Washington Sustainable Aviation Fuels Summit

Inside Project Deals: Red Rock Biofuels

March 7, 2019
Bruce Comer, Ocean Park
Michael Schrader, Orrick
Jeff Manternach, Red Rock Biofuels
1: Why

“Scientific consensus: Earth's climate is warming”

Credit: NASA Global Climate Change
2: Project Overview
## 2: Project Overview

<table>
<thead>
<tr>
<th>Project</th>
<th>Biorefinery converts waste woody biomass into 15.1 MGY of renewable, drop-in, cellulosic jet, diesel, and gasoline blendstock fuels</th>
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</thead>
<tbody>
<tr>
<td>Feedstock</td>
<td>70% of feedstock under long term contract</td>
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<tr>
<td>Offtake</td>
<td>100% of jet fuel to be sold to FedEx &amp; Southwest</td>
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<tr>
<td>EPC</td>
<td>Engineering, Procurement &amp; Construction contract with IR1 Group LLC</td>
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<tr>
<td>Financing</td>
<td>$337.5M total project cost, including $200M+ construction</td>
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<td>$245.5M private activity bond financing</td>
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<td>$92M of equity, including $74M Phase 1 &amp; 2 Title III DPA Award (U.S. DOE, USDA, DON)</td>
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View of field fabricated tank construction, 28 Feb 2019, 1:30pm, facing W
4: Project Finance

- Private activity bonds = public-private partnership
- “Volume Cap” is scarce, and individual States decide how to prioritize among competing interests
- Project finance 101 tenets apply, but meat grinder for first projects through the gates
- Market for these bonds volatile, but when open, plenty deep
5: How (and why)

Klamath Falls News: Trees torching on the Watson Creek Fire near Paisley, Oregon. (Inciweb)
6: Summary

- **Global climate change = biggest challenge of our generation = biggest brass ring**

- **We are building a portfolio of biorefineries to produce low carbon, renewable jet and diesel fuels and reduce the impact of wildfire**

Winston Churchill, 1940: “Victory, no matter how long and hard the road may be.”

Photo Credit: Yousuf Karsh, 1941.