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Update for Electric Consumers

Provided by: Rapid Power Management, LLC

New Energy for America

Erin Neighbors

President Barack Obama and Vice President Joe Biden's New Energy for America plan will aim to eliminate our dependence on the Middle East & Venezuela for imports, invest in America's energy future, and create new jobs.

Obama plans to decrease demand by as much oil as we currently import from the Middle East and Venezuela over the next ten years. One component to ending our addiction to foreign oil is to promote the supply of domestic oil. A "Use it or Lose it" approach will be taken with existing oil and gas leases. There are 68 million acres onshore and over 40 million acres offshore of undrilled assets that have been leased by oil and natural gas producers. Recovering these fossil fuels would significantly increase our domestic oil production. The White House will also determine a process to identify any infrastructure obstacles, shortages or federal delays to drilling in the Bakken Shale and the Barnett Shale. According to US Geological Survey, The Bakken Shale, located in Montana and North Dakota, could have approximately 3 to 4.3 billion recoverable barrels of oil. Furthermore, the Alaska Natural Gas Pipeline has become a priority. The planned pipeline will have a daily capacity of four billion cubic feet of natural gas, or approximately 7% of the current US consumption. In addition to increasing our domestic supply, the Alaska Pipeline will create thousands of new jobs.

Over the next ten years, \$150 billion will be invested in a clean energy future. Such an investment is expected to create five million new jobs by encouraging energy efficiency, investing in low emission coal plants, promoting development of commercial scale renewable energy and by beginning the transition to a digital electricity grid. Obama also ensures that 10 percent and 25 percent of our electricity will come from renewable energy by 2012 and 2025, respectively.

The Department of Energy projects demand will increase 1.1 percent each year over the next decade. At a recent Democratic debate, Obama stated that "we are going to have to make our buildings more efficient. We're going to have to make our lighting more efficient." President Obama's goal is to reduce the projected electricity demand by 15 percent by 2020. Cutting demand by increasing efficiency will save consumers approximately \$130 billion, create jobs and decrease carbon monoxide emissions by more than five billion tons through 2030. Another step is to weatherize several million low income homes over the next few years to reduce energy usage and to hopefully stabilize energy prices.

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"Washington may not be ready to get serious about energy independence, but I am. And so are you. And so are the American people," President Obama said. "Inaction is not an option that is acceptable to me and it's certainly not acceptable to the American people – not on energy, not on the economy, and not at this critical moment."

www.whitehouse.org & www.barackobama.com

Straight Off the Press

Solar Tax Incentives

President Bush signed the Emergency Economic Stabilization Act of 2008 into law on October 3, 2008. This Act extends the Business Solar Investment Tax Credit (ITC) for another 8 years through December 31, 2016.

The tax credit, a reduction in the overall tax liability, applies to solar water heating, photovoltaic systems, and certain solar lighting systems. Businesses and public utilities can participate in the program. However manufacturers and government buildings do not qualify for the ITC.

The tax credit is 30% of the system cost, therefore, if the system cost is \$10,000, the company would receive a \$3,000 tax credit at the end of the year. For a building to qualify for the ITC the building must be "placed in service" from January 2006 to December 31, 2016. The Photovoltaic system requirements are that the solar panels must provide electricity for building, and must meet applicable fire and electrical code requirements. Buildings that have installed a photovoltaic system and were placed in service before January 1, 2008 have a \$2,000 cap on the tax credit. The new Act removed the \$2,000 cap on photovoltaic systems for property placed in service after December 31, 2008.



NODAL vs. ZONAL Market in the ERCOT Grid



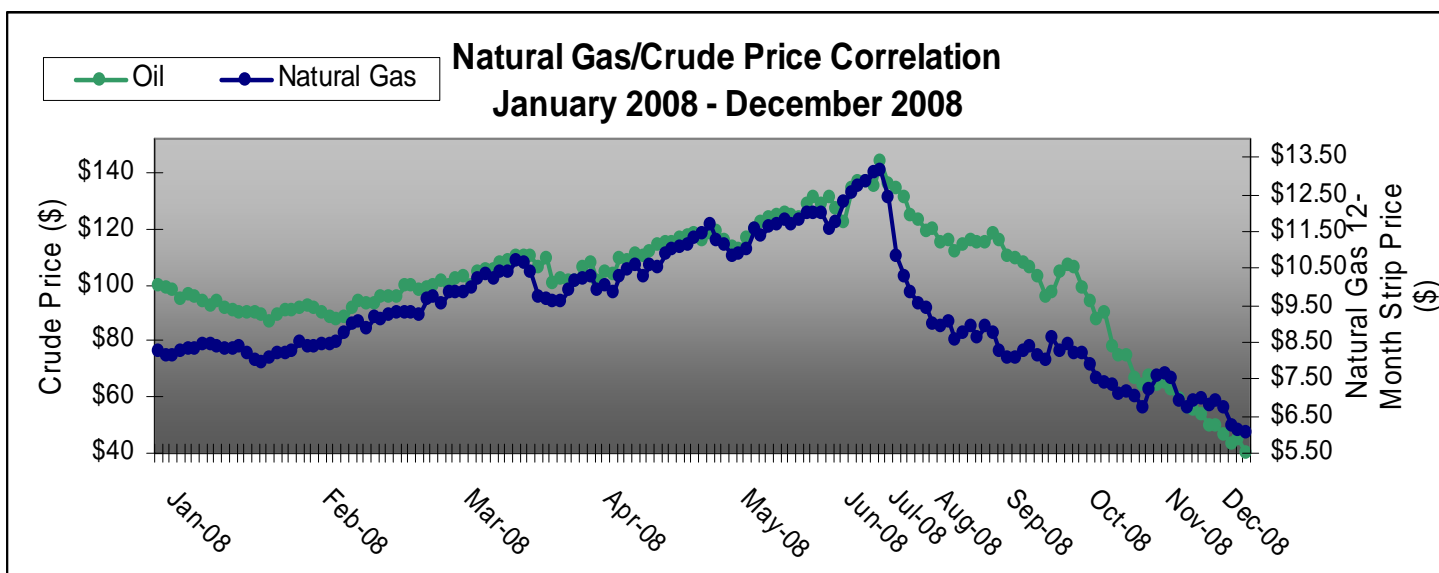
The ERCOT grid of Texas is in the process of changing from a zonal market to a nodal market. In a zonal market, the grid is divided into congestion management zones (CMZs) which are defined by commercially significant constraints (CSCs). In a nodal market, the grid will consist of more than 4,000 nodes, replacing the CMZs in the zonal market. The conversion will satisfy the Public Utility Commission of Texas's order to directly assign local congestion in Texas and deliver many benefits to the ERCOT grid. The nodal design will improve price signals and create a direct assignment of local congestion compared to the zonal design of insufficient price transparency and indirect assignment of congestion.

In June of 2008, the Texas Public Utility Commission ordered the ERCOT board to consider changes to the ways it handles zonal congestion. The prices in the balancing energy market were high last summer and hit the price cap 14 times. The spikes in wholesale power prices caused three retail providers to default on obligations to ERCOT. Under a nodal market, this problem would not occur.

The initial passed cost for ERCOT's transition to the nodal market was \$263 million and was to be completed by January 1, 2009. On December 1, 2008, ERCOT reported their plans to push back the launch of the nodal market to December 2010 with an estimated final cost of \$660 million. The launch date is nearly two years after the old January 1 target and the budget is over twice the original \$263 million. Currently ERCOT's board has approved to fund the additional cost to complete the transition to the nodal market. ERCOT is meeting in mid February to set a definite schedule of when the nodal market will be complete.

Gas and Power Markets: 4th Quarter 2008

Working natural gas storage levels stood at 2,830 bcf at the end of the fourth quarter of 2008. Current inventories are now 87 bcf above the 5-year average and 31 bcf above the level during the corresponding week last year. The West Texas Intermediate (WTI) crude oil spot price has fallen from \$133 per barrel in July to \$41 in December because of the current slowdown in economic growth. The WTI price, which averaged \$100 per barrel in 2008, is expected to average about \$43 per barrel in 2009 and \$55 in 2010. World oil consumption continues to be revised downward in response to the global economic downturn. Consumption in 2009 is projected to fall by 800,000 barrels per day. OPEC cut production three times in the fourth quarter, but the cuts have not led to a substantial increase in oil prices. The natural gas futures had a low just under \$5.60 in late December and a high of \$8.30 in early October. Currently, the January 2009 contract is priced at \$4.65 per MMBtu. The U. S. economic downturn is also contributing to lower natural gas prices. The Henry Hub spot price is projected to decline from an average of \$9.13 per Mcf in 2008 to \$5.78 per Mcf in 2009, but then increase in 2010 to an average of \$6.63 per Mcf. Total natural gas consumption is projected to decline by 0.1 percent in 2008 and then increase by 0.7 percent in 2010. Natural gas production increased by 5.9 percent in 2008 led by the development of unconventional reserves in the U.S. Natural gas production is expected to increase by 0.7 percent in 2008 and decrease by 0.9 percent in 2010.



The U.S. economy contracted in the 4th quarter of 2008 at an annual rate of 3.8% after contraction of 0.3% in the 3rd quarter. The expected GDP from October to December was less severe than the 5.5% decline economists were expecting. Consumer spending, which accounts for two-thirds of the economy, dropped by 5.1% and is the largest pullback since 1974. The Federal Reserve cut the federal fund rate twice in October, each by a half-point, to 1%. On December 16th, the Federal Reserve cut the federal fund rate from 1% to a range between zero and .25%. The GDP for the 1st quarter of 2009 is expected to change between the range of down .2% or up 1.1%.

Next Issue: Solar on Your Home in the Metroplex



We will detail the steps you need to take & how you can benefit from installing solar panels on your home

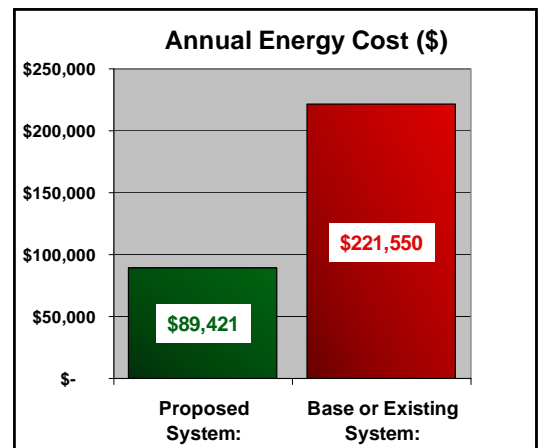
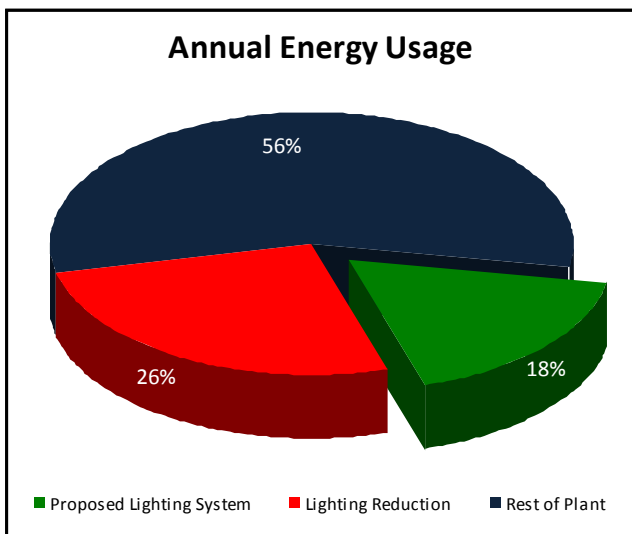
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Case Study: Lighting Retrofit for a Pipe Manufacture

Project Assumption:

Cost per kWh: \$0.11/kWh
 Annual Op Hrs: 6,000 Hrs
 Existing Lighting: 1000W Metal Halides
 Proposed Lighting: 6-Lamp F54T5HO



Above: The Existing or Base Lighting system cost \$221,550 annually to operate. The Proposed Lighting system cost \$89,421 annually to operate with a projected annual energy cost savings of **\$132,129**.

Left: The existing lighting system represented **44%** of the plants total energy usage. The new lighting system will reduce the total energy usage by **26%**.