



NEWSLETTER

Midwest Cogeneration Association, Inc.

Vol. 17, No. 1

May Bi-Monthly Meeting

Open Forum / Discussion on Cogeneration and Related Topics

May 15, 2002

Willowbrook Holiday Inn

See complete information on page 5.



Sixth Annual Golf Outing

July 25, 2002

Arrowhead Golf Course

See page 6 for more information.

Sixteenth Annual MCA Cogeneration Conference

September 19, 2002

McDonald's Lodge

See page 6 for more information.

A NOTE FROM THE PRESIDENT

Surely, these are times of uncertainty and unanswered questions, both throughout the political world and the business world, and especially when it comes to energy, in particular, that area closest to us, cogeneration and distributed generation.

Everywhere I go, everyone I see, it's always the same question: how is business, and when do you think it will pick up? My answer: I don't now, and I won't even venture a guess any more. It defies all logic.

I have never seen so many firms waiting for that potential user to pull the trigger on going ahead with a particular project.

However, there are amongst the questions, certain facts that tend to make one believe that the need is soon going to outweigh the risk.

All the elements are there for the smart user to invest in cogeneration. The electric utility, at best, can offer only a 10% savings. Then there are the rising transmission costs, the lower gas rates, the reliability concerns, and now, there are the security concerns. The bottom line is that nothing beats "on-site power generation" for savings! It can give a user a 30-35% saving on energy costs; not to mention the savings gained by avoiding downtime due to loss of the utility.

Users are still spending big bucks on elaborate stand-by systems where the only pay back they see are the recouped costs that are lost during a downtime. It still puzzles me. The big bucks spent on stand-by systems. Increase that investment by maybe, 25-30% and install a co-gen system with automatic standby and have the system paid for in at least four to five years. The stock market is not going to give anyone that kind of payback. Certainly not today's stock market.

Surely these are times of uncertainty; but in the midst of it all, and I've said this many times, those users who have installed cogeneration have all the options.



We Want To Hear From You!

This newsletter offers a forum to communicate with turnkey design build contractors, equipment suppliers, potential customers, regulators and utilities. We look forward to featuring your comments and editorials. If you would like to submit comments, an editorial or be featured in an article, please address comments to the MCA mailbox at P.O. Box 283, Western Springs, IL 60558-0283, the voicemail system at (630) 323-7909, the website at www.cogeneration.org or an e-mail to MCA@cogeneration.com.

MCA ACTIVITIES

MIDWEST COGENERATION ASSOCIATION

P.O. Box 283
Western Springs, IL 60558-0283
Voicemail: (630) 323-7909
Website: www.cogeneration.org

2002 OFFICERS and BOARD OF DIRECTORS

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Marc Willard
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Dale Williams
ComEd

MCA ACTIVE COMMITTEES

Awards

Bud Wulff*
Gary Ephraim

By-Laws

Robert Patricoski*
Bud Wulff
John Conway

Conference

Tom Riemer*
Gary Ephraim
Bill O'Shea
Bob Conway
Ken Jacobs

Membership

David Miller*

Newsletter

Volunteer Needed

Programs

Kieth Vogelsang*

Golf Outing

David Patricoski*

Nominating

To be determined.

If you are interested in participating on any of the above committees, please contact Tom Riemer at 630/665-9090 or the Committee Chair designated by the *.

JANUARY MEETING SUMMARY

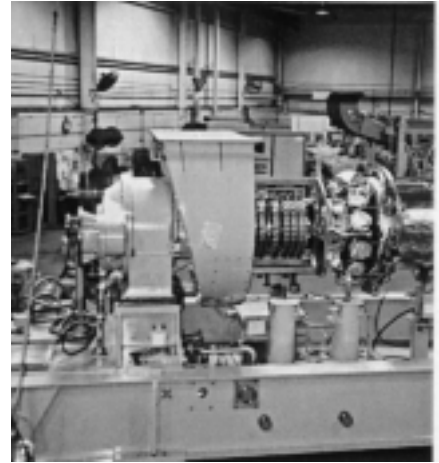
Over 100 power industry professionals attended the March 20, 2002 MCA bi-monthly meeting. The meeting was held at and hosted by the University of Illinois at Chicago (UIC) to recognize the university's new West Campus cogeneration facility. Sponsorship for the meeting was by Wartsila North America, Solar Turbines and Stanley Consultants, Inc.

UIC's new West Campus cogen system operates in conjunction with the university's East Campus cogen system as a virtual single power block with 55 MW of total capacity for the university. Both power systems operate on a common bus such that UIC provides electric and thermal capacity in a coordinated fashion using the most efficient combination of generators available in the power block. This capacity includes fired high temperature hot water boilers, 2 x 6 MW Cooper-Bessemer dual fuel recip generators and 2 x 4 MW Wartsila gas recip gensets, totaling 20MW at the East Campus and 36 MW at the new West Campus comprising fired boilers, 3 x 7 MW Solar gas turbines and 3 x 5.25 MW Wartsila gas recip gensets.

Ken Buric, Director, Utility Operations for the campus, reports that the combined plant cost savings is about \$8 million dollars per year. The generators

at the east campus of UIC are permitted for year around operation, as are the Solar combustion turbines at the West Side. The 5.25 MW Wartsila engines at the west side are permitted for 3000 hours of operation a year. They will be used in the summer months to provide for the additional electrical load due to air conditioning. All prime movers, other than these West Side recip have heat recovery installed.

Attendees met at the Chicago Illini Union, on campus, and then traveled by bus to the West Campus power plant for a tour of the facility. Dinner followed back at the Student Union and closed with a 20-minute question and answer session with the attendees querying representatives from Wartsila, Solar, Stanley Consultants and Buric on technical and operational issues with the power plant.



Final assembly of 7 MW gas turbine



5 MW reciprocating engines



A 200-foot-long truck delivered this 230,000-pound reciprocating engine.

REGULATORY UPDATE

CHP WINS TWO SIGNIFICANT VICTORIES IN THE U.S. SENATE AND BEFORE THE FEDERAL ENERGY REGULATORY COMMISSION

SENATE PASSES CARPER-COLLINS AMENDMENT

On April 24th, the U.S. Senate adopted the Carper-Collins Amendment to the Senate Energy Bill, preserving the rights of CHP projects to have access to sale of excess power to incumbent monopoly utilities, as well as the right to purchase back-up power from utilities.

The Senate energy bill is expected to come to a final vote as early as April 25th, and would then move to a House - Senate conference to resolve differences with the House-passed bill, H.R. 4. Since H.R. 4 included no provisions on electricity policy matters, the passage of the Carper-Collins amendment should assure that CHP continues to have market access while efforts to restructure electricity markets and regulation continue across the nation.

FERC PRESERVES EXPEDITED INTERCONNECTION PROPOSAL FOR SMALL GENERATORS

The second significant victory was in the unanimous decision by the Federal Energy Regulatory Commission (FERC) to retain in its formal Notice of Proposed Rulemaking (NOPR) on Interconnection of Electric Generation provisions for an expedited process for interconnection of small generators. Such expedited interconnection was proposed in FERC's ANOPR in October 2001, but an intense process of seeking consensus on interconnection standards conducted by FERC staff failed to reach a consensus on the small-generator interconnection process. Transmission-owning utilities were joined by some state regulatory interests and other industry groups to oppose

any special treatment for small generators, despite FERC's suggestion that their interconnection generally would have no system impact. This would leave small generators required to queue up for interconnections with large independent merchant power projects, and subject to the same exhaustive and expensive study and engineering requirements - enough to tip the economics against most small power projects.

There is concerned that the underlying intent is to suppress the ability of small self-generators to emerge at all, including most CHP projects, for competitive reasons and because distributed generation, including CHP, may be seen as a disruptive technology in the electricity industry at a time when it is trying to reinvent its regulatory and market structures.



For up-to-the-minute information on the Midwest Cogeneration Association visit our website at:

www.cogeneration.org

MAY MEETING

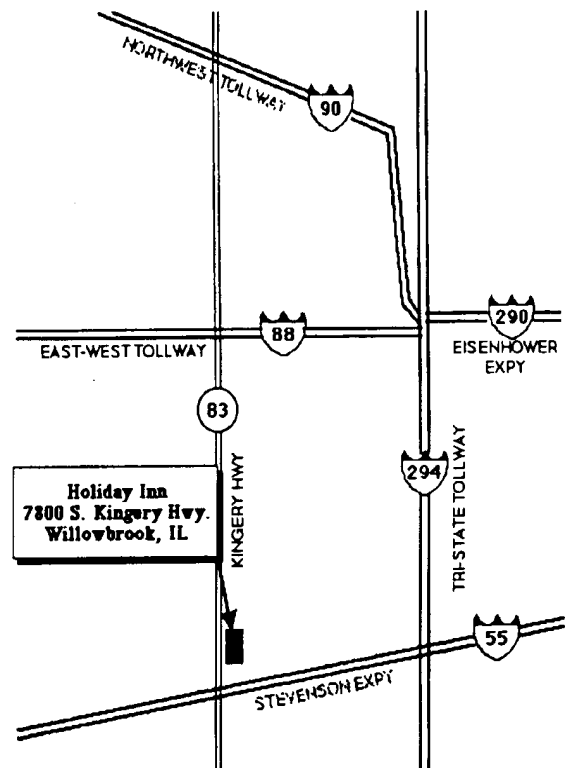
Join your fellow MCA members for the next bi-monthly meeting.

Open Forum / Discussion on Cogeneration and Related Topics

May 15, 2002

This meeting will be an open forum / discussion on cogeneration. Join us to share your views, outlooks and general discussion on the current status of cogeneration.

- **Date:**
Wednesday, May 15, 2002
- **Place:**
Willowbrook Holiday Inn
7800 S. Kingery Hwy.
Willowbrook, Illinois
(630) 325-6400
- **Time:**
Social Hour: 5:30 p.m.
Dinner 6:30 p.m.
Presentations: 7:30 p.m.
- **Cost: \$35.00**
- **Reservations:**
Call the MCA voicemail at (630)
323-7909 by **10:00 a.m. Monday,
May 13, 2002** or e-mail your
reservation to **mca@cogeneration.org**



If your plans change after you have made a reservation, please cancel your reservation. If your cancellation is not received on or before 5/13/02, the MCA reserves the right to invoice you for the cost of the dinner.

UPCOMING MCA EVENTS

SIXTH ANNUAL GOLF OUTING

You are cordially invited to participate in the *Midwest Cogeneration Association's Fifth Annual Golf Outing*. The outing will take place at Arrowhead Golf Club in Wheaton, Illinois on Thursday, July 25, 2002. This premiere event will be a scramble format, with team and individual prizes available.

After an exhilarating round of golf, you will be treated to an outdoor barbecue, awards presentation, and a chance to meet with fellow MCA members in a social setting. This should add up to a relaxing change of pace for all of us.

Starting tee times will begin at 10:00 a.m. Please contact David Patricoski via e-mail at dtpat@aol.com or at (630) 858-8110. No tee times will be reserved until payment is made. There will be a limited number of participants. On the day of the outing, we ask that the participants check in at least 20 minutes prior to your scheduled tee time.

The cost for this event will be \$100.00 for members and \$110.00 for non-members. This includes green fees, golf cart, two (2) beverages, afternoon snack bar, and early evening barbecue. The available tee times are somewhat limited for this event, and therefore we must receive your payment no later than July 13, 2002 to ensure a reservation. To reserve your tee time, please fill out the attached form and return with payment by check to:

Midwest Cogeneration Association
c/o LaSalle Associates
PO Box 2878
Glen Ellyn, IL 60138

Anyone wishing to sponsor a hole or donate a prize may contact David Patricoski via e-mail at dtpat@aol.com or by phone at (630) 858-8110. Those parties who do sponsor a hole will be recognized at the hole with a 12" x 12" posted sign. Those donating prizes will be honored at the barbecue.

We look forward to your participation!

THE SIXTEENTH ANNUAL MCA NON-UTILITY POWER CONFERENCE

SEPTEMBER 19, 2002

The Midwest Cogeneration Association will hold its Sixteenth Annual Conference on Tuesday, September 19, 2002 at McDonald's Lodge, Oak Brook, Illinois. There will be two concurrent sessions that address the full range of regulatory, environmental and technical issues. This popular event provides an opportunity for those involved in cogeneration to learn about the latest technology and regulatory developments, see over 35 exhibits of state-of-the-art equipment and services, exchange information and relax at a western barbecue that evening.

Over 100 professionals attended in 2001 and found the conference most beneficial and we are sure you will feel the same way after attending this years' conference.

See how Cogeneration/CHP can save you money.

Hear from businesses and institutions that installed Cogeneration systems.

Learn how the most recent **legislation** will affect you and your power costs.

Meet people who deliver gas and electricity, people who design and build Cogeneration systems and people who can show you how to save energy.

Discover the latest advances in Cogeneration technology, including engines, turbines and heat recovery systems.

Watch your mail for additional information, or check out the website at www.cogeneration.org for continuous updates on conference plans along with a listing of exhibitors from last year.



Midwest Cogeneration Association
P.O. Box 283
Western Springs, IL 60558-0283

RETURN SERVICE REQUESTED



May 13-15, 2002. *The New Texas Power Game*

Location: Marriott West Loop, Houston, TX

Sponsored by: Infocast
Contact: (818) 888-4444

May 15, 2002. **MCA MEMBERSHIP AND BOARD OF DIRECTORS MEETING**

Topic: Open Forum/Discussion on Cogeneration and Related Topics
Location: Willowbrook Holiday Inn, Willowbrook, IL

May 14-15, 2002. *Energy Power Risk Management*

Location: The Houstonian Hotel, Houston, TX
Sponsored by: Risk Waters Group
Contact: (212) 925-1864

May 20-21, 2002. *Renewable Energy*

Location: Renaissance Houston Hotel, Houston, TX
Sponsored by: CBI
Contact: (800) 817-8601

June 6-7, 2002. *5th Annual Managing Utility Taxation*

Location: Hyatt on Printers Row, Chicago, IL
Sponsored by: CBI
Contact: (800) 817-8601

June 6-7, 2002. *Electricity 202 Power Markets*

Location: The Warwick, Houston, TX
Sponsored by Energy Seminars
Contact: (615) 880-4200

June 13-14, 2002. *Electricity 101*

Location: Wyndham Drake Hotel, Oak Brook, IL
Sponsored by: Energy Seminars
Contact: (615) 880-4200

June 18-21, 2002. *Wholesale Power Markets Week - Brave New World*

Location: The Millennium Knickerbocker, Chicago, IL
Sponsor: Infocast
Contact: (818) 888-4444

June 24-26, 2002. *Gas Storage Strategies 2002*

Location: Marriott West Loop, Houston, TX
Sponsored by: Infocast
Contact: (818) 888-4440

June 27-28, 2002. *The Business Case for Cogeneration*

Location: Omni Ambassador East Hotel, Chicago, IL
Sponsored by: CBI
Contact: (800) 817-8601

July 25, 2002. **Sixth Annual MCA Golf Outing**

Location: Arrowhead Golf Course, Wheaton, IL
Contact: David Patricoski
(630) 858-8110
dtpat@aol.com

September 19, 2002. **MCA SIXTEENTH ANNUAL NON-UTILITY CONFERENCE**

Location: McDonald's Lodge, Oak Brook, IL

Any opinions or positions contained in the MCA newsletter are solely the opinions or positions of the author of the article in which it appears; and does not necessarily represent the opinion or position of the MCA, its Membership or its Board of Directors.