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New Generation Biofuels Raises \$1.5M For Working Capital

Staff Reporters

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A week after starting production at its Baltimore plant, New Generation Biofuels Holdings Inc. issued new shares and warrants to raise \$1.5 million for working capital as it continues to test and enhance its renewable fuel technology.

The marketing of the new equity issue took approximately three weeks, and the investors in were a mix of new and recurring shareholders, said Cary Claiborne, New Generation's chief financial officer, in an interview with Clean Technology Insight.

The Lake Mary, Fla.-based company owns the rights to a technology that blends water, additives and vegetable oils in an emulsion process that is cheaper and cleaner than most other technologies in the market and produces a fuel that can replace diesel in power generators and heating oil.

New Generation's Baltimore plant, which completed its commissioning stage on Feb. 26, has a production capacity of 5 million gallons per year, and its production is currently geared toward New Generation's two main customers: Taunton State Hospital of Taunton, Mass., and Dynegy Inc. of Houston.

Taunton State uses New Generation Biofuels' product in its industrial boilers, purchasing about 300,000 gallons annually. Dynegy, an electricity generator and marketer, uses up to 1.7 million gallons of New Generation's product at a power plant in Oakland, Calif.

Claiborne said that New Generation will boost its Baltimore plant production as it signs up more clients. Dynegy, for instance, is meeting only one-third of its Oakland plant with the biofuel, so it could potentially expand its contract. Electric utility Progress Energy Florida, a subsidiary of Progress Energy Inc., is currently running tests on the fuel for use in boilers.

New Generation's shares on the Nasdaq ended down 4.1% Wednesday at 70 cents each.

<http://www.newgenerationbiofuels.com>

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