

Meeting: Wednesday, **January 10, 2001**

Doubletree Guest Suites Hotel
Exit 27B off Route 128 (I-95), Waltham, MA

4:30 Board Meeting (open to all)
5:30 Registration and Networking
6:30 Dinner and Presentation

Space Limited - Registration strongly encouraged
CALL the Reservation Line Today: 781-446-0125
Or email reservation to: arthur1771@aol.com

\$30 per person; \$15 per student with ID

Why Electric and Gas Costs Are Sky Rocketing

Program Description

The year 2000 has most certainly ushered in a precarious energy predicament, one that most Americans would rather forget. Could the energy woes of the seventies repeat itself? Twenty-five years later, history is somewhat replicating itself, creating opportunities for many in the energy world to make money, or die trying to.

Not only is the price of energy becoming more volatile, but also the reliability of getting it to the retail market is now questioned more than ever. Price and Reliability are the two focal points of most of the questions I am asked when commenting on oil, gas, and electric prices and deregulation. What is the rationale for the public's concerns?

This month's meeting will focus on some of the reasons why our electric and natural gas costs have dramatically increased, and suggest some things we can do to minimize the effect on our own budgets as well as the budgets of our customers.

Discussions of the following types of questions will be covered: Why is there a standard offer, as well as a default price? Why does my neighbor pay 20% less for power than me? Who made up these rules? Can I save money by putting my gas and/or electricity out to bid? What can I do?

These are challenging times for energy consumers in dealing with volatile energy cost and supply issues. Our nation, as well as the world is beginning to drastically increase the attention being given our industry, and they are turning to the AEE and its members to assist them in dealing with the issues. We welcome the challenge and look forward to the helping the cause.

I welcome you to stop by and partake in the January AEE monthly meeting, and look forward to your participation.

Speaker:

Richard J. Costello, P.E., C.E.M., C.E.P., C.D.S.M.P, C.LE.P.
of Siemens Building Technologies

Before being acquired by Siemens, Mr. Costello was Founder and President of Westwood Energy Group, a Boston based energy procurement consulting firm created specifically for the purpose of assisting organizations with the assessment, procurement, and use of energy in the deregulated marketplace. Mr. Costello has extensive experience in the fields of energy production, utility services, energy conservation, as well as power and gas purchase negotiations and agreements.

Mr. Costello was previously the Power Supply Manager for the Massachusetts Bay Transportation Authority during the period the MBTA negotiated a power purchase agreement for all of its electrical needs for the next ten years. Before working at the MBTA, Mr. Costello was a Project Manager at EUA Cogenex and a Senior Engineer in the Load Management Department of Boston Edison. He holds a M.S. in Engineering Management from Western New England College and a B.S. in Mechanical Engineering from Northeastern University, where he is also currently an Instructor. Mr. Costello also conducts Energy Procurement and Management Seminars nationwide for the Association of Energy Engineers and will be President of the Association for the Year 2000.

Presidents Message

As we start the New Year I would like to send out a belated Holiday greeting from the Board and myself. I hope everyone had a safe and happy holiday with friends and family.

Last months joint meeting with ASHRAE was again a big success with a large turnout. At this rate we may need to find a larger venue for our group. If you have not been to our meetings in the recent past you are missing the growing trend of energy professionals, engineers, and facility professionals gathering to stay "in the know" in this ever changing energy market. This will continue with our January meeting, which will have Mr. Richard Costello walk us through what is happening to the energy market, explain the cost of energy, why we are in the boat we are in, who got us to ride this boat, and help prepare ourselves and our clients for the future. This looks to be one of the most important meetings for all of us in the coming years. Mr. Costello has vast experience helping companies in New England as well as across the nation understands the energy market and how to save money for their organizations. Call and reserve early, it will be a full house again.

In closing my fist newsletter and President of the Best AEE Chapter in America, I would like to thank those who came before to lay the ground work. Over the years (especially this past year) the New England AEE Chapter repeatedly wins national awards in many

categories. This only takes place because of the hard and dedicated work of our Board of Directors. The past two years Chris Tomasini took his vision to grow and improve our chapter with great determination and direction for the Board. Thank you for a great job Chris. It has paid off for all of us.

As I take over the reign, though it will be a challenge to keep up the level of excellence Chris and The Board have put in motion, I look forward to continuing the work.

Happy New Year
John A. Bycina Jr.

Industry Highlights

Nov. 14 Green Mountain Power negotiated a settlement with Vermont regulators that the company says will resolve more than two years of fiscal turbulence. The company said it reached a settlement with the Vermont Public Service Board allowing it to increase rates in January, helping it better manage costs related to a long-term power purchase contract with Hydro-Quebec. The settlement still must be approved by the board. Green Mountain Power services 84,000 customers in Vermont.

Source: Megawatt Daily

Nov. 16 At EPRI's 20th annual fall fuels conference yesterday in Washington, D.C., analysts were invited to discuss why no one was able to predict natural gas prices near \$5 a year ago on a day, oddly enough, when futures prices climbed well above \$6. The panelists indicated that probably the greatest source of market uncertainty is in available supplies of gas. Dave Costello, senior economist with the Energy Information Administration pointed out that the supply capability in the United States had not been tested in the past several years because of warm winters.

Source: Gas Daily

Nov. 21 Brattle Group: Energy Markets Will Remain Tight Well Into 2001

Prices for natural gas and heating oil are likely to remain high throughout the winter as a result of tight supplies, according to a new assessment of the nation's energy markets published in a Special Edition of the Brattle Group's newsletter Energy. While policymakers can take steps to moderate these problems, the assessment also foresees ongoing price spikes and service disruptions in electricity markets next summer. The Brattle Group provides consulting services and expert testimony on economic, finance, regulatory, and strategic issues to corporations, law firms, and public agencies worldwide.

Nov. 23 State OK's Utility Rate Hike For Default-Service Customers

If you have opened a new electric account with Nstar or Fitchburg Gas and Electric since March 1998, come January you can expect to pay about 20 percent to 38 percent more per kilowatt-hour you buy from the utility. The Massachusetts Department of Telecommunications and Energy approved new rates starting Jan. 1 for so called default

service customers, who account for about one-fifth to one-third of those utilities' total customers.

Source: Boston Globe

Nov. 28 LODESTAR Corporation Delivers New Billing Capabilities to Midwest ISO
LODESTAR Corporation, the world's leading provider of e-Business software to enable customer choice in the new energy economy, announced that Midwest ISO has selected LODESTAR as the billing solution for its entire transmission-driven customer base. As part of the agreement, MISO will utilize LODESTAR's BillingExpert™ software product for accurate and on-time billing of the unique and complex billing needs mandated by MISO's multiple jurisdictions. With more than 100 clients in North America, LODESTAR is a leading global provider of eBusiness software to enable customer choice in the new energy economy.

Nov. 29 Massachusetts Electric Company Adds New Website Capabilities
Massachusetts Electric Company has announced that it has added several new on-line interactive capabilities to its web-site that are designed to enhance customer service, particularly for those customers who prefer to do business via the Internet. Accessed through the website's "Customer Connection" section, Massachusetts Electric's residential customers will now be able to open and close accounts, transfer service, and submit meter readings. Customers can also update information such as addresses, telephone numbers and e-mail addresses. An interactive tool for viewing bill payment and electrical information, called "Account Window," is also available.

Dec. 4 As if Consolidated Edison didn't have enough problems with Connecticut utility regulators in its bid to buy Berlin-based Northeast Utilities, ConEd now is facing trouble from its own employees. Unless they get promises that jobs won't be moved from New York to Connecticut, members of the Utility Workers of America are threatening protests and even considering blocking a bridge in New York City, said Jerry Waters, the union's vice president. The union is also considering a wildcat strike, even though that would be illegal under a no-strike, no-lockout clause that the union has in its contract, he said. ConEd spokesman Michael Clendenin rejected the union's statements, saying the company has not announced it would shift any jobs between New York and Connecticut. "The statements are unfounded," he said. "There's been no internal memos sent out" regarding job shifts. ConEd has 14,000 employees; NU has 9,000 employees, including 6,400 in Connecticut.

Dec. 4 ISO New England Inc. announced the appointment of William M. Cohen to the position of Director of Public Affairs, effective December 11, 2000. Mr. Cohen will report directly to ISO New England's President and Chief Executive Officer, Philip J. Pellegrino. ISO New England is the operator of the region's bulk power grid and wholesale power exchange.

Job Openings

IR Energy Systems

Principal Aero/Thermo Analyst – Provide technical support for engine/component testing and performance analysis. Conduct configuration and preliminary design studies for future gas-turbine products through the formulation and exercise of off-design performance models. Provide client technical support for research programs including hybrid microturbine/fuelcell powerplants. Graduate degree (PhD preferred) with strong concentration in fundamental fluid/thermal sciences and turbomachinery with demonstrated outstanding academic performance. Working knowledge of aerodynamic test methods essential, the ideal candidate having specific gas-turbine and/or turbomachinery test experience. 10+ years relevant work experience desirable.

Senior Test Engineer – Support the development of instrumentation, data acquisition and data management systems for engine and component test. Must be familiar with gas-turbine pressure and temperature instrumentation and standard industry practice for calibration and certification. Experience with LabView and MatLab software highly desirable. BS or MS in Mechanical or Electrical Engineering with 5+ years relevant work experience.

Senior Controls Engineer – Develop and implement control algorithms for a broad range of gas-turbine products and test platforms. Experience with microprocessor-based controls hardware/software essential, some PLC experience a plus. Familiarity with gas-turbine controls highly desirable. Understanding of power electronics related to high speed alternator controls is a further benefit. BS or MS in Electrical Engineering with 5+ years relevant work experience.

Interested applicants please submit resume to: Manager of Human Resources, IR Energy Systems, 32 Exeter Street, Portsmouth, NH 03801; or fax to: 603-334-3310.