

NEWS



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Arizona's Largest Renewable Energy Plant Commences Commercial Operations

SRP, APS Customers Receive New Biomass Energy

SNOWFLAKE, Ariz. – Arizona's largest renewable energy facility to date – a wood-fired biomass energy plant located near Snowflake, Ariz. – today began providing commercial electricity to Arizona Public Service (APS) and Salt River Project (SRP) customers. Owned and operated by Renegy Holdings, Inc. (NASDAQ: RNGY), the 24-megawatt (MW) plant will provide renewable energy to more than 9,000 Arizona homes.

The Snowflake White Mountain Biomass Power Plant is generating electricity through a wood-burning boiler using forest thinning (wood-waste material from the area's forest industries) and waste recycled paper fibers from an existing newsprint paper mill located adjacent to the biomass facility.

Renegy Chairman and CEO Bob Worsley stated, "We are very pleased to bring on line the largest biomass power generation facility in the state of Arizona, and to begin supplying clean, renewable power to APS and SRP. The commercial operation of our Snowflake plant is a significant milestone for our company, and marks the first of many more biomass plants we plan to own and operate as we seek to rapidly grow our portfolio of renewable energy assets."

"This project not only increases the renewable energy that SRP is able to supply to our customers, but it also responds to the state's Healthy Forest Initiative," said Richard Hayslip, SRP's Associate General Manager.

Don Brandt, APS President and CEO said, "APS is aggressively providing renewable energy to our customers. With the addition of the Snowflake biomass plant and the soon-to-be-built Solana Generating Station, APS' renewable energy portfolio will reach 420 MW – enough to power more than 133,000 homes."

Each utility has signed separate long-term purchase power agreements with Renegy to secure the entire electrical output of the plant.

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At least 75 percent of the Snowflake plant's production will be generated by forest-thinning efforts occurring on U.S. forest lands surrounding the communities of Arizona's White Mountains. The thinning efforts are in support of the Healthy Forest Initiative, a 2003 federal law enacted following the Rodeo-Chediski fire. The law was designed to help protect forest lands against catastrophic fires by focusing on responsible clearing of dense undergrowth and brush in critical areas adjacent to private homes and property.

The remaining 25 percent of the plant's energy output will be generated from unusable, recycled paper fibers discarded by the Catalyst Paper Corp. mill. The mill produces 250 bone-dry tons of unusable paper fiber each day. Prior to being consumed by the Snowflake biomass plant for the production of electricity, the mill's waste material was stored in a nearby landfill.

Already, every APS customer receives a portion of their energy from renewable sources, including wind, concentrating solar power, photovoltaic solar power and geothermal. APS also offers a *Green Choice* program, which gives customers the opportunity to purchase additional renewable energy for only 1 cent per kilowatt hour. More information on APS' renewable programs, including *Green Choice*, is available at www.aps.com.

The commencement of commercial operation at the Snowflake plant marks SRP's entry into the biomass power generation market and will be the newest addition to SRP's EarthWise Energy Program, which consists of 529 megawatts of renewable energy. SRP's EarthWise Energy Program is electricity generated from clean energy sources such as solar, landfill gas, hydro (including low-impact hydro), wind, geothermal and now biomass. SRP customers can participate in SRP's EarthWise Energy Program by paying a small premium on their monthly electric bill to support the continued development of clean energy for future generations. For more information, visit www.srpnet.com/earthwise.

Phoenix-based **Salt River Project** is the largest provider of power and water to the greater Phoenix metropolitan area with more than 925,000 electricity customers.

APS, Arizona's largest and longest-serving electricity utility, serves about 1.1 million customers in 11 of the state's 15 counties. With headquarters in Phoenix, APS is the largest subsidiary of Pinnacle West Capital Corporation (NYSE: PNW).

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'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.

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