

**The Greater Philadelphia Chapter of the Association of Energy Engineers
Newsletter
December 2005**

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EDITOR'S PAGE: Natural Gas Markets and Energy Outlook for 2006

The overall direction of gas prices is uncertain with prices reflecting fears of very cold weather very early in the season. The National Weather Service's long range forecasts calls for above-average temperatures in Midwestern markets and throughout the West and average temperatures in the East. In comparison, Accu-Weather's forecast is for colder than normal weather in the East but warmer than normal in the West. Neither forecast imply greater than average weather loads for the gas-dependent markets.

Since the weather during September through November was fairly mild there is an unexpectedly high storage level attributed to reduced weather sensitive loads. Excluding weather impacts, once offshore production comes back on line prices should fall to induce the price sensitive loads to return.

Unless weather loads are substantial enough to maintain the market perception of potential end-of-season shortages, gas prices are vulnerable to a 20-30% drop even with no change in oil prices.

FERC Chairman Kelliher recent comments focused on the weather, the rate of production recovery in the Gulf and conservation by individual users, industrial users and electric generators. He noted that LNG would not be coming to the rescue for several years at the earliest. There is a considerable downside risk to natural gas prices due to much greater volatility of natural gas prices. Assuming 20-30% with no change in oil prices, it will leave gas prices roughly 1/3 higher than last winter!

The outlook for North American gas supply is bleak and not related to what took place last summer in gas production and demand nor relating to the storage or pipeline changes. It is due to the relentless increases in demand. 2004 industry reserve additions were 118% of consumption versus 111% in 2003 and 118% in 2002 while additions from new fields were the smallest they have been for at the least the past 10 years. The oil ratios are similar. New resources do not exist at the quantities needed and the costs to which the country has become accustomed. There is insufficient availability from gas-fired generating units to meet peak electrical demands this winter. The performance shortfall in gas-only generating units will be a system-wide resource issue as opposed to a specific load pocket issue. If weather permits, this crisis could be deferred beyond the current heating season! System wide demand response can reduce the stress on the grid in the PJM participating states. Wholesale electricity customers are saving more than \$500 million a year as a result of the expansion of PJM Interconnection through its market integrations over the past several years, according to the results of a new study. PJM recently approved an additional \$297 million in upgrades to the electric transmission

Heading into the 2005-06 winter heating season, electricity prices are 46% higher than a year ago, despite recent declines, according to Platts, the energy information business of The McGraw-Hill Companies. U.S. wholesale day-ahead power prices in early November averaged \$81.21 per megawatt hour (MWh), compared to \$55.72/MWh in early November 2004, an exclusive measure of average benchmark prices across the nation. The year-to-year increase, driven largely by much higher natural gas prices, was even greater before day-ahead wholesale electricity prices fell 21%, or \$21.06, from early October, when the Platts National Daily Power Index stood at \$102.27

The very best wishes to you and yours for a warm holiday season and prosperous New Year!

Liz Kimmel, Newsletter Editor

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**GLOBALCON
OFFER**

As a Globalcon 2006 exhibitor, we have an opportunity at **no cost** to you.

Globalcon will be featuring exhibit hall workshops. The workshops are to be conducted by selected Globalcon 2006 exhibitors and are intended to be non-commercial / non-political in nature, and targeted to showcase success stories, applications, problem solving, technology integration, and retrofit/new construction considerations.

The workshops are distinctly different from the fee-based Globalcon conference, and will be offered at no charge to exhibits-only visitors, conference attendees, invited end users, as well as exhibitor-invited guests. Each presentation will be 15-20 minutes (maximum) in duration.

If you are interested, please visit:

<https://www.aeecenter.org/forms/form.html?id=194> to submit an abstract.

ENERGY NEWS

PENNSYLVANIA

PECO and green power supplier Community Energy, Inc. were recently honored by the U.S. Environmental Protection Agency (EPA), the U.S. Department of Energy (DOE) and the Center for Resource Solutions (CRS) for the new green power program, PECO WIND with utility partner, PECO.

The Pennsylvania Department of Environmental Protection today filed suit against PPL Generation LLC and PPL Martins Creek LLC for the Aug. 23 spill of more than 100 million gallons of contaminated water and fly ash into the Delaware River from the utility's Martins Creek power plant in Lower Mount Bethel Township, Northampton County.

Exelon Corporation (NYSE: EXC) is celebrating more than 1 million megawatt-hours sold as it enters its fifth year in the wind energy business and continues to provide emission-free, reliable electricity to customers throughout Pennsylvania.

PPL Corporation (NYSE: PPL) announced reported earnings per share of \$0.51 for the third quarter of 2005. The chairman of PPL Corporation said that deregulation has resulted in significant benefits for American electricity users and that policymakers should continue to encourage the use of market forces to reduce electricity prices and to promote construction of new generating facilities.

A steep rate boost facing about 120,000 Dominion Peoples Plus customers in Duquesne Light Co.'s service territory could deal another blow to the state's halting efforts to promote competition in the energy business.

NEW JERSEY

PSEG declared a quarterly dividend of 56 cents per share of common stock for the fourth quarter of 2005.

Atlantic City Electric Company, a subsidiary of Pepco Holdings, Inc. (NYSE: POM), announced that it has reached an agreement to sell its interests in two jointly owned fossil fuel-fired generating plants to Duquesne Light Holdings Inc. for \$ 173.1 million.

Philadelphia Gas Works (PGW) filed written testimony with the New Jersey Board of Public Utilities, joining scores of interveners opposing the pending merger between Exelon and Public Service Enterprise Group (PSEG), which would create the single largest and most powerful utility in the country.

OTHER

Constellation Energy (NYSE: CEG) announced that its subsidiary, Constellation NewEnergy, has been awarded an \$18 million contract to supply electricity to the Frederick County government and a number of surrounding public institutions.

Duke Energy Chairman of the Board and Chief Executive Officer Paul M. Anderson and Cinergy Chairman and CEO James E. Rogers announced the top executive team proposed to lead the combined company upon completion of the merger of Duke Energy and Cinergy Corp.

The Ohio operating companies of FirstEnergy Corp. (NYSE: FE) filed with the Public Utilities Commission of Ohio (PUCO) a transmission tariff to recover costs related to increased charges they paid to the Midwest Independent Transmission System Operator (MISO).

Northeast Utilities announced its intention to exit the competitive energy wholesale marketing and services businesses, will also divest its other competitive businesses -- generation and retail marketing -- to focus entirely on its regulated transmission, distribution and generation operations.

Coal and natural gas will make up the preponderance of fuels that produce electricity in the next half century. Renewable energy will grow as well since according to DOE the average green energy price premiums have dropped by 8 percent in the last five years. Today, green power contributes 2 percent of America's electricity supply. This trend could continue with skyrocketing natural gas prices.

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Corporate Leader Sponsorships:

GLOBALCON 2006
Philadelphia Marriott
March 29-30 2006

Sponsorship Opportunities:

Platinum - \$10,000

(30 registrations and 100 reduced rate registrations)

Gold - \$7,500

(15 registrations and 100 reduced rate registrations)

Silver - \$5000

(10 registrations and 100 reduced rate registrations)

Bronze - \$2,500

3 registrations and 100 reduced rate registrations)

Other sponsors:

Opening Session
\$1,500 -Coffee Break Sponsor

Exhibit Hall - \$1,500
Coffee Service Sponsor

Conference Attendee Reception Sponsor (\$5000 or \$10,000)
Daily Conference Attendee Luncheon Sponsor

Contact Lauren Lake
at: 770 447 5083, Ext 211;

Lauren@aeecenter.org

**AEE thanks all those who attended the Holiday Party on December 1st.
Congratulations to the Door Prize winners who won Flyers tickets, a basket of cheer and basket of goodies!**

Congratulations to the Greater Philadelphia AEE Chapter Awards Recipients who received recognition at the December 1st Meeting!

1. Corporate Energy Management

- PWI Energy, Inc.

2. Energy Manager

- Michael P. Sanders – Sunoco, Inc

3. Professional Development

- Peter M. Jansson, Ph.D.- Rowan University

4. Energy Engineer

- Itzhak Maor, Ph.D., P.E., CEM, PWI Energy Inc.

5. Outstanding Service Award

- Joe Smith - PGW

The Association of Energy Engineers (AEE) with over 10,000 members in 67 countries, is one of the largest organizations devoted to promoting energy efficiency as green technologies for improving a wide variety of business operations, managing costs and in turn improving the environment.

We invite you to attend one of the following conferences in 2006:


GLOBALCON, March 29,30th, 2006 Philadelphia, PA

World Energy Engineering Congress, September 14-15, 2006, Washington DC.

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 <p>TECH REPS INC. PO BOX 4456 Cherry Hill, NJ 08034-0677 856-779-3323 Fax: 856-779-7126 Michael Makofsky, President</p> <ul style="list-style-type: none">> Expansion Joints> Steam Trap Monitoring Services> Complimentary Insulation Blanket Energy Surveys for Delval/AEE	<p>JONATHAN S WOHL Director of marketing</p>  <p>TRIGEN – PHILADELPHIA ENERGY CORPORATION 2600 CHRISTIAN STREET PHILADELPHIA, PA 19146</p> <p>(215) 875-6900 EXT. 169 Fax: (215) 875-6910 Internet: jwohl@tpiphilly.com</p>
<p>Falvey Energy Engineering, P.C.</p> <hr/> <p>Terence P. Falvey, P.E. President</p> <p>142 Decatur Road Phone: 610-449-4988; Fax (610) 449-9779 Havertown, PA 19083-1106 Email: fenergy@bellatlantic.net</p>	<p><i>Kimmel Energy Associates</i></p> <p>Elizabeth M. Kimmel PO Box 14 Feasterville, PA 19053 Tel. (610) 389-3072 Fax (215) 357-5631 ekimmel@comcast.net</p>

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Members are welcome to place ads in the Newsletter:
(215) 684-6725: john.zuk@pgworks.com
Business card: \$75.00 a year /\$90 non-members.
Newsletter is a great way to advertise!

FUTURE CITY GEARS UP FOR 2005 – 2006

The Philadelphia Regional Future City Competition is actively seeking volunteers for this year's program. The program offers 7th and 8th grade students the opportunity to work with their teacher and a practicing engineer mentor. The Regional Competition will be held in January at Villanova. The winning team will represent the Philadelphia region at the national competition in February. Why not volunteer for this exciting program? It will give you an opportunity to share your engineering expertise with middle school students and you will have a lot of fun. Sign up on-line at www.futurecityphilly.org Call or e-mail Jennifer Wetzel, the Volunteer Coordinator, at 215-573-3935

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volunteer@futurecityphilly.org.

Date	Time	Lunch Location	Meeting Location	Topic	Host/Co-Host
Thursday 11/17/05	8:00-10:00	McCall Field	McCall Field	Fred Schoemborn/Energy Star Program	Mike Sanders Steve Goldberg and Steve Boyle
Thursday 12/1/05	4:00-7:00	Fox & Hound	Fox & Hound, King of Prussia	Holiday Party	Steve Siddal/John Zuk; Joe and Lou
Thursday 1/19/06	12:00-2:00	Drexel	Drexel	Alternate Energy Program and Energy Manager Career Discussion (Randy)	Jim Harven, Hans Green Steve Goldberg
2/23/06	3:30-8:00	TJU Alumni Hall	TJU Alumni Hall	Product Fair	AEE TEAM
Wednesday and Thursday 3/29-3/30	All day	Convention Center	Convention Center Philadelphia	GLOBALCON	Liz and Dan
Thursday 4/27/06	3:30-8:00	McCall Field	McCall Field	Deregulation/Energy Update	Steve G and Mike
Thursday 5/25/06	10:00-2:00	Harrisburg ?	Harrisburg ?	Fuel Cell Leeds Bldg	Jim Harven Randy Haines
Thursday 6/22/06	8:00-4:00	Mainland	Mainland CC	Golf Tourney	Steve Siddal, John, Lou
July/August			NO MEETINGS		