

BGE's Experience Starting Conservation Programs

March 31, 2008

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Implementing Conservation Supports Our Customers

- The transition to higher, market-based generation costs and projected new load growth has renewed the interest in conservation and energy efficiency
 - Encourages customers to use energy wisely and efficiently
 - Minimizes impacts of higher energy costs on customers' bills
 - Adopts “best practices” for achieving energy savings
 - Helps with reliability concerns for 2011 and beyond
- Customers **expect** BGE to promote efficiency - BGE viewed as the “energy expert”

BGE's Smart Energy Savers ProgramSM Announced in January 2007 To Help Customers With Energy Costs

- BGE announced and filed with the Maryland Public Service Commission BGE's Smart Energy Savers ProgramSM on January 23, 2007 which included Energy Efficiency/Conservation
- BGE wanted to implement simple programs which could be initiated in a few weeks while longer term programs were developed
- On June 20th, BGE received Commission approval to implement three residential Fast-Track conservation programs
 - CFLs with buy-downs being offered at participating retailers
 - Rebates on qualifying Energy Star[®] appliances
 - Room air conditioner replacement program, a limited time replacement program for low income customers

Fast Track Programs Overview

- Mark-downs on energy efficient Compact Florescent Lights (CFLs):
 - \$1.50 per single bulb and \$3.00 for a multi-pack at participating retailers
 - A CFL can save over \$65 in electricity costs over lifetime compared to an incandescent lamp
- Rebates of \$50 - \$75 on ENERGY STAR® qualifying refrigerator, freezer and clothes washer
 - All BGE residential customers can participate and the rebates are valid for purchases from any store
- Had an energy efficient room air conditioner (RAC) replacement program late summer/early fall
 - Provided 503 new RACs to limited income customers with operational inefficient units

Fast Track Program Update

- Program deemed very successful – exceeding goals and under budget
 - Total fast track program participation estimates through March 9:
 - Lifecycle savings of 506 million kWh and dollar savings of \$68 million
 - 7,500 cars removed from the road
 - 1,048,600 of the discounted CFLs have been purchased
 - Approximately 6,200 appliance rebate requests have been received
 - \$2.9 million spent to date

Awaiting Regulators On Portfolio Of Conservation Programs

- Eight year portfolio filed on 10/26/07 in Case 9111 and Tariff filing made
 - Numerous Commission Hearings: 11/8, 11/14, 11/28, 12/19
- Commission issued Order on 12/26
 - Supported conservation in concept; did not approve any specific programs
 - Approved electric efficiency charge with \$0/kWh rate; directed more discussion on gas efficiency charged
 - Ordered Staff to hold Technical Advisory Group meetings and issue a report
- Staff held meetings weekly starting on January 4 and through January 25
- BGE provided over 600 pages in a response to the “generic” data request
- Staff report issued 2/8 supporting all proposed BGE programs except for Home Performance with ENERGY STAR® portion of Residential Retrofit recommended for further study
- Hearing held 2/27 with no order to date

EE / Conservation - Programs for 2008 - 2015

6 programs proposed with one being for small commercial customers

1. Expanded ENERGY STAR® (E*) products

- Incentives and education on Energy Star appliances, lighting
- Expansion of Fast-Track programs, online store

2. Residential gas and electric heating, cooling and water heating

- Incentives for equipment and outreach to HVAC manufacturers, distributors and contractors
- Focus on installed performance for heat pumps, central air conditioners, gas furnaces

3. ENERGY STAR Home Performance Platforms – Residential Retrofit

- Focus on whole-house, performance-based projects, using the Energy Star® platform
- Energy audits: online, simple on-site audit, Home Performance with E*

EE / Conservation - Programs for 2008 - 2015

4. Residential ENERGY STAR New Construction

- Incentives to builders and developers to partially offset incremental cost and verification
- Infrastructure support for Home Energy Ratings and ENERGY STAR certification

5. Small Commercial Energy Efficiency

- Lighting and HVAC equipment and controls
- Direct installs

6. Limited Income

- Looks at all aspects of residential structure, energy systems, energy use from a holistic perspective
- Customized program that includes weatherization, health and safety, appliance replacement

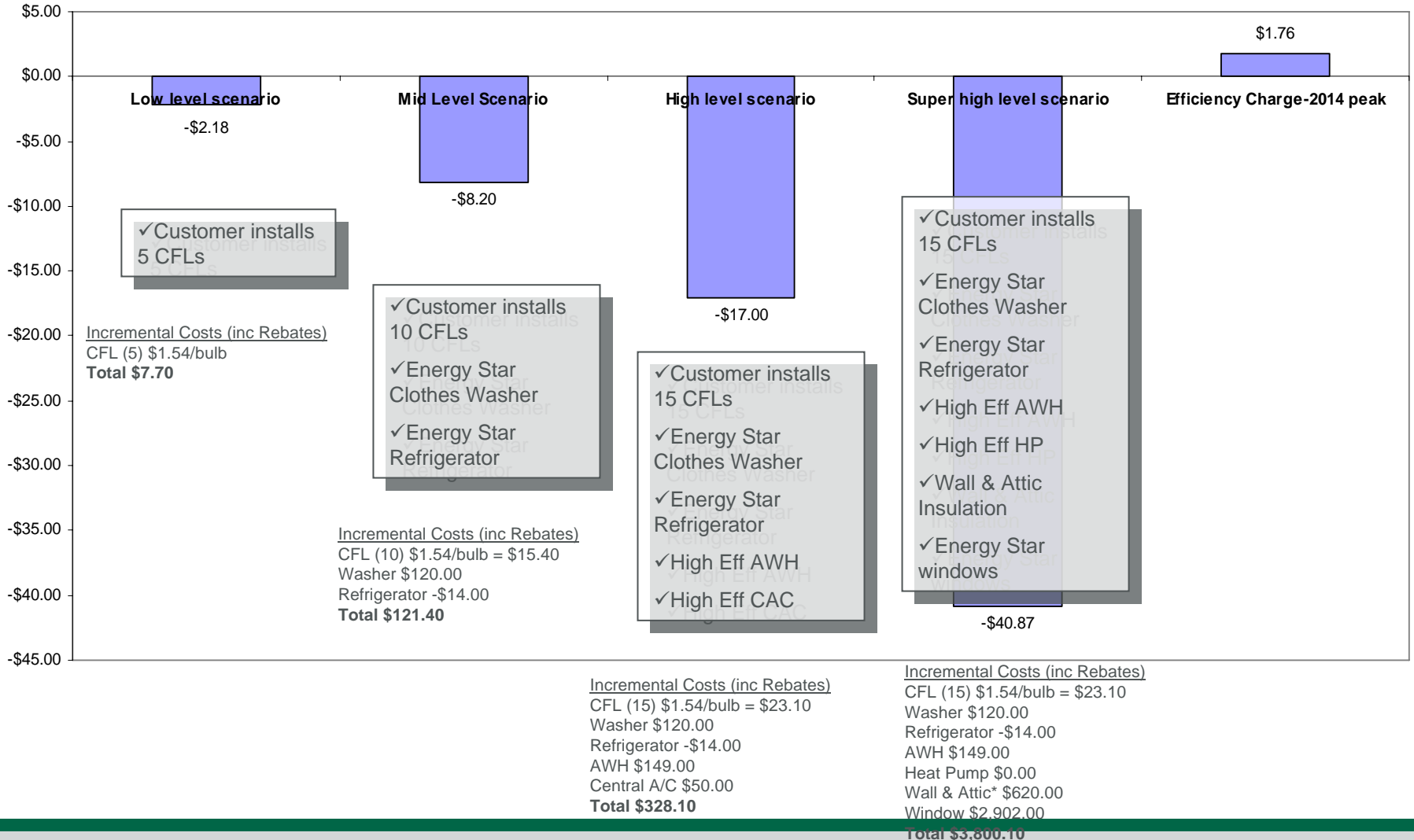
EE / Conservation Development And Implementation Process

- Largely driven by external factors
 - State's 15% per capita energy reduction goal
 - Likely legislation
 - Commission directives
- Program details developed based on best practices, other State's programs, recommendations by consultants and external Stakeholders perspectives
- RFP issued on March 24 with selection of program development/implementation vendor(s) in about 2 months
- Approximately 2 months after contract signed, assuming PSC has approved programs, new programs start launching

Lessons Learned

- Patience
- Take baby steps - Start small if necessary to move forward
- Address Commission's concerns
 - Address needs of all segments
 - Incremental costs, costs to non-participants
 - State-wide consistency
 - Best practices; use experience of other states, programs
- Balance involving stakeholders with need for expeditious implementation
 - Agreement on assumptions and cost effectiveness test

BGE Conservation Program Electric Customer Monthly Bill Impacts in 2014 (Net of Efficiency Charge)



Questions/Comments