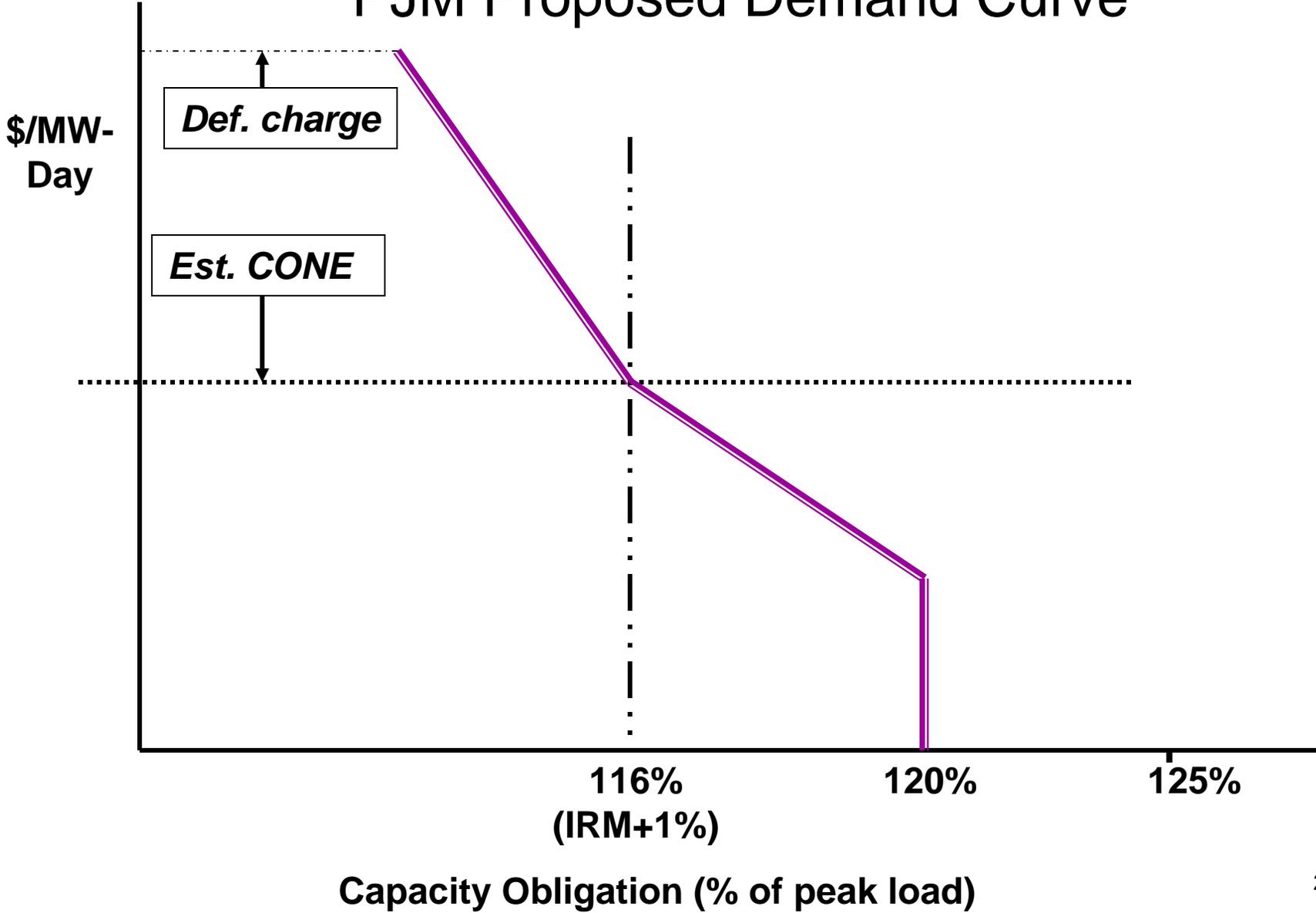


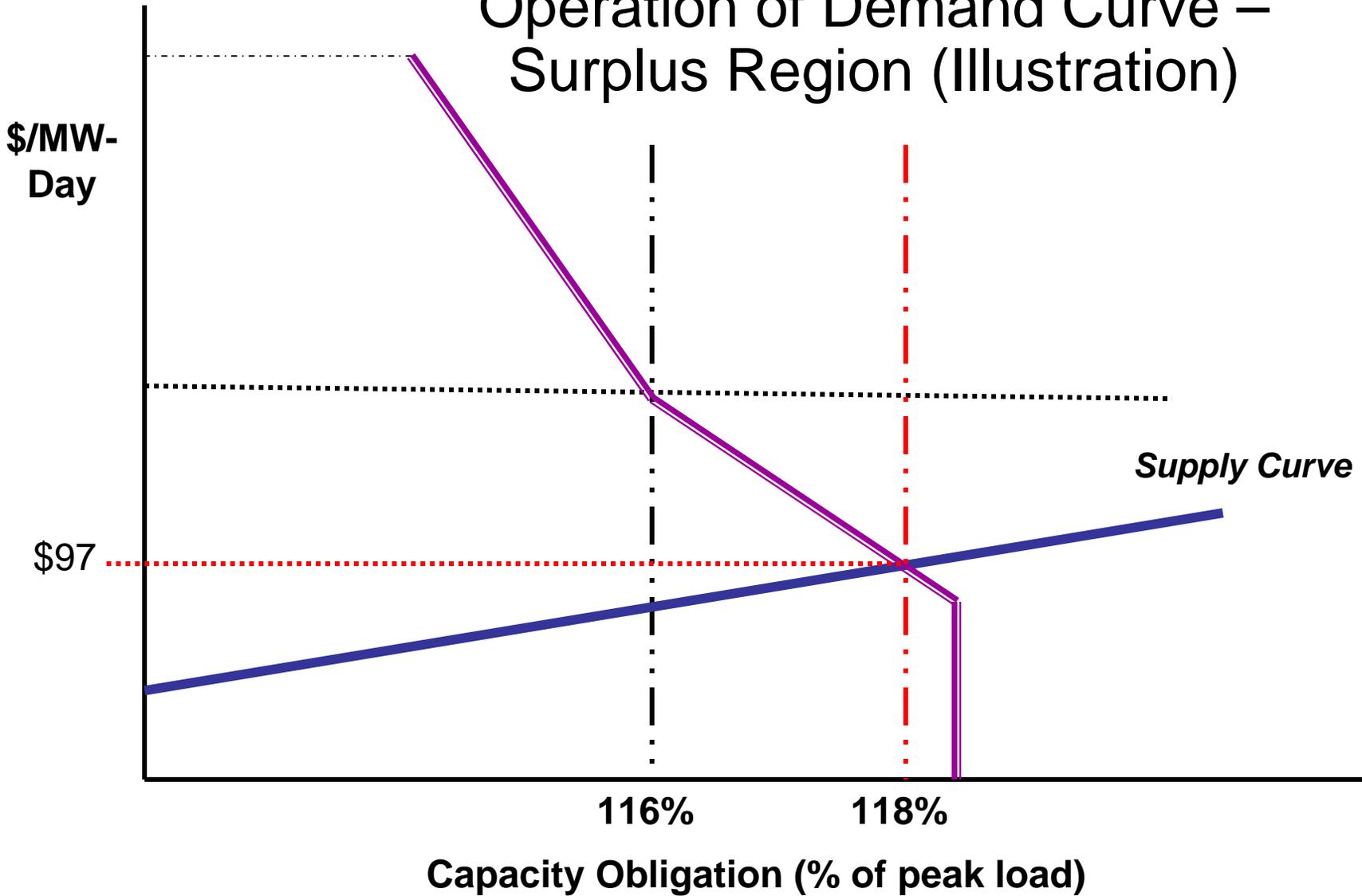
The Demand Curve and the Opt Out: Why the Combination is Discriminatory

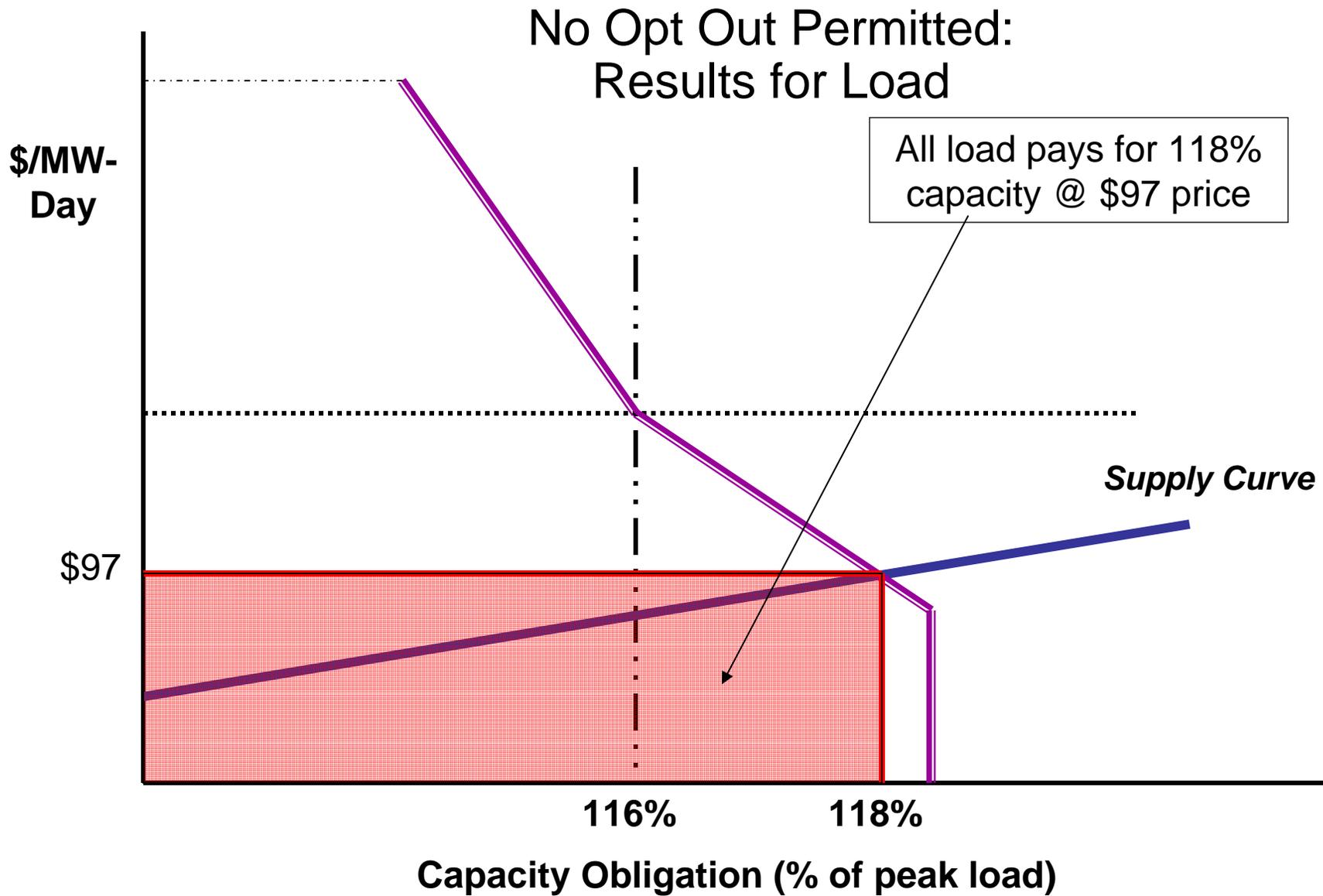
Presented by Exelon Corporation
at FERC RPM Technical Conference
June 8, 2006

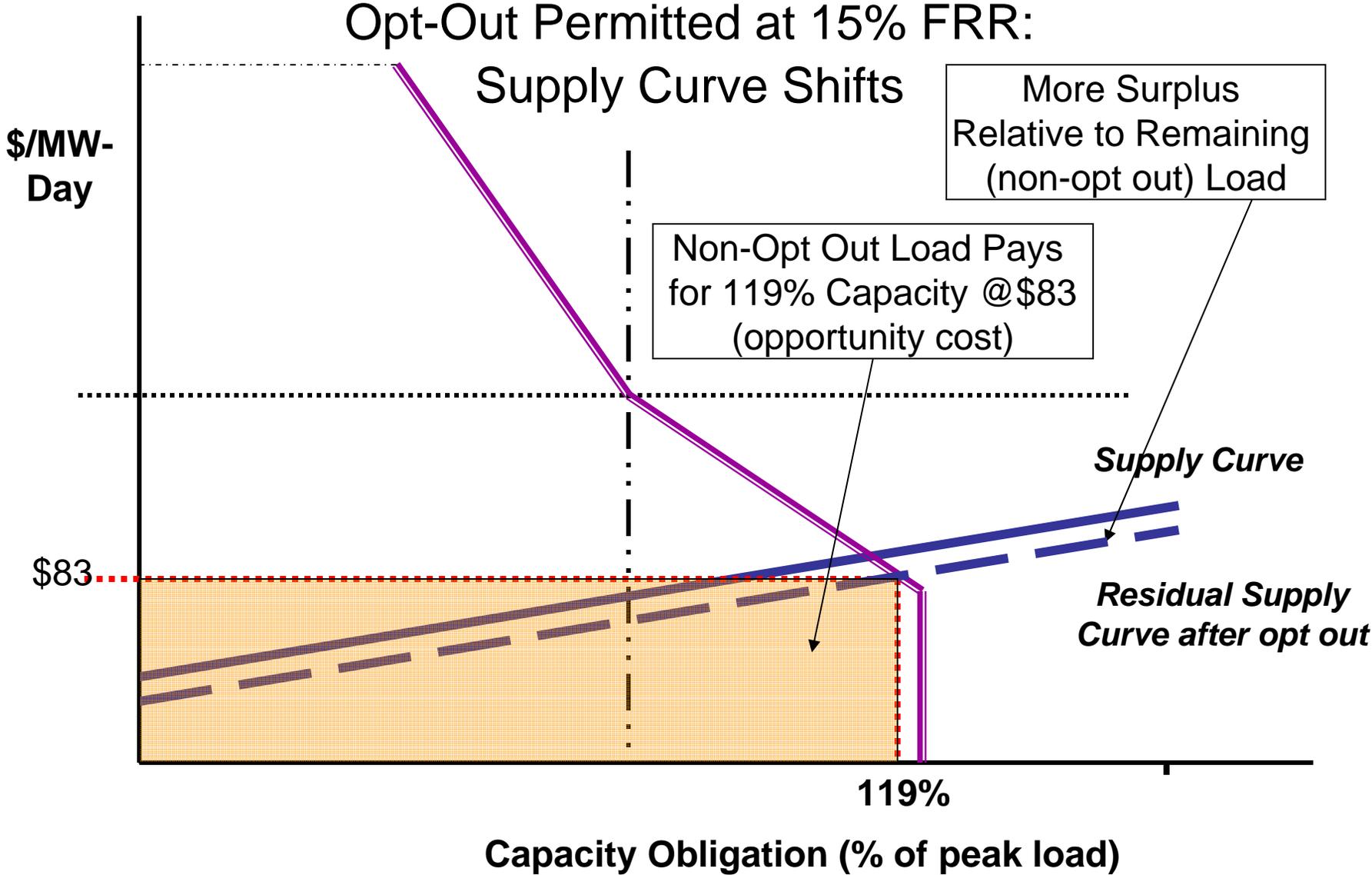
PJM Proposed Demand Curve

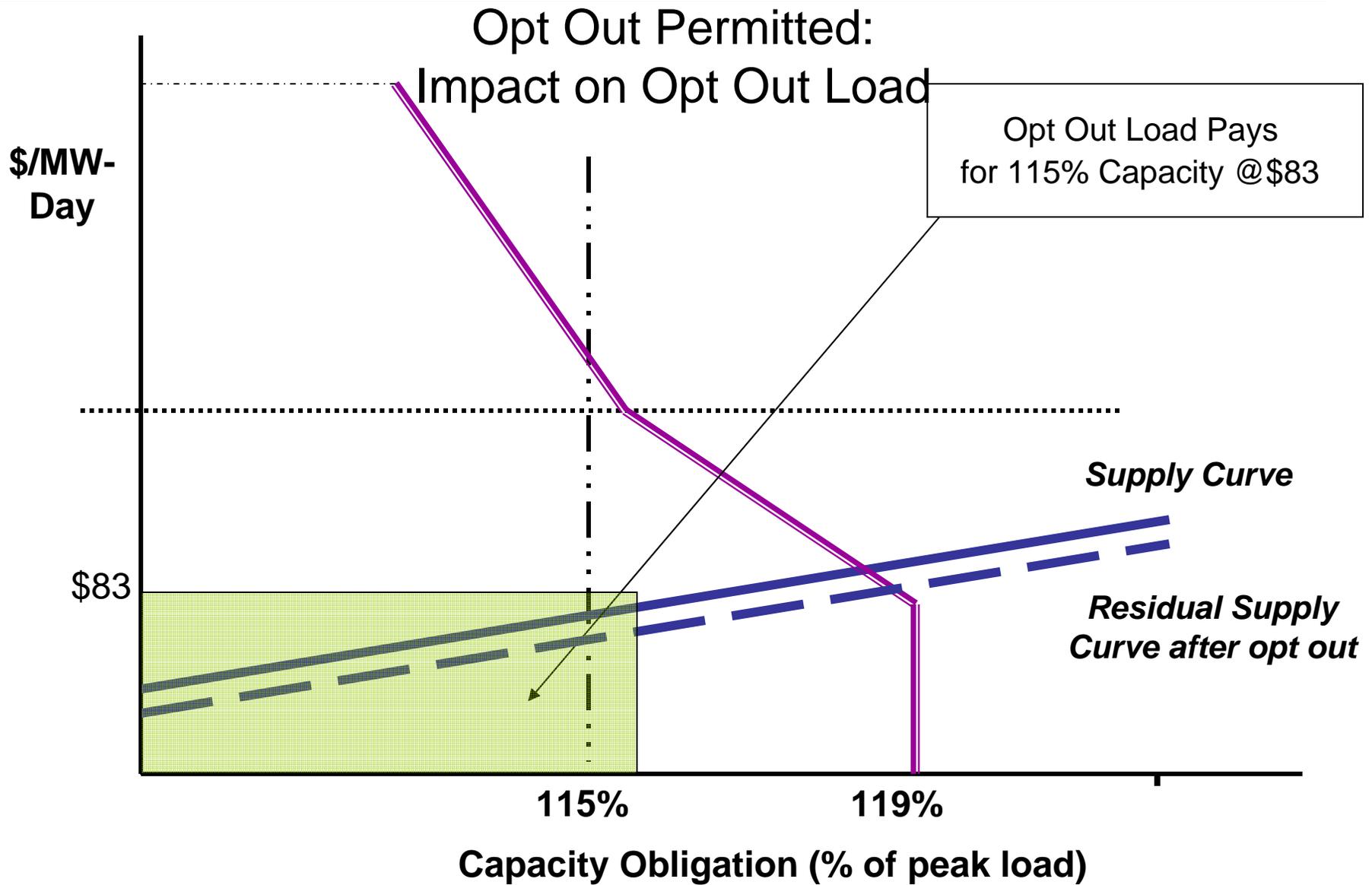


Operation of Demand Curve – Surplus Region (Illustration)



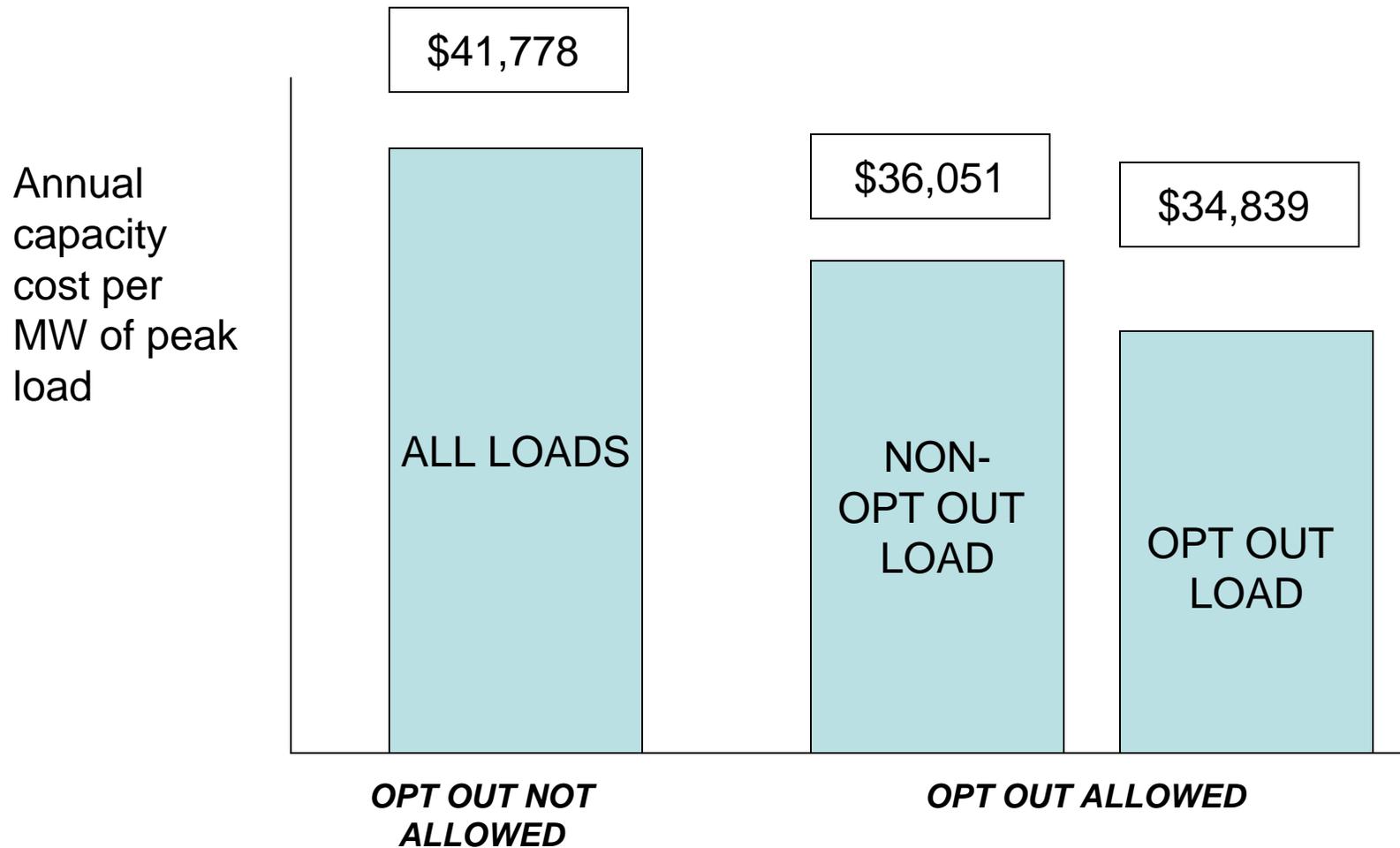






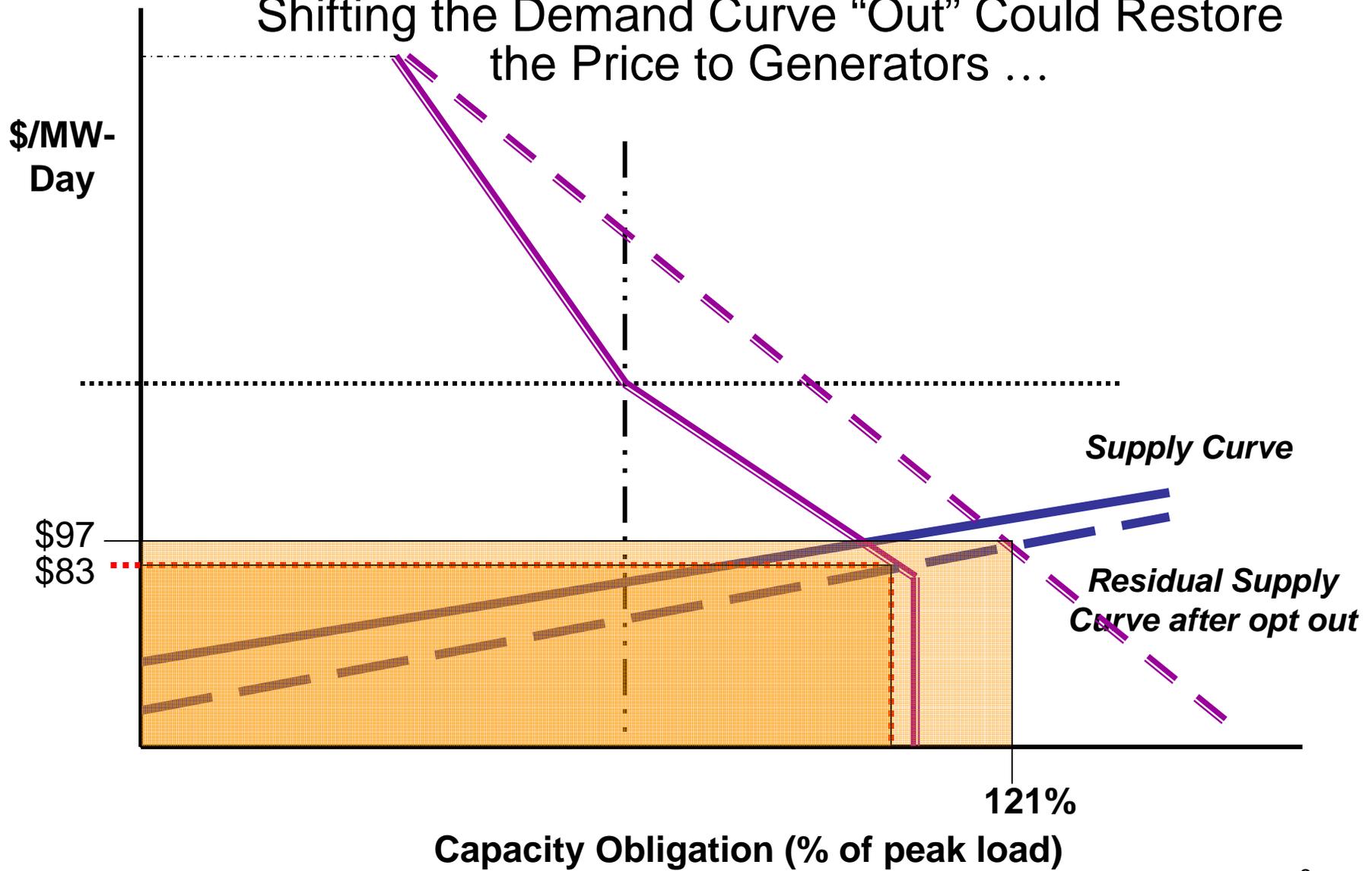
Harmful Impact of Opt Out*

- 1) Discriminatory disparity in capacity costs among customers
- 2) Revenue reduction undermines resource adequacy

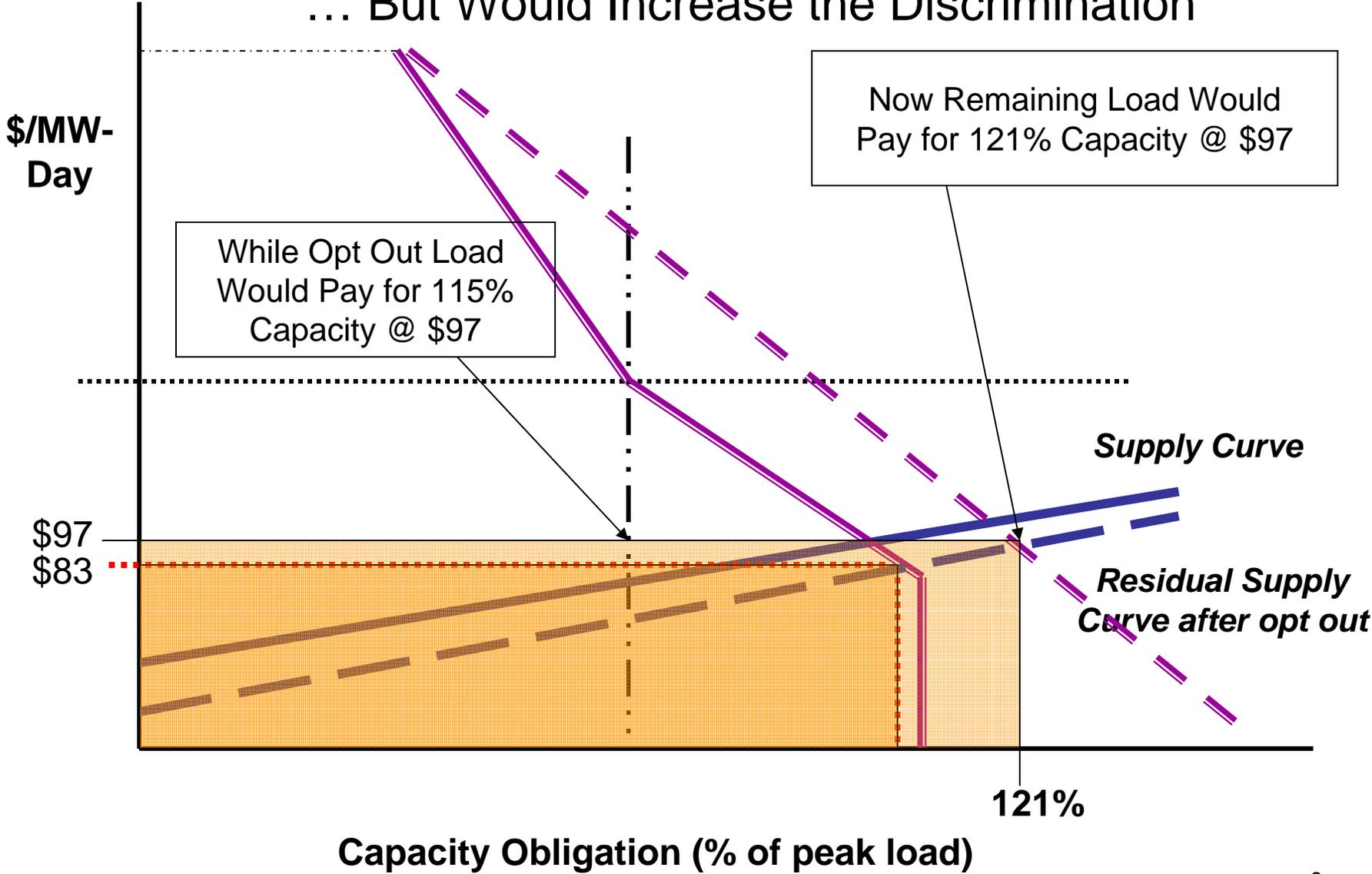


* Illustrative results; based on PJM recommended demand curve in a surplus region with 25% opt out

Shifting the Demand Curve "Out" Could Restore the Price to Generators ...

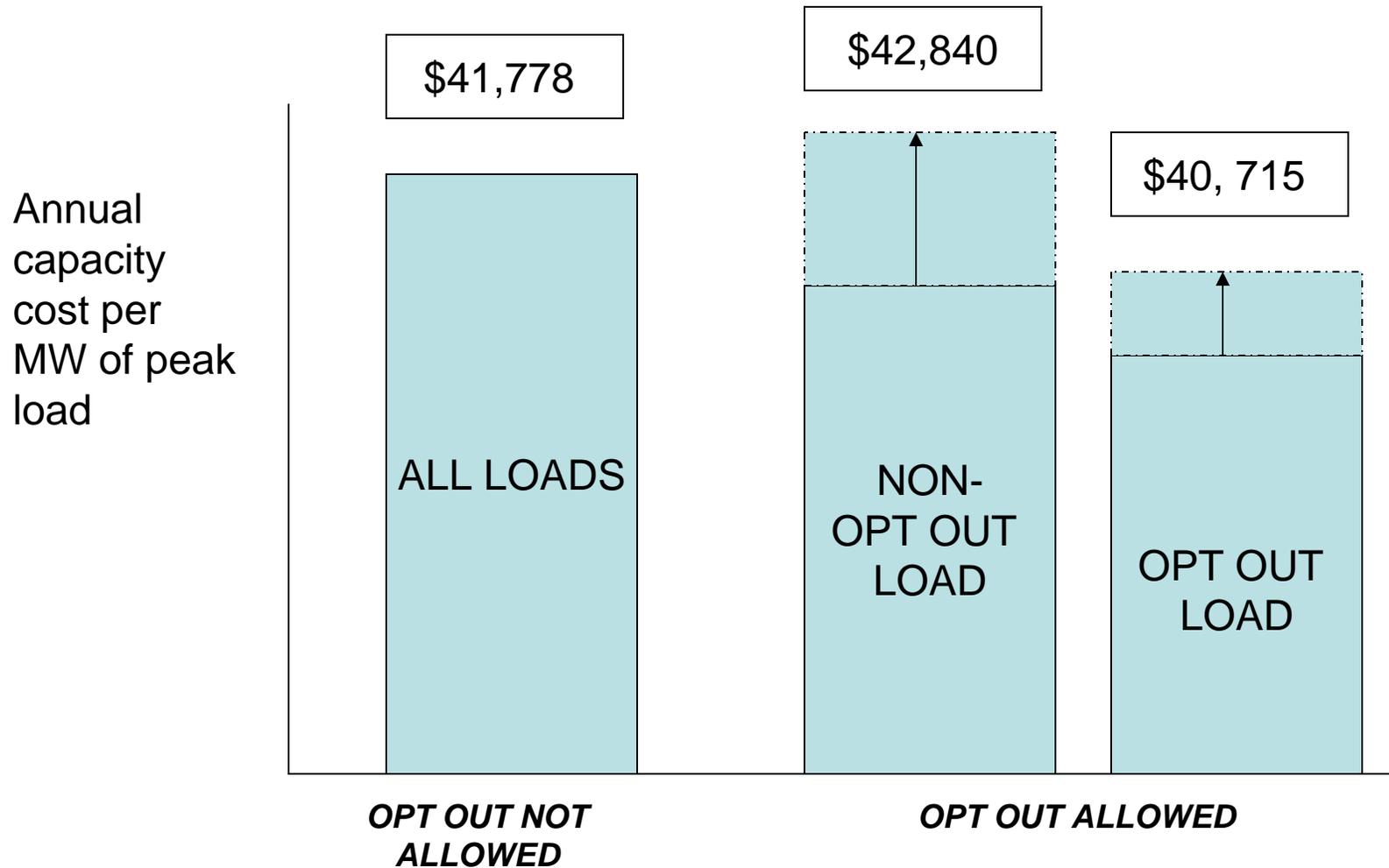


... But Would Increase the Discrimination



Results of Shifting Demand Curve to Improve Revenue Adequacy for Generators*

- 1) Non-Opt Out Load Now Pays More than if No Opt Out Allowed
- 2) Disparity in Capacity Cost with Opt Out Load Increases



* Illustrative results; based on "flattened" demand curve in a surplus region with 25% opt out