

Testimony of Mark Simmons in support of HB 3597

Thank you for hearing HB 3597

This bill has been brought forward because recycling technology has outpaced the regulatory framework in place today and agencies are struggling to appropriately regulate an exciting new recycling technology that has been developed right here in Oregon. This new advanced recycling technology will change how plastic is managed and recycled around the world by taking mixed waste plastic that would otherwise be sent to a landfill and converting it to a light sweet crude oil in an economically efficient yet labor intensive manner.

The bill changes current law governing both the Departments of Energy and Environmental Quality.

The bill has been amended to reflect a compromise with DEQ. We do not believe the words "energy recovery" found in Section 3 of the bill accurately describe this advanced recycling technology. The crude oil produced by the Agilyx system is an industrial feedstock that can be converted to many products that all require additional processing before they can be realized including new plastic. How it is used after it is shipped is out of our hands. The agencies have chosen to focus on the fact that it can also be refined into fuel and thus energy. However, in the interest of moving this bill along we have agreed to compromise with DEQ on the current language.

Nearly two years ago the Department of Energy (ODOE) was presented with a BETC application for the Agilyx facility that is currently operating in Tigard. After an extended period of discussion ODOE precertified the application as a Research Design and Development project (RD&D). ODOE has since then discouraged any further applications for BETC support for this technology because staff do not perceive a clear path for this technology in current statute. HB 3597 would remedy that by providing language in Section 1 of the bill that makes it explicit that "equipment used solely for processing waste plastic into crude oil" qualifies as a "Recycling Facility". With that definition future applicants could apply for a "Recycling Market Development" tax credit equal to 35% of qualifying capitol costs. We understand that the future of the BETC is uncertain; however there are several projects ready to move forward if this legislation is adopted by the legislature this session.

There has been concern that this technology may change how waste plastic is currently recycled. We believe all waste should be recycled to its highest and best use and the markets should be allowed to define highest and best use. For example milk jugs are currently recycled back into new plastic containers and it is more profitable to use them in that way then to convert them to crude oil in the Agilyx system. The markets can and do determine highest and best use of any given material.

There are many wins here for Oregon; we are once again on the forefront of practical environmental stewardship and extending the reputation we have in that arena and this new technology is labor intensive and will create many new green and sustainable jobs at a time when they are desperately needed.

Once again I want to thank you for hearing HB 3597.

**Who We Are** Environmental services and alternative energy company  
**What We Do** Design, sell/finance and/or operate systems which convert difficult-to-recycle waste plastics into synthetic crude oil

**Headquarters** Tigard, OR

**Employees** 21 (+ 10 contractors)

**Capital Raised** Recently closed Series B financing  
**Permits** 1<sup>st</sup> to be fully permitted to operate in U.S.

**Contracts** 5 year off-take contract: US Oil & Refining, Tacoma WA

**Patents** 1<sup>st</sup> patent issued; 5 patents pending; Oregon technology

**Oil Delivery** Shipped 130,000 gallons of oil; 1<sup>st</sup> in world

**Awards** Portland Biz Journal – 2009 Product Innovation of the Year  
 TechAmerica – 2010 Cool Product of the Year

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# agilyx

House Energy, Environment and  
 Water Committee  
 Oregon HB 3597 Testimony

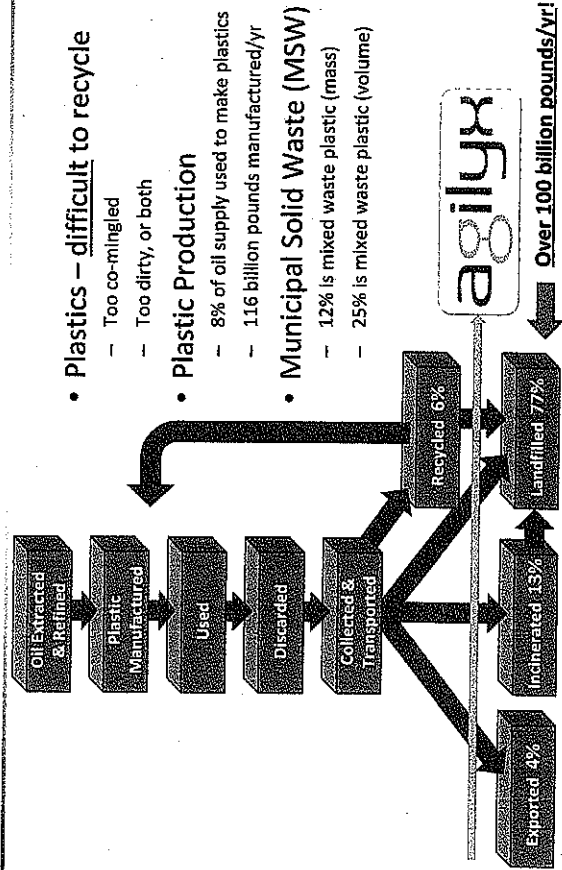
Chris Ulum  
 Chief Executive Officer

April 7, 2011

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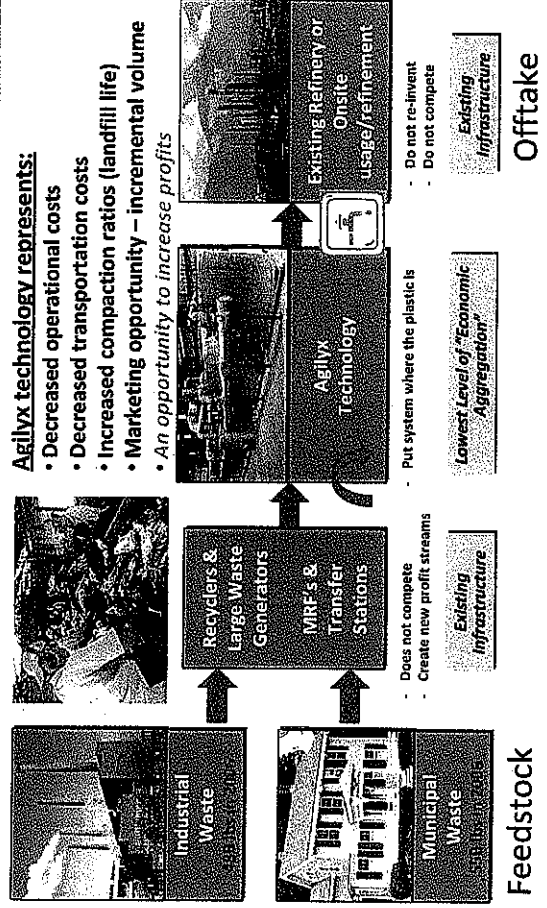
## The Problem (U.S.)

- **Plastics – difficult to recycle**
  - Too co-mingled
  - Too dirty, or both
- **Plastic Production**
  - 8% of oil supply used to make plastics
  - 116 billion pounds manufactured/yr
- **Municipal Solid Waste (MSW)**
  - 12% is mixed waste plastic (mass)
  - 25% is mixed waste plastic (volume)

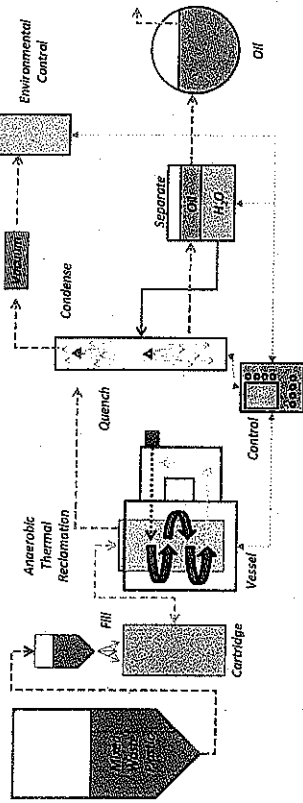


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## The Agilyx Solution



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- > **Simple** - modular, scalable design based on the quantity of plastic available
- > **Versatile** - only system in world which handles any combination of mixed waste plastics (including PVC)
- > **Tolerant** - handles contamination from dirt, glass, paper, metal, food, etc.
- > **Continuous Batch Configuration** - front-end batch process enables maximum uptime, back-end gas-to-oil process is continuous operation

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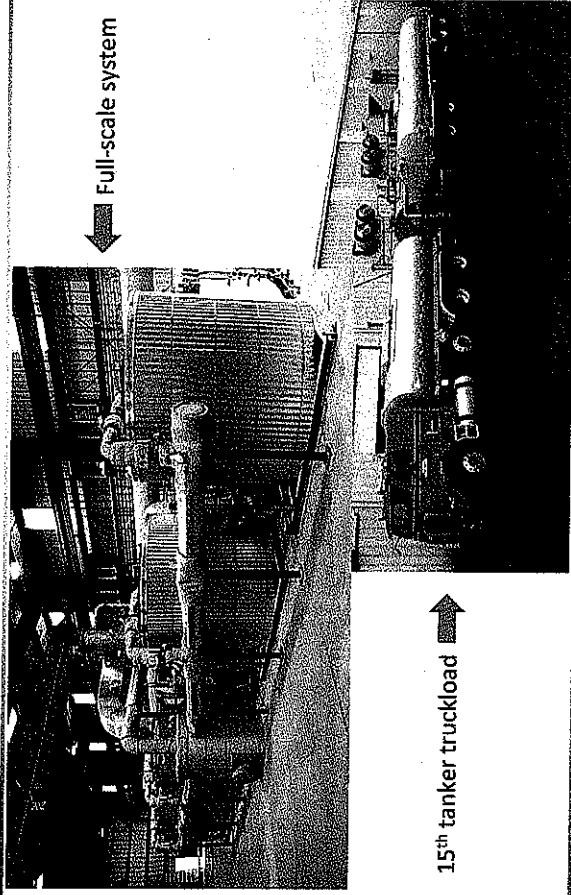
**Problem:**

- Current statutory language may be too subjective
- Technology has out-paced legislation
  - Creates confusion in agencies
    - Permitting
    - Incentives

**Potential Impact:**

- An Oregon technology company
- Could divert over 300 million pounds of plastic from landfills or incinerators
- Could create over 1000 permanent jobs
- Could produce over 30 million gallons of oil, right in Oregon
- All this can happen faster with better clarity in the statutes

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