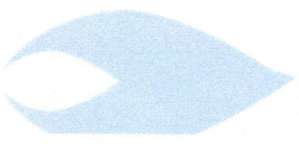


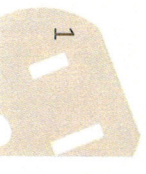
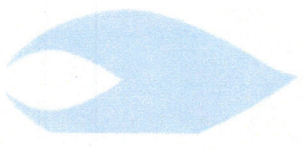
Due Diligence Update

- Energy Supply Fuels Group has viewed contracts
 - Suppliers' contracts are directly with GREC
 - BRM gets incentive for fuel at higher heating content and lower moisture content than assumed by PPA
- NAES O&M Contract
 - Terminable
 - GREC will make GRU whole for termination cost

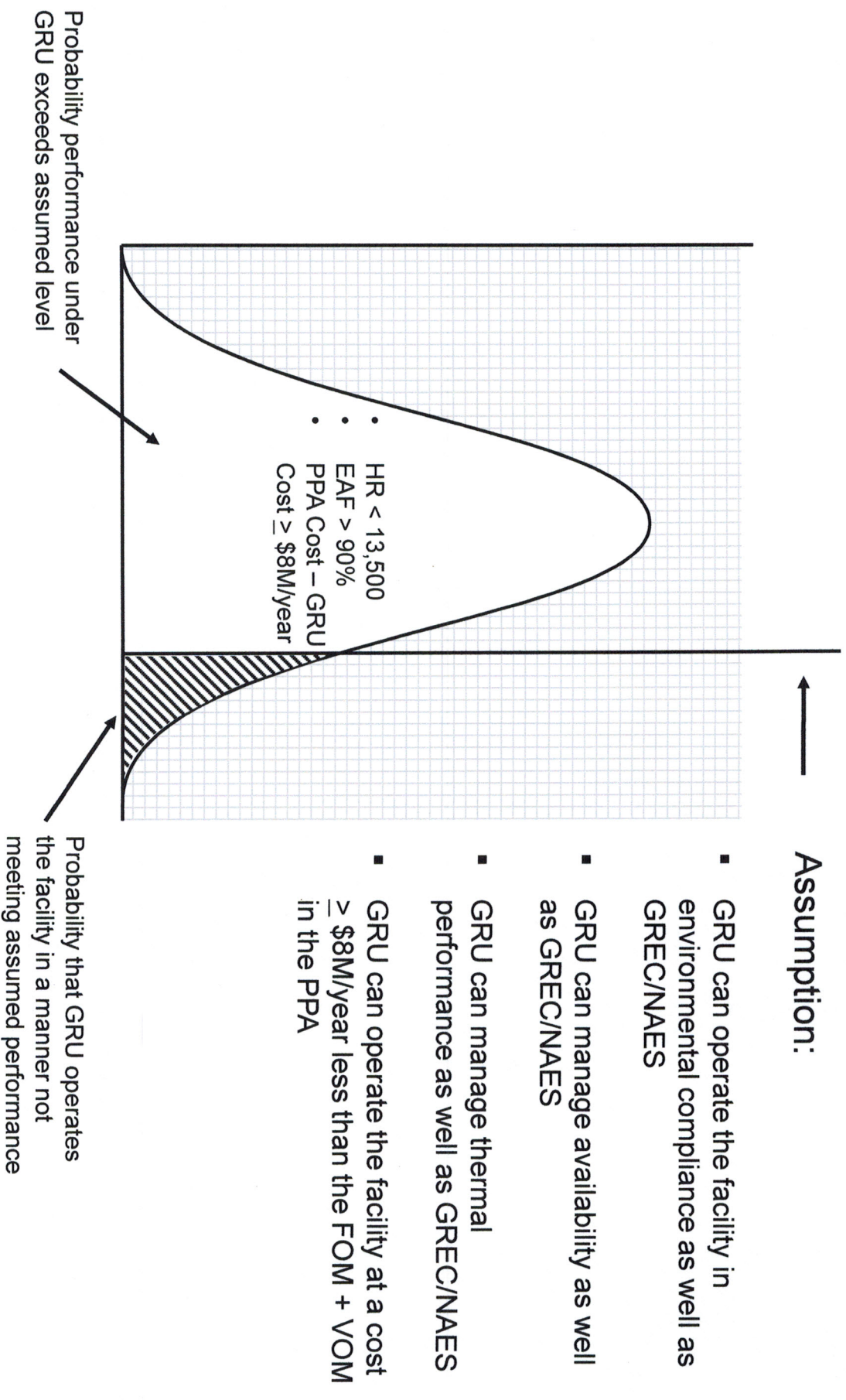


Risk Management

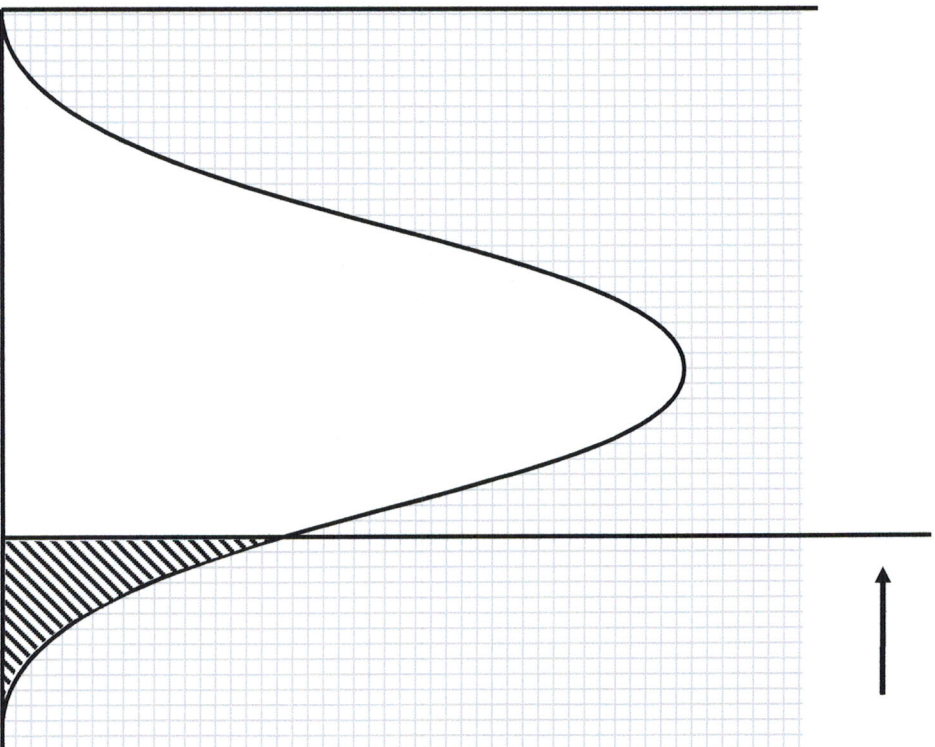
- Risk is a function of both sensitivity and probability
- The methodology is designed to control down side risk
 - Assumptions have bigger up side
- 3rd party review corroborates the model to meet the intent of the methodology



Operational Risk



Design Risk



Assumption*:

- Facility design is sufficient to achieve 90% EAF and 13,500 HR
- Facility equipment is sufficient to achieve 90% EAF and 13,500 HR
- Facility construction was sufficient to achieve 90% EAF and 13,500 HR

Probability that design and/or equipment reliability/capability and/or facility construction are not capable of 90% EAF and 13,500 HR

** To be verified during the due diligence phase of the acquisition*

How Would Future Environmental Regulations Impacting GREC

Effect GRU?

- Possible future regulatory changes
 - Biomass carbon neutrality
 - Carbon Credits
 - Cross-state Rule (CAIR, CSAPR)
 - CO₂/GHG limits on existing plants
- PPA Appendix II, Products, includes Environmental Attributes.
- PPA 3.2, Change in Law, requires an equitable change to Contract Prices if compliance such law specifically increases the cost of generation
 - Increased price to GRU offsets GREC cost
- As Owner GRU would bear the cost of compliance
- GRU is equally at risk, whether Purchaser of GREC products under the PPA or as GREC Owner.
- While future environmental regulation may pose a significant absolute risk, it is not a significant issue in the GREC acquisition decision.

Under PPA, GRU as Buyer	
Capacity	<p>No design risk of shortfall. GREC has already run at 100+ mwh. Capacity degradation during operation can be supplied from GRU's other units and NEFC reduced by the de-rating. IF GREC DESIGNATES A DEPENDABLE CAPACITY OF 102.5 MW GRU WOULD PAY AN ADDITIONAL \$1.6 m IN UREC + FOM.</p>
Thermal Efficiency	<p>Heat rate is contractual. Risk to GRU is that heat rate is better than design and that none of the benefit flows to GRU's customers. Factors in contract that establish a theoretical heat rate</p>

Under GRU Ownership		Chg. To GRU Risk	Confidence (in scope of risk)	Significance (of change in GRU risk)
<p>GRU accepts responsibility for maintaining the ability to meet design capacity, as it does for its other units. Shortfall would be from GRU's other units with no reduction in fixed cost. NEW OF NAT FUTURE NEFC + FOM @ 2.5 MW @ 90% AVAIL @ \$ 30M</p>	<p>↑</p> <p>↓</p>	<p>HIGH</p> <p>LOW-MEDIUM</p>	<p>HIGH</p> <p>MEDIUM</p>	
<p>GRU accepts responsibility to manage thermal performance, as it does for its other units. Any improvement in heat rate over PPA flows to GRU's customers thru the fuel adjustment. GRU has demonstrated its ability to improve heat rate of its existing units</p>	<p>↓</p>	<p>HIGH</p> <p>MEDIUM</p>	<p>HIGH</p> <p>MEDIUM</p>	

Fuel Pricing

Weighted 12 month
average OR \$28/ton
in year one

Target Fuel Price (\$/ton) * 1.35 (tons/MW-h)

Fuel Charge (\$/MW-h) To GRU = Base Fuel Charge (\$/MW-h) + Fuel Price Adjuster (\$/MW-h)

(Actual Fuel Price (\$/ton) – Target Price (\$/ton) * 1.15 (tons/MW-h))

Average \$/Ton during Month

Fuel Risk

Under PPA, GRU as Buyer

Fuel Cost is contractual and based on a factor changing \$/ton to \$/MW-h. The factor is based on (approx) 5000 BTU/lb heating value. Actual heating value above target is value to GREC as GREC pays for fewer actual tons of fuel than the 5000 BTU/lb charged to GRU. GREC also gains savings in VOM with fewer actual tons of fuel

Price

Under GRU Ownership

GRU pays for fuel at as-delivered price. GRU incented to optimize heating value and price/ton to achieve best \$/mm BTU. Fuel cost reduced by any profit built into the Target Fuel Price calculation in the PPA. 500 BTU/lb improvement over target at same \$/ton results in \$2.2m annual savings (\$2.75/MW-h.)



MEDIUM

HIGH