

NeuCo Acquires Pegasus Technologies

On May 26, 2006, NeuCo, Inc. announced the acquisition of Pegasus Technologies, Inc., bringing together two companies that have been 100% dedicated to delivering optimization software solutions to the electric power industry. This marked a significant milestone for the maturing power optimization software market.

It has been almost 20 years since members of Pegasus Technologies first started to explore the use of neural networks and advanced control technologies to streamline the complex, non-linear combustion process in fossil fired power plants, and 10 years since NeuCo introduced its CombustionOpt[®] product. Today, combustion optimization is widely regarded as a valuable tool to reduce NOx and improve efficiency, and is credited with opening the doors to new technologies and applications that are now being applied to process solutions well beyond the boiler.

NeuCo and Pegasus joined forces to deliver a suite of real-time asset optimization solutions that combine both companies' intellectual capital (employee, customer & partner expertise) and intellectual property (technologies, solutions & patents.) According to Curt Lefebvre, NeuCo's president and CEO, "We believe that this move will expedite the delivery of advanced emissions, efficiency and availability applications that represent a new standard in optimization software solutions."

Some additional implications of the NeuCo-Pegasus teaming include:

1. As a result of its acquisition of Pegasus Technologies, NeuCo gained considerable model predictive control (MPC) expertise. This has led to the development of the industry's first combined steam temperature and NOx control system that uses both MPC and neural network technologies. NeuCo recently commissioned this system for CPS Energy, the nation's largest municipally-owned utility that provides electric service to 640,000 customers in and around San Antonio, Texas.
2. In addition to its soon-to-be completed Department of Energy (DOE) Clean Coal Power Initiative (CCPI) Round 1 project to deploy and demonstrate integrated optimization software systems at Dynegy's Baldwin Energy Complex, NeuCo is now implementing the CCPI Round 2 project that was awarded to Pegasus. This is a \$15.5 million DOE cost-sharing project to demonstrate the ability to affect and optimize mercury speciation and multi-pollutant control using non-intrusive advanced sensor and optimization technologies at NRG Texas's 890 MW Limestone Plant in Jewett, Texas. The intent of the project is to demonstrate plant-wide advanced control and optimization systems on a coal-fired steam electric power plant in order to minimize emissions while maximizing the efficiency and by-products of the plant, including ash from an electrostatic precipitator (ESP) and effluents from a flue gas desulfurization (FGD) system.

Combined, NeuCo, in partnership with the US Department of Energy, are investing approximately \$35 million in the two development and demonstration projects that will result in the most advanced and comprehensive suite of integrated optimization solutions to address the power industry's most critical asset optimization needs.

The new Pegasus Technologies Division of NeuCo is being led by Ray Johnson, former Chief Operating Officer of Pegasus. While Pegasus customers will continue to be supported, they are also being offered an upgrade path to the latest version of NeuCo's technology which provides enhanced user dashboards and tools, and supports the integration between combustion, sootblowing, unit performance and maintenance optimization systems.

More information about NeuCo can be found at www.neuco.net.