



An Exelon Company

***Energy Infrastructure
Modernization Act
Transforming Illinois' Electric Grid***

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Energy Infrastructure Modernization Act - Overview

- Authorizes an estimated \$2.6 billion ComEd investment in upgrading and modernizing Illinois' electric grid.
- Provides consumer benefits through grid modernization and installation of smart meters:
 - information and tools to save on energy costs
 - reduced outages and power disruptions
 - virtual elimination of estimated bills
 - meeting business demand for high-quality power
 - expansion of Illinois economy and job creation.
- Protects consumers during a 10-year period of investment through strong oversight and an intervener process involving advocates for consumers and business.
- Bring greater stability to the regulatory process to incent investment in grid modernization.

Energy Infrastructure Modernization Act - Investment

- Over a five year period invest an estimated \$1.3B in system upgrades, modernization projects, and training facilities
- Over a ten year period invest an estimated \$1.3B in Smart Grid electric system upgrades
- Cannot exceed \$3B capital investment costs without General Assembly approval
 - Act allows Utility to spend less if it is meeting its goals
- Annual Work Plan required to be submitted to ICC
 - If the Utility is not satisfying its investment amount commitments the ICC may discontinue the performance based formula (after notice and hearing)

Energy Infrastructure Modernization Act - Investment

Electric System Upgrades and Training Facilities

- Underground Residential Distribution (URD) Cable injection and replacement
- Mainline cable system refurbishment and replacement
- Ridgeland 69kV cable replacement
- Training facilities
- Wood pole inspection, treatment, and replacement
- Storm hardening

Smart Grid Electric System Upgrades include the following programs:

- Distribution automation
- Substation micro-processor relay upgrades
- Smart meters
 - Requires ICC approval of the AMI deployment Plan
- Associated cyber secure data communications network

Energy Infrastructure Modernization Act - Metrics

Reliability

- **System SAIFI** – 20% reduction in outage frequency over 10 years
- **System CAIDI** – 15% reduction in average outage duration over 10 years
- **Southern and Northern Region SAIFI** – 20% reduction in outage frequency over 10 years
- **Service Reliability Target** – Improvement in the total number of customers who exceed the service reliability targets by 75% over 10 years

Customer Benefits

- **Estimated Bills** – 90% reduction in 10 years
- **AMI Benefits** (average of):
 - **Consumption on Inactive Meters** – 90% reduction in 10 years
 - **Unaccounted For Energy** – 50% reduction in 10 years
 - **Uncollectible Expense** – \$30M reduction over 10 years

Opportunities for Minority-Owned and Female-Owned Business Enterprises

- **Opportunities for MWBE** – Increasing capital expenditures with MWBE over 10 years

Energy Infrastructure Modernization Act - Benefits

Consumer Benefits

Fewer and shorter outages

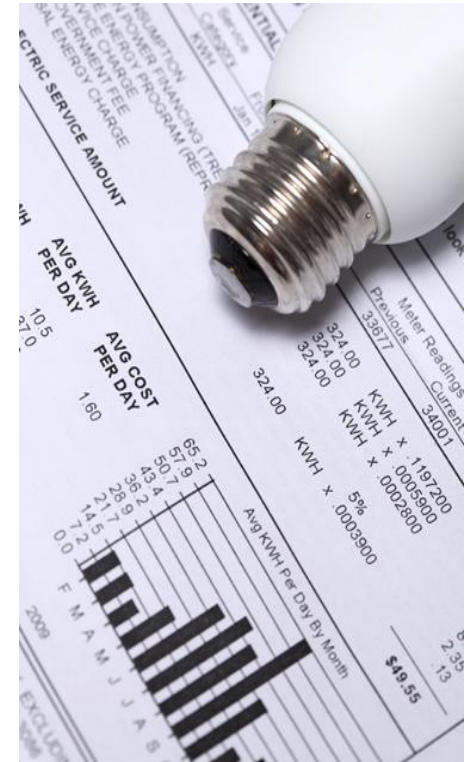
- An estimated 700,000 avoided customer outages per year could save customers \$100M annually

Consumer savings, choice and control

- All savings achieved by more efficient utility operations will be passed on to consumers
- With advanced meters, consumers could save on energy costs by:
 - Better managing energy use
 - Using new energy management technologies, such as smart appliances or home area network devices

Peak Time Rebate

- With a Smart Meter customers may opt in to a Peak Time Rebate program



Energy Infrastructure Modernization Act – Economic Development

Northern Illinois Benefits

- **Economic growth and job creation**
 - The investment will create more than 2,000 FTEs*
- **Innovation and entrepreneurship**
 - A \$22.5M Science and Energy Innovation Trust will be created to foster and support high-growth, energy and technology related Illinois companies
 - A Smart Grid “Test Bed” will provide entrepreneurs with the opportunity to demonstrate new services, technologies and business models, some of which will be funded by the Trust



Note: * Full-time equivalents at peak investment

Energy Infrastructure Modernization Act - Checkpoints

- **Annual Rate Case**
- **Two specific legislative checkpoints**
 - The program terminates in 2014 if total average residential bill increases by more than 2.5% per year
 - If the program survives the 2014 sunset, there is an automatic sunset in 2017 at which time the utility must justify further spending
- **Entire program terminates in 2022**