JASPER CLEAN ENERGY CENTER

Phase I Activity Report (Development Period)

Dated November 6, 2012 covering the Period October 2012

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

The Jasper Clean Energy Center (JCEC) will produce nominally 75 MW's 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).

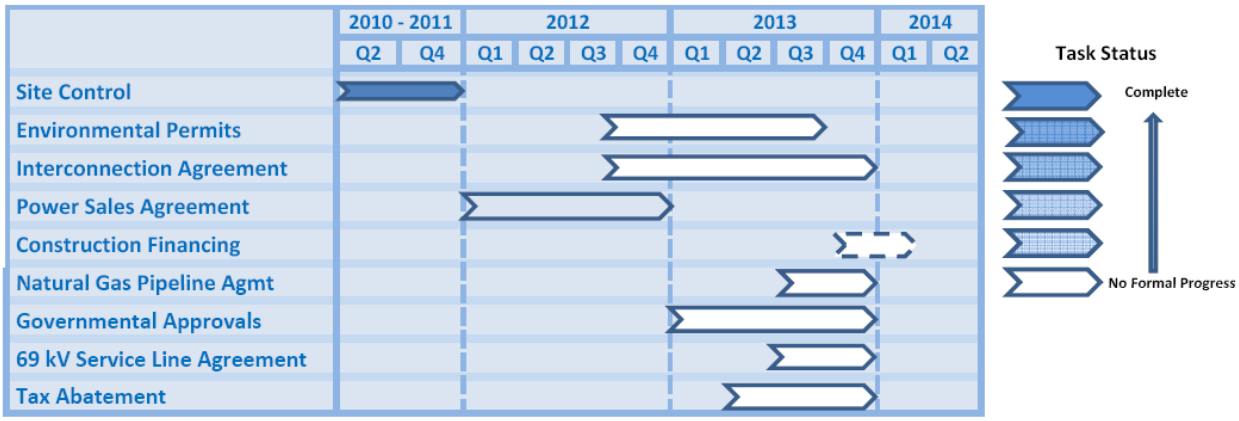
2. Site Plan (Lease Exhibit 3) – (No Change from last Report)

FACILITY MAP

3. <u>Planned changes to the Facility from that described in Exhibit 3 to the Lease. (No change from last Report)</u>

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 (Schedule under review)

Efforts expected to commence Q3 2012 will be delayed until the litigation against the City and its impact are better understood.

b) Interconnection Agreement (Schedule under review)

Efforts expected to commence Q3 2012 will be delayed until the litigation against the City and its impact are better understood.

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. Indianapolis Power and Light and East Kentucky Power Cooperative have released RFP's for long term power supplies. These RFP's are under review by the development team.

d) Construction Funding (Schedule under Review)

Efforts are not scheduled to take place until Q4 2013.

e) Natural Gas Pipeline Agreement (Schedule under Review)

Efforts are not scheduled to take place until Q3 2013

f) Governmental Approvals (Schedule under Review)

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

g) 69 kV Service Line Agreement (Schedule under Review)

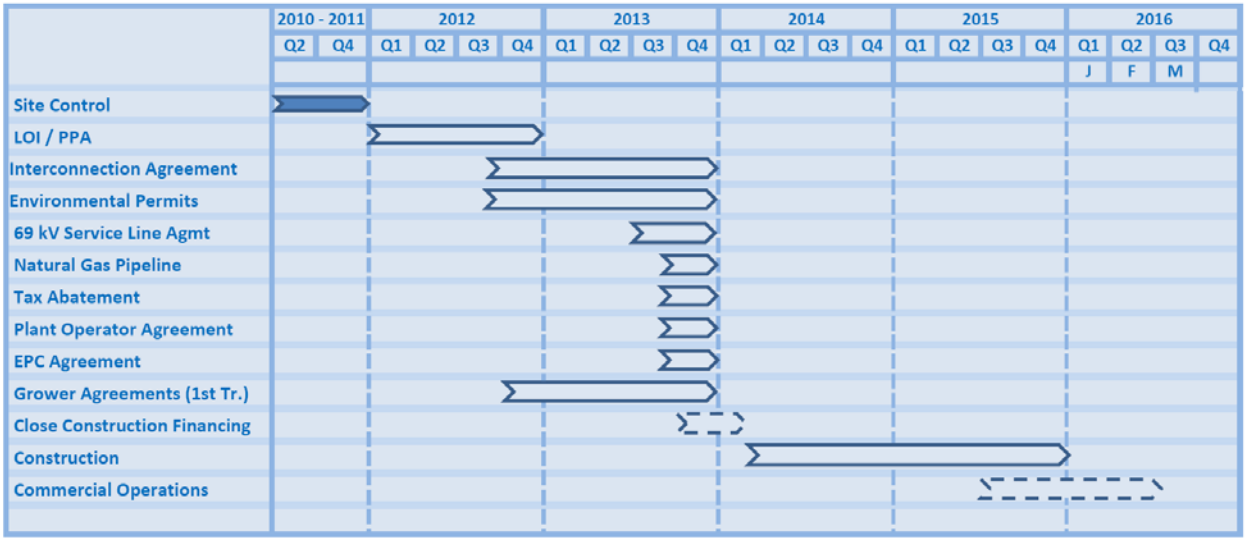
Efforts are not scheduled to take place until Q3 2013

h) Tax Abatement (Schedule under Review)

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

5. Project Schedule (Schedule under Review)

The continuation of the litigation against the City requires a review of the schedule and resultant impact on the activities. As more information becomes available a review will take place during the next few months and will be reported as available.



6. Material Activities during October 2012

a) Power Sales Agreement –RFP Update. There were no RFP's for which the Project qualified issued during October.
b) Heidorn Property Lease RFP – Provided a Proposal to the City of Jasper for the long term lease of the Heidorn Property. Awaiting notice of results of RFP.
c) Lawsuit – The Project continues to monitor the litigation against the City and its impact on the Project and its schedule.

7. Material Activities to take place during November 2012

   Power Sales Agreement

   - Continued work seeking potential power purchasers.

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

   None at this time.