



Building Feedstock Prices

The Foundation for Cellulosic Biomass Market Success

Forest Products Society
64th International Convention
Madison, Wisconsin

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Stephen J Dinehart III, President

Heartland Business Consultants, Inc.

Ed Corrigan, Director of Finance and Operations

CleanTech Partners, Inc.



Biomass Commodity Exchange (BCEX) Study



Funded by Range of Biomass Stakeholders-

- WE Energies,
- USDA Forest Service
- Wisconsin's Focus on Energy
- New Page, Inc.
- Biorefinery Development Collaborative



Feedstock Price and Supply Concerns



- No Market Prices for Financial Projection
- The Lack of Market Prices Deters Long Term Supply Contract Development
- Significant Relative Price Change Is Expected
- No Price Signals to Encourage L.T. Supply



BCEX
Biomass Commodity Exchange

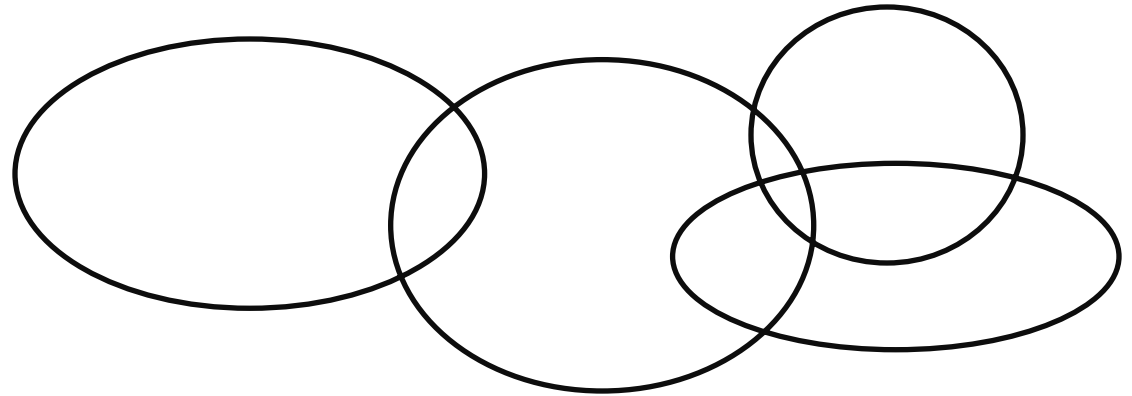
Components of Price

A single transaction price reflects multiple factors that reflect the two individuals.



- General Economic Conditions
- Commodity Supply and Demand-Nat, Local
- Liquidity Needs, Production Requirements
- Time value (implied interest)
- Transaction Costs—Brokerage Fees
- Search Costs
- Counterparty Risk, Probability of Default

Today's Woody Biomass Market Structure



Single Buyer Dominated Markets
Plant Size/Supply Needs
Transportation Surface

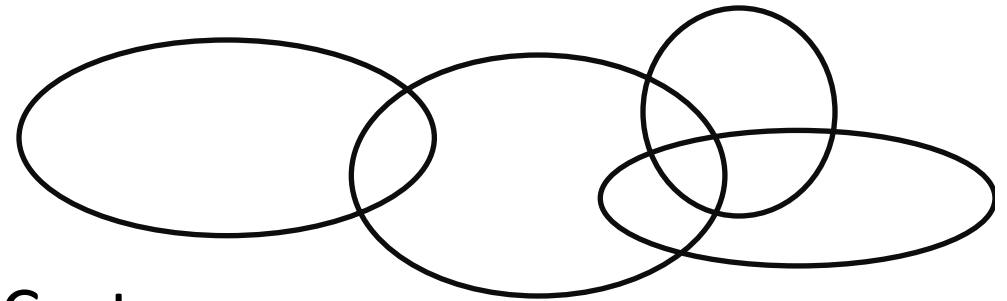
Today's Biomass Market Structure-2



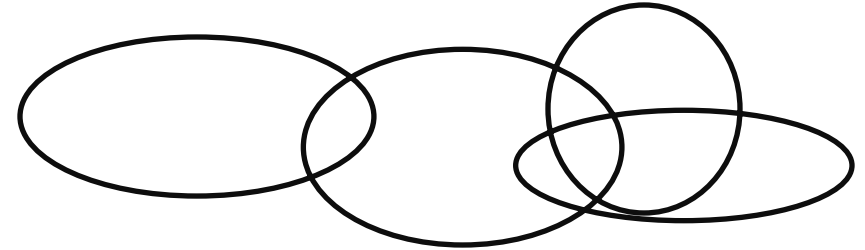
- Social Markets

- Low Search Cost
- Minimal Counterparty Risk
- Minimal Price Volatility
- Acceptance of Default Risk

- Price -Minimal Transaction Costs
 - Buyer Price Bias

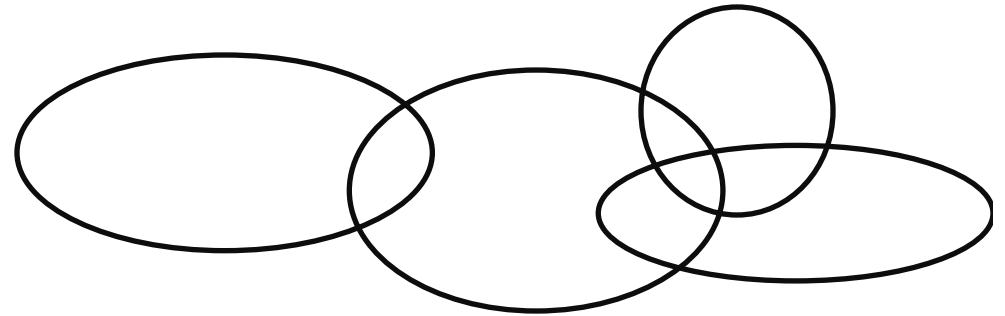


Today's Price Sources



- CBOT Corn for May Delivery is \$3.63/bu.
- What's Market Price for Biomass?

Tomorrow's Biomass Market



- Next 10 Years Projecting a 4 or 5 Fold Increase in Biomass Demand
- Significant Increase in Players
- How Will We Get Market Prices?

Exchanges Reduce the Cost of Cash Trading



- **Trade Facilitation**
 - Reduce the Cost of Finding Buyers or Sellers
 - Reduce the Cost of Negotiating Trades
 - Reduce the Cost of Contract Verification
 - Create a Common Language for Trade
- **Minimize Trade Costs and Minimize Risk**
- **Disseminate Trade Prices**
 - Increase Information, Decrease Uncertainty
 - Incentive for Production, Rational Planning

Product Design--Closed Exchange Structure



- Subscribers/Members
- Qualification—Industry/Economic Interest
- Rules of Conduct/Penalty Structure
- Dispute Resolution Process

Transaction Precepts



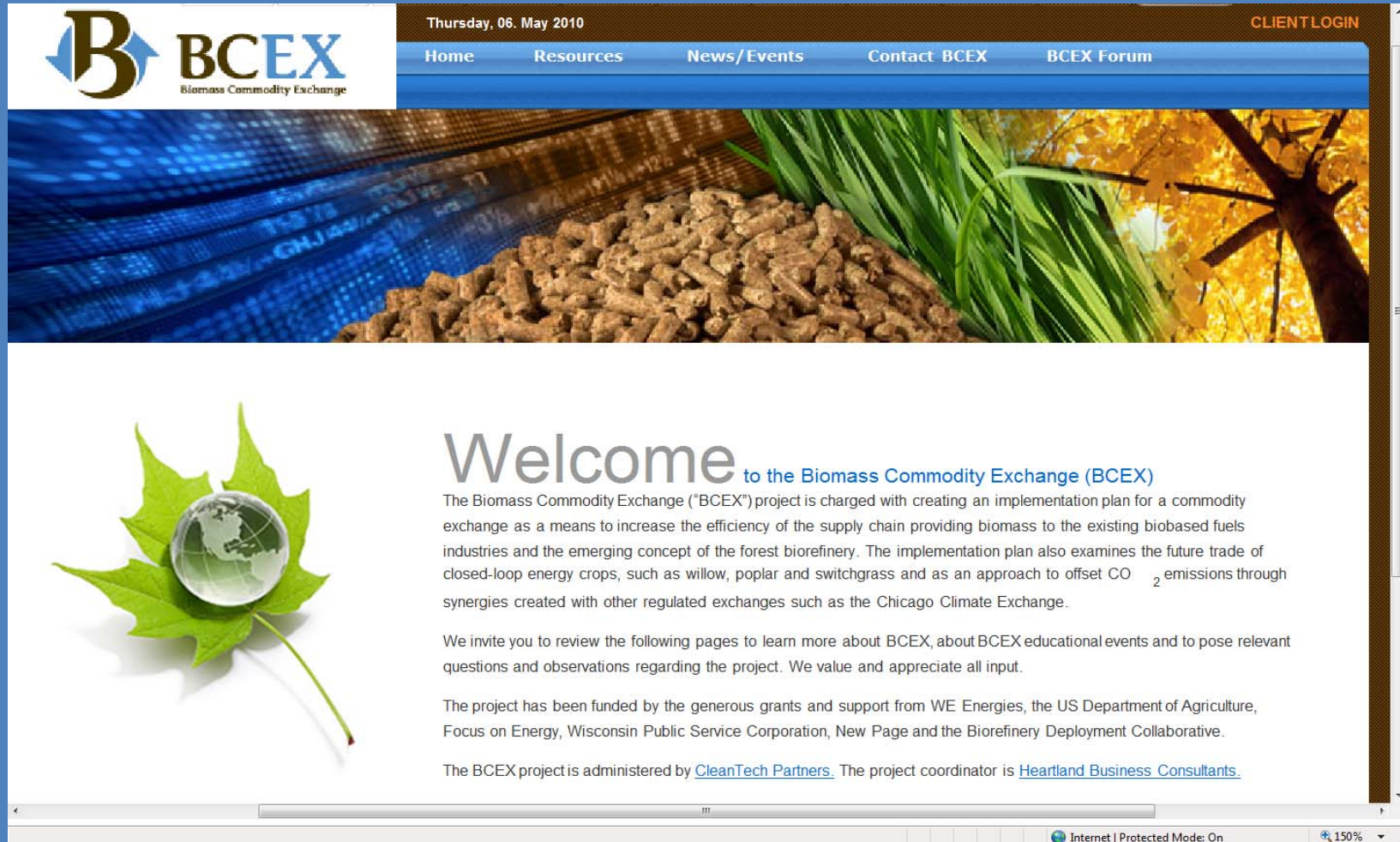
- Member Executed
- Public View
- Exchange Standards/Definitions
- Trade Confirmation/Recordation
- Audit Trail
- Price Dissemination
 - Indicative (Averaged Price)
 - Real time with Standardized Contracts

Transaction Support / “Clearing”



- Contract Verification
- Delivery Notifications
- Inspection/Testing Services
- Settlement Confirmation

Homepage of BCEX Portal (www.theBCEX.com)




The screenshot shows the homepage of the Biomass Commodity Exchange (BCEX) portal. The page features a blue header with the BCEX logo (a stylized 'B' with arrows) and the text 'BCEX Biomass Commodity Exchange'. The date 'Thursday, 06. May 2010' and a 'CLIENT LOGIN' link are also present. A navigation menu includes 'Home', 'Resources', 'News/Events', 'Contact BCEX', and 'BCEX Forum'. The main content area has a large banner image of biomass pellets, green grass, and autumn leaves. Below the banner is a 'Welcome' section with a globe icon on a leaf, followed by introductory text about the BCEX project's goals and funding.

BCEX
Biomass Commodity Exchange

Thursday, 06. May 2010 CLIENT LOGIN

[Home](#) [Resources](#) [News/Events](#) [Contact BCEX](#) [BCEX Forum](#)



Welcome to the Biomass Commodity Exchange (BCEX)

The Biomass Commodity Exchange ("BCEX") project is charged with creating an implementation plan for a commodity exchange as a means to increase the efficiency of the supply chain providing biomass to the existing biobased fuels industries and the emerging concept of the forest biorefinery. The implementation plan also examines the future trade of closed-loop energy crops, such as willow, poplar and switchgrass and as an approach to offset CO₂ emissions through synergies created with other regulated exchanges such as the Chicago Climate Exchange.


We invite you to review the following pages to learn more about BCEX, about BCEX educational events and to pose relevant questions and observations regarding the project. We value and appreciate all input.

The project has been funded by the generous grants and support from WE Energies, the US Department of Agriculture, Focus on Energy, Wisconsin Public Service Corporation, New Page and the Biorefinery Deployment Collaborative.

The BCEX project is administered by [CleanTech Partners](#). The project coordinator is [Heartland Business Consultants](#).

Internet | Protected Mode: On 150%

External Listing Page



10 June, 2009

[CLIENT LOGIN](#)

Home
Registration
Contact BCEX
FAQs
External Listings

BCEX Exchange Ticker Information - Lorem ipsum dolor sit consectetur adipiscing volutpat.

LISTINGS

Refine Listing

By Classification

- ▼ Forest and Plantation Wood
 - Wood Chip
 - Hog Fuel
 - Roundwood
 - Other
- ▶ Densified Wood Product
- ▶ Wood Processing Industry By-product or residue
- ▶ Urban Wood
- ▶ Agricultural Product
- ▶ Agricultural Product Processing By-product

Show Only

Bids Offers

Date Range

FROM: TO:

Origin ▼	Form ▼	Date / Time ▼	Listing ▼	Bid/Offer ▼	Price ▼	Quantity ▼	Delivery Location ▼
Forest and Plantation wood	Wood Chip	5/28/09 4:30 PM	3456	Offer	\$1000	3 Truckloads	Chicago IL 60612-0344
Forest and Plantation wood	Wood Chip	5/28/09 4:30 PM	3456	Offer	\$1000	3 Truckloads	Chicago IL 60612-0344
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BCEX June 2010 Status



- BCEX Portal is up
- Alpha Testing of System Design
- Given financing, BCEX Launch in 2011



Participate - It's YOUR Exchange



- Go to www.theBCEX.com
- Join the Forum
- Give your Feedback—What's Right and Wrong and How do we change it!

THANK YOU!

