



Energy Edge

A NEWSLETTER FOR MEMPHIS LIGHT, GAS AND WATER DIVISION GENERAL POWER CUSTOMERS
SEPTEMBER 2010

New Energy Efficiency Loan Program launched to finance energy improvements, renewable generation

All too often, the biggest obstacle to making your facility more energy efficient is a lack of capital. Representatives from TVA, the State of Tennessee and Pathway Lending recently announced a new option—the Energy Efficiency Loan Program, designed to assist Tennessee businesses and privately-funded 501(c)3 and 501(c)6 non-profit organizations in financing energy projects.

The program will utilize \$50 million in public and private capital to finance up to 100% of qualified projects. The interest rate is currently 5%, with terms up to 10 years. Loans of \$20,000 to \$1 million are available for energy efficiency retrofits and upgrades, equipment replacement and renewable energy generation projects.

The program’s first-round application deadline is 11/1/2010, with additional application rounds planned next year. First-round funding decisions, which will be made after all applications are reviewed, are expected on 12/1/2010.

To be eligible for energy efficiency project loan, a business or organization must submit a complete energy audit, assessment or vendor proposal with detailed project energy savings, along with company information and brief financials. This information can be obtained through TVA’s Commercial Efficiency Advice & Incentive program, as well as consultants, contractors and others. Once verified, the energy savings determine the amount and term of the loan, as well as the applicant’s ability to utilize the resulting energy savings to repay the loan. No energy audit is required for renewable energy projects, although they must show a 10-year payback—including all applicable Federal and State incentives, plus revenue from TVA Generation Partners program.

Organizers will host a series of workshops across Tennessee in late September. The Memphis workshop is scheduled for 9/21/2010, 11:00am-1:00pm, at the Fogelman Conference Center on the University of Memphis campus. A second West Tennessee session will be held in Jackson on 9/22/2010. To register, email jen.mclachlan@pathwaylending.org or call 615-425-7171. MLGW will send representatives to the 9/21/2010 meeting; check October’s *Energy Edge* for more information.

MLGW Rates

MLGW’s current and historic electric, natural gas and water rates are published at www.mlgw.com, along with updated Purchased Gas Adjustment and Fuel Cost Adjustment rates.

Purchased Gas Adjustment (PGA)

MLGW Rate	Consumption	Demand
G-1 residential	\$(0.028)	na
G-7	\$(0.127)	na
G-8 / G-9	\$(0.240)	\$0.143
G-10 / G-12	\$(0.205)	na

Monthly adjustment in \$/Ccf to published natural gas rates for meters read on or after 8/31/2010.

Fuel Cost Adjustment (FCA)

TVA Rate Class	MLGW Rate Code	FCA Amount
GSA, Part 1	E-2	\$0.00687
GSA, Part 2	E-2	\$0.00687
GSA, Part 3	E-2	\$0.00679
Residential	E-1	\$0.00694
Outdoor Lighting	E-3	\$0.00695

Monthly adjustment in \$/kWh to all firm kWh, beginning with meters read on or after 8/31/2010.



Important Contact Information

Commercial Resource Center:

Monday-Friday

7:30am-5:00pm Central

Phone: 901-528-4270

Fax: 901-528-4547

E-mail: crc@mlgw.org

Emergency: 901-528-4465

Outage: 901-544-6500

VIEW YOUR BILL ONLINE AT www.mlgw.com

For program details, visit www.pathwaylending.org . Use this direct URL to access the Application Guide, http://www.pathwaylending.org/site/files/Energy_Efficiency_Application_Guide_2010-08-19_3.pdf

Site Selection magazine recognizes MLGW among nation's Top Utilities in Economic Development

Site Selection magazine just named MLGW among its Top 10 Utilities in Economic Development, recognizing the impact that the utility's economic development staff has recruiting new businesses and helping existing businesses prosper.

"No group benefits from successful economic development in a city more than the existing customers of a municipal utility," said Jerry Collins Jr., President and CEO of MLGW. "MLGW is proud to continue its long-time partnership with the Greater Memphis Chamber in both attracting new industry to Memphis and assisting existing industry. MLGW's key focus is helping make our business customers more profitable to not only maintain their operations, but consider expansion as well. Over 90 percent of the employment gains and investment in 2009 were from customers already located in the county."

According to *Site Selection*, the designation is based on calendar year 2009 performance in four categories: capital investment, job creation, capital investment per capita and jobs per 10,000 in population. More broadly, the designation gauges the ability of U.S. utility companies to complement power delivery with the powers of persuasion in fostering corporate investment in their territories.

Joining MLGW in the top 10 are the Tennessee Valley Authority in Nashville, and Alabama Power, Birmingham, AL; DTE Energy, Detroit, MI; Duke Energy, Plainfield, IN, and Charlotte, NC; Entergy Corp., New Orleans, LA; Georgia Power, Atlanta, GA; Hydro-Québec, Montréal, Québec, Canada; Oncor Electric Delivery, Dallas, TX; and PPL Electric Utilities, Allentown, PA.

"The top-performing utilities have several things in common," says Ron Starner, executive vice president of *Site Selection*. "They are constantly raising the bar on delivering superior customer service. They are engaged now more than ever in providing companies with certified sites. They are always looking for ways to save industrial power customers money; and they are fostering and building regional coalitions of support for economic development."

The entire Top Utilities article and the annual Utilities Directory appear in the September 2010 edition of *Site Selection* magazine and online at www.siteselection.com. *Site Selection* magazine provides expansion-planning information to some 44,000 executives of fast-growing firms.

2009 Economic Development success at a glance:

Businesses made \$552 million in new investment locally last year, creating 3,867 new jobs, totaling \$166,901,469 in annual payroll.

When the total economic impact on the community was calculated by Younger & Associates, this growth attributed to:

- 7,529 direct/indirect new jobs,
- \$340,582,805 total new direct/indirect annual wages,
- \$18,354,768 new annual local taxes,
- \$1,138,782,108 in one-time capital expenditures/purchases, and
- \$17,629,372 in tax payments for construction and purchases.

TVA Fast Cash incentive offers easy rebates for small businesses

Businesses and organizations with electric loads under 51 kW and, thus, no electric demand charges, have a new financial incentive program to reward qualified energy efficiency improvements at existing facilities. TVA and

MLGW recently introduced Fast Cash for Small Business and Industry, a streamlined program paying incentives based on interior lighting and HVAC equipment commonly utilized at smaller facilities.

Unlike TVA's Commercial Efficiency Advice and Incentive program (CEAI), which pays a flat fee per kW of electric load reduced coincident with TVA's peak, Fast Cash utilizes a prescriptive list of equipment types (existing and replacement), with a set rebate amount for each lighting fixture or ton of cooling installed. Fast Cash greatly reduces the customer time and effort required to obtain incentives for energy improvements, compared to the more comprehensive CEAI for larger facilities.

Any contractor may be used, but the project must be submitted and pre-approved by TVA before installation begins. To initiate the process, complete and submit the Business Incentive Application Package, accessible here: <http://www.tva.com/commercial/measurement/Incentive%20Application%20Form.pdf>

Details about the program—including the itemized list of eligible energy improvements—are available at http://www.tva.com/commercial/measurement/fast_cash.pdf

Business continuity and disaster recovery to be addressed at annual Emergency Preparedness and Incident Conference

The largest business continuity / disaster recovery conference in the region will be held at the FedEx Institute of Technology on the University of Memphis campus on 9/15/2010. Beginning at 8:00am, this informative event includes general sessions as well as break-out sessions to address your biggest continuity and recovery concerns. Presentations include: Tennessee Emergency Management Agency (TEMA) Emergency Response to the May 2010 Floods, Small Business Emergency Response, What Can HUD Do in a Presidential-Declared Disaster, West Tennessee Seismic Commission and Center for Earthquake Research Consortium.

The conference is sponsored by the Mid-South Association of Contingency Planners. Registration, parking and lunch are free—but you must register in advance by visiting http://www.msacp.org/epic_registration.htm. Door prizes, including an emergency generator, will be given away. Vendors will also be on site to discuss products and services that can assist you in developing your business continuity and disaster recovery plan.

City of Memphis sewer fee change prompts influx of calls to MLGW

The recent increase in sewer fees charged by the City of Memphis has spurred inquiries to MLGW's call centers. Please remember that sewer fees are determined by the Division of Public Works, approved by the Memphis City Council and only billed and collected through MLGW. MLGW has no input into sewer rates and simply provides the billing mechanism so Public Works, as well as other municipal service providers whose fees appear on your MLGW bill, do not have to produce and send separate bills. This relationship helps reduce costs by eliminating multiple billing systems, postage and payment processing.

Public Works has established a Sewer Hotline, 636-7006, to handle customer questions and concerns. The hotline is fully staffed Monday through Friday, 8:00am to 5:00pm. See the August issue of *Energy Edge* for details about the fee increase and tips on reducing domestic water use, which will help control sewer costs. View the ordinance at: http://www.cityofmemphis.org/pdf_forms/ordinances/5356_IncreaseSewerFees.pdf

MLGW and TVA extend Demand Response incentive program

Businesses and organizations get paid for reducing electricity demand during peak periods

MLGW has joined power distributors throughout the TVA region to offer Phase II of one of the largest demand response programs in the country. Operated by leading demand response company, EnerNOC, in partnership with MLGW and TVA, the TVA-EnerNOC Demand Response program pays businesses, organizations and government entities to reduce consumption when TVA's system reaches critical highs.

EnerNOC and TVA recently signed an agreement to expand the program, which was started in 2008, to provide up to 560 megawatts (MW) of capacity throughout the TVA region. The expansion opens the door for more MLGW customers to capitalize on this revenue-generating, energy-saving opportunity.

MLGW offered Phase I of TVA-EnerNOC Demand Response, with 68 local customers currently enrolled and many more anxious to sign-up. Current participants represent 12 MW of capacity and have received a combined \$400,000 in participation payments since 2009.

So far in 2010, nine demand response events have been called, due in large part to this summer's heat, which caused a number of high demand days on TVA's system. Since participants earn additional payments for response during each event, this summer proved to be financially valuable while also providing a clean, sustainable and reliable source of energy to the region and the Memphis area. In addition, using demand response to limit TVA's most expensive generation and purchased power helps control the monthly Fuel Cost Adjustment value applied to every customers' consumption.

"Area businesses that join the TVA-EnerNOC Demand Response program are providing a valuable service to their community," explained Gregg Dixon, Senior Vice President of Marketing for EnerNOC. "Demand response is a cost-effective way for TVA to help maintain the balance between electricity supply and demand, and businesses receive financial compensation for providing that valuable service. It's a win-win situation."

PROGRAM OUTLINE

- Participating customers agree to reduce a set amount of electricity consumption in response to high peak demand, high electricity prices or other system needs.
- There is no cost to participate—customers receive all necessary equipment for free and an EnerNOC team member will help design an energy reduction plan that works for your operations and needs.
- There are no penalties for not performing during a demand response event. Participants that don't reduce their demand for electricity during an event may qualify themselves out of the program, eliminating future payment opportunities, but they will not have to pay penalties.

PARTICIPANT REVENUE and BENEFITS

- Participants receive a "capacity payment" each quarter for being enrolled in the program, whether a demand response event is called or not.
- When a demand response event is called, customers who reduce load are also paid an "energy payment" based on the amount of load reduced during the event.
- Demand Response payments are issued via a check to the customer, typically received 6-7 weeks after the end of each quarter.
- Customers have found public relations benefits from participation in the program as well. By enrolling in the program, participating businesses and organizations are directly assisting in lowering power costs by minimizing the need for TVA to purchase more expensive power supplies. Participation also provides the environmental benefits of avoided emissions and contributes to grid stability.

ENROLLMENT and INFRASTRUCTURE

- Customers with sizable loads, typically 250 kW and above, should contact MLGW's Commercial Resource Center, or contact EnerNOC directly at www.enernoc.com/tva to learn more.
- EnerNOC staff will meet with you to explain the program and schedule a demand response audit. During the audit, EnerNOC will work with facility managers to identify load reduction opportunities that will have minimal impact on your operations.
- A load reduction target is identified and the customer signs a participation agreement.
- MLGW and EnerNOC install any additional required metering and communication equipment, at no cost to the customer.
- Participants get free access to EnerNOC's DemandSMART web-based energy management system, which provides easy-to-use, real-time information on your facility's energy consumption. Through this tool, you can identify additional savings opportunities.

DEMAND RESPONSE EVENTS

- When TVA's system reaches a critical peak, TVA notifies EnerNOC. EnerNOC then sends a message to MLGW and participating customers via phone and email to indicate a demand response event will begin in 30 minutes.
- Prior to, during, and immediately after an event, EnerNOC's Network Operations Center remains in close contact with your facility, and is available 24/7/365 to answer any questions that you may have.
- Participants reduce electric load by implementing the previously-agreed upon measures identified during the demand response audit. (Most customers handle these steps manually, but EnerNOC also can assist in automated response, if customers prefer.)
- Although the program is designed to deliver load reduction to TVA based on identified customer load targets, there is no penalty for customers who cannot reduce load during a specific event or for those who can only reduce a portion of the targeted load amount during some events.

EXAMPLE LOAD REDUCTION STRATEGIES

Virtually every facility with an electric demand of 250 kW or above has some potential for demand response. The following examples illustrate how easily various operations can adjust to receive the economic benefit of reducing electric load at critical peak.

- A **civic center** shuts down auditorium air handlers, two 300-ton chillers, compressors and hallway lighting, achieving a 200 kW reduction.
- A **public school system** at 4 locations shuts down rooftop package units, 30-HP heat pumps, and wall mount classroom units for 500 kW of reduction.
- A large **home furnishings manufacturer** shuts down multiple dye vats, dryers, coolers, compressors and conveyors to reduce 1,250 kW.
- A **water distribution sub-station** shuts down pumps leaving them to pre-fill their gravity tanks before an event to reduce 500 kW.

EnerNOC staff will be contacting MLGW customers identified as good potential participants, based on electric demand. You may receive an email, letter or phone call from EnerNOC representatives to present this new opportunity for your operations.