



**BEFORE THE
COMMONWEALTH OF MASSACHUSETTS
HOUSE COMMITTEE ON ENVIRONMENT, NATURAL RESOURCES AND
AGRICULTURE**

**HEARING ON
“GREEN JOBS”
IN THE GOVERNOR’S
ENVIRONMENTAL BOND BILL
TESTIMONY OF DANIEL P. GOLDMAN
EXECUTIVE VICE PRESIDENT AND CHIEF FINANCIAL OFFICER
GREATPOINT ENERGY, INC.
(www.greatpointenergy.com)**

Boston, MA

January 15, 2008

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MR. CHAIRMAN and Members of the Committee, my name is Daniel Goldman. I am the Executive Vice President and Chief Financial Officer of GreatPoint Energy, and a co-founder of several clean energy technology companies in our Commonwealth and a co-founder of Environmental Entrepreneurs, a group of business professionals who advocate that good environmental policy benefits business. Thank you for your invitation to testify today regarding the importance of developing and sustaining green jobs in the Commonwealth. GreatPoint is an advanced gasification technology company. Our technology allows us to convert feedstocks directly into pipeline quality methane or natural gas. As my testimony will explain, GreatPoint represents one of the most significant technological advances in clean catalytic gasification technology with the ability to capture and properly sequester carbon dioxide as well as capture and properly dispose of criteria pollutants from its facilities, and we are on track to deploy our plants at commercial scale in the near future. Moreover, we represent a significant future employer in the Commonwealth.

Introducing Great Point

GreatPoint does not fit the image of a start-up energy technology company. For one thing, we were able to get a running start. Our advanced gasification technology draws on – and includes many patented and significant improvements over – many years of synfuels research and development that the United States promoted and began to carry out as an urgent matter of national policy during the Energy Crisis of the 1970s. This is one key reason why GreatPoint’s technology will soon be ready for commercial deployment, even though our Company is relatively new. We stand on the shoulders of giants, and are now reaching the heights they had hoped to reach until that 1970s version of the Energy Crisis passed, oil and gas prices fell, and gasification technology development languished. The founders of GreatPoint Energy launched our company in a sincere desire to make a major contribution toward solving the current energy and global environmental crisis.

Our company is based in Cambridge, Massachusetts. Because of our gasification technology – and, we like to think, the top management team we’ve attracted – we are fortunate to have gained the confidence, support, and funding of some of the greatest names in American venture capital, especially within the clean energy technologies sector: Advanced Technology Ventures, Draper Fisher Jurvetson, Kleiner Perkins, and Vinod Khosla. Recently, we raised a \$103 million round of capital, one of the largest venture capital deals of the year and one of the largest deal every completed in the area of clean technology. The strategic investors participating in this round included Citigroup, The Dow Chemical Company, the AES Corporation, Suncor Energy, Inc., and Peabody

Energy, Inc. These multinationals further validate the attractiveness of our technology to address two critical drivers: dramatically higher natural gas prices and dependence on imported supplies as a result of depleted reserves in North America; and, environmental imperatives that require the development and use of carbon feedstocks in a responsible manner.

Our bench-scale tests, and our much larger pilot test facility, have operated successfully and on a sustained basis. We have met or exceeded all our performance goals for this stage of our technology development.

We currently have fifty-five employees, nearly all of whom are highly experienced in developing, scaling, and deploying gasifiers, oil refineries, and power plants. Many of our employees are based in Illinois at the moment. However, we are ramping up rapidly now and will be building a demonstration facility and R&D center at the Dominion Resources Brayton Point Power Plant in Somerset, MA. We have the Governor and Secretary Bowles to thank for putting us together with Dominion and working to help bring this major technology demonstration facility to the Commonwealth. Ultimately, we expect to have approximately 100 staff in the Commonwealth, many of whom will be highly skilled operators and researchers. The construction of the facility, which will begin next month, will also create significant jobs and economic development. In this context, I cannot emphasize enough the criticality of having a skilled, professional labor force in the Commonwealth to support our growth plans. Of particular importance are process engineers, mechanical engineers, lab technicians and research and development specialists. The clean technology sector in the

Commonwealth is growing at an extraordinary rate. The principle drivers of this growth include company formation, venture capital sources, the creation of a clean tech community, supportive government policies and incentives, and the historical R&D focus driven by the enormous university research. We applaud this Committee for considering ways in which the Commonwealth can help to build a solid work force and enable more clean technology companies, one of the fastest growing sectors of the U.S. economy, to locate here.

Commercial Deployment

As I mentioned at the outset, GreatPoint's technology has already been demonstrated successfully both at bench scale and at the much larger scale of our pilot test facility which we operated over the past year at the Gas Technology Institute's test facility outside Chicago.

We will next build a permanent facility which will be our final step before full commercialization of the technology. Our first commercial project operating on pet coke will be constructed in cooperation with several of our investors, including AES and Suncor.

In the context of our scale-up plans, nothing could be more important than the legislation that is moving into conference and which could further support our efforts to create one of the cleanest commercial fuels available at highly competitive prices. An important part of this legislation is the need to create a separate portfolio standard for gasification where there is a commitment to sequester the carbon dioxide. We fully

support this legislation and the need to require sequestration as part of the requirement. However, we also feel that the legislation should encourage new technologies and, especially in the context of building a strong economic base of employment within the Commonwealth, that there should be a requirement that such qualifying technologies are new and not just “more of the same” conventional gasification that is not particularly resource efficient or cost effective. There are a multitude of new gasification technologies capable of sequestering carbon dioxide and generation gas or electricity. These are the technologies for which the legislation needs to be designed.

Our business model is focused on building, owning, and operating these commercial projects ourselves, in conjunction paid construction contractors and in partnership with our strategic industrial allies. As I mentioned at the outset, we expect our first project to begin producing revenue in the 2012 time frame. Within a decade our goal as a company is to a material contribution of the North American natural gas requirements from coal and petroleum coke, and from biomass feedstocks as well.

Great Point in Perspective

I hope my testimony, the information available on our website (www.greatpointenergy.com), and whatever answers or additional information that I can provide in response to questions or further inquiries from Committee will reassure you that (1) our company, for one, does have a clean technology to gasify biomass, coal and petroleum coke, and that this represents a significant advance, (2) commercial

deployment of this technology is relatively imminent, not some far-fetched dream for the distant future, and (3) that we intend to create substantial new jobs in the Commonwealth if the legislative environment is competitive and supportive for companies such as ours.

At the same time, I want to acknowledge three points. First, our company could not be where it is without the great technological innovations and inventions of the scientists and engineers who came before us. Those far-sighted predecessors of ours were encouraged and largely funded by Congress and elsewhere in the U.S. government during the Energy Crisis of the 1970s. This goes to show that government can help.

Second, the advanced coal gasification sector is large, and the potential market, both domestically and globally, is huge and represents a major environmental improvement over generating electricity in conventional coal-fired power plants. There is ample room for several useful and successful technologies in this field, and for many companies developing them. At GreatPoint, we simply intend to do the best possible job deploying the technology, and to do it as rapidly and on as large a commercial scale as may be reasonably possible. To do so, we need the development of a superior technical and engineering workforce, which will form the core of our company.

Finally, in this spirit, there are additional things that I believe the Commonwealth could do that would be useful to us and other companies focused on gasification that would speed the development of clean biomass, coal and petroleum coke-based technologies. Most important of these is the portfolio standard for gasification that sequesters its carbon dioxide. In short, we believe the conversion of biomass and carbon feedstocks to natural gas is at least as compelling, if not significantly more compelling,

than conventional gasification and also as important to the nation's energy independence as wind, solar, hydro and geothermal technologies (all of which receive significant tax benefits currently). We simply ask that it be treated equally with these other technologies when government support is available. My associates and I at GreatPoint would welcome the opportunity to discuss our technology and recommendations further with you and your staff.

Thank you again for this opportunity to appear before you.