

Mt. Poso Cogeneration Company Completes Conversion of Power Plant from Coal to 100% Renewable Biofuel Energy

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BAKERSFIELD, Calif.--([BUSINESS WIRE](#))--Macpherson Energy Company and DTE Energy Services (DTEES) today announced that Kern County's Mt. Poso cogeneration plant is completely converted to run 100 percent biomass fuel instead of coal, and is successfully delivering its full capacity of 44 megawatts of clean, renewable energy to the California grid.

"This is a proud day – we're creating jobs, reducing emissions, and delivering clean renewable electricity," said Donald Macpherson, President and Chief Executive Officer of Macpherson Energy. "The new Mt. Poso biomass plant is good for the Kern County economy and good for the environment."

By making a significant investment to convert the Mt. Poso plant, DTEES and Macpherson Energy preserved 30 jobs and created eight new jobs at the facility, as well as creating 90 local jobs during construction and an estimated 100 long term jobs at local firms supplying biomass fuel and providing maintenance and other services to the plant. The renewable energy power plant now operates solely on biomass fuel, primarily urban and agricultural wood waste. Before the 15-month conversion, it had run for 20-plus years on coal.

"We are excited to see Mt. Poso generate clean power at full capacity," said Steve Sorrentino, Vice President, DTEES. "The conversion to biomass energy advances DTE Energy's commitment to green energy. It will ensure a reliable source of energy with state-of-the-art technologies to preserve the environment. Most importantly, the project will bring high-skilled jobs to the Bakersfield area."

The conversion project at Mt. Poso began in November 2010. The plant began producing limited amounts of clean power in November 2011; since then workers have fine-tuned operations to bring energy generation to Mt. Poso's capacity of 44 megawatts.

Mt. Poso is a cogeneration power plant, utilizing steam from the power plant to enhance production in a nearby oil field and using water from the oil field to supply the power plant. Macpherson Energy's wholly owned subsidiary Macpherson Operating Company operates the West Mt. Poso Oil Field, which supplies the water for the cogeneration plant. The water is heated by burning biomass in a boiler to produce steam, which drives a turbine generator unit that in turn produces electricity. An affiliate of DTEES operates the power plant.

Macpherson Energy, which has been an owner of the facility since 1987, increased its ownership interest in 2010 as it and DTEES bought previous partners' interests. DTEES and Macpherson Energy are equal owners of Mt. Poso. The Mt. Poso plant has a long term agreement to sell renewable energy to Pacific Gas and Electric Company. The plant will help PG&E meet California's 33-percent renewable power requirement.

The project benefitted from the New Markets Tax Credits program, established in 2000 to encourage investment in low-income areas. "The use of New Markets Tax Credits was critical in helping this innovative project meet its full potential," said Jim Howard, President of DV Community Investment, the community development entity that provided an allocation of New Markets Tax Credit to the project. "The DV Community Investment team is excited to be part of the conversion of this facility, which is providing many positive community impacts in the greater Kern County area."

JPMorgan Chase provided the tax credit investment for the transaction.

The wood used to fuel the power plant comes from construction waste, tree trimmings, and agricultural sources. The woody-biomass fueled power plant will reduce emissions compared to the previous coal-fired facility. The plant staff has become DTEES employees while oil field employees will continue to be employed by Macpherson Operating Company.

"Investing in energy is investing in America's future," Mr. Macpherson said. "Developing California's oil reserves reduces reliance on foreign oil imports and maintains domestic jobs. Investing in renewable energy sources is a logical expansion of this strategy. We will continue to be a leader in all aspects of energy solutions."

Macpherson Energy Company and its subsidiary Macpherson Oil Company are growing, integrated energy providers headquartered in Santa Monica, CA, with principal oil and gas operations in Kern County, CA, and in Alabama. Macpherson Oil Company is the eighth largest onshore oil producer in California. The company and its employees contribute \$160 million to the economy in royalty payments, payroll, taxes, and contracts with local vendors. More information is available at www.macphersonenergy.com

DTEES, headquartered in Ann Arbor, Mich., acquires, develops, builds, owns and operates projects for large, energy-intensive industrial customers. The company is a subsidiary of DTE Energy Company (NYSE: DTE), a diversified energy company involved in the development and management of energy-related businesses and services nationwide, with operations in 26 states.

<http://www.businesswire.com/news/home/20120222006396/en/Mt.-Poso-Cogeneration-Company-Completes-Conversion-Power>