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ALLIGATORS**

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Hilton Head Island , South Carolina

July 2008



PELLET FUELS INSTITUTE

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GOLD



SILVER



BRONZE



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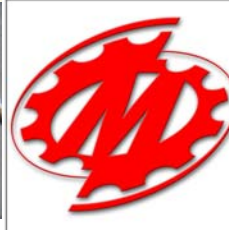


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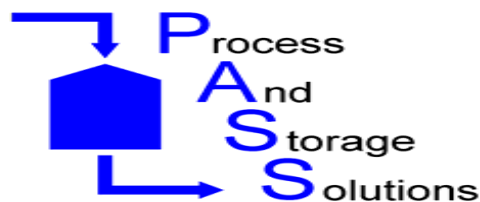
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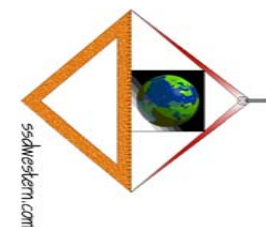
PROCESS SENSORS
CORPORATION



Twin Ports Testing, Inc.



WSM
West Salem Machinery



And Thank You to our 2008 Promotions Program Sponsors



TRAVIS INDUSTRIES
HOUSE OF FIRE



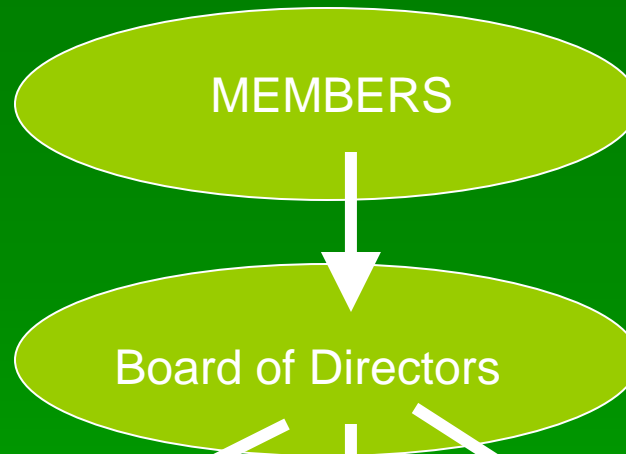
Twin Ports Testing, Inc. 

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PFI

Organization



Professional Staff
HPBA Employees

Don Kaiser
Executive Director

Jennifer Hedrick
Association Manager

Jason Berthiaume
Membership Coord.

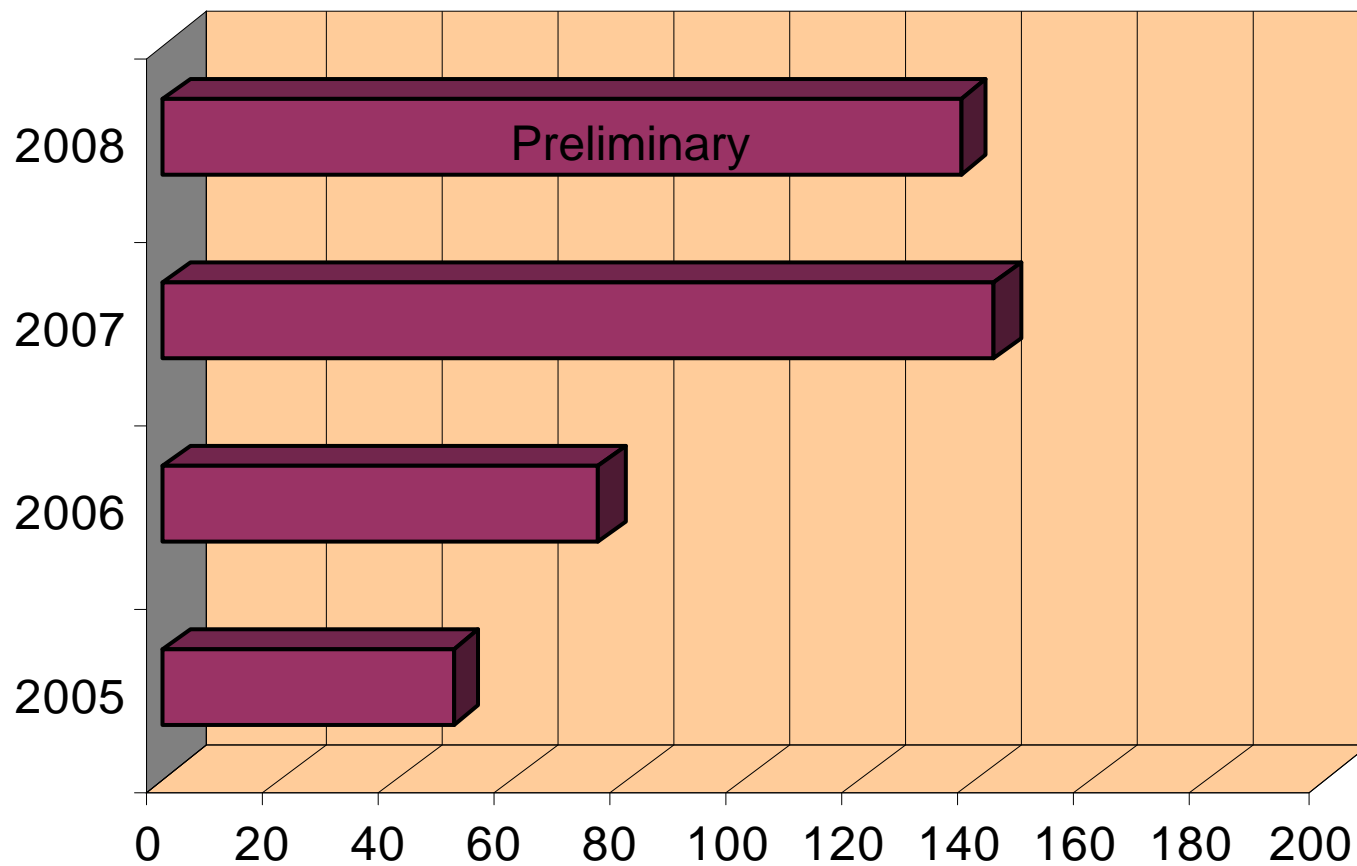
Various Support Staff

Executive Committee
President
Vice President
Secretary-Treasurer
Immediate Past President

STANDING COMMITTEES

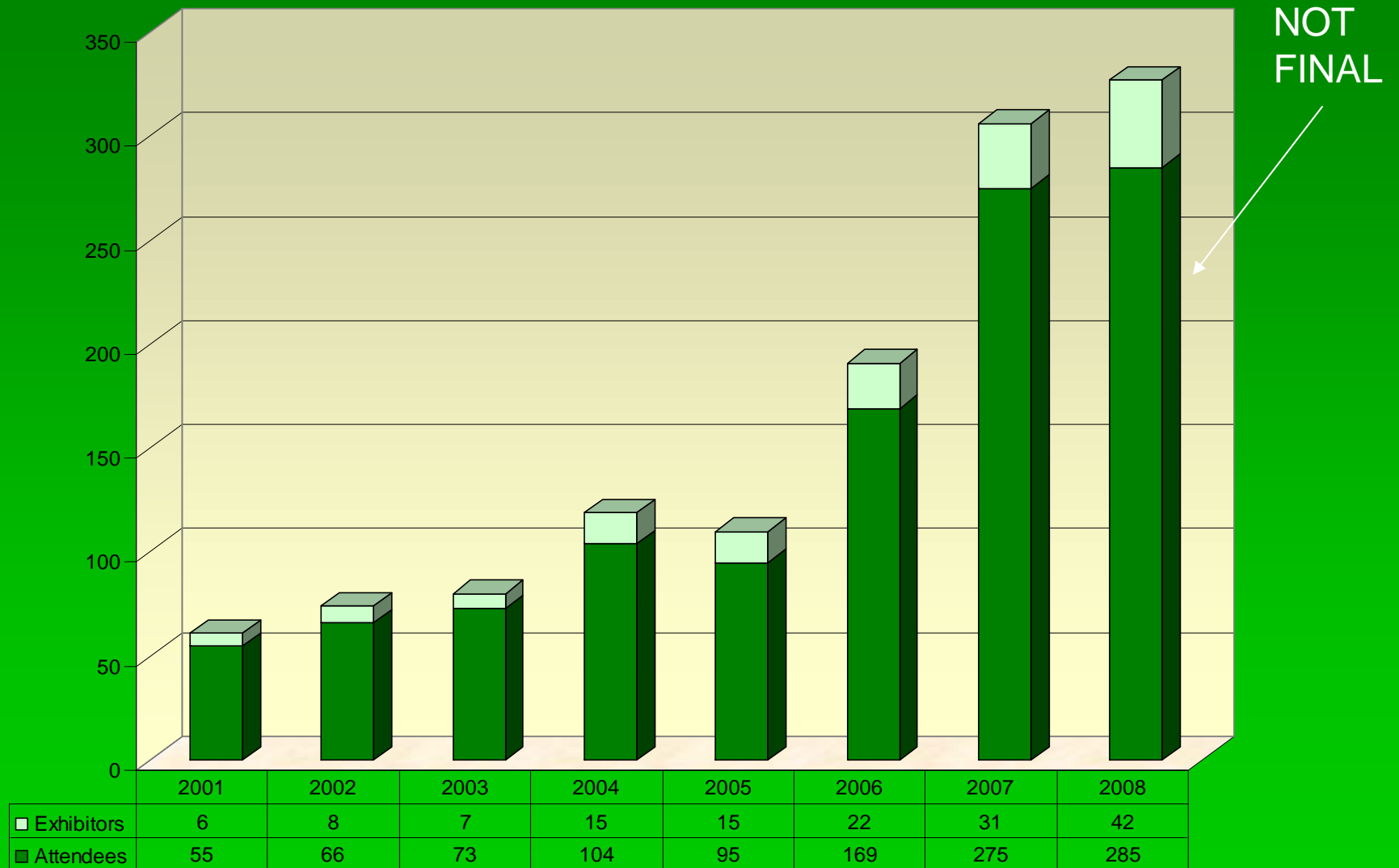
- ☐ Conference
- ☐ Membership
- ☐ Promotion & Communications
- ☐ Standards
- ☐ Government Affairs

Companies Attending the PFI Annual Conference



	2005	2006	2007	2008
Companies	50	75	143	137

PFI Annual Conference

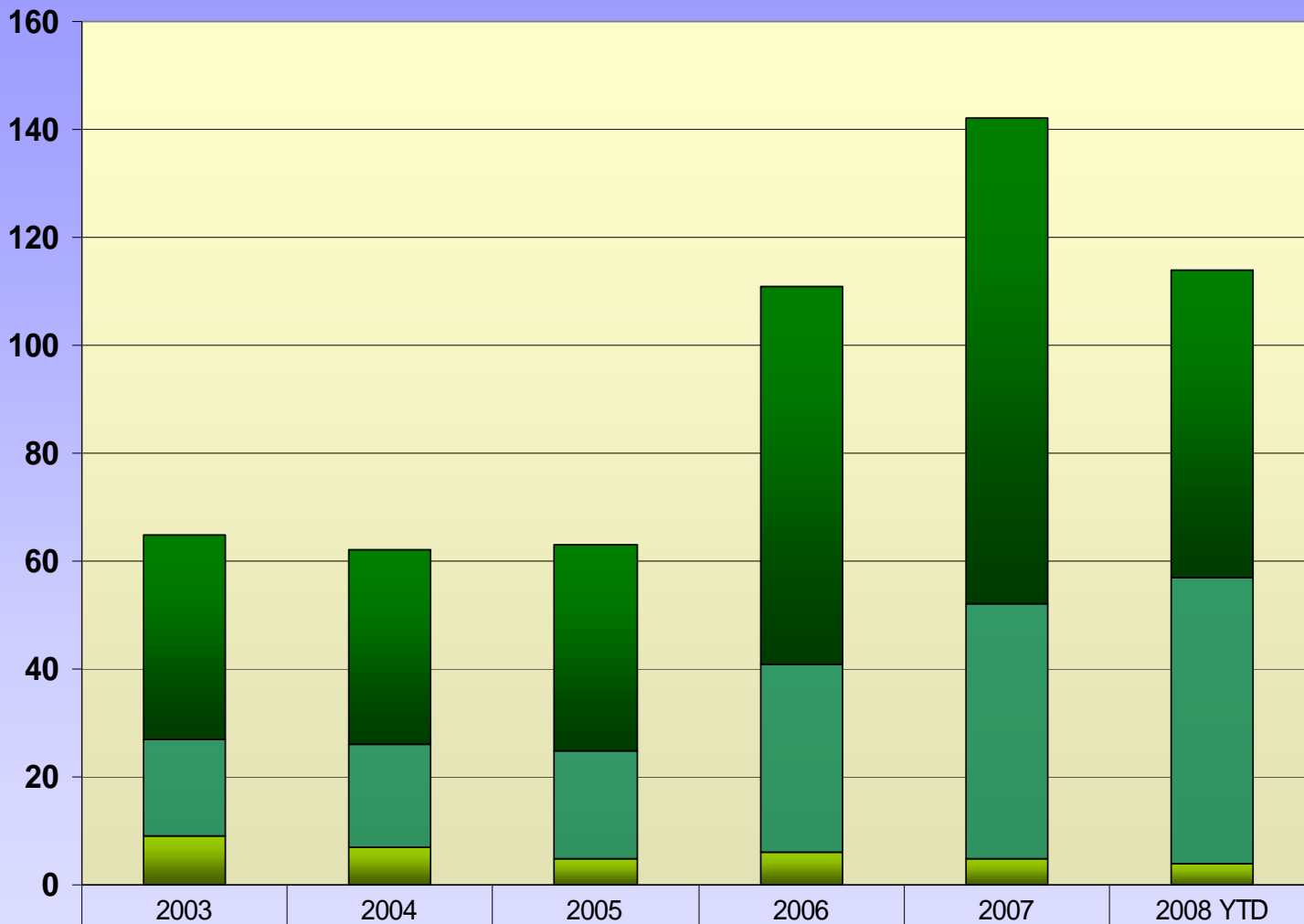


Membership



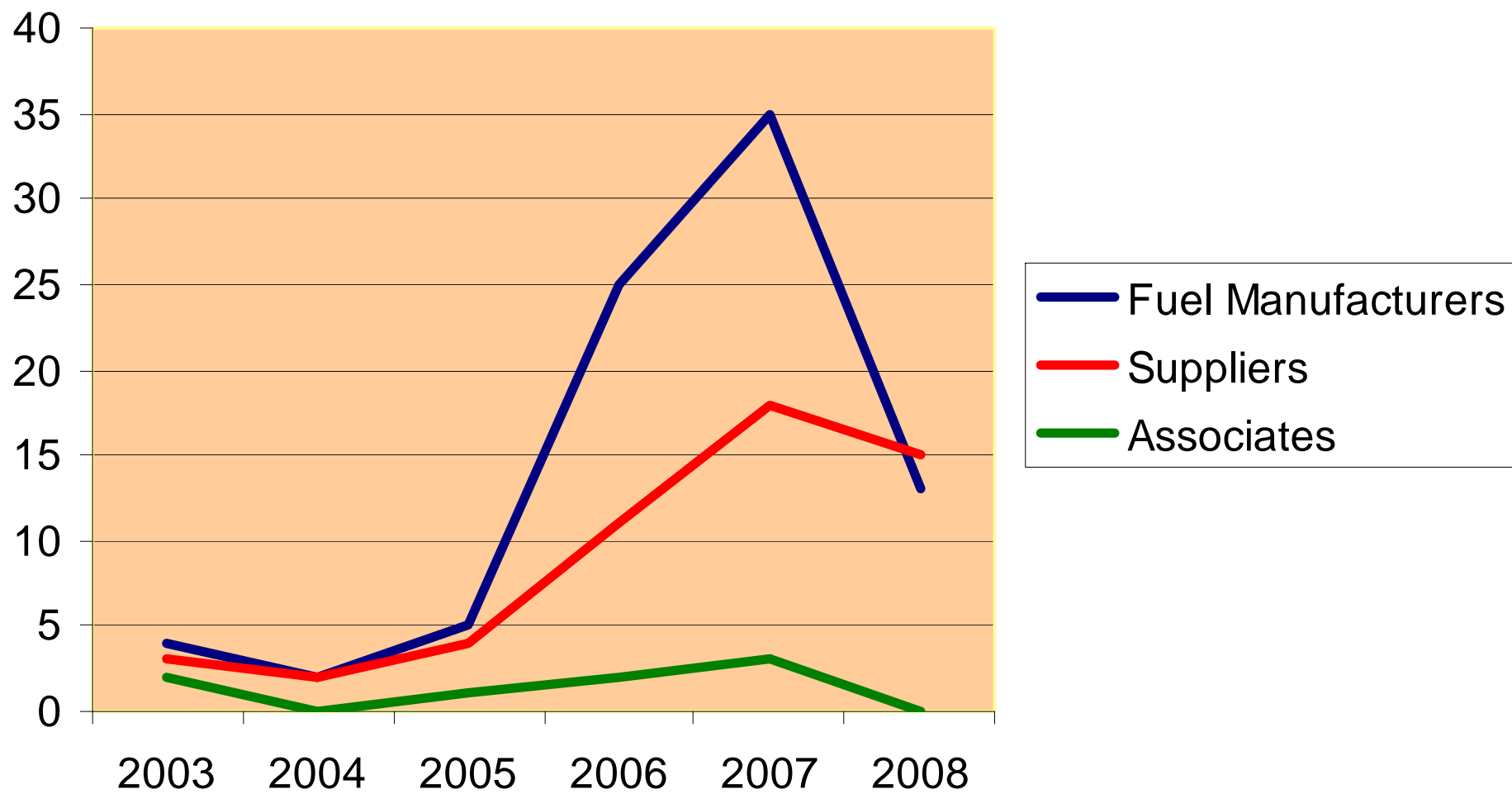
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PFI Membership



Manufacturers	38	36	38	70	90	57
Suppliers	18	19	20	35	47	53
Associates	9	7	5	6	5	4

New PFI Members



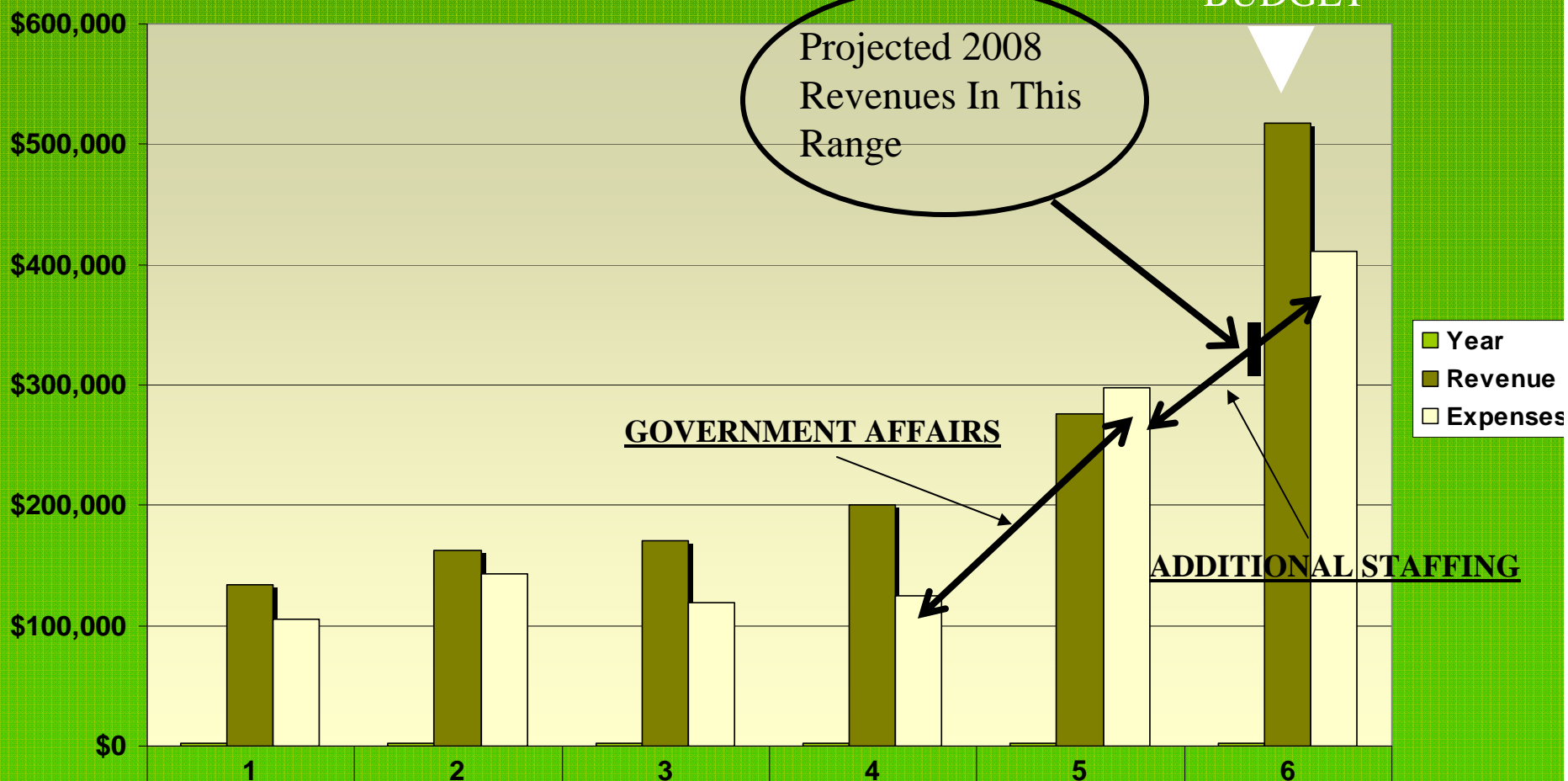
Financials



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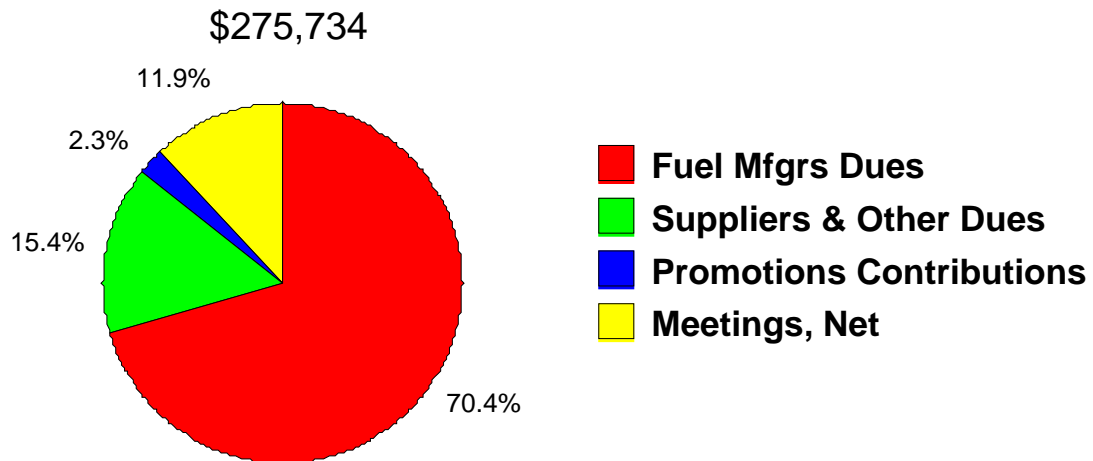
PFI Revenue & Expenses

BUDGET

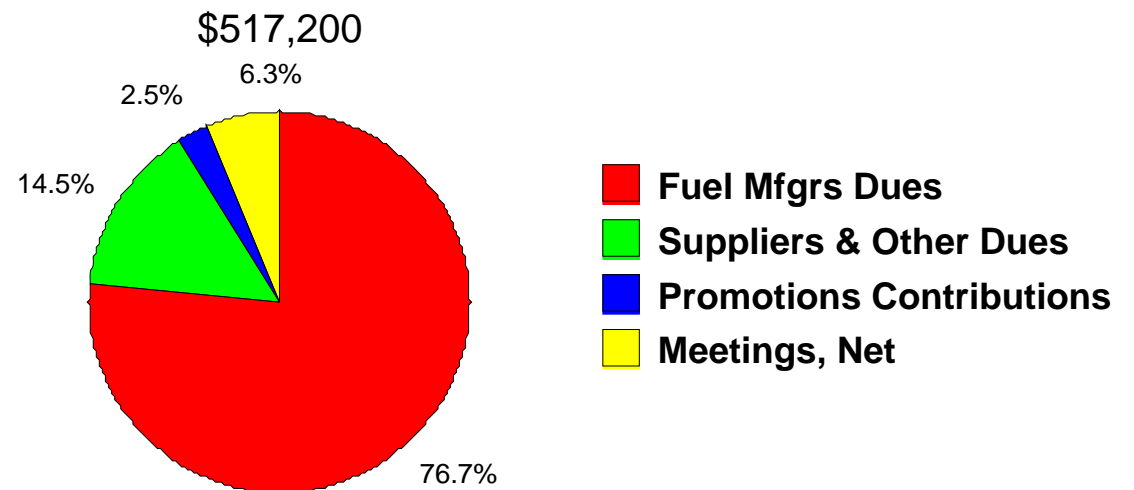


Year	2003	2004	2005	2006	2007	2008
Revenue	\$133,554	\$162,391	\$170,919	\$200,429	\$275,734	\$517,200
Expenses	\$105,080	\$142,690	\$118,781	\$125,311	\$297,414	\$411,500

PFI Net Revenues - 2007

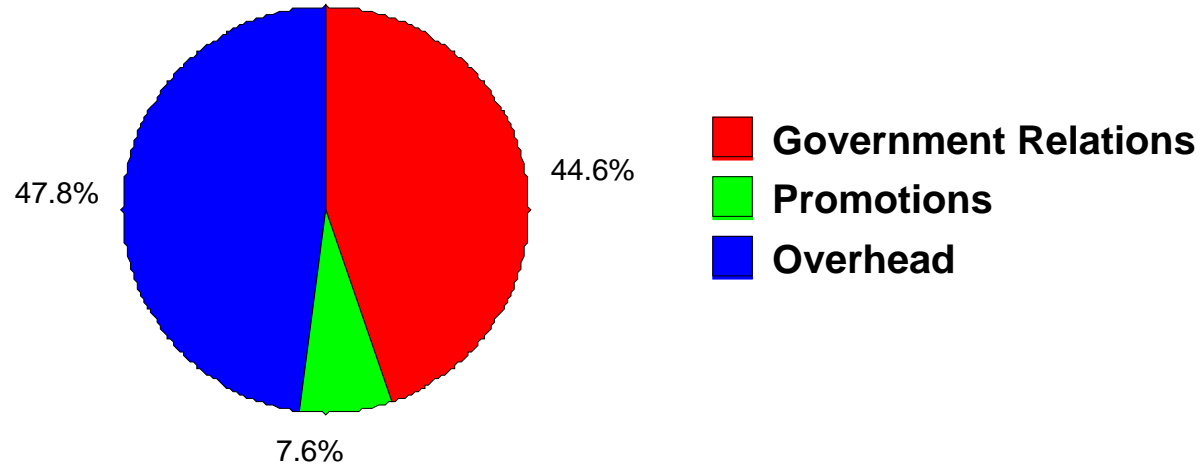


PFI Budgeted Net Revenues - 2008



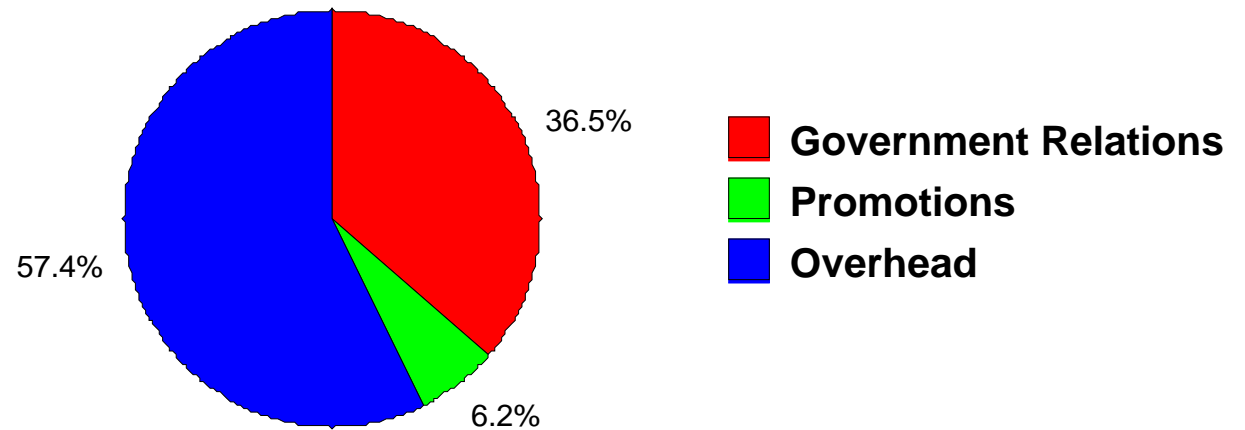
PFI Expenditures - 2007

\$290,059



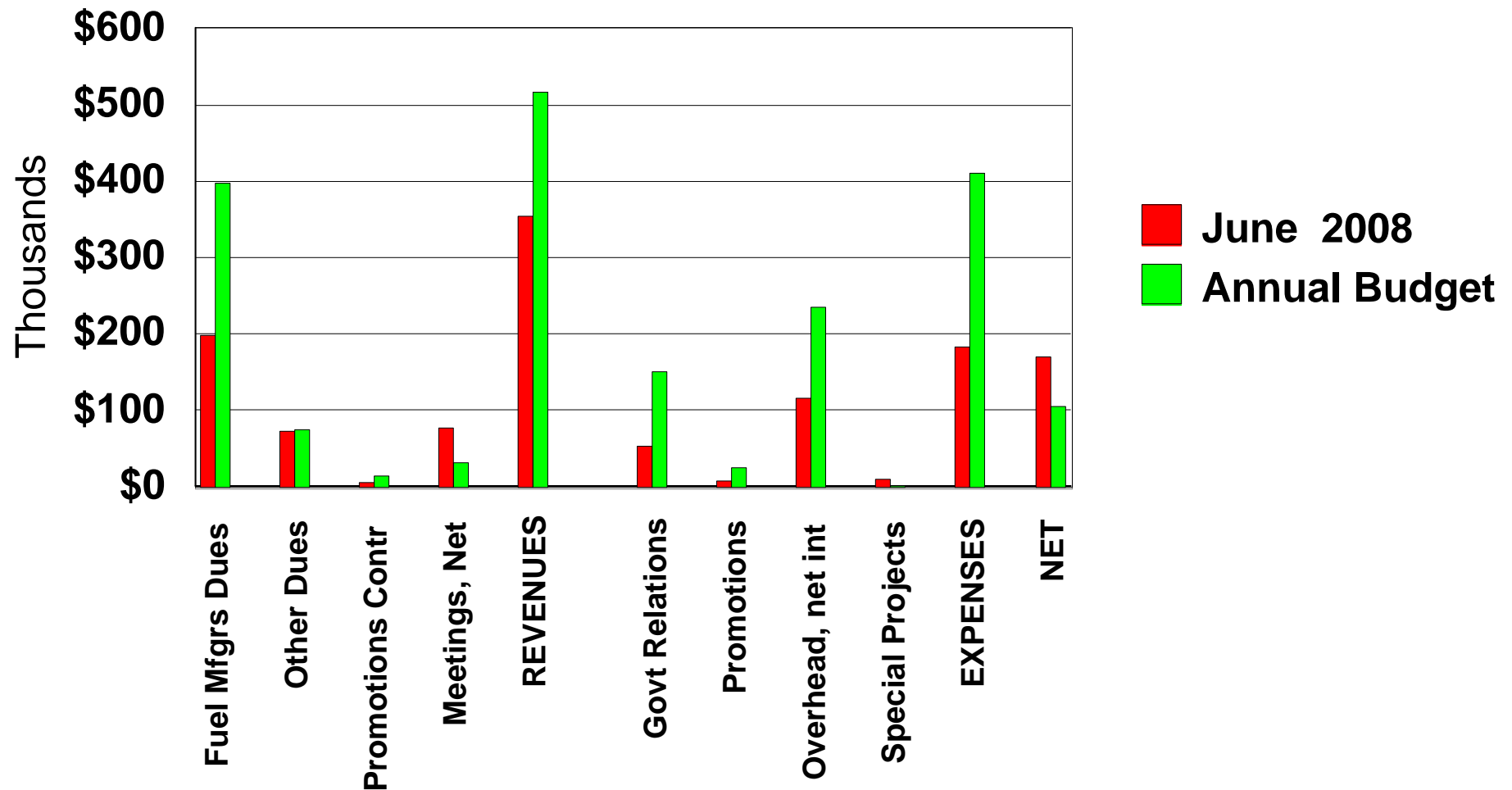
PFI Budgeted Expenditures - 2008

\$411,500

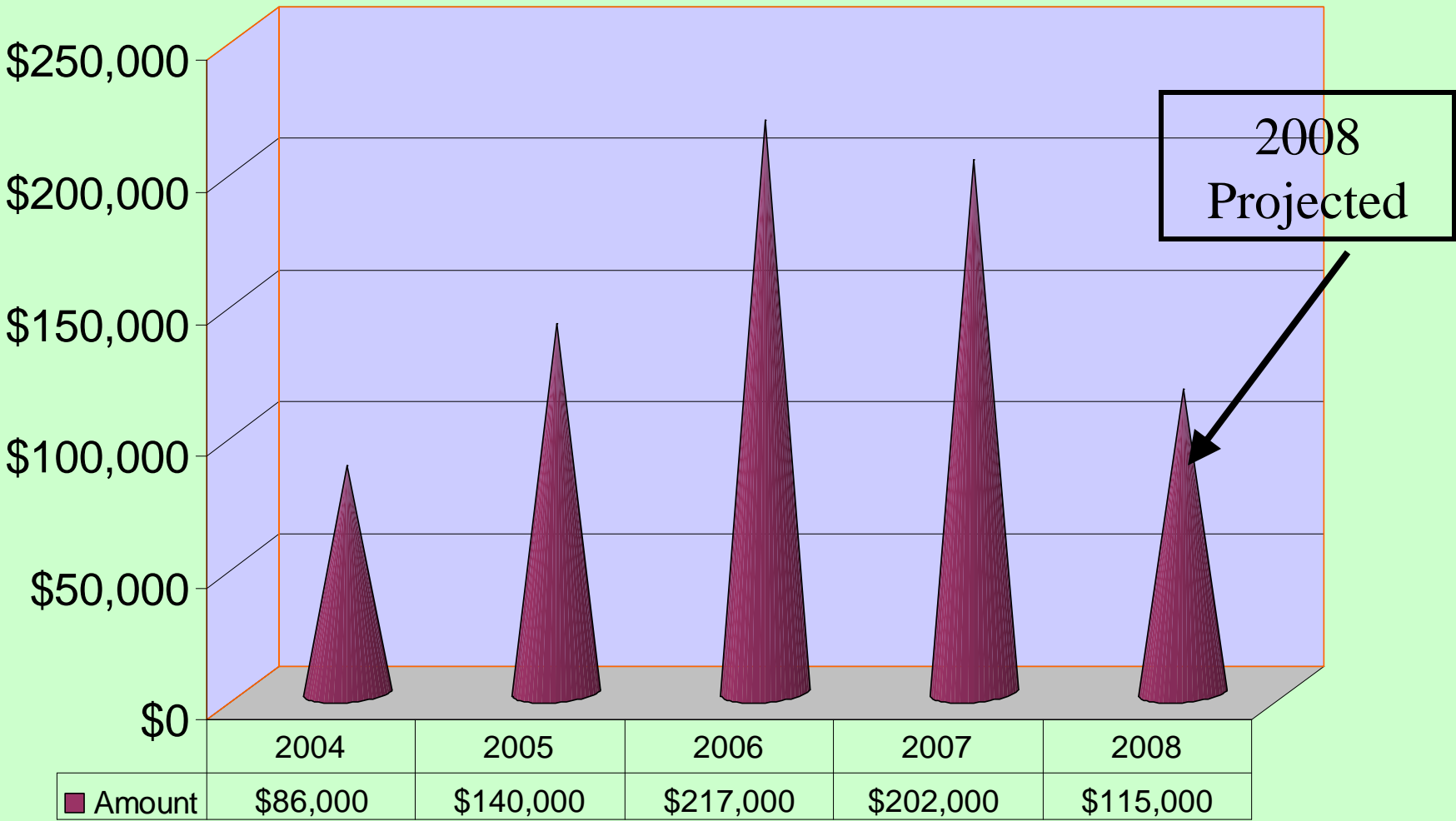


PFI - Six Months Vs Budget

June 2008



PFI Fund Balance



Government Relations

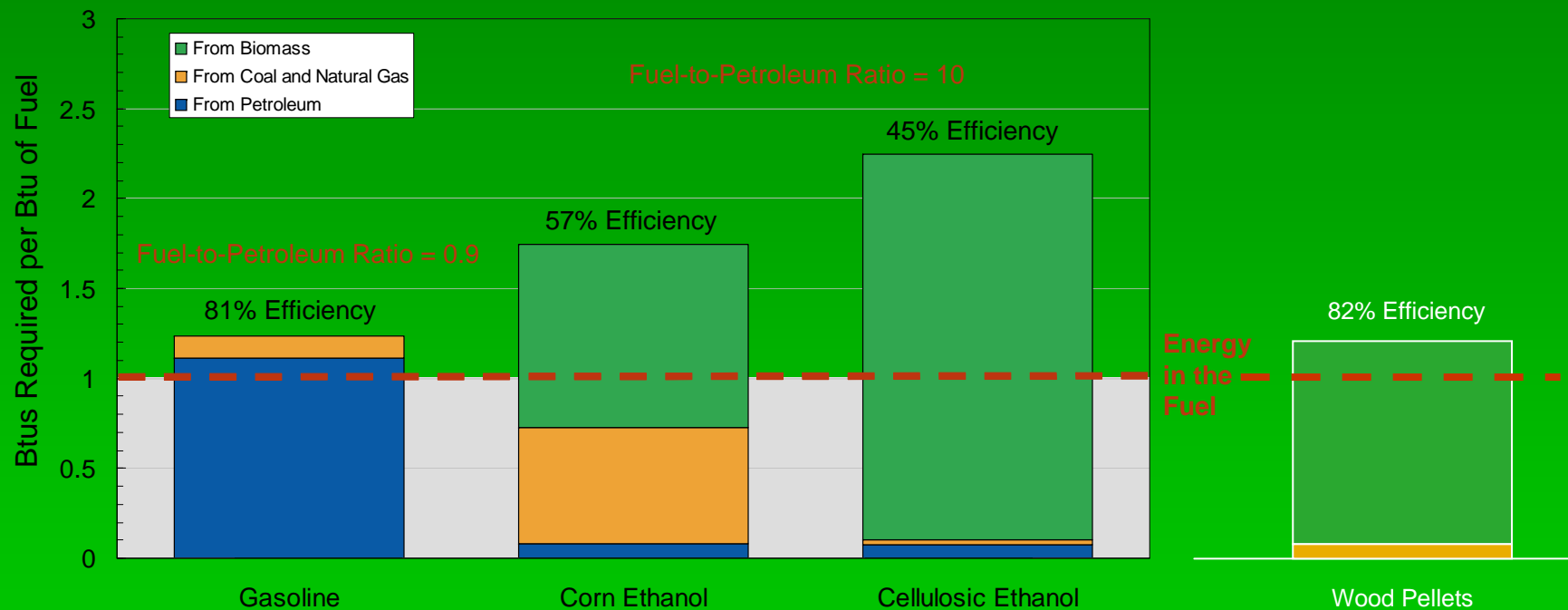


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- Continuing to work with Fleishman-Hillard Government Relations Group
- PFI member and staff effort to secure \$300 tax credit for stove owners
- Involvement in multiple pieces of legislation
- Meeting regularly with federal lawmakers and staff as well as members of the Executive Branch
- Increasing awareness of the pellets
- Participating in the first annual Washington International Renewable Energy Conference

Biomass Heat Uses ALL the Fuel Energy

Total BTU's Consumed To Generate One BTU of Usable Fuel Output



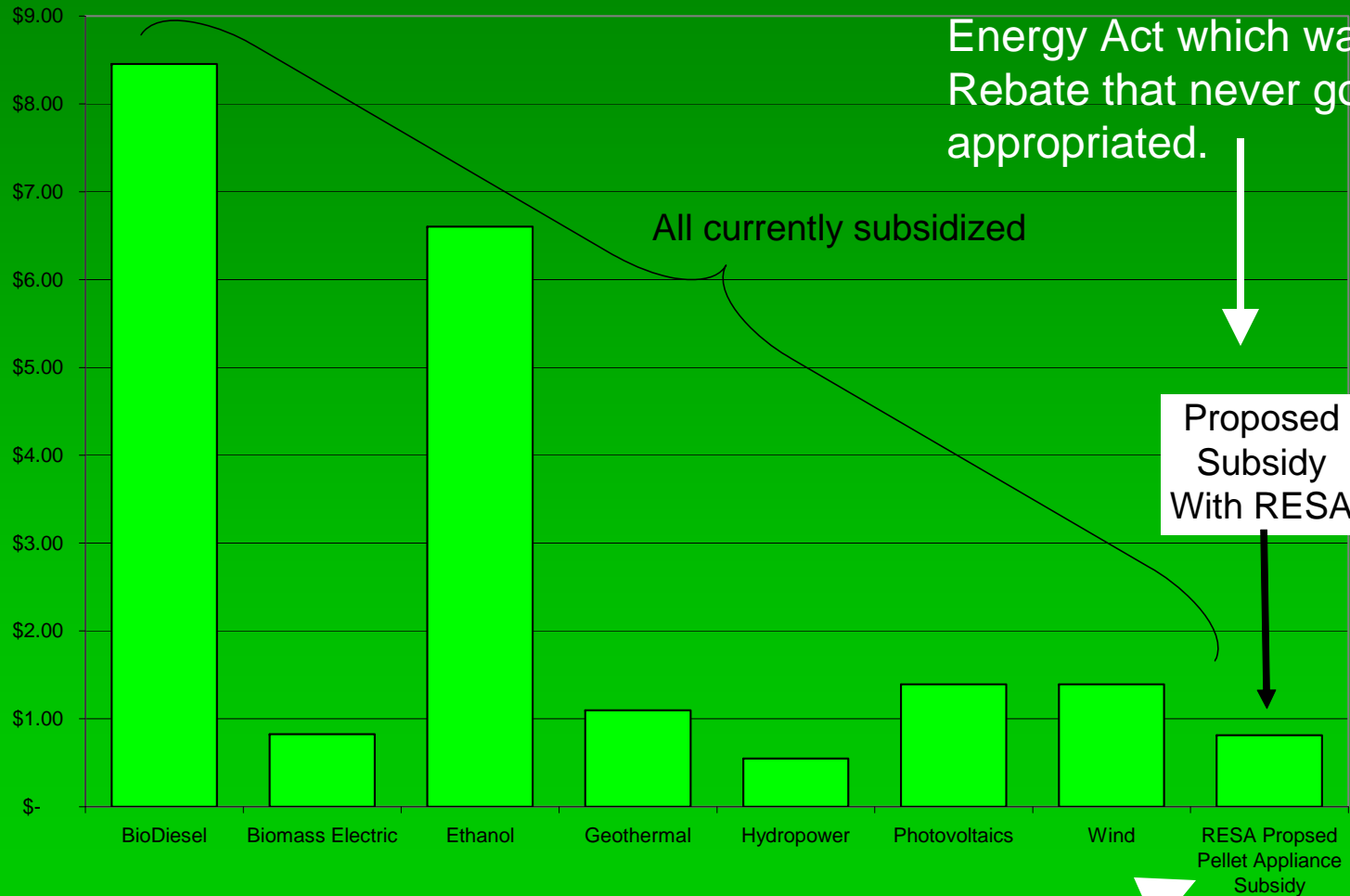
Sources:

Liquid Fuel Data: National Renewable Energy Lab, originally from "Wells to Wheels Analysis of Advanced Fuel/Vehicle Systems" by Wang, et al (2005)

Wood Pellets: Based on 15% wood waste firing burner and 6% electricity usage in pelletizing (improves further with cogeneration, which was not assumed.)

RESA Appropriation May Level Playing Field

Subsidy Per Million BTU's of Fuel Displaced



NOW ZERO

Fuel Standards



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New RESIDENTIAL DENSIFIED Fuel Standards Being Voted by PFI Membership

- Super Premium $0 \leq .5\%$ Ash
- Premium $0 \leq 1\%$ Ash
- Standard $0 \leq 2\%$ Ash
- Utility $0 \leq 6\%$



New **INDUSTRY WIDE**

QUALITY CONTROL & ASSURANCE PROGRAM

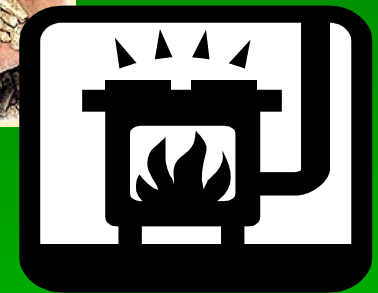
Now Being Voted by PFI Membership

- STANDARDIZED TESTING PROCEDURES
- STANDARDIZED TESTING INTEGRATION
- STANDARDIZED PRODUCT QUALITY LABELING
- PRODUCT REGISTRATION
- INDEPENDENT PRODUCT REVIEW & COMPLIANCE
- WARRANTY CONSIDERATION FOR STOVE MFR'S

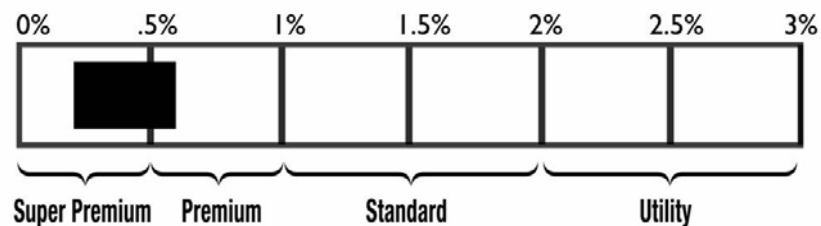
Proposed New Labeling

Identical Sliding Scale Standards on Both Pellet Fuel and Appliances

Purpose: Make it Easy for Consumers



ASH CONTENT SCALE



To learn more about this Ash Content Scale as well as other information on pellet heating, please visit www.pelletheat.org

Pellet Fuel Industry Capacity



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SHORTAGE

ES

RAW MATERIAL PRICE
INCREASES

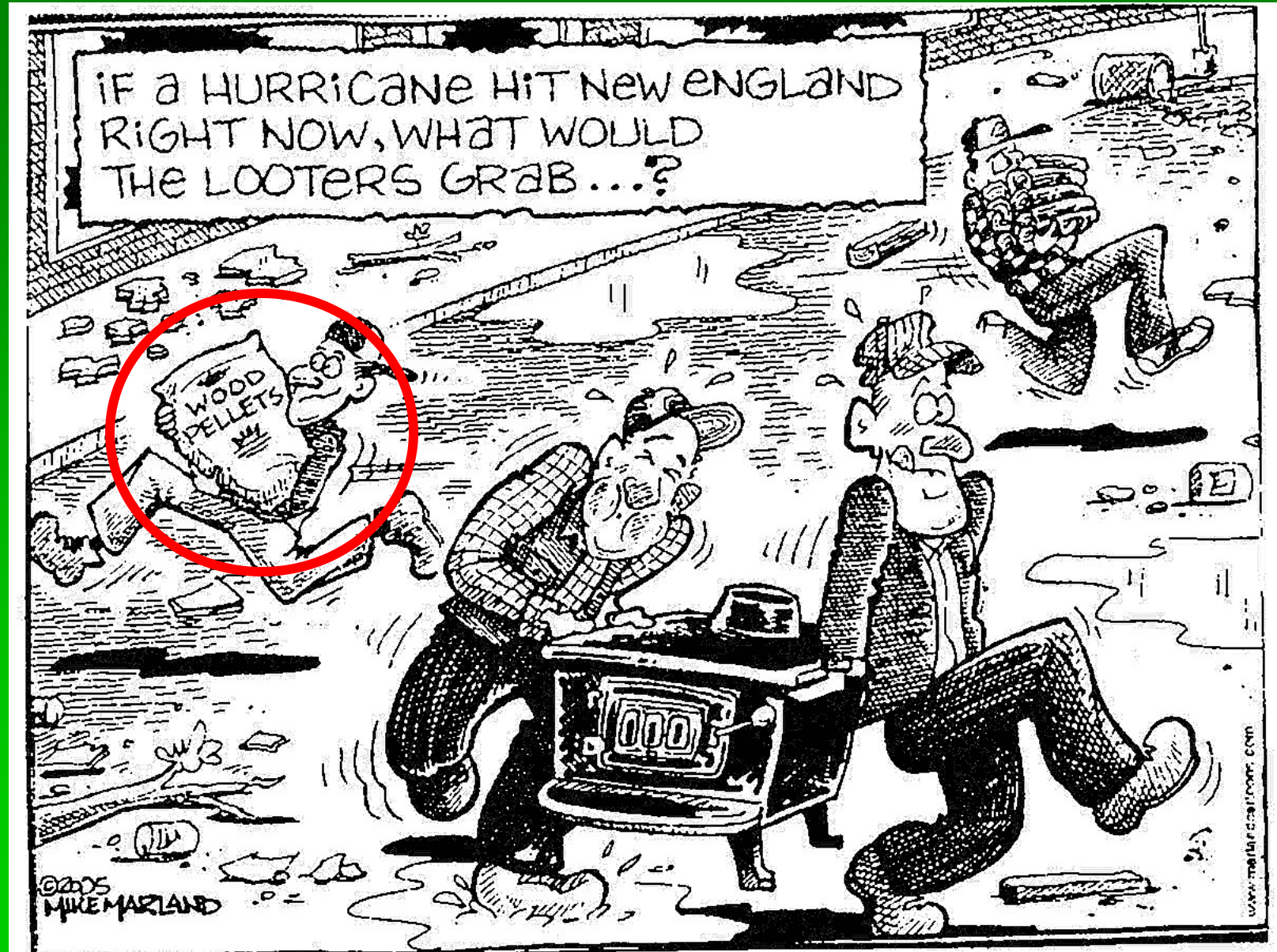
UNHAPPY

CUSTOMERS

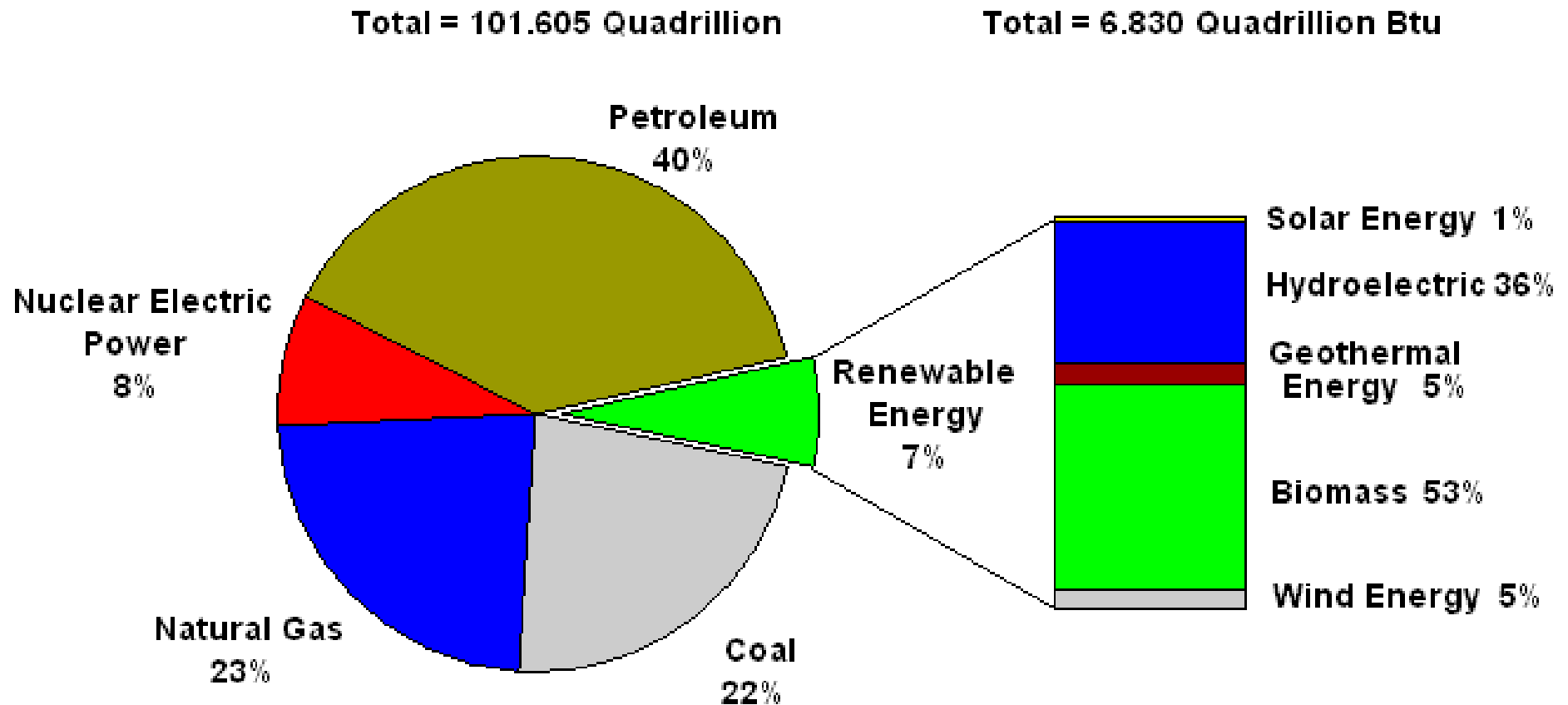
GOVERNMENT

INTERVENTION

KATRINA - 2005



The Role of Renewable Energy Consumption in the Nation's Energy Supply, 2007, from DOE-EIA



6,830,000,000,000,000 btu's or 6,830,000,000 MBTU's

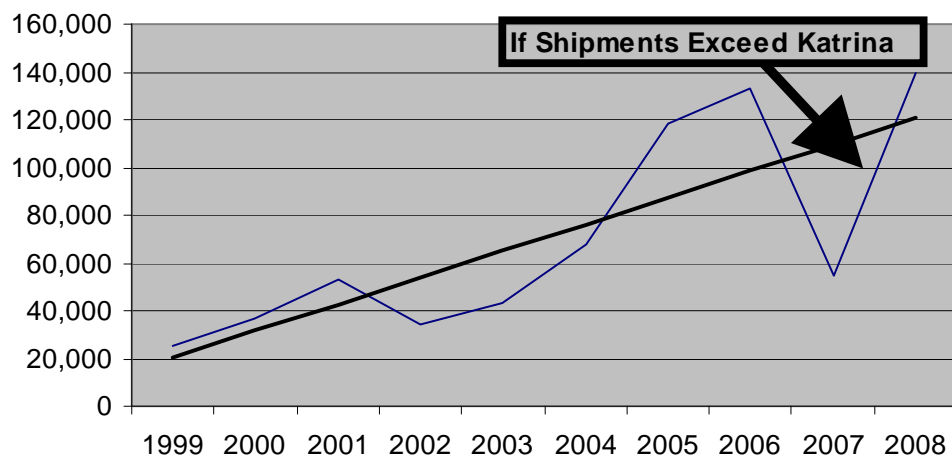
1,500,000 tons * 16 MBTU/ton = 24,000,000 MBTU's

$24,000,000 / 6,830,000,000 = 0.35\%$ of Renewable Energy Market

Or 0.66 % of the Biomass Market or 0.02% of the Total Energy Market

THIS HEATING SEASON'S WILDCARDS

North American Pellet Stove Shipments



Pellet Appliance Shipments

	1st Q 2008	1st Q 2007	% Chg
Pacific	1,275	555	130%
Mountain	841	628	34%
Central	1,169	601	95%
Great Lakes	1,080	840	29%
Northeast	3,258	1,962	66%
Southeast	545	312	75%
INSERTS	<u>2,595</u>	<u>1,613</u>	61%
USA	10,763	6,511	65%
CAD - West	145	-	
CAD - Central	61	-	
CAD - East	171	86	99%
INSERTS	-	-	
CANADA	<u>377</u>	<u>86</u>	338%
North America	11,140	6,597	69%

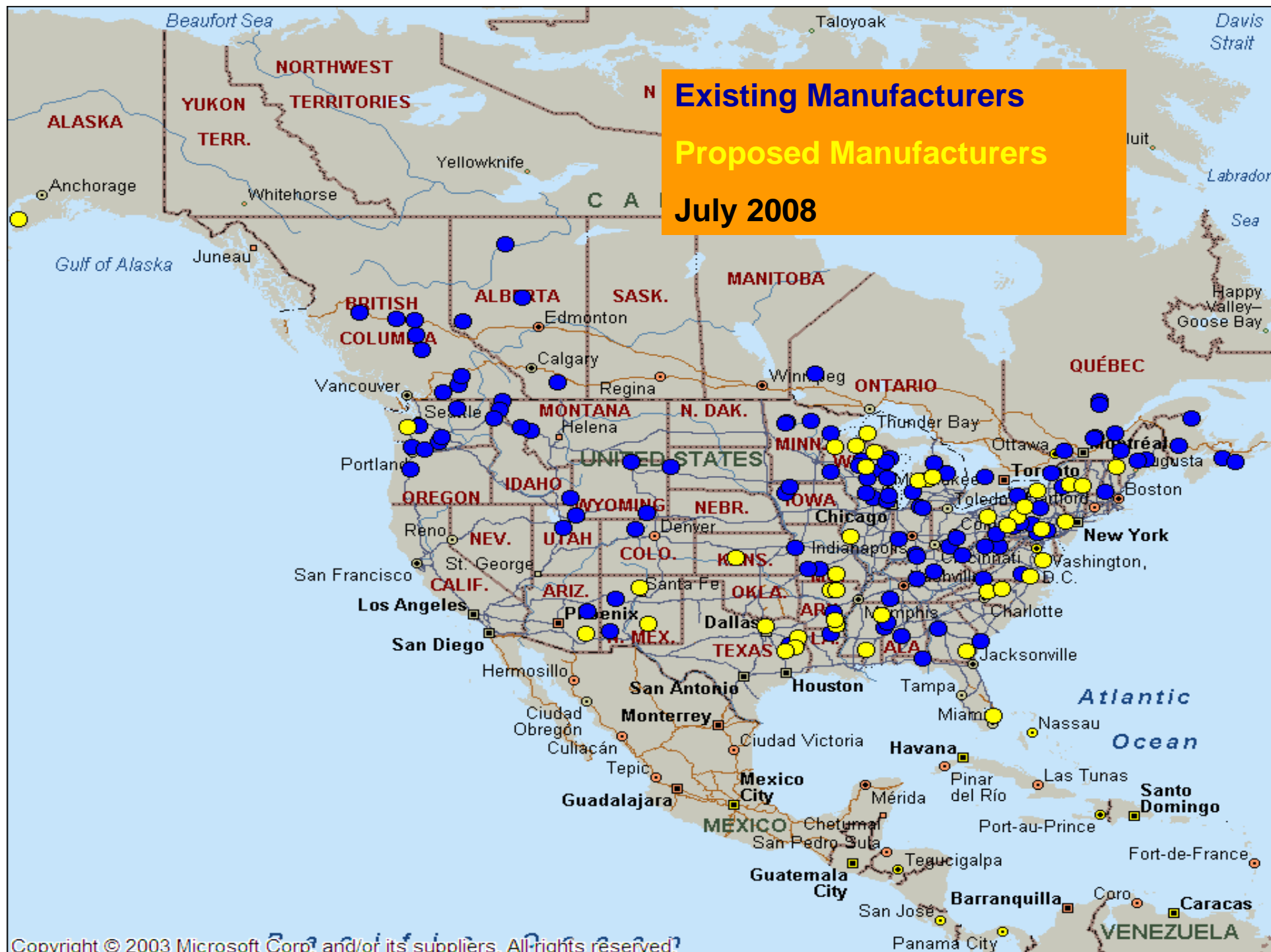
Fuel	BTU Per Unit	Unit	Current Cost Per Unit	Cost Per MMBTU	Cost In Relation To Pellets
Electricity	293	kwh	\$0.12	\$35.16	281%
Oil	140,000	Gal.	\$4.60	\$32.86	263%
Propane	91,000	Gal.	\$2.80	\$30.77	246%
Gas	100,000	Therm	\$1.40	\$14.00	112%
Wood - Oak	19,200,000	Cord	\$250.00	\$13.02	104%
Pellets	16,000,000	Ton	\$200.00	\$12.50	100%

INDUSTRY FACTS

- Pellet Industry Is Going Through Its Largest Growth Period
- Investment Capital “New Plants” Follows Growth
- Most of the New Capacity, In Tonnage, is Being Exported From North America
- Soon: Majority of Fuel Produced in North America will be Exported Than Used In North America
- Excess Fuel Finds Homes
 - Sometimes For Extended Times, Contracted Elsewhere
 - Export Market Effecting Market Supply: Europe, Asia
 - JIT Inventory Gone
 - Order Early - Plan

North American Pellet Fuel Manufacturers map June 12, 2007



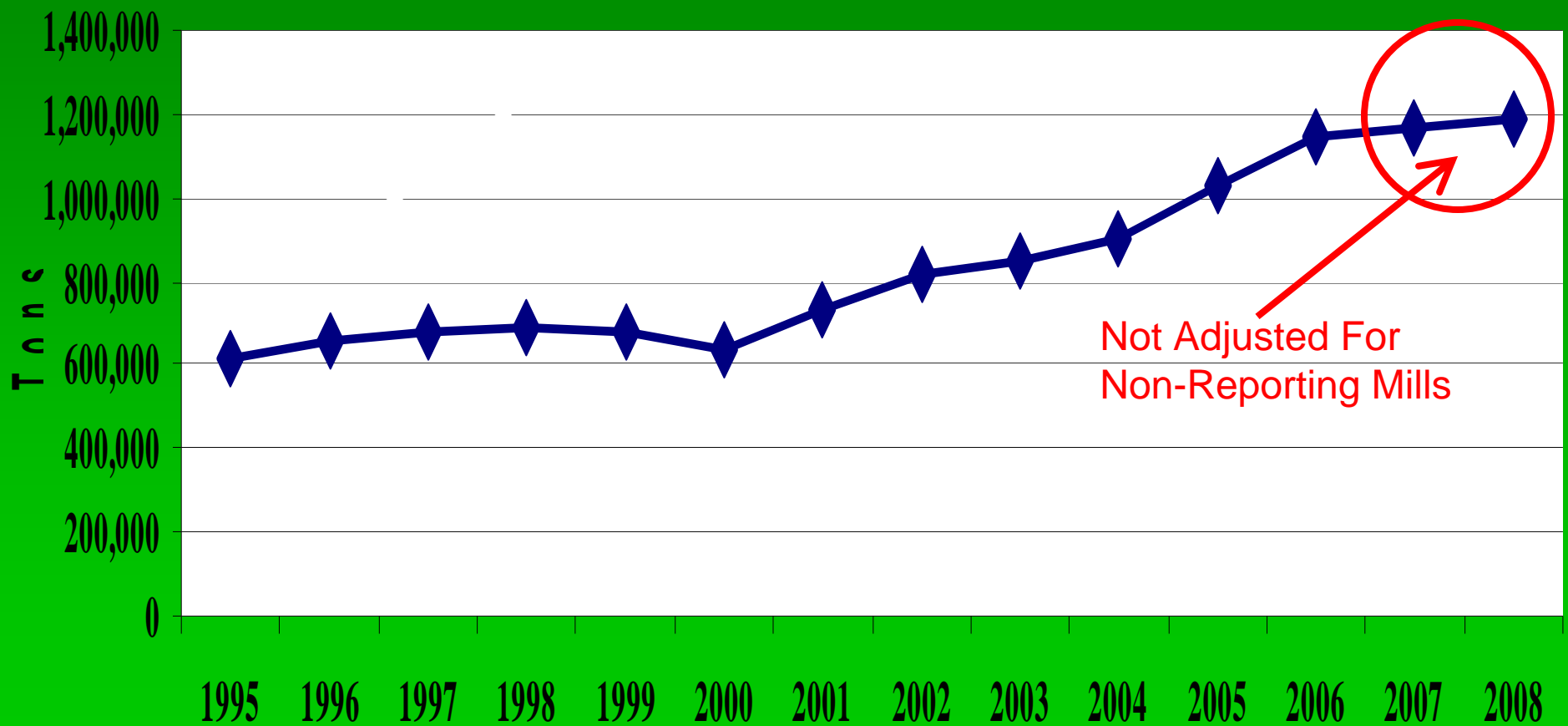


Fuel Shipments

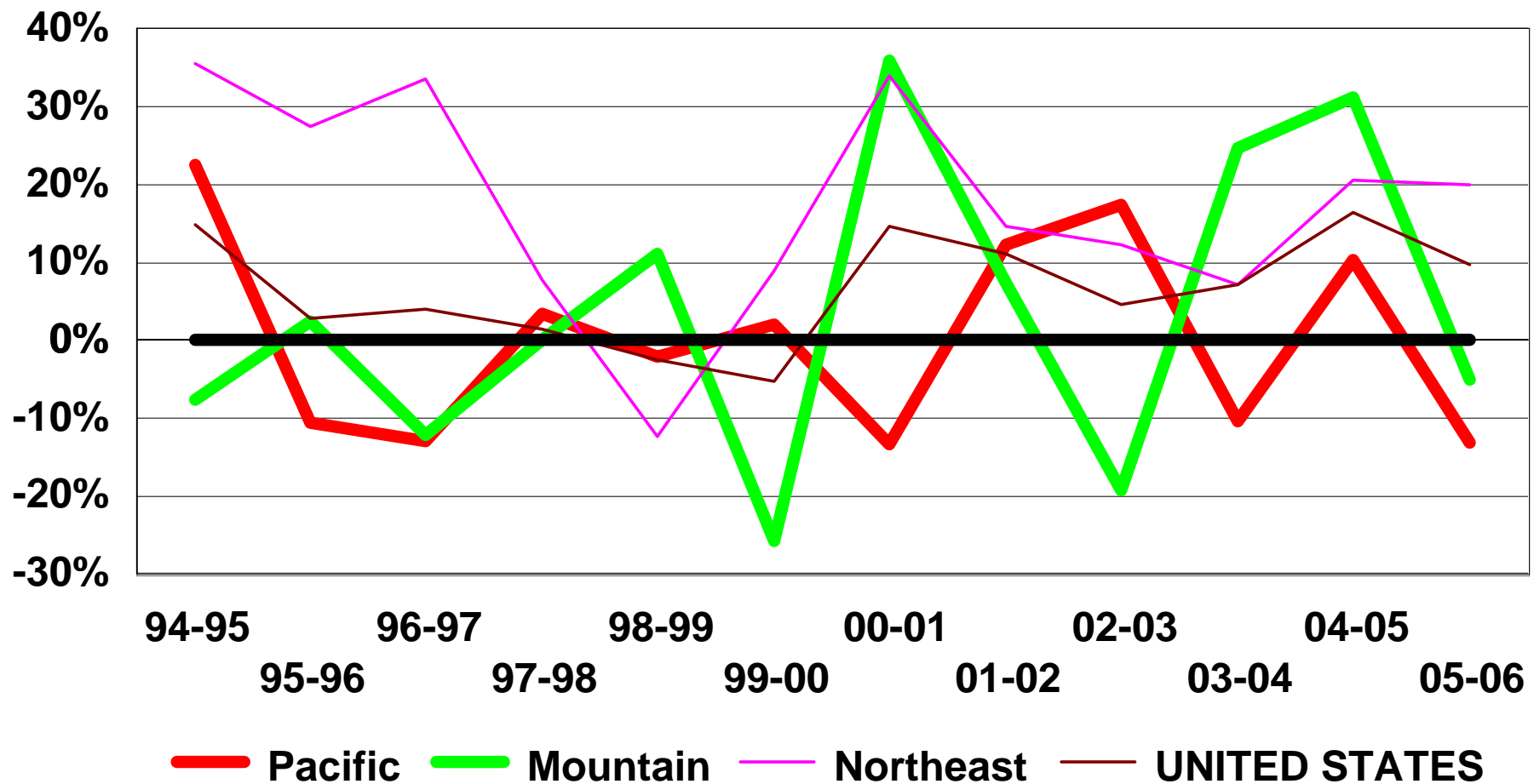


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PFI Fuel Shipment Trends



Bagged Residential Fuel Shipments US Market Growth By Region



Life at its best is a series of challenges. A big enough challenge will bring out strengths and abilities you never knew you had. Take on challenges and you will bring yourself to life.

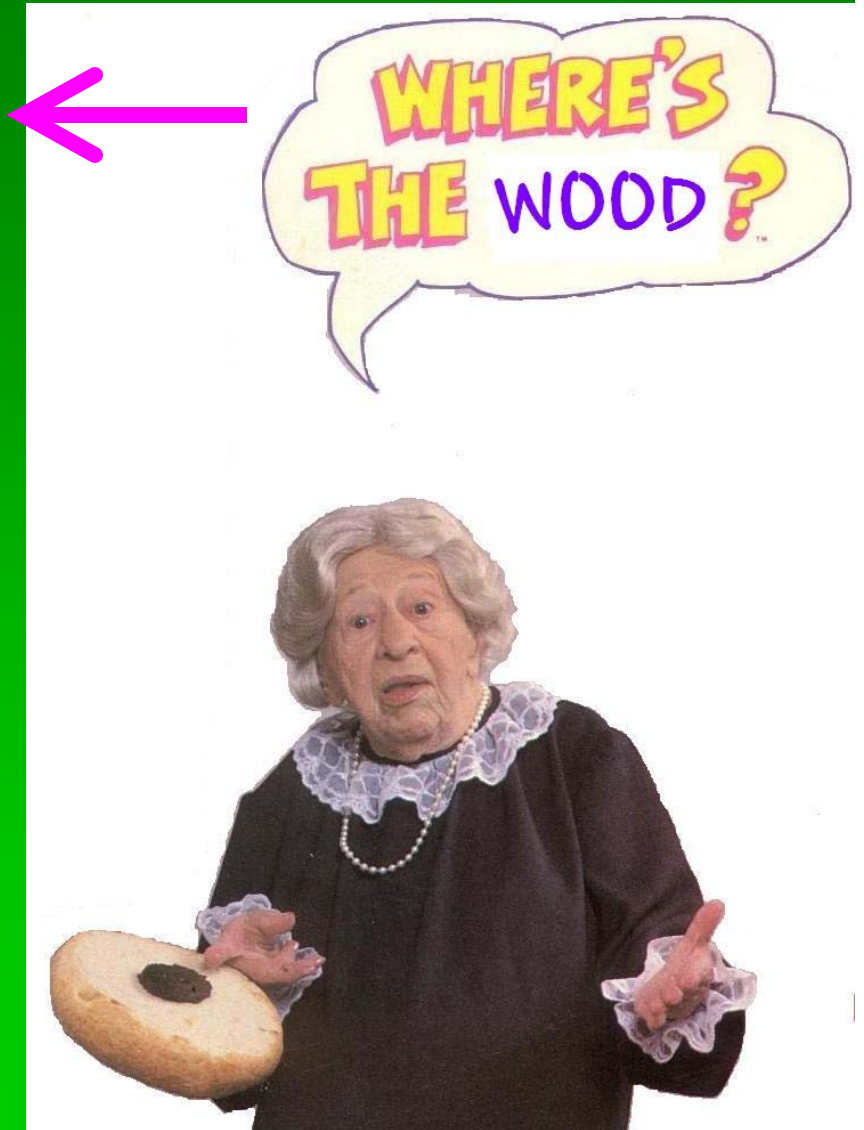
INDUSTRY CHALLENGE

© 1997 Ralph S. Marston, Jr.

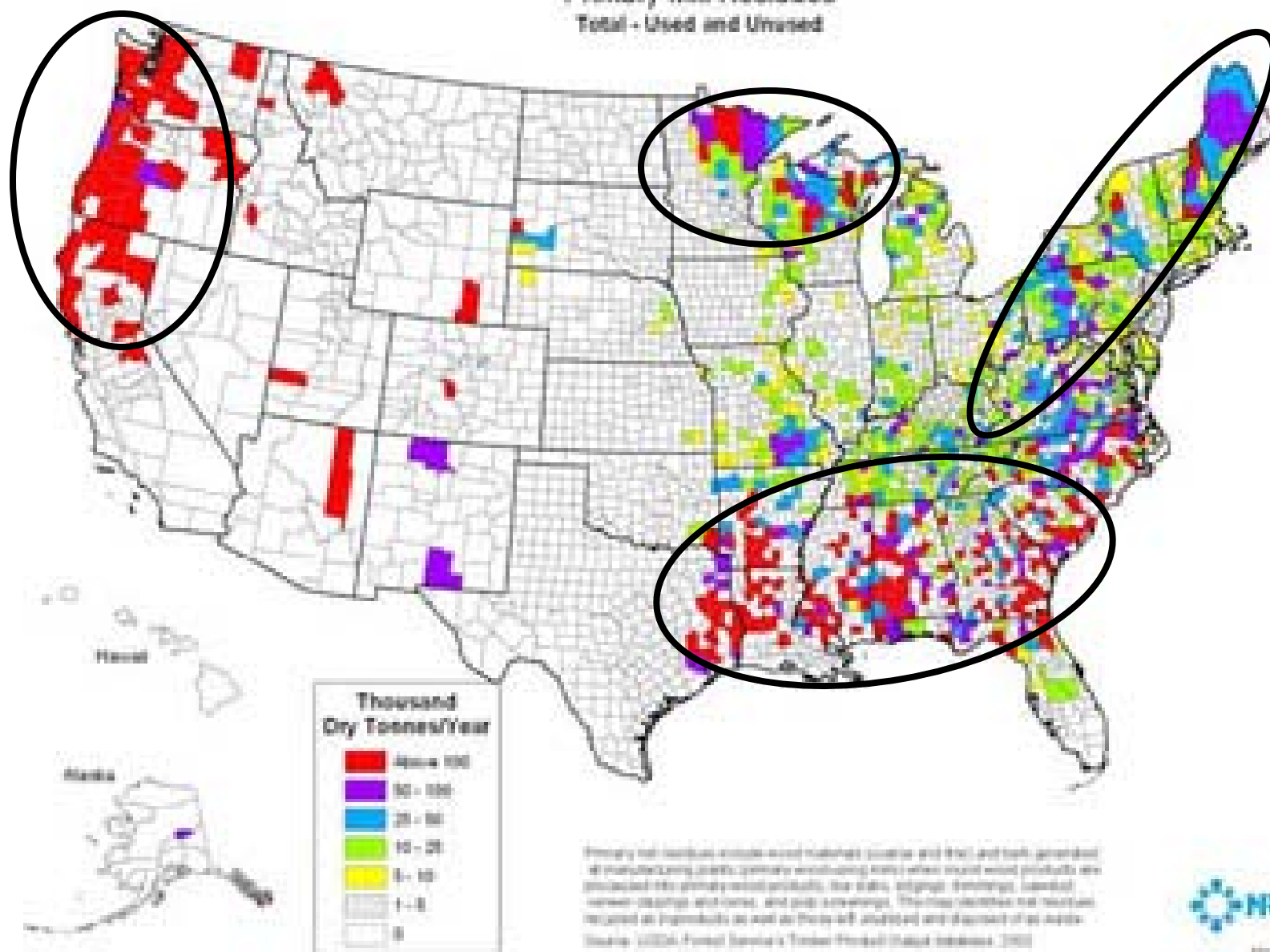
PFI MISSION STATEMENT

The Institute's mission is to be a trade association which represents the fuel preparation and clean burning technology of **renewable biomass energy resources** and is dedicated to the advancement and promotion of the fiber and densified (pellets) fuel technology that will help solve global ecological problems through the utilization of locally renewable energy sources. The organization exists to:

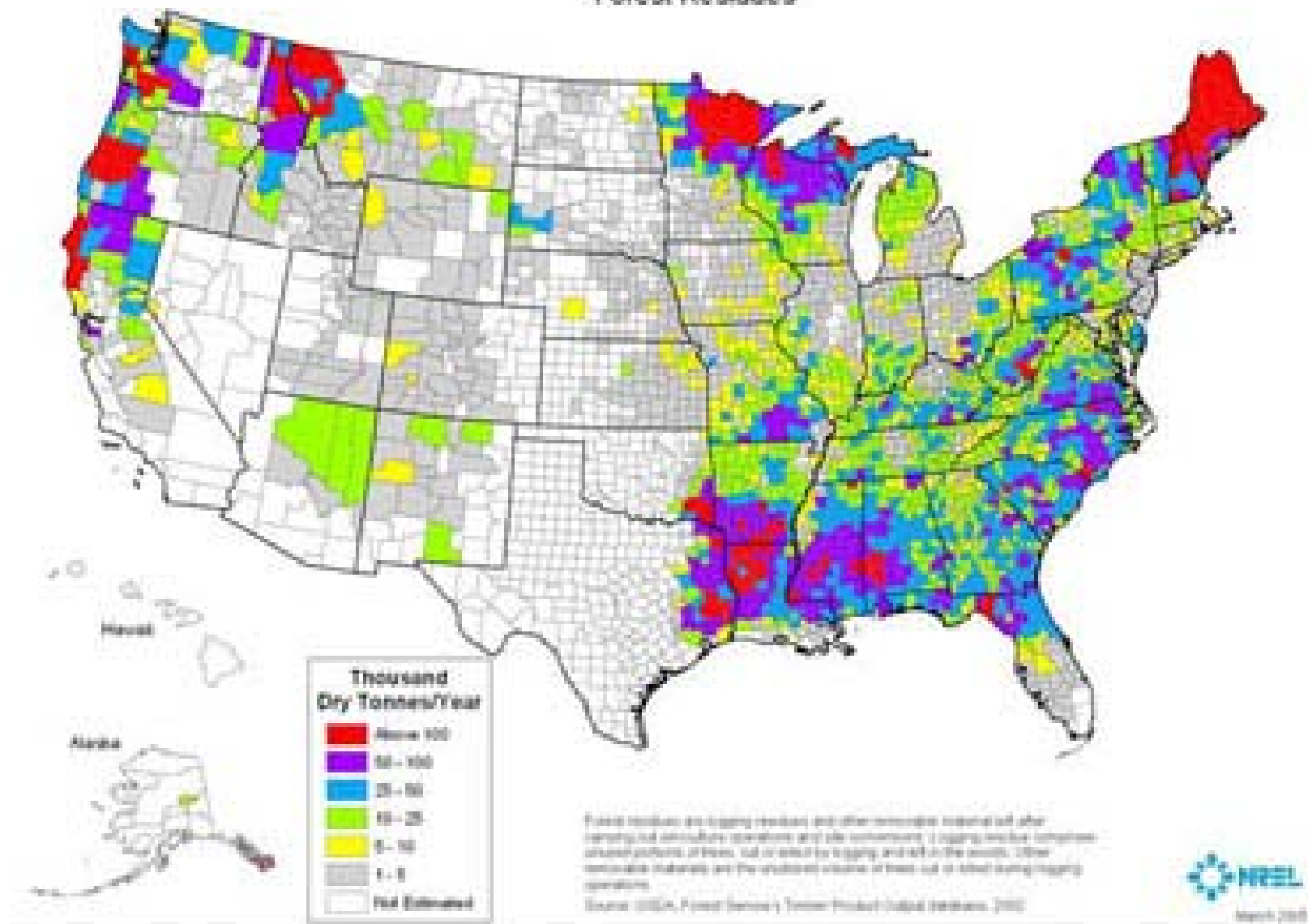
- Create and represent the ultimate expertise in the residential and commercial (fiber and pelletized) fuel industry and technology;
- Coordinate and integrate the needs of raw material sources, pellet equipment suppliers and consultants, fuel producers, appliance manufacturers and distribution entities;
- Educate, disseminate and promote the ecological, economical and environmental advantages and benefits of fiber fuel technology;
- Establish and maintain densified fuel standards; and
- Provide information and technical support to facilitate the safety, efficiency, emissions standards and test procedure specifically designed for densified fuel technology.



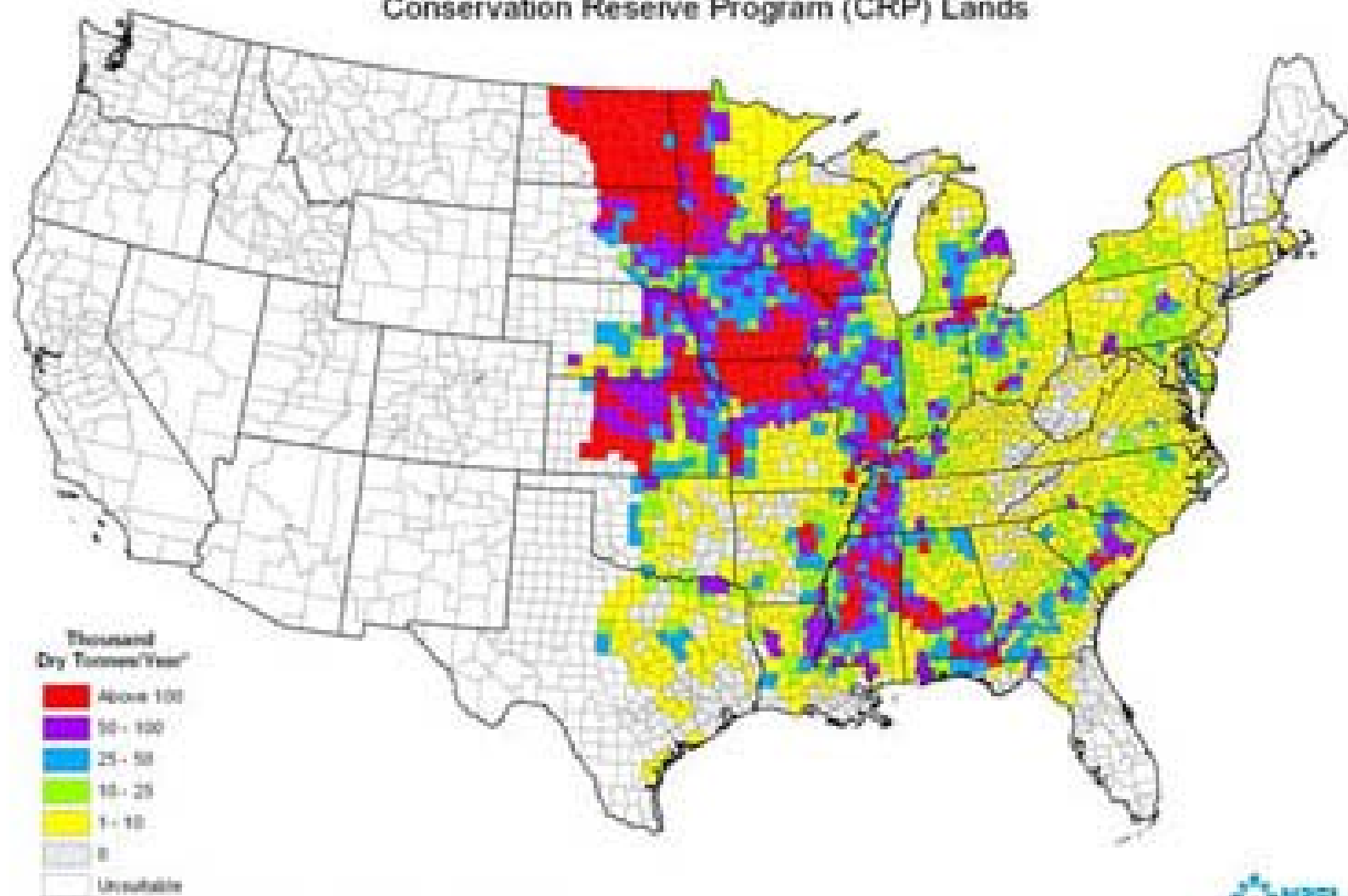
Primary Mill Residues Total - Used and Unused



Forest Residues



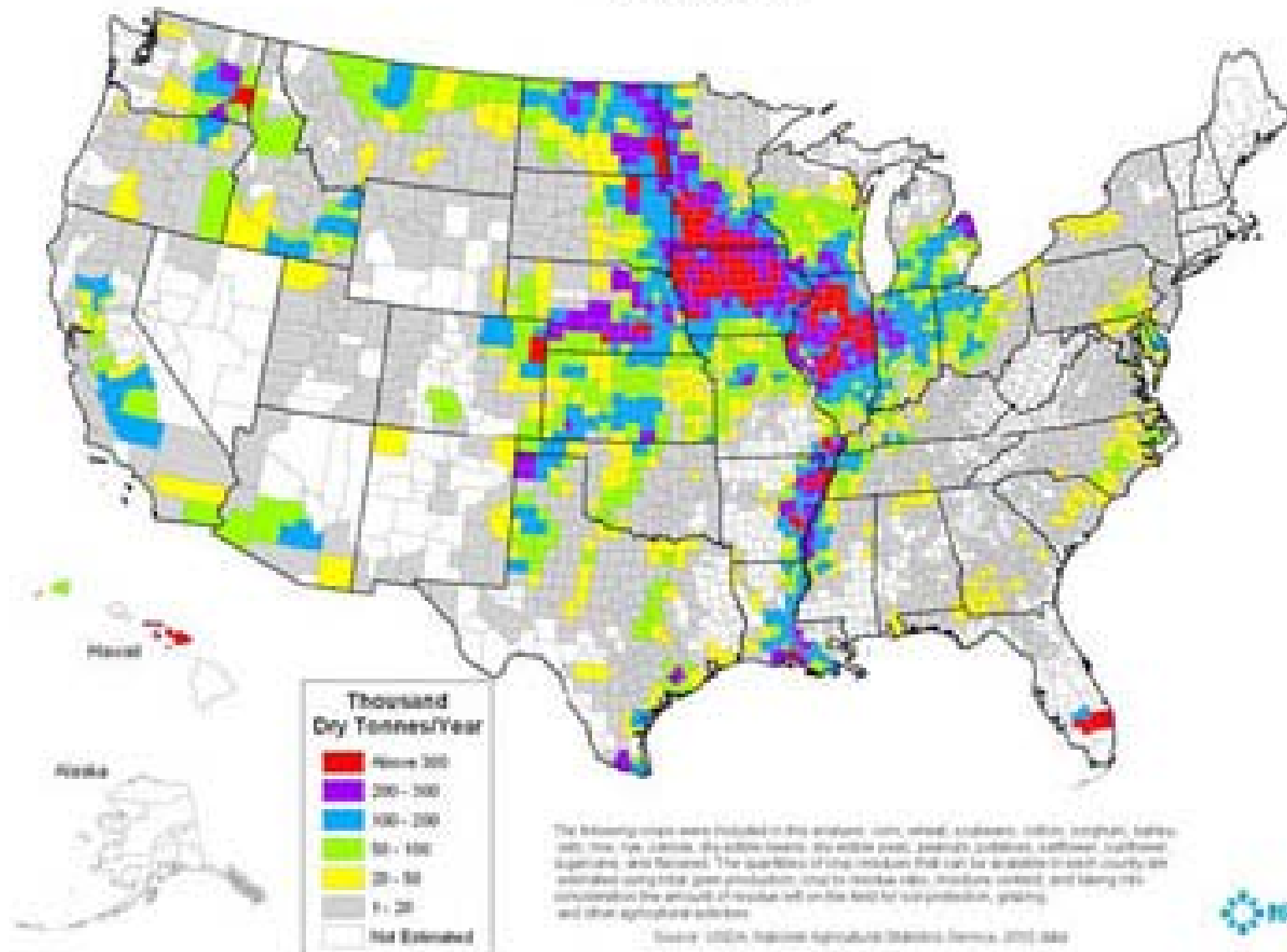
Potential Switchgrass Production on Conservation Reserve Program (CRP) Lands



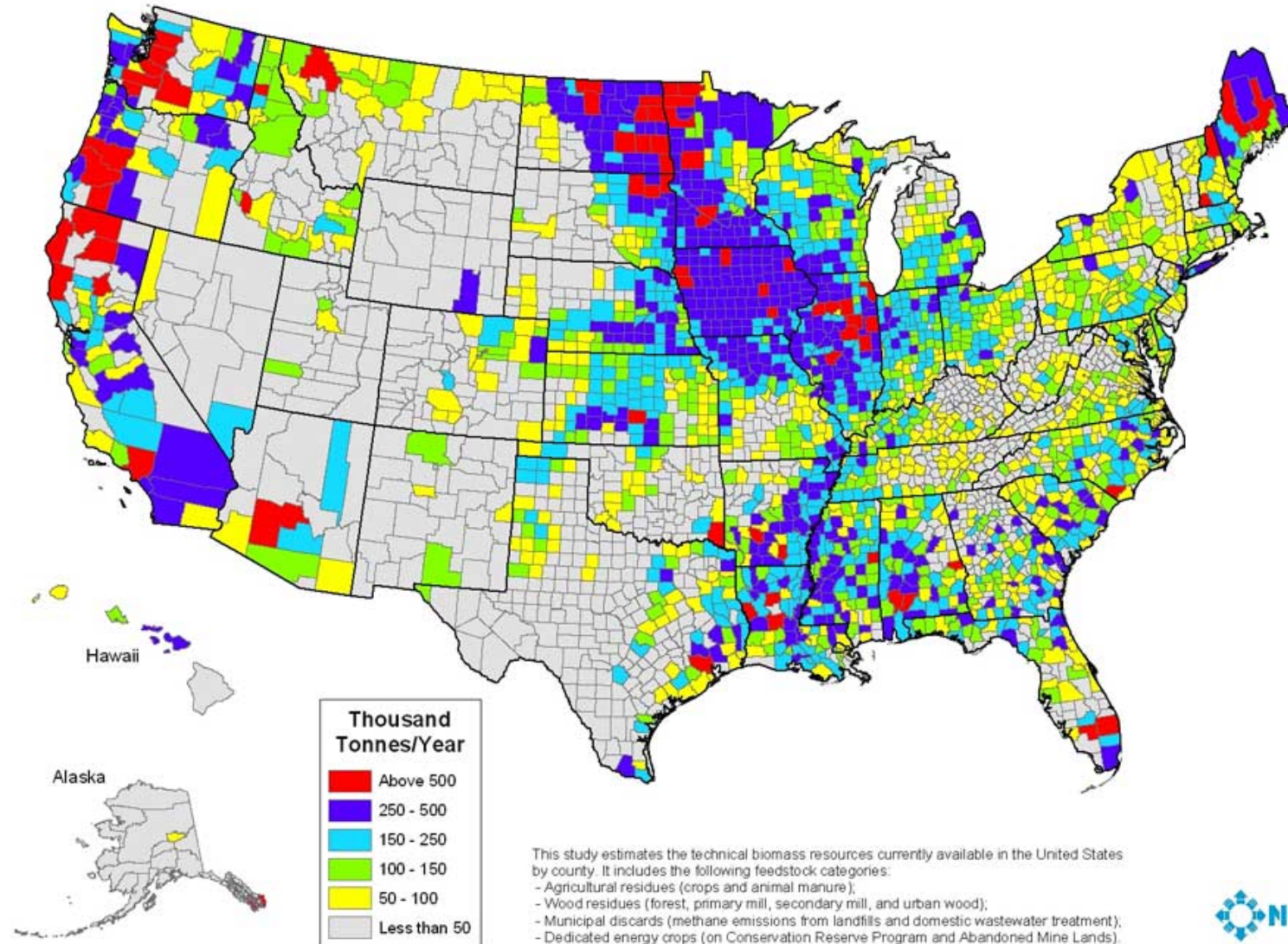
*Source: The Land Cover Science Team (Land Cover Database, December 2001, 1:500,000 scale)
USDA, Farm Service Agency, County CRP Report, 2001 (available at www.fsa.usda.gov)



Crop Residues



Biomass Resources Available in the United States



Local man builds *wood-powered* truck



But he only gets one mile per pound of pellets



The 1988 Isuzu Trooper, above, owned by Robert "Chip" Beam of South Williamsport, at left, is modified to be environmentally friendly. Wood pellets are stored in the barrels in the rear of the vehicle so they can fall into a reactor to be burned. The resulting vapor is piped into the engine for power. The vapor doesn't hurt the Earth's atmosphere, Beam said. Another advantage is not needing gasoline.



CENTRAL HEATING



CENTRAL HEATING



**RECEIVING
FUEL BIN**

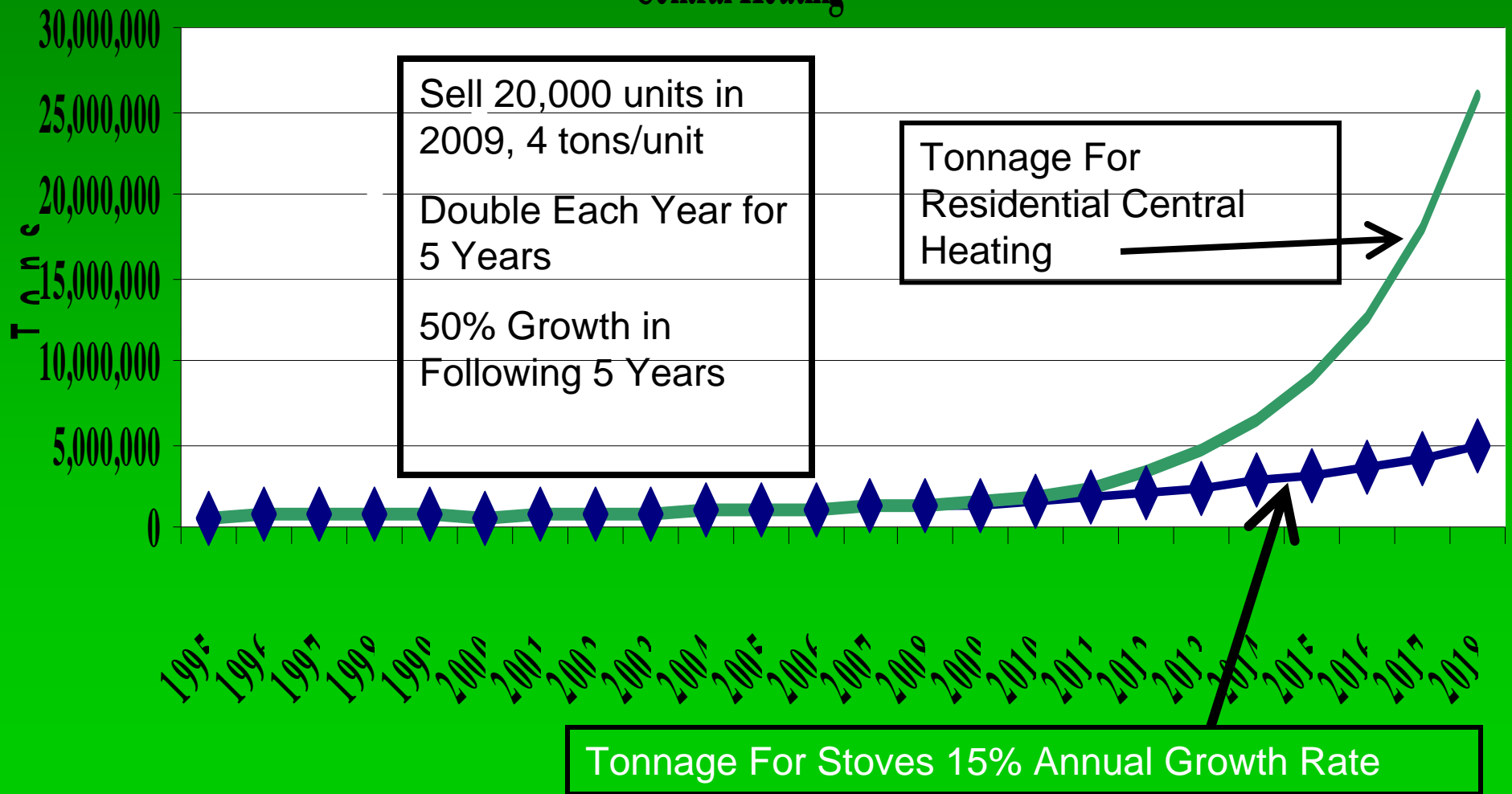


BIN RECLAIM

What If ????????

PFI Fuel Shipment Trends

Central Heating





Welcome

Hilton Head Island , South Carolina

July 2008

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