of Forestry best management practices
- Bonus Payment For Participation In Stewardship Certification Program

Stewardship Certification Program Objective

- To promote the adoption of Forestry Practices that are substantially better for resource sustainability than currently prevailing forest management practices.
- Based on existing certification programs such as:
 - Division of Forestry Stewardship Certification
 - SMART WOOD®
 - Forest Stewardship Council

Requirements For Market Transformation

1. Incentives Go To Those Who Control The Land
 - Growers
 - Eligibility Criteria Must Be Clear
 - Incentives Must Be Predictable And Reliable
 - Long lead times in forest production
1. City Commission Must Be Able To Make Adjustments Through Time
 - Market changes
 - Raising the bar

Preliminary Program Design

- Incentive
 - \$ per ton delivered
- Eligibility Awards
 - Certified under third party stewardship program
 - Incentive level fixed for site over time
 - Paid when delivered
 - Continued certification will be verified
- If Incentive Ever Lowered
 - Incentive awarded stays fixed
- If Incentive Raised
 - Must qualify under “then current” standards

Any Questions?

Thank You!

