

HOSPITALenergy
POWER TO HEAL™

Hospital Energy Group

- The Hospital Energy Group was founded in 1996 to help nine VHA hospitals. As a result of electricity supply contracts arranged through this Group, total savings for the original members now exceed \$25 million.
- Today, the Group has expanded to serve some 125 hospitals with more than \$500 million in long-term electricity supply under contract. Participating hospitals include some of the nation's most prominent healthcare institutions, including members of VHA, UHC and Premier/Yankee Alliance.

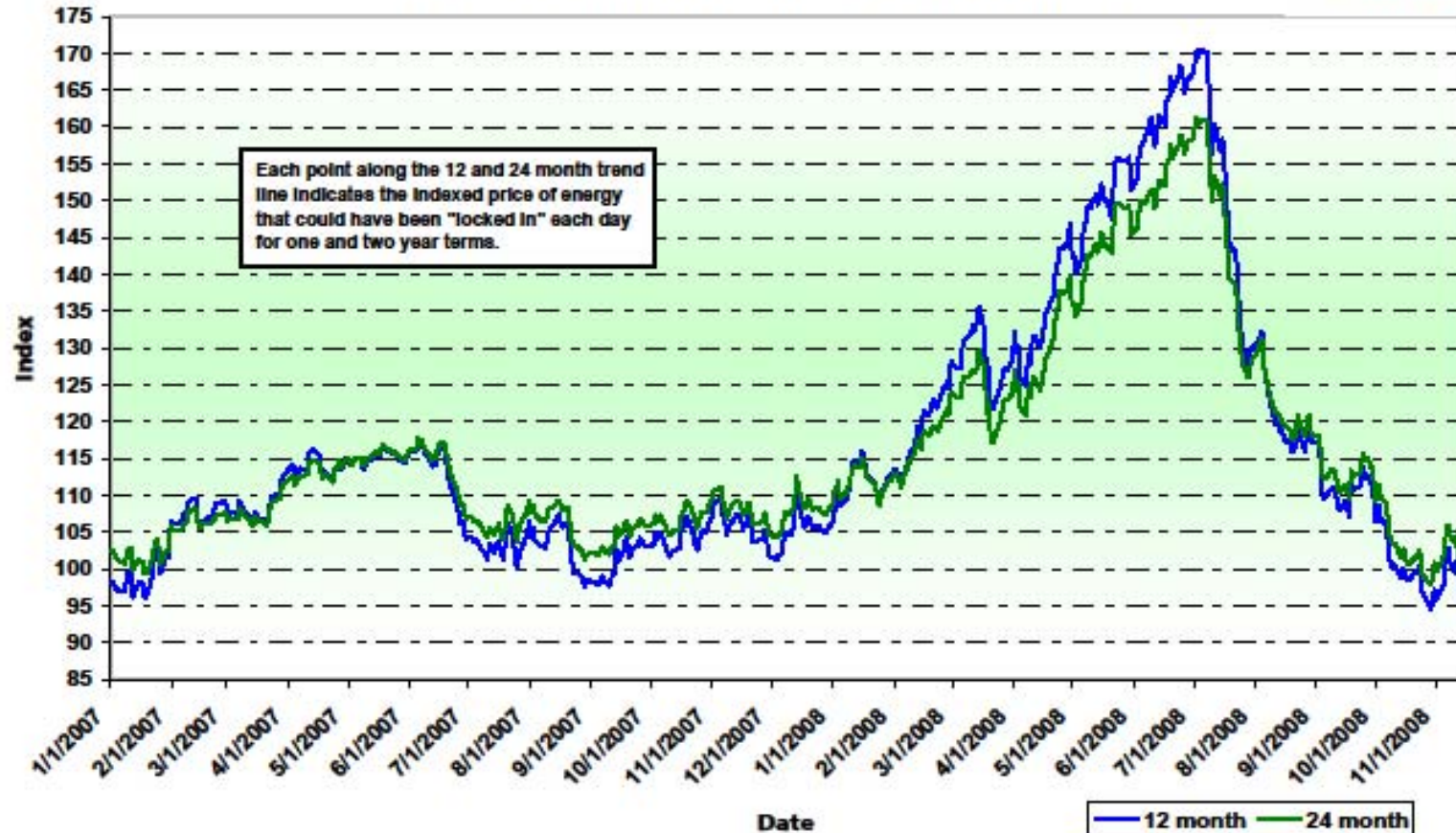
Hospital Group CHP Offering

- Hospital Energy Development created to hold CHP assets and monetize government incentives for benefit of individual member hospitals.
- Company designs, builds and operates CHP plant for 20 year term.
- Hospital pays single kwh charge for electric and thermal output of CHP. Fuel purchased through Group program.
- Hospital has no financial or operating risk.

Key Offerings

- Energy Hedging, including placing long-term hedges with commercial banks in the amount of more than \$100 million. This will allow the Hospitals to stabilize their fuel costs over five year cycles.
- Clean Power Generation, including more than \$150 million in new hospital power plant construction. These new highly efficient and renewable power plants will significantly reduce the Group's energy costs over the next twenty years.

12 vs. 24 Month Forward Energy Index

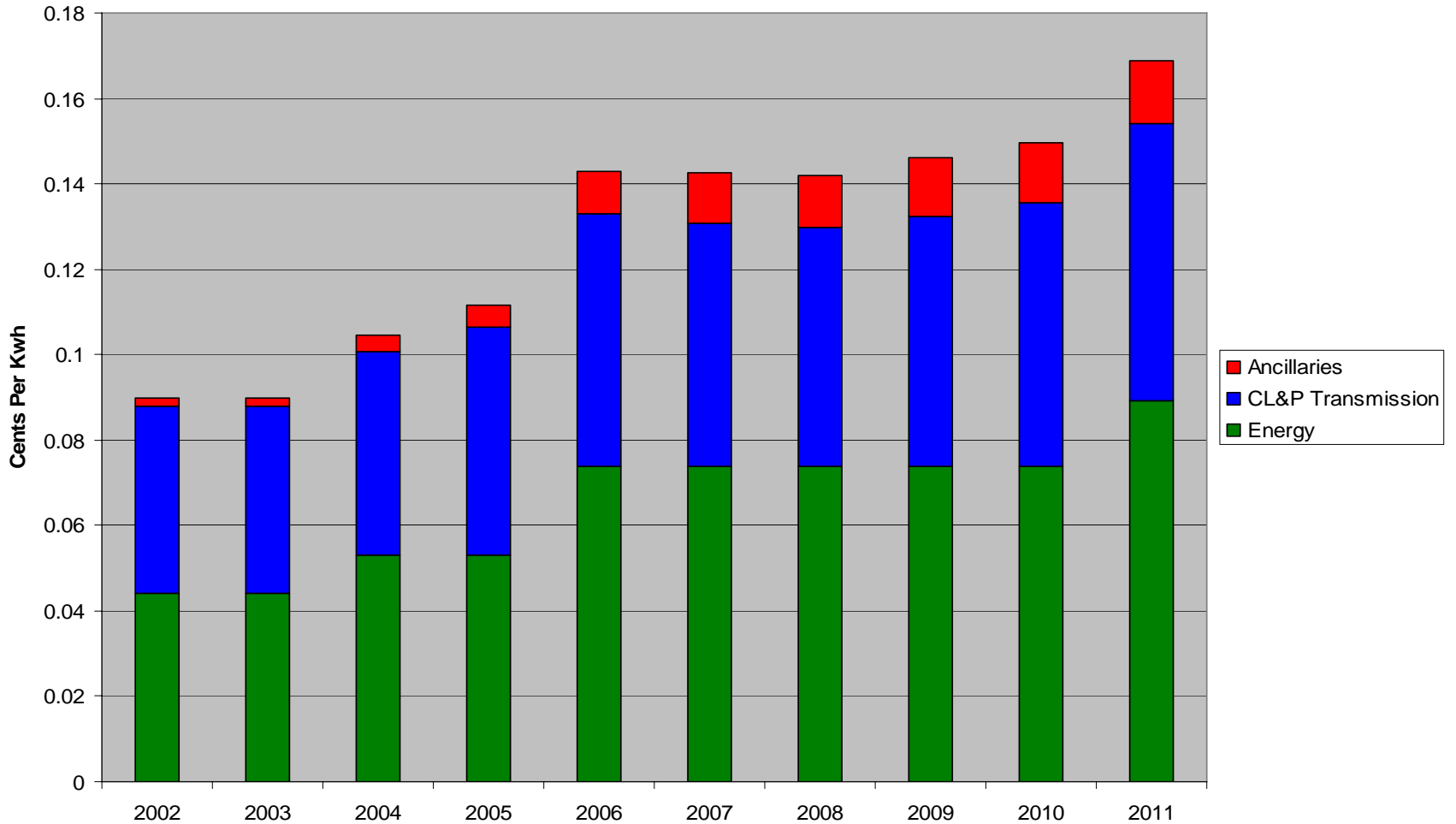


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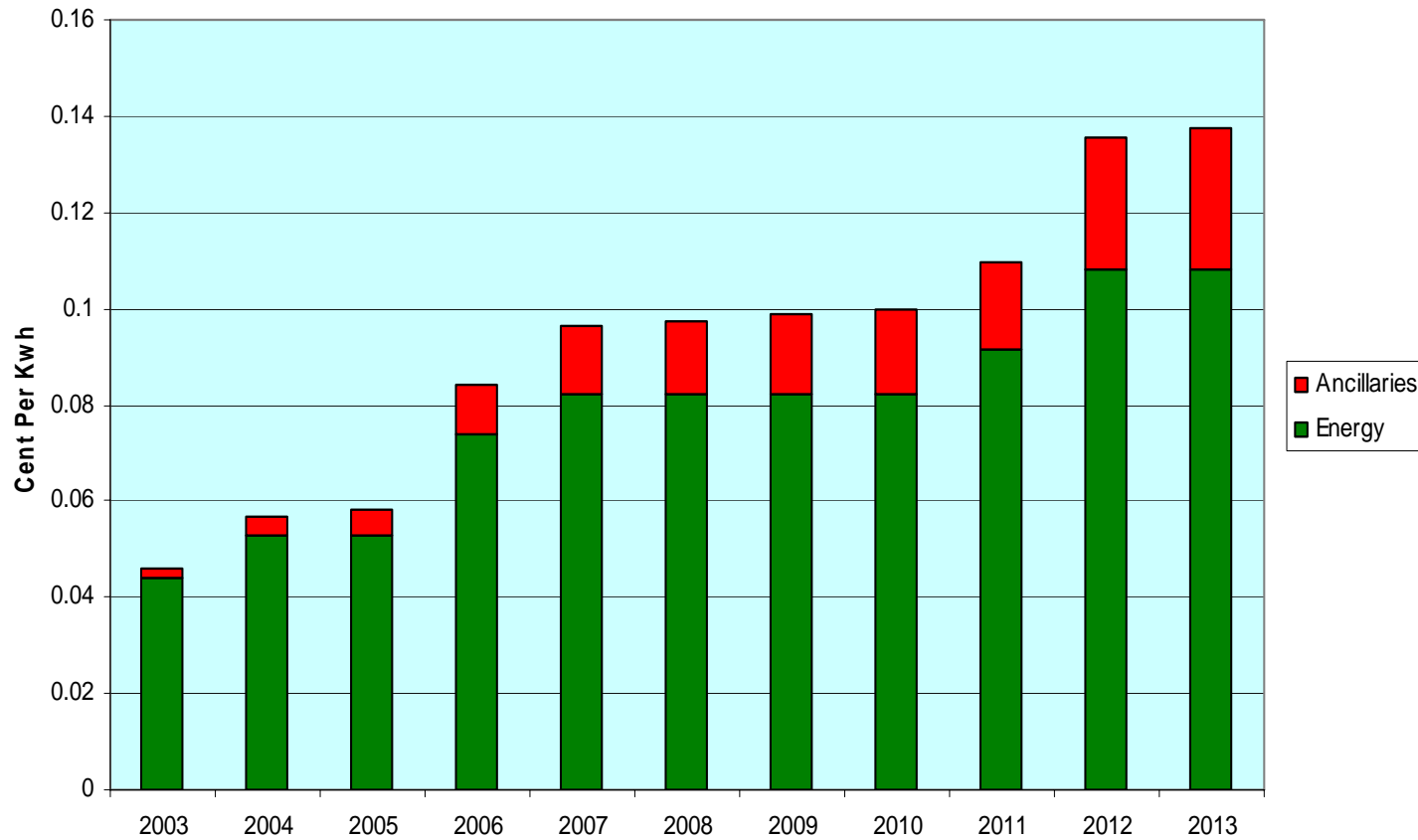
How Hospitals Buy External Energy

1. Utility Transmission & Distribution
2. Third-Party Energy Supply Contract
3. Ancillary Costs Imposed by ISOs

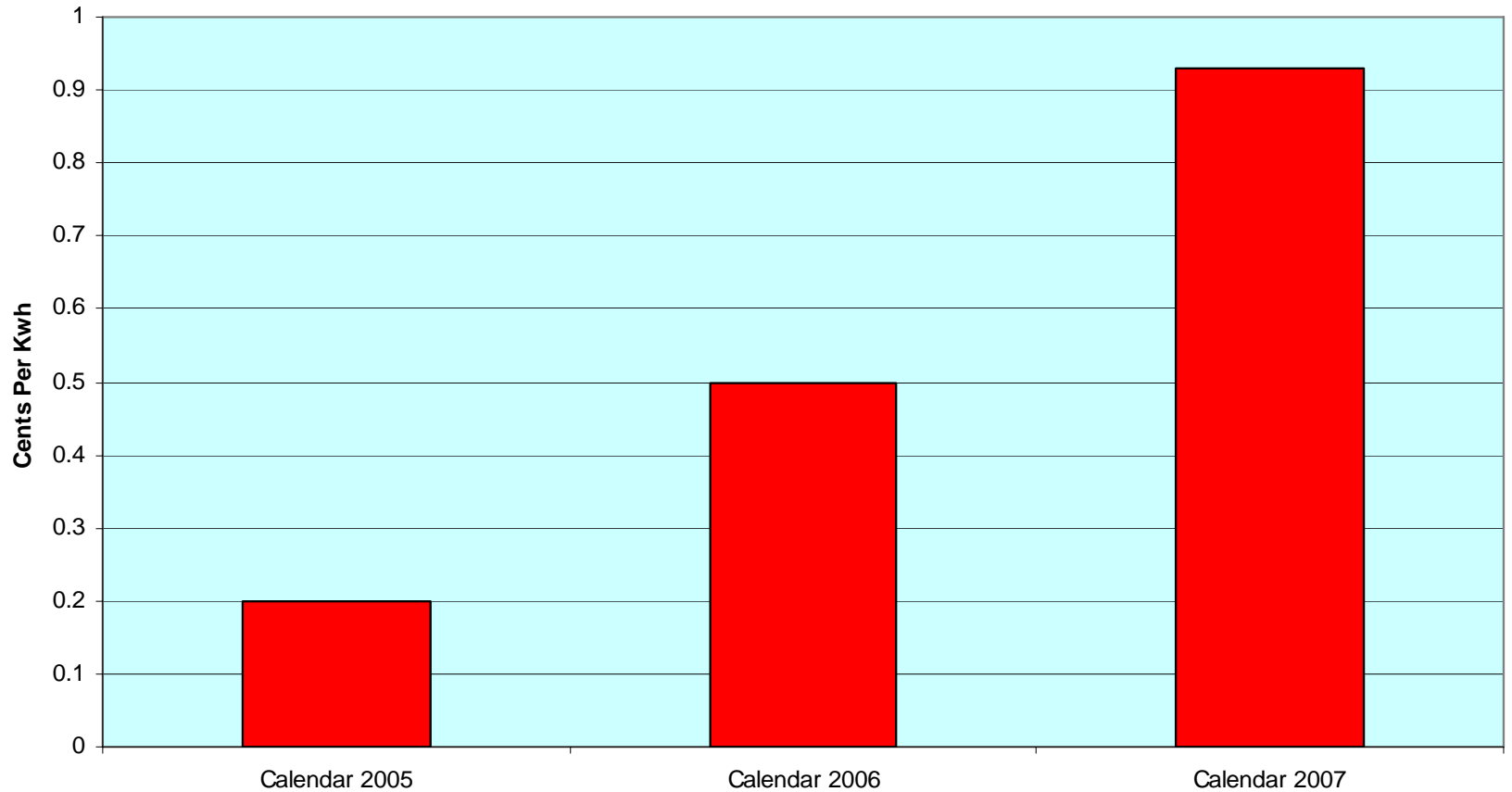
Costs of Electricity Delivery 2002-2011



Energy & Ancillaries 2003-2013



Average Capacity



Hospital Energy Commodity Procurement

- Take Advantage of “Backwardated Market”, (i.e., Price Is Lower for Contract Longer Than 36 Months)
- Buy Energy on Five Year Cycle and Extend Contract Term By One Year Each Spring or Fall
- Let Ancillaries Ride With Market. These costs cannot be stabilized without CHP.

Combined Heat & Power Benefits

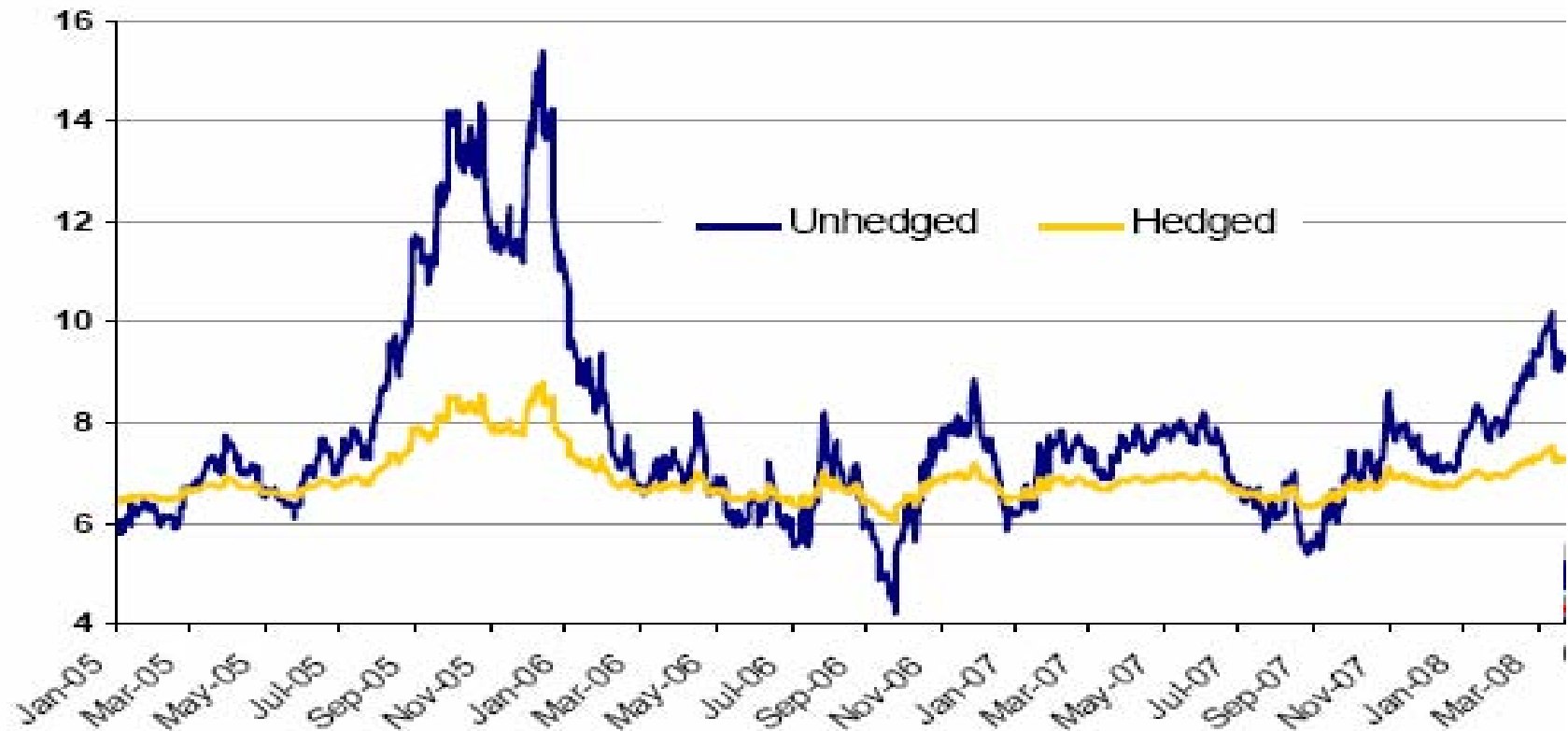
- Combined Heat & Power, aka Cogeneration, Provides Both Electricity and Thermal Energy from Single On-Campus Operation.
- Key Factors:
 - Reduction in Utility and Ancillary Costs
 - Reduction in Fuel Costs
 - Government Grant Subsidies

Fuel Is Key to CHP Success

- CHP Saves Money By Increasing External Less Expensive Fuel Purchases and Reducing More Expensive Grid Electricity Purchases.
- Key Factors in Successful CHP Project:
 - Efficiency of Plant Operation;
 - Stability of Fuel Supply Costs

Energy Stability Program

NAT GAS HEDGED 75% WITH A SWAP VS. UNHEDGED



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