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EXHIBIT

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## REGULATION &amp; POLICY

## ComEd Strips Mandatory Demand Charges From Illinois Energy Bill



With just days to spare, a massive bill designed to save Exelon's nuclear plants may now be on track to pass.

by Julia Pyper

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With just three days remaining in the Illinois legislative session, Exelon and Commonwealth Edison have stripped several problematic provisions from a comprehensive energy bill, including mandated residential demand charges.

ComEd initially backed (<https://www.greentechmedia.com/articles/read/ComEd-Backs-a-Bill-Moving-Residential-Customers-to-Demand-Charges>) legislation to impose demand charges on residential customers in March 2015, arguing the change was necessary to fairly allocate costs among customers using the grid. After failing to advance in last year's session, the demand charge proposal was taken up again in a sweeping energy bill (<http://www.progressillinois.com/posts/content/2016/05/06/debate-over-illinois-energy-polices-intensifies-after-comed-exelon-unveil>) introduced by ComEd and parent company Exelon in May.

A core feature of the bill is the establishment of a zero-emission standard that would keep open two of Exelon's struggling nuclear power plants at a cost of up to \$265 million per year. Unless the bill passes, Exelon says its Clinton Power Station will close on June 1, 2017, and its Quad Cities Generating Station will close on June 1, 2018. The two plants have lost a combined \$800 million in the past seven years.

An updated version of the bill introduced this month -- dubbed the Future Energy Jobs Bill (<http://futureenergyjobsbill.com/resources.html>)(SB 2814 (<http://http://www.ilga.gov/legislation/99/SB/09900SB2814ham002.htm>)) -- proposed to also

offer credits for coal-fired power plants

(<http://www.chicagotribune.com/news/local/politics/ct-exelon-rate-hike-met-20161121-story.html>) in Southern Illinois owned by Texas-based Dynegy. The provision came as a sort of peace offering to end Dynegy's opposition to the bill.

Despite the coal funding, several consumer and environmental groups agreed to back the bill last week (<http://midwestenergynews.com/2016/11/16/massive-illinois-energy-bill-divides-clean-energy-supporters/>). The Natural Resources Defense Council, Sierra Club, Environmental Defense Fund, Faith in Place and the Citizens Utility Board highlighted the legislation's clean energy benefits, including new efficiency programs, steps to fix the state's renewable portfolio standard and nearly \$1 billion in programs for low-income consumers.

The Future Energy Jobs Bill continued to see strong opposition, however. The BEST Coalition (<http://www.noexelonbailout.com/the-problem/>), an organization of environmental, consumer and business groups, calculated that the bill would cause a \$24 billion rate hike. AARP, the environmental justice group Blacks in Green, The Alliance for Solar Choice and others argued that the demand charge would be particularly damaging for solar customers and customers on fixed and lower incomes.

Then on Tuesday, ComEd issued a statement proposing to eliminate the demand-based rate provision to reflect feedback received from stakeholders. The proposed changes also include dropping the requirement for ratepayers to support Dynegy's two downstate coal plants, although ComEd plans to "continue to address in earnest" the issue of how the legislation will impact competitive rates in Illinois.

The plan to preserve Exelon's Clinton and Quad Cities nuclear power plants remains intact.

In addition, ComEd proposed reducing the number of utility-owned microgrids from five to three, over concerns from consumer and clean energy groups that ComEd was angling to make microgrids a monopoly service. The changes also expand rebates for community solar, and commercial and industrial solar installations.

"In the past week, we have heard from groups and individuals representing a broad cross-section of interests. We have listened to what they had to say and have made changes to the bill based on their input," said Joe Dominguez, Exelon's executive vice president of governmental and regulatory affairs and public policy. "The proposals emerging today will strengthen Illinois' commitment to clean energy, deliver billions of dollars in savings from energy efficiency, provide needed support for low-income residents, retain \$1.2 billion in economic activity associated with the Quad Cities and Clinton nuclear plants and create thousands of jobs to support our economy."

Changes to the legislation came less than a day after Republican governor Bruce Rauner's office commented on the Future Energy Jobs Bill for the first time. In a November 21 memo (<http://capitolfax.com/2016/11/21/rauner-administration-rejects-key-components-of->

[exeloncomed-bill/](#)) published by the Illinois blog Capital Fax, policy advisor Jason Heffley harshly criticized ComEd's demand charge proposal.

"These are not demand rates, these are insane rates -- and they should be rejected," he wrote.

Heffley said the administration had also [received complaints](http://http://www.chicagobusiness.com/article/20161105/ISSUE01/311059996/guess-who-gets-zapped-by-springfields-latest-energy-efficiency-plan) (<http://http://www.chicagobusiness.com/article/20161105/ISSUE01/311059996/guess-who-gets-zapped-by-springfields-latest-energy-efficiency-plan>) from some of Illinois' largest employers over projected energy cost increases.

"Given our already high workers' compensation costs and property taxes, rising energy costs would make us even less competitive," he wrote. "Such costs should be mitigated to avoid heavy job losses and lost opportunity across the state."

Solar companies cheered ComEd's decision to drop the demand charges. The latest revisions would allow retail rate net metering for solar customers to continue up to 5 percent of ComEd's peak demand. The utility previously sought to lower the net metering compensation rooftop solar customers receive for excess generation to just the energy portion of a customer's rate, amounting to less than 4 cents per kilowatt-hour. Eventually that credit would be replaced with an up-front rebate.

Amy Hart, spokesperson for The Alliance for Solar Choice (TASC), said that maintaining the existing 5 percent net metering cap offers a fair amount of runway for installers, given that there are currently fewer than 1,000 rooftop solar customers in Illinois, representing just one-tenth of one percent of the cap. But there are other lingering concerns.

"We support the proposed elimination of demand charges and the reinstatement of full retail net metering," said Hart. "Exelon and ComEd made this verbal proposal on Tuesday to improve the bill; however, our final support is dependent on final legislative language."

"There may still be important tweaks needed to the bill, including ensuring a full stakeholder process at the Commission when the 5 percent net metering cap is reached to guarantee a fair valuation of the benefits of rooftop solar, ensuring distributed solar can continue to thrive, creating job opportunities and improving Illinois' environment," she said.

Once net metered systems reach 5 percent of peak demand, ComEd's latest proposal would move new solar customers to an energy-only net metering credit and offer a rebate based on locational value. However, to receive the rebate, customers would be required to install a smart inverter and give control of their solar system to ComEd. TASC wants to see the utility control provision removed.

"It's premature to define technological restrictions since inverter technology is rapidly changing," said Hart. "This unnecessary provision could foreclose cost-effective opportunities for improving the grid."

Despite making substantial progress at the eleventh hour, the Future Energy Jobs Bill continues to see opposition, including from groups that view support for Exelon's nuclear plants as a "bailout," which sets a troublesome precedent as more reactors become uncompetitive. Other stakeholders, including Ameren and industrial customers in Illinois, oppose the bill's more stringent energy efficiency targets.

However, after more than a year of negotiations, many stakeholders now finally see a path that allows the legislation to pass with just three days remaining in the Illinois legislature's veto session, which ends on December 1.

Check out the following articles for more information on the Exelon-ComEd energy bill:

- [Key compromises reached on Illinois energy bill, advocates say](http://midwestenergynews.com/2016/11/22/key-compromises-reached-on-illinois-energy-bill-advocates-say/)  
(<http://midwestenergynews.com/2016/11/22/key-compromises-reached-on-illinois-energy-bill-advocates-say/>)
- [Rauner team finally weighs in on massive energy bill](http://www.chicagobusiness.com/article/20161121/NEWS11/161129977/rauner-team-finally-weighs-in-on-massive-energy-bill)  
(<http://www.chicagobusiness.com/article/20161121/NEWS11/161129977/rauner-team-finally-weighs-in-on-massive-energy-bill>)
- [Massive Illinois energy bill divides clean energy groups](http://midwestenergynews.com/2016/11/16/massive-illinois-energy-bill-divides-clean-energy-supporters/)  
(<http://midwestenergynews.com/2016/11/16/massive-illinois-energy-bill-divides-clean-energy-supporters/>)
- [Exelon teams up with Big Coal in subsidy-filled Springfield bill](http://www.chicagotribune.com/news/local/politics/ct-exelon-rate-hike-met-20161121-story.html)  
(<http://www.chicagotribune.com/news/local/politics/ct-exelon-rate-hike-met-20161121-story.html>)



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# Significant Progress Achieved Toward Comprehensive Energy Legislation with Redesigned Future Energy Jobs Bill

*Changes to legislation reflect feedback from a broad cross-section of stakeholders*

**SPRINGFIELD (Nov. 22, 2016)** — Exelon Generation and ComEd today announced significant progress toward achieving a streamlined version of the Future Energy Jobs Bill that will reduce costs and address feedback gathered from a broad cross-section of stakeholders since the bill was introduced and conditionally passed by a 9 to 1 vote at last week's Illinois House Energy Committee hearing .

The proposed changes maintain important provisions to boost the state's economy, support low-income programs, preserve 4,200 jobs at Exelon's Clinton and Quad Cities nuclear plants and create thousands of new clean energy jobs by advancing renewable energy development and expanding energy efficiency programs. They also reflect feedback received from the governor's office, legislative staff and through continuing discussions and collaboration among environmental groups, renewable energy developers, faith organizations, consumer advocates, business groups, utilities, community leaders, policymakers and legislative staff, among others.

Though the legislation continues to be refined, proposed changes include:

- Eliminating the demand based rates provision
- Eliminating the Fixed Resource Adequacy Plan, or FRAP, but reserving for discussion a proposal to achieve a solution sometime in the near future
- Ensuring that the Zero Emissions Standard proposal will preserve Exelon's Illinois nuclear plants for at least 10 years and include even stronger consumer protections
- Reducing the number of proposed microgrids from five to three
- Expanding rebates for community solar, and commercial and industrial solar installations

ComEd and Exelon continue to address in earnest an open item of concern among some business community members about the impacts this legislation will have on competitive rates in Illinois.

"We have said from the beginning that we wanted the Future Energy Jobs Bill to bring diverse ideas and constituents together to arrive at a comprehensive plan to address the state's complex energy and economic challenges," said Joe Dominguez, Exelon's executive vice president, Governmental and Regulatory Affairs and Public Policy. "In the past week, we have heard from groups and individuals representing a broad cross-section of interests. We have listened to what they had to say and have made changes to the bill based on their input. The proposals emerging today will strengthen Illinois' commitment to clean energy, deliver billions of dollars in savings from energy efficiency, provide needed support for low-income residents, retain \$1.2 billion in economic activity associated with the Quad Cities and Clinton nuclear plants and create thousands of jobs to support our economy."

"We have been working for more than a year and a half on this legislation with stakeholders representing government, environment, consumers, communities and businesses," said Fidel Marquez, senior vice president, government and external affairs, ComEd. "We have listened and heard the issues presented at the recent hearing and worked with staff to make revisions to the bill so that it is better for everyone. We're encouraged by the progress we have made toward

12/16/2016 Significant Progress Achieved Toward Comprehensive Energy Legislation with Redesigned Future Energy Jobs Bill | ComEd - An Exelon Company achieving a clean, reliable and affordable energy future for our customers. We look forward to continuing this work so that we can deliver innovative solutions that bring value to our customers, state, business community and environment."

The legislation will continue to undergo revisions prior to the start of the Veto session, which begins Nov. 29. For more information, visit [futureenergyjobsbill.com](http://futureenergyjobsbill.com).

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Exelon Corporation (NYSE: EXC) is a Fortune 100 energy company with the largest number of utility customers in the U.S. Exelon does business in 48 states, the District of Columbia and Canada and had 2015 revenue of \$34.5 billion. Exelon's six utilities deliver electricity and natural gas to approximately 10 million customers in Delaware, the District of Columbia, Illinois, Maryland, New Jersey and Pennsylvania through its Atlantic City Electric, BGE, ComEd, Delmarva Power, PECO and Pepco subsidiaries. Exelon is one of the largest competitive U.S. power generators, with more than 32,700 megawatts of nuclear, gas, wind, solar and hydroelectric generating capacity comprising one of the nation's cleanest and lowest-cost power generation fleets. The company's Constellation business unit provides energy products and services to approximately 2.5 million residential, public sector and business customers, including more than two-thirds of the Fortune 100. Follow Exelon on Twitter [@Exelon](https://twitter.com/Exelon).

Commonwealth Edison Company (ComEd) is a unit of Chicago-based Exelon Corporation (NYSE: EXC), the nation's leading competitive energy provider, with approximately 10 million customers. ComEd provides service to approximately 3.8 million customers across northern Illinois, or 70 percent of the state's population. For more information visit [ComEd.com](http://ComEd.com), and connect with the company on Facebook, Twitter and YouTube.



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