Biodiesel: The New Hybrid Fuel

Gene Gebolys
New York
October 27, 2005

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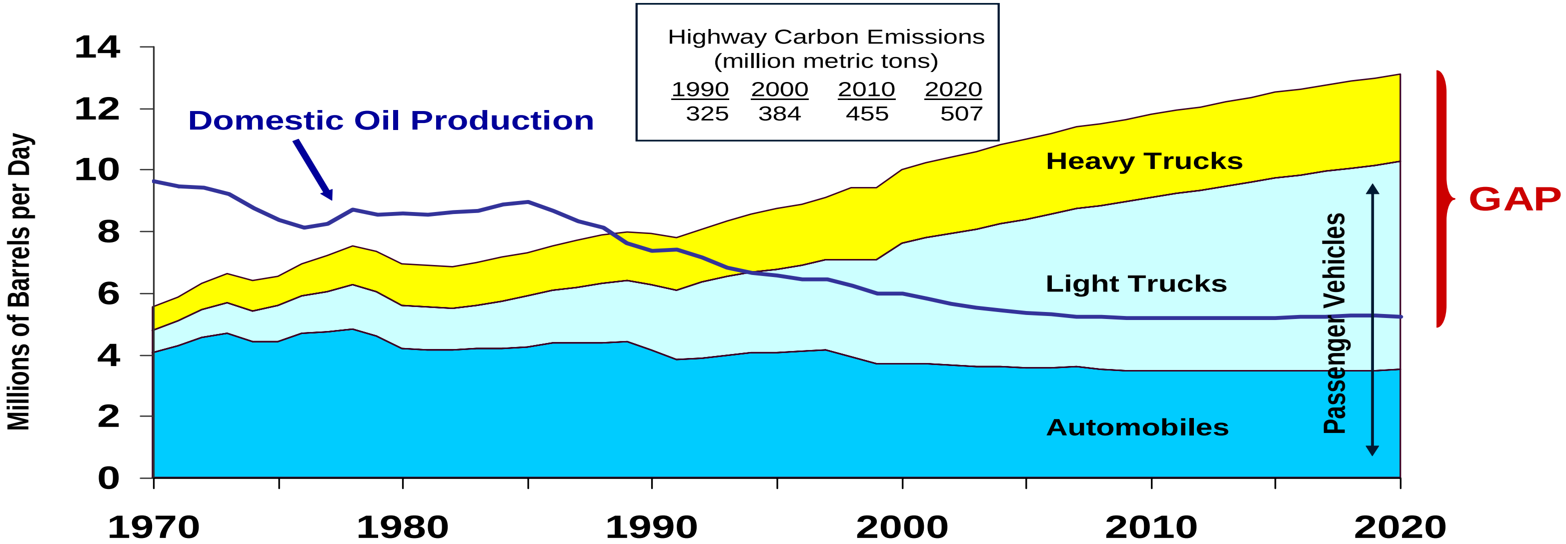
Why Change?

Rudolph Diesel

Energy Security



Source: Transportation Energy Data Book: Edition 19, DOE/ORNL-6958, September 1999, and EIA Annual Energy Outlook 2000, DOE/EIA-0383(2000), December 1999

Why Biodiesel? Simple

- ✓ **Runs in Existing Diesels**
- ✓ **Seamless in blends to 20%**
- ✓ **Reduces Emissions**
- ✓ **Reduces Oil Dependence**
- ✓ **Stimulates Our Economy**

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Market Overview

- Market Size 2004
  - US 20 M Gallons
  - Europe 630M Gallons
- Growth Rate Projections
  - US 100% + (2005 to 2008)
  - Europe 27% (2004 to 2011)
- Market Share 2004 – Top 3 Companies
  - US 75%
  - Europe 60%

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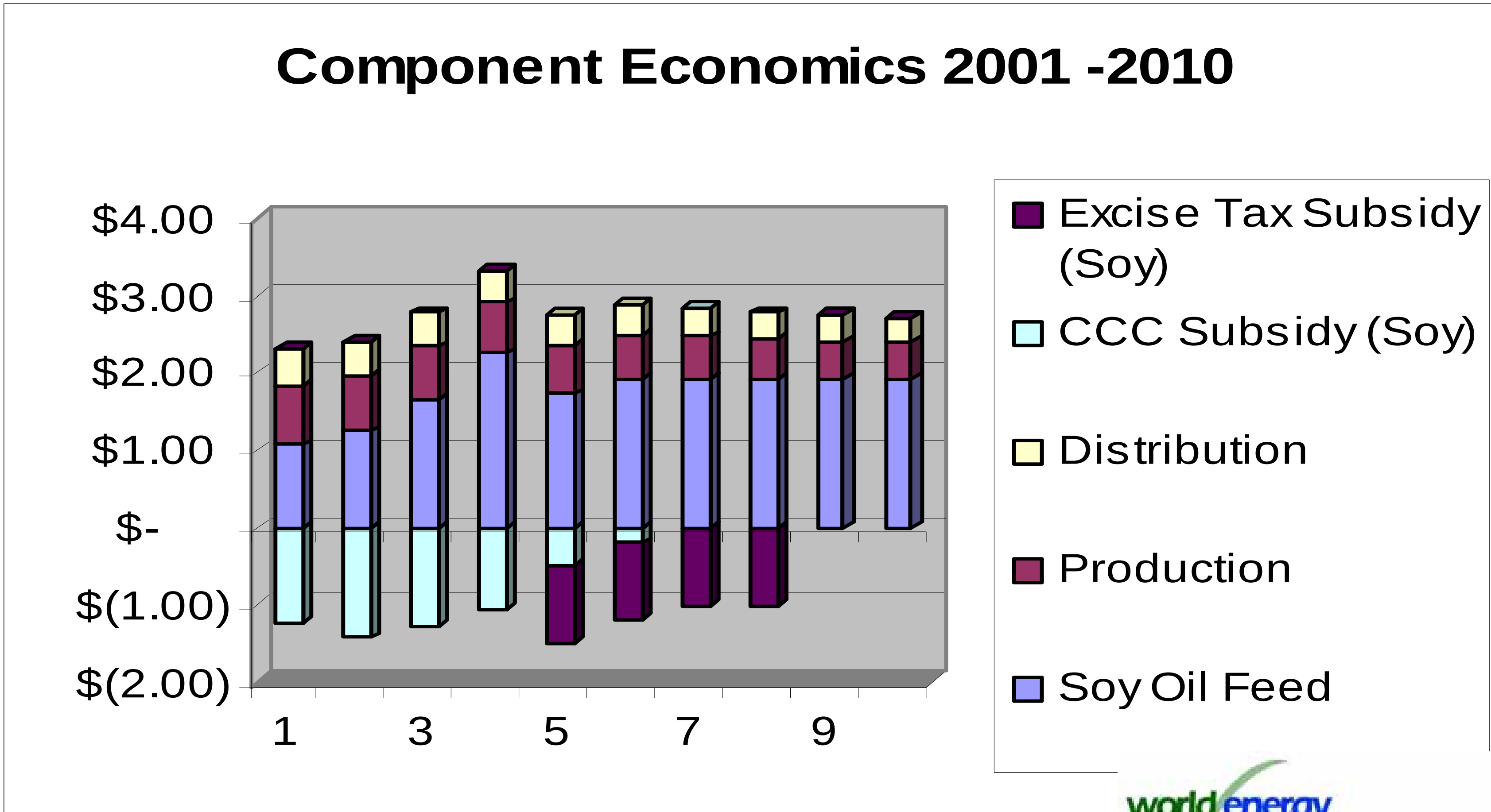
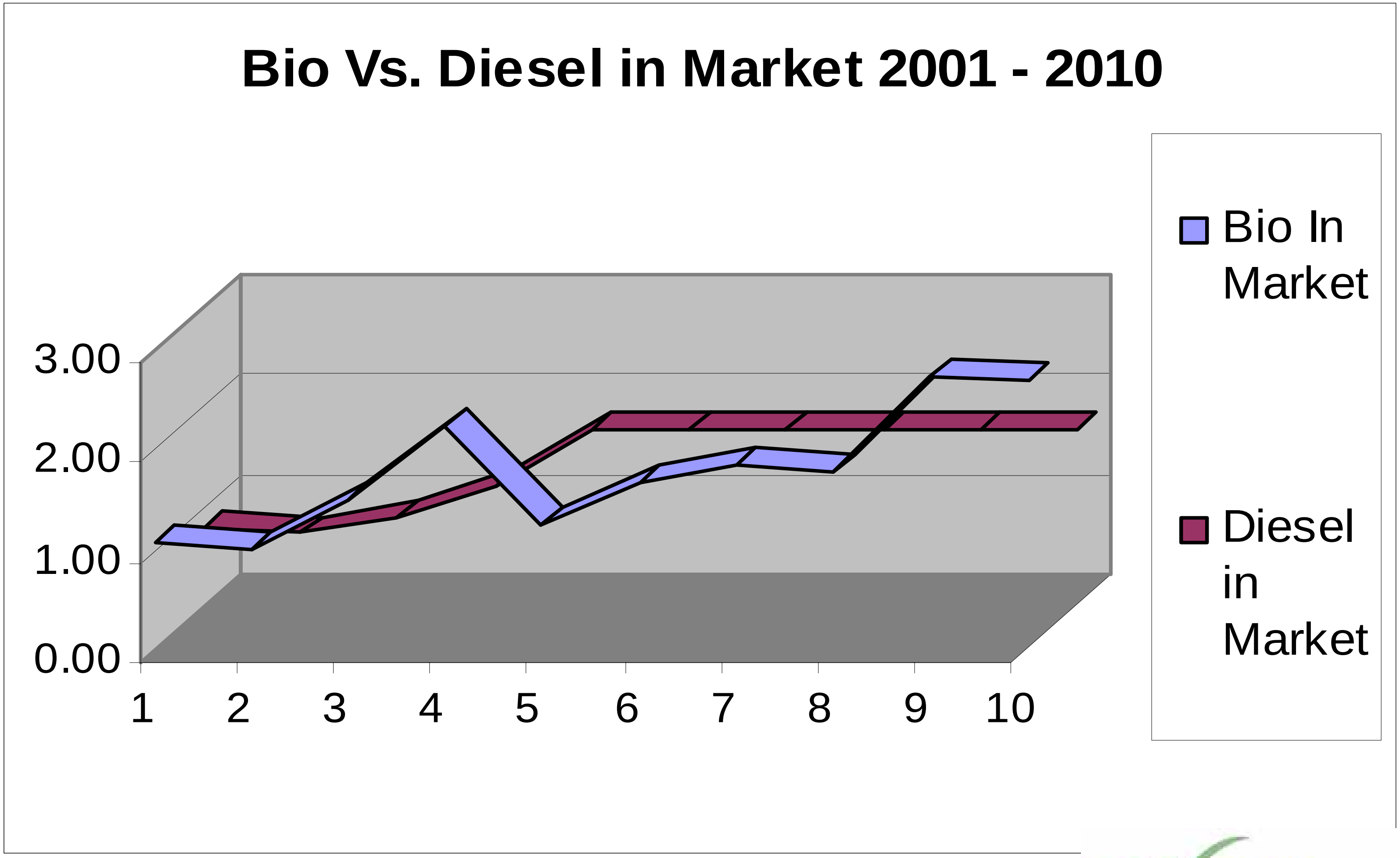
Feedstocks – Inducements = Costs



Costs Vs. Diesel sets Market



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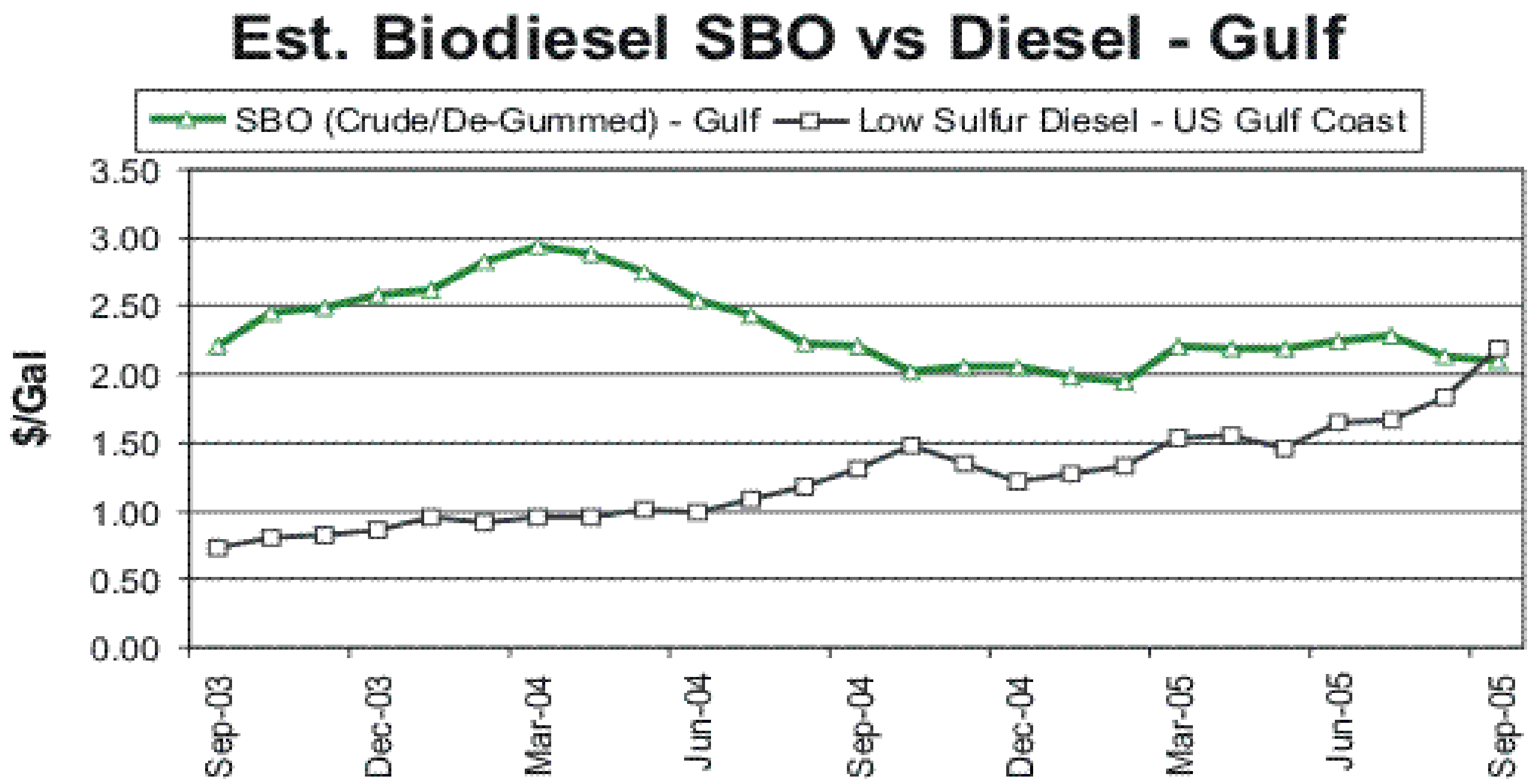
What Is Driving Growth Today?



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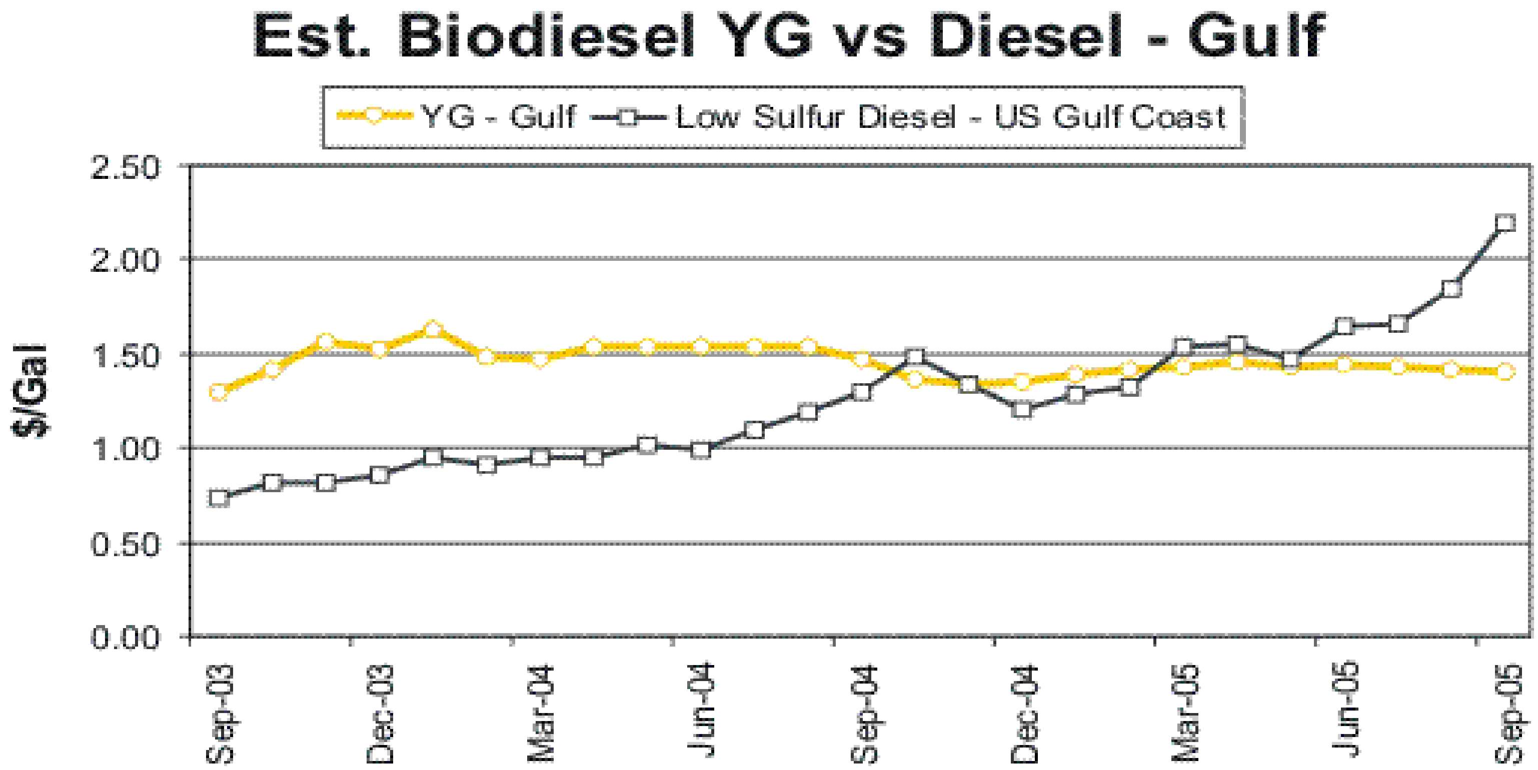

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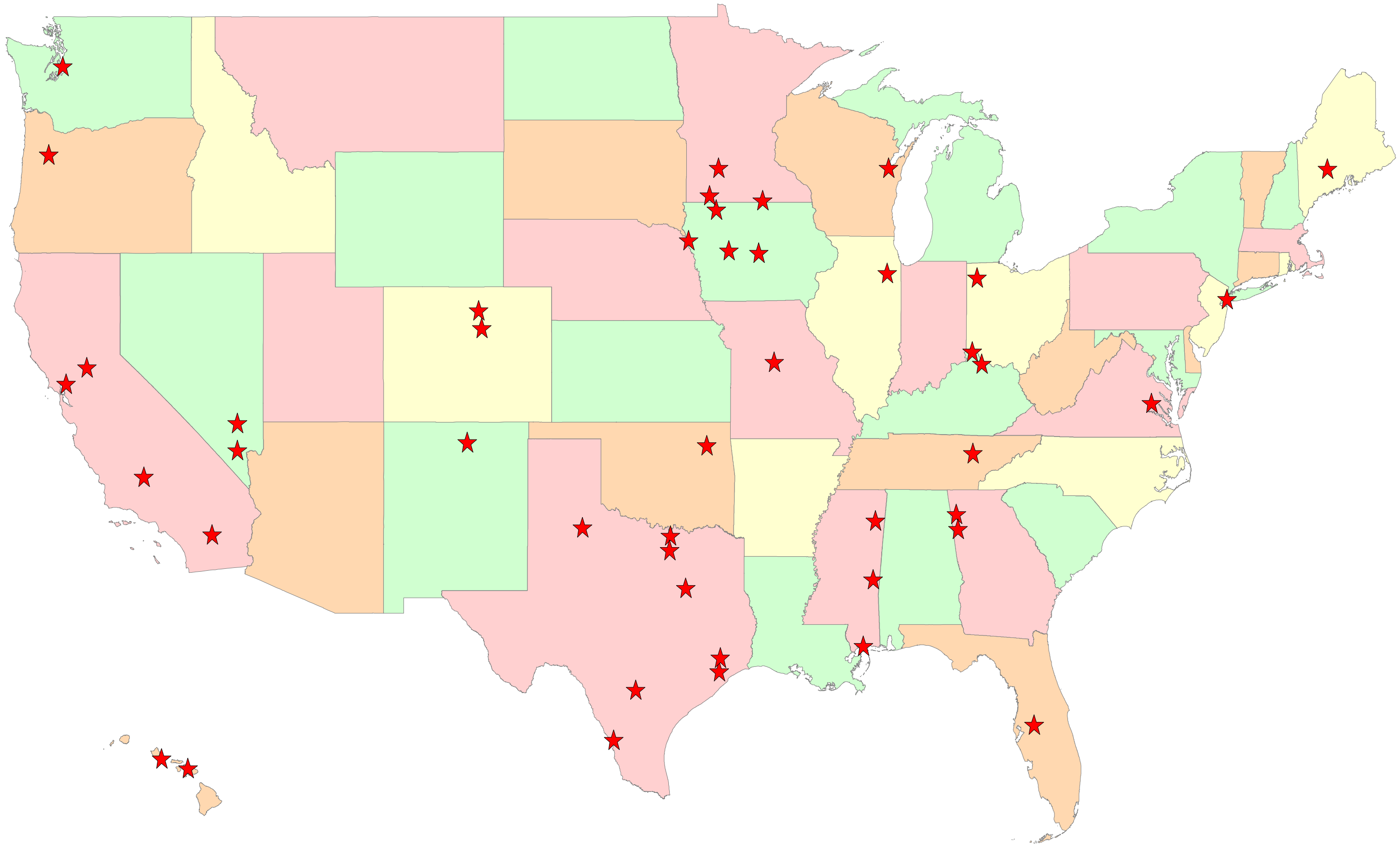
US Production (Built / Building as of Sept 05)



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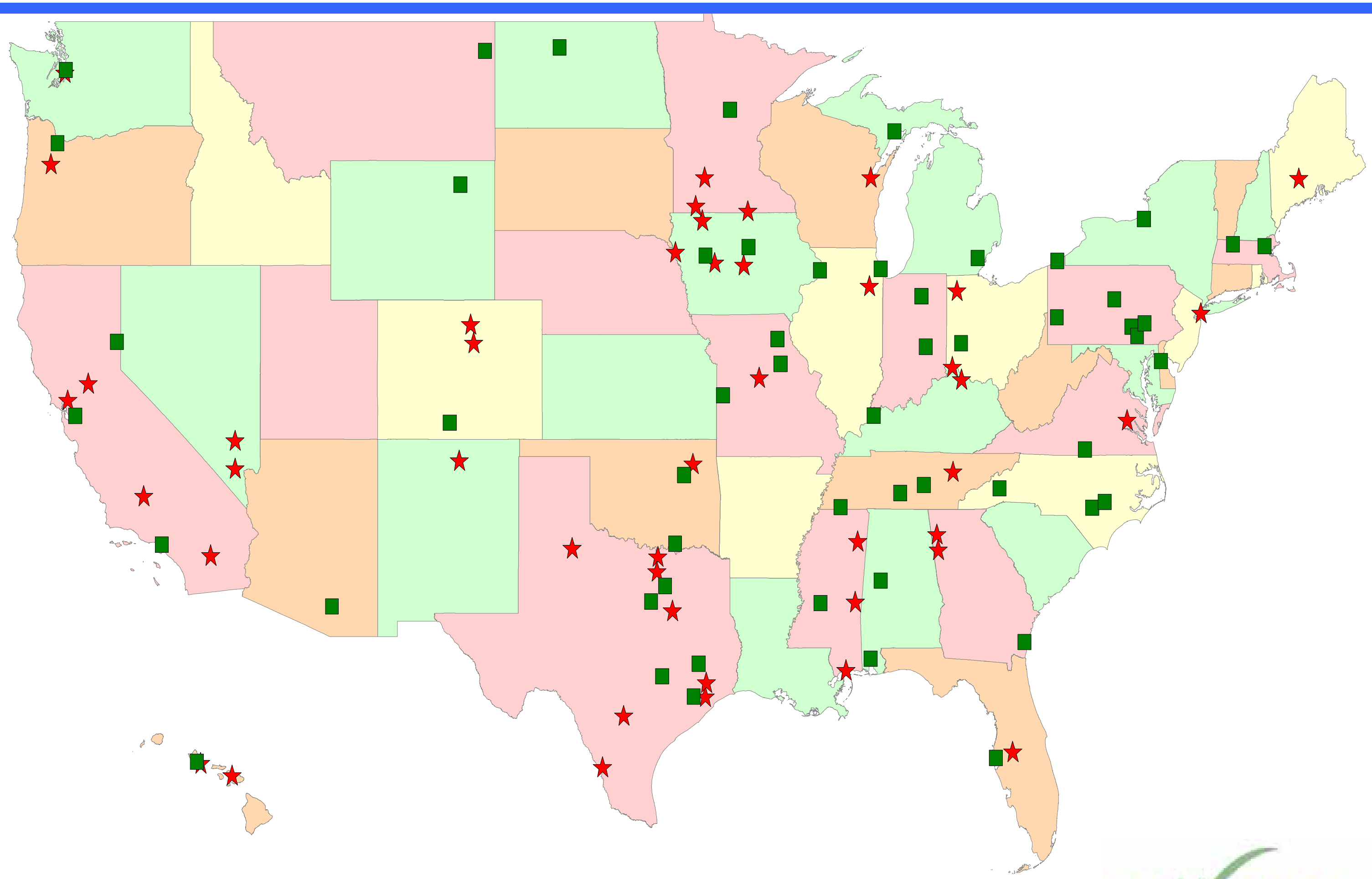
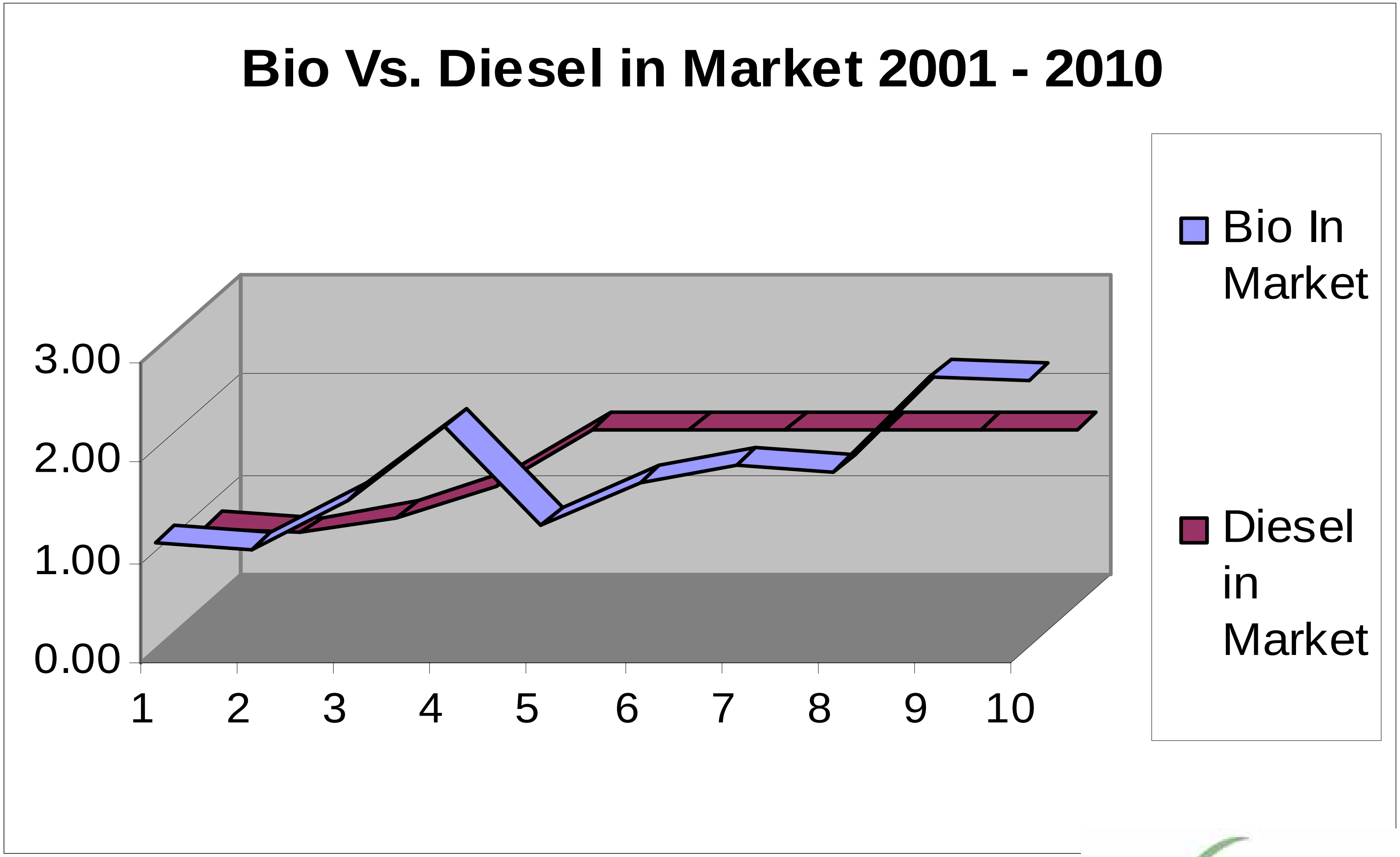
Built, Building, and Proposed Plants



Rigid = Risky



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Identifying / Managing Risk

- Feedstock Availability Limitations
- Commodity Price Fluctuations
  - Diesel Down / Feedstocks Up
- Market Driver Instability
  - RFS / CCC / IRS implementation / Etc.
- Biodiesel Over-supply
- Glycerin Over-supply

Risk Mgmt: Regulatory Market

- EPACT Compliance
  - Utilities, States, Federal
  - Premium Market
- Executive Order 13149
  - Fed Fleets
  - Premium Market

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Risk Mgmt: Additive Market

- Biodiesel Suitable in 15 ppm sulfur ULSD
- Ag / Low Blends

- Zero Aromatics
- Improved Lubricity

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Risk Mgmt: State Markets

- Illinois Incentive
- Texas Incentive
- Texas Disincentive
- California Disincentive
- Minnesota Mandate
- Many Others Active / Pending

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Diversification - New Markets

- RFS
- Home Heating
- Power Generation
- Trading / Exports

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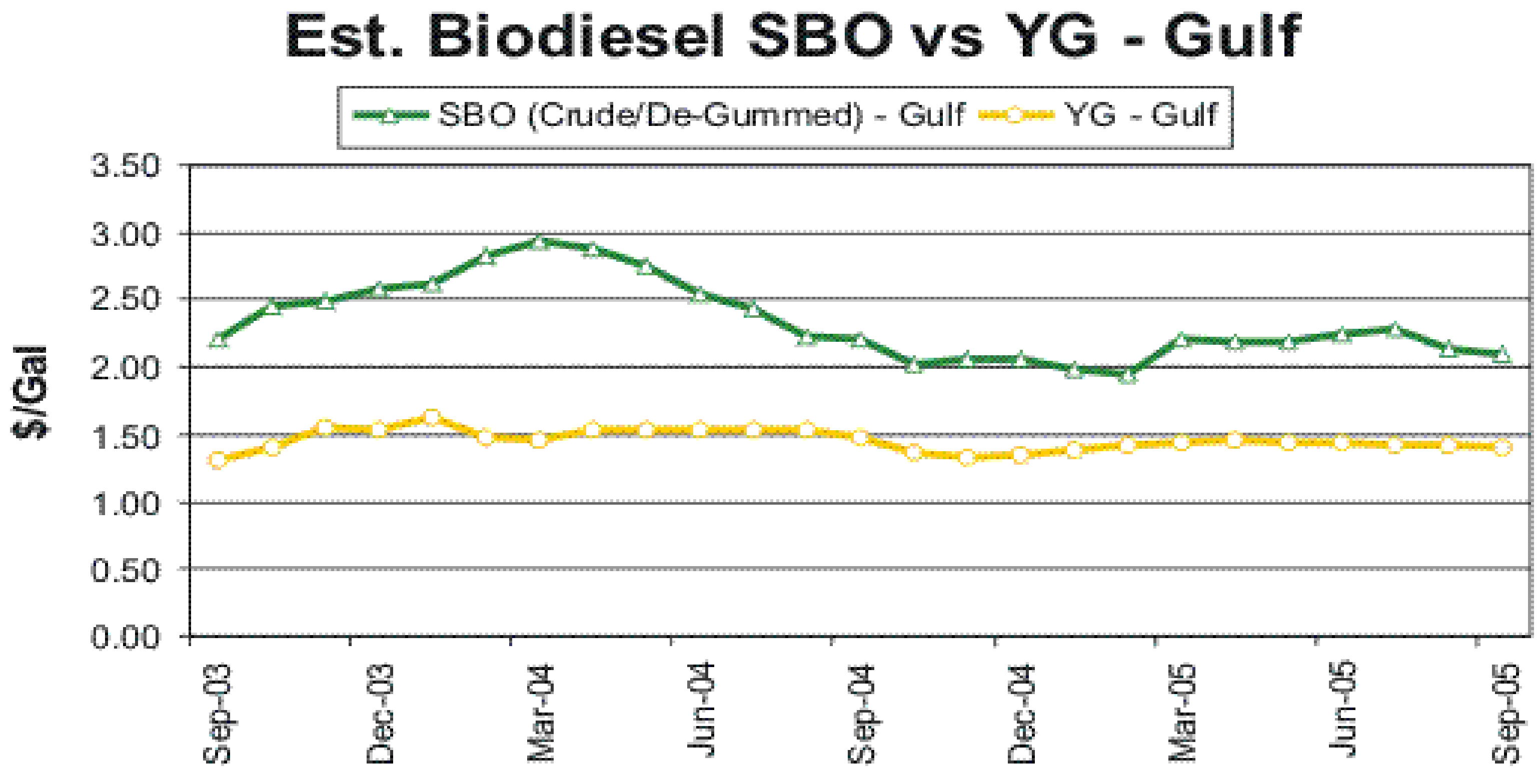
Risk Mgmt: Supply Diversification



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Risk Mgmt: Optimizing Glycerin in Surplus Markets

- Market Glut to drive down values
- New uses to emerge
- Refining margins to be volatile
- Key source of revenue not tied directly to Fuel Markets
- Quality / reliability will determine value

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Risk Mgmt: NBB Regulatory

- Tax Credit Implementation
- RFS Implementation
- CCC Reconstruction and Extension
- State Initiatives Nationwide

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- Largest Seller in the United States
- 5 US Sales Offices
- 1 in Canada / 1 in Europe
- 4 Production Locations US – 1 owned / operated
- 2 More North American Production Sites Spring 2006
- Initial European Production Autumn 2005
- Full Glycerin Refining at Co. Plant
- Over 40 US Distribution Locations
- Licensed Fuel Seller in over 40 states
- Backed By Gulf Oil Since 1998
- Full Rail / Barge/ Fixed Storage Distribution

- DOE/Clean Cities Company of the Year 2004

Keys to Success – The Road Ahead

- Quality Reliability Scalability

- Stability Through:
  - Supply Diversification
  - Market Diversification
  - Quality Control
  - Down Stream Capabilities

- Strength Through Partnership

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Gene Gebolys

90 Everett Avenue

Chelsea, MA 02150

Tel 617.889.7300

www.worldenergy.net