



Low Carbon Strategy and Current Federal Initiatives

IRPS Conference
Illinois State University

Helen Howes
VP, Environment, Health & Safety

Exelon (NYSE: EXC)

✓ **One of the nation's largest integrated electric utilities**

- 2008 Total Assets: \$47.8 billion
- 2008 Revenues: \$18.9 billion
- Employees: 19,600 (approx.)
- Customers: 5.4 million electric, 485,000 gas
- Generating Assets: 31,300 MW, including owned generation and long-term contracts

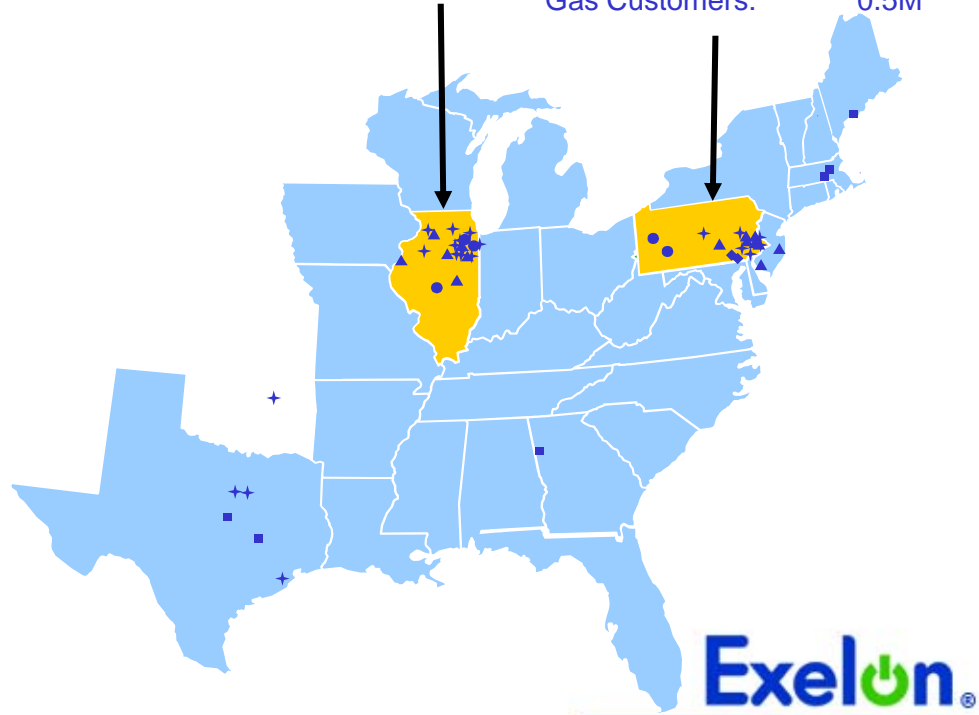


Capacity (MW)	
Owned:	24,809
Contracted:	6,483
Total	31,292

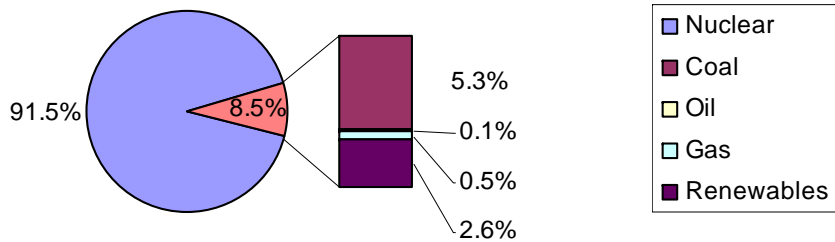
Generating Plants	
Nuclear	▲
Hydro	◆
Coal/Oil/Gas Base-load	●
Intermediate	■
Peaker	✦

Electricity Customers: 3.8M

Electricity Customers: 1.6M
Gas Customers: 0.5M



2008 Exelon Generation Ownership Equity





- ✓ Exelon will achieve a reduction of 8% below its 2001 level of greenhouse gas (GHG) emissions by 2008
 - 2001 GHG emissions of approximately 15.8M metric tonnes
 - 8% reduction equates to a 1.3M metric tonne reduction, exclusive of any growth in emissions due to increased output in 2008

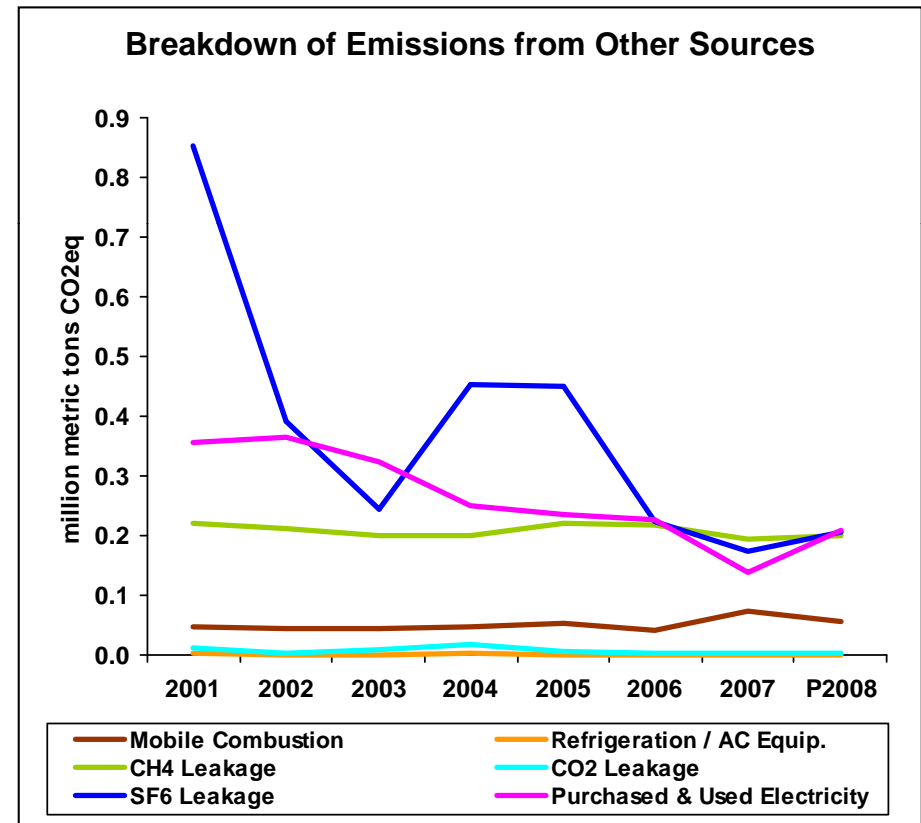
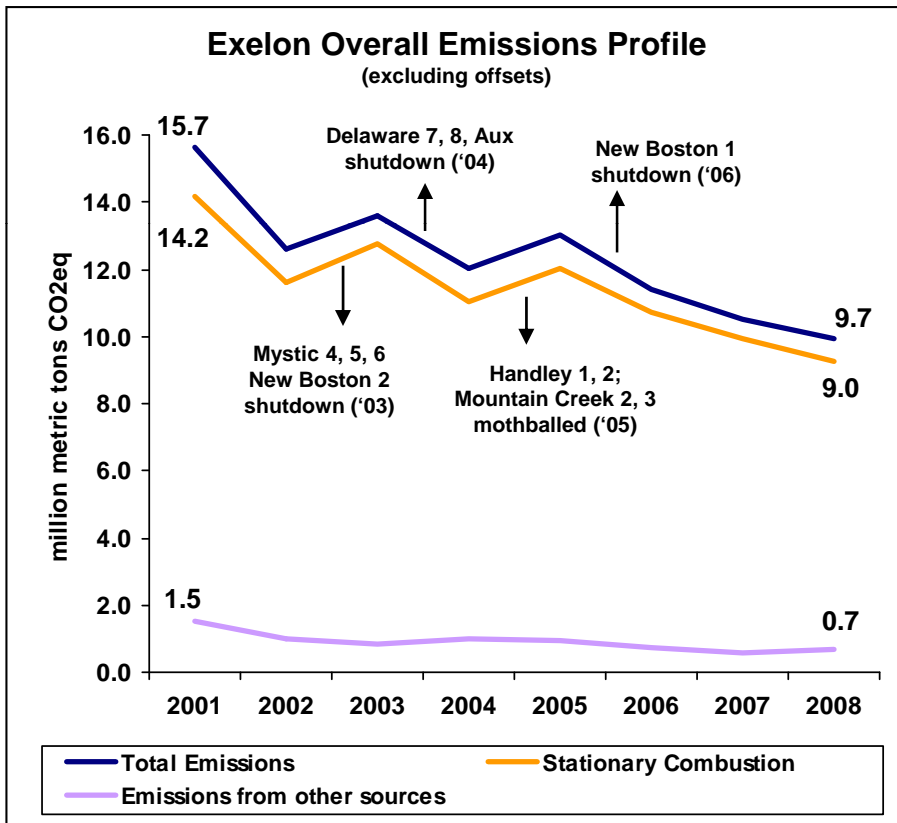
- ✓ Commit to work with, and encourage, suppliers to commit to reduce their GHG emissions

- ✓ Incorporate recognition of GHG emissions and the cost of emissions credits into future business case analyses and long range plans

Reduced fossil emissions were the key driver

GHGs from stationary combustion declined by 5.2 million MT

GHGs from other sources declined by 0.8 million MT



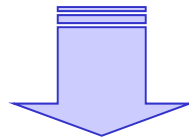
Notes: Figures are subject to US EPA Climate Leaders verification.



Addressing Climate Change at Exelon

EPA Climate Leaders (2001 – 2008)

- ✓ Voluntary commitment: 8% reduction in GHG by YE2008 (from 2001)
 - Achieved greater than 30% reduction
- ✓ Initiatives included:
 - Closed older, inefficient fossil-fueled power plants;
 - Incorporated emissions and their potential cost into its business analyses;
 - Reduced leakage of SF6 and methane;
 - Increased use of renewable energy; and
 - Internal energy efficiency initiatives



Exelon 2020: A Low Carbon Roadmap (2008 – 2020)

- ✓ Reduce, offset or displace >15 million metric tons of GHG emissions (M MT CO₂e) per year by 2020
 - Reduce or offset Exelon's carbon footprint (Potential: ~5M MT CO₂e)
 - Help our customers/communities reduce their emissions (Potential: >3.5M MT CO₂e)
 - Offer more low-carbon electricity in the marketplace (Potential: up to 12.5M MT CO₂e)



Reduce, offset or displace more than 15 million metric tons of GHG emissions per year by 2020

Reduce or offset our footprint by greening our operations

- ✓ Reduce Exelon's energy consumption by 25%
- ✓ Improve the efficiency of the generation and delivery system for electricity and natural gas
- ✓ Continuously reduce GHG emissions from our vehicle fleet
- ✓ Build an industry-leading green supply chain
- ✓ Help employees adopt green practices in the workplace and at home
- ✓ Offset a portion of emissions

Help our customers and the communities we serve reduce their GHG emissions

- ✓ Implement industry-leading energy efficiency and demand response programs
- ✓ Convey price signals to help customers use energy more efficiently
- ✓ Enhance wholesale and retail markets for green products and services
- ✓ Increase customer awareness of approaches to reduce GHG emissions

Offer more low carbon electricity in the marketplace

- ✓ Reduce fossil generation emissions and expand low-carbon fossil generation capacity
- ✓ Increase investment in renewable power
- ✓ Expand nuclear generation

- ✓ Federal, mandatory, economy-wide cap-and-trade climate legislation
- ✓ Support for energy efficiency and conservation, including utility programs, more aggressive building codes and tougher appliance standards
- ✓ An economically responsible approach to renewable energy
- ✓ Financial support for new, low-carbon, base load generation, such as high efficiency coal plants with carbon capture and sequestration and the next generation nuclear plants
- ✓ Commitment to competitive electricity markets to spur investment and innovation in new low-carbon

- ✓ **The American Clean Energy and Security Act** – Waxman (D-CA)/Markey (D-MA) Discussion Draft
 - TITLE I – CLEAN ENERGY that promotes renewable sources of energy and carbon capture and sequestration technologies, low-carbon transportation fuels, clean electric vehicles, and the smart grid and electricity transmission
 - TITLE II – ENERGY EFFICIENCY that increases energy efficiency across all sectors of the economy, including buildings, appliances, transportation, and industry
 - TITLE III – REDUCING GLOBAL WARMING POLLUTION that limits GHG emissions
 - TITLE IV – TRANSITIONING TO A CLEAN ENERGY ECONOMY that protects U.S. consumers and industry and promotes green jobs during the transition to a clean energy economy.

- ✓ **S 661** - Jeff Bingaman (D-NM) released a draft bill to strengthen American manufacturing through improved industrial energy efficiency
 - create a Clean Energy Deployment Authority within DOE to finance the construction of new low-emission energy projects through loan guarantees and other financing mechanisms.

- ✓ Proposes a cap and trade program and complementary policies
- ✓ GHG emission reductions:
 - 20 percent below 2005 levels by 2020 and 83 percent below 2005 levels by 2050.
- ✓ Start date of 2012 with some sources phased in later
- ✓ Covers large stationary sources, carbon content of all petroleum fuels (produced or imported) and residential and commercial natural gas sales
- ✓ No allowance allocation method proposed yet
- ✓ Limits on annual offsets but offsets are discounted
- ✓ Complementary policies to include:
 - Performance standards for new power plants
 - Low carbon vehicle fuel standards
 - Updating building codes, labeling programs, amended appliance standards
- ✓ No “credit for early action” reference

- ✓ Climate bill not expected until later in the year
- ✓ For illustration purposes, the last Senate bill was S.3036 the Lieberman-Warner Climate Security Act of 2008 - their allocation proposal was:
 - 75.5% of all allowances for free in 2012 and 24.5% in 2012 to 58.75% by 2032 of allowances to be auctioned
 - Free allocation in 2012 -18% to power plants, 11% to manufacturers, 2% to petroleum refiners, and 0.75% to natural gas processors; 12.75% to electricity and natural gas local distribution companies for the benefit of energy consumers, 15% to states, 4.25% for programs to develop forestry and agricultural offsets; 2% for transition for refiners; 1% for worker training and assistance funds etc.
- ✓ Any new bill is likely to have a less complicated allocation approach and focus more on consumers and green jobs

- ✓ 40% of total national allowances to be allocated to the electric industry consistent with its share of national CO2 emissions (*i.e.*, 40%)
 - 37% of allowances allocated to Local Distribution Companies (LDC) with half of the allocation based on retail sales and half on historical emissions associated with serving the LDC's load
 - 3% allocated to merchant generators

- ✓ Initially, allocate allowances for free to the LDCs

- ✓ Majority of carbon costs will be passed on to end-use customers and the best way to mitigate impacts on customers is to allocate emission allowances to the LDCs who will sell the emission allowances
 - Process would be subject to regulatory oversight by state public utility commissions
 - Proceeds of sales would be used for customers (e.g., low income programs, partial rebates to customers, additional energy efficiency programs etc.)
 - Customers in regions with vertically integrated utilities and unbundled wires utilities are treated equitably

Stakeholder Partnerships



CARBON DISCLOSURE PROJECT



For More Information

Web site: www.ExelonCorp.com

The Environment and Community sections, under the Corporate Responsibility drop down

The screenshot displays the Exelon Corporation website homepage. At the top, a blue navigation bar contains links for Exelon Companies, About Exelon, Investor Relations, Corporate Responsibility, Careers, Site Map, and Contact Us. Below the navigation bar is the Exelon logo and a search bar with a 'Search' button and a link to 'Advanced Search'. A stock price ticker shows 'Exelon Stock Price: \$81.15 +0.51 03:35 PM ET 11/28/07'. The main content area features a large banner with the text 'CLEANER SKIES' and 'Our nuclear plants emit virtually no greenhouse gases.' Below this banner is a section titled 'CLEANER ENERGY' with a sub-header 'Exelon on Environment' and a paragraph: 'To address climate change, Exelon advocates for sound climate change policy, provides low-carbon energy, and offers energy-efficiency programs. Read more about [Exelon on the Environment](#)...' To the right of the banner is a section titled 'WE'RE HERE TO HELP! PECO Assistance Programs' with a photo of a family and a link 'Click to visit PECO Assistance'. Below the banner is a 'Dow Jones Sustainability Indexes' logo with a link 'Click here for more information'. At the bottom, there are three columns: 'RESIDENTIAL CUSTOMERS' with links to 'ComEd' and 'PECO'; 'BREAKING NEWS' with links to 'United Way Issues "Report Card" on Stay in School Initiative' and 'Exelon Announces Third Quarter Results'; and 'QUICK LINKS' with links to 'Exelon Energy', 'Investor Presentations and Webcasts', and 'ComEd New Business Services'. A footer at the very bottom contains the text 'Privacy Policy | Terms and Conditions © 2002-2008 Exelon Corporation. All rights reserved.'