



A Business Strategy for Reducing Carbon

IEEE

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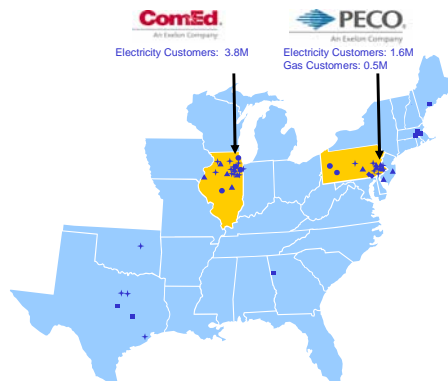
Bill Brady

Director, Corporate Environmental Strategy

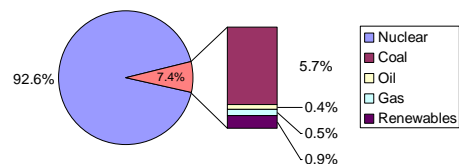
Background on Exelon (NYSE: EXC)

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- ✓ One of the nation's largest integrated electric utilities
 - 2007 Total Assets: \$45.9 billion
 - 2007 Revenues: \$18.9 billion
 - Employees: 17,500 (approx.)
 - Customers: 5.4 million electric, 480,000 gas
 - Generating Assets: 32,300 MW, including owned generation and long-term contracts



Exelon's Low Carbon Generation (2007 Equity Owned Output Mix)



Why Exelon Has Been Focused on Climate Change

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- ✓ Scientific consensus is that climate change is real and that greenhouse gas (GHG) emission reductions are needed
- ✓ Federal regulation of GHG emissions is inevitable - it is only a matter of timing and details. States are already starting to act
- ✓ GHG regulation will have a more profound effect on electricity and fossil fuel markets than any other air pollutant regulations, primarily due to current lack of cost-competitive, commercially-available CO₂ capture and sequestration technology
- ✓ Exelon currently operates a large portfolio of low carbon generation
- ✓ By engaging early in the debate, and adopting a voluntary GHG reduction goal, Exelon has been working to shape favorable policy outcomes and reasonable technical standards



Setting a Bold New Goal

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“Our goal is to reduce, displace or offset the equivalent of our entire carbon footprint by 2020”

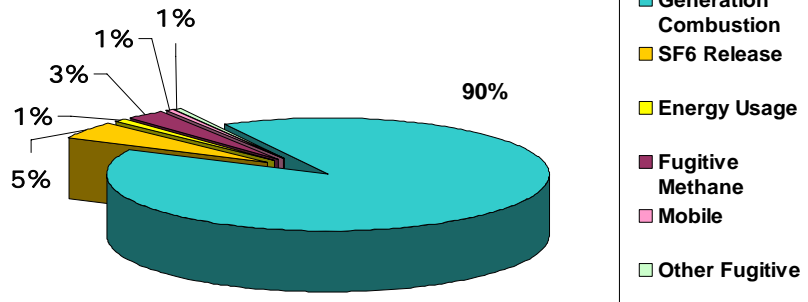
- John W. Rowe, Brookings Institution, February 12, 2008



GHG Emissions – 2001 Baseline

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Emissions by Type



Emissions by Business Unit



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Voluntarily CO_{2e} Emissions Reduction

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- ✓ 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 (~1.3M metric tonne reduction, exclusive of any growth in emissions due to increased output in 2008)
- ✓ Working with, suppliers to encourage them to reduce their GHG emissions
- ✓ Incorporate consideration of GHG emissions and the cost of emissions credits into business case analyses and long range plans

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How Does Exelon Expect to Meet its Goal?

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- ✓ Maintain high level of performance at nuclear fleet
- ✓ Fossil plant retirement (oil and gas steam units)
- ✓ Renewable energy
- ✓ Energy and process efficiency
 - Fugitive emission reductions: SF-6, gas distribution
 - Building energy efficiency
 - Recycling and investment recovery
 - Fleet fuel efficiency and alternative vehicle fuels
- ✓ Carbon sequestration (prairie grass, PowerTree, TreeVitalize)
- ✓ Offset and credit procurement

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Low Carbon Generation

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Conowingo

- 512 MW - run of the river facility located on the Susquehanna River
- Recent upgrades – 66 GWh per year (~10,000 homes)



Fairless Hills

- 60 MW - Landfill Gas
- In 2006, completed a two-year \$11 M project
- Second largest landfill-gas generating station in the U.S.



Exelon Nuclear

- Estimated annual CO2 emissions avoided by Exelon Nuclear output as compared to applicable average PJM fossil generation emissions = 121 M metric tons, equivalent to approximately 5% of annual U.S. fossil generation CO2 emissions

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✓ Wholesale Wind & Solar Generation Marketing



Project Name	Installed MW	Capacity Factor	Location
Waymart	63	32%	Near Scranton, PA
Mountaineer	66	32%	Near Thomas, WV
Mill Run	15	29%	Near Pittsburgh, PA
Somerset	<u>9</u>	30%	Somerset, PA
Total MW	153		

****NEW ****
20-year contract for a 3-MW solar energy facility was entered into in August 2007. Expected annual output is 3,700 MWh.

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Vehicle Fleet

- ✓ 58% of Exelon Fleet (~4600) is alternative fuel enabled
- ✓ One of the largest B20 fleets in US
- ✓ PECO Energy
 - 512 biodiesel trucks, cranes, and derricks
 - 43 Ford Escape hybrid SUVs (38% of PECO SUV fleet)
 - 6 dual fuel CNG pickup trucks, 1 CNG gas crew truck
 - 1 prototype hybrid-electric bucket truck
- ✓ ComEd
 - 1,651 biodiesel trucks, cranes, and derricks
 - 88 Ford Escape hybrid SUVs (41% of ComEd SUV fleet)
 - 2 LPG vehicles
 - 1 prototype hybrid-electric bucket truck
- ✓ Working with suppliers, NGOs and the US EPA to better understand the GHG benefits of using biofuels and emerging options for AFVs
- ✓ Advocating for a life-cycle alternative fuel performance standard

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Improving Internal Energy Use

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- ✓ Internal Renewable Energy
 - Exelon's headquarters in Chicago's Chase Tower – 10 floors – is supplied with 100% renewable energy
 - 10% of total energy used in PECO Energy's, Philadelphia main office building, supplied by wind energy (2005 – 2007)
- ✓ Internal Energy Efficiency
 - Exelon's Chicago headquarters renovated in accordance with US Green Building Council LEED guidelines (50% less energy use and 30% less water consumption)
 - Exelon Energy Delivery commercial space has reduced internal energy use on average 3% per year since 2005 and we are looking to set more aggressive targets going forward
 - Through thermal efficiency improvements in our nuclear fleet we have added 174 MW of virtually GHG-emission free generation capacity



Carbon Sequestration

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- ✓ PowerTree Carbon Company – Exelon Generation
 - 3,800 acres restored in the Lower Mississippi River Alluvial Valley
 - Estimated 2M tons of CO₂ over the trees' 100-year lifetime
- ✓ Prairie Grassland - ComEd
 - Restored more than 488 acres since 1994
 - Partnered with government and NGOs to manage transmission rights of way in conjunction with a 337 acre restoration project
- ✓ TreeVitalize – PECO Energy
 - Plant 20,000 trees and restore 1,000 acres of riparian buffer
 - Four-year program – public-private partnership
- ✓ Lower Susquehanna River Riparian Buffer Restoration - Exelon
 - Exelon is working with Pennsylvania Environment Council
- ✓ Electric Power Research Institute CO₂ Capture Storage Pilot



Funding Customer Programs

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✓ PECO Energy Conservation and Energy Efficiency



✓ Education

- Energy Saving Tips and Home Renovations
- *Energy Saver\$* booklet
- Home Energy Saver (energy audit)
- Home Appliance Energy Guide

✓ Energy Saving Products

- PECO Energy Saver Kit
- Online Energy Store
- Partnership with Electrical Association of Philadelphia to offer rebates up to \$700 on high-efficiency air conditioners and heat pumps

✓ www.pecowinter.com

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Investing in Green: Customer Programs

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ComEd CARE (Customers' Affordable Reliable Energy) Program

Save Money on Your Energy Bills!

To help our residential customers better manage their monthly electricity bills, ComEd has launched CARE (Customers' Affordable Reliable Energy) - a new energy education and customer assistance initiative that provides tools and information to help you save money on your monthly electric bill.

The program helps in three ways:

- Energy efficiency information and programs to help reduce your monthly bill.
- Special programs to assist low-income and senior customers.
- A rate stabilization proposal that caps rate increases in 2007, 2008 and 2009 to single digit percentages and recovers the deferred amount in 2010 through 2012.

For more information, visit:

www.ComEdCARE.com
or call 888-806-CARE (2273)

ComEd
An Exelon Company

- Energy efficiency information and programs to help reduce monthly energy use
- Special programs to assist low-income and senior customers
- ENERGY STAR® Compact Fluorescent Light Bulb Program
 - ✓ CFL bulbs use 66% less energy and can last 10 times longer than incandescent bulbs
 - ✓ ComEd offered customers discounts on 1.3 million CFL bulbs in the ComEd service territory
 - ✓ Program reduces GHG emissions by about 90 million pounds of CO₂/yr

• www.ComEdCARE.com

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Offering Retail Renewables

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- ✓ **PECO WINDSM is a 100% wind energy product**
 - Fuel-free
 - Pollution-free
 - Locally produced in Pennsylvania
- ✓ **PECO WINDSM is sold in flexible blocks of 100 kWh, up to 100% of actual monthly usage**
- ✓ **Each wind block is priced in addition to standard PECO Energy charges:**
 - \$2.54 per 100 kWh
 - Negotiated special contracts are available for large purchases in excess of 2600 MWh (26,000 blocks/year or 2,167 blocks/month)
- ✓ **Over 38,000 customers in 2007**
- ✓ **ComEd will purchase 2% of its power supply from renewable sources in 2008**



Advocating Federal Legislation

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- ✓ **Advocate for federal climate change legislation**
 - National in scope
 - Mandatory
 - Economy-wide program, addressing all six greenhouse gases
 - Point of regulation should be upstream
 - Cap-and-trade program with cost containment
 - Free allocation of allowances transitioning to full auction
 - Preventing windfalls and avoid distortion of price signals to consumers



Working with the Investment Community

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- ✓ Investor interest in the environmental performance of the companies in which they invest continues to grow
 - Exelon has expanded its 10-K discussion of climate change
 - Exelon Environmental Progress Report and corporate internet site disclose company air emissions and position / actions on climate change
 - CEO actively engaged in public policy debate on climate change
 - CEO/CFO discussion during investor and media calls
 - No shareholder resolutions on climate change received by Exelon since 2002
- ✓ Increased interest by socially responsible investment funds and indices that consider environmental attributes of corporations
 - Named to the *Dow Jones Sustainability North American Index 2007/2008*
 - Named to the Carbon Disclosure Project's *Climate Disclosure Leadership Index 2007*
 - Named an Electric Sector Sustainability Leader, Silver Class in PwC/SAM's "The Sustainability Yearbook 2008"



Dow Jones
Sustainability Indexes
Member 2007/08



sam | 2008
silver class

CARBON DISCLOSURE PROJECT

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Stakeholder Partnerships

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World Business Council for
Sustainable Development



CARBON DISCLOSURE PROJECT



Metropolitan Family Services
150 years of amazing strength



ADLER
PLANETARIUM

PHILADELPHIA ZOO



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Resources:

- Exelon's website
www.exeloncorp.com
- Environment, under Corporate Responsibility drop down
- Annual Progress Report

