



*Discussion on Options,
Logistics, and Contracts
for Ethanol Fuel Supplies*

October 2, 2008

Protec Fuel Management Overview

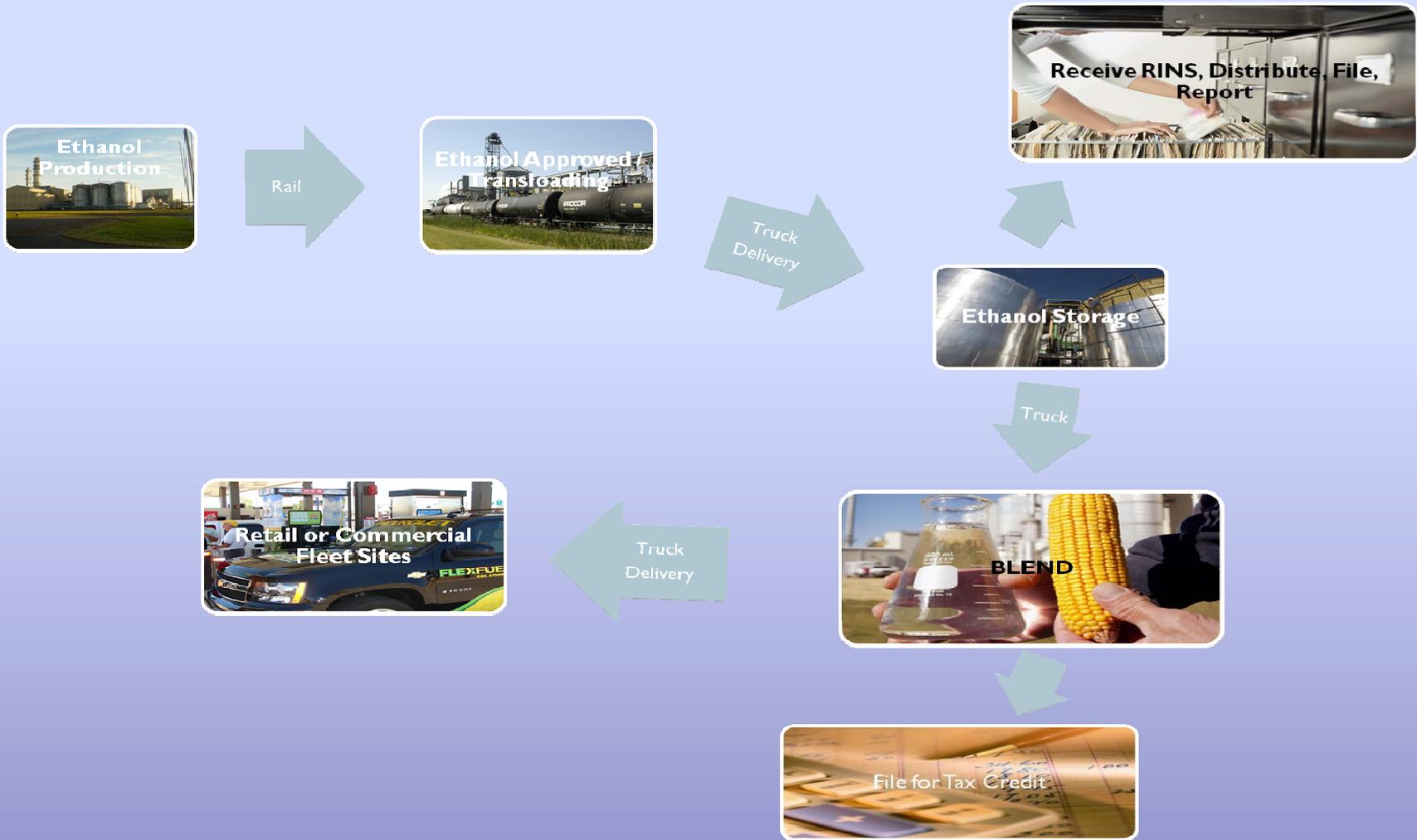
Piecing everything together



Who Is Protec?

- Founded in 1999; market and trade physical and financial energy products including refined products, natural gas, ethanol and bio-diesel
- Provides turnkey alternative fuel solutions specializing in distribution, retail, and fleet fueling programs including:
 - Fuel supply and logistics
 - Pricing and risk management options
 - Financial services and RINS trading
 - E85 fueling equipment and station design
 - E85 optimized site location
 - Marketing programs to build volume
 - Public Relations assistance

Understanding Process



Fuel Options with Ethanol

- Buy your own ethanol and do your own E10 or E85 blending, i.e. Blender of Record; retain blending credit & RINS
- Buy preblended E10
- Buy preblended E85

E10 Pricing Benefits

- Ethanol pricing = gasoline, blender receives full 5.1 cent/gal credit
- Ethanol price < gasoline, blender receives full 5.1 cents/gal credit plus added value of lower cost ethanol; i.e. for every \$0.10/gal ethanol cost less than gasoline, additional \$0.01/gal savings gained from E10
- Ethanol pricing > gasoline, 5.1 cent/gal tax savings begins to decay

E85 Pricing Benefits

- Ethanol pricing = gasoline, blender receives full 39 cent/gal credit (2009)
- Ethanol price < gasoline, blender receives full 39 cents/gal credit plus added value of lower cost ethanol; i.e. for every \$0.10/gal ethanol cost less than gasoline, additional \$0.085/gal savings gained
- Ethanol pricing > gasoline, 39 cent/gal tax savings begins to decay

Hurdles and Factors to Consider

- Supplier selection, terms, and pricing
- Credit, scheduling, routing, transloading, and storage of ethanol
- Delivery logistics from production plant to transloading to transporting to storage to blending
- Managing blenders credit and RINS
- Cash flow timing

Market Opportunities

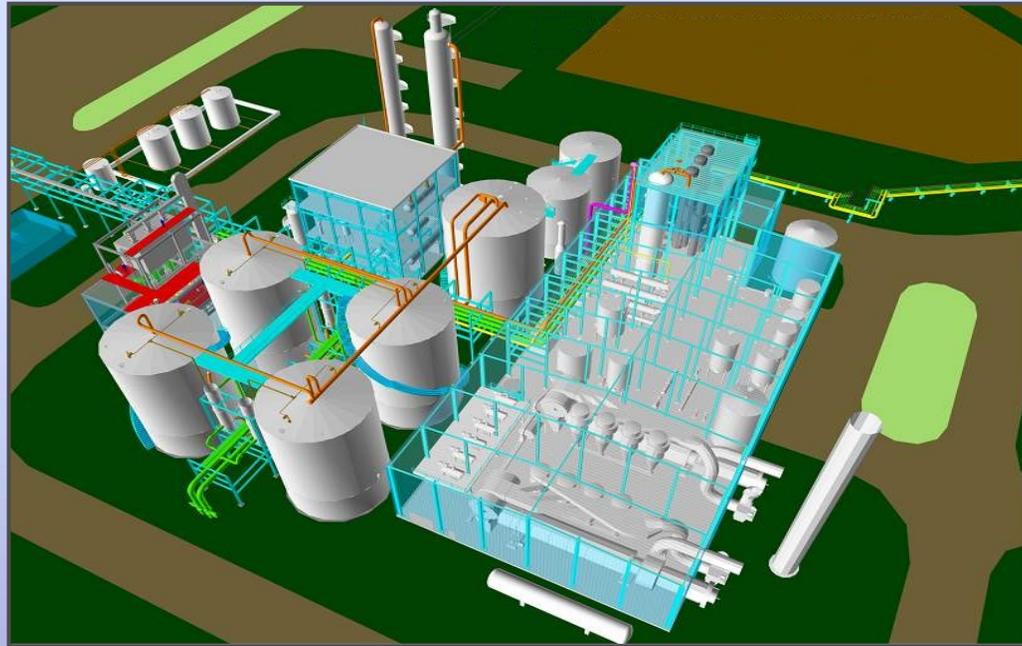
- Wholesaling or Retailing E10 or E85
- Municipals, military bases, federal and state government fleets mandates to purchase FFV and go green
- Fleet managers frustrated – don't know how or where to obtain E85
- Fleet managers frustrated – no money to build fueling infrastructure

Contract Provisions

- Ethanol – FOB delivery point, shipment dates, net volume, demurrage charges, RINS transferred, payment terms, pricing tied to RBOB, term purchase vs. spot
- Transloading facility per gallon fee, process for spotting car, transport insurance requirements; term contract
- Storage throughput fee and process for accounting for lost gallons; vapor recovery requirements; blending restrictions; loading hours; approved transports; term contract

Turnkey Ethanol Supply

- Aggregate customers and buy ethanol from ethanol suppliers via rail and truck
- Secure ethanol supply infrastructure, i.e. leased or owned facilities
- Manage procurement and delivery logistics
- Procure gasoline and blend with ethanol



Retail/Fleet Turnkey Options

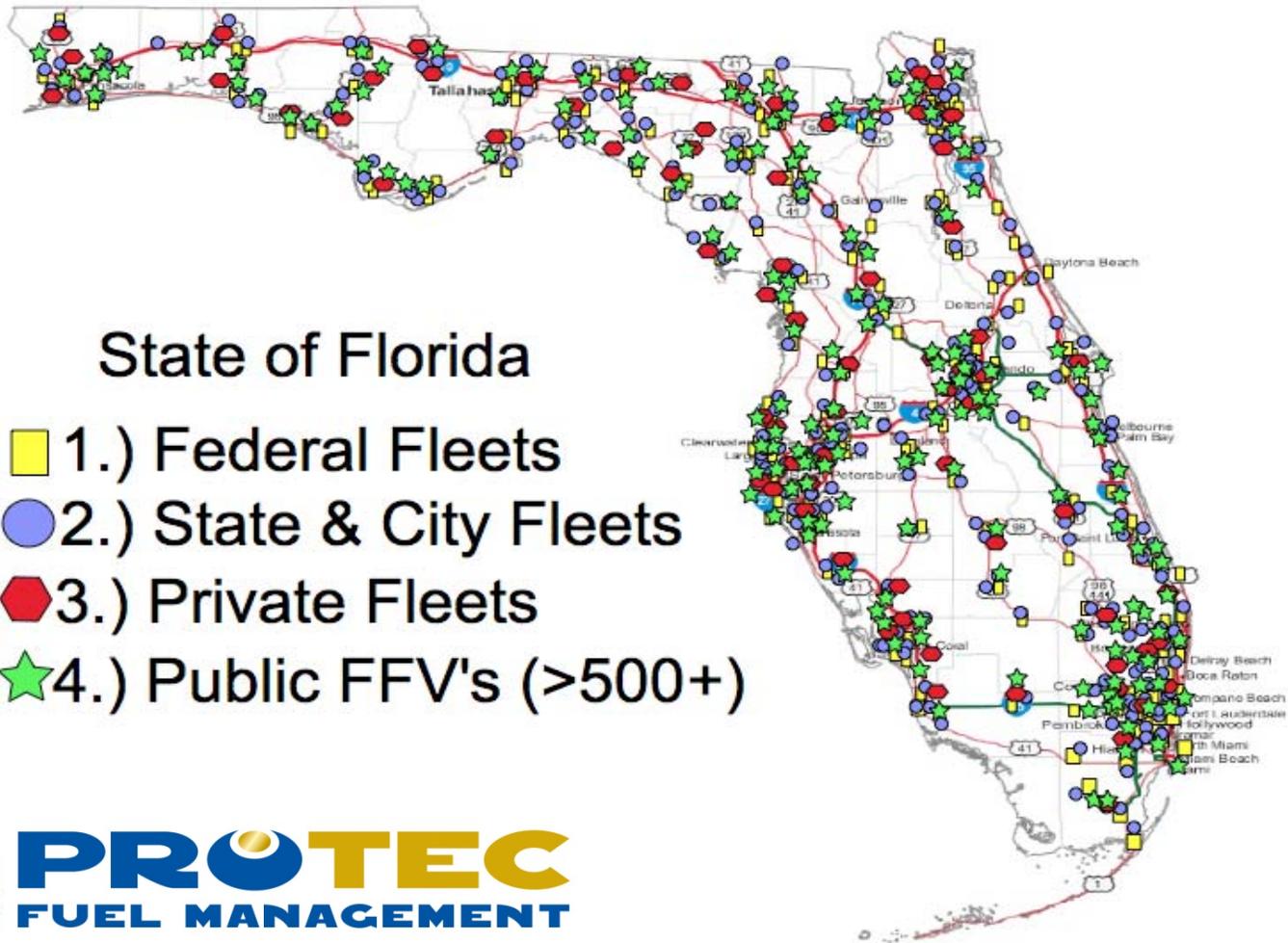
- Retrofit existing dispensers and storage tank to E85
 - Quickest and least expensive option
 - Usually replace premium or kerosene tank
- Existing site with new equipment
- New site with new equipment
- For fleet supply, recover capital cost through fuel cost, monthly leasing fee, or up front payment



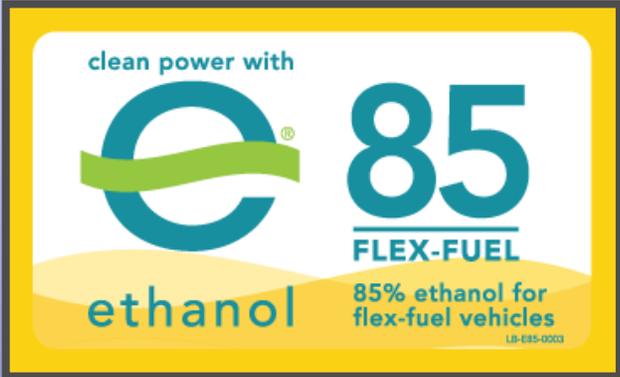
Factors for Identifying Optimal E85 Opportunities

- Location, location and location
- Conversion cost, i.e. use an existing tank, eliminate a low volume product
- Identify locations of government fleets and public owned FFV
- Identify locations of “alternate fuel” partners, i.e. GMC, Enterprises, etc
- Statistical analysis using weighted value based on various criterion
- Data cross-referenced and mapped

Private Fleets and Public FFVs



Marketing programs



What's Really Important?

- Selectivity and synergy
- Planning, logistics, consistency, reliable supply, and specialization
- Marketing and education
- Supporting infrastructure
- Meeting the needs of diverse fleet management programs
- Pricing tied to gasoline to maintain RBOB/Ethanol spread

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