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NEWS

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Energy Trust approves \$5 million for Warm Springs biomass project *Power to be generated from forest fuels reduction and restoration projects*

PORTLAND, Ore. — May 30, 2007 — Energy Trust will invest up to \$5 million in a biomass cogeneration project that will generate enough electricity to serve over 12,000 homes with continuous renewable electricity. The 15.8-megawatt project will be owned by the Confederated Tribes of Warm Springs and their financial partner. The project, which will cost \$46 million to build, will also provide steam for Warm Springs Forest Products Industries, the Tribes' wood products enterprise. By using clean wood fuel from forest fuels reduction and forest restoration projects in Central Oregon, saw mill residuals and other clean materials, the project will result in healthier forests.

"This is one of the largest incentives yet paid by Energy Trust," said Adam Serchuk, biomass program director for Energy Trust. "Biomass is an extremely attractive renewable resource, locally and nationally. It's a constant resource that provides energy with multiple environmental and economic benefits." According to Serchuk, the project is one of the first Oregon projects to rely primarily on forest material gathered as part of forest stewardship activities. "This will be a good test to see how clean energy generation and wildfire prevention can work together to benefit Oregon," said Serchuk.

The developer and owner of the project is Warm Springs Biomass LLC, an organization formed with businesses owned by the Confederated Tribes of Warm Springs, plus a third-party investor. The project is expected to operating by December 31, 2008, under a 20-year agreement with Energy Trust.

Aequitas Capital Management, Inc., financial advisor for the project, has assisted with all principal project agreements, including taking a critical role in the power sales agreement, construction agreement, and Energy Trust negotiations. Aequitas also had a lead role in arranging for funding to construct and operate the facility. The project is applying for an Oregon Business Energy Tax Credit equal to 35 percent of eligible project costs.

"The biomass power generation project is a sustainable business creating the benefits of employment, forest restoration and renewable energy. Business managers for the Confederated Tribes will continue to develop opportunities that contribute to the future prosperity of the Tribes and the environment," said Jim Manion, Warm Springs Power and Water Enterprises.

The Confederated Tribes of Warm Springs expects the biomass project to create 60 to 70 living wage jobs and generate self-sustaining revenues that can be used to fund tribal government services. In addition, the facility provides a market-based solution to restore tribal forestlands and reduce wildfire risks.

“The Warm Springs project moving forward is the second biomass project announced this year,” said David Van’t Hof, sustainability advisor to Oregon Governor Ted Kulongoski. “It shows the great opportunity for economic growth and job creation presented by the governor’s aggressive renewable energy policies.”

“This project establishes a benchmark model for the development of new biomass facilities in Oregon and for tribal-owned renewable energy projects in general,” said Tom Sidley, senior managing director, Aequitas Capital. “We were honored to apply our energy practice experience to assist a very motivated and competent development team from the Confederated Tribes of Warm Springs.”

More environmental benefits of biomass

As a renewable fuel, biomass has some distinct advantages. Unlike solar or wind resources, biomass can deliver power to the power grid 24 hours a day, 7 days a week. In addition, biomass and its related forest restoration activities support a healthy hydropower system by slowing snowmelt runoff and reducing sediments in runoff flows. Using forest fuels for biomass also means that they aren’t being burned off in an open fire or allowed to decompose in the forest, which improves air quality and reduces the amount of greenhouse gases released into the atmosphere.

The Warm Springs Reservation covers 650,000 acres, about half of which is forest. Catastrophic wild fires over the past several years have caused significant damage to these forestlands. An estimated 2,000 acres of tribal lands and 8,000 acres of adjoining federal and private lands will be used for biomass recovery each year. Woody biomass material from other forest fuels reduction projects will also be used at the site.

Energy Trust of Oregon, Inc., is a nonprofit organization dedicated to changing how Oregonians use energy by promoting energy efficiency and clean renewable energy for Oregon customers of Portland General Electric, Pacific Power, NW Natural and Cascade Natural Gas. For more information, visit the Energy Trust website, www.energytrust.org, or call 1-866-368-7878.

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