

Introducing the Smart Grid



Smart Energy Pricing

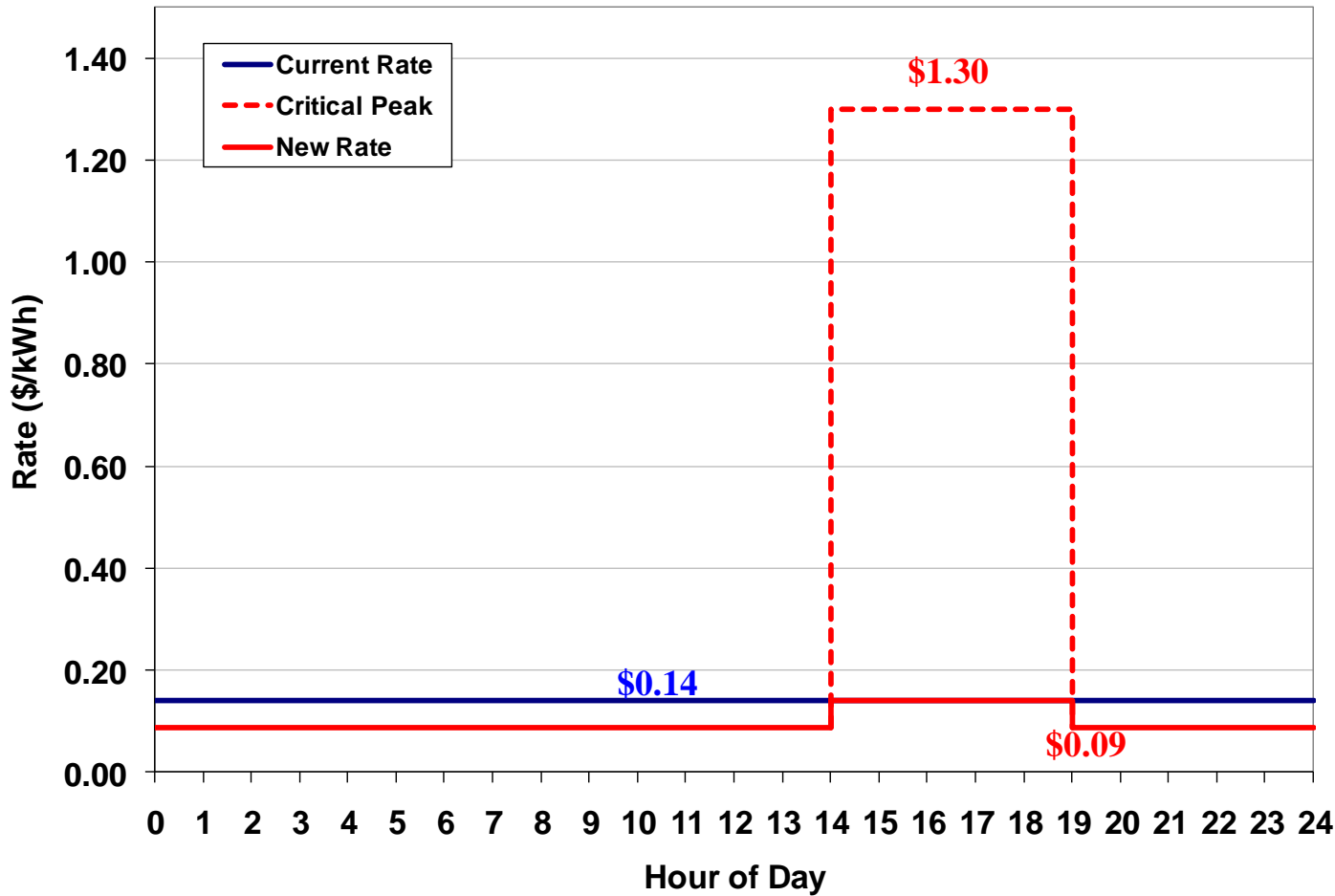
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Director of Load Analysis and Settlement
August 12, 2009

BGE
We're on it.™

BGE's 2008 Smart Energy Pricing (SEP) Pilot featured Peak Time Rebate and Critical Peak Pricing

- Pilot of 1,375 residential customers in Summer 2008: 1,021 participants, 354 control group
- Pilot included Dynamic Peak Pricing (DPP or CPP) and Peak Time Rebate (PTR)
- Customers were given day ahead notification of critical peak event by their choice of methods
 - E-mail, telephone call, text message (up to 5 of each)
 - Certain had the Ambient Energy Orb, signaling prices by color code and pulsing light
- Sample of customers had 'enabling technology' (ET = smart A/C switch)
- Very favorable customer satisfaction results confirm customers' interest
- Key findings of impact assessment conducted by *The Brattle Group*:
 - Price elasticities for DPP and PTR were not statistically different
 - On average customers saved
 - 22 – 37% at peak conditions* (**PJM definition: hour ending 17:00 with WTHI of 83.1*)
 - 18 – 33% during 50 critical hours

Dynamic Peak Pricing: Weekdays (excluding Holidays)



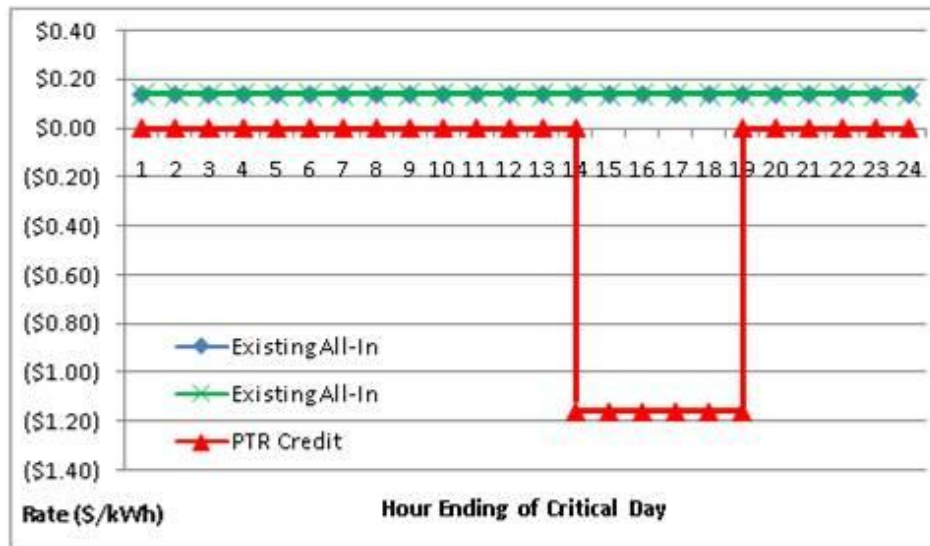
**Pilot Pricing
All – in Rate***

Critical	\$1.30425
Peak	\$0.14425
Off-Peak	\$0.09425

* Includes generation, transmission and delivery

Peak Time Rebate: Weekdays (excluding Holidays)

A Mirror Image of the DPP Rate



- Schedule R summer rates are \$0.14 / kWh for all summer hours
- Up to 12 critical peak days will be called by 6 p.m. the prior day
- Customers who use less during the critical period (2 – 7 p.m.) on any critical peak day will receive a rebate. Two levels being tested:
 - \$1.75/kWh
 - \$1.16/kWh

Smart Energy Pricing Pilot Design

Group	Total	PTR Low Rebate	PTR High Rebate	Dynamic Peak Pricing	Control Group
Without Enabling Technology	675	125	125	125	300
With Orb Technology	250	125	125	0	0
With Orb and AC Switch Technologies	375	125	125	125	0
Total	1300	375	375	250	300

BGE's SEP Pilot: 1,300 accounts, a statistically significant sample

Despite Unseasonably Mild Weather, BGE called 12 Smart Energy Pricing Events in 2008

June 2008						
Sun						
1	2	3				
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

High Temp

96

92

July 2008						
Sun						
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

90

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89

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August 2008						
Sun						
				1	2	
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

92

September 2008						
Sun						
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

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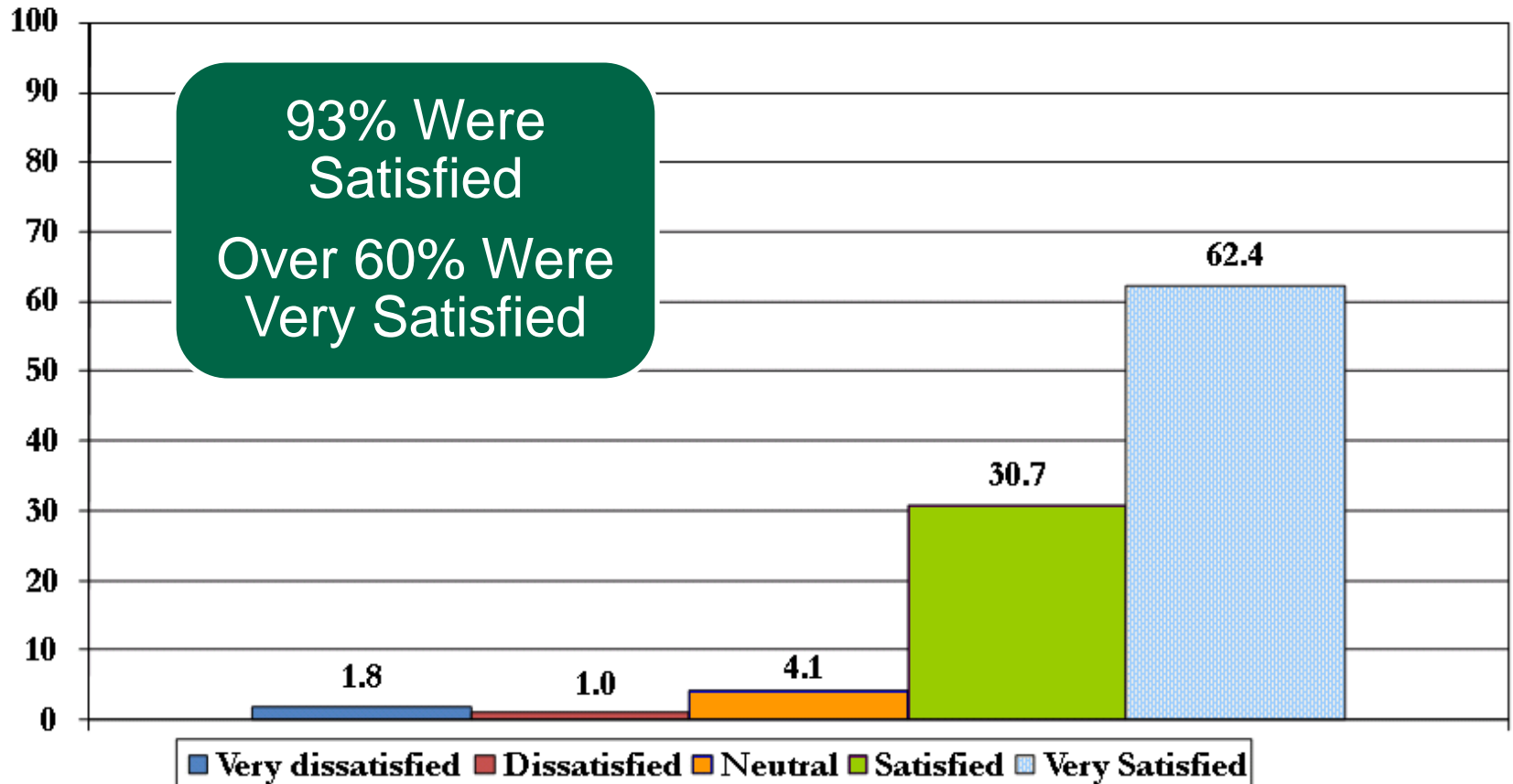
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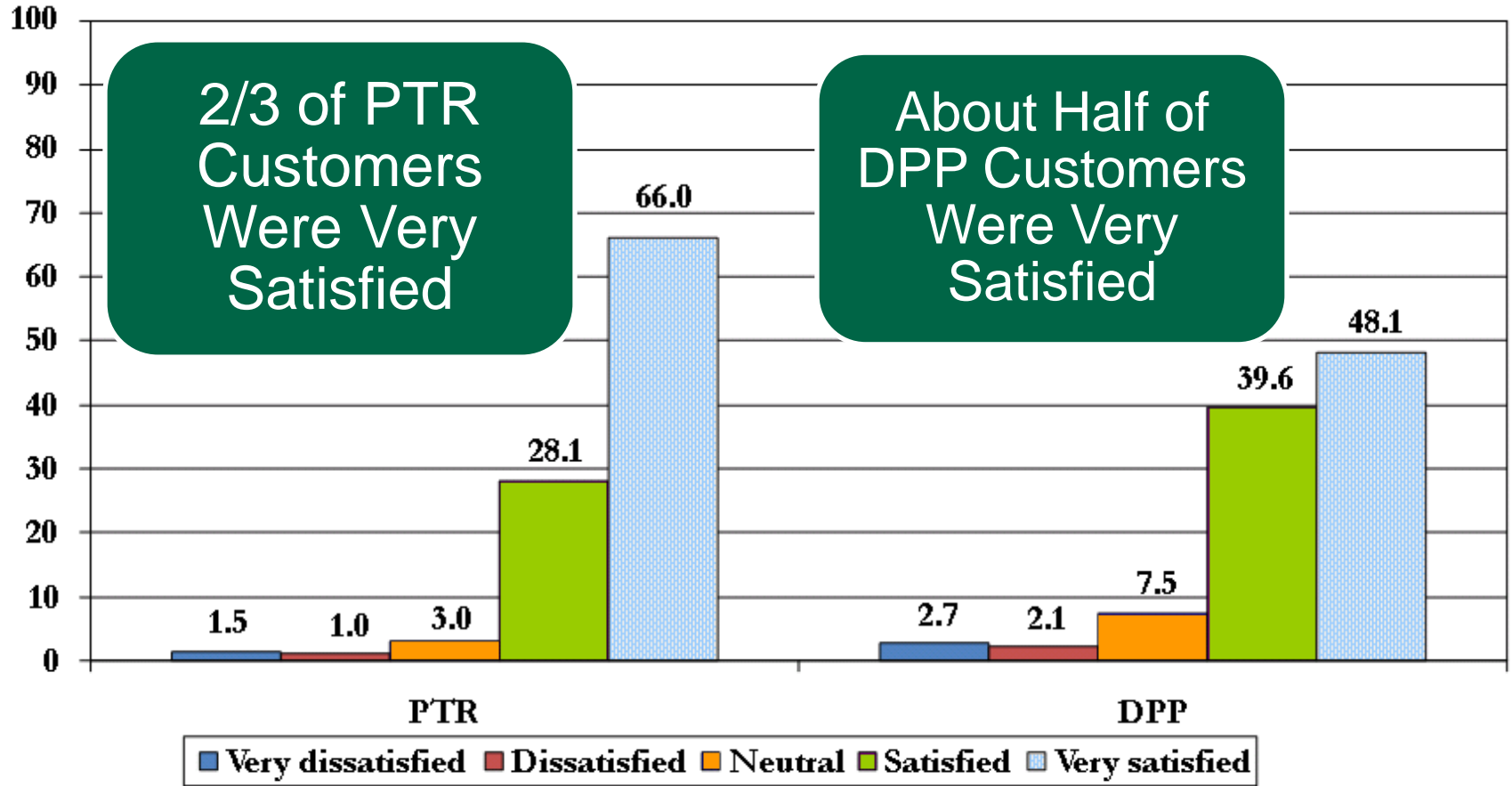
Customers Were Satisfied with Smart Energy Pricing!

On a scale of 1 to 5, where 1 is "Very Dissatisfied" and 5 is "Very Satisfied", please rate your overall satisfaction with the pilot program. (77% response rate)



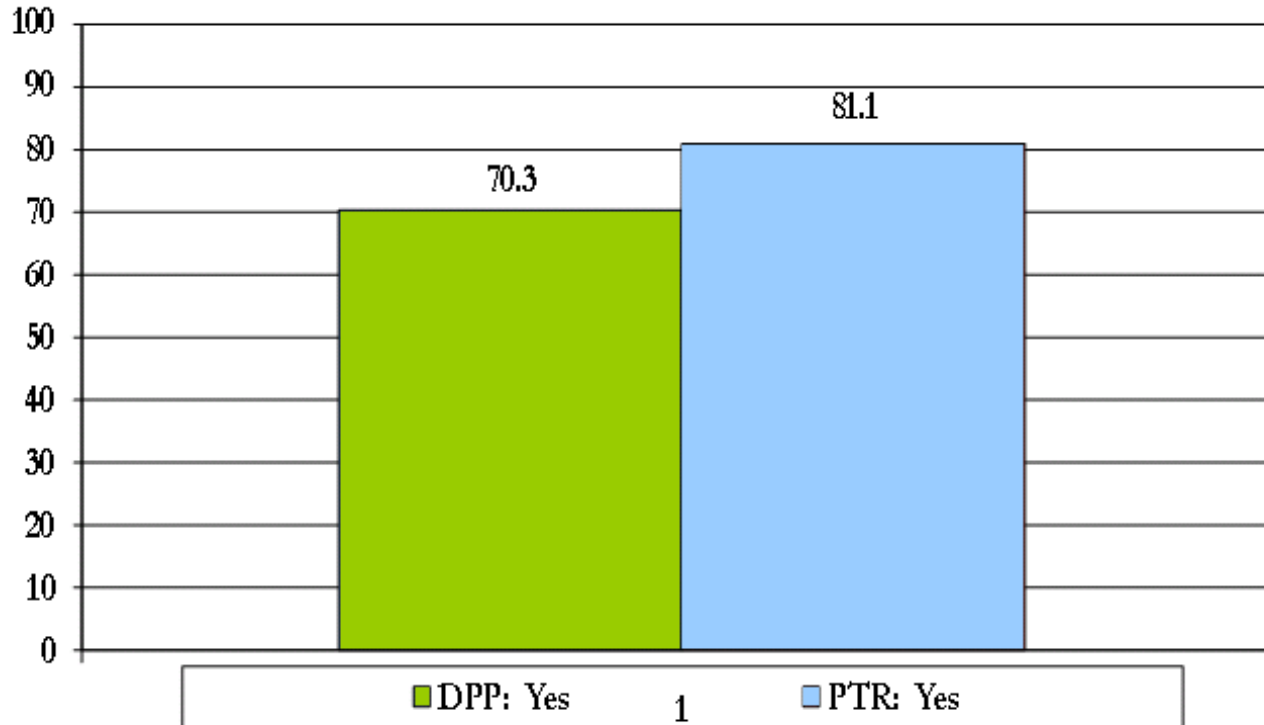
PTR More Favorable than DPP, Overall 93% Satisfied

On a scale of 1 to 5, where 1 is "Very Dissatisfied" and 5 is "Very Satisfied", please rate your overall satisfaction with the pilot program. (77% response rate)



Customers Think Smart Energy Pricing Should be the Standard

During your pilot participation, you experienced a variable rate program where energy used during critical peak periods cost more than energy use during other times. Customers saved money by using energy during non-critical peak periods. Do you think this pricing format should be standard for all BGE customers? (Select one option)

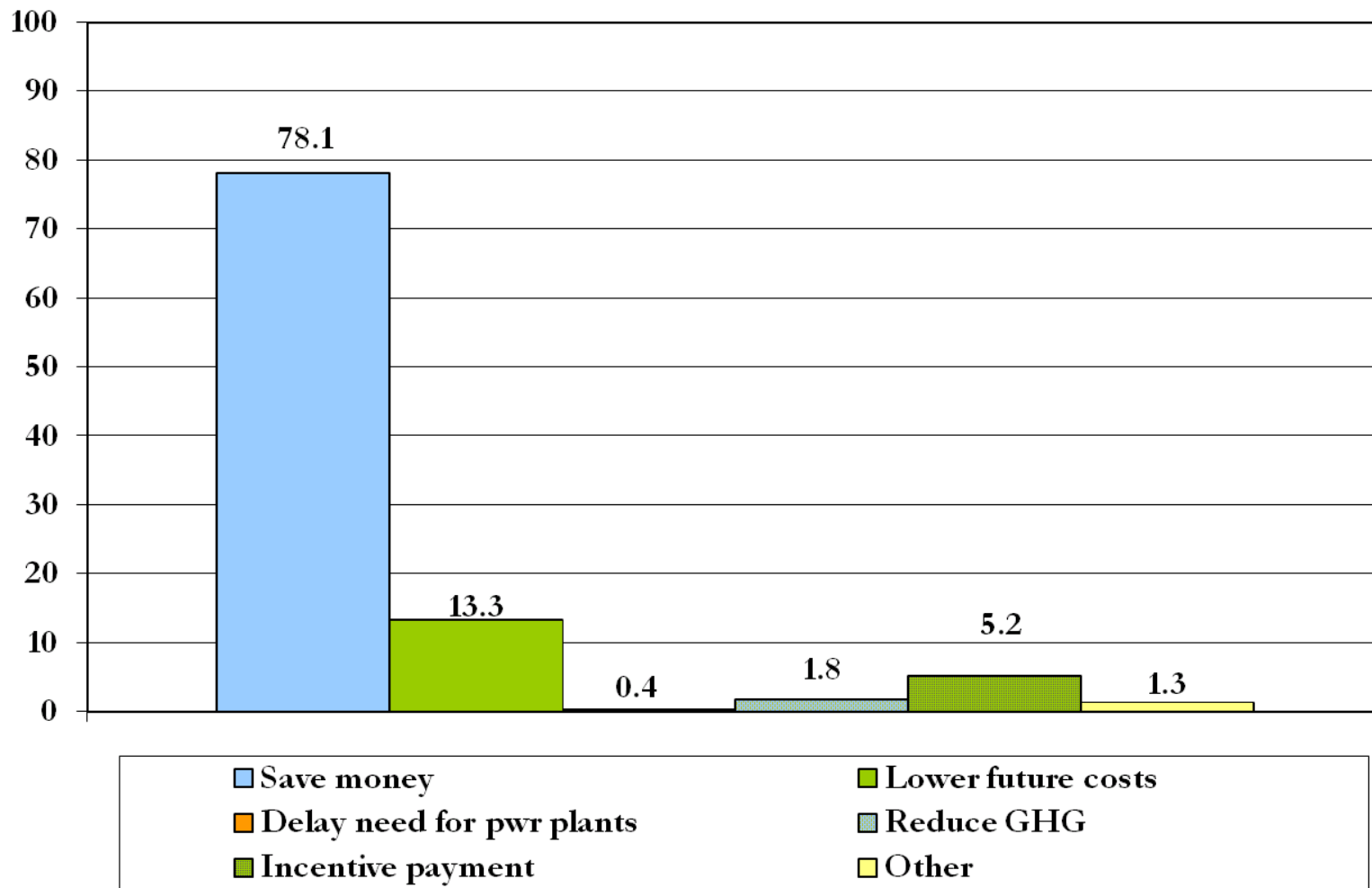


4/5 of PTR participants think smart energy pricing should be standard for all BGE customers

97% would like to return to the same pricing structure in 2009

Saving Money Motivates Participants

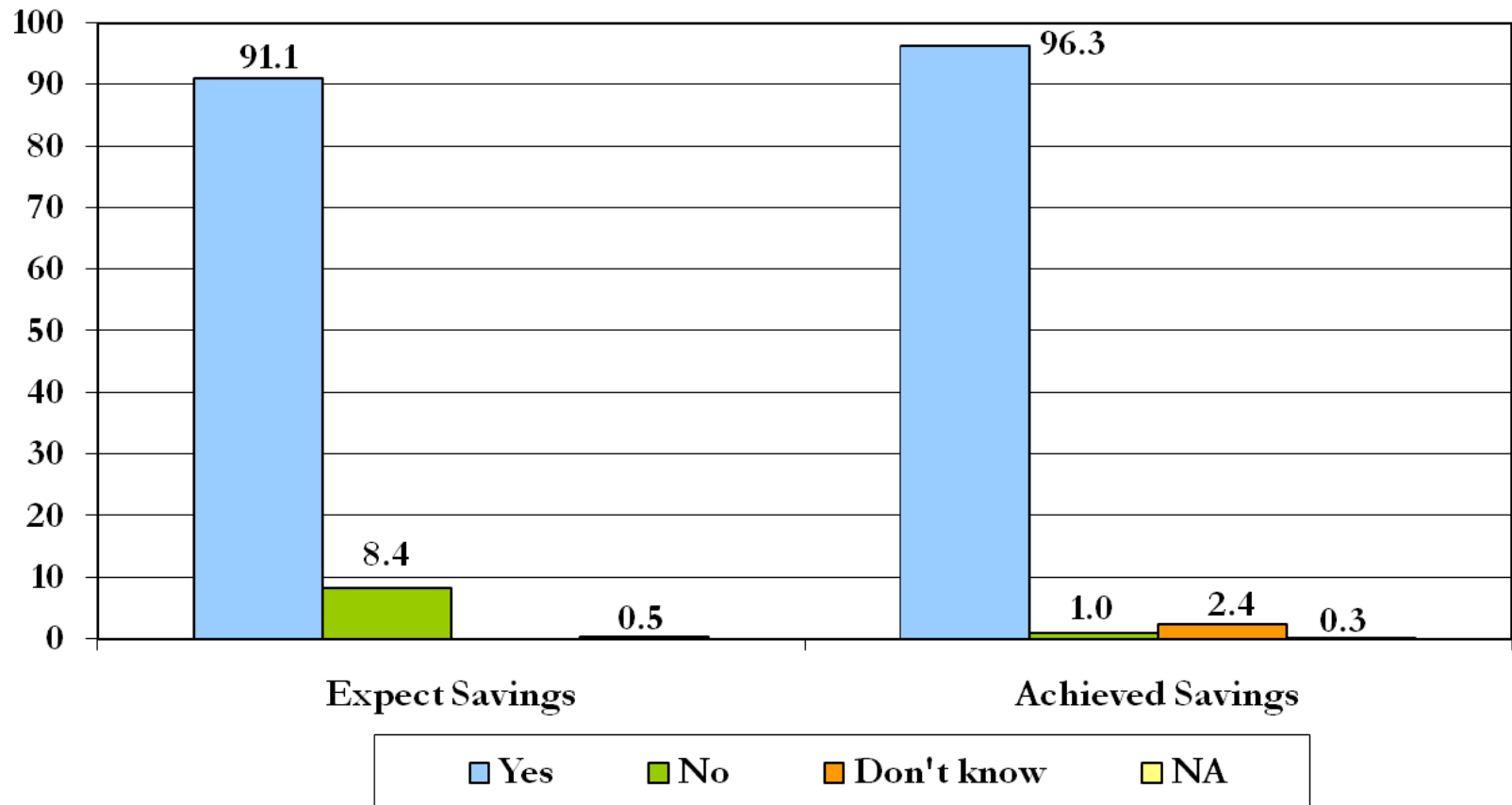
Q1. What was the most important reason for your participation in the program? (Select one option)



Bill Savings Exceeded Expectations

Q19. Did you EXPECT to achieve bill savings when you enrolled in the program?

Q20. Over the duration of the program, did you ACHIEVE bill savings as a result of your participation in the program? (Sele



FERC Chairman Supports DR

“...The potential for demand response and energy efficiency to reduce or reshape our nation’s need for energy is enormous.

...Our Assessment finds peak electricity demand reductions across the country are already 38 gigawatts. But the potential for demand reductions goes as high as 188 gigawatts, or 20 percent of our peak load, with no demand response.

In other words, the nation could see almost five times as much demand response as it has today and reduce our peak load and the need for expensive carbon and heat emitting peaking plants significantly.

Let me emphasize that this number is not a recommendation or prediction by the Commission, but the findings of a staff-led study of what’s achievable. “

From FERC Chairman Wellinghoff's statement ,NARUC summer meetings presentation on “A Shared Energy Vision for North America: Regulations, Markets, and the Environment”