FUELING A SUSTAINABLE FUTURE™

# *The Benefits of Biofuels*

*Presented to:*
***Stony Brook Small Business Development Center***

**June 8, 2011**

*Presented by:*
**Tom Torre**
**CFO & Vice President**
**METRO**

# METRO'S HISTORY

METRO

METRO was founded in 1942 by Pauline Pullo, a forward thinking woman who supplied NY with a cleaner form of fuel. Since 1982, Pauline's grandsons, Paul & Gene Pullo, have owned & ran the company. In 1986, they acquired the Greenpoint terminal, putting them into the wholesale business. METRO has grown into one of the NY Metropolitan Area's largest family owned energy suppliers & distributors.

# METRO'S BROOKLYN FACILITY

Residing right next to the Newton Creek, METRO's Greenpoint site is the home of a multi-million gallon terminal, storage facility and main office. METRO is able to receive their products through pipeline, as well as delivery from barges. Also on site is METRO's mechanical shop, so our fleet can be as reliable as our products and services. All of METRO's products have been stored and delivered from the Brooklyn location, which is open 24/7/365.

# METRO'S LONG ISLAND FACILITY

METRO is also currently building a biodiesel storage and office facility at Enterprise Park in Calverton, Long Island,. This project is in conjunction with The Calverton Rail Access Rehabilitation Project, which will allow METRO to transport its fuel from Brooklyn to Long Island via rail spur reducing truck transport. METRO will be storing ULSD, #2 Heating Fuel, and biodiesel at this facility. The office will be open in Second Quarter 2011 and storage will begin by the end of 2011.

# METRO'S BIOFUELS PROCESSING PLANT

In Fourth Quarter 2011, METRO will open a 110 million gallon capacity biodiesel processing plant on site. This will be one of the largest biofuel plants in the United States. METRO's processing facility will be able to accept virtually all kinds of feedstock - including soy, canola, animal fats, waste-grease and algae. This facility will also utilize state-of-the-art technology that is designed to re-use water and recycle waste to maximize plant efficiency.

# METRO'S TRUCK FLEET


**All deliveries are made with METRO's own 55 truck fleet from our state-of-the-art storage facilities strategically located in the New York Metropolitan Area. Having our own fleet insures that METRO's customers receive their product on-time and at the best possible price. METRO's million mile fleet, runs on B20 biodiesel eight months of the year, and either B5 or B10 four months of the year in the winter, which produces 750,000 pounds of Carbon Reduction!**

# GOT EQUIPMENT?

**METRO also offers full service and maintenance plans to keep your heating equipment running at peak performance. METRO carries the highest quality heating and cooling equipment ranging from 32,000 BTU heating systems for single homes to 2,000,000 BTU commercial systems.**

# COMMERCIAL USE

Why are METRO's commercial products and services kept to the highest standards and quality? It's our business approach: METRO works hard to be the kind of company you want to do business with. You'll see this dedication firsthand whether it is in METRO's heating capabilities or from our decades of experience providing quality controlled heating fuels at a competitive price. For large residential and commercial heating fuel, METRO delivers fuel for mid- to large-size apartment buildings, factories, fleets, and industrial production facilities.

# TRADITIONAL ENERGY SOURCES – FOSSIL FUELS

COAL

NATURAL GAS

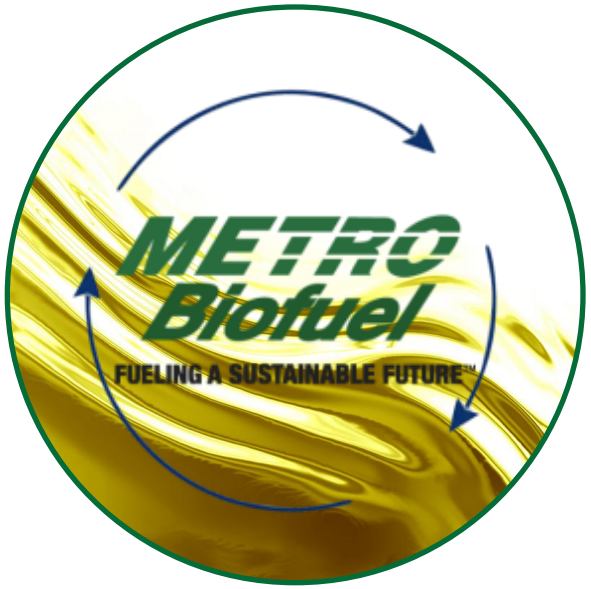
OIL

Coal, natural gas and oil are finite resources, also known as fossil fuels. These fuels are known to contribute to global warming, air pollution and have negative health effects on our local population.

# WHAT IS GREENHEAT™?

BIOHEAT®

BIODIESEL®




METRO's GreenHeat™ and BioMax™ created by utilizing a combination soy bean oil, used restaurant grease, animal fats and ultimately algae to create an alternative energy source blended with a traditional heating oil.

# USING ENERGY WISELY

METRO has noticed that companies now focus on energy conservation and implementing sustainability practices. Therefore, METRO has built our portfolio of products around the demand for energy efficient solutions. METRO provides the most efficient and environmentally friendly energy products that are best for you and your building.  METRO has already helped many companies make the seamless transition to GreenHeat™, which saves money and lowers your carbon footprint with reduced emissions. METRO can supply you with the cleanest products, while also meeting your economic goals.

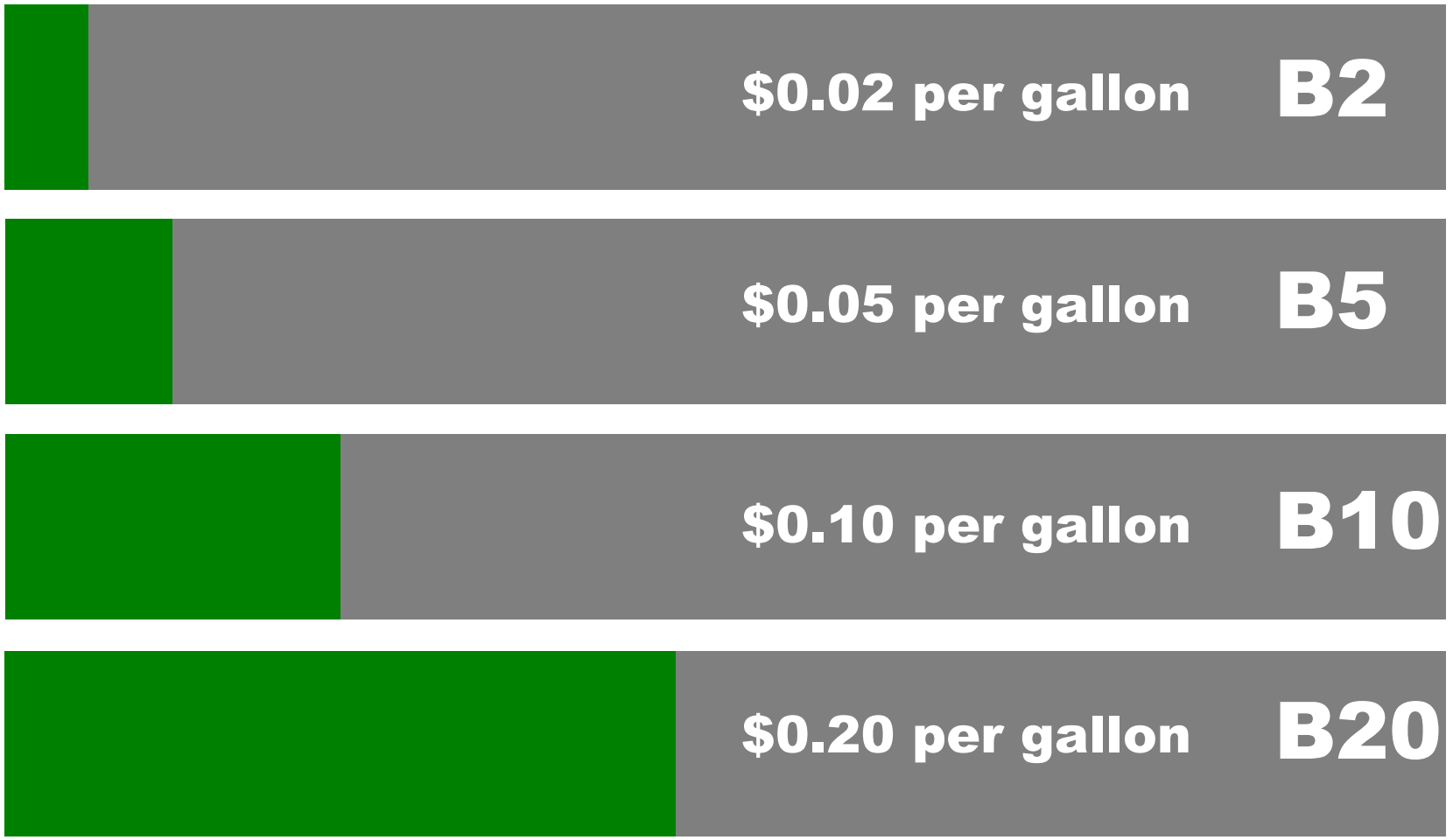
| | BIOHEAT (B5 #2) | HEATING OIL (#2)* | NATURAL GAS | ULTRA-LOW SULFUR HEATING OIL #2 |
|---|---|---|---|---|
| TYPE |  |  |  |  |
| STACK TEMP | ~ 400 Degrees | ~ 450 Degrees | ~ 450 Degrees | ~ 450 Degrees |
| BTU VALUE (PER GALLON) | ~ 128,600 BTU | ~ 138,550 BTU | ~ 100,000 BTU per therm | ~ 129,500 BTU |
| AIR QUALITY | < 1200 PPM $SO_2$ Low Particulates | > 1500 PPM $SO_2$ High Particulates | ~ 0 PPM $SO_2$ Low Particulates | < 15 PPM $SO_2$ Low Particulates |
| EMISSIONS | ~ 105Lbs $CO_2$ | ~161 Lbs $CO_2$ | ~119 Lbs $CO_2$ | 135 Lbs $CO_2$ |

*All information retrieved from the U.S. Energy Information Administration, National Biodiesel Board and U.S. Environmental Protection Agency

**Emissions of key air pollutants from heating oil have been substantially reduced over the past three decades to levels that are comparable and, in some cases lower than, natural gas. As the use of lower sulfur fuel oil and bioheat expands, residential and commercial heating oil could become the best option for lowering annual air emissions. -- John E. Batey, PE, president of Energy Research Center, Inc.**

# BIOFUELS: CLEAN HEATING FUEL CREDIT

## Tax Credit = 1¢ per 1% of "B"



# BIOFUELS BENEFITS AND STANDARDS

In 2006, METRO became one of the first companies in the country to earn the coveted BQ-9000 Certified Marketer designation from The National Biodiesel Accreditation Program, due to its commitment to a rigorous adherence to quality production and high performance standards, METRO is dedicated to making clean heating and transportation fuel energy solutions available in order to keep our nation competitive and vibrant.

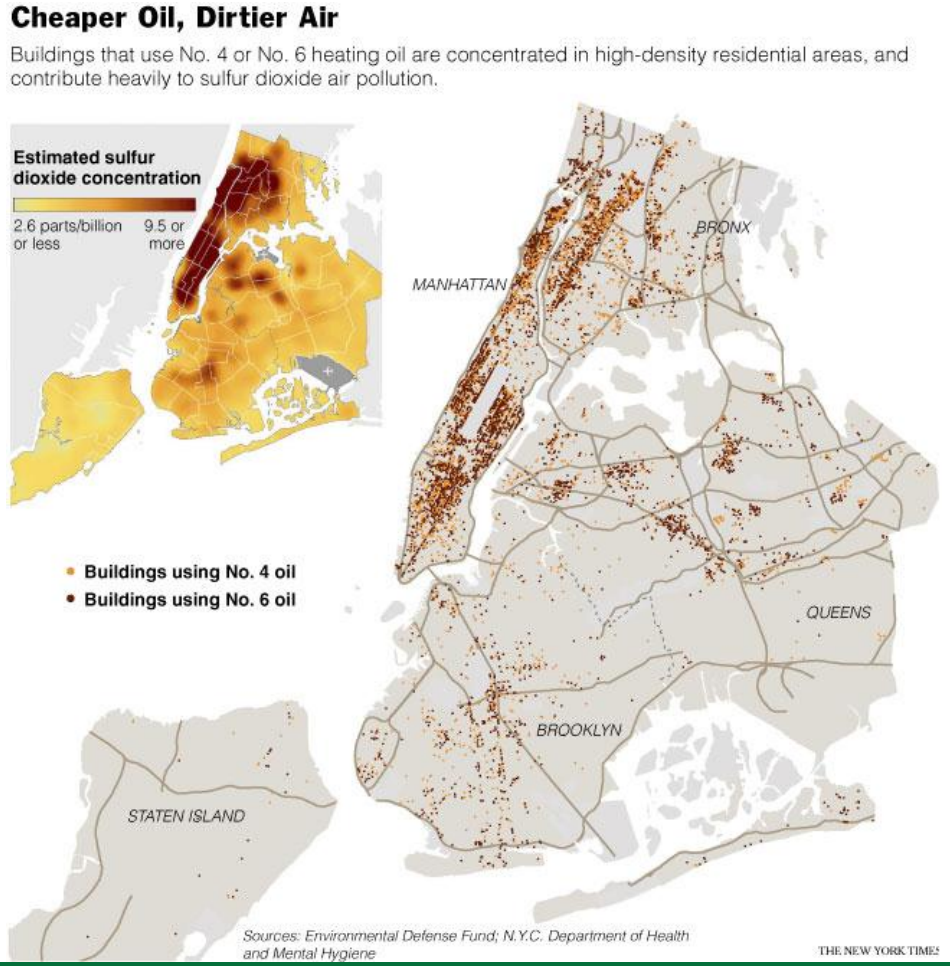
The National Biodiesel Accreditation Program is a cooperative and voluntary program for the accreditation of producers and marketers of biodiesel fuel called BQ-9000.The program is a unique combination of the ASTM standard for biodiesel, ASTM D6751, and a quality systems program that includes storage, sampling, testing, blending, shipping, distribution, and fuel management practices.

Biodiesel is the only alternative fuel to have fully completed the health effects testing requirements of the Clean Air Act. The use of biodiesel results in substantial reduction of unburned hydrocarbons, carbon monoxide, and particulate matter compared to emissions from traditional fuel.

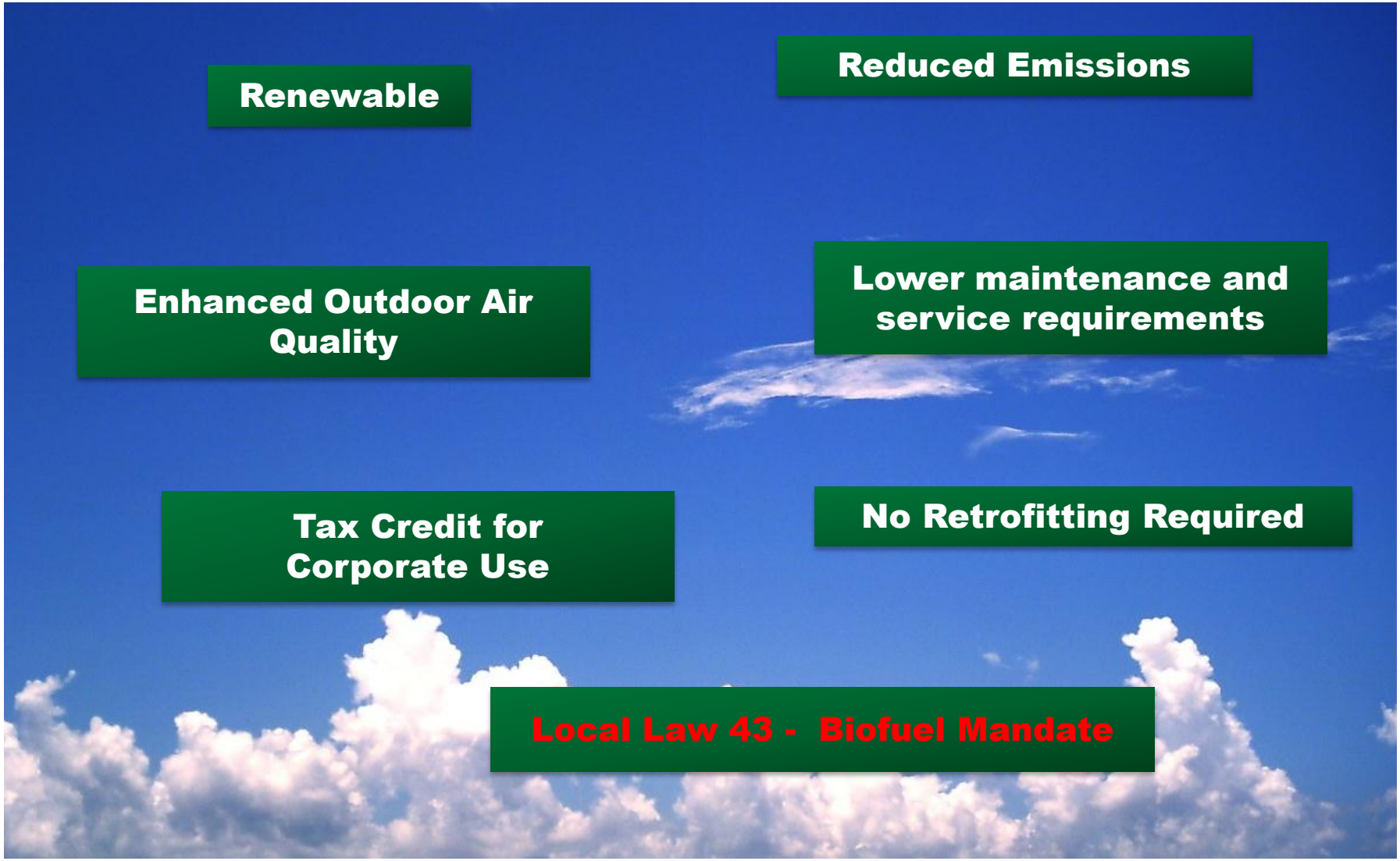
FROM THE... The New York Times

# Studies Find Heavy Heating Oil Has Severe Effect on Air Quality

***"City officials say older people and young children are particularly vulnerable to air pollution, which can irritate the lungs and worsen conditions like asthma and emphysema, as well as increase the risk of heart attack and premature death."*** - Mireya Navarro, December 31, 2009



# BIOFUELS: BENEFITS

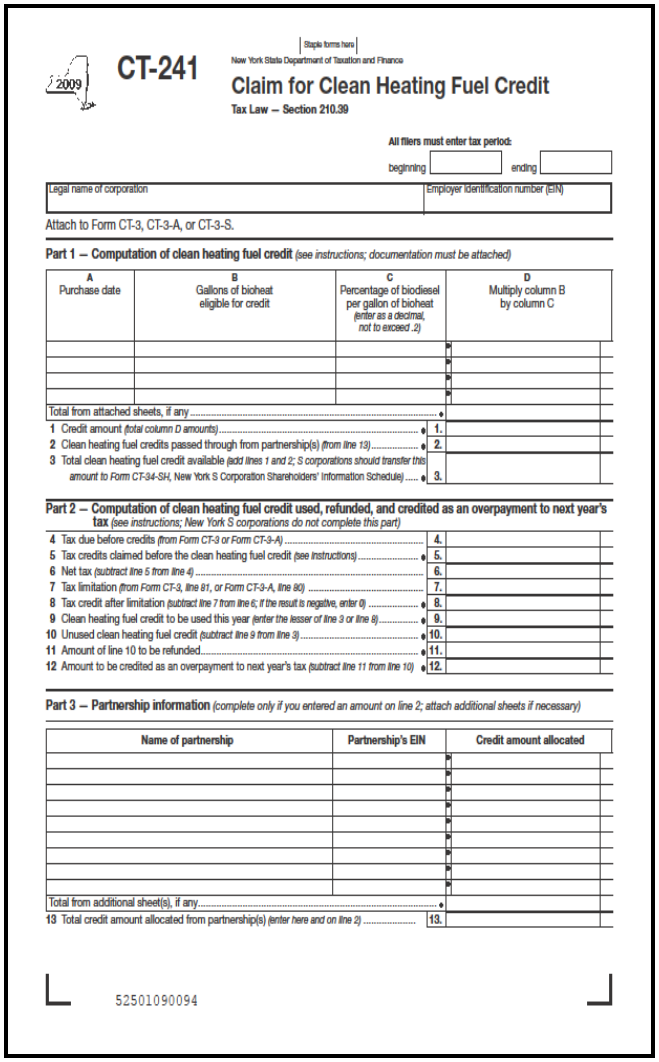


# RECENT LEGISLATIONS

On August 16, 2010, Mayor Bloomberg signed Local Law 43, requiring all grades of heating oil used in the city of New York to contain at least 2% biodiesel starting in October 2010. Local Law 43 is one of the City's most significant pieces of environmental legislation to be passed in recent years.

On July 20, 2010, Governor Paterson signed legislation that caps the sulfur content of #2 home heating oil to 15 parts per million (known as Ultra Low Sulfur Heating Oil), the same level required of transportation diesel on the federal level. When this law goes into effect in July 2012, it will reduce the sulfur content in home heating oil by 99%.

# BIOFUELS: CLEAN HEATING FUEL CREDIT



2009

Staple forms here

New York State Department of Taxation and Finance

## CT-241

## Claim for Clean Heating Fuel Credit

**Tax Law — Section 210.39**

**All filers must enter tax period:**

beginning _____ ending _____

Legal name of corporation | Employer identification number (EIN)

Attach to Form CT-3, CT-3-A, or CT-3-S.

**Part 1 — Computation of clean heating fuel credit** *(see instructions; documentation must be attached)*

| A Purchase date | B Gallons of bioheat eligible for credit | C Percentage of biodiesel per gallon of bioheat (enter as a decimal, not to exceed .2) | D Multiply column B by column C |
|---|---|---|---|
| | | | |
| | | | |
| | | | |
| | | | |
| Total from attached sheets, if any | | | |

1 Credit amount *(total column D amounts)* — 1.
2 Clean heating fuel credits passed through from partnership(s) *(from line 13)* — 2.
3 Total clean heating fuel credit available *(add lines 1 and 2; S corporations should transfer this amount to Form CT-34-SH,* New York S Corporation Shareholders' Information Schedule) — 3.

**Part 2 — Computation of clean heating fuel credit used, refunded, and credited as an overpayment to next year's tax** *(see instructions; New York S corporations do not complete this part)*

4 Tax due before credits *(from Form CT-3 or Form CT-3-A)* — 4.
5 Tax credits claimed before the clean heating fuel credit *(see instructions)* — 5.
6 Net tax *(subtract line 5 from line 4)* — 6.
7 Tax limitation *(from Form CT-3, line 81, or Form CT-3-A, line 80)* — 7.
8 Tax credit after limitation *(subtract line 7 from line 6; if the result is negative, enter 0)* — 8.
9 Clean heating fuel credit to be used this year *(enter the lesser of line 3 or line 8)* — 9.
10 Unused clean heating fuel credit *(subtract line 9 from line 3)* — 10.
11 Amount of line 10 to be refunded — 11.
12 Amount to be credited as an overpayment to next year's tax *(subtract line 11 from line 10)* — 12.

**Part 3 — Partnership information** *(complete only if you entered an amount on line 2; attach additional sheets if necessary)*

| Name of partnership | Partnership's EIN | Credit amount allocated |
|---|---|---|
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| Total from additional sheet(s), if any | | |

13 Total credit amount allocated from partnership(s) *(enter here and on line 2)* — 13.

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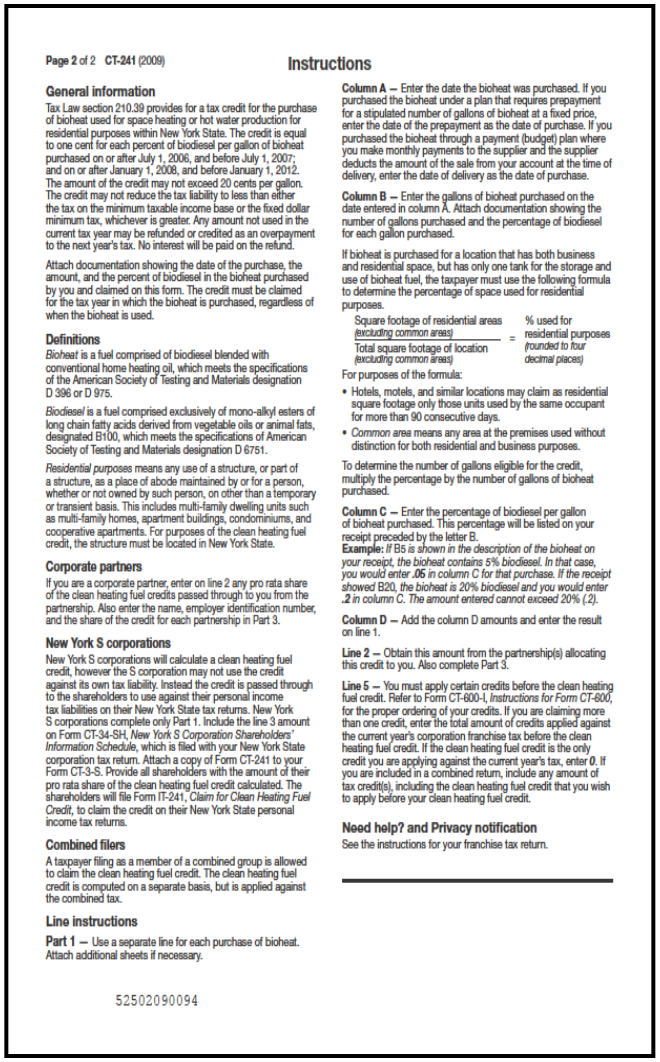



## Instructions

### General information

Tax Law section 210.39 provides for a tax credit for the purchase of bioheat used for space heating or hot water production for residential purposes within New York State. The credit is equal to one cent for each percent of biodiesel per gallon of bioheat purchased on or after July 1, 2006, and before July 1, 2007; and on or after January 1, 2008, and before January 1, 2012. The amount of the credit may not exceed 20 cents per gallon. The credit may not reduce the tax liability to less than either the tax on the minimum taxable income base or the fixed dollar minimum tax, whichever is greater. Any amount not used in the current tax year may be refunded or credited as an overpayment to the next year's tax. No interest will be paid on the refund.

Attach documentation showing the date of the purchase, the amount, and the percent of biodiesel in the bioheat purchased by you and claimed on this form. The credit must be claimed for the tax year in which the bioheat is purchased, regardless of when the bioheat is used.

### Definitions

*Bioheat* is a fuel comprised of biodiesel blended with conventional home heating oil, which meets the specifications of the American Society of Testing and Materials designation D 396 or D 975.

*Biodiesel* is a fuel comprised exclusively of mono-alkyl esters of long chain fatty acids derived from vegetable oils or animal fats, designated B100, which meets the specifications of American Society of Testing and Materials designation D 6751.

*Residential purposes* means any use of a structure, or part of a structure, as a place of abode maintained by or for a person, whether or not owned by such person, on other than a temporary or transient basis. This includes multi-family dwelling units such as multi-family homes, apartment buildings, condominiums, and cooperative apartments. For purposes of the clean heating fuel credit, the structure must be located in New York State.

### Corporate partners

If you are a corporate partner, enter on line 2 any pro rata share of the clean heating fuel credits passed through to you from the partnership. Also enter the name, employer identification number, and the share of the credit for each partnership in Part 3.

### New York S corporations

New York S corporations will calculate a clean heating fuel credit, however the S corporation may not use the credit against its own tax liability. Instead the credit is passed through to the shareholders to use against their personal income tax liabilities on their New York State tax returns. New York S corporations complete only Part 1. Include the line 3 amount on Form CT-34-SH, *New York S Corporation Shareholders' Information Schedule*, which is filed with your New York State corporation tax return. Attach a copy of Form CT-241 to your Form CT-3-S. Provide all shareholders with the amount of their pro rata share of the clean heating fuel credit calculated. The shareholders will file Form IT-241, *Claim for Clean Heating Fuel Credit*, to claim the credit on their New York State personal income tax returns.

### Combined filers

A taxpayer filing as a member of a combined group is allowed to claim the clean heating fuel credit. The clean heating fuel credit is computed on a separate basis, but is applied against the combined tax.

### Line instructions

**Part 1** — Use a separate line for each purchase of bioheat. Attach additional sheets if necessary.

**Column A** — Enter the date the bioheat was purchased. If you purchased the bioheat under a plan that requires prepayment for a stipulated number of gallons of bioheat at a fixed price, enter the date of the prepayment as the date of purchase. If you purchased the bioheat through a payment (budget) plan where you make monthly payments to the supplier and the supplier deducts the amount of the sale from your account at the time of delivery, enter the date of delivery as the date of purchase.

**Column B** — Enter the gallons of bioheat purchased on the date entered in column A. Attach documentation showing the number of gallons purchased and the percentage of biodiesel for each gallon purchased.

If bioheat is purchased for a location that has both business and residential space, but has only one tank for the storage and use of bioheat fuel, the taxpayer must use the following formula to determine the percentage of space used for residential purposes.

$$\frac{\text{Square footage of residential areas (excluding common areas)}}{\text{Total square footage of location (excluding common areas)}} = \text{\% used for residential purposes (rounded to four decimal places)}$$

For purposes of the formula:

- Hotels, motels, and similar locations may claim as residential square footage only those units used by the same occupant for more than 90 consecutive days.
- *Common area* means any area at the premises used without distinction for both residential and business purposes.

To determine the number of gallons eligible for the credit, multiply the percentage by the number of gallons of bioheat purchased.

**Column C** — Enter the percentage of biodiesel per gallon of bioheat purchased. This percentage will be listed on your receipt preceded by the letter B.
**Example:** *If B5 is shown in the description of the bioheat on your receipt, the bioheat contains 5% biodiesel. In that case, you would enter .05 in column C for that purchase. If the receipt showed* B20, *the bioheat is 20% biodiesel and you would enter .2 in column C. The amount entered cannot exceed 20% (.2).*

**Column D** — Add the column D amounts and enter the result on line 1.

**Line 2** — Obtain this amount from the partnership(s) allocating this credit to you. Also complete Part 3.

**Line 5** — You must apply certain credits before the clean heating fuel credit. Refer to Form CT-600-I, *Instructions for Form CT-600*, for the proper ordering of your credits. If you are claiming more than one credit, enter the total amount of credits applied against the current year's corporation franchise tax before the clean heating fuel credit. If the clean heating fuel credit is the only credit you are applying against the current year's tax, enter *0*. If you are included in a combined return, include any amount of tax credit(s), including the clean heating fuel credit that you wish to apply before your clean heating fuel credit.

### Need help? and Privacy notification

See the instructions for your franchise tax return.

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# METRO'S PERFORMANCE EVALUATION (#6 OIL VS. B2 GREENHEAT™)

METRO

| GREENHEAT™ PERFORMANCE REPORT | | |
|---|---|---|
| **Contact Information** | | |
| **Boiler Information** | | |
| **Make and Model** | Rockmills MP 200 | |
| **Year** | 1971 | |
| **Under Warranty (Y/N)** | | |
| **BOILER # 1** | **DATE RANGE** | |
| **PERFORMANCE INFO** | 3/31/2010 | 4/10/2010 |
| Boiler # | 1 | 1 |
| Firing Rate | 60.0 | 60.0 |
| Primary Oil Temp | 110.0 | 130.0 |
| Nozzle Heater Temp | 155.0 | 150.0 |
| Smoke | 1.0 | - |
| CO2 | 8.5 | 10.0 |
| Temperature | 400 | 400 |
| Grade of Oil | 6 | 6 |
| Efficiency | 80.00 | 82.00 |
| Strainers Suction | 2.0 | - |
| Strainers Pressure | 22.0 | 24.0 |
| Tank Cut (H2O) | - | - |
| Inventory | 4,500 | 7,148 |
| Tank Size | 10,000 | 10,000 |
| Tank Temperature | 110.0 | 130.0 |
| #6 Oil | Y | - |
| B2 #6 Oil | - | Y |
| B5 #6 Oil | - | - |
| B10 #6 Oil | - | - |
| B20 #6 Oil | - | - |

METRO

| GREENHEAT™ PERFORMANCE REPORT | | |
|---|---|---|
| **Contact Information** | | |
| **Boiler Information** | | |
| **Make and Model** | Rockmills MP 200 | |
| **Year** | 1971 | |
| **Under Warranty (Y/N)** | | |
| **BOILER # 2** | **DATE RANGE** | |
| **PERFORMANCE INFO** | 3/31/2010 | 4/10/2010 |
| Boiler # | 2 | 2 |
| Firing Rate | 60.0 | 60.0 |
| Primary Oil Temp | 110.0 | 130.0 |
| Nozzle Heater Temp | 130.0 | 140.0 |
| Smoke | 1.0 | 1.0 |
| CO2 | 11.0 | 11.5 |
| Temperature | 450 | 350 |
| Grade of Oil | 6 | 6 |
| Efficiency | 81.50 | 84.50 |
| Strainers Suction | 2.0 | - |
| Strainers Pressure | 22.0 | 23.0 |
| Tank Cut (H2O) | - | - |
| Inventory | 4,500 | 7,148 |
| Tank Size | 10,000 | 10,000 |
| Tank Temperature | 110.0 | 130.0 |
| #6 Oil | Y | - |
| B2 #6 Oil | - | Y |
| B5 #6 Oil | - | - |
| B10 #6 Oil | - | - |
| B20 #6 Oil | - | - |

# WHY BIODIESEL?


When mixed with petroleum based fuels, biofuels result in a cleaner burning fuel, which can be used in most engine systems. Many fleet managers have determined biodiesel is their least-cost-strategy to comply with state and federal regulations. Save with big tax credits when you use biofuels.

# SOME SUPPORTERS OF BIODIESEL







**The following and engine manufacturers support biodiesel:**

- Caterpillar
- Mack
- Detroit Diesel
- Cummins
- International/Navistar
- Ford Motor Co.

# BIOFUELS ARE REGULATED – THERE ARE PERFORMANCE STANDARDS








# METRO: STAY CONNECTED


## METRO Social Media

**Facebook:**
**http://www.facebook.com/metroenergy**

**Twitter:**
**http://www.twitter.com/metrofueloil**