



RENEWABLES ... WIND ... SOLAR ... NATURAL GAS ...
NATURAL GAS ...

NATURAL GAS ...
ON THE
HIGHWAY
TO OUR
FUTURE

What is the ESC

The Energy Solutions Center is an organization of energy utilities and equipment manufacturers that deliver improved, energy efficient natural gas solutions to residential, commercial, and industrial energy users

Goals

Strengthen the Ability of Energy Utilities to Achieve Excellence in Serving all Customer Segments

Accelerate the Introduction & Deployment of New Gas Solutions that Improve Customer Productivity, Competitiveness, Efficiency, Reliability, and Comfort

Enable Energy Customers to Achieve Conservation, Efficiency, and Environmental Goals through the Use of Natural Gas



ESC Membership

Corporate Members

AGL Resources	Gaz Metro	Piedmont Natural Gas
Alagasco	Heritage Gas	Puget Sound Energy
Atmos Energy	Intermountain Gas	Questar Gas
Avista	Laclede Gas	South Jersey Industries
Black Hills Energy	Manitoba Hydro	Southern California Gas Company
CenterPoint Energy	Missouri Gas Energy	Southern Natural Gas
Chesapeake Utilities	Mobile Gas Service Corp	Southwest Gas Corporation
Citizens Energy	Municipal Gas Authority of Georgia	TECO Peoples Gas System
City of Richmond (Va.)	National Fuel Gas Distribution	The Gas Company (Hawaii Gas)
Columbia Gas	National Grid	UGI Utilities
CPS Energy	New Jersey Natural Gas	Union Gas Ltd.
Dominion Energy	Nicor Gas	Vectren
DTE Energy	Nipsco	Washington Gas
Enbridge Gas Distribution	Northwest Natural Gas	Yankee Gas
Florida Public Gas Group	ONEOK	
Florida Public Utility Corp.	Philadelphia Gas Works	

Affiliate Members

Advanced Mechanical Technology	Energenic	Natural Gas Vehicle Institute
Altronic	Enershield Industries	Navien America
Alturdyne	Firebridge, Inc.	Novitherm
A.O. Smith	Gas Technology Institute	P&E Automation
Aisin World Corporation	Greffen Systems	PrecisionTemp, Inc.
American Gas Association	Home Services USA	QuikWater, Inc.
Armstrong International	Hurst Boiler	Relms, Inc.
Big Ass Fans	Hydronics Industry Alliance	Rheem Manufacturing
Bradford White	Insultech (Shannon Enterprises)	Rinnai
Capstone	IntelliChoice Energy	Schwank Ltd.
Clayton Boilers	Logica3	Solar Turbines
ClearEdge Power	Marathon Engine Systems	Superior Boiler Works
Cleaver Brooks	Marathon International	Superior Radiant Products
Combustion & Energy Systems	Modine Manufacturing	Tecogen
ECR International	Natural Gas Technologies Center	The Growth Coach
		Williams Furnaces



ESC Highlights for 2010

Dear ESC Members:

As 2010 begins to wind down, we wanted to reflect on the Energy Solutions Center's accomplishments for the year, and challenges ahead. The cover of the 2010 annual report depicts the growing consensus that natural gas will be a major component of the road to our energy future, along with solar, wind, and other renewable forms of energy. The gas industry is grateful for ESC's efforts to ensure that users of natural gas are educated and informed about gas solutions that increase productivity, competitiveness, comfort, and reliability while enhancing environmental performance and efficiency.

National statistics show that overall revenue for natural gas utilities is shrinking about 1-1 ½ % annually. On one hand, this is good news for our customers as it reflects the many positive steps being taken to reduce energy consumption. Advances in the energy efficiency of natural gas equipment, homes being built to higher standards, past pricing issues and behavioral changes of people regarding energy use in the home have all impacted natural gas usage.

It is clear that we have to grow our customer base to overcome these net losses and to hopefully generate incremental revenue annually. This approach with a complimentary decoupling strategy can produce a win-win for our customers and for our industry. By offering customers natural gas, and the latest equipment and appliances, you offer them one of the most highly advanced energy solutions available today. It's a way of differentiating ourselves... offering a superior product with energy efficient technologies... as a means to grow our business. As we identify available resources for our customers and increase communication with our customers, customer satisfaction will improve, and customer expectations will rise. The industry must raise the bar to meet these customer needs. The Energy Solutions Center has once again succeeded by helping local distribution companies throughout the US and Canada to raise that bar.

Notwithstanding the continued challenges in our economy, membership in the ESC actually showed a slight increase. Energy utility budgets continued under pressure, and utility staff needed to find ways of doing more with less. ESC has proven itself through the years to be the perfect vehicle for doing so by leveraging the limited amount of funds, personnel, and time that utilities have to dedicate to marketing, sales, and customer support. ESC constantly strives to increase the members' return on investment, and 2010 was no exception. With a very focused staff, a dedicated board of directors, and a committed membership, ESC outshines many organizations with larger budgets and staff.

The big story at ESC this past year was the tremendous popularity of ESC's webinars and workshops. ESC staff was busy addressing member requests to develop and conduct custom-tailored training, education, and awareness programs. Some were undertaken in our member's service territories in person, others through off-site webinars. ESC staff planned and conducted workshops and webinars on gas solutions relevant to residential, commercial and industrial energy users. ESC also initiated a monthly series of technology webinars in conjunction with the American Gas Association for both AGA and ESC LDC members.



ESC funded an end-use technology kiosk at AGA's gas industry pavilion at the International Builder's Show in January, and will continue to participate in and support the industry's efforts to educate builders about the advantages of natural gas. ESC launched its new series of homebuilder kits in time for the International Builder's Show. These kits are easily customized and tailored to target homebuilders, architects, engineers, real estate agents, or contractors. More than 50,000 kits were ordered by ESC members for distribution at state and local homebuilder conferences and home/garden shows. ESC's new National Builder Taskforce is working on behalf of North American gas utilities to promote the benefits of natural gas to large national and regional homebuilders.

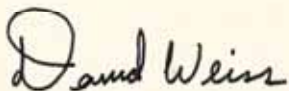
Our **Technology and Market Assessment Forums (TMAF)** held in Dallas, Detroit, and Brooklyn continued to be our most prized deliverable, educating and training utility staff in new marketing and customer support strategies, conservation and efficiency programs, and new gas equipment and solutions. Despite travel restrictions at a number of member companies, attendance in 2010 broke all previous records, testifying to the relevance of the TMAF content, and the value of professional networking. It's just good business sense to attend a TMAF where 200 marketing and sales professionals will be discussing "lessons learned" as gleaned from their own experiences.

The ESC **Consortia and Workgroups** help utility members and equipment manufacturers focus on what is truly important to *their* customers. ESC offers 10 consortia opportunities that range from residential to commercial to industrial. The new ESC workgroups on Renewable Energy and on Natural Gas Vehicles have been extremely well-received.

ESC members continued to take advantage of both the print and electronic versions of the ESC **customer magazines**. *Gas Technology*, for industrial and large commercial customers, *Energy Solutions for Commercial Buildings*, for commercial and institutional customers, and *Natural Living* for builders and homeowners were purchased by ESC members and distributed to tens of thousands of end-use customers.

The Energy Solutions Center is proud of its history of disciplined financial management and administration. The Center's annual audit demonstrated the strength and integrity of our staff, our membership, and our financial model. ESC continues to maintain a strong reserve, equivalent to one year's operating budget.

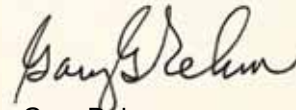
We have enjoyed this past year, working together with utilities, equipment manufacturers, and customers, saving time and money, in the effort to introduce new opportunities for customers to utilize natural gas more wisely and efficiently. In closing, the natural gas industry has many exciting opportunities unfolding, and the ESC is well positioned to continue to create value for our member companies going forward. We look forward to a great year in 2011. Thank you for all of your support and involvement!



David Weiss
ESC Executive Director



Joe Rende
Chairman
ESC Board of Directors



Gary Rehm
Vice Chairman
ESC Board of Directors

ESC Leadership 2010

Energy Solutions Executive Committee



Joe Rende
ESC Board Chair
National Grid



Gary Rehm
ESC Board Vice Chair
Atmos Energy



Nancy Lange
NW Natural



Joe Gordon
Southern Natural Gas



Dan Ryan
Laclede Gas



Susan Clinesmith
Enbridge Gas Distribution



Gillian Wright
Southern California Gas Co.

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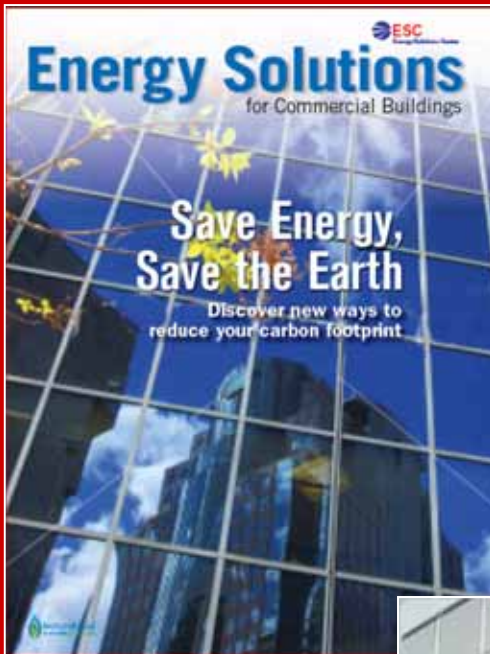
Jennifer Couto
Contract Administration

Stephanie Smarsh Reed
Meetings Coordination



How Does ESC Deliver Value?

- Engaging Customers
- Reducing Marketing and Sales Costs
- Deploying New Gas Solutions
- Enhancing Marketing and Sales Success
- Communicating Efficiency to Customers



Engaging Customers



Ana Hargrove
CenterPoint Energy – Houston

“For the past couple years, ESC has helped me craft an agenda and find speakers for CenterPoint’s commercial customer workshops. We were forced to limit the number of customers invited due to costs and were looking for a new avenue to reach more of our commercial customer base, more frequently all with limited resources to do so. ESC suggested doing webinars and offered to set these up, and run them for CenterPoint in a transparent fashion. All we do is 1) select a date and topic, 2) agree on the agenda, speaker and invitation that ESC prepares, and 3) e-mail the invitation to our contact list. ESC has been wonderful, and has been a great resource to CenterPoint. As a result, we are reaching a larger customer base cost-effectively.”

“We’ve all experienced unanticipated events that can cause sudden changes in direction for the sales and marketing department. In our case, National Fuel became aware of the need to assist the sales representatives at many of our local appliance retailers with their understanding of the features and benefits of natural gas appliances. Marketing was tasked with educating and providing sales collateral material to local appliance/hardware stores, big box retailers, specialty pool/hearth retailers, and the heating and water heating installers in our territory.

Fortunately, ESC had just finished producing high quality brochures on the primary residential technologies as part of a comprehensive Builder’s Kit. National Fuel purchased 20,000 sets of 5 different appliance brochures and put them on display for consumers to pick up near the natural gas appliances in various stores. The brochures were professionally produced at a fraction of the time and cost it would have been for our company to produce this material, and they were well-received by the appliance stores.”



Rob Eck
National Fuel



Reducing Marketing & Sales Costs



"With years of experience in field operations but new to the marketing function of the natural gas industry, I needed to begin the quick orientation process of learning customer behaviors, and how to improve customer productivity and comfort. With the need to be an advocate and serve the customer, my marketing track contacts were very limited. The outreach and collegiality of the Energy Solutions Center members at TMAF were extraordinary; with a willingness to share their positive and negative experiences and insights. After TMAF, I was able to email and engage quite a few people I met, participate in various consortia and create my own network of peers for industry dialogue."

Sidney Thomas
Vectren

"It can be a challenge to find credible, third party analysis of gas equipment and systems, whether such information is being sought for a residential customer or an industrial customer. We've always relied on the ESC staff and resources. ESC has a staff of professionals that know the gas industry inside and out, and they provide thoughtful perspectives whether we are developing a new marketing program or a new energy efficiency initiative.

We took advantage of ESC help in conducting a seminar for local colleges, municipalities, engineering firms, and other energy professionals regarding life cycle cost analyses, new commercial gas solutions, and understanding what a carbon footprint is all about. Our customers appreciated the knowledge ESC could offer them about using energy more wisely, and were impressed that their local utility cared enough to offer such professional and timely expertise."



Patti Reardon
Missouri Gas Energy



Deploying New Gas Solutions



Gillian Wright
Southern California Gas Company

“Since I have responsibility for so many of our industrial customers, the programs and resources of the Energy Solutions Center are invaluable. Our staff rarely misses the Technology and Market Assessment Forums which offer some of the best equipment manufacturers in North America. Being able to discuss customer needs and gas equipment application/ installation issues with so many equipment manufacturers and contractors at one place at one time is a huge time saver for us. Whether it’s through the many commercial and industrial consortia, or whether it’s just through the professional networking at TMAF, I can find out a great deal about how other gas utility reps are addressing increased energy efficiency goals and challenges of the industrial customer. Several of the commercial and industrial consortia are producing tools and resources that we could never justify spending the time and money on, as just one company. So, the idea of leverage through ESC helps us expand our portfolio of customer offerings.”

“ESC, National Grid, and Tecogen teamed up to provide funds and technical support for several large scale projects. At a food processing plant, waste heat from the Tecogen CHP installation supplies hot water for processing and absorption cooling. The plant is reducing overall operating expenses by 35% and greenhouse gases by more than 40%.

At a 110 unit apartment complex, two Tecogen units and a high efficiency boiler will provide the building's entire space heating, water heating and power requirements. With the improved reliability and more favorable pricing structure, the customers were very happy with the service and expertise that National Grid and ESC were able to provide. We’re looking now for additional opportunities to demonstrate natural gas solutions on-site at other customer locations. Working with ESC facilitates these partnerships and helps us to provide solutions to our customers more quickly and inexpensively.”



Rich Locke
National Grid



Enhancing Marketing and Sales Success



“There’s a truism in our industry about ‘doing more with less.’ Customer additions and retention are more important than ever, and it’s essential that we utilize the most effective means possible to achieve our goals. With the Energy Solutions Center, we get an enormous return on our investment. With tangibles like customer videos, builder kits, segment brochures, carbon calculators, and more, we know we’re getting tools for a fraction of the costs than if we produced these ourselves. When you add in our ability to network and expose our personnel to the latest value solutions at three TMAFs a year plus the benefits we derive from the National Accounts and other consortia, ESC is just one of the best industry groups available.”

Gary Rehm
Atmos Energy

“ESC’s Gas Foodservice Equipment (GFEN) Consortium, through a proprietary market research report, documented the ‘electric is environmentally friendly’ perspective that many food service professionals have. It was rather shocking to many of us in the gas industry. The more than 2 dozen utility members of the consortium are now working in a pro-active manner to educate foodservice operators and national accounts about the green benefits of natural gas. I appreciate and use the monthly foodservice articles that GFEN produces as well as its website to promote gas cooking to restaurants in our service territories. The recent ESC GFEN Customer Care Workshop was a tremendous learning experience for our staff and saved me dollars from my professional development budget.”



Gloria Daniel
AGL Resources



Communicating Efficiency to Customers



“The National Accounts Consortium, in the Energy Solutions Center, was able to connect CenterPoint Energy MN with the corporate offices of a large chain account. This allowed us to work with their corporately-owned and franchised-owned MN locations to process rebates on a new piece of high efficient, natural gas equipment being installed at many locations. We look forward to working with the National Accounts Consortium to connect with other large chain accounts to discuss the cost savings, environmental benefits and rebates available by choosing natural gas equipment. Having a connection with other utilities across the country, as members of the Energy Solution Center, provides support and shared resources to promote more high-efficient, natural gas foodservice equipment.”

Ann Lovcik
CenterPoint Energy - Minnesota

“The Commercial Buildings Consortium offers its members a great return on their investment. For a minimal fee, we are able to access more than \$300,000 worth of tools and resources. Consortium members can select the marketing and customer support materials that best meet their needs. These materials are professional in appearance, well designed, consistent in their message and present a realistic picture of the advantages of pertinent natural gas technologies. This allows Southwest Gas to deliver a powerful message and to improve credibility with its commercial customers. ESC products such as the ‘Energy Solutions for Commercial Buildings’ magazine and the Commercial Consortium deliverables are helping us to promote gas cooling & CHP within our service territory. Positive experiences like this have resulted in ESC becoming one of the major education and training resources for our staff.”



Bud Walters
Southwest Gas



2010 Consortia and Workgroup Highlights

Boiler Burner



The Boiler Burner Consortium was instrumental in the development of a panel presentation and discussion earlier in the year on automation and linkage-less controls for boilers. The presentation has been converted into a webinar available for use by utility reps or their customers. Workshops and webinars were developed on high-efficiency and modular boilers and heat recovery systems. The consortium also launched an examination of the latest advancements in ultra-low NOx burner options for boilers.

Commercial Buildings



The Commercial Buildings Consortium this year completely updated and redesigned its library of commercial customer marketing materials. These 600 one and two page handouts cover a wide range of commercial market niches such as hotels, office buildings, restaurants, schools, and multifamily housing. A new Architect/Engineer kit was produced with technical guidance on innovative ways to use natural gas products and systems to increase energy efficiency, reliability, and occupant comfort. A new commercial sales training module was also developed for utility reps.

Distributed Generation



The DG Consortium completed the 12 month DOE evaluation and data reports for the Solar Turbine CHP installation at Frito-Lay in Northeast Connecticut. This project produced tremendous financial leverage. The installation of a major CHP system makes the Frito Lay plant virtually independent of the grid while providing most of its steam needs. The consortium is also joining National Grid in supporting and evaluating two 100 Kw Tecogen *InVerdê* units at a major food processing plant in Brooklyn. The consortium is currently updating its website, PowerOnsite.org, providing additional tools for utilities to promote CHP.

Gas Food Equipment Network (GFEN)



GFEN produced its first video highlighting new, energy efficient gas equipment for commercial and institutional kitchens. More than 45 people attended the 1 ½ day Foodservice Workshop in Houston where utility reps were educated and trained in some of the new gas-based kitchen appliances for restaurants. A quarterly electronic newsletter was launched for gas utility foodservice customers. GFEN participated in the National Restaurant Association annual conference where it awarded its annual Blue Flame Award to AccuTemp for the Evolution Gas Convection Steamer.



Industrial Energy Efficiency



In addition to composing webinars on industrial energy efficiency options, the consortium prepared a technical guide, "Energy Management and Metering in Industrial Plants." The guide will make it easier for utility professionals to advise plant managers and engineers about specific strategies to enhance efficiency and conservation efforts. Additionally, the consortium is working with Combustion and Energy Systems and Sofame on the deployment of high-efficiency condensing economizers.

National Accounts



The National Accounts Consortium held discussions with a number of national restaurant chains that are seeking expertise and innovative approaches to using natural gas more prudently. The consortium has developed a bi-weekly communication vehicle to apprise national restaurant chains about customer rebates and market introductions of new gas equipment. A number of consortium members have reported new projects with the local franchisees of national fast food chains.

Residential Burner Tips



The Residential Burner Tip Consortium conducted a study on the applications of Corrugated Stainless Steel Tubing and subsequently developed a CSST cost calculator. An outdoor room "visualizer" was completed which is a user-friendly software program that allows consumers to design an outdoor room using a photo of their own backyard. The software package highlights the variety and versatility of natural gas appliances and products, and is suitable for member websites. A geothermal heat pump evaluation was also prepared by the consortium.

Residential & Commercial Energy Conservation



This consortium prepared two videos for consumers focusing on saving hot water and on the benefits of programmable thermostats. The "Small Business Energy Efficiency Guide" was produced by the consortium for distribution to commercial customers. The guide outlines the many types of energy efficient equipment and systems that use natural gas and provides business owners with an easy-to-read chart to help them select the right equipment for the right purpose.

Residential Video Consortium



The consortium created a series of branded videos for web, trade shows, model homes, cable access television, broadcast television, and movie theaters. The series included nine 2 minute residential technology and energy efficiency videos, three 30 second comfort, supply and environmental videos, and four 30 second videos on the four primary residential appliances. The videos have been created in multiple formats for various media avenues. The first three 30 second spots were also translated into Spanish.



Natural Gas Vehicle Workgroup



The ESC NGV Workgroup has been well-received by the ESC member companies and is generating renewed interest in promoting and growing the NGV market. Meeting at each TMAF and through monthly conference calls, the workgroup has established itself at ESC as the primary means by which utility professionals can exchange ideas and data regarding NGV program successes, failures, tools, marketing approaches, and product updates. The workgroup planned and coordinated major panel discussions at TMAFs on drivers and challenges to increased NGV use, and partnered with the Commercial Building Consortium on several brochures for fleet vehicles.

Renewable Energy Workgroup



This workgroup is focused on the development and utilization of renewable energy. Business models for LDC utilization of biogas from landfills, wastewater treatment plants, and food processing plants are being evaluated. In addition, the group is tracking hybrid technologies that combine solar, wind, geothermal, and tidal energy with natural gas solutions. Workgroup members are examining renewable energy market penetration and market share, along with the challenges and opportunities of integrating increasing sources of renewable energy with natural gas.



The CHP demonstration at Frito-Lay North America, Inc. in Yankee Gas service territory provides 99% of the plant's power, and operates at a CHP efficiency of 70%.

Tecogen, Inc. has several InVerde-100 CHP demonstrations in the National Grid service territory providing customers with a standardized interconnect and black-start grid-independent operation.



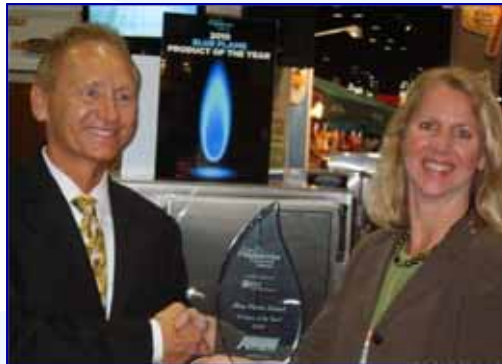
Benefits of ESC Membership



Attendees network during an evening reception learning more about new natural gas technologies.



Presentations keep ESC members current on natural gas issues.



*2010 Blue Flame Product of the Year award
Recipient – AccuTemp Evolution Gas
Convection Steamer.*



*Bob Best, Chairman and CEO,
Atmos Energy, addressed
ESC membership in Dallas.*



*Keynote speaker at the October
TMAF Nick Stavropoulos,
Executive Vice President and
Chief Operating Officer, U.S. Gas
Distribution, National Grid.*