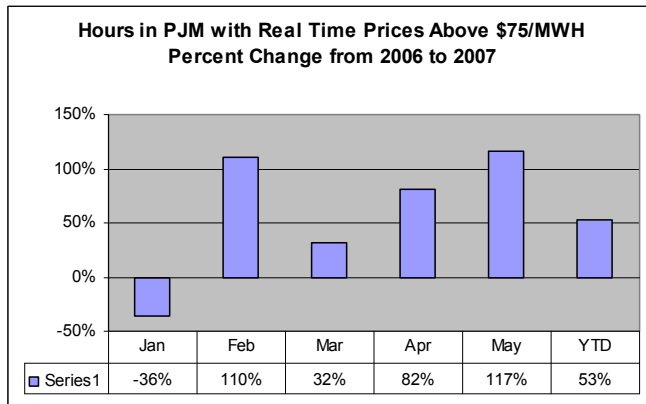




Growing Revenue Potential for EnergyConnect Customers

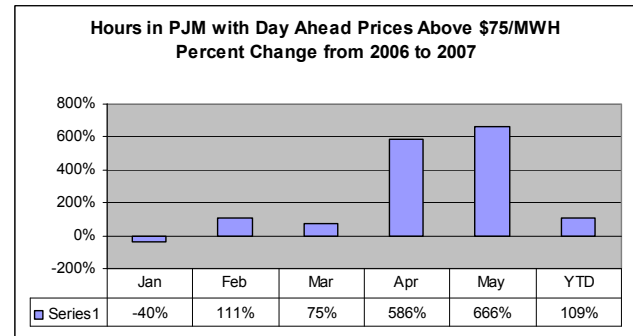
It is shaping up to be a good year for EnergyConnect participants. The revenue potential has been increasing through May 2007 compared to 2006, especially for participants within the PJM power grid. One measure of potential revenue is the number of hours when wholesale electric prices exceed \$75/MWH, which is when PJM pays an incentive for demand response resources.

Through May 2007, there were 53% more hours with wholesale electric prices above \$75/MWH compared to the first five months of 2006. This is for the real-time pricing market. Four of the first five months in 2007 experienced an increase in the number of the higher priced hours, with February and May more than doubling from 2006.



The real-time pricing program allows participants to benefit from high wholesale prices on the same day through EnergyConnect. There is also a day-ahead wholesale power market where EnergyConnect earns revenues for the participants based on tomorrow's prices.

In the day-ahead program, there are 109% more hours with wholesale electric prices above \$75/MWH through May 2007 compared to the same period in 2006. Three of the five months in 2007 show dramatic increases, particularly for April and May, which had relatively few higher priced day-ahead hours in 2006.



Many EnergyConnect participants have greatly increased their revenue year-to-date May of 2007 compared to same period 2006. In fact, some participants have earned more revenue in the first five months of 2007 than earned in all twelve months of 2006.

Several factors appear to be at work. One is that weather was colder through April and hotter in May compared to last year in key regions of the PJM territory. More extreme weather has probably contributed toward increased volatility of the wholesale power markets and EnergyConnect is taking advantage of these higher prices for its participants.

Another factor is that real-time markets have a greater number of higher priced hours compared to the day-ahead markets. By shifting the share of demand response activity from the day-ahead to the real-time markets, EnergyConnect is able to earn more revenue for its participants.

A third factor is that participants are becoming more experienced with demand response. So the greater revenues in 2007 for many EnergyConnect participants reflect the increased sophistication of their demand response strategies.

If you would like to hear further about how to earn more revenue through EnergyConnect, please contact a key account representative.

Facts Connect

Region	Peak Real Time Wholesale Electricity Prices (\$/MWh)		
	June	May	April
Mid-Atlantic	\$185	\$144	\$104
Metro Chicago	\$114	\$117	\$94



EnergyConnect Recruiting Participants in California

EnergyConnect is signing up facilities to participate in the demand response markets of Pacific Gas and Electric (PG&E). PG&E is a combination electric and gas utility that serves most of Northern California. EnergyConnect's EnergyVigilant Partnership, is especially suited for large commercial and industrial facilities, including those for water treatment, wastewater treatment, auto assembly, mining, refining, recycling, warehousing, and others with flexible load management possibilities.

EnergyConnect helps facilities identify load management options and then participate easily in what can otherwise be a complex California marketplace. The demand response capabilities of participants will be called upon when events arise.

EnergyConnect has a two year demand response purchase agreement with PG&E for the event-based program. The agreement is valued in excess of ten million dollars.

Connecting the Dots: Summer Reliability Forecasts and Demand Response

"The addition of new generation and transmission facilities, the implementation of NYISO's successful Demand Response Programs and the availability of out-of-state generation capacity contribute to the forecast of sufficient electricity for the upcoming season, barring unexpected extremes in weather conditions."

– *New York Independent System Operator, "Electricity Supply Sufficient for Summer 2007," News release, June 18, 2007*

"Our forecasts continue to indicate that New England should have sufficient supply to meet consumer demand this summer in all areas of New England....However, if demand for electricity does reach record levels, demand resources and other conservation efforts will play a crucial role."

– *Stephen G. Whitley, Chief Operating Officer, ISO New England, "ISO New England Reports Summer Electricity Supply Remains Sufficient: Demand Resources Will Play a Role." Press Release, May 18, 2007.*

"Going forward, greater demand participation in wholesale markets and tighter connections between retail electricity rates and wholesale costs would enable consumers to respond more efficiently to the dynamic nature of electricity prices, thereby minimizing the need to build additional, costly energy infrastructure."

– *Gordon von Wylie, CEO of ISO New England, "Wholesale Electricity Markets Performed Efficiently and Supported Reliable Grid Operations in 2006," Press Release, June 11, 2007.*

"PJM expects to have 3,103 MW of interruptible demand and load management programs this summer....Demand response also has been shown to reduce wholesale electricity spot market prices on peak electricity use days."

– *PJM News Release, "PJM Says Regional Electricity System Ready for Summer Power Demands," May 14, 2007.*

EnergyConnect Team Profile: Alan Gartner

Alan Gartner serves as Vice President of the Western Region of EnergyConnect. He has been with EnergyConnect since 2005. With over thirty years of experience in the power industry, Alan's career has been focused on electricity grid automation, distribution networks, meter reading, plant operations, and market operations of utilities around the world. At Landis & Gyr (now Siemens) and ABB, he developed, managed, and supported systems that control power generation, distribution, and grid management throughout the world. He was active in the development of the northwestern independent system operator, RTO West, and worked with utilities opening markets to competition.

Some of his most recent work has been in developing resources and software to support natural gas and municipal government clients. As an entrepreneur, he co-founded an engineering firm and helped in the planning of two start-up firms. Alan has served as a consultant to a myriad of organizations in the software and energy businesses. He holds a Bachelor of Mathematics from Stanford and an MBA from Santa Clara University. Among his many outside interests, Alan and his wife like to travel and garden. He enjoys living in California and spending time with his grandchildren.

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