

Zero Waste Energy, LLC
Value Proposition Example
February 5, 2014

Sample company profile and metrics

Organic Material Collected per Year - 25,000 tons SSO (80% food/20% Other)
 Current Market Landfill Rate/Tip Fees - \$45/ton + \$10 Transportation
 Market rate for CNG is \$2.50/DGE currently supplied by 3rd Party
 Digestate costs after processing (Compostable Material) T&D is \$10/ton
 Each truck uses approximately 10,000 gallons per year of fuel
 Each Ton of Organics produces approximately 12 DGE annually

298,981 DGE/Year will fuel approximately 30 trucks annually (10,000 gallons/year/truck)
 20,000 tpy of Food Waste produces 5,897.01 Emission reduction for Carbon Credits
 Each Ton of Organics produces approximately 20 RINs or 502,831 RINs/Year
 Each RIN is valued at \$0.80 or \$1.35/DGE
 Each LCFS Credit is worth approximately \$.54 per DGE produced

25,000 AD to CNG

Revenue Opportunities

Tip Fees/Landfill Avoidance

Tip Fees/Landfill Avoidance and Transportation - Organic Materials @ \$55/ton

Biogas Upgrade

CNG @ \$2.50/DGE - 298,981 DGE for 5 concrete digesters

Compostable Material

Compostable Material 22,848 @ -\$10

Environmental Attributes - (Carbon + RINs + LCFS)

Carbon Credits @ \$12.47/MTCO2 or \$2.94/inbound ton

Renewable Identification Number (RINs) @ \$.80/RIN or \$1.35/DGE

Low Carbon Fuels Standard - **California ONLY** @ 0.0154 MTCO2e/DGE or \$.54/DGE

Total Revenue Opportunities

Operating and SG&A Costs

Transportation and Disposal of Residual

Labor - Inclusive of Equipment Operator(s), PT Mechanic and Laborer(s)

Equipment Variable - PMs, routine maintenance, equipment ops and consumables

Utilities, Indirects and Operations Support

SG&A

Total Operating and SG&A Costs

Net Available Contribution for Capex, Financing Costs and Profit

Principal (Total SMARTFERM cost \$9.8M)

Pre-tax cash flow

5 Digester Concrete 25,000 TPY	\$s Per Ton 25,000 TPY
\$ 1,375,000	\$ 55.00
\$ 747,453	\$ 29.90
\$ (228,480)	\$ (9.14)
\$ 639,169.00	\$ 25.56
\$ 73,536	\$ 2.94
\$ 403,624	\$ 16.14
\$ 162,009	\$ 6.48
\$ 2,533,142	\$ 101.32
\$ -	\$ -
\$ 66,937	\$ 2.68
\$ 186,345	\$ 7.45
\$ 244,250	\$ 9.77
\$ 63,329	\$ 2.53
\$ (560,861)	\$ (22.43)
\$ 1,972,281	\$ 78.88
\$ (687,499)	\$ (27.50)
\$ 1,284,782	\$ 51.39

SMARTFERM Capital Costs

System Design, Permitting Support and Engineering

Base SMARTFERM Technical Package and Civil Construction

Biogas Upgrading System

SMARTFERM Installation

SMARTFERM Start-up and Performance Testing

Total SMARTFERM Capital Costs

5 Digester Concrete 25,000 TPY	\$s Per Ton 500,000 Tons
500,000 Ton Est. Life	
\$ 445,000	\$ 0.89
\$ 6,689,227	\$ 13.38
\$ 1,970,207	\$ 3.94
\$ 661,111	\$ 1.32
\$ 113,000	\$ 0.23
\$ 9,878,545	\$ 19.76

System Options - Not included above

Aeration Bay/Receiving Bay/Mixing Hall

In Vessel Composting - Ammonia Scrub - Capital (Additional Ops. Costs Required)

In Vessel Composting - Full - Capital (Additional Ops. Costs Required)

\$ 395,000	\$ 0.79
\$ 894,832	\$ 1.79
\$ 4,474,160	\$ 8.95

CONCLUSION

Sample company currently spends \$55/ton for the transportation and disposal of the organic fraction at 3rd party landfill. In addition, they spend approximately \$750,000 per year on CNG for 30 routes. By installing a 25,000 TPY SMARTFERM, they would realize an additional \$1.3M in pretax cash available to equity due to tip fee avoidance as well as creating their own CNG as a result. Not part of this calculation would be the cost of separating the organic fraction, either through creating source separated routes or installing mechanical separation equipment.