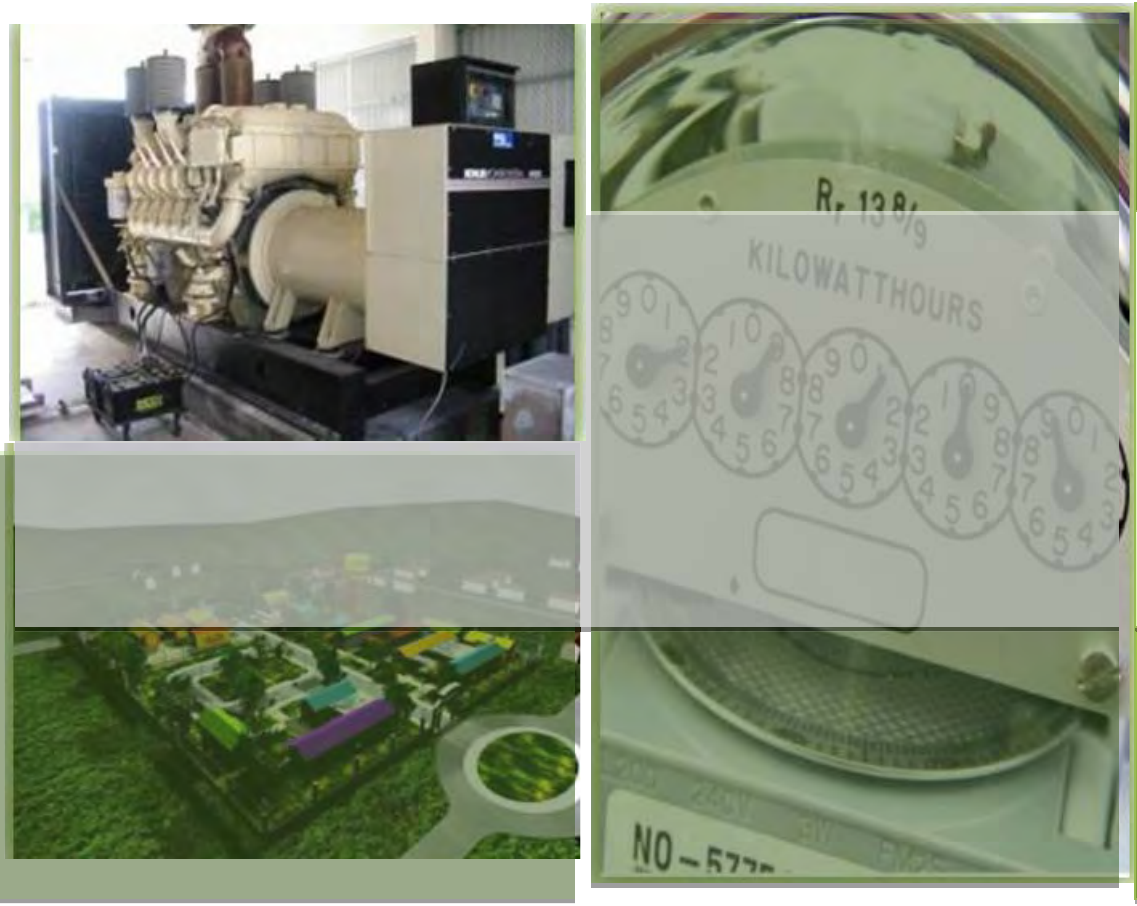
26th Pacific Islands Environment Conference



PowerSource Energy Services

Presentation

June 2009

"The Power of the Future"

PowerSource & Distributed Generation

"Hybrid distributed generation, the small-scale production of electricity at or near customers' homes and businesses, combining renewable and conventional cogeneration can improve the reliability of power supply, reduce the cost of electricity, and lower emissions of air pollutants"

PowerSource applies distributed generation & co-generation to reduce a client's carbon footprint , its electrical load demand & hence its energy expenses.

Business Model

•PowerSource ***finances, builds, owns and operates***(BOOT) ***combined heating, cooling and power systems*** (cogen/trigen) for hotels, malls, hospitals and industrial clients.

• The new system provides a ***guaranteed quality of service and minimum energy cost savings*** under an Energy Savings Performance Contract financed by PowerSource.

• PowerSource sells electricity, hot water and/or steam and/or chilled water to the customer at a discounted price under a ***10-15 year energy purchase agreement*** (PPA)

• The grid, back-up generators, individual boilers and chillers are replaced by a ***highly-efficient and reliable system*** using **well-proven "cleaner" and "renewable" technologies**

• Being **technology-neutral**, PowerSource designs plants according to customer's needs and market conditions using either:

- diesel engines or gas turbines
- hybrid solar PV and gas/diesel gensets
- biomass boiler with steam turbine, biogasification, etc

Market Opportunity

Issues faced by Industrial & Commercial facility owners/operators

- Volatile and rising public utility electricity costs
- Volatile and rising fuel costs for boilers & back-up gensets
- Fuel, lube, spare parts & maintenance obligations
- Declining reliability & quality of electricity from public utility
- Untapped process efficiencies capable of being “monetized”
- Clients have no desire to invest/operate energy systems & want to focus on core business
- Anti-cyclical market as facility owners/operators have stronger incentives to cut energy costs during recession

Solution = PowerSource cogen/trigen platform

The PowerSource Solution

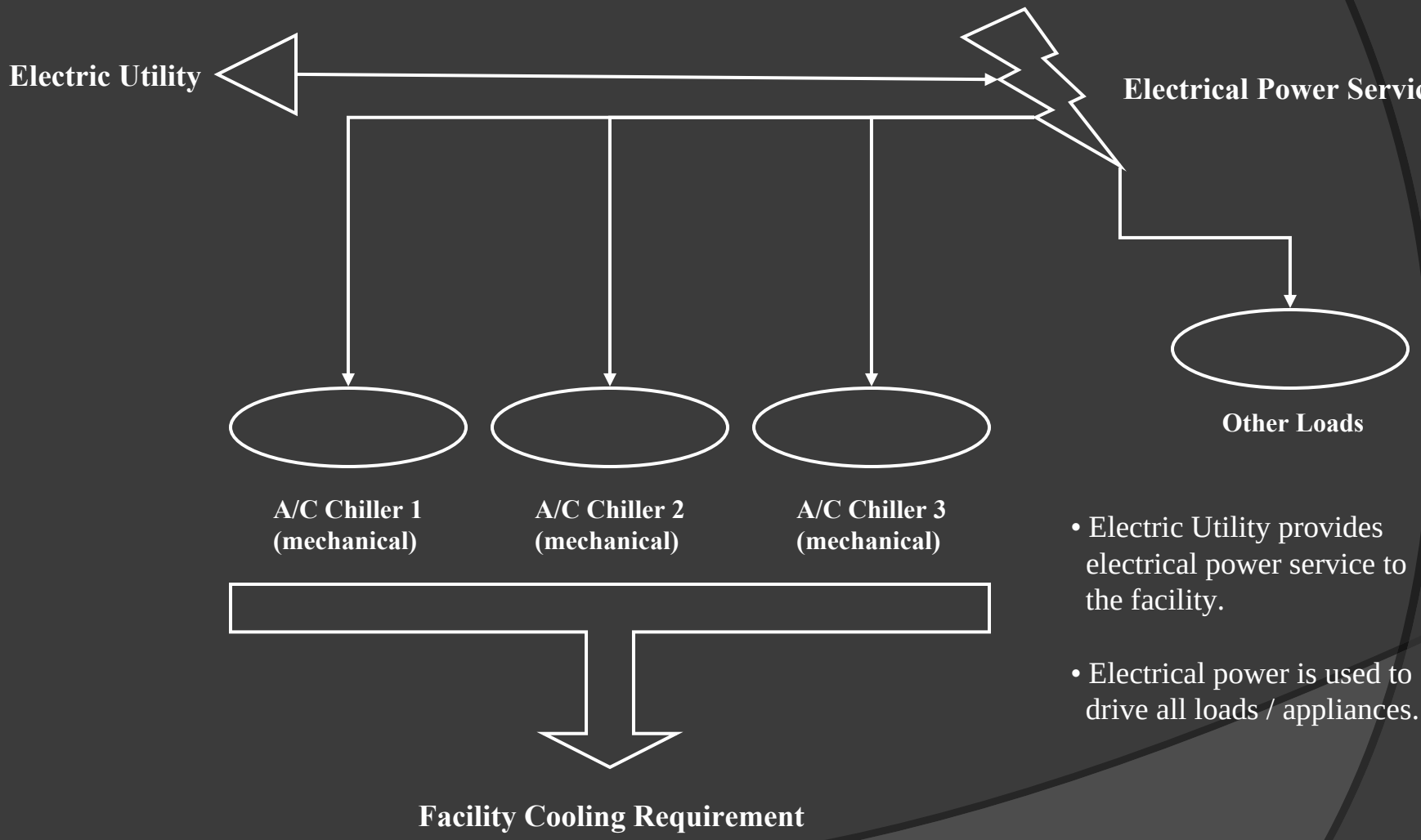
A Simple Process

- Assess the client's historic public utility electricity and fuel expenditures (audit)
- Compare with cost of self-generated heating/cooling/power using our system
- Design a "captive" hybrid trigen power system as a primary source of power
- Finance 100% of the project costs
- In charge of System installation, Operation and Maintenance
- Generate savings from increased efficiencies
- Share savings with clients & recover investment from power sales over 10-15 yr
- Guarantee a minimum level of savings to client against current energy costs

Value Proposition for Customers

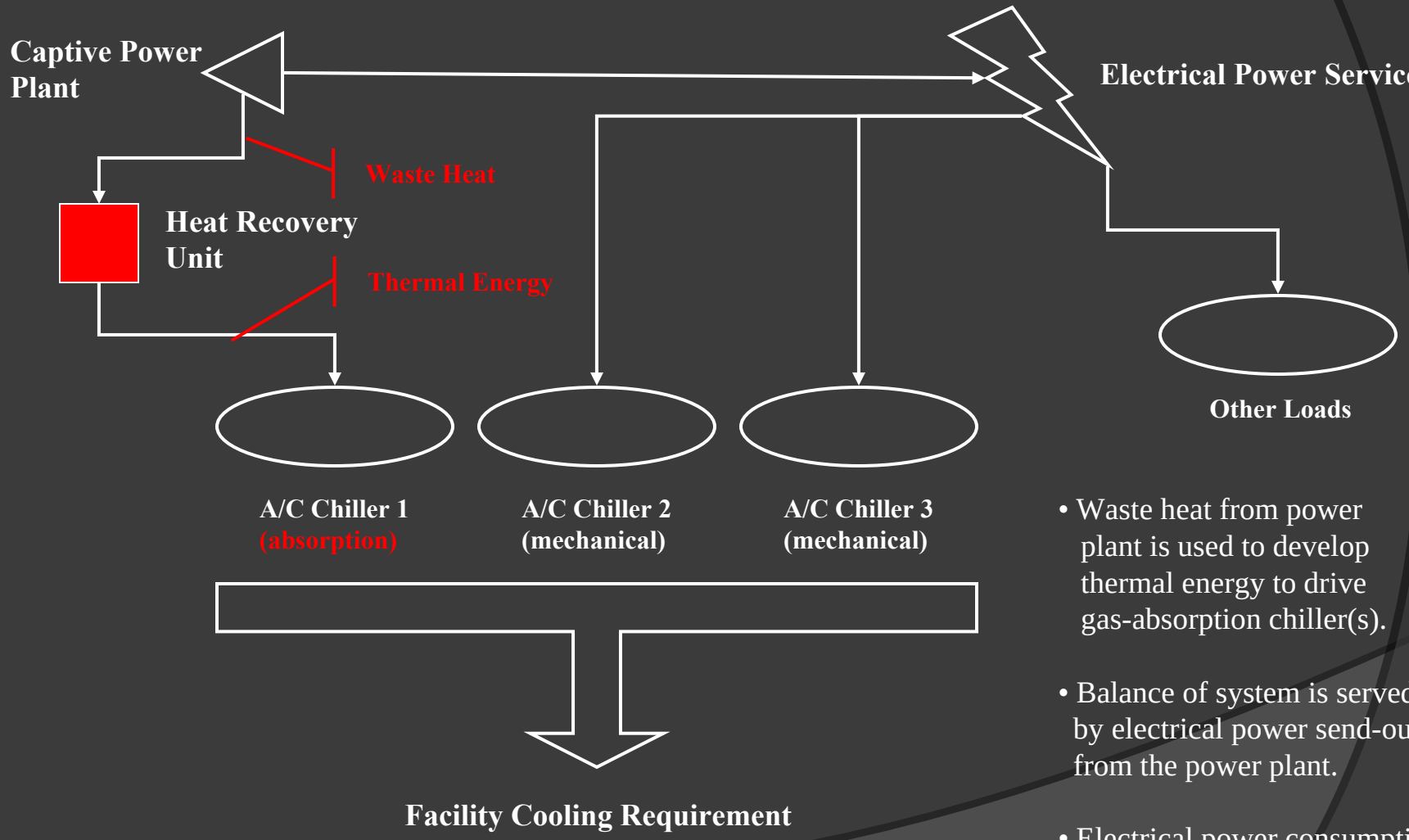
- Immediate reduction in energy costs => improvement of the bottom line
- Guaranteed lower costs => competitive advantage compared to industry peers
- No assets on balance sheet & no capital expenditure
- Client can focus resources on core business instead
- Increased efficiencies => reduction in GHG emissions +“Bragging rights”
- Increased reliability => no more equipment damage or service interruptions
- Public Utility Grid now becomes a back-up solution (safety net)
- Non-intrusive solution, no business interruption during construction
- Energy savings shared between client and PowerSource for 10-15 years
- After 10-15 years, client owns a sophisticated cogeneration plant
- After 10-15 years, client captures 100% of the savings

Waste Heat Recovery Cogeneration: Standard Facility Energy Utilization Regime



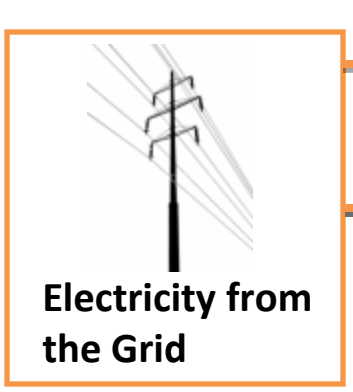
- Electric Utility provides electrical power service to the facility.
- Electrical power is used to drive all loads / appliances.

Waste Heat Recovery Cogeneration: Cogeneration Plant Energy Utilization Regime

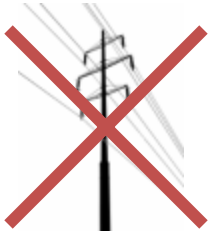


- Waste heat from power plant is used to develop thermal energy to drive gas-absorption chiller(s).
- Balance of system is served by electrical power send-out from the power plant.
- Electrical power consumption is reduced.

Pre-Hotel Retrofit



Redundant Equipment



Electricity from the Grid *no longer needed*

Energy Source (Fossil Fuels, NG, LPG)

PowerSource Cogen System

4 Electric Chillers *no longer needed*

Electric/Fuel Boiler *no longer needed*

Prime Mover for electrical generation

Chilled Water

Hot water

Hotel Other Electrical Needs

Chilled Water for Hotel Rooms

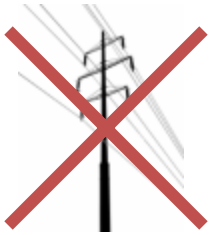
Space Cooling for Hotel Rooms, Public Areas & Refrigeration

Hot Water for Hotel Rooms

Laundry Services

Space Heating for Hotel Rooms, Public Areas, Spas

Post-Hotel Retrofit



Electricity from the Grid no longer needed

PowerSource Cogen System

Absorption Chiller with 1-2 Electric Chillers

Waste Heat Boiler

Prime Mover

Energy Source (Fossil Fuels, NG, LPG)

Chilled Water

Hot water

Hotel Other Electrical Needs

Chilled Water for Hotel Rooms

Space Cooling for Hotel Rooms/Public Areas & Refrigeration

Hot Water for Hotel Rooms

Laundry Services

Space Heating for Hotel Rooms/Public Areas/Spas

Agana Shopping Centre, Guam – Case Study

Energy Supplier: (Build, Own & Operate)	**PowerSource Energy Services**
Energy Offtaker: (Purchaser)	Sy Family & SM Group's Agana Shopping Center, Guam
Contractual Guarantee (Supplier):	Minimum annual savings against comparable purchases of public grid-supplied electricity
Contractual Guarantee (Offtaker):	Purchase of all energy requirements from PowerSource & pass-through of all fuel price increases


MAR 5 2009


MAR 5 2009


MAR 5 2009


MAR 3 2009


MAR 28 2009


DANGER
AUTHORIZED PERSONNEL ONLY
HARD HAT & SAFETY SHOES
P.P.E. TO BE WORN AT ALL TIMES
DANGER
CONSTRUCTION AREA KEEP OUT
CAUTION
MAR 13 2009


THERMAX
MAR 28 2009


MAR 5 2009


MAR 5 2009


CHILLER 2
MAR 28 2009


MAR 3 2009

Project Implementation Phases

Phase 1 - 90 Days

- Final Energy Audit
- Engineering Design
- Procurement & Logistics Planning
- Energy Services Agreement

Phase 2 – 180 Days

- Permitting
- All Equipment Ordered:
- Gas Turbines or Medium-speed Diesel Gensets
- Photovoltaic Array
- Biomass/Biogasification System
- Co-generation equipment
- Fuel system & ancillary equipment
- Civil, mechanical & electrical
- Construction/Installation Completed
- Facility Commissioning

Phase 3 – 15 Years

- Energy System Operations & Maintenance
- Operating Technicians
- Regular System Routine & Major Maintenance
- Fuel Supply Management

Market Opportunity & Value Proposition

Market Opportunity

- Volatile/rising electricity prices & fuel costs
- Declining grid quality/reliability
- Untapped efficiencies
- No desire to invest & operate energy systems

PowerSource Solution

- Initial energy audits
- Guaranteed savings
- Design hybrid trigen system
- 100% financing
- Construction and O&M for 10-15 yrs

Value Proposition

- Reduction in energy cost → Increased Profitability & Competitiveness
- Increased reliability
- "Greener" building
- No capex outlay for client
- No operation, client focus on core business
- Certified for carbon credits

Regional Biomass Resource Development

- The CNMI has extensive agricultural expertise to develop multiple energy efficient strains of biomass feedstocks.
- PowerSource is prepared to invest capital in the CNMI to develop a regional biomass feedstock supply capability.
- PowerSource would provide investment capital; the CNMI would provide leased land for biomass plantation development & manage local farmers with guaranteed crop purchase contracts.
- Local employment would be catalyzed, incomes improved & skills transferred.
- Biomass feedstocks would be deployed in PowerSource cogeneration systems around the region.

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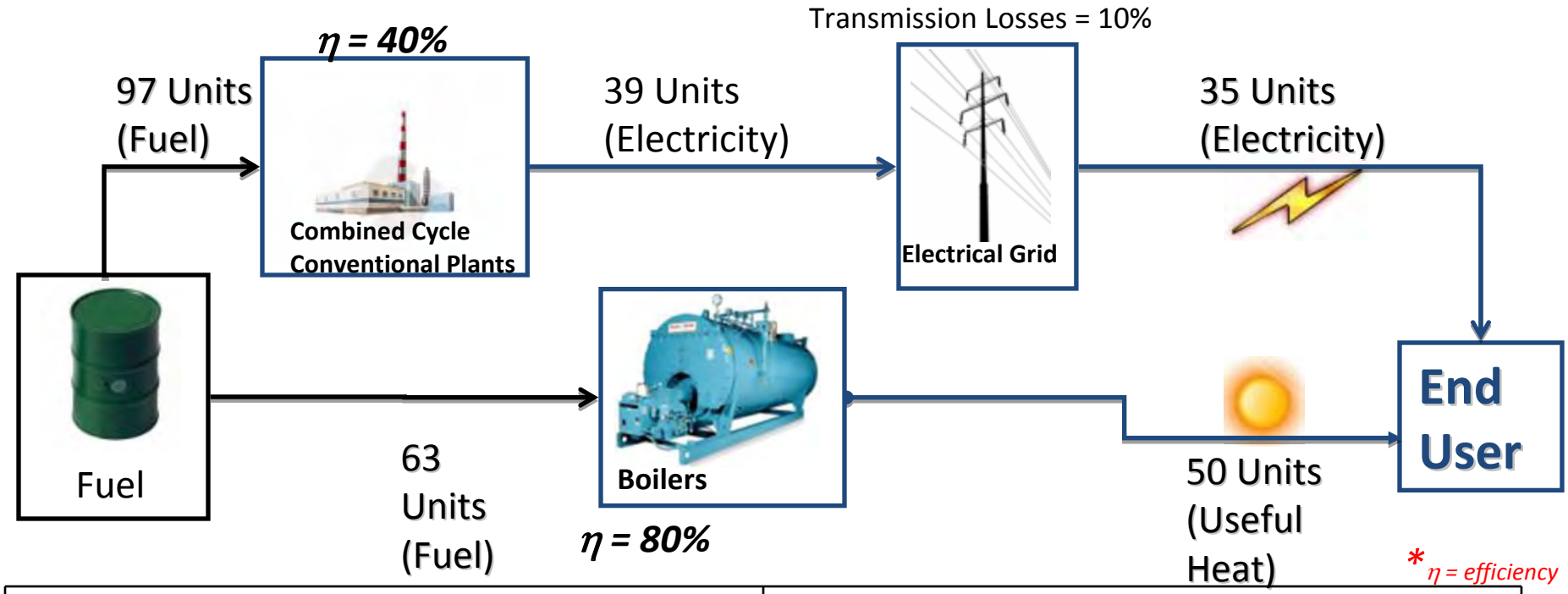
APPENDIX 1: ECONOMICS

Costs of Existing Systems



*η = efficiency

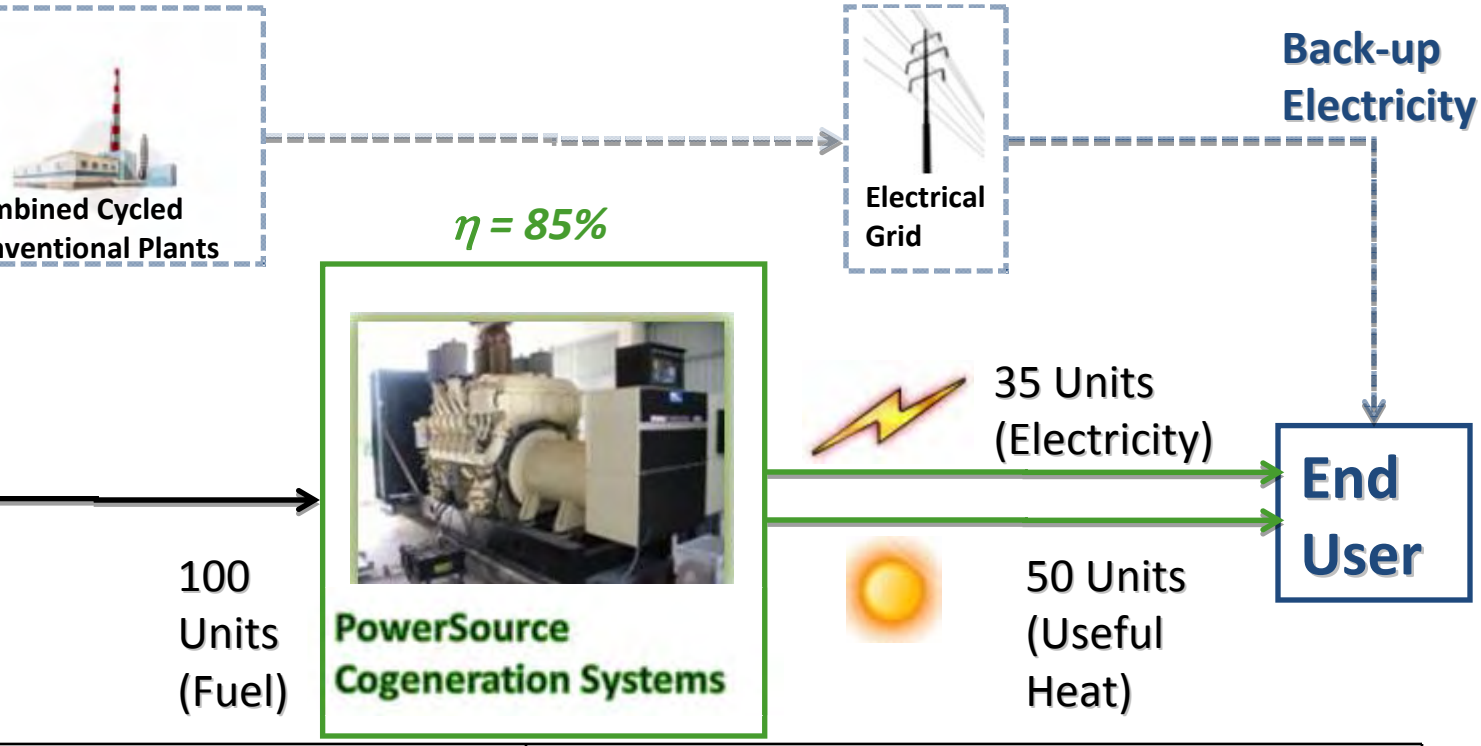
Assuming that end-user requires 35 Units of Electricity and 50 Units of heat

Total Units of Fuel Used = (97+63) = 160 units
Energy Lost = 75 Units!
Overall System Efficiency = (85/160) = **53%!**

Cost to End-user for 35 units of Electricity and 50 Units of heat (In Singapore)

Fuel = 63 units of fuel * SGD0.10/kWh (diesel) = S$6.3
(assuming that diesel cost is S$1.1 per liter, volume energy density is 10.9kWh/L)
Electricity = 35 * SGD0.23/kWh = S$8.05
Total Cost = 6.3+8.05 = **S$14.35**

Cost Savings from PowerSource Systems



When using PowerSource's Systems to generate 35 Units of Electricity and 50 Units of heat	Cost to End-user for 35 units of Electricity and 50 Units of heat (In Singapore)
Total Units of Fuel Used = 100 Energy Lost = 15 Units! Overall System Efficiency = (85/100) = **85%!**	Fuel = 100 units of fuel * SGD0.10/kWh (diesel) = S$10 Amount Saved = 14.35 – 10 = **S$4.35** Cost Savings = 4.35 / 14.35 = **30% of utility costs!**

Why PowerSource

6. First Mover Advantage & High Barriers of Entry

•No other similar company in Asia Pacific

Services Offered	Energy Consultancy Companies	Utility-ESCO Companies	Equipment Manufacturer	PowerSource
Energy Audits	●	○	○	◘
Customized Energy Management Solution	◘	◘	◘	●
Sale of Electricity/Chilled Water/Steam	○	●	○	●
Equipment Procurement & Commissioning	○	◘	●	●
Equipment O&M	○	◘	●	●
"Guaranteed" Savings	○	○	○	●
Fuel Supply Agreements	○	●	○	●

● - Services being offered; ◘ - Limited Service offered; ○ - Service not offered

- Barriers of entry:
  - Engineering design & know-how
  - Marketing acumen & diversified pipeline
  - Solid relationships with reliable suppliers
  - Operating experience
  - Knowledge of regulatory environment
  - Structuring ability & access to capital
  - Successful execution of CF-generation projects (see section 7.)

Competitive Analysis – Matrix Table

Services Offered	Energy Consultancy Companies	Utility-ESCO Companies	Equipment Manufacturer	PowerSource
Energy Audits	●	○	○	⊙
Customized Energy Management Solution	⊙	⊙	⊙	●
Sale of Electricity/Chilled Water/Steam	○	●	○	●
Equipment Procurement & Commissioning	○	⊙	●	●
Equipment O&M	○	⊙	●	●
"Guaranteed" Savings	○	○	○	●
Fuel Supply Agreements	○	●	○	●

● - Services being offered; ⊙ - Limited Service offered; ○ - Service not offered