HAMER PELLET FUEL

• HAMER IS A WEST VIRGINIA FAMILY BUSINESS THAT HAS BEEN IN THE LUMBER BUSINESS FOR 3 GENERATIONS

• IN ORDER TO UTILIZE THE FULL PRODUCT OF THE LOG AND TO PREVENT TAKING SAWDUST TO LANDFILLS, HAMER DECIDED TO MANUFACTURE HARDWOOD PELLET FUEL

• HAMER HAS BEEN MANUFACTURING PELLET FUEL FOR OVER 20 YEARS

• WE ARE THE OLDEST RESIDENTIAL PELLET MANUFACTURER IN THE EASTERN UNITED STATES
QUICK FACTS ON DENSIFIED BIOMASS
RENEWABLE WOOD PELLETS

- Wood pellet fuel is compressed dried sawdust that is extruded through dies to produce a pellet fuel that burns at high BTU’s with very little ash.
- There are three pellet manufacturing facilities in West Virginia.
- Total estimated annual production of all three facilities is over 200,000 tons.
- There are over 1.2 million residences/businesses in the U.S. currently heating with pellets.
- A typical homeowner uses 3 tons of pellets per heating season (average retail price $230/ton, pellets offer a fuel cost per million BTU of $17.00. To offer the same fuel cost per million BTU #2 fuel oil and propane would have to be priced at $1.94/gal & $1.21/gal respectively. *Fuel Value Calculator, USFS.
- One ton of wood pellets has the energy equivalency of 2.8 barrels of #2 fuel oil (EIA).
- Direct thermal conversion of pellets has an efficiency level of almost 80%.
- Direct thermal conversion of 3 million tons of wood pellets displaces the equivalent of almost 8.5 million barrels of #2 fuel oil. That is 356 million gallons!
ADDITIONAL FACTS

- Pellet stoves have extremely low particulate emissions due to their high burn efficiency and the density of the fuel (<1gm/hr). (Environmental Protection Agency)
- Every ton of pellets used vs. oil reduces CO2 emissions by about 1.5 tons.
- Wood pellets have a fossil energy ratio (net energy output/fossil energy used) of 12:1. (Net energy value study, University of Wisconsin Green Bay)
- The densified biomass industry facilitates the creation and development of green jobs while helping our nation meet its energy objectives.
CURRENT PELLET FUEL APPLICATIONS

- PRIMARY & SECONDARY RESIDENTIAL HEAT SOURCE (PELLET STOVES, INSERTS, BOILERS)
- COMMERCIAL BUILDING PRIMARY & SECONDARY HEAT SOURCE (BOILER SYSTEMS) BULK DELIVERY OF PELLETS
- SCHOOLS AND UNIVERSITY FACILITIES
- PRIMARY & SECONDAY HEATING FOR POULTRY FARMS & GREEN HOUSES
- CHP (COMBINED HEAT AND POWER) FOR MULTIPLE BUILDINGS AND HOMES
- ANIMAL BEDDING & CAT LITTER
- ABSORBANT FOR NATURAL GAS FRACKING
JOB CREATION ESTIMATES & FINANCIAL BENEFIT TO REGIONAL AND LOCAL ECONOMIES

- THERMAL BIOMASS STRENGTHENS THE LOCAL ECONOMY

- THE NORTHEAST USES 84% OF THE NATION’S HEATING OIL AND A RECENT STUDY FOUND THAT SHIFTING ROUGHLY 18.5% OF THE NORTHEAST’S THERMAL ENERGY DEMAND TO BIOMASS BY 2025 WOULD INJECT $4.5 BILLION ANNUALLY INTO THE REGIONAL ECONOMY AND CREATE 140,000 JOBS.

(SOURCE: HEATING THE NORTHEAST A VISION FOR 2025)
LOCAL ESTIMATED JOB CREATION

• ACCOURDING TO HEATING THE NORTHEAST WITH RENEWABLE BIOMASS VISION FOR 2025, THEY ASSUME 171 DIRECT JOBS ARE CREATED IN SUPPLY CHAIN FOR EVERY 50,000 TONS PER YEAR OF PELLET PRODUCTION.

• IN WEST VIRGINIA THERE ARE 3 PELLET MANUFACTURING PLANTS WITH A TOTAL PRODUCTION CAPACITY OF OVER 150,000 TONS. IF THE STUDY APPLIES THIS WOULD BE OVER 500 DIRECT JOBS (PELLET MILL JOBS, CHIPPING AND GRINDING JOBS, LOGGING AND CULTIVATION JOBS, TRUCKING JOBS FOR RAW MATERIAL TO THE MILL & TRUCKING JOBS TO RETAILER).

• THIS JOB TOTAL DOES NOT REFLECT OTHER INDIRECT JOBS CREATED IN RETAIL, STOVE SALES, ETC.

• THE MAJORITY OF THESE JOBS ARE IN RURAL AREAS CLOSE TO WOOD SOURCE.

• THE MAJORITY OF MONEY GENERATED THROUGH PRODUCTION, SALES, SHIPPING, WAGES, AND TAXES STAYS IN THE STATE.
CURRENT INDUSTRY TRENDS

• THE LAST COUPLE OF YEARS THE U.S. RESIDENTIAL FUEL MARKET HAS BEEN WEAK
• MANUFACTURERS HAVE NOT BEEN AT FULL CAPACITY
• THIS SEASON THE COLD WINTER HELPED BOOST SALES AND STRENGTHENED THE MARKET
• EUROPEAN MARKET HAS CONTINUED TO GROW DUE TO GOVERNMENT INCENTIVES FOR PELLET FUEL
U.S. WOOD PELLET EXPORTS DOUBLE IN 2013

SOURCE: U.S. ENERGY INFORMATION ADMINISTRATION
ELECTRICITY GENERATION GROWTH

- Renewable electricity generation in the United States is projected to grow by 69% from 2012 to 2040 in the *Annual* Renewable electricity generation in the United States report.
- This in nonhydropower renewable energy growth
- WOOD PELLET FUEL NEEDS TO BE A BIG PART OF THIS GROWTH LIKE WHAT WE ARE SEEING IN EUROPE TODAY
ESTIMATED GROWTH OF RENEWABLE ELECTRICITY GENERATION

U.S. nonhydro renewable electricity generation in eight cases (2005-40)

- GHG25
- No Sunset
- Low Renewable Technology Cost
- Low Oil and Gas Resource
- High Economic Growth
- Reference
- Low Economic Growth
- High Oil and Gas Resource

billion kilowatthours

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TAX INCENTIVES AND CREDITS

• BIOMASS COMBUSTED TO PRODUCE HEAT HAS VERY FEW INCENTIVES! IN FACT WE ARE NOT RECEIVING THE SAME INCENTIVES AS OTHER RENEWABLE FUELS.
• CURRENTLY CUSTOMERS CAN RECEIVE $300 CREDIT FOR STOVE PURCHASE
• ANOTHER INCENTIVE WHERE PELLET FUEL DOES NOT RECEIVE EQUAL PARITY IS THE DEPT. OF AGRICULTURE BIOENERGY PROGRAM FOR ADVANCED BIOFUELS
  THIS IS DIRECT PAYMENT TO ADVANC BIOFUEL PRODUCERS. THEY DISCOUNT SOLID BIOMASS FUEL WHICH RESULTS IN PAYMENT REDUCTIONS OF ABOUT 85%. LIQUID ADVANCED BIOFUEL ARE ONLY DISCOUNTED 10%.
TAX CREDIT & INCENTIVES

- Pellet fuel is currently locked out of Sec. 45 Production Tax Code which is a 30% Investment Tax Credit for solar, wind, geothermal and even biomass to electric.
- Pellet fuel is also locked out of Sec. 25D Residential Investment Tax Credit.
- To rectify this disparity there is a bill pending in Congress called the BTU ACT—Biomass Thermal Utilization Act of 2013. It will add “Biomass Thermal Energy” to existing Investment Tax Credits at the federal level. We urge you to support this bill by contacting your federal representatives to help get this bill passed.
- It is good for West Virginia consumers, good for local jobs and good for the environment!
THANK YOU

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