



REX POWER MAGNETICS

DIVISION OF TRANSFACTOR INDUSTRIES INC.
65 Basaltic Rd. Concord, ON, L4K 1G4 Canada
Tel: 905-695-8844, 1-800-387-2840 Fax: 905-695-8855
www.RexPowerMagnetics.com

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To: REX Power Magnetics Representatives in the USA.

Subject: Energy Efficiency Legislation Changes Effective Jan. 1 2010

As you already know The Energy Policy Act of 2005 (EPACT 2005) requires that Low Voltage Dry Type Distribution Transformers (Input Voltage 600 or less) manufactured after January 1, 2007, meet the Class I Efficiency Levels for distribution transformers specified by NEMA TP-1 standards.

The DOE officials also advised in 2006 that efficiency standards for Medium Voltage Dry Type Distribution Transformers (Input voltage of 601 Volts to 34.5 kilovolts) are expected to come into effect around the year 2010. With the DOE Final Rule published Oct. 12 2007 these new efficiency levels for Medium Voltage Transformers come into effect on January 1, 2010. The regulations already in effect for Low Voltage Distribution Transformers remain unchanged.

The attached table summarizes the effect of these new regulations and their effect in the USA and Canada.

REX Power Magnetics is fully prepared to produce these higher efficiency medium voltage units with optimized designs, higher grade silicon steel and specialized core cutting equipment. In fact REX has produced Medium Voltage High efficiency transformers for the past 4 years to meet legislated efficiency requirements in Canada. REX high efficiency units are approved to carry the ENERGY STAR label and will carry the appropriate performance certification mark.

Transformer manufacturers with optimized designs and specialized core cutting equipment will be the only ones able to meet these stringent efficiency levels specified by the DOE and offer quality and value at competitive prices.

Starting from October 2009 our responses to requests for quotations for units likely to be produced and shipped after January 1, 2010 will also be quoted as DOE Specified Transformer Efficiency compliant. The price of these higher efficiency units will be about 10% to 35% higher than standard efficiency units

For more information go to:

http://www.eere.energy.gov/buildings/appliance_standards/commercial/distribution_transformers.html

We ask that you notify our customers of this new efficiency requirement for Medium Voltage Transformers that becomes effective on January 1, 2010 and ensure that they are aware of its implications and are prepared for it.

It appears that many transformer manufactures are not as yet prepared (with designs and equipment) to effectively meet this efficiency requirement. Please forward any feedback you receive from customers or other relevant information from the marketplace regarding this upcoming efficiency regulation.

Please contact the REX Sales Team, Bob Cannon, Rory Thomson or me for any questions or concerns.

Regards,

Levon Hasserjian
Vice President
REX Power Magnetics
phone 905-695-8844
Fax 905-695-8855
www.rexpowermagnetics.com