

From: Wade Randlett wade@nextfuels.com
Subject: draft for gov
Date: February 3, 2010 at 6:53 PM
To: Eric Schwerin eschwerin@rosemontseneca.com
Cc: Hunter Biden hbiden@rosemontseneca.com

Hi Eric,

Here's a draft for the Gov. Markell email:

Dear Gov. Markell,

Our mutual friend Hunter Biden suggested that I give you a quick email outline of the green jobs opportunity that we see for the Valero site in Delaware City.

In short, we think the size, systems, permitting, and infrastructure at the site mean that it could become the largest and most important renewable energy campus in the country, if not the world.

The three key elements are:

1. Building a 30+ megawatt solar power farm on 100+ acres feeding in to the grid through the existing co-gen power plant on site. We believe we can bring 100% of the financing for this project (minimum \$250m investment with 400 high-skilled jobs to design/build/tie-in to grid). It is critical to the project's economics that we are "substantially underway" by 12/31/10 for Treasury Department purposes to qualify us for the ARRA's ITC (Investment Tax Credit). This would be the largest solar power farm in the country, and it is possible to expand to make it the world's largest at 75 mw if you can help make the necessary land available.
2. Building a 150,000,000 gallon/year Green Diesel & Green Jet Fuel refinery and distribution hub on the site. This plant would take advantage of bleeding-edge technology out of a Honeywell division which creates true hydrocarbon diesel molecules (not methyl esters) from any renewable feedstock. By taking advantage of the infrastructure, permitting, and power sources at the site, we believe that we can bring 2/3 of the capital necessary to complete the project. Our investment partners are willing to provide us with the \$100m in operating capital to run the plant, but they are not in the business of funding the pre-conversion operations from petroleum diesel to Green Diesel. We believe we will need help securing the \$40-50m necessary to convert/upgrade/relocate/purchase the necessary equipment. This \$150m investment would create 100 immediate construction jobs, and would have 100 high-paying permanent jobs among trucking, logistics, maintenance, repairs, operations, and shipping. Obviously we would need to have a flagship corporate office there as well.

With regard to either a direct investment from Valero as part of their transition out, or an investment/loan from another public or private entity, it would receive preferred repayment out of operational cash flows. We model full repayment within 36 months of the plant opening.

3. Building a pyrolysis oil refinery to feed renewable feedstocks into the existing co-gen power plant. We believe that there is an effectively infinite opportunity to bring to Delaware any organic feedstock, including all organic waste material that otherwise goes to dumps/landfills to convert it to bio-oil through a fast-pyrolysis process. We would build a bio-oil refinery to convert the feedstock and to connect it to the existing co-gen plant to burn it for electricity generation. This provides a very long-term opportunity for Delaware to generate renewable electricity bounded only by the amount of bio-mass that can be brought to the site. The pyrolysis units are proven technology with a roughly \$30m price tag for each 400 metric ton per day processor. While our company would seek to fund that project out of cash flows from the solar and/or Green Diesel projects, if another investor were willing to make earlier investments, we would be fully supportive either in addition or in substitution for our plans.

In sum, the two immediate project should create 500-700 jobs that would begin as soon as permitting is complete, and bring at least \$400m in new investment to Delaware within 12 months. The third project would create dozens to hundreds of jobs depending on the number of pyrolysis units that were deployed there.

It is worth emphasizing that whatever the eventual outcome of the Blackstone negotiations, it would be a tragedy to allow this site to go from one dirty petroleum refinery to a new one without maximizing the job creation and clean tech value of the site. We believe that none of the clean tech plans would interfere with any of the planned petroleum fuel uses.

Please let us know if there are any questions that we can answer. If you believe that this project is of interest to you, we would be happy to meet with you at your convenience.

Best,
/w

p.s., my wife Lorna works for Lenny Mendonca at McKinsey, which I understand from him is helping you in DE. We'll get him out to DE sometime to swap McK war stories sometime soon.

Eric, lemme know if you'd recommend changes.

Wade Randlett
Co-founder
NextFuels, Inc.
381 Bush Street
Suite 300
San Francisco, CA 94104
415-397-3767
415-397-3768 fax