

Welcome to our Webinar
**Maryland's Competitive
Electricity Market**

Tuesday, May 5, 2009

We will begin at 10:00 a.m.

**If you need to teleconference in, call
1-866-699-3239, meeting number 576 363 001**

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Update on Maryland's Competitive Electricity Market

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Agenda

- Legislative Update on Deregulation in Maryland
- Overview of Maryland electricity market
- The “EmPOWER Maryland Initiative”
- NFIB / Direct Energy Business Energy Solutions
- Q & A



Our Webinar Presenters

- **Christine Karcher**, NFIB, Webinar Moderator
- **Ellen Valentino**, NFIB Maryland State Director
- **Chris Kallaher**, Direct Energy Business, Director, Government & Regulatory Affairs
- **Marc Hanks**, Direct Energy Business, Senior Manager, Government & Regulatory Affairs
- **Dan Forgacs**, Direct Energy Business, Business Development Mgr.



Ellen Valentino, NFIB Maryland State Director

- NFIB has approximately 4,000 members in the State of Maryland



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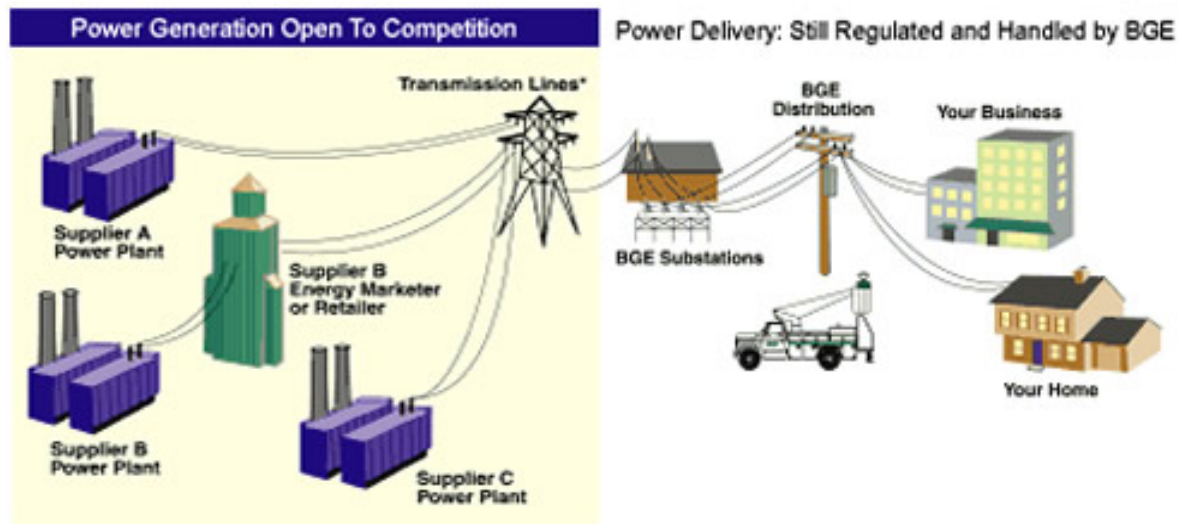
NFIB Public Policy

- Small business owners are suffering with rising energy costs in Maryland
- The legislature & key policymakers have difficulty understanding the operating costs of small business
- NFIB is striving to give you a better understanding of the deregulated electricity market and how you can take advantage of it

Maryland's Electricity Market

- Competitive market since April, 2000.
- Supply is the electricity itself, which is generated in power plants and transmitted across high voltage lines to substations.
- Delivery, also called distribution, is the process of delivering it to you along a network of power lines - the local distribution system.

BGE illustration of market structure



Maryland's Electricity Market

Maryland Power Shopping Results – February 2009

Percentage of Customers Served by Electric Suppliers

	Residential		Small C&Is		Medium C&Is		Large C&Is		Total
	Accts	%	Accts	%	Accts	%	Accts	%	Accts
Allegheny Power	40	0.00%	3,671	15.80%	2,540	41.00%	106	78.50%	6,357
Baltimore G&E	26,944	2.40%	15,791	16.70%	12,610	48.60%	605	90.40%	55,950
Delmarva Power	1,039	0.60%	3,375	13.20%	2,072	41.60%	85	91.40%	6,571
Total	55,024	2.80%	30,689	17.30%	24,858	47.00%	1,287	87.00%	111,858

Maryland's Electricity Market- Shopping Activity

Percentage of Peak Load Obligation Served by Electric Suppliers
February 2009

Distribution Utility	Residential	Small C & I	Mid C & I	Large C & I	All C & I	Total
Allegheny Power	0.0%	20.0%	57.2%	83.0%	63.9%	29.6%
Baltimore Gas and Electric	2.5%	20.1%	64.1%	91.9%	71.0%	37.8%
Delmarva Power & Light	1.1%	24.7%	65.7%	96.4%	70.1%	29.7%
Potomac Electric Power	6.8%	25.6%	66.1%	88.1%	72.0%	41.6%
Total	3.2%	21.8%	64.1%	90.2%	70.5%	37.4%

Classes of Standard Offer Service (“SOS”)

Four Classes of SOS or Default Service:

- Residential
- Type I SOS Non-residential (<25kW demand)
- Type II SOS Non-residential (>25kW and <600kW demand)
- Type III SOS Non-residential (>600kW)

Procurement Schedule for Non-residential SOS

- The Type I Non-residential SOS procurement targets small commercial customers who have overlapping or “laddered” two-year contracts that are bid every six (6) months with price resets in effect on October 1 and April 1.
- The Type II Non-residential SOS procurement targets medium-sized commercial & industrial customers who are bid on a quarterly basis. SOS rates are reset every three months on June 1, September 1, December 1 and March 1.
- The Type III Non-residential SOS procurement targets large commercial & industrial customers who are subject to hourly price service.

Maryland legislative update

Review of various proposals and amendments:

- SB 844
 - Primary vehicle for Gov. O’Malley’s re-regulation efforts
 - Allowed only utilities to build generation going forward
 - Exempted projects currently in the pipeline (e.g., Calvert Cliffs III, Competitive Power Ventures)
 - Directed PSC to engage in “Integrated Resource Planning” and evaluate continuation of retail access
 - Significant amendments would have exempted Type II and above customers from repeal of retail access; would have allowed continued retail access for “green products;” and would have required all customers to pay for new generation through a non-bypassable charge.
 - Passed by full Senate, 27-19; voted down by House Economic Matters Committee, 21-2 with 1 abstention
- Gov. O’Malley is expected to pursue similar measure next session.

Maryland Regulatory Developments

- RM 17 rulemaking
 - Improved rules for retail electric market
- Docket 9117 utility procurements
 - Examining different structures for SOS
- Docket 9149 distributed generation
 - Filling possible near-term capacity shortfall

EmPOWER Maryland Initiative Overview

- Under Governor Martin O'Malley's "EmPOWER Maryland" Initiative, the state of Maryland has established a goal of reducing energy consumption by 15 percent by the year 2015.
- The EmPOWER Maryland Energy Efficiency Act of 2008 required each electric company to file an electricity savings and demand reduction proposal with the Maryland Public Service Commission ("PSC") by September 1, 2008.
- All four investor-owned electric utilities: Baltimore Gas & Electric (BGE), Pepco, Delmarva Power and Allegheny Power, as well as the Southern Maryland Electric Cooperative have all filed their plan proposals with the PSC.
- After an extensive and lengthy stakeholder review process, the utility's final compliance plans are pending approval by the PSC.
- To date, only the Baltimore Gas & Electric Company's plan has been approved by the PSC and is now ramping up for program implementation to customers.

Highlights of BGE's Small Commercial Program

- BGE's Small Commercial Program is designed to provide an expedited, simple solution for small business customers interested in purchasing efficient technologies that can produce verifiable savings.
- The Program is designed for all non-residential customers that generally have less than 60 kW monthly billing demand and it targets all cost-effective energy efficiency opportunities.
- The Program has two (2) major components that offers prescriptive measures:
 - (1) **Retrofit Opportunities** - Offers small business the opportunity to receive incentives for projects that involve the replacement of existing electrical and mechanical equipment, where the equipment being replaced continues to function but is outdated and energy inefficient.
 - (2) **"Time dependent" Opportunities** - Offers small business the opportunity to receive incentives for projects that involve "end-of-life" equipment replacement and the purchase of new equipment.

BGE Small Commercial Program Elements

- Prescriptive energy efficiency measures include:
 - Lighting & Controls – One-for One Fixture Replacements
 - Motors – New Motor Purchases or Replacements
 - Unitary HVAC Systems and Chillers
 - Variable Frequency Drives
 - Commercial Refrigeration Equipment - New Equipment Upgrades
 - Commercial Kitchen Equipment - New Equipment Upgrades

- BGE offers financial incentives and technical assistance to maximize energy efficiency and manage energy costs. The BGE program provides you with the flexibility to choose your own service provider, and have rebates paid directly to you or to your service provider.

- Financial incentives are pre-determined and typically cover the following:
 - Up to 50% of the total cost for retrofit projects, and
 - Up to 75% of the incremental cost for new construction projects.

BGE Small Business Lighting Solutions Program

- In addition to the Small Commercial Program, BGE has recently established the Small Business Lighting Solutions Program designed for customers with less than 60 kW monthly billing demand that want to retrofit existing lighting equipment.
- Key program elements include the following:
 - All qualified customers will be eligible for an incentive up to 80% of the total installed cost.
 - No rebate forms or applications – Simply write a check for the remaining balance of the covered incentive amount.
 - Participating customers must use the BGE assigned Installation Contractor.
- To learn further details about Baltimore Gas & Electric Company's energy efficiency & conservation programs and the associated financial incentives, go to:

<http://www.bgesmartenergy.com>

Direct Energy Business

- Over 20 years of experience in the energy industry
- Headquartered in Pittsburgh, PA
- The third largest commercial retail energy supplier in North America
- Serving nearly 50,000 business customers across North America
- Licensed to serve customers in 14 states, the District of Columbia and 5 Canadian provinces
- Approximately \$4 billion in annual revenue

Our Hallmarks

- Industry-leading products
- Personal, customized support
- Straightforward, experienced guidance
- Dedicated to your goals and objectives
- Experienced advocate in deregulated markets
- Wholesale market expertise

Part of the Centrica Family

- Direct Energy Business is wholly owned by Centrica plc (LSE: CNA), a global Fortune 500 company
- Centrica is a major global energy and related services provider with 32 million customers worldwide
- Centrica plc is publicly traded on the London Stock Exchange with annual revenues of \$33 billion.
- Centrica was named number one diversified utility in the Platts Top 250 and was named in the Global 100 Most Sustainable Corporations in the World index.
- Centrica carries an “A-” credit rating from Standard & Poor’s.

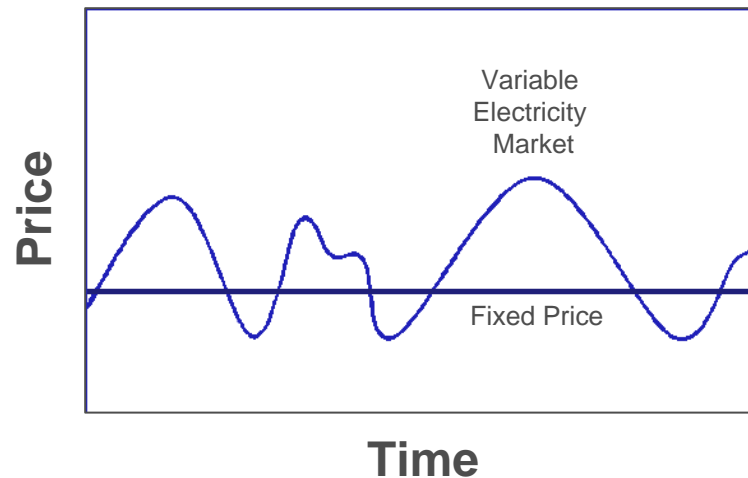
NFIB / Direct Energy Electricity Program

- Fixed price protects your business from market volatility
- ICAP charges included in the fixed price
- Terms up to 36 months available
- Renewable energy options
- NFIB membership and credit approval required
- Available immediately in the delivery service territories of Baltimore Gas & Electric, Delmarva Power and PEPCO.
- For more information, visit www.directenergybusiness.com/NFIB or call us at 866.967.NFIB (6342)

NFIB Member Benefits are offered by third-parties through contractual arrangements with NFIB Member Services Corporation, a wholly-owned subsidiary of NFIB, or one of its affiliated insurance agencies.

Gain Greater Control of your Energy Spend

- Problem
 - Market volatility continues to pose a risk to your energy budget.
- Solution
 - Fixed Price Product – lock in a competitive fixed rate per kWh for the length of your contract agreement.
- Result
 - Fixed Price Product customers experience the benefits of greater budget control, long-term stability and streamlined energy management.



NFIB Member Resources

www.NFIB.com/offers



American General Life and Accident Insurance Company



Questions?

To Get a Free, No-obligation Electricity Quote
call 866.967.NFIB (6342) or visit
www.directenergybusiness.com/NFIB

Thank you

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