



August 12, 2015

To The United States Utility Industry

President Obama's recent announcement mandating the first-ever federal limits on power-plant carbon emissions is a clear signal that the United States utility industry needs to embrace innovative ways of dealing with its emission reduction strategies. Enviro Ambient's technology solution is the only one that makes practical and economic sense for fossil fuel based power producers if they plan on meeting the Obama carbon emissions mandates, maintaining their fleet of fossil fuel based power plants and the jobs that rely on these plants continuing to operate.

Enviro Ambient develops and commercializes clean energy solutions for manufacturers and power generators that use fossil fuels to generate energy to produce electricity, aluminum, steel, and other industrial goods. www.enviroambient.com

Our technology is a perfect fit for fossil fuel based electrical generators, even those that feel that their plants are appropriately "scrubbed".

The Obama Clean Power Plan

On September 20, 2013, the EPA proposed carbon pollution standards for power plants built in the future and kicked off the process of outreach with states, stakeholders and the public to establish carbon pollution standards for currently operating power plants.

On June 2, 2014, the EPA, under President Obama's Climate Action Plan, proposed a plan to cut carbon pollution from existing power plants, and on October 28, 2014, the EPA issued a supplemental proposal to the Clean Power Plan to address carbon pollution from affected power plants in Indian Country and U.S. territories.

By executing these plans, the EPA then proposed mandating power plants to cut U.S. carbon-dioxide emissions 30% by 2030 from levels of 25 years earlier, with utilities required to file a plan with regulators by 2016.

As we now know, the amended rule would require a 32% cut in power-plant carbon dioxide emissions by 2030 from 2005 levels, an increase from the 30% target proposed last year by EPA Administrator Gina McCarthy.



Transient Absorption - The EAC Competitive Advantage

A North American power producer has recently disclosed that the total cost to date of their Carbon Capture and Sequestration (“CCS”) project represents a \$1.4 billion price tag, to generate a net output of 110 megawatts. A quick calculation confirms that this results in a staggering CAPEX of >\$12,000 per kW.

By comparison, with a utility industry supported CAPEX estimate of only \$550 - \$750 per kW, Enviro Ambient delivers a patented, turnkey energy recovery and emissions control technology that provides greater than 95% reduction in emissions (sulphur dioxide [SO_x], nitrogen oxide [NO_x], mercury [Hg], and particulates [>PM₂]), and via our transient absorption process, greater than 50% reduction in carbon dioxide [CO₂], with a CO₂ purity factor in excess of 85%.

The economic competitive advantage that EAC’s transient absorption process enjoys is staggering.

Enviro Ambient Versus Natural Gas Conversion

The deployment of our technology can be implemented at a cost of less than 50% of the capital cost of a combined cycle power plant and provides an option for utilities to continue operation of their fleet of coal-fired power plants. As a result, customers will no longer be exposed to significant rate increases when coal-fired plants are shuttered and replaced by new gas-fired combined cycle power plants. Not only does this give Enviro Ambient a significant competitive advantage, it also ensures that once our technology is deployed by power generators, utility services can be provided at rates that are fair, reasonable and nondiscriminatory to utility consumers.

Utilities – Their Challenge / Our Solution

Not only is Enviro Ambient a leading edge technology solution provider for the United States utility sector, we work every day to attempt to defend and protect America’s utility industry, its employees and customers, from the continuing barrage of environmental regulation imposed on it by the EPA and others. As importantly, we are greatly concerned about this country’s energy supply, energy security, energy sustainability and grid integrity.

In response to regulatory mandates such as the ones recently announced by the Obama administration, pro-coal organizations and coal fired electrical generators have historically criticized these types of EPA mandates, with very little effect. Arguments have included the fact



that there exists no technical solution to effectively respond to these proposed mandates (which is untrue), while others have argued against these sorts of mandates out of concern for energy security, energy sustainability and grid integrity. All the while, mandates are imposed and enforced, fossil fuel (particularly coal) plummets as a key contributor to the overall energy mix, energy shortages increase, and electricity rates sky rocket.

In May of this year, it was reported by the Washington Post that pro-coal organizations had criticized a recently released peer reviewed study that was published in Nature Climate Change. This study argued that many parts of the country could see immediate improvements in air quality as a side-effect of the EPA's proposed "Clean Power Plan" regulations.

Coal supporters complained that the study failed to examine a wider range of impacts, including local economic costs. One organization stated that shuttering some of the nation's coal-fired power plants could increase utility bills for poorer consumers. They also suggested that the EPA's plan could lead to temporary shortages of electricity, an assertion made by industry-backed studies but disputed by several independent analysts.

One quote suggested that "Taking coal power offline will lead to electricity disruptions including blackouts, brownouts and rationing".

Unfortunately, these arguments continue to be ineffective and frankly, fly in the face of public opinion. The result; fossil fuels contribution to the overall energy mix continues to erode and further advances the prospect of increased energy shortages and ever increasing electricity rates for rate payers.

Recently I attended the Wall Street Journal's annual conference, **ECO:nomics**; The Future of Business and the Environment. During this conference, I had occasion to sit in on an interview conducted by the Journal's Editor-in-Chief Gerard Baker with EPA Administrator, Gina McCarthy. It was quite clear during this interview that McCarthy remained undeterred by objections to the Clean Power Plan and to arguments regarding the constitutionality of the EPA's utilization of the Clear Skies Act to impose and enforce this Plan. As she stated during the interview, even if the Clean Power Plan is challenged in the courts (and it will be) and even if these legal machinations advance over four to five years, all the way to the Supreme Court, utilities will still be required to file their plans by 2016 and to implement same within the requisite time frames imposed under the Plan. As a result, and even in the event that the Supreme Court rules against the EPA four or five years from now, the EPA still achieves its objectives.



It is clear that the Clean Power Plan will, in one form or another, be implemented and executed by the EPA. Recent announcements only reinforces this point. As such, the domestic fossil fuel based utility industry needs to decide if it wants to be part of the solution by taking advantage of technologies like Enviro Ambient's and, as a result, reclaim its position as the dominant provider of electricity in the United States.

Enviro Ambient is a marvelous partner for fossil fuel based power generators and we want to work with them to defend and protect America's utility industry, its employees and customers, from the continuing barrage of environmental regulation imposed on it by the EPA and others. A different approach is needed and our organization, working in tandem with fossil fuel based power generators, has the ability to lead in this regard. This is vitally important in defense of this nation's energy supply, energy security, energy sustainability and grid integrity.

Regards,

ENVIRO AMBIENT CORPORATION

A handwritten signature in black ink, appearing to read "T.S. Thompson", is written over the typed name.

T.S. (Tom) Thompson
Chairman & CEO