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FOR IMMEDIATE RELEASE

NEWS RELEASE

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**RENEGY HOLDS RIBBON-CUTTING CEREMONY TO CELEBRATE THE RECENT
STARTUP OF ITS FIRST BIOMASS PLANT**

TEMPE, Ariz. (September 8, 2008) – Renegy Holdings, Inc. (Renegy) (NASDAQ: RNGY), a renewable energy company focused on acquiring, developing and operating a growing portfolio of biomass power generation facilities, held a ribbon-cutting ceremony last week with elected officials and other dignitaries to formally commemorate the recent startup of its 24 megawatt (“MW”) biomass power generation facility located in Snowflake, Arizona. Renegy’s Snowflake biomass plant, Arizona’s largest renewable energy facility to date, commenced commercial operations on June 10, 2008.

Speakers at the celebratory event included Lori Faeth, Senior Policy Advisor on Natural Resources, Agriculture and Environment to Arizona Governor Janet Napolitano, and Faye Krueger, Deputy Regional Forester for the Southwestern Region of the U.S. Forest Service.

Fueled by a mix of wood waste material (derived from the surrounding National forests and local green waste sites) and waste recycled paper fibers from a newsprint mill located adjacent to the plant site, the Snowflake facility supports the area’s Healthy Forest Initiative and is providing green, renewable power to thousands of Arizona households.

As part of a speech given during the ceremony, Faeth stated, "The Snowflake biomass power plant embraces three important goals that Governor Napolitano has worked for since she took office – restoring our forests, creating economic development opportunities and reducing our dependency on fossil fuels."

Arizona Public Service (APS) and Salt River Project (SRP) jointly hosted the event. Since commencing commercial operations, both utilities have been purchasing electricity from the Snowflake plant under separate, long-term power purchase agreements with Renegy to supply renewable power to their customers.

“Today we mark the operation of a plant that was built on the principle of striking an important balance – reducing the fire danger in our forests while converting forest thinnings into energy,” said SRP General Manager Richard Silverman. “The message this plant sends to the people of Arizona is as important as the power it generates – that we are genuinely committed to the principles of sustainability and environmental stewardship.”

Don Robinson, APS Senior Vice President, Planning and Administration, added, “We are happy to add biomass to our renewable portfolio. It brings our customers another source of clean, renewable energy.”

Bob Worsley, Chairman and CEO of Renegy, stated, “Biomass is an important piece of the renewable energy formula that will both help meet growing electricity demand and reduce our nation’s dependence on fossil fuels. We are proud of what we have accomplished with the commissioning of our Snowflake plant, and look forward to owning and operating many more such plants as we strive to become the leading provider of biomass power in North America.”

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About Renegy

Renegy, based in Tempe, Arizona, is a renewable energy company focused on acquiring, developing and operating a growing portfolio of biomass power generation facilities. Renegy seeks to rapidly grow its renewable energy assets with the goal of becoming the leading independent power producer of biomass electricity in North America utilizing wood waste as a primary fuel source. Renegy's current biomass power generating assets include a 24 MW facility near Snowflake, Arizona that commenced commercial operations in June 2008, and an idle 13 MW biomass plant in Susanville, California. Renegy has also signed Letters of Intent for the acquisition of two additional biomass facilities – an operating 20 MW facility in Loyalton, California and an idle 18 MW facility in Ione, California. Renegy's other business activities include an established fuel aggregation and wood products division, which collects and transports forest thinnings and woody waste biomass fuel to its power plants, and which sells logs, lumber, shaved wood products and other high value wood by-products to provide additional value to its primary business operations. Find Renegy on the Worldwide Web at www.renegy.com.

This news release contains forward-looking statements within the meaning of the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, and is subject to the safe harbors created therein. These statements include, but are not limited to, those regarding Renegy's growth strategy and future opportunities. These statements are subject to risks and uncertainties that could cause actual results and events to differ materially from those expressed in the forward-looking statements. These risks and uncertainties include, among others, the risks associated with the development, generally, of the Company's overall strategic objectives; and the other risks set forth in the Company's most recent Form 10-KSB and subsequent Forms 10-Q filed with the Securities and Exchange Commission. The Company undertakes no obligation to update any forward-looking statements to reflect new information, events, or circumstances occurring after the date of this release.

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