



**A REGIONAL
WASTE MANAGEMENT FACILITY
FOR
PUERTO RICO**

PROJECT OVERVIEW

April 2010

PROJECT TEAM

- Interstate Waste Technologies
 - Project Developer
- Therмосelect AG
 - Licenses its waste processing technology
- RTP Environmental
 - Environmental Permitting
- CH2M Hill
 - Consulting Engineer to IWT on gasification applications
- SNC Lavalin
 - Design, construct and startup and test the facility
- NAES, Inc.
 - Operate and maintain the facility
- Morgan Stanley/Popular Securities/RLR Consultants
 - Project financial advisors
 - Arrange equity/debt financing for the project
 - Has significant experience financing projects in Puerto Rico
- This group of companies has the technical and financial strength necessary to develop, finance, construct and operate the facility

TECHNOLOGY APPLICATIONS

- Waste Processing
 - A non-incineration chemical process
 - Combines five well known and proven technologies
 - Waste compaction
 - Pyrolysis
 - Gasification
 - Synthesis gas cleaning
 - Process water treatment
- Processes Post Recycled Waste
- Electricity Generation
 - General Electric Combined Cycle System
 - Frame 6B Combustion Turbine
 - Heat Recovery Steam Generator
 - Steam Turbine

PROVEN TECHNOLOGIES

- Waste Processing
 - Incorporates 43 patented processes – 300+ patent awards worldwide
 - Operated successfully in nine facilities, the first beginning in 1992
 - over 17 years of operating experience
 - Tested by major independent laboratories in Europe and Japan for more than 13 years
 - Successfully processed more than 4.5 million tons of waste
 - Licensed by JFE for Japan (Kawasaki Steel and NKK)
 - 7 plants operating in Japan
 - Plants under development worldwide
- Electricity Generation
 - GE combustion turbines have successfully used syngas for hundreds of thousands of hours to generate electricity

U.S. EPA DEFINITION OF GASIFICATION SYSTEM

- “An enclosed thermal device and associated gas cleaning system that does **not** meet the definition of an incinerator.... and that: (1) limits oxygen...to prevent full oxidation, (2) utilizes gas cleanup systems, (3) slags inorganic feed materials above 2,000 degrees F, (4) produces a synthesis gas, and (5) is equipped with monitoring devices to ensure quality of synthesis gas.”
- This definition exactly describes the Thermoselect technology and differentiates gasification from incineration.

10/9/01 US EPA Presentation for Gasification Technologies 2001

RECYCLING IS SOUND PUBLIC POLICY AND BENEFITS THE IWT PROJECT

- Recycling benefits Puerto Rico and the IWT project
- IWT's ideal waste is what the DOE calls "Biomass" (Tab A)
- Biomass is the waste left over after municipal solid waste is recycled
- The IWT facility produces syngas from biomass to make electricity
 - We are a Category 2 (c) biomass plant as defined at Tab A.
- The more syngas, the more electricity is produced for sale to PREPA
- The beneficial results include:
 - More electricity at low cost helps PREPA reduce price of electricity to the public and business, and
 - More electric revenue helps lower the tipping or waste process fee

IWT STRONGLY SUPPORTS RECYCLING AS A MATTER OF POLICY

- IWT encourages SWMA and the municipalities to recycle to the maximize extent feasible
- There is a lot of waste which cannot be recycled (diapers, organics like mixed food waste)
- This waste should not go in a landfill
- The energy content is too valuable to bury
- The biomass in landfills decays and generates large volumes of greenhouse gases
- IWT's project greatly reduces these gases from landfilling the same amount of waste (Tab B)

A COMPARISON BETWEEN GASIFICATION AND INCINERATION TECHNOLOGIES

- DOE defines gasification as biorefinery (Tab C)
- A biorefinery is a non-incineration technology
- Incineration technology burns waste and produces 1 ton of ash for each 4 tons of waste processed which must be landfilled in Puerto Rico
- Gasification produces no ash – No landfill is required – 100% of the waste is processed and recycled
- Air emissions from gasification facilities are significantly lower than from incineration facilities
- The thermal conversion efficiency for the production of electricity for a gasification system is about 50% - It is only 28% for an incineration facility
 - Gasification produces more electricity from renewable sources than incineration

GASIFICATION REDUCES LANDFILLS AND IS COMPATIBLE WITH CURB SIDE AND OTHER FORMS OF RECYCLING

- Puerto Rico Senate 2000 Study concluded non-conforming dumps cause serious environmental harm; should be replaced by modern thermal technology
- Thermal treatment of waste is compatible with recycling
 - Recycling increases in areas where thermal treatment systems are installed
 - Tab D includes a Compatibility Study on this subject prepared by Eileen Brettler Berenyi, PhD Governmental Advisory Associates, Inc.
- The Life Cycle Comparison-Modern Thermal Treatment vs Landfilling report concluded landfills endanger the health of Puerto Rico's citizens compared to modern thermal treatment (Tab E)
 - Prepared by Giselle Balaguer-Datz and Nikhil Krishnam – Earth Engineering Center, Columbia University, New York City

TAUNTON PROJECT SELECTION LETTER

*City of Taunton
Office of the Mayor*

*Charles Crowley
Mayor*

*Todd J. Castro
Assistant to the Mayor*

*Gill E. Enos
Budget Director*

March 30, 2010

Mr. Frank C. Campbell
President
Interstate Waste Technologies, Inc.
17 Mystic Lane
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RE: RFPQ for Regional Solid Waste Management Facility (SWMF), Taunton, Massachusetts

Dear Mr. Campbell:

We are pleased to inform you that Interstate Waste Technologies, Inc. (IWT) has been selected as the Preferred Proposer for negotiations with the City for the advanced project. The Taunton Municipal Council was impressed with your presentation and they unanimously voted to select your proposal and presentation as the Preferred Proposer.

The project includes the up-front material recycling facilities, the thermochemical gasification process and the production of ethanol from the synthesis gas, all as proposed by IWT.

Representatives from the City will contact you shortly to establish a schedule for and begin the process of negotiations. As you know, time is of the essence, and the City looks forward to a timely conclusion of negotiations. Award of contract will be subject to the approval of the City Council.

At this time, the City has determined that negotiations will commence with IWT.

We look forward to this important step in the development of the SWMF.

Respectfully,

Charles Crowley
Mayor

*A City of Firsts
First Woman Town Engineer- First Female Entrepreneur
First to Fly Liberty & Union Flag- First Major Silver Manufacturing Center*

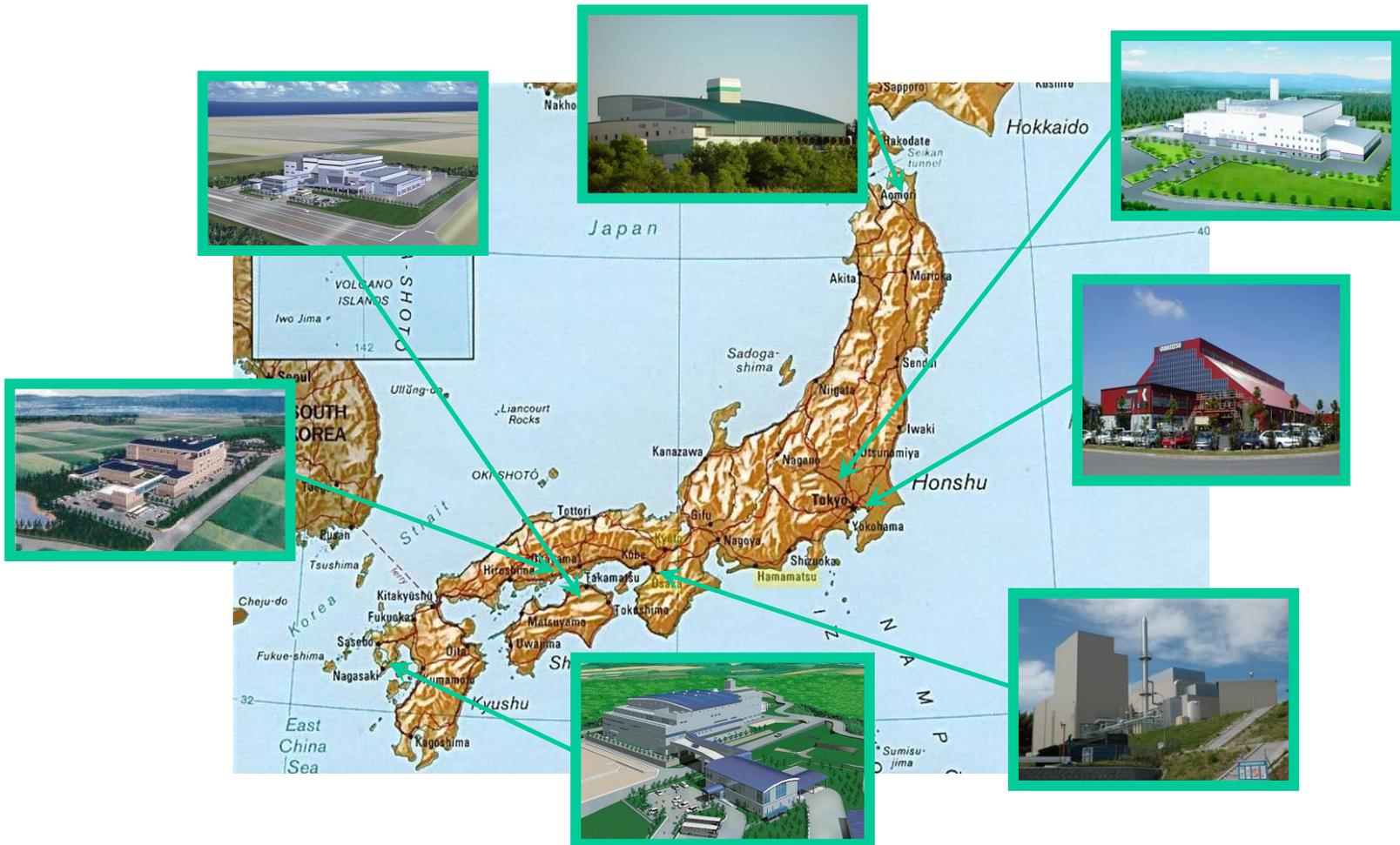
INDEPENDENT THIRD PARTY EVALUATION OF IWT & TECHNOLOGY

- The City and County of Los Angeles commissioned two independently prepared comprehensive reports to evaluate commercially available non-incineration waste processing technologies beginning in 2004
- URS, our nation's largest engineering firm prepared both reports, using two separate evaluation teams and concluded the following:
 - Based on supplier credibility, existing operational experience, completeness of engineering, landfill diversion, permitability and economics, IWT and the Thermoselect technology were ranked #1
- The entire reports can be found at IWT's website at iwtonline.com

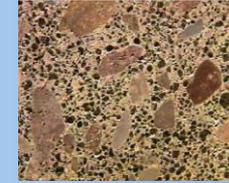
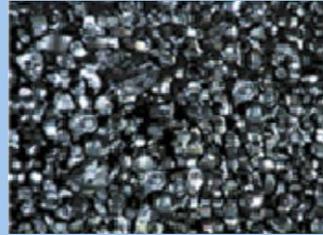
INDEPENDENT THIRD PARTY EVALUATION OF IWT & TECHNOLOGY

- The New York City Economic Development Corporation and the Department of Sanitation evaluated solid waste management technologies beginning in 2003
- The City’s consultant, ARI, concluded the following:
 - Based on technology readiness, reliability, facility design, environmental performance, beneficial use of waste, marketability of recycled products and experience and resources of the project sponsor, IWT and the Thermoselect technology were judged superior
 - The entire evaluation can be found at IWT’s website: iwtonline.com. Go to the About Us page, click on the Independent Third Party Evaluations link. Scroll to the NYC paragraph and click on green highlighted text “evaluated solid waste management technologies”.

Projects in Japan

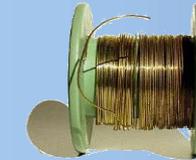


Vitreous Mineral Granulate



**Concrete
Road Construction
Sand-Blasting**

Iron-Copper Alloy



Metallurgy

Salt



**Chemical Industry, Additive for
Metallurgy**

Sulfur



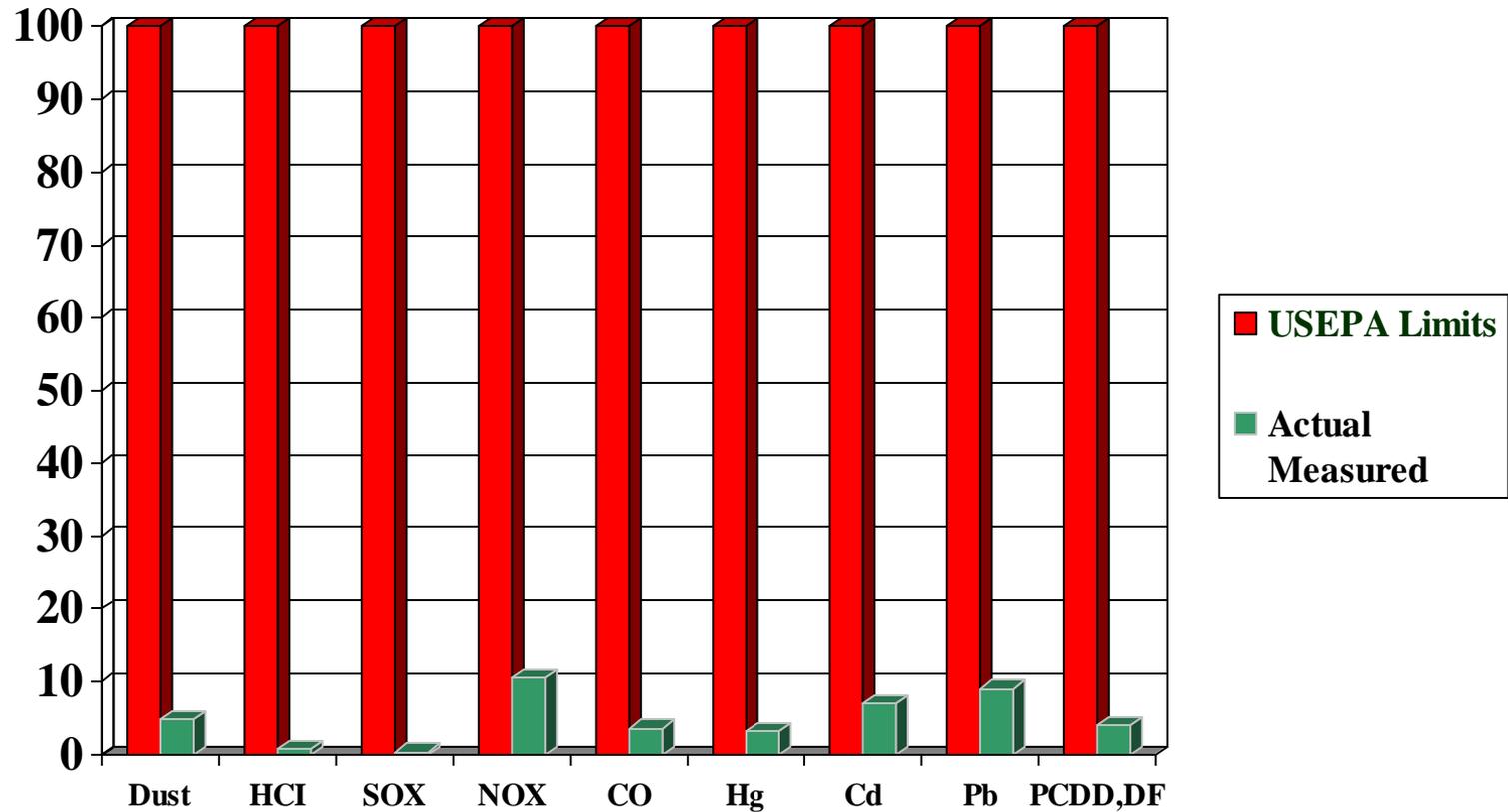
**Chemical Industry,
Sulfuric Acid Production**

Zinc-Concentrate



Zinc, Lead, Copper Recovery

THERMOSELECT-GE TECHNOLOGIES AIR EMISSIONS COMPARISON



SUMMARY OF ENVIRONMENTAL BENEFITS

- Processes post curb side recycled waste
- 100% of the waste becomes useful recycled products
- No ash is generated; No landfill is required
- Comprehensive solution - Processes all forms of waste
- Has no process water discharges
- Air emissions are 95% lower than those allowed by US EPA and EQB
- No discernable noise or odor at the property boundary
- Will significantly reduce greenhouse gas emissions compared to landfilling waste
- Generates electricity from a renewable resource

PROJECT DESCRIPTION

- Will process 1,500 tpd; 552,750 tpy of waste
- Size based on waste generated in northeast and economies of scale for competitive tipping fee
- Will sell 51 Mw of renewable energy to PREPA
 - Price paid by PREPA will reduce its cost of electricity
 - Uses proven GE electricity generating equipment
- Caguas Site
 - Approximately 18 acres
 - Zoned for industrial use
 - Adjacent to the Caguas waste transfer station
 - In general vicinity of PREPA interconnection
 - Preliminary environmental assessment was positive

PROJECT APPROVALS

- Solid Waste Management Authority (SWMA) approved the project in 2000
 - SWMA has express legal authority to direct waste to specified facility and location
- Enabling legislation was passed in 2000 in support of the project and signed by Governor Rossello
- SWMA approved the project in 2004
- Senate President statement of government cooperation and support in 2005
- SWMA approved the project in 2006

OTHER PROJECT SUPPORT

- In 2004 the Municipality of San Juan signed a Letter of Intent to participate in the Caguas project as a co-sponsor
- Wide spread public and government support from the Pharmaceutical Association, PRIDCO, Chamber of Commerce, National Wildlife Association, Land Trust and others
- Expert panel of engineers, scientists and economists convened by Mayor Miranda recommended the Caguas project proceed
- Columbia University's Life Cycle Analysis of waste disposal in Puerto Rico concluded the environmental impact of the project was far superior to landfills

ECONOMIC BENEFITS

- Private sector project – will stimulate Puerto Rico’s economy
- Competitive cost of waste disposal
- 300 jobs will be created during construction of facility – more than \$75 million will be invested in Puerto Rico during construction
- 100 well paying operation and maintenance jobs will be created for the 30 year life of the facility
- The project will invest \$15 million to \$20 million per year in Puerto Rico during each year of the 30 year operating life of the facility
- Government agencies, scientific community and industry representatives worldwide will visit the facility resulting in an investment of millions of dollars in Puerto Rico’s economy

PROJECT STATUS

- Signed Host Municipality and Waste Processing Contract with the Municipality of Caguas
- Signed PREPA PPOA at 10¢/kwh, escalating beginning Jan 2009
- Designated a “Strategic Project” under Economic Incentives for the Development of Puerto Rico Act (Act No. 73 of May 28, 2008)
- Qualifies for American Reinvestment and Recovery Act of 2009 (Stimulus Bill)
 - Federal grant of 30% of capital cost (\$148 million) – used 100% to reduce tipping fee
 - Must complete construction by December 31, 2013 to receive the \$148 million federal grant amount
- IWT ready to proceed with final design and permitting
- Next Step – IWT to finalize long term waste supply contracts required for private sector financing