



# JASPER CLEAN ENERGY CENTER

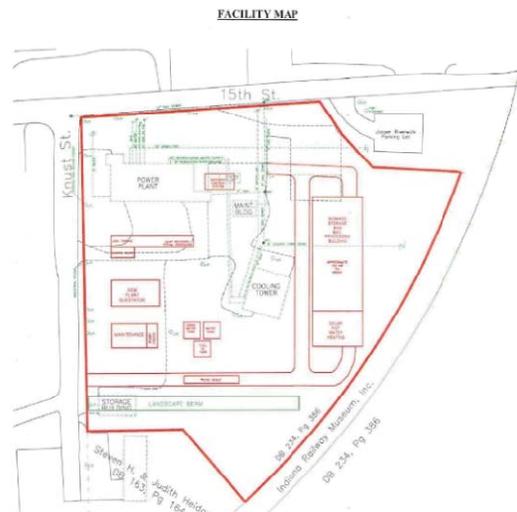
## Phase I Activity Report (Development Period)

Dated May 4, 2012 covering the Period April 2012

1. Project Description – (No Change from last Report)

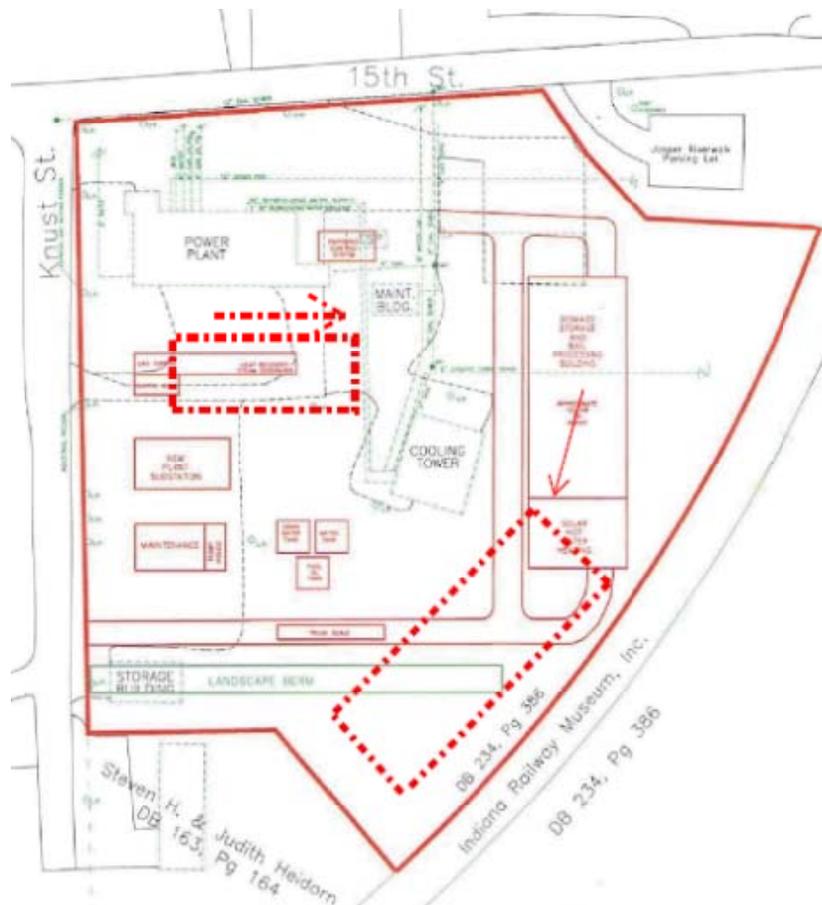
The Jasper Clean Energy Center (JCEC) will produce nominally 75 MW of electricity by the installation of a new highly efficient natural gas fueled combustion gas turbine generator (CTG) and a new condensing steam turbine generator (STG). The steam supply for the STG will be supplied from a new waste heat recovery steam generator (HRSG) (which will produce steam by capturing the waste heat energy in the CTG exhaust) and from the existing Jasper Power Plant coal fueled stoker boiler (SB) which will be converted from burning coal to burn the renewable biomass fuel miscanthus, a locally grown sustainable energy crop (biomass). The SB environmental controls will be upgraded to improve the control of SB emissions. The electric generated by the CTG and the STG will be combined in a new JCEC substation and transmitted to the Jasper North Substation by a new 69 kV generator interconnection line for sale to a third party under a long term power purchase agreement (PPPA). The CTG will require the construction of a new natural gas supply pipeline and the biomass supply for the SB will require the construction of an onsite biomass supply center (biomass receiving, storage, processing and fuel handling systems) (BSC). The BSC will have roof mounted solar PV and thermal collection modules. Prior to commencement of construction of the JCEC a number of permits must be obtained from the Indiana Department of Environmental Management (IDEM) and local construction permits from the City of Jasper, IN. (Permits).

2. Site Plan (Lease Exhibit 3) – (No Change from last Report)



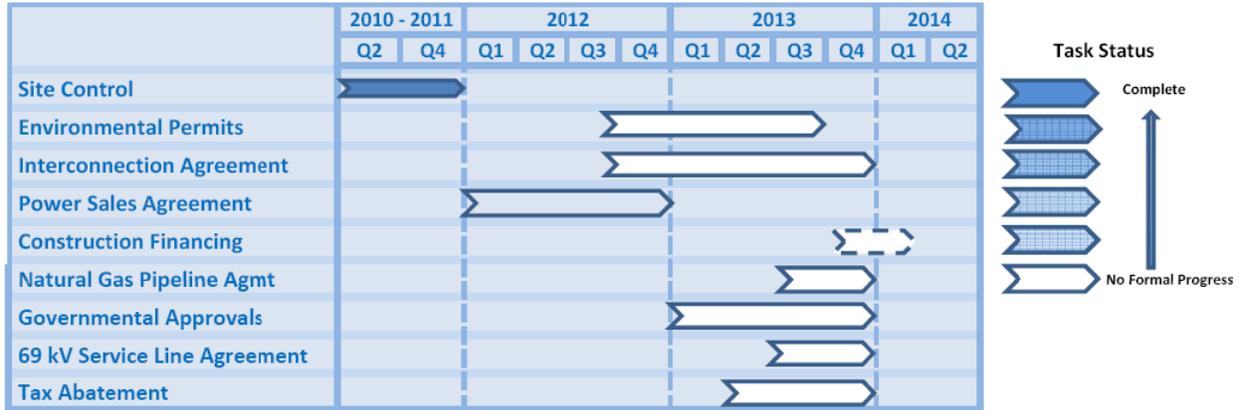
3. Planned changes to the Facility from that described in Exhibit 3 to the Lease.

The Jasper Clean Energy Center anticipates repositioning the Biomass Processing Building. A tentative location would be further south and west on the existing Site running parallel to the south east property line. This is made possible by the City acquisition of the Heidorn Property. Other changes might also involve the movement of the Combustion Turbine Generator and Heat Recovery Steam Generator further east from Kunst St. Below is a tentative repositioning of the equipment.





4. Status of Progress towards achieving Conditions Precedent specified in Section 3.03 of the Lease. – (No Change from last Report)



a) Environmental Permits

Efforts expected to commence Q3 2012 to allow better definition of operating characteristics to match Power Purchaser requirements and to support Interconnection Study requirements. The EPA has released its proposed CO2 emissions regulations. The Jasper Clean Energy Center will satisfy the current requirements as proposed when burning natural gas and/or biomass as fuel.

b) Interconnection Agreement – (No Change from last Report)

Efforts expected to commence Q3 2012 to allow for changes in operating characteristics to match Power Purchaser requirements.

c) Power Sales Agreement

Efforts continue to hold meetings with potential power purchase candidates. The Long Term Power Market is struggling with impacts of proposed EPA Regulations and prospect of low natural gas prices (for the next decade or longer) on economics of environmental upgrades to existing coal fired units.

d) Construction Funding – (No Change from last Report)

Efforts are not scheduled to take place until Q4 2013.

e) Natural Gas Pipeline Agreement – (No Change from last Report)

Efforts are not scheduled to take place until Q3 2013



f) Governmental Approvals – (No Change from last Report)

Efforts will commence upon the execution of a Power Sales Agreement.

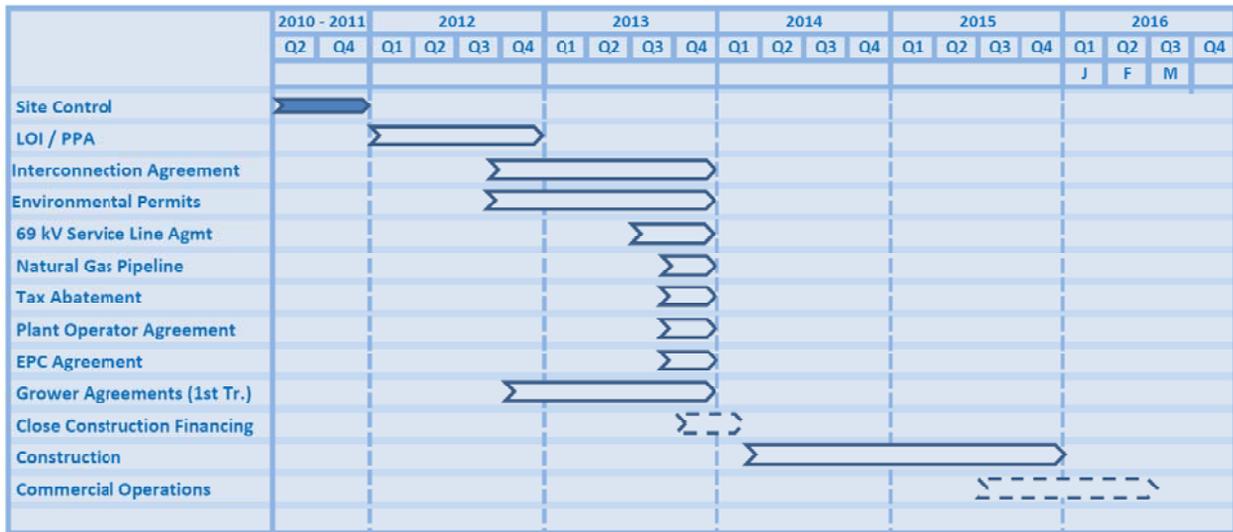
g) 69 kV Service Line Agreement – (No Change from last Report)

Efforts are not scheduled to take place until Q3 2013

h) Tax Abatement – (No Change from last Report)

Efforts will commence upon the execution of a Power Sales Agreement.

5. Project Schedule – (No Change from last Report)

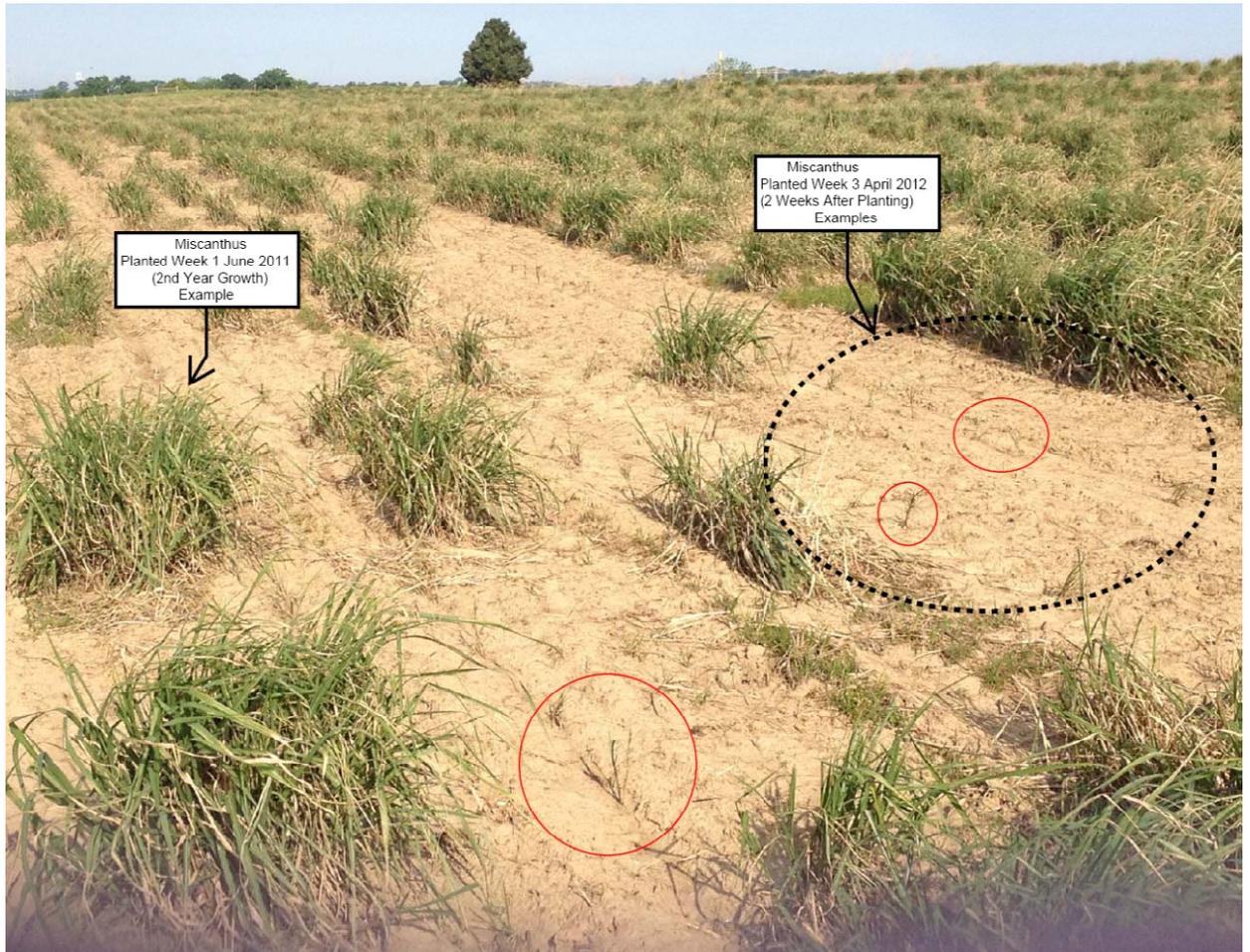


No changes to current schedule.

6. Material Activities during April 2012

a) Power Sales Agreement – Jasper Clean Energy provided follow up information to proposals made to utilities during the month of March for the sale of both long term and intermediate generating capacity and energy.

b) The Huntingburg Miscanthus Test Plot was “infield planted” during the end of the 3<sup>rd</sup> week of April with Miscanthus “Plant Plugs”. This was in line with the timing of the normal establishment period and a full seven weeks prior to when the original Miscanthus was planted in June of 2011 (which suffered from rainy weather delays and then a drought period). The recent planting will provide added information as to the establishment performance of Miscanthus in the region. Below is a recent Photo of the Field taken on May 3<sup>rd</sup> 2012.



7. Material Activities to take place during May 2012

- a) Biomass Supply – Continued work with Biomass Logistics Partners to refine delivered biomass cost estimates.
- b) Power Sales Agreement – Continued work with potential power purchasers. The continued drop in the wholesale price of natural gas is resulting in continued uncertainty on the future status (availability) of existing generation which will require significant environmental equipment investment. The uncertainty only slows down the decision process.

8. Enumeration and Schedule of support or actions required of Lessor during the upcoming Period(s)

Jasper Clean Energy wishes to commence discussions on formalizing the lease from the City of its recently acquired Heidorn Property adjacent to the Jasper Clean Energy Center.