

FACT SHEET

BIOMASS PROJECT SUMMARY



The Northern Virginia Electric Cooperative (NOVEC), through South Boston Energy (SBE) LLC, initiated in 2010 the NOVEC Energy Production, Halifax County Biomass (NEPHCB) project on a 100-acre site near South Boston, Virginia. The site, in the Halifax County Industrial Park, is where a Georgia-Pacific manufacturing facility once operated.

The Virginia State Corporation Commission approved a Certificate of Public Convenience in April 2011. The certificate allowed SBE to begin construction.

NEPHCB will burn waste wood (also called slash) from regional logging operations, the local forest-products industry, and manufacturing mills to fuel the generation

of 49.9 megawatts of electricity. Slash is typically left on forest floors or burned on site. Forestry consultants have determined that there is an abundance of slash within a 75-mile radius of the NEPHCB facility.

SBE will sell all the power the plant generates to NOVEC. NOVEC expects the plant will supply up to 6.5 percent of the Cooperative's power requirements by 2014, or the equivalent of providing electricity to 16,000 residential customers.

NOVI Energy, a Michigan-based energy services company, is developing the plant on NOVEC's behalf. Fagen Inc. of Granite Falls, Minn., is the turn-key engineering, procurement and construction contractor. Construction began officially in December 2010 and the plant is expected to begin commercial operations by the end of September 2013.

LOCAL EMPLOYMENT/REVENUE IMPACT

Jobs/Payroll Impact on the Local Economy

- An estimated 26 new full-time permanent jobs with a payroll in excess of \$1.5 million per year
- An estimated 40 indirect new jobs in the forestry, logging and transportation industries with an estimated payroll of \$1.5 million per year.
- An estimated 250 construction jobs with a total payroll of \$30 million over the two-year construction phase.

Tax Revenue

- Up to \$600,000 annually in new property tax revenue for Halifax County *with little or no impact on local government services*
- Up to \$2.5 million in Virginia Sales & Use Tax during construction -- A return of 1 percent of the eligible Sales & Use Tax to the Halifax County government will net over \$500,000 in new Sales & Use tax revenue.

PROJECT FUNDING

SBE projects that the total capital investment for the project will be approximately \$180 million. The United States Department of Agriculture, Rural Utility Service, announced in October 2011 that it will loan SBE \$90 million for constructing the biomass plant.

1. USDA, Rural Development Loan	\$90,000,000.00
2. Other loan/grant funds	\$40,000,000.00
3. SBE, LLC Equity	<u>\$50,000,000.00</u>
TOTAL ESTIMATED PROJECT COST	\$180,000,000.00

BIOMASS – A GREEN ALTERNATIVE FOR THE ENVIRONMENT

NOVEC is building the biomass plant to add more renewable resources to its power supply portfolio. NOVEC anticipates that NEPHCB will have minimal impact on the environment for the following reasons:

- The plant will be “carbon neutral.” It will not add more carbon dioxide to the environment beyond what is released through the burning of slash at logging sites or through natural decomposition.
- The plant will largely be cooled with “grey” water from a nearby waste-water treatment facility. The water will circulate in a closed loop.

According to NOVEC President/CEO Stan Feuerberg, “Being good stewards of the environment has always been a priority at the Cooperative. Currently, we distribute electricity generated by renewable hydropower and landfill gases, and we have been actively seeking an appropriate way to increase the amount of alternative energy in our resource portfolio. The biomass power plant will help us meet our goal.”

Mike Dailey, NOVEC vice president of Business Development, says, “This project will create a unique tie among the members of NOVEC and the residents of Halifax County -- a model that has potential for the rest of the Commonwealth. Right now it looks like a win-win for everyone.



SBE is a for-profit generation affiliate of the Northern Virginia Electric Cooperative. NOVEC, the 12th largest electric cooperative in the United States, is a not-for-profit, customer-owned and customer-focused corporation with local control and local accountability.

NOVEC customers have an ownership interest and therefore share in any profits generated by the company. These profits are allocated annually in the form of patronage capital known as “CashBack.” NOVEC and its predecessor cooperatives have provided energy services to customers for 70 years. Today, the Co-op distributes electricity to approximately 146,000 residents and businesses throughout 651 square miles in Northern Virginia. Its 6,649 miles of electric lines and 53 substations serve customers in Clarke, Fairfax, Fauquier, Loudoun, Prince William and Stafford counties, the City of Manassas Park and the Town of Clifton. Headquartered in Manassas, NOVEC maintains satellite offices in Gainesville, Leesburg, Minnieville and Stafford.



NOVI Energy is an entrepreneurial company that provides a broad range of services in energy consulting, energy management and energy infrastructure project development for utility, industrial, institutional and commercial companies across the United States and the world. For more information, visit www.novienergy.com or call 248-735-6684.