

# Emerging Energy Efficiency Technologies

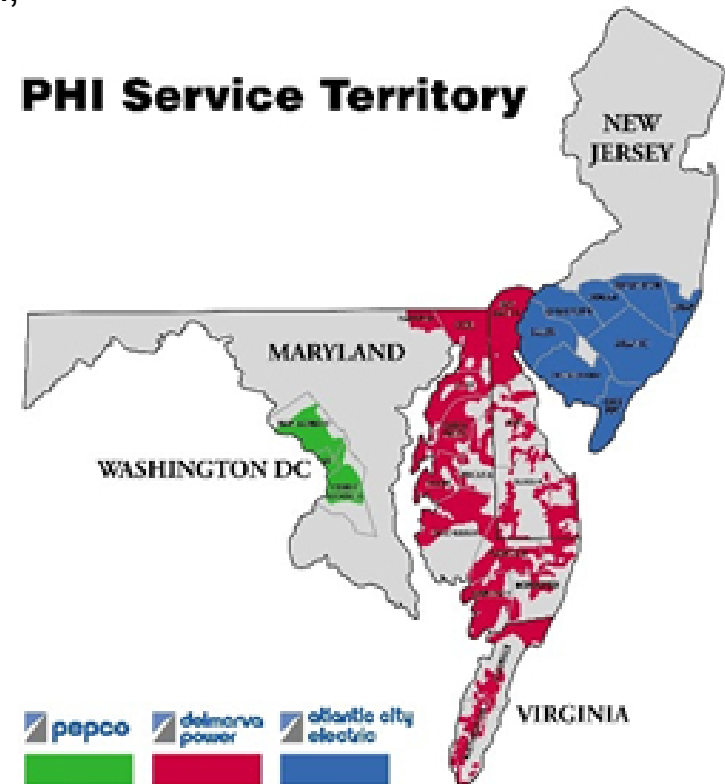
## PHI's Strategy to Create the Utility of the Future

George Potts, Vice President,  
Business Transformation  
June 28, 2007

# Pepco Holdings, Inc

PHI delivers electricity and natural gas to more than 1.8 million customers in Delaware, the District of Columbia, Maryland, New Jersey and Virginia, making it one of the largest electricity delivery companies in the mid-Atlantic region.

- **Pepco** is a regulated electric utility delivering electricity to more than 700,000 customers in Washington, D.C., and its Maryland suburbs.
- **Delmarva Power** is a regulated electric and gas utility serving more than 500,000 customers in Delaware and the rest of the Delmarva Peninsula.
- **Atlantic City Electric** is a regulated electric utility serving more than 500,000 customers in southern New Jersey.



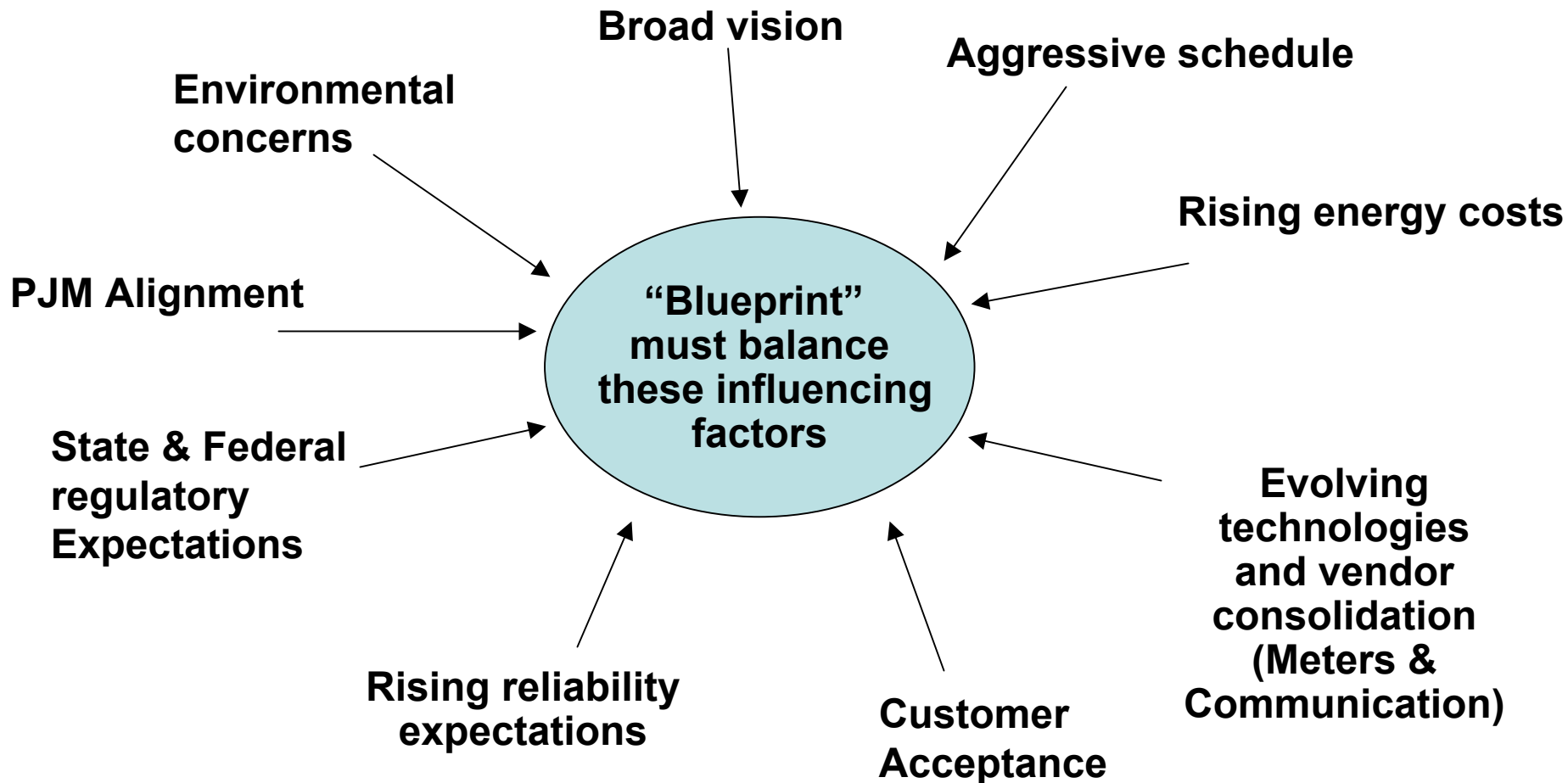
# Our Vision

*We see a future where success in our industry will be measured by companies satisfying four customer expectations:*

- better manage energy bill*
- responsive customer service*
- power reliability*
- environmentally friendly programs*

# Why Change Now?

*Change Drivers:*



# Characteristics of a Smart Grid

- ***Interactive*** with consumers and markets
- ***Adaptive*** to correct problems before they become emergencies
- ***Optimized*** to make best use of resources and equipment
- ***Predictive***, rather than reactive
- ***Accommodates*** a variety of generation options
- ***Integrated*** to merge all critical information
- ***More Secure***

# Our Plan

- **Financial Incentives for Energy Efficiency and Demand Response**  
-rebates, bill credits or other financial incentives
- **Advanced Metering System and Other Technologies to Improve Reliability and Empower Customers**
- **Environmental Programs**  
-rate options for plug-in electric vehicles and small-scale generators
- **Reducing Our Carbon Footprint**  
-transforming our 2,000 vehicle fleet and converting to biodiesel fuel

# Creating a Demand-Responsive Market

- Technology empowers customers to take control of energy costs with tools that let all customers manage electricity use and respond to pricing signals
- Revised rates, subject to regulatory approval, take away link between sales and revenue (decoupling) and remove disincentive for utilities to offer conservation programs

## Potential Programs for Business Customers

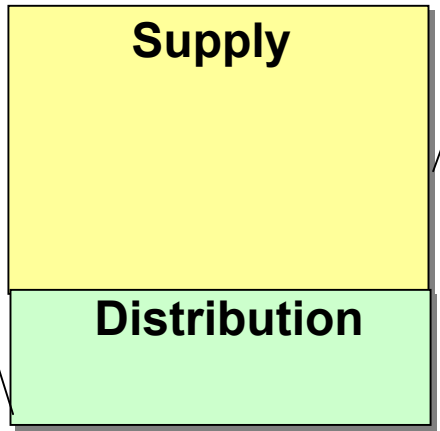
- Building Commissioning, Operations & Maintenance: Consulting/Engineering Services to Improve Efficiency of Buildings
- HVAC Efficiency: High Efficiency HVAC Equipment up to 30 Tons and Contractor Training
- Prescriptive: Energy Efficiency Measure Incentives for Electric Motors and Lighting
- Custom Incentive: Site Specific Efficiency Measures
- Smart Stat: Remotely Controllable Programmable Thermostat Program
- Internet Platform: Web-based Platform to Facilitate Participation in PJM Demand Response Market

# Potential Customer Benefits

*It is expected that the potential values will all work together to supply benefit, but it will happen over time....*

- Eliminate Manual Meter reading
- Enhanced Customer Service
- Power Quality
- Remote Connect/Disconnect
- Tamper Detection
- Operating Efficiencies

Approximate Customer Bill Breakdown



- Energy Conservation
- Flexible Rate Structures
- Demand Response
- Plug-in Hybrids
- Distributed Generation

## Incidental Benefits

- Smart Grid Benefits
- Smart Appliances
- Facility Automation

# The Future is Now

- Smart Grid is Coming
- Customers should prepare now to take advantage of new technologies
- Utilities will face challenges to implement new technologies and new rate structures