

Summer 2002 Newsletter

The Association of Energy Engineers - New England Chapter

SPRING GALA

AEE New England Chapter Spring Gala - June 27, 2002

As you know, we have always held a special evening for our significant others, and this year is no exception. However, we will be doing something a little different. This year will be the first AEE New England Spring Gala!

Meeting Manager: Kathy Stanley
Select Energy

Mark your calendars for Thursday, June 27, and bring your partner to join your AEE friends and colleagues for a night of good food, fun, dancing and music. This will be a very pleasant evening, with Hors D'oeuvres and cocktails from 6:00 to 7:00, followed by dinner and dancing.

This year's annual Spring Gala will be held at a fantastic new facility, The Gatherings at Brookmeadow Country Club, located in Canton, MA. The venue is a large open room with its own bar, and a deck over looking the course. The sit

down dinner will be a chicken entree served at 7:00, accompanied by background music until 8:30, and dancing from 8:30 to 10:00.

The Gatherings has plenty of free parking and is minutes off of Rt 95 and 128.

Please RSVP to Kathy Stanly at stanlka@selectenergy.com **no later than** June 21, 2002. Or you can leave her a message at 800-789-2213 Ext. 365.

As usual, significant others attend free of charge; members can pay the \$40.00 cost by check or cash the night of the event, or by mailing a check to Arthur Orenburg, AEE New England, 92 Cedar St., Lexington, MA 02421. Please send a note or mark the check that payment is for the Spring Gala.

And please, feel free to come alone as well!

For directions to Brookmeadow at 100 Everendon Road, please visit their website at www.brookmeadowgolf.com.

For more information contact the meeting manager: Kathy Stanley, Select Energy, (800) 789-2213 x365

WE LOOK FORWARD TO SEEING YOU ON JUNE 27TH!



www.aeenewengland.org

c/o A. Orenberg Assoc. 92 Cedar Street Lexington, MA 02421

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Association of Energy Engineers New England Chapter welcomes you to the AEE Invitational Golf Outing at The New England Country Club

180 Paine Street, Bellingham, MA (508) 883-2300 June 18th, 2002 ❖ \$100 per person Includes dinner, raffle, cash prizes, contests and more!!

This scenic, challenging course designed by Hale Irwin is one "you can't wait to play again". Voted one of best 18 by Boston Globe.

New England Country Club (NECC) is a scenic, challenging and top-notch course. Ask anyone who has played it. This event is open to AEE Members and their guests.

Surf the course & view the facilities at www.newenglandcountryclub.com

AEE Members may each invite a foursome. AEE Corporate Sponsors May invite up to 3 foursomes. This event is rain or shine.

Everyone gets:

- 18 Holes with GPS* golf cart over paved paths and rolling hills.
- ► Brunch on course (hot dog or sandwich, chips or candy and soda)
- ► Elite Dinner after golf with awards OR for \$15 play an 18 extra holes w/ cart
- Sleeve of 3 balls
- Raffle tickets for Prizes
- * Global Positioning System digitally displays distance from cart to pin.

Prizes

Grand Prize Hole-in-One, (12th Hole): New Car

First Prize: Individual trophies

Second Prize:\$100/playerClosest-to-Pin:16th HoleThird Prize:\$75/playerLongest Drive:1st HoleFourth Prize:\$50/playerClosest to Line:8th Hole

Donations from companies or individuals are welcome for raffle. Logos OK. Companies are invited to sponsor a hole (\$100 each). Contact event coordinator, Joe Hall.

Play and Scoring

Modified shotgun start: Two foursomes tee off at assigned holes. (Example: Carts 4B will be second foursome to tee off on 4th). Register at 7:30am START 8:00am SHARP.

Scoring: Scramble style. Women play from red tees; men from white. Everyone hits a drive. Choose best drive. All play best ball to hole. Each foursome must use 2 drives from each player. No gimme puts. Optional: One mulligan per player (\$5 at registration table).

Course Rules

See Outing Participant Rules Sheet on NECC website. No metal spikes, alcohol or coolers may be brought on the course. Appropriate attire collared shirts, no cut-offs or tanks.

Directions to Course

Located at the northeast corner of Rhode Island in Bellingham, MA. Visit the NECC website at www.newenglandcountryclub.com

Registration and Questions

Either assemble a foursome or we can match you up. Register by mail (checks only - no credit cards). Log onto www.aeenewengland.org or contact Joe Hall at 508-482-1238 joseph.hall@us.ngrid.com.

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PRESIDENT'S MESSAGE



Our year normally slows through the summer but this year we are shifting into high gear. As I write this, my final installment as chapter president, final touches of our new annual golf outing (June 18th) are being completed by Joe Hall, and Kathy Stanley has our annual spring gala set (June 27) as well as fall events and meetings.

It is exciting to see the growth of our chapter in the last few years. The dedication, hard work and accomplishments of the board has made me the recipient of many kudos and

"thank yous" from our members. The truth is, I have been lucky and honored to ride the coat tails of so many great people. Thank you.

Last month, Steve Murphy and Rich Costello's meeting was to say the least, educational and very interesting as well as lighthearted and fun. The meeting topic started with solid oxide fuel cells and moved on form there to cover other fuel cell technology as well as peripheral technology. Thanks to both Steve and Rich for a fantastic meeting.

A short note: As we move forward with our electronic newsletter, please feel free to pass on this information to colleagues and associates as well as giving us their emails and we will add them to our email distribution list.

I look forward to seeing you at the golf tournament and our annual spring gala.

Again, thank you for an enjoyable two years.

John

John A. Bycina Jr.

THURSDAY, JUNE 27TH MEETING

Please see article for details and directions.

JOB ADVERTISEMENT

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Energy and HVAC Engineers - We have local and national clients who are looking for experienced energy and HVAC engineers. Please contact Al Frabetti at Applied Resources, (781) 391-1202, or send resume to alf@applres.com (www.applres.com).

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COMPANY PROFILE

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Air Industries, Inc is a member of the following Associations:

- The American Society of Heating, Refrigerating and Air Conditioning Engineers (ASHRAE)
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Visit Air Industries website: www.netcom.com/~airinds/index/html to access the Company's Line Card.

MEETING SCHEDULE

June 18th: Golf Outing, J. Hall, manager

June 27th: Spring Gala, Kathy Stanley, manager

September 4th: CMGI FIELD TOUR

The AEE New England Chapter has arranged for a tour of CMGI Field in Foxboro, MA. The date set for this late summer event is Wednesday, September 4th, and attendance will likely be limited to 100 people. Please watch the website this summer for full details.

POTENTIAL ACTIVITIES AND TOPICS

Site Tours

EMC, Hopkinton . Bose Corporation, Framingham Medical Area Total Energy Plant (MATEP)

Meeting Topics

Batteries . Cogeneration
Alternative Fuel Vehicles
New England Petroleum Council
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INDUSTRY HIGHLIGHTS

ENERGY FIRMS SEEK INCREASES IN BENCHMARK ELECTRICITY RATES IN TEXAS

Dallas, Texas/May 7, 2002/ -- With natural gas prices on the rise, both Reliant Energy Retail Services and TXU Energy Services Co. have requested increases in the benchmark electricity rates in each of their traditional service territories. Half of the power used in Texas is produced at natural gas-fired plants.

Although both companies say the increases are necessary, the requests have provoked a tussle with consumer groups. They assert that benchmark rates were already inflated by costs that have nothing to do with fuel. "We felt from the beginning that the price to beat was set too high," said Clarence Johnson, director of regulatory analysis for the state Office of Public Utility Counsel.

Because of objections from his office and other consumer groups, TXU's request will go to a state administrative judge on May 9. The Reliant request will likely be put through the same paces. The PUC, after consulting with the companies, had set benchmark rates based on average prices last fall of \$3.11 per million British thermal units. In separate petitions filed with the Public Utility Commission, TXU said prices had averaged \$3.64 over a 10-day period in early April while Reliant arrived at \$3.73 based on a 10-day average from later that month.

On the futures markets, natural gas for June delivery closed at \$3.75 per million Btus, marking a 20 percent increase over the average price used to calculate current benchmark power rates. TXU's request would add about \$4.18 a month to the average customer's monthly bill in the Dallas-Fort Worth area, boosting it to \$87.18. Reliant's request would raise the average Houston-area customer's bill by \$5, to \$91.10. Neither request would affect the companies' rates outside their traditional territories.

The 1999 deregulation law mandates that incumbent utilities cut their base rates by 6 percent from January 1999 levels and keep them there for the first few years of competition. Power providers can request increases in their so-called fuel factor -- used to determine fuel costs -- twice a year when the price of natural gas rises by at least 4 percent.

Prices had languished after the Sept. 11 terrorist attacks and a warmer-than-average winter. Industrial output -- and consequently natural gas usage -- fell sharply as the economy slowed worldwide. Producers curtailed their production to trim bloated inventories and bolster anemic prices. Their efforts and increasing demand are working together to raise rates.

Regardless of market prices, consumer groups maintain that the benchmark rates were set too high. In fact, the Office of Public Utility Counsel, which represents small businesses and residential consumers, has challenged the formula used to establish the rates in a lawsuit filed in Travis County court. The suit says that costs such as power transmission congestion fees were artificially inflating the fuel factor and erasing the effects of the 6 percent decrease in base rates.

"It's kind of a shell game," Mr. Johnson said. "We cut the base rate by 6 percent, but the fuel factor is high. So the end result is the customer's bill is higher than it was in 1999." Because of adjustments made to the fuel factor, Mr. Johnson said the average TXU customer saw a 3.6 percent increase over January 1999 rates when deregulation kicked in on New Year's Day.

He also pointed out that there is nothing to force incumbent utilities to reduce rates in their traditional service territories when natural gas prices go down. Regulators and power providers say the methodology used to set the price to beat went through months of negotiations that included consumer groups. "That particular issue was explored thoroughly before prices were set in December," said Reliant spokeswoman Pat Hammond. "I believe that's why prices were set so late."

The PUC set the benchmark rate on Dec. 7, when natural gas was changing hands for about \$2.60 per million Btus. And if fuel prices return to those rock-bottom rates, incumbent utilities argue other power companies will force them to lower their rates to compete for customers.

"When we were a monopoly, there was a need to regulation our rates," said TXU spokesman Chris Schein. "Now, competition will be our motivation."

Charlene Oldham

Source: Dallas Morning News

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SENATE PASSES BILL TO ENCOURAGE DOMESTIC OIL, COAL PRODUCTION

Washington, District Of Columbia/April 29, 2002/ -- Citing crises in two of the world's key oil-producing regions, the Senate on Thursday passed legislation that would encourage domestic oil and coal production, provide incentives for energy conservation and expand the use of alternative fuels such as corn-based ethanol. The bill passed 88-11; eight of those voting no were Democrats. It fell short of the comprehensive bill envisioned by either Democrats or Republicans because it had been stripped of a White House-backed proposal to drill for Alaskan oil and a Democratic plan to increase vehicle fuel efficiency standards.

The measure now must be reconciled with legislation the House of Representatives passed last August. Significant differences between the measures could delay its enactment into law for some time. Still, the two bills cover common ground that could affect how Americans heat and cool their homes, what they pump into their gas tanks and what appliances they buy. Both bills also encourage greater research of new energy technologies and ease the way for construction of a natural gas pipeline from Alaska to the lower 48 states.

Democrats and Republicans both declared victory Wednesday, while conceding that the final product lacked key components. "It's modest, but it's important," said Sen. Max Baucus, the Montana Democrat who helped craft the bill's conservation and production tax incentives.

Republicans were happy just to have a bill they can now try to alter to their liking in a House-Senate conference. Democrats were pleased to pass legislation that contains more conservation provisions than the House-passed bill and that significantly dampened any enthusiasm for oil drilling in Alaska's Arctic National Wildlife Refuge.

The bill's advocates said action was especially urgent at a time of turmoil in the Middle East, threats from Iraq to use oil as a weapon against the United States and political unrest in Venezuela, another major oil producer. President Bush welcomed Senate passage and reiterated his support for oil drilling in the Alaskan refuge -- a provision that only the House bill contains. "It is imperative that America increase its energy independence," Bush said, "and I look forward to working with the conferees to ensure that we enact a balanced and comprehensive energy policy this year."

Environmental groups, however, dismissed the bill as inadequate and tilted toward oil and nuclear interests. "Too many senators are catering to the industries that bankrolled their campaigns -- or might in the future," said Joan Claybrook, president of the consumer advocacy group Public Citizen. The Senate bill contains: -- \$14 billion in tax incentives over the next 10 years to encourage production of new fuels, to help the oil and coal industry extract more fuel, and to promote conservation through the use of energy efficient appliances, hybrid automobiles and fuel cells.

"On the margins it helps wean us from OPEC," Baucus said, referring to the Organization of Petroleum Exporting Countries. -- A requirement to increase use of renewable fuels, such as ethanol, from about 2 billion gallons a year now to 5 billion gallons by 2012. -- Requirements that federal agencies intercede on behalf of consumers in the event of an energy crisis such as befell California last year. --Tax incentives and \$10 billion in loan guarantees to build a natural gas pipeline from Alaska to the lower 48 states. Advocates say the pipeline could create hundreds of thousands of jobs and boost the ailing U.S. steel industry. --An increase in energy assistance for low-income families from \$2.25 billion to \$3.4 billion a year.

While Republicans presented a unified front on their issues, Democrats split on two key elements -- a proposal to increase the fuel efficiency of vehicles and the provision to expand the use of ethanol. Democrats from car-making states teamed up with most Republicans earlier this month to defeat higher mileage standards. They argued that the higher standard was arbitrary, would damage the auto industry and reduce highway safety. An effort Thursday to reduce vehicle fuel consumption a million barrels a day by 2015 failed 57-42.

California and New York Democrats tried to eliminate or delay the ethanol requirements, saying they would cost consumers on the two coasts more at the gas pump. But they were unable to overcome the coalition of farmers, environmentalists and oil industry lobbyists who backed the fuel-additive provision. The ethanol provisions are "going to fleece the American taxpayer," said Sen. Charles Schumer, D-N.Y.



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How the legislation ultimately affects consumers and the energy industry depends on what happens in the House-Senate conference. Rep. W.J. "Billy" Tauzin, the Louisiana Republican who likely will head the conference, said he hopes to complete negotiations by summer. The House bill contains \$33.5 billion in tax breaks, many aimed at oil and coal producers. It also contains a provision to drill for oil in the Arctic National Wildlife Refuge, which would be difficult to resurrect after the Senate's rejection. The Senate bill contains extensive electricity regulations that the House lacks.

"We have the tools for creating a bill that is acceptable to both chambers," Energy Secretary Spencer Abraham said Thursday during an appearance with Senate Republican leaders. But Democrats, convinced that they hold a political edge with voters on environmental issues, made it clear they would vote against the final bill if the conference weakens it or strips away many of the Senate-passed provisions. "There's no requirement that we have an energy bill," said Sen. Jeff Bingaman, D-N.M., the Energy Committee chairman who helped maneuver the bill through the Senate. "I would like to have an energy bill, but it needs to move the country in the right direction."

James Kuhnhenn Source: Knight Ridder

G8 Energy Ministers Gather for Meeting in Detroit

Detroit, Michigan/May 3, 2002/ -- Detroit steps into the world spotlight today as the Group of Eight Energy Ministers conference gets under way at the Detroit Marriott Renaissance Center. U.S. Energy Secretary Spencer Abraham kicked off the event Wednesday by opening an exhibit on advanced fuel technologies. The meeting will end Friday.

The Department of Energy is expected to use the G8 conference to focus on energy related issues such as advanced technology, energy security, emergency preparedness and regulatory and environmental issues. Along with the issue of higher oil prices caused in part by violence in the Middle East, the G8 ministers are expected to debate global warming. The Kyoto treaty of 1997 calls for industrialized nations to reduce worldwide emissions of greenhouse gases by the end of the next decade.

President George W. Bush pulled the United States out of the Kyoto treaty in March 2001, saying it would harm U.S. competitiveness. The Bush administration wants American companies to track and reduce their greenhouse gas output voluntarily. "We'll certainly talk about sustainable energy resources," said Abraham. "We're committed to the challenge of reducing the intensity of greenhouse gas emissions." The meeting of the world's largest industrial nations is expected to draw protestors from environmental groups such as Greenpeace and the Sierra Club.

"The U.S. has a responsibility to take leadership in reducing the amount of global warming pollutants that escape into the atmosphere," said Debbie Boger, spokeswoman for the Sierra Club in Washington, D.C. "We think it is appropriate to ask the members of the G8 about global warming and why the Bush administration rejected the Kyoto protocol." Flanked by Vicky Bailey, assistant secretary for policy and international affairs, Abraham toured booths that featured fuel cells at work, hybrid lighting systems and a virtual reality view of a nuclear reactor.

Joining Abraham to discuss the future of global energy consumption and production will be leaders from Canada, France, Germany, Italy, Japan, Russia and the Britain. Canada is cosponsoring the conference. "We hope that the meetings will be very productive and give everyone an opportunity to discuss a wide range of energy-related issues," Abraham said. "And starting with this exhibit, we have a great opportunity to see all of the different applications there are for some of the energy technologies of the future."

Alejandro Bodipo-Memba Source: *Detroit Free Press*