

October 10, 2006

Mr. Joseph M. Bell, President and CEO
Bell IPC
1221 Pittsford-Victor Road
Pittsford, NY 14534

Subject: Cellulosic Ethanol Plant

Dear Mr. Bell:

It was a pleasure meeting with Brian Flynn and Jerry Walter of your firm. I understand that you were fogged in at Dulles. I can assure you that Brian and Jerry did a great job representing your company.

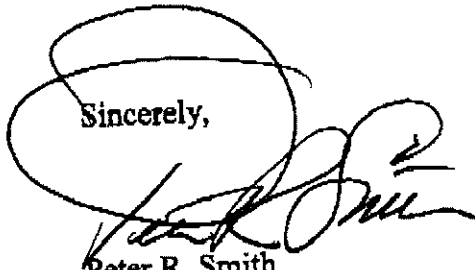
As I indicated in my last letter, NYSERDA is very interested in locating a cellulosic ethanol facility in New York State. Your proposed integrated facility, as Brian described it, sounds like a very promising project.

At the close of the meeting, we told Brian and Jerry that we would let you know what further information we need before we begin the various processes that could lead to release of the property at the Western New York Nuclear Service Center for use in connection with the ethanol facility. After some discussion here, we have determined that in order to proceed, we would need a more detailed description of the proposed facility, including its emissions profile; a business plan for the facility; and a statement from Cohen & Company concerning how the facility will be financed with and without a grant from the U.S. Department of Energy.

Upon satisfactory review of these items, we will schedule a preliminary meeting with U.S. Nuclear Regulatory Commission staff to flesh out the process for releasing property from the license. Before NYSERDA can make any commitment to transfer the property, the issue would have to be brought before NYSERDA's Board and their approval would have to be obtained.

Thanks again for your interest.

Sincerely,

A handwritten signature in black ink, appearing to read "Peter R. Smith", written over the word "Sincerely,".

Peter R. Smith
President and CEO

cc: William T. King, Supervisor, Town of Ashford
Honorable Crystal J. Abers, Cattaraugus County Legislature
Honorable E. George Pataki, Governor, State of New York
Honorable Hillary Rodham Clinton, US Senate
Honorable Charles E. Schumer, US Senate
Honorable Thomas M. Reynolds, US House of Representatives
Honorable John R. Kuhl, US House of Representatives
Honorable Joseph L. Bruno, New York State Senate
Honorable Catherine M. Young, New York State Senate