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NiSource Energy Technologies Announces Installation of Distributed Generation Technology at Breeden YMCA

ANGOLA, IN, August 22, 2002-- NiSource Energy Technologies, a subsidiary of NiSource Inc. (NYSE: NI), and the Breeden YMCA today announced the installation and commissioning of a Combined Heat and Power (CHP) system at the Breeden YMCA in Angola, Ind.

The installation is the result of a collaborative effort of business, community, government and university commitments and contributions. Contributors to and participants in the project include the Build Indiana Fund, Cole Foundation, Indiana Department of Commerce, U.S. Department of Agriculture-Rural Development, U.S. Department of Energy (DOE) through the National Renewable Energy Laboratory (NREL)*, NiSource Energy Technologies and Northern Indiana Fuel & Light.

CHP systems, also referred to as cogeneration, provide increased energy and environmental efficiency over traditional electric production and provide customers with energy choice and flexibility. The systems generate heat and electricity simultaneously at the site of use and increase energy efficiency by utilizing the by-product heat created in the production of electricity for productive purposes.

Mark Wyckoff, president of NiSource Energy Technologies, emphasized the customer benefits of the CHP system. "For the first time, energy customers have real energy options. These distributed generation systems empower customers to select the energy combinations that make sense for their businesses," said Mark Wyckoff, president of NiSource Energy Technologies. "It could be the traditional electric grid, the CHP system or a combination of both that optimizes their energy options. This system offers that choice and flexibility."

The YMCA system includes two 60kW microturbines and heat exchangers that use natural gas to generate electricity. In addition, the system's by-product heat will supplement heat for the domestic water supply, swimming and therapy pool water and provide space heat for the facility. A desiccant unit that cools the air through de-humidification will be added later.

The system will generate approximately 25 percent of the facility's summer electrical load and up to 70 percent of the winter load requirement. It is expected that the system will save the YMCA approximately 10 percent of its overall energy costs. In addition, the system's back-up generation capabilities provide increased reliability for the YMCA's critical electrical systems. This back-up capability provides an added advantage to the YMCA, which serves as a disaster relief center. Protecting the critical circuits keeps the facility open to serve the public even during an electrical outage.

John Mack, executive director of the Breeden YMCA, stated: "The community, as a whole, benefits as a result of this installation. The YMCA lowers its overall energy costs and at the same time expands its use to the community in the services it provides. These services include the facility's use as an emergency center due to back up capabilities, its use as energy demonstration site, and its use to further promote learning through university participation".

Industrial Contracting and Engineering, of Angola, Ind. designed and constructed the attached building for the NiSource Energy Technologies' energy system. It is a 400-square-foot showroom for the CHP system. The building will allow students and visitors to easily access and view the CHP system and its computer controls. The project's sponsors expect the facility to be used as a site for future energy conferences and provide educational sharing opportunities with Tri State University students and faculty member, Dr. David Findlay.

The CHP system is one of the many innovative technologies adopted in the construction of the YMCA. Other new technologies found throughout the facility include the multi-use Sport Court® brand sports surface in the gymnasium and specialized windows for increased energy efficiency manufactured by Cardinal IG of Fremont, Ind.

* *A cost-shared subcontract with NREL and DOE Office of Distributed Energy and Electric Reliability*

NiSource Energy Technologies, a subsidiary of NiSource Inc. (NYSE: NI), markets and sells distributed power generation and storage systems to commercial and small industrial customers. These small on-site generating systems enhance power quality, improve reliability and operate with or without the local electric utility grid. The company is focused on targeting early adopters of distributed generation technology. NET is a distribution channel partner of Capstone Turbine.

The Breeden YMCA is part of the worldwide, community-based YMCA organization that for 150 years has been operating programs which enhance the spirit, mind, and body of people of all ages, races and religions. It is the largest not–for–profit community service organization in America, working to meet the health and social service needs of the 17.9 million men, women and children in 10,000 communities in the United States. The strength of the YMCA is in the people they bring together.

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