Maryland Demand Side Update

MADRI

Philadelphia, PA

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Decoupling Approvals

- BGE gas – all customers except daily metered and interruptible
- BGE electric – all residential and small commercial
- WGL gas - all customers except daily metered and interruptible
- Pepco and DPL – all customers
- All mechanisms similar to original BGE gas approach (BGE Rider 8)
- No x-factor for historic electric load growth
- Pepco and DPL, 50 basis point equity adjustment
- No tying requirements to EE&C programs
- Most Maryland gas and electric customers now served by utilities with revenue decoupling provisions

Demand Reductions

	AP	BGE	DPL	Pepco	Total		
	Total Utility Demand (MW - 2007)						
Total Utility PLC	1,448	7,261	939	3,483	13,131		
Total Res. & Small C&I PLC	955	4,406	678	1,696	7,735		
	Demand Reductions Through 2015 (MW)					% Total	% Res+SC&I
EE&C Program Related	141	156	130	264	691	5.3%	8.9%
Direct Load Control	12	600	67	206	885	6.7%	11.4%
AMI Enabled (CPP etc.)	-	200	77	288	565	4.3%	7.3%
Total Load Reductions	153	956	274	758	2,141	16.3%	27.7%

- Load control programs start as one-way RF based technology, capable of transition to AMI/Smart Grid
- BGE load control program approved
- All other EE&C and load control programs filed
  - AP, DPL and Pepco load control to have Commission review on 3/19/08
- Pepco & DPL AMI programs filed, BGE AMI pilot approved and underway
- SMECO load control to be filed soon
- AP does not recommend acceptance of load control due to lack of cost effectiveness
- BGE estimates CPP as default tariff increases total demand reductions to 1,325 by 2012

Usage Reductions

	Total Utility Consumption GWh						
	AP	BGE	DPL	Pepco	Total		
Total Utility (2006)	7,316	32,058	4,376	15,243	58,993		
Total Res. & Commercial	5,158	28,717	3,884	14,942	52,701		
	Usage Reductions Through 2015 (GWh)					% Total	% Res+C&I
EE&C Program Related	270	989	589	1,258	3,106	5.3%	5.9%
AMI/DR Related	-	28	21	72	121	0.2%	0.2%
Total Usage Reduction	270	1,017	610	1,330	3,227	5.5%	6.1%

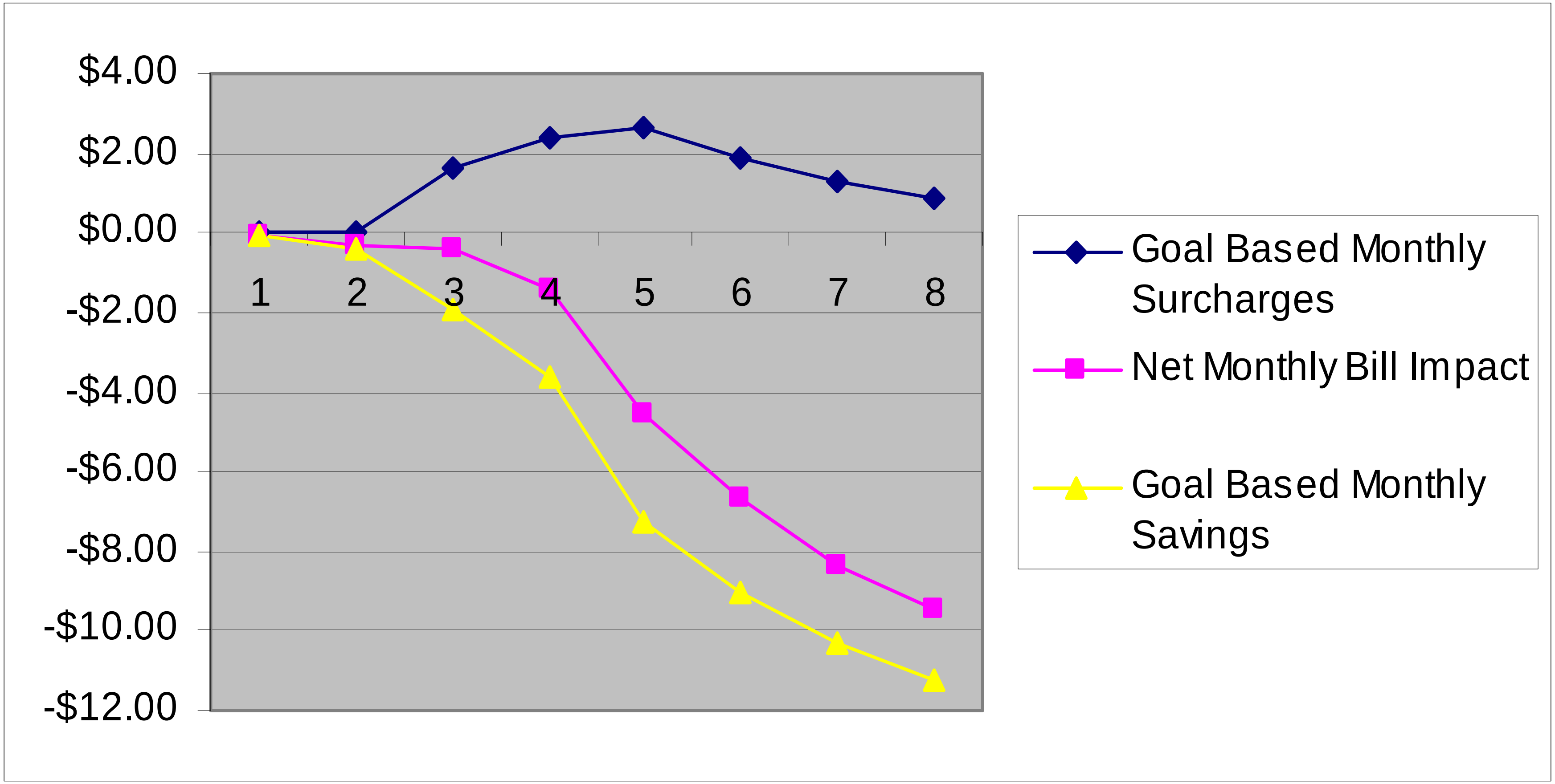
- “Fast track” largely CFL based programs operated in 2007
- October 26, 2007 filed EE&C programs (CN 9111)
- Only BGE has been fully vetted through stakeholder review process
- Coops and Municipals also required to file plans
- BGE AMI/DR related reductions estimated 48 GWh if CPP is default tariff

Demand Side Policy Proposals

- Governor O’Malley EmPower Maryland
  - 15% reduction in per capita energy usage and peak demand by 2015
  - RGGI funding of “Strategic Energy Investment Fund”
  - Fund promotion of EE&C, renewables, and clean energy industry
  - Group of pro-efficiency measures
    - Energy usage disclosure at time of sale
    - Better building code enforcement
    - Energy efficient building incentives
    - Green state buildings
  - Evaluate AMI and smart grid
  - Portfolio of best practice programs
  - Utility revenue decoupling
- Legislature considering EmPower and variations
  - Leading variation: Utility responsibility for 2/3 of energy goal and 100% of peak demand goal

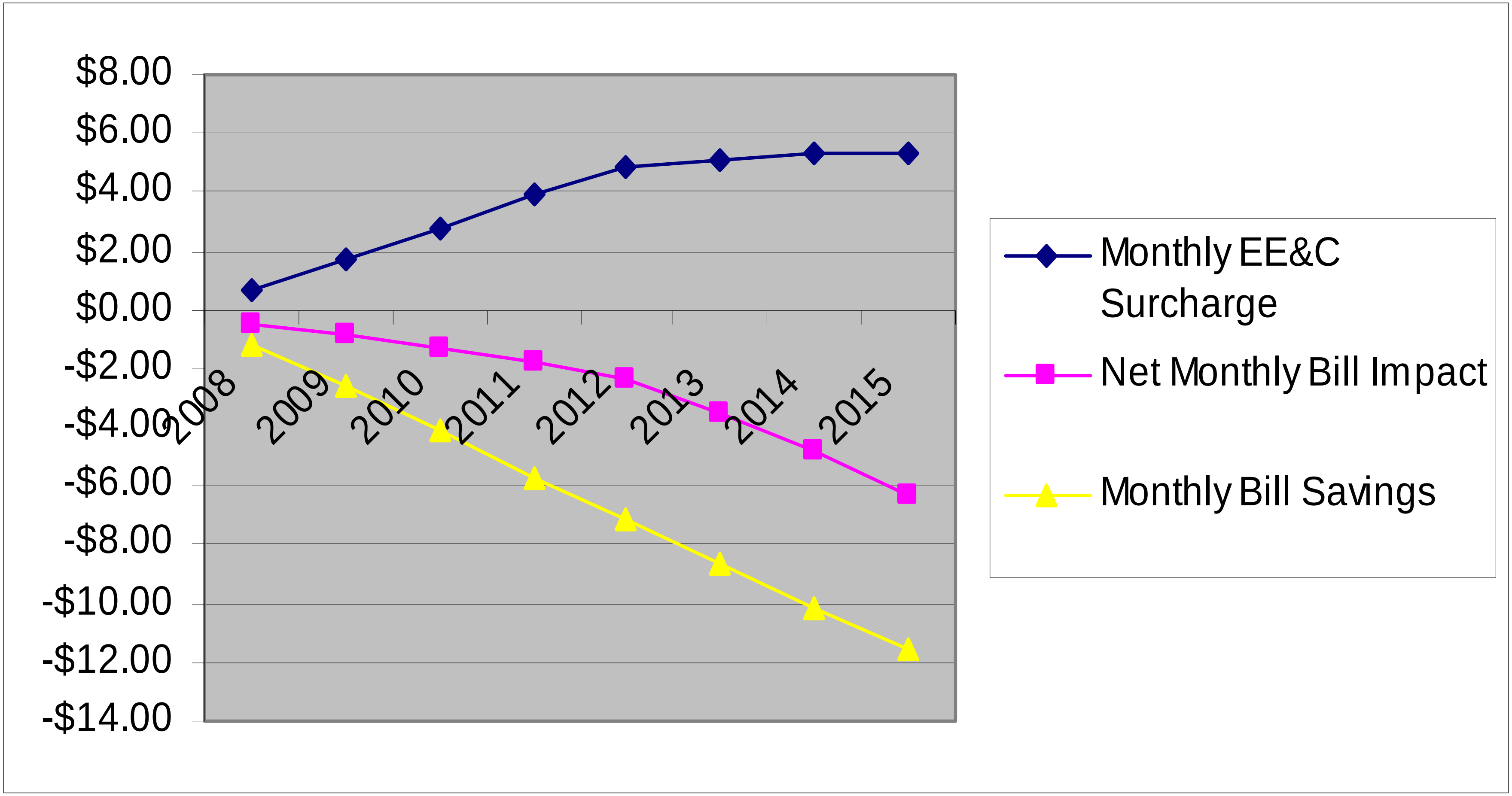
PSC Staff Estimated Monthly Average Residential Bill Impacts

EmPower MD Peak Load Reductions



PSC Staff Estimated Monthly Average Residential Bill Impacts

Energy Efficiency and Conservation Bill Impact



PSC Staff Estimated Monthly Average Residential Bill Impacts

EmPower MD EE&C and Peak Load Reductions Combined