



BOROUGH OF PERKASIE

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January 26, 2009

RE: Reliability Pricing Model (RPM)
Demand Response Program

Dear Borough Business Electric Customer:

When Borough officials met with representatives of the business community in October, 2008, to discuss the upcoming electric rate increase, we were advised to try to seek ways to save the businesses some money in terms of their electric usage. As a follow-up to that thought, we have recently become aware of a program offered by our electric regional transmission organization, known as PJM, which may help some of our business customers save a substantial amount of money during peak electric use periods. PJM, as you may know, is responsible for controlling electric usage in the Pennsylvania-Jersey-Maryland (PJM) area. They offer to their members, through our electric power supplier, AMP-Ohio, a program called the Reliability Pricing Model (RPM) demand response program.

This program is basically an energy-savings incentive program that the Borough can take advantage of and pass on to our customers. **Electric customers that can curtail a minimum of 100 kW of load or customers having generation with a capacity of 100 kW can receive a credit for participation in the program.**

The demand response program will operate from June through September between the hours of 12:00 noon through 8:00 PM. For a declared generation emergency in the PJM area, participating customers will be requested to curtail load for a maximum of six hours per day up to a maximum of 10 times during the season. A minimum two hour notification is provided for curtailment.

What this means is that if you as an electric customer have a generator on site that can produce 100 kW or more of electricity during a peak usage period (usually on the hottest days of the year), and you utilize that generator to produce your own electricity, you can receive a substantial credit. Or, if you have the type of operation where you are able to curtail your immediate usage during the declared generation emergency, you could also qualify for the credit.

The total amount of credit would vary each year. For the June 2009 through September 2009 period, a credit of \$3.40 per kW of curtailed demand would be applicable. For example, each 100 kW of curtailed load would produce a \$4,080.00 credit. The penalty associated with not meeting the target demand response kW would be the amount of non-compliance multiplied by 1/5. In support of the program, meter data will be collected by the Borough and submitted to PJM for verification.

We do realize that there may be only a few businesses in the Borough that have the ability to take advantage of this program. So, while we may not expect many to qualify, we believe that it will be a worthwhile program for those who do. In the meantime, we will continue to search for other cost savings ideas for everyone.

The Borough's role would be to enter into a contract with the customer for the program and simultaneously enter into a similar contract with AMP-Ohio. We would also be responsible for installing a time-sensitive meter (similar to a "smart meter") for your business to track the actual usage by time of day. We will charge a 15% administrative fee which would be subtracted from any savings that would be passed on to you from AMP-Ohio. This would help offset the costs of the new meter.

The Borough Council has endorsed this program and authorized that it be made available to any business that may be interested. Timing is crucial and the deadline for the borough to enter into an agreement with AMP-Ohio is February 16, 2009. If you are interested in this program, please contact us and we will provide you with a copy of the required contract and related attachments. **We must have your signed agreement in hand before February 11, 2009.** The documents can also be secured directly from our website, www.perkasieborough.org. Please click on the tab on the left side of the home page entitled "Electric Information for Businesses", then go to the RPM information. After the documents are signed and returned, we will then arrange for an appropriate time sensitive meter to be installed at your facility.

Please contact us if you have any questions about this program.

Sincerely,

Daniel P. Olpere
Borough Manager