

## Kaua`i Biomass Plant Receives Financing, Construction Set for 2013

*Līhu`e, Kaua`i, HI – 10/17/12* – Green Energy Team LLC of Kaua`i and Kaua`i Island Utility Cooperative announced today that Green Energy has received a \$72.9 million loan guarantee commitment letter from the U.S. Department of Agriculture’s Rural Utilities Service that will enable it to begin construction of a previously announced 6.7-megawatt biomass-to-energy facility near Koloa.

Construction will begin in early 2013, with the plant operational in 2014. Construction financing for the project will be provided by Deutsche Bank.

The \$90-million plant is a state-of-the-art facility that will burn woodchips from trees grown and harvested on Kaua`i. The plant will provide more than 11 percent of Kaua`i’s energy needs, contributing significantly to KIUC’s efforts to generate 50 percent of its power from renewable resources by 2023.

The plant will be built near Knudsen Gap and will provide enough electricity to power 8,500 households, annually replacing about 3.7 million gallons of imported oil. Power will be sold to KIUC under a contract approved by the Hawai`i Public Utilities Commission in October 2011.

Pricing of energy from the plant is below that of the current costs for generating power by burning fossil fuels and will not be subject to the volatility of oil prices over the 20-year term of the agreement.

“We want to thank KIUC and its board of directors. Without their extraordinary support over the last six years this project would not have been possible,” said Eric Knutzen, co-founder of Green Energy. “This will be the first closed-loop, biomass-to- energy plant in the United States, relying completely on the supply of its own sources of Kaua`i biomass wood chips, with no off-island dependence - completely renewable. It’s truly sustainable, producing power by Kaua`ians, on Kaua`i for Kaua`ians.”

The project will help invigorate Kaua`i’s diversified agricultural economy, creating more than 200 construction jobs, 39 permanent operating jobs and significant work for subcontractors and local service providers.

“This is especially important for Kaua`i because this plant will provide firm power from a renewable source,” said David Bissell, president and CEO of KIUC. “This

means the power is available when we need it and will allow KIUC to avoid spending money on additional fossil fuel-based generating capacity and instead invest in renewables such as solar and hydropower.

“We project that \$200 million will be invested in renewable energy projects on Kaua`i over the next two years by KIUC and private developers such as Green Energy. By the end 2014, Kaua`i should be receiving more than 35 percent of its electricity from renewable sources.”

The plant will be designed by Standardkessel Baumgarte Contracting GmbH of Germany, an international leader in high-efficiency boiler technology. Standardkessel is an equity partner in the project.

Green Energy Team was founded on Kaua`i in 2005 to develop a biomass-to-energy project.

“The idea behind the project was that it would help accomplish three objectives: to lower Kaua`i energy costs, to keep more money in the local economy and create jobs, and to contribute to sustainability efforts,” Knutzen said.

“Operationally, our agricultural management plan includes removing Albizia trees from state lands, and replacing them with DLNR Forestry-approved plantation trees, for sustainable forest growth, a renewable, long-term biomass supply.”

KIUC is a member-owned cooperative serving 33,000 customers on the island of Kauai. Formed in 2002 and governed by a nine-member, elected board of directors, KIUC is one of 930 electric co-ops serving more than 36 million members in 47 states.

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