

RCEA 2016 Biomass Request for Offers Response of Blue Lake Power to Questionnaire

December 2, 2016

Company Information

1. Please describe the corporate ownership structure.

Blue Lake Power, LLC is a California Limited Liability Company owned by LandGas Technology, an Illinois LLC, and by Renewable Energy Providers, Inc., a Nevada Corporation.

Resource Information

2. Please provide a high level description of the facility and a summary of its operation.

Blue Lake Power, LLC (BLP) is an 11.0 Megawatt (net to line) biomass to energy facility built on its present site in 1983-84. The facility operated until 1999 when it was shuttered because of low available power sales pricing. The facility was purchased by the current owners in 2008 and refurbished and restarted in 2010. The facility then operated for a period of 5 years selling 100% of its electrical output to SDG&E. In May 2015, BLP sold its existing PPA back to SDG&E to generate cash to eliminate debt liabilities. The BLP facility now carries zero debt.

After a brief offline period following the buyout of the SDG&E PPA, BLP negotiated a short-term contract for the sale of power. BLP is currently operating under that short-term contract. The short-term contract expires prior to the proposed June 1, 2017 start of deliveries to RCEA. BLP's onsite operations support 18 positions while approximately 30 additional positions are supported through collateral services such as fuel transport.

3. Please describe the project's fuel supply plans and waste management approach.

Fuel for BLP has historically come from local sawmills, lumber remanufacturing and regional logging and related timber management operations. The intent is to (i) bring fuel to BLP from wildfire at risk federal and private forest lands (Tier I & Tier II) east of the plant location; and (ii) continue to make the operation available to cleanly consume sawmill and remanufacturing wood waste.

Waste water and sewerage is delivered to the municipal waste system. Ash is delivered to ranchers and farmers in the area under a fully-compliant permit. Solid waste is hauled away by the local solid waste disposal company.

4. Please describe any capital spending on the project since January 2013.

Since January 2013, the following items have been refurbished:

- (i) turbine rotor;
- (ii) cooling towers;
- (iii) fuel dryer;
- (iv) boiler grate; and
- (v) electro-static precipitator.

5. Please describe what flexibility the Buyer would have to shape energy deliveries for purposes of bidding into the CAISO day-ahead market.

BLP's Pmin is 5.0MW and Pmax is 11.0MW. Assuming shaped deliveries are safely within operating and permitting restraints, including fuel management, BLP could, on an occasional basis, be biddable into the CAISO day-ahead market.

6. Please describe the capability of the facility to receive CAISO communications and ability to respond to curtailment instructions from the CAISO for reliability or economic reasons in the real-time market.

BLP is fully-compliant with CAISO's communications requirements and regularly receives such communications. The plant is dispatchable and capable of responding to curtailment within prudent operating and permitting restraints.

7. Please describe any operational limitations on economically bidding the resource in the day-ahead and real-time markets and responding to CAISO dispatch instructions.

As described in the responses to Questions 5 and 6, within BLP's Pmin of 5.0MW and Pmax of 11.0MW, BLP is able to fully respond to CAISO dispatch and curtailment instructions for reliability reasons and, provided permitting requirements are maintained, for economic reasons. For the purposes of economically bidding in the day-ahead and real-time markets, in addition to operational and permitting limitations, fuel supply and operational efficiency limit BLP's ability to an occasional-only basis.

Team Experience

8. Describe relevant technical experience of key personnel, how long they have been with the company and their backgrounds.

Mike Dedmore – BLP Plant Manager, has been at BLP for 1-year. Previously, Mike worked at the nearby Scotia biomass facility for a total of 25 years (3 years as Plant Manager, 5 years as a Supervisor, and the remaining time in operations). In total, Mike has over 26 years of experience operating biomass plants.

Glenn Zane – As a consultant for UltraPower, Glenn developed the initial fuel supply assessment for the plant prior to construction in the early 1980's. Glenn has been involved in procuring fuel for the plant since the acquisition by Blue Lake Power, LLC in 2008 and will continue managing the fuel acquisition for BLP.

David O'Neill – Principal at LandGas Technology, the managing partner/owner of BLP. David has been involved in power plant operations, environmental engineering and environmental, OSHA and business law for 36 years. Mr. O'Neill began his professional career as a Chemical Engineer in the Power Department at the Inland Steel Company in East Chicago, Indiana in 1981 and has been an attorney concentrating in Energy, Environmental and Safety law since 1987.

Compliance

9. Has any company, partner, or subsidiary in this venture, or any corporate officer, been the subject of any enforcement action, order, decree, or notice of violation of any environmental laws, regulations, or permits? If an answer is "yes," please explain fully including how the issue was resolved.

In 2010, BLP received a notification of air quality non-compliance by the NCUAQMD. NCUAQMD and BLP entered in a Settlement Agreement that has since been completed by BLP, resolving the notification in its entirety.

Based on alleged, but not administratively determined, issues related to BLP's Title V air permit, BLP entered into a Consent Decree with the EPA. The Consent Decree is fully executed and BLP is operating in compliance under the terms of the decree.

10. Has your facility been listed by the EPA as a high priority violator at any time during the past 5 years?

To BLP's knowledge, BLP has never been listed by the EPA as a high priority violator.

Safety

11. Please provide information detailing the worker safety record for the past five (5) years for the company and its affiliates in California or other State(s) where it operates.

For the past 5 years that LandGas Technology has owned BLP, no incidents resulting in serious injury have occurred at any of LandGas Technology managed or owned facilities (including at the BLP facility). Some miscellaneous minor injuries have occurred and a few of those minor injuries have resulted in minimal periods of employee lost time. All employees are fully covered by Workman's Compensation insurance at all times. During its 22-year operating history, LandGas Technology and its affiliates have never had a notice of any violation from OSHA on any managed or owned facilities.

Credit

12. Please provide available information on responder's financial viability including current annual report(s) and recent financial statement(s).

BLP is financially stable and capable of meeting the PPA collateral requirements. Due to the highly confidential nature of private company financials, BLP will, at a time and place convenient for RCEA, present these documents for in camera inspection.

Additional Information

13. Please provide any additional company, contract, market or other information responder believes may be useful to RCEA as it investigates the potential for contracting with local biomass facilities.

As mentioned in response to Question 2, BLP provides 18 on-site jobs and is indirectly responsible for the employment of another 30 related jobs for workers delivering fuel and providing other related services. The 18 on-site jobs are held by Humboldt County residents. The 30 related jobs are also likely held by Humboldt County residents.