

December 7, 2009

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Idaho Sustainable Energy, LLC
23903 Francisco Way
Valencia, CA: California 91354

Dear :

SUBJECT: Biomass Funding Opportunity Announcement DE-FOA-0000096, Recovery Act - Demonstration of Integrated Biorefinery Operations

Application Title: Algae Growth and Harvest Complex for the Production of Algae-Based Biofuel

On behalf of the U.S. Department of Energy (DOE), Golden Field Office (GO), we wish to thank Idaho Sustainable Energy, LLC for its efforts in submitting an application to the subject Funding Opportunity Announcement. We recognize the significant effort expended on the part of your organization to prepare a response to this Announcement. Your Application was carefully reviewed in accordance with the evaluation criteria in the Announcement. Unfortunately, we cannot award every application and must therefore make difficult choices. Your Application was not selected for negotiation of an award.

The enclosed attachment contains the strengths and weaknesses reported by the Merit Review Committee. This letter, along with the attachment, constitutes your debriefing for this Funding Opportunity Announcement.

On behalf of the DOE, I would like to express a sincere appreciation for your interest and participation in this program and hope that you will continue to participate in future activities and programs with the DOE. Any questions can be addressed to me at 303-275-4928 or fred.gerdeman@go.doe.gov.

Sincerely,



Fred Gerdeman
Merit Review Chairperson
US Department of Energy

Enclosure:
Consensus Strengths and Weaknesses

Recovery Act - Demonstration of Integrated Biorefinery Operations

DE-FOA-000096

Record of Consensus Strengths and Weaknesses

Idaho Sustainable Energy, LLC

Project Title: **Algae Growth and Harvest Complex for the Production of Algae-Based Biofuel**

ID Number: **T00003906_2**

Topic: **Topic Area 5**

Criterion 1: Technical Merit

Strengths:

- | | |
|-------------|---|
| Significant | The engineer in charge is experienced in design, development, and construction processes. |
| Significant | Drawing on significant resources, the project incorporates an existing biodiesel plant already 50% built. The company has a proven track record of producing quality biodiesel. |
| Significant | The company appears to have a well qualified and experienced leadership team. |
| Minor | The project is innovative and ambitious. |
| Minor | The proposal included strong letters of support from project participants. |

Weaknesses:

- | | |
|-------------|---|
| Significant | The proposal provides limited information on the optimization of the algae strain for maximum suitable lipid content. |
| Significant | The production of the minor product - cellulosic ethanol - is not well defined. |
| Significant | Applicant did not provide credible discussion of technical critical success factors that are necessary to justify moving forward with the proposed project such as identification of the algae strain that will be used in the project and the process that will be used to produce the cellulosic ethanol. |

Recovery Act - Demonstration of Integrated Biorefinery Operations

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Criterion 2: Commercialization Plan

Strengths:

- Significant The company has existing operations at the biodiesel facility that substantiate its abilities and experience.
- Significant The team demonstrates that it has strong commercialization experience and engineering leaders.
- Minor The biodiesel refinery already exists and will be expanded making good use of existing facilities and resources.
- Minor The proposal indicates a significant degree of financial participation by the applicant, including an 86 million dollar cost share.

Weaknesses:

- Significant No number was provided specifying the percent reduction in greenhouse gases on the cover sheet, but a greenhouse gas analysis was provided. In oral presentation, information was provided showing that GHG reduction was only 78%.
- Significant The petroleum displacement analysis needs greater substantiation. Displacement analysis is based on production of large quantities of ethanol, and this was not clear in the application or oral presentation. It was also not clear if the ethanol co-product (if produced) would be sold as a transportation fuel or used in the process to produce the biodiesel. Description of the petroleum displacement calculation in oral presentation left doubt regarding the actual products that would be produced in the process.

Criterion 3: Project Management

Strengths:

- Significant The Project Management Plan is fully integrated with financial and business systems.
- Significant The applicant is experienced and demonstrates qualified leadership.
- Significant The applicant has demonstrated an ability to build and operate pilot and commercial scale facilities.
- Minor The proposal possesses a stage gate method that adequately described and is coordinated with a resource loaded schedule.

Weaknesses:

- Minor The risk management plan needs clarification. It provided insufficient information for some of the risks, and the mitigation for some was either not explained or was inadequately explained.
- Minor The budget allocation plan needs more detailed information.