

## News Release

### **BioFuels Energy, LLC to Build, Own and Operate Mobile Renewable Fuel Cell Energy Project At the City of San Diego's Point Loma Water Treatment Plant**

--Purified Renewable Gas will be transported to ultra clean fuel cells which will produce 4.5 Megawatts of Renewable Energy for San Diego Area Businesses--

**San Diego, Ca (June 16, 2009)** – Today the San Diego City Council approved and authorized Mayor Jerry Sanders to assign and execute a ten year Agreement with Encinitas, California based BioFuels Energy, LLC (BFE) for the Beneficial Use of Digester Gas (BUDG Project) at the Point Loma Wastewater Treatment Plant (PLWTP) and a 1.4 MW renewable energy fuel cell power purchase agreement to be located at its South Bay Water Reclamation Plant (SBWRP). Under the contracts, BFE will design, permit, install, own, and operate the approximately \$35 million dollar BUDG project and related facilities. BFE has secured preliminary approval from the California Pollution Control Financing Authority to issue tax exempt private activity bonds to partially fund the BUDG project. The project is scheduled to be completed in the fourth quarter of 2010.

Following a competitive solicitation, the City of San Diego (City) awarded the rights to the digester gas to the Linde Group, a world leading gases and engineering company, which eventually assigned its rights to BFE. Today's action represents the City's acceptance and approval of the modified Agreements and Linde's assignment of rights to BFE. The renewable compressed digester gas (Bio-CNG) will be transported off the PLWTP site with US Department of Transportation approved compressed gas trucks and be utilized to supply renewable energy through the use of technologically advanced, ultra clean fuel cells at the City's SBWRP and other customer sites in San Diego County. Danbury, Connecticut based FuelCell Energy, Inc. ("FCEL") is expected to supply three 1.4 MW and one 300 kW capacity based fuel cells subject to finalization of the agreement.

BFE will pay the Metropolitan Wastewater Department, for the approximately 1.3 million cubic feet per day of digester gas. Based on the energy content of the renewable fuel the City will receive about \$260,000/year or \$2.6M over the initial ten year term. The City will also save approximately \$78,000/year or \$780,000 over ten years for the renewable energy that it buys from BFE under the South Bay power purchase agreement.

Per the California Climate Action Registry Reporting Protocol, the project will reduce CO<sub>2</sub> greenhouse gas emissions by approximately 30.8 million pounds/year as well as significantly reduce the nitrogen oxide, sulfur oxide, CO and PM 10 criteria pollutants. This reduction of CO<sub>2</sub> greenhouse gas emissions would be equivalent to removing three thousand cars per year off the road.

Tom Alspaugh, the City's Senior Mechanical Engineer said "We are pleased this excess digester gas, that is now being flared, is being put to good use for the community in a way that reduces air pollutants and helps the City's budget issues."

“A combination of unique events has enabled BFE to develop the BUDG Project not the least of which has been the support and confidence of the Linde Group and the City of San Diego as well as other BFE team members including SCS Energy, George K. Baum and Co., Trimac Transportation, Otto H. Rosentreter Company, LNM Consulting and FuelCell Energy. The project is also made financially feasible by significant State of California Self-Generation Incentive Program grants administered by the California Center for Sustainable Energy and recently enacted federal investment tax credit grants” said BFE’s Managing Director Frank J. Mazanec.

“BFE’s patent pending process system enables large manufacturing, institutional, and commercial energy customers to reduce their base energy load and greenhouse gas footprint while simultaneously saving money and increase energy supply reliability” said BFE’s Managing Director Ken Frisbie.

**BioFuels Energy, LLC** enables customers to implement 300 KW, 1.4 MW and 2.8 MW fuel cell projects fueled by renewable biogas. BFE’s innovative process extracts and cleans biogas to near natural gas quality from digesters, landfills, and other methane sources for use in producing “bio-methane”, a true renewable energy product. Unique to the BFE process, cleaned renewable fuel is transported off-site to customer locations, generating renewable energy through fuel cells at their facilities. The BFE ownership option allows customers to secure the price they pay for their electricity and heat, without being subject to fluctuations in the energy markets. BFE supplies and finances the entire system while customers experience reduced emissions, utility costs and dependency on the electrical grid.

**The Linde Group** is a world leading gases and engineering company with almost 52,000 employees working in around 100 countries worldwide. In the 2008 financial year it achieved sales of EUR 12.7 billion (USD 15.9 billion). The strategy of the Linde Group is geared toward sustainable earnings-based growth and focuses on the expansion of their international business with forward- looking products and services.

### **Forward-Looking Statements**

This news release contains forward- looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 that involve risks, uncertainties and assumptions, including statements about project completion dates and team members. Actual results and the timing of events could differ materially from those anticipated in these forward-looking statements as a result of several factors including finalizing contracts with third party customers and completing project financing activities. The forward-looking statements made herein speak only as of the date of this press release and the company undertakes no obligation to publically update such forward looking statements to reflect subsequent events or circumstances.

### **Contacts**

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