

Pennsylvania's

Energy Independence Strategy





The Pennsylvania Energy Independence Strategy Will:

- Save consumers \$10 billion in energy costs over the next ten years;
- Reduce Pennsylvania's reliance on foreign fuels; and
- Grow Pennsylvania's energy economy.

Energy Independence Strategy PRICE DRIVERS

Rate Caps Expiring

- Maryland 70%
- Delaware 50%
- UGI 40%
- Pike County 72%

Peak Power Prices Soaring

- 500-700% higher than base

Long Term Contracts Prohibited

- Spot Market

“Locational Marginal Price”

Energy Independence Strategy PRICE DRIVERS

Demand Growth Straining the Grid

- 1.2 % annual baseload growth
- 13 % peak power growth 2004-2006
- 16 % peak power growth by 2017

Without aggressive conservation, billions in new power plants, transmission lines required.

“Reliability Pricing Model” Surcharges

- \$643 M for PECO 2007-2008
- \$643 M for PECO 2008-2009
- \$972 M Statewide by 2009-2010



Energy Independence Strategy SAVINGS

Overall: \$10 billion over 10 years

Examples:

PJM/DEP Study: 3-5% cut in peak demand	\$230 M/yr
CMU Study: 5% cut in base demand	\$750 M/yr
CMU Study: Microgrids serving 5% of load	\$546 M/yr
Cool Appliances Swap	\$ 13 M/yr
PA Sunshine	\$ 10 M/yr

Energy Independence Strategy COST CUTTING TOOLS

- **Smart Meters**
- **Time of Use Rates**
- **Cool Appliance Swap Rebates**
- **Pennsylvania Sunshine Grants and Rebates**
- **Demand growth met through cheaper conservation**
- **Acquisition of power through a “Least Cost Portfolio”**
- **Long term contracts**
- **“At Cost” Rates**
- **Three year phase in of any PUC approved rate increase**
- **Encouraging “microgrids”**



Creating Jobs and Growing PA's Energy Sector

- **Clean Energy is among the fastest growing investment sectors in the U.S. and global economy.**
- **UN Reports \$70.9 billion invested worldwide in 2006.**
- **Pennsylvania has been a leader in attracting some of the world's leading advanced energy companies.**
- **Our universities have a base of world class research and talent.**

The Energy Independence Fund

- **\$106 million for venture capital and the commercialization of emerging technology.**
- **\$500 million for clean energy projects.**
 - **Biofuels**
 - **Solar**
 - **Wind**
 - **Clean Coal**
 - **Energy Conservation**
- **\$244 million for rebates and incentives for home appliances and solar systems.**





Proposed Programs

- **Energy Independence Greenhouse**
- **Energy Independence Venture Capital Program**
- **Energy Independence Grants and Loans**
- **Energy Independence Site Preparation**
- **Cool Appliance Swap**
- **Pennsylvania Sunshine**



Recent Developments

- Enactment of H.B. 1203 (Act 35) on July 17, 2007
 - Amends AEPS to expand net metering, strengthen force majeure and modify the solar share language
- Enactment of H.B. 1530 (Act 36) on July 17, 2007
 - Amends the PUC Code to allow negotiated rates for large customers
- Special Legislative Session on September 17, 2007



Bills Pending: June 2008

- Energy Development Fund:
 - Special Session HB 1
 - Special Session SB 1
- Conservation and Smart Metering: HB 2200
- Procurement and Other Measures: HB 2201