

24. Load Response Program

The Company Load Response Program offers three options to Customers. Option 1 - PJM Load Response Programs offers Customers compensation for voluntarily reducing demand for electricity during specific periods. Option 2 - Firm Capacity Incentive offers Customers additional compensation for the Customer's firm commitment to reduce demand upon emergency electricity supply situations within the PJM Interconnection control area. Customers may participate in Option 1 or Option 2, or both. Option 3 – Curtailment Service Provider Billing provides an optional billing service to facilitate the Customer's participation in load response programs offered by other Curtailment Service Providers. For the purpose of this Program, "load response" means demand reduction and/or on-site, self-supply generation. The effect of the Customer's load response shall be a net reduction of load on the Company's system.

Option 1 - PJM Load Response Programs

The PJM Load Response Programs are designed to provide an incentive to Customers or Curtailment Service Providers to enhance opportunities for Customers to reduce consumption when PJM Locational Marginal Prices (LMPs) are high. PJM's Economic Load Response Program – Real Time offers Customers the opportunity to reduce load during times of high wholesale market prices and to receive payment based on real time LMP for the load reductions. PJM's Economic Load Response Program – Day Ahead offers Customers the opportunity to commit to a reduction in load in advance of real time operations and to receive payments based upon day-ahead LMP for the load reductions. PJM's Emergency Load Response Program is designed to provide a method by which end-use Customers may be compensated for voluntarily reducing load during an emergency event.

Two primary types of distributed resources are candidates for participation in the PJM Load Response Programs. Customers may either have an on-site generator or the ability to reduce a measurable and verifiable portion of their load. The PJM Load Response Programs set forth specific requirements concerning, among other things, participant qualifications, metering requirements, verification, market settlements and reporting.

The Company, as an eligible PJM member, will act as the Curtailment Service Provider on behalf of Customers who wish to have the Company act as an agent on their behalf. In doing so, BGE will provide the necessary interface responsibilities to PJM including, but not limited to, the right for BGE to determine its own Customer Baseline Load (CBL) used in deriving the Customer's load reductions. A participating Customer will be responsible for any additional costs for metering, communications equipment or other direct costs associated with program participation. The Customer will also be responsible for any charges or penalties associated with non-performance in meeting load reductions committed in the day-ahead market.

Payments under the PJM Load Response Program will be made by PJM to the Company as the Curtailment Service Provider and will be shared between the Customer and the Company under a sharing mechanism. Eighty percent of the payment received by the Company will be paid by the Company to the participating Customer as compensation for the load response, while 20 percent will be retained by the Company as compensation for managing the program. Customers interested in participating in this Option must enroll with the Company. Participation in PJM Load Response Programs by a Customer may be independent of or complementary to participation by the Customer in other Company load curtailment or load response programs. Customers must meet their contractual obligations under any specific Company program and participation in PJM Load Response programs shall not result in any double payment for a specific load response.

(Continued on Next Page)

24. Load Response Program - continued

Option 2 – Firm Capacity Incentive

Option 2 offers additional compensation to Customers who commit to reduce the electric energy supplied to their premises on a firm basis. During periods when PJM calls for Load Management (LM) resources, the Customer is obligated to provide a specific load response. Noncompliance penalties are associated with this Firm Capacity Incentive Option. (See **Penalty Provision** below.)

Determination of Compensation

Compensation will be determined by BGE and offered to Customers on a non-discriminatory basis. The level of the payment will depend on the firm Load Response Amount, the prevailing market price for LM resources in PJM and may vary depending on the initial effective date and the length of the contract.

Enrollment and Notification

1. Customers interested in participating in this Option must enroll with the Company.
2. This Program requires a contract for a specific period of time, which may be renewed on the same or different terms upon mutual agreement between the Company and the Customer.
3. For Customers with installed generators equipped with interval recorders, the Customer must specify the load response amount in kW that the Customer is required to provide with his on-site generation during times when PJM is calling for LM resources.
4. For Customers with interval recorders installed on their whole premises, the Customer commits to reduce demand requirements to a Contract Demand, in kW, during times when PJM calls for LM resources.
5. The Customer must specify a Load Response Amount or a Contract Demand, respectively, for each of the following periods: June through September, October through December, and January through May.
6. During periods when PJM calls for LM resources, the Company will notify the Customer by e-mail at least one hour (1 hour) prior to a mandatory load response.
7. The Customer agrees to limit operation of the Customer-owned generation to periods when PJM is calling for LM resources, periods of electric emergency on the Customer's system, normal standby generation requirements, participation in Option 1 or as otherwise permitted by the Company. Failure to comply with these provisions may lead to the termination of the Customer's participation in this Option.

Determination of Contractual Compliance

1. For Customers with installed generators equipped with interval recorders:
The load response amount will equal the recorded generation, (grossed up for system line losses) during times when PJM is calling for LM resources. The load response amount must comply with the Customer's contractual obligation to avoid penalties under the Penalty Provision below.
2. For Customers with interval recorders installed on their whole premises:
The Customer agrees to reduce demand requirements to the Contract Demand during times when PJM is calling for LM resources. The effect of the Customer's curtailment shall be a net reduction of load on the Company's system. During periods of LM activation, the work performed by the curtailed load shall not be transferred to any other electric service provided by the Company.
3. Should the Customer fail to reduce measured demand to the Contract Demand during any period when PJM is calling for LM resources, the Penalty Provision below will apply.

(Continued on Next Page)

24. Load Response Program - continued

Penalty Provision

The Customer's failure to meet its contractual load response obligation under this Rider shall result in a penalty from BGE. Such penalty shall be determined in accordance with PJM's prevailing "Reliability Assurance Agreement Among Load Serving Entities in the PJM Control Area", Schedule 6 and Schedule 13, as found at <http://www.pjm.com/documents/downloads/agreements/raa.pdf>, or any other applicable PJM penalty provisions which may change from time to time.

Additional Provisions Applicable to Option 1 and Option 2

1. Participation in the Company's Load Response Program does not restrict the Customer from choosing an electricity supplier other than the Company. If the Customer chooses an electricity supplier other than the Company, and wishes to participate in this Rider, the Customer must notify the Company via the e-mail address provided during the Rider 24 enrollment process. The Customer must provide the Company with the name of any new supplier and the date on which the new supplier's services will begin.
2. All provisions of the Company's Retail Electric Service Tariff relating to safety and parallel operation of any on-site generation apply. Use of generation for self-supply other than Company-approved load reduction may subject the Customer to application of Schedule S – Standby Services.
3. The Customer must have Company-approved interval metering and communications equipment to participate in this Rider, with the exception of participation in PJM's Non-Hourly Metered Customer Pilot Program. All incremental metering costs and costs for any communication equipment required by the Company are the responsibility of the Customer. The Company will provide advanced metering and communication equipment pursuant to the Company's Rider 23.
4. Compensation for any on-site, self-supply generation under this Rider will be limited to generation used to offset the Customer's electric demand on the Company's system, and no compensation will be provided under this Rider for any generation exported to the Company's system.
5. The Customer is fully responsible for all environmental permits necessary to run on-site, self-supply generation under this Rider, and for all environmental costs associated with such generation.
6. The Company provides optional energy information management services that may facilitate the Customer's participation in Rider 24 or other third-party curtailment programs. Information on these services can be found in Rider 9 - Customer Billing and Consumption Data Requests.

Option 3 – Curtailment Service Provider Billing

The Company provides an optional billing service to facilitate the Customer's participation in load response programs offered by other Curtailment Service Providers. The Company will credit the Customer's bill by the amount of any curtailment savings achieved through the Customer's participation with a PJM registered Curtailment Service Provider upon receipt of payment for such curtailment savings from that Curtailment Service Provider. A fee of \$70.00 shall apply for each billing transaction to cover the costs of program administration. The amount received by the Company from the Curtailment Service Providers for each transaction shall be grossed up by the administration fee.

(This Page Intentionally Blank)