ConectiSys News
WIRELESS COMMERCIAL TELECOMMUNICATIONS

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C-NES™ NETWORKS

Network Operations Center Update

Moving to the new location has been a task during this busy time for the company.

While the company is pursuing many aspects of its strategic business plan, one of the significant steps in the plan is the CNES NOC/ sales office which is moving toward completion. We are in the phase of this project that encompasses the acute details of the NOC assembly.

The new location is an integral part of strengthening the company's foundation, credibility and supplementing the company's focus and strategy of becoming a turn key solution in the energy market that will establish ConectiSys as a leader in the AMR field. The NOC represents a significant result of CNES' efforts to this point. It is a milestone, a leap in the right direction; the NOC is a secure and undeniable step toward CNES' overall success. After the FCC milestone and the completion of the NOC, the next step in the strategic plan for the company is to pursue MDMA approval. The anticipated move-in date to the new facility is April 17th, 2006.

Once the company has its NOC developed, we will be looking towards a new pilot in our new industrial center to continue to demonstrate HNet's™ capability. Our intention is to capture the attention of deregulation driven utilities across the country as a fully functional real-time meter reading turn key solution ready and capable to deploy product on a large scale. CNES is very excited to get the highly anticipated location operating.

The ConectiSys Marketing team welcomes James D. Madsen

Mr. James D. Madsen has accepted the opportunity to be an acting consultant to ConectiSys Corporation. Jim has been an outstanding support to us and has brought a wealth of industry knowledge and research to the Company.

It is our greatest pleasure to welcome him to the ConectiSys Marketing team! Jim holds a Bachelor's degree in Engineering and has an extensive background in Corporate Management spanning 25 years. We are looking forward to Jim's continued support in the area of extensive industry research. He has been actively researching Automated Meter Reading, developing technologies, the Energy Bill, other Federal Legislation and associated legislation within state and local governments as well as AMR progress in the industry and utilities. Mr. Madsen has also accepted the responsibilities as Editor - n - Chief for the Company. It is anticipated that Jim's efforts will assist ConectiSys in its endeavors for growth, market entry and strategic advancement.

From the desk of Rod Lighthipe -- Director of Business Development

As some of you may recall, I have assisted ConectiSys Corporation in various capacities during the past six years. My thirty-five plus years in the electric utility industry (including fifteen years in advanced technology development) is a good fit for efforts that ConectiSys is pursuing. Chairman Spigno has recently asked me to return full time and devote my efforts to business development for the Company.

Specifically speaking, the ConectiSys H-Net™ technology is maturing. Commercial relationships with electric utilities and energy service providers need to be developed to accept the commercial availability of our wireless meter reading product. I will be focused on developing those relationships during 2006.

Chairman Spigno has also asked me to investigate possible areas of diversification for ConectiSys that would be synergistic with the Company's energy technology strategy. In that vane, I will be recommending to ConectiSys management possible acquisition of existing and revenue producing metering service companies, energy conservation companies and other advanced energy technology companies that would be compatible with our business.

My entire efforts will be of course directed to increasing shareholder value and making ConectiSys a successful and profitable entity. I am looking forward to working with Chairman Spigno and reporting to our shareholders periodically on our progress.

Article of the Month

Inspiring Energy Savings

The writing is on the wall. Or, more to the point, it's on the meter -- the one that indicates to utilities how much power its customers are using at a given time. Advanced meters can collect energy data on a real time basis, enabling power companies to better understand consumption patterns and to work with customers to cut energy usage.

Ken Silverstein
EnergyBiz Insider
Editor-in-Chief

By understanding those consumption patterns and the costs tied to them, consumers can make smarter choices that will conserve energy and save money -- not just for themselves but also for utilities. Utilities, which must oftentimes procure power at expensive times, would have the technology available to adjust electricity usage when supplies are tight or when system reliability is a concern. The utility industry could save between $50 billion and $100 billion over the next two decades if demand response becomes the norm, the Rand Corp. says.

But, making the investment in advanced metering with demand response is another issue. At present, most utilities are able to pass along their costs to ratepayers. Consumers, by extension, pay flat rates and are largely shielded from price fluctuations. The goal then is to inspire conservation. Some state regulators understand the potential. Texas, for example, is working with utilities to find ways to monitor meters as often as hourly for commercial and industrial customers.

"This is an industry in evolution," says Robert Chiste, CEO of Comverge Technologies in Houston. "The stars are getting aligned with automatic meter reading with a demand response component. If we can establish this as a credible way to avoid building supply then we can, in some cases, try and get better rate treatment. But we need to set out to educate regulators. We need to explain this to C-level executives."

According to Chiste, utilities will spend about $250 to reduce one kilowatt over a 10-year period. That may sound high. But, if any utility was to construct a gas-fired peaking plant, he says that it would spend $300-$350 per kilowatt. Chiste is working with state regulators in Florida to bring about a staggered rate structure whereby consumers would pay more for power during peak usage and less during off-peak times. Electricity would cost 6 cents a kilowatt hour at 2 a.m., for example, while it may cost 9 cents per kilowatt hour at 5 p.m. At the same time, utilities would also have the right during extreme conditions to automatically moderate power usage in homes and businesses.

Lawmakers understand the need to educate consumers and to enlighten them that power prices are tied to supply and demand. In fact, the Energy Policy Act of 2005 signed last August requires utilities to offer each of its customer classes within 18 months a so-called time-based rate that reflects the utility's cost of generating or procuring electricity. That sounds like a mouthful, but it really means that homes and businesses would be penalized or rewarded for using power at certain times on the hottest or coldest days.

Clear Benefits

The roughly 130 million residential meters installed throughout the United States are typically read monthly and are best used to gauge monthly usage -- not hourly or daily consumption. It's a process that utilities have mastered and one that they are reluctant to change, given the cost pressures they now face.

Some experts estimate that about 10 million of those meters are equipped with advanced metering technologies. While not every meter is a candidate for an upgrade, there's still a lot of room for growth. But how would the advance be paid? Utilities can sometimes pay for performance and in other cases, consumers will be charged a small fee with the expectation that their bills will go down. State utility commissions may also allow some costs to be passed through to ratepayers.

But if the benefits are clear and the returns forthcoming, more utilities will come around. Manufacturers say the trend is inevitable: With advanced metering, utilities are given greater control over load management. Dispatchers, for example, monitor weather forecasts and the subsequent demand for their energy. Using that

information, they can reduce consumer demand if that becomes less expensive than generating power or buying it on the spot market.

Consider Gulf Power Co., which is using a gateway to read meters and offer advanced services: The Pensacola, Fla.-based utility that is a subsidiary of Southern Co. is installing smart thermostats in customers' homes that give them opportunities to adjust temperatures and keep bills down. Meanwhile, the utility is utilizing its knowledge of energy use to more precisely coordinate electricity supply and demand, a process that permits it to run cost-effective generation and save money.

Similarly, Utah Power had to curtail energy usage in a tightly constrained area near Salt Lake City. It then worked with its state utility commission to find a way to implement a cost-effective demand response program. In 2003 the utility went live and expects to cut 90 megawatts of power during peak times and over 10 years.

The benefits may be obvious, but the cost associated with automated meter reading and demand response has prevented the technology from becoming widespread. If advanced metering options are to be used, utilities will have to spend hundreds per meter for upgrades. But the value to utilities is potentially several dollars a month, which comes from cutting personnel costs, eliminating errors and controlling demand. Manufacturers say that the return on investment is anywhere from two to five years, depending on the precise features that are purchased and implemented.

"It is low risk and easy," says Joel Cannon, president of Cannon Technologies in Minneapolis. "Curtailing industrial loads and improving energy efficiency are important elements of managing growing electrical demand, but getting load management devices on air conditioners is darn sure common sense and it's going to do an enormous amount of good on the lion's share of the problem."

With all the hoopla over fuel emissions and the permitting process, energy conservation is getting lots of ink these days. And by extension, the concept has slowly crept into the mainstream. The trick now is to create a proposition to motivate utilities and their customers to cut energy use. With advanced metering coming over the horizon, the alternative to building new generation supplies is becoming increasingly visible.

FOR LIVE METER READS FOLLOW THE LINK…

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