



PECO Energy
Default Service Plan
for Delivery
Starting 2011

Bidder Conference Call

March 31, 2009

Note: This presentation is based on PECO's Default Service Plan ("DSP") and the Joint Settlement among all parties in PECO's DSP case and is pending approval by the PA PUC.

- ✓ **All information contained in this presentation is based on PECO's Default Service Plan and settlement by the parties, and has not yet been approved by the PA Public Utility Commission**
- ✓ **Commission could render its decision as early as April 16, 2009**
- ✓ **PECO is holding this information session to reach out to prospective suppliers and to prepare for a proposed Spring 2009 solicitation**
- ✓ **See PECO's RFP Web site for information and to register to receive future announcements:**

www.pecoprocurement.com

- ✓ Pennsylvania restructured its electric industry in 1997 and settlements entered into as part of restructuring resulted in rate caps
- ✓ The generation rate caps for PECO Energy end on December 31, 2010
- ✓ A Power Purchase Agreement with Exelon Generation to serve the needs of PECO's default service customers also ends December 31, 2010
- ✓ On September 10, 2008, PECO filed an initial procurement plan with the Pennsylvania Public Utility Commission (PUC) to purchase supply to serve its Default Service customers (i.e., customers that are not supplied by an Electric Generation Supplier or "EGS")
- ✓ On March 10, 2009, parties filed for approval, a joint petition for settlement of PECO's plan
- ✓ The PUC could render a decision on the PECO Plan as early as April 16, 2009

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PECO Plan Procures Supply for Four Customer Classes through Two RFP Types

Four Customer Classes

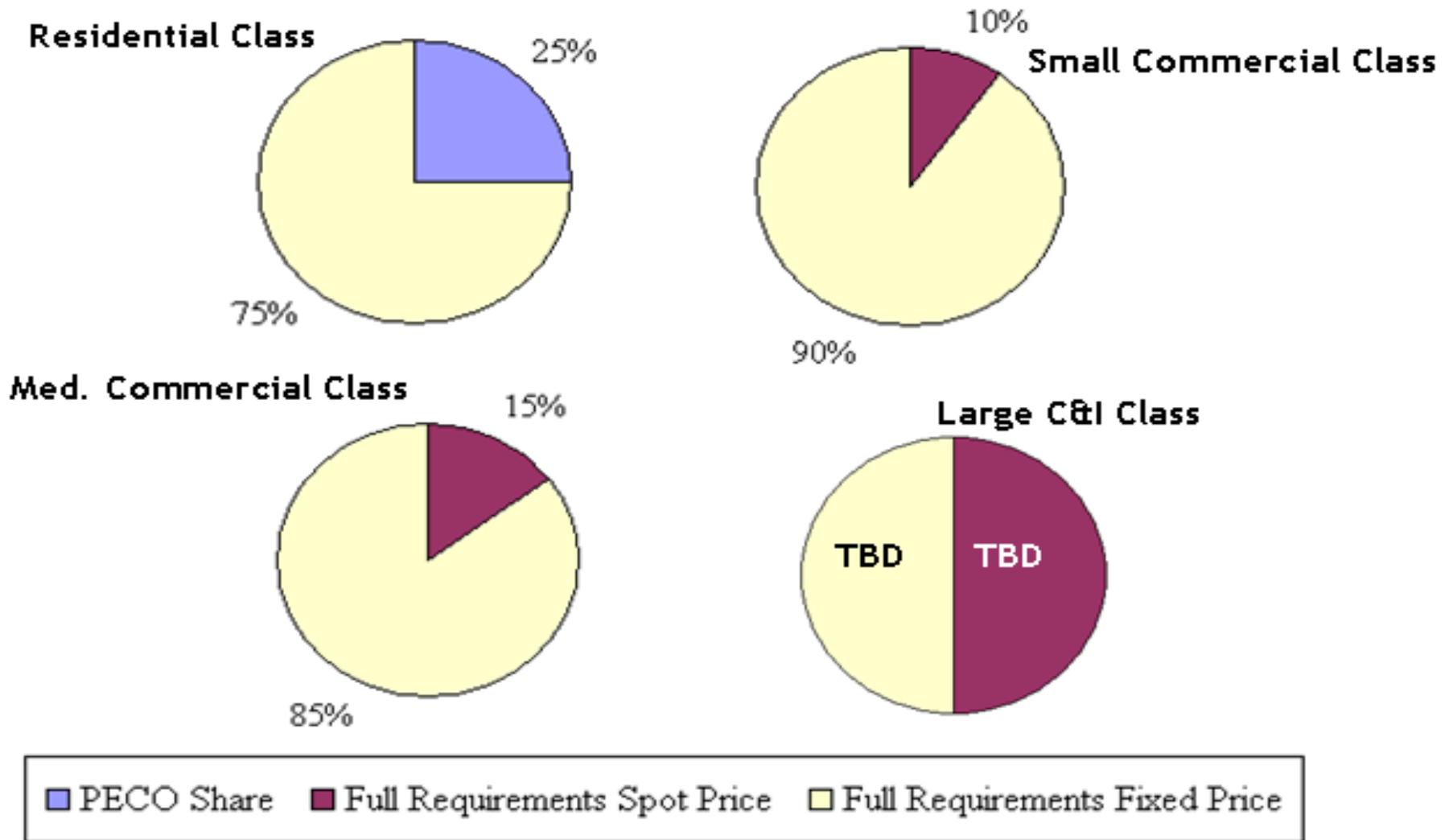
- ✓ Residential
- ✓ Small Commercial (0-100 kW peak demand)
- ✓ Medium Commercial (100-500 kW peak demand)
- ✓ Large Commercial and Industrial (> 500 kW peak demand)

Two RFP Types

- ✓ Full Requirements
 - Suppliers serve a percentage of the class load either on a fixed-price (\$/MWH) basis or with energy priced to the PJM day-ahead spot market
 - Included in the portfolios for each of the customer classes
- ✓ Block Energy
 - Baseload, summer peak, winter peak (fixed price \$/MWH)
 - For the 25% “PECO Share” of the residential class portfolio

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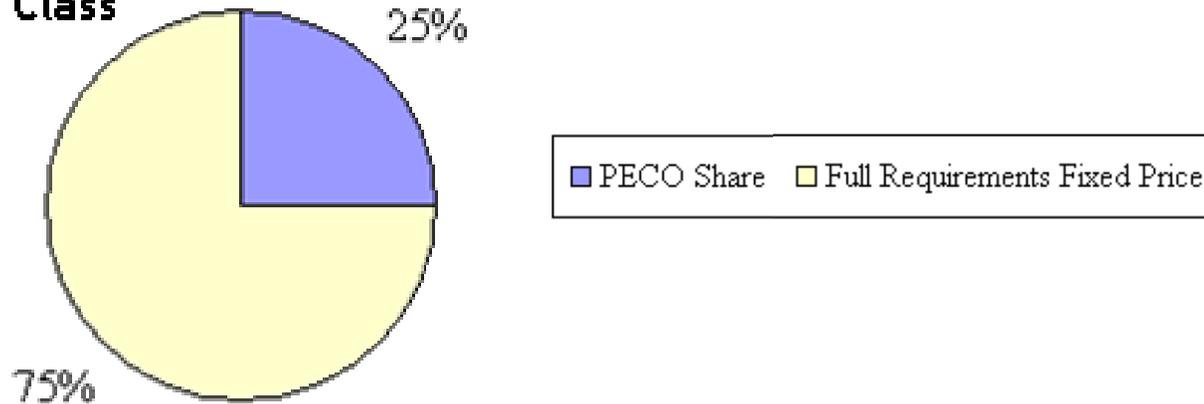




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Residential Class



✓ 75% Full Requirements on a Fixed-Price Basis

- Purchased through Full Requirements RFP
- 45% - 2 year contracts
- 30% - 1 year contracts

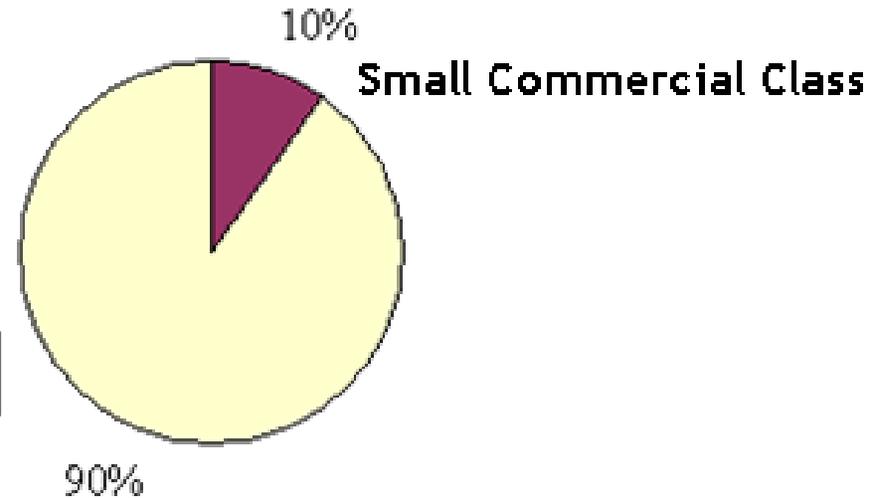
✓ 25% PECO Share

- 20% **Block Energy** purchased through the Block Energy RFP
 - Base load; Summer and Winter On-Peak
- 5% Spot (balancing) served by PECO through PJM spot market
- PECO supplies capacity, ancillary services and AEPS requirements

Initial full requirements product terms include a Jan to May 2011 'stub' period.

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■ Full Requirements Spot Price ■ Full Requirements Fixed Price

- ✓ **90% Full Requirements on a Fixed-Price Basis**
 - Purchased through Full Requirements RFP
 - 20% - 2 year contracts
 - 70% - 1 year contracts

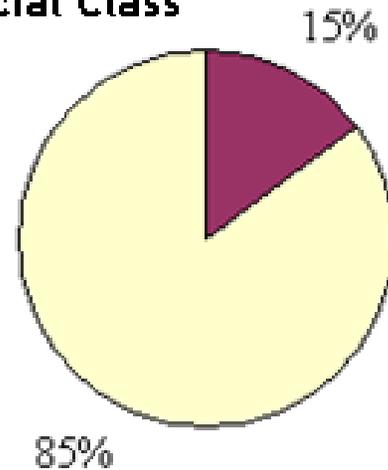
- ✓ **10% Full Requirements Priced to Spot Market**
 - Purchased through Full Requirements RFP
 - 1 year contracts

Initial full requirements product terms include a Jan to May 2011 'stub' period.

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Med. Commercial Class



- ✓ **85% Full Requirements on a Fixed-Price Basis**
 - Purchased through Full Requirements RFP
 - 1 year contracts

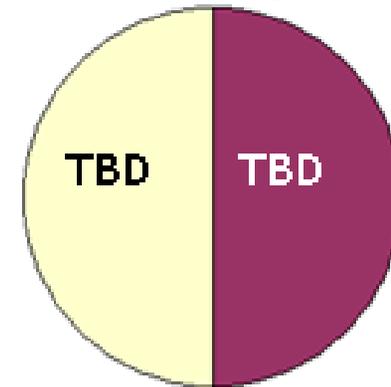
- ✓ **15% Full Requirements Priced to Spot Market**
 - Purchased through Full Requirements RFP
 - 1 year contracts

Initial full requirements product terms include a Jan to May 2011 'stub' period.

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Large C&I Class



■ Full Requirements Spot Price □ Full Requirements Fixed Price

✓ Full Requirements on a Fixed-Price Basis

- Customer opt in
- 1 year (calendar 2011) contracts based on customer election
- Customers free to switch out, but cannot return to this service

✓ Full Requirements Priced to Spot Market

- 1 year contracts
- % based on default customers not served by the Fixed Price option

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- ✓ **Full requirements service**, includes energy, capacity, ancillary services, certain transmission services, and Alternative Energy Portfolio Standard requirements
- ✓ A supplier for a class supplies a given percentage of actual default service load for that class during the supply period
- ✓ Delivery periods start Jan 2011 then sync to PJM year

- ✓ **Fixed-Price Default Supply**: Suppliers provide full requirements service on a fixed-price (\$/MWh) basis
- ✓ **Spot-Price Default Supply**: Suppliers provide full requirements service with the energy priced to the PJM day-ahead market; capacity priced at RPM; Ancillary Services and AEPS costs at fixed-price (\$/MWh) basis

Block Energy is fixed MW for energy only

- ✓ Block Energy Supply will comprise approximately 20 percent of annual load of default supply customers in Residential Class
- ✓ Block Energy Supply includes the energy only
- ✓ A supplier supplies a constant quantity of energy delivered to the PE Zone during supply period
- ✓ Calendar year delivery periods

Baseload: 7 x 24

- 160 MW – 1 year product
- 100 MW – 2 year product
- 50 MW – 5 year product

Peak Products: 5 x 16

- 80 MW – Winter (Dec-Jan)
- 130 MW – Summer (Jun-Aug)

- ✓ Block sizes may change in subsequent procurements, subject to a load adjustment mechanism

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- ✓ Default Service Program term is 29 months (Jan. 2011 – May 2013)
 - Supply contracts cannot have start date after May 31, 2013

- ✓ Multiple Solicitation Process
 - Full Requirements RFP has six solicitations
 - Block Energy RFP has eight solicitations
 - Full schedule found in Exhibit B of Joint Petition to Settlement

- ✓ A single bidder cannot supply more than 65% of load of each procurement class

- ✓ Separate SMA for full requirements and block supply
- ✓ Contract is **standard** for all suppliers
- ✓ Contract is between Supplier and PECO
- ✓ Final Agreements are **non-negotiable**
- ✓ As part of qualification, prospective supplier signs SMA

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- ✓ Credit Exposure is based on Mark to Market exposure calculations
- ✓ Performance Assurance Requirements will depend upon a Seller credit evaluation using criteria specified in the SMA
- ✓ Form of Guaranty and form of Performance Assurance Letter of Credit provided as exhibits to contract

- ✓ To ensure a transparent process for the solicitation, PECO has proposed NERA to be the third-party independent evaluator for the solicitations

- ✓ NERA's Role is:
 - To be the main point of contact with bidders
 - To ensure the RFP Process and Rules, as approved by the PUC, are followed
 - To ensure bidder qualifications are evaluated equitably and fairly
 - To solicit and evaluate bids from qualified bidders on a price-only basis
 - To present the results to the PUC for their approval decision

Tentative Timeline – 1st Solicitation

**1st Solicitation: For Residential customers only
17 and 29 month tranches, 12-month blocks**

M	T	W	Th	F	M	T	W	Th	F
March 2	3	4	5	6	4	Bidder Info Session	6	7	8
9	Joint Petition Filed	11	12	13	11	12	13	14	15
16	17	18	19	20	18	19	20	21	22
23	24	25	26	Web Site Launch	25	26	Qualifications due	28	29
30	Bidder Call	April 1	2	3	June 1	2	3	4	5
6	7	8	9	10	8	9	10	11	12
13	14	15	16	17	BIDS DUE	PaPUC Decision	17	18	19
20	21	22	23	24	22	23	24	25	26
27	28	29	30	May 1	Note: This presentation is based on PECO's Default Service Plan ("DSP") and the Joint Settlement among all parties in PECO's DSP case and is pending approval by the PA PUC.				



- ✓ RFP Web site is primary source for information, including:
 - RFP documents
 - Presentation materials
 - FAQs
- ✓ You can go to the “Ask a Question” page to ask questions about this proposed plan
- ✓ Register to receive future announcements
- ✓ Bidder Information Session –
May 5 Philadelphia PA

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