



Richard Gillis

Clerk of the Board
Air Resources Board
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May 23, 2007

Written Statement
By Richard Gillis,
President and Chief Executive Officer of Energy Alternative Solutions, Inc.,
For Consideration at the Air Resource Board
Meeting May 24, 2007

Re: Consideration of Grant Proposal by Energy Alternative Solutions Inc.

Dear Board Members:

To ensure that we make every effort to be responsive to the communities that have supported Energy Alternative Solutions Inc's., (EASI's) efforts to bring biodiesel to the Central Coast region, we are obliged to request that the Board consider our grant applications.

On March 12 and March 19, 2007, Energy Alternative Solutions Inc., submitted grant applications in response to (AB) 1811, Alternative Fuel Incentive Program, Request for Proposal, "Biofuel – Start-Up of Small Production Facilities in California". Our proposals identified us as new biodiesel producers with one plant under construction in Gonzales and another plant site secured in Watsonville. Our Gonzales Project application in the amount of \$949,314 is to assist us in expediting the completion of our 2.5 million gallon per year biodiesel production facility. The Watsonville application for \$958,622 would accelerate the start-up and completion of our 1 million gallon per year facility.

These applications, to the best of our knowledge, meet the scoring criteria and desired outcome of the RFP. We have highlighted below key elements of our grant applications that we believe make EASI a highly qualified and competitive applicant:

- EASI has purchased proven technology that consistently produces ASTM standard biodiesel fuel. Our plant manufacturer has built nine fully operational facilities over the last ten years. The quality of production is evidenced by the ASTM certificate, from an identical plant, included in our grant submission.
- EASI's project team consists of a highly experienced business management team and is fully supported by skilled and knowledgeable experts in the area of biodiesel production and technology. Additionally, EASI has a comprehensive support team that has addressed securing feedstock, the best methods of distribution, technical production issues, legal and financial needs.
- EASI has secured raw material agreements to ensure sustainable, renewable and profitable production of biodiesel. Moreover, EASI established offtake contracts that exceed its initial production capability.
- EASI's Gonzales site has fully approved construction, engineering and operating permits. Construction is nearing completion.
- Permitting for the Watsonville facility is 50% completed with full engineering drawings and construction contracts to ensure that plant construction will be completed by December 2008.
- EASI's founders and investors have personally financed the cost associated with the development and initial construction of our Gonzales plant and have provided the initial funding for the permitting and engineering requirements associated with the Watsonville plant. We have also obtained a SBA loan. We continue to increase our present funding through negotiations with multiple funding sources such as banks, individual investors, venture capitalists and angel investors.

The City of Gonzales, recognizing the economic and environmental value for their city, the surrounding communities and the State has, without exception, supported our every effort to complete our facility. The city is also anticipating an increase in trucking activities through a greater presence of agriculturally related businesses and is concerned about having adequate amounts of biodiesel fuel available to support the city's desire to keep diesel emissions as low as possible.

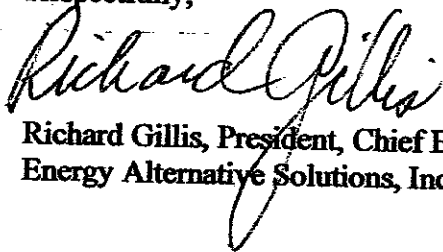
Additionally, our business model is closed-loop and community based utilizing agreements we have made with local rendering companies. It also supports the participation of farmers interested in developing oil-based crops for use in alternative fuel production. Fiorio Farms, in Gilroy, is presently growing 70 acres of safflower that will be used in the production of biodiesel fuel that will be sold back to farmers and other community members.

Receiving this grant funding will significantly accelerate the completion of the above projects and in the process support the State, ARB, Monterey Bay Unified Air Pollution Control District, the Central Coast communities and EASI's efforts to reduce air pollution, improve air quality and the health of all Californians. EASI is an integral part of mitigating air pollution created by petrol-diesel users such as, school buses, stationary agricultural equipment, over the road tractor-trailers, marine vessels and all other diesel equipment.

EASI's project team's technical expertise and business acumen provide a strong operational foundation. Our permitting and construction timelines, our selected equipment manufacturer, secured feedstock supply, substantial offtakes contracts, financial resources and the ability to produce ASTM standard biodiesel fuel by December 31, 2008 make EASI's projects highly viable. EASI is the type of business that (AB) 1811 was designed to support.

Attached are letters of support from the author of (AB) 1811, Assemblymember John Laird, District 27.

Respectfully,



Richard Gillis, President, Chief Executive Officer
Energy Alternative Solutions, Inc.

COMMITTEES
 CHAIR, BUDGET
 JUDICIARY
 LABOR & EMPLOYMENT
 NATURAL RESOURCES

Assembly
 California Legislature

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May 22, 2007

Clerk of the Board
 Air Resources Board
 1001 I Street
 Sacramento, CA 95814

Dear Board Members:

I am writing to express my support for Energy Alternative Solutions, Inc. (EASI), in their request for grant funding from the California Air Resource Board for the Alternative Fuel Incentive Program, specifically the program called "Biofuels—Startup of Small Production Facilities in California." EASI has submitted grant applications for their Gonzales facility and for their site in Watsonville.

As you may know, EASI's plant in Gonzales is 50 percent complete and is in the initial phase of testing equipment and production capabilities. Their Watsonville site is secured, and construction and engineering permits have been substantially completed. EASI's equipment manufacturers have constructed nine biodiesel facilities, using proven state-of-the-art technology that consistently produces ASTM standard biodiesel fuel.

There is an overwhelming awareness and demand by the Central Coast community for sustainable, renewable and clean alternative energy. EASI has positioned itself to help meet this growing demand. Additionally, there is every reason to believe that EASI's community-based business model will be an example used by other California communities. EASI's goal is to use recycled restaurant oil, thereby positively impacting a significant environmental waste issue.

EASI is also working with local farmers to develop oil-based crops that can be grown rotationally or as replacement crops: Fiorio Farms, in Gilroy, has planted 70 acres of safflower as a test crop. There are no other biodiesel manufacturers on the Central Coast that have either the resources or ability to achieve the goal of manufacturing a significant volume of high quality biodiesel fuel by Dec. 31, 2008.

In closing, EASI is the type of enterprise this program was designed to support. They are in a strong position to deliver the desired outcome of this grant. Please give EASI's applications every consideration for funding. Thank you for your attention to this matter.

Sincerely,



John Laird
 Assemblymember, 27th District

<http://www.assembly.ca.gov/demweb/members/27>