CEO CFO

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intelligent electricity

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The Most Powerful Name In Corporate News and Information

With their Low Cost Biodrying Process Facility up and Running in St. Patrice, Outside of Quebec Canada, the Acquisition of a Co-Generation Plant that will be Reassembled and Running by September of 2012 and a Long-Term Contract with Hydro Quebec, Innoventé Inc. is Well Positioned for Future Growth

Energy
Alternative Energy
(IGE-TSXV)

Innoventé Inc.

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Richard Painchaud
President and CEO

BIO:
Richard Painchaud has over 20 years experience as a serial entrepreneur in the cleantech arena. Before starting Innoventé in 2004, he founded and managed three successful companies specializing in clean water, air pollution mitigation and toxic soil remediation. Mr. Painchaud holds a degree in microbiology from Laval University, Quebec.

Company Profile:
Innoventé produces electricity from residual biomass. We call this intelligent electricity because it does not require fossil fuels, nuclear fission products or disruption of the food chain. Innoventé's intelligent electricity is produced locally from waste and residues in the region where it operates.

At the heart of Innoventé's technologies is a patented drying process, developed over the last 10 years by the Research and Development Institute for the Agri-Environment (IRDA). This biological drying process (biodrying) allows Innoventé to extract water from waste and transform it into biofuel. In addition to intelligent electricity, Innoventé produces useful heat and fertilizers and helps reduce greenhouse gas emissions.

Innoventé is completing its first plant in St. Patrice, Quebec. The plant will produce 4.6 MW of electricity that will be sold to Hydro-Québec over a 25-year period according to an existing power purchase agreement. With this first plant, Innoventé launches its growth strategy and plans to replicate this project in Canada, the U.S. and worldwide.

Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFOinterviews.com

CEOCFO: Mr. Painchaud, what was the vision when you founded Innoventé and where are you today?
Mr. Painchaud: I am a microbiologist and have always worked in the environmental field. With my previous companies, I sought solutions for organic waste management, mainly for wastewater treatment plants, but also for waste from the industrial sector. Over the years, I found that the existing solutions for organic waste management caused many environmental problems and there had to be other ways to avoid landfilling. I realized that producing energy with organic wastes, otherwise considered a liability, would make sense. Innoventé was started on the premise that energy could be produced from organic waste if we had the proper technology to transform of all types of organic wastes into energy.

CEOCFO: Is Innoventé the result of that search and how was your technology developed?
Mr. Painchaud: Yes. We found a technology developed in Quebec, in a research center called IRDA (Research and Development Institute for the Agri-Environment). They were working on a technology that would dry animal manure and transform it into an odorless and pathogen-free biofertilizer. They had been working on that drying technology for 10 years, but realized the biofertilizer market wasn't as big or easy to reach as they thought. In 2004, I met with them and offered to use their technology to produce a combustible. It marked the start of a great partnership. We were finally both working towards the same goals: offering a solution for organic waste management, producing a biocombustible with a high heating value and delivering a green energy alternative.

CEOCFO: Would you explain your technology and what Innoventé has figured out that other people have not?

Mr. Painchaud: Our technology is very simple. It comes from the idea that 75% of all organic wastes produced are wet and cannot be combusted without extracting their water content. The drying technology developed by IRDA is based on the principle of composting. The residual wastes are dried in 7 days, with only the help of microorganisms. Those microorganisms grow very fast and produce heat used to dry the material. For this reason, our biodrying process is one-sixth the cost of other standard drying methods.

CEOCFO: What happens to the water?
Mr. Painchaud: The heat transforms water into vapor that is extracted from our biodryers. That is mainly how we dry the material. It is all a mater of getting the temperature high enough to transform the water into vapor. Once out, the vapors condense into nitrogen-rich water. In the future, we intend to recapture the nitrogen in the vapors to produce fertilizers that are in high demand.

CEOCFO: Is this a patented process?
Mr. Painchaud: Yes, the whole process is patented. Our business model is built around the reality that in our industry of electricity production from biomass, feedstock is the main challenge. Other companies are using woody biomass but they are facing availability and economic concerns. There is also an ethical debate on whether or not it is acceptable to cut trees down to produce electricity since the trees play a crucial role in mitigating greenhouse gases. Innoventé's solution uses a different type of biomass that we call residual biomass, a type of waste that would otherwise go to landfills. Innoventé also specializes in using wet types of residual biomass, which means that we do not face the same economic problems the woody biomass industry is facing. We are getting paid to take most of our feedstock; that, combined with our low-cost drying solution, creates an economic model that makes sense. The biocombustible we produce is odorless, pathogen-free and has a higher heating value than most woody biomass.

CEOCFO: Would you tell us about your facility in Quebec; what is happening today and who is currently using your process?
Mr. Painchaud: At this point, we have commissioned our first biodryer in St. Patrice, our first plant, 35 minutes outside Quebec. The St. Patrice plant will have the capacity to transform up to 50,000 tonnes of organic waste a year. Along with that, we are in the process of building a combined heat and power (CHP) plant; its fuel will be our biodried combustible. The CHP was purchased in Newfoundland. We dismantled it and have transported 90% of the equipment to our plant in St. Patrice. The team is now working to rebuild the CHP plant, and we estimate the start of operations to be September of 2012. In February, 2010 we signed a long-term contract with Hydro-Quebec, the main power utility in Quebec. We signed a 4.6 megawatt contract with them for 25 years starting in September, 2012, at a price of 12 cents per kilowatt hour.

Investors need to understand that we have a huge problem in dealing with most of our organic waste and there are no magic solutions out there. However, we are offering a solution by taking wet organic waste, transforming it into a biocombustible and using it as fuel in a CHP plant to produce intelligent electricity and heat. - Richard Painchaud

CEOCFO: Where are you now with the plant and what are the future plans after this one is up and running?
Mr. Painchaud: On November 25th we announced a $13.6 million financing. We will use it to help complete our first plant in St. Patrice. While we are making sure this project is working, we are looking at other opportunities to replicate the model. St. Patrice and the surrounding towns produce enough organic waste to supply our plant. In other words, we do not transport waste over a 50 mile distance. The Innoventé solution is a regional model and encourages local organic waste management and local energy production.

Most provinces in Canada offer Feed-in-Tariffs, programs guaranteeing to buy electricity at a fixed price. Some programs are buying at 12 cents, 13 cents and even up to 17.5 cents per kilowatt-hour. These are mainly long-term contracts and therefore very interesting for us. We are looking for new potential projects in the Province of Quebec, but also in Ontario, in the Maritimes and in New England.

CEOCFO: Are the power companies aware of Innoventé, or are you still flying under the radar screen?
Mr. Painchaud: We are clearly under the radar and we meant it to be that way, because we wanted our first plant up and running before we do anything else. However, we are looking for partners and at this point, we are already talking to a few in the US. We want to talk to companies who are equipment providers such as Siemens and ABB. We are also looking for organic waste management companies that want to offer different technologies and we are open to that. We could be replicating our model in our own region, in Ontario and the Maritimes, but outside of these provinces, we are looking for partners who will provide knowledge of their territories and help us pave our way.

CEOCFO: Would Innoventé be licensing your technology or running the projects remotely?
Mr. Painchaud: We are looking for joint ventures that would complement our partners. We have the biodrying expertise, but also a relevant concept of regional plants. Therefore, we are looking for partners that would complete our expertise in electricity production and also have access to capital that we struggle to raise, being a small cleantech company.

CEOCFO: Are people generally receptive given the history of the biomass industry?
Mr. Painchaud: There is a lot of talking to do. We are working in a field that has had many ups and downs, and this is why we have come up with a different story to tell. We often have trouble getting our foot in the door

because we use biomass, and people remember what has gone wrong in the industry. Many of the big biomass companies are selling their assets. However, we are a new generation of biomass. Once we get that first meeting, everything changes. People see that we are solving most of the problems related to biomass energy and the whole solution makes sense. We are focusing on building small plants (up to 10 MW) and using local waste. That being said, we have been very fortunate so far, and people see the potential for our vision.

CEOCFO: You have raised considerable money in a time when that is hard to do; are investors paying attention and do they understand what is unique about Innovente?

Mr. Painchaud: Yes they are. This time we raised more than $5 million in equity and for a small company, it is huge. In addition, big institutions raised most of that amount, which is a clear message that they are still looking for the kind of technology we offer. We are very confident that we will keep finding investors.

CEOCFO: Do you have enough funds to get up and running or will you need to raise more?

Mr. Painchaud: These funds will allow us to get our first plant up and running. However, we are looking to get a few more contracts by next summer. At the moment, every time we build a new plant, we need to get capital, so we will be raising money again around next spring. We will keep looking around for that next financing round.

CEOCFO: In closing, why should potential investors pay attention to Innoventé today and what might they miss that they would need to understand?

Mr. Painchaud: Investors need to understand that we have a huge problem in dealing with most of our organic waste and there are no magic solutions out there. However, we are offering a solution by taking wet organic waste, transforming it into a biocombustible and using it as fuel in a CHP plant to produce intelligent electricity and heat. That is, in a nutshell, what we are doing.

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