

# Wolfe Deep Dive Conference

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Constellation



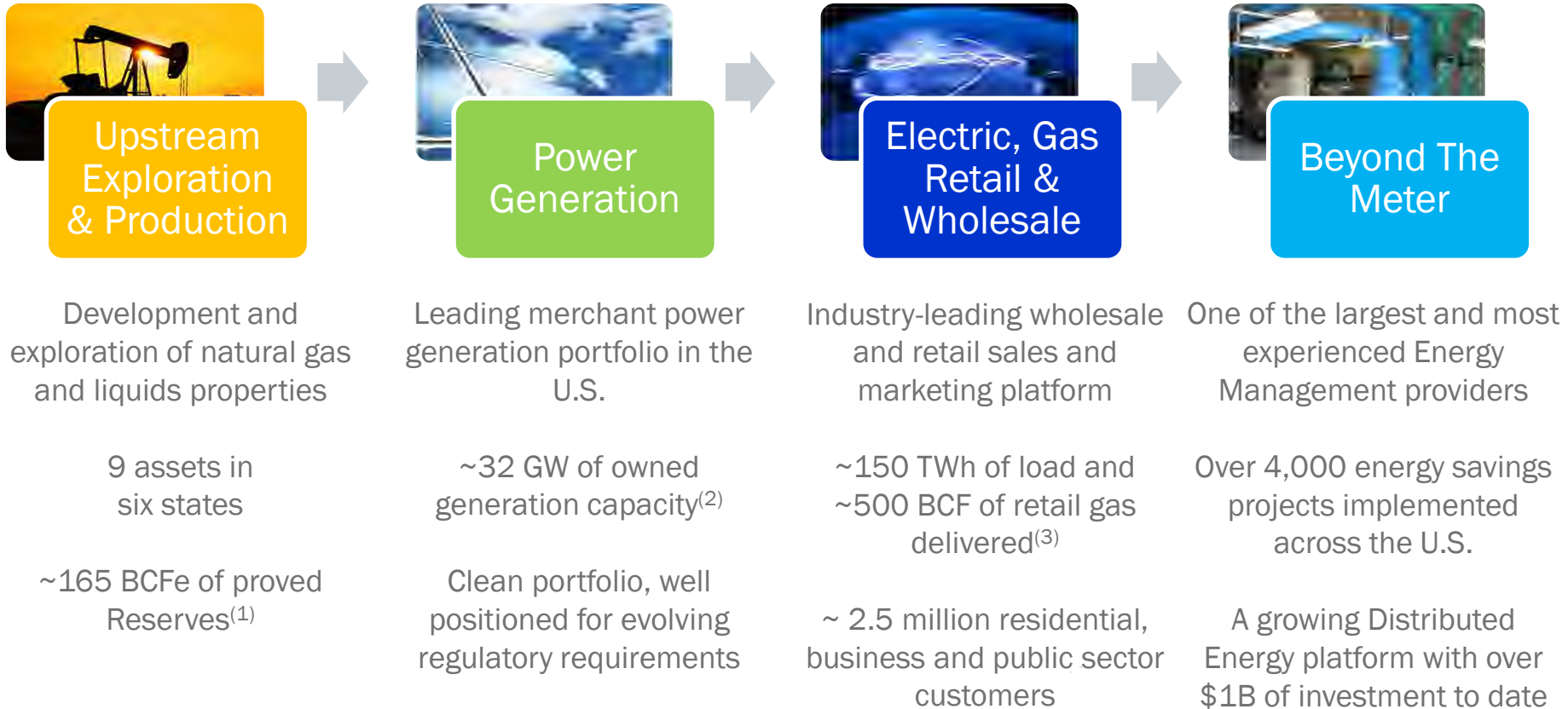
# Cautionary Statements Regarding Forward-Looking Information

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This presentation contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, that are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements made by Exelon Corporation, Commonwealth Edison Company, PECO Energy Company, Baltimore Gas and Electric Company and Exelon Generation Company, LLC (Registrants) include those factors discussed herein, as well as the items discussed in (1) Exelon's 2014 Annual Report on Form 10-K (to be filed on February 13, 2015) in (a) ITEM 1A. Risk Factors, (b) ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) ITEM 8. Financial Statements and Supplementary Data: Note 22 and (2) other factors discussed in filings with the SEC by the Registrants. Readers are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this presentation. None of the Registrants undertakes any obligation to publicly release any revision to its forward-looking statements to reflect events or circumstances after the date of this presentation.

# Commercial Business Overview

## Scale, Scope and Flexibility Across the Energy Value Chain



**Benefiting from scale, scope and flexibility across the value chain**

(1) 12/31/13 year-end reserves based upon assets owned as of 9/30/14. Includes Natural Gas (NG), NG Liquids (NGL) and Oil. NGL and Oil are converted to BCFe at a ratio of 6:1.

(2) Total owned generation capacity as of 9/30/2014, less capacity for announced divestitures of Fore River, Quail Run, West Valley, and Keystone Conemaugh

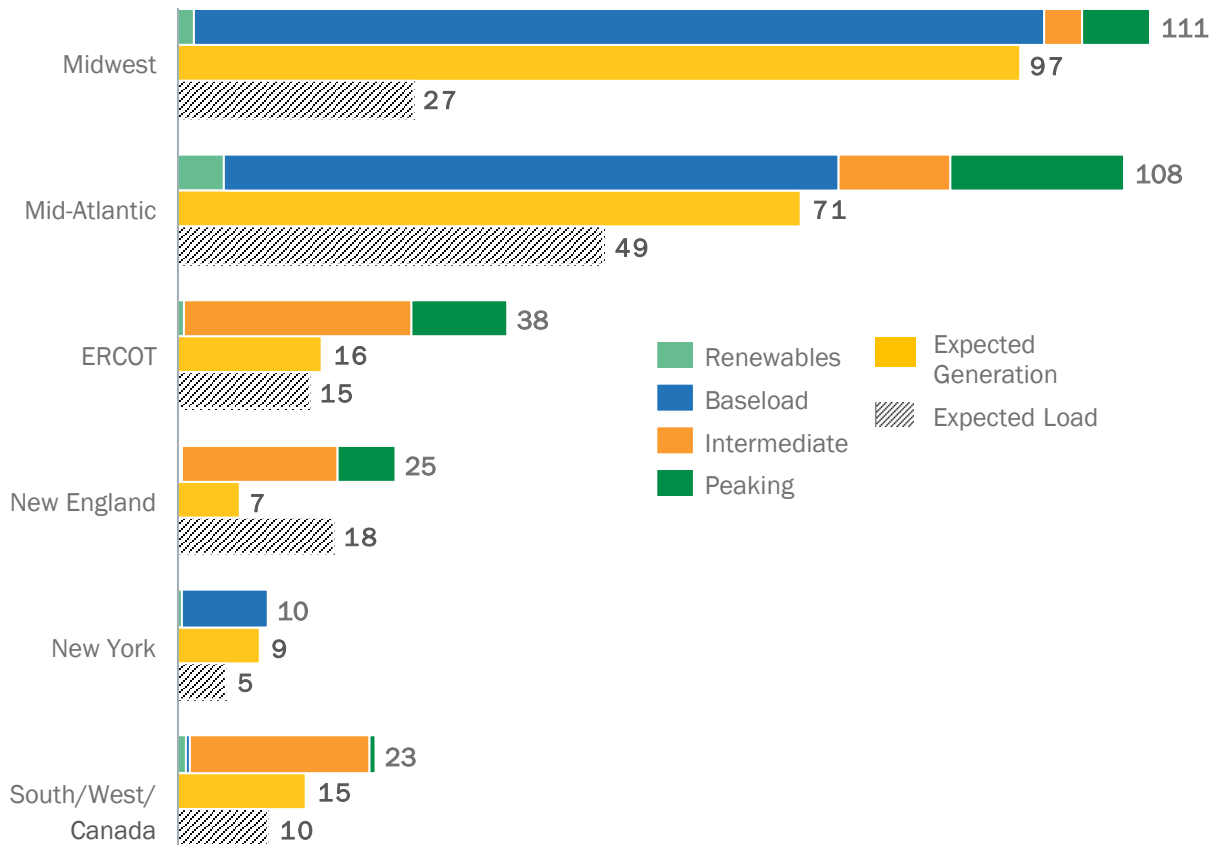
(3) Expected for 2014 as of 9/30/2014. Electric load and gas includes fixed price and indexed products

Note: Does not include the impact of Integrys acquisition

# Generation to Load Match

## Generation Capacity, Expected Generation and Expected Load

2015 in TWh<sup>(1,2)</sup>



### Generation to Load match provides portfolio management benefits in differing volatility and price environments

- During the first quarter, our nuclear baseload generation fleet, in combination with our dispatchable fleet, allowed us to take advantage of the high volatility/price environment while managing load obligations
- During the third quarter, we were able to realize lower costs to serve our load due to the low volatility/price environment

**Industry-leading platform with regional diversification of the generation fleet and customer-facing load business**

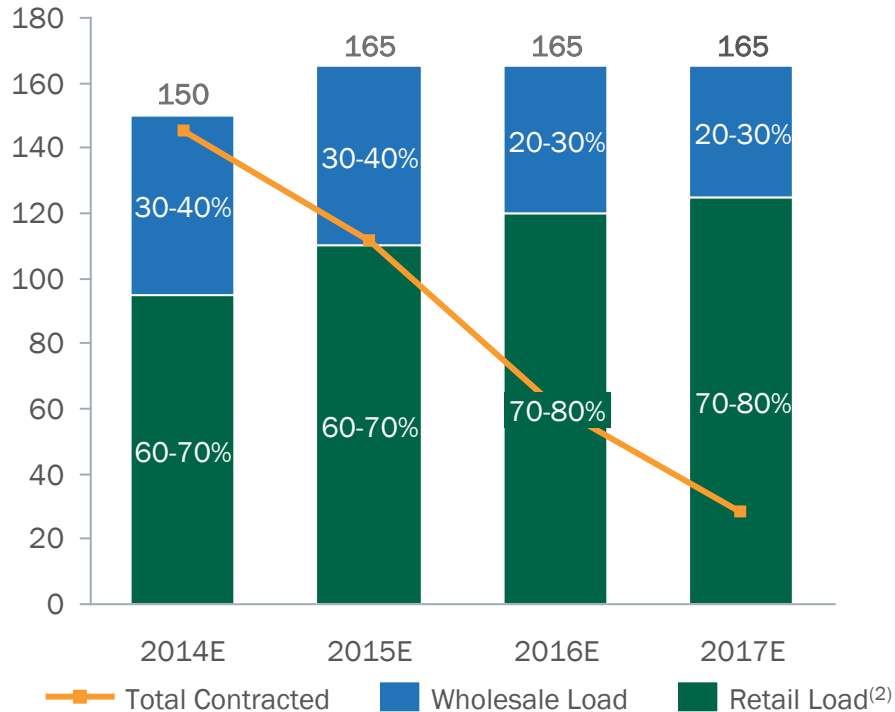
(1) Owned and contracted generation capacity converted from MW to MWh assuming 100% capacity factor (CF) for all technology types, except for renewable capacity which is shown at estimated CF  
 (2) Expected generation and load shown in the chart above will not tie out with load volume and ExGen disclosures; Load shown above does not include indexed products and generation reflects a net owned and contracted position; Estimates as of 9/30/2014

Note: Includes divestitures for Safe Harbor, Fore River, Quail Run, and West Valley; Does not include impact of Keystone /Conemaugh divestiture or the Integrys acquisition

# Electric Load Serving Business: Growth Targets<sup>(1)</sup>

## Commercial Load

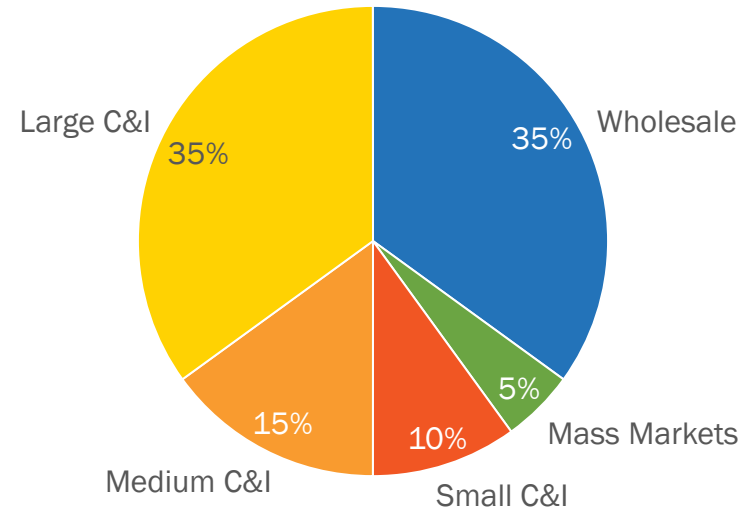
2014 – 2017 TWh



Note: Index load expected to be 20% to 30% of total forecasted retail load

## Load Split by Customer Class

(2014 TWh)



C&I = Commercial & Industrial

| Customer Type | Load Size                  |
|---------------|----------------------------|
| Mass Markets  | <1,000 MWhs per year       |
| Small C&I     | 1,001-5,000 MWhs per year  |
| Medium C&I    | 5,001-25,000 MWhs per year |
| Large C&I     | >25,000 MWhs per year      |

Expected growth in volumes and margins on the back of a sustainable platform

A diverse set of customers enhances portfolio management opportunities

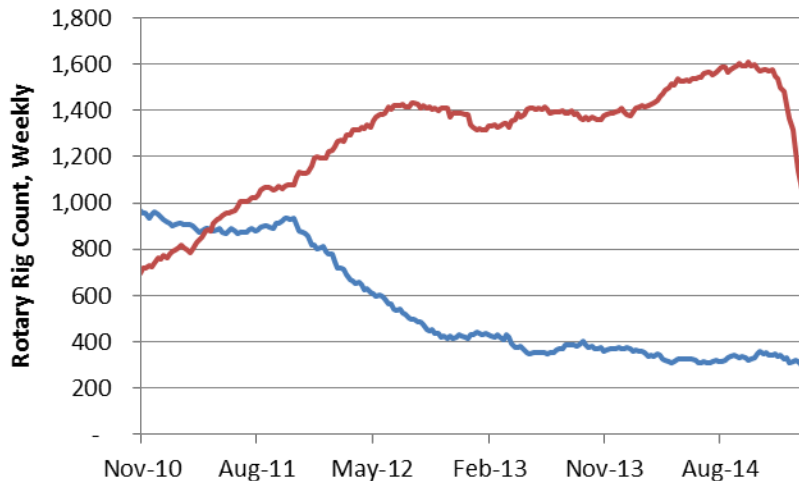
(1) Does not include Integrys acquisition

# Natural Gas Markets

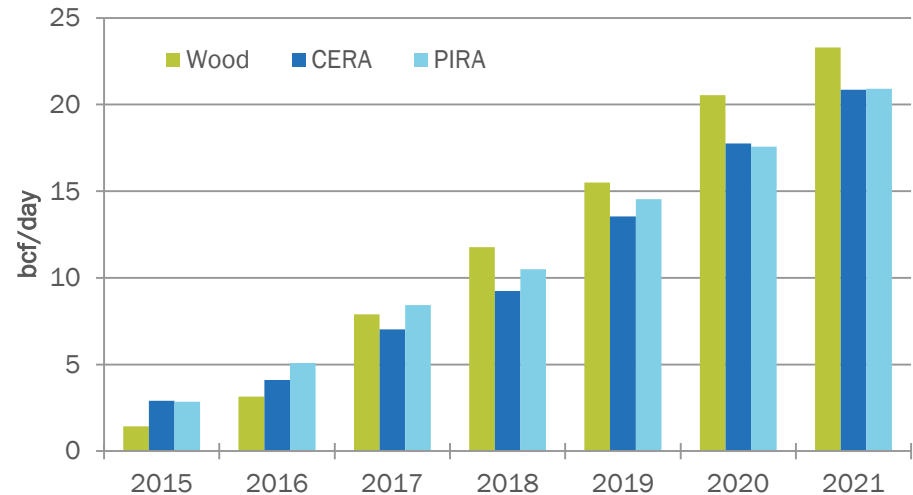
- Lower oil prices have led to severe cutbacks in upstream capital expenditures, which could curb oil and associated gas output, a major driver to production growth over the past five years;
- US oil and natural gas rig count declines have been severe into early 2015, and look likely to cause production growth to stall by mid-2015, with output set to decline modestly during the second half of the year, based on third-party forecasts. Gas production could end this year at similar levels to December 2014, helping to tighten supply-demand balances heading into 2016;
- Export-driven demand growth is expected to accelerate from 2015 with the first new LNG liquefaction facility to be commissioned in the fourth quarter (Cheniere's Sabine Pass), and continued gains in pipelines to Mexico. Industrial gas usage is also projected to grow.

**Baker Hughes U.S. Rotary Rig Count**

— Gas — Oil

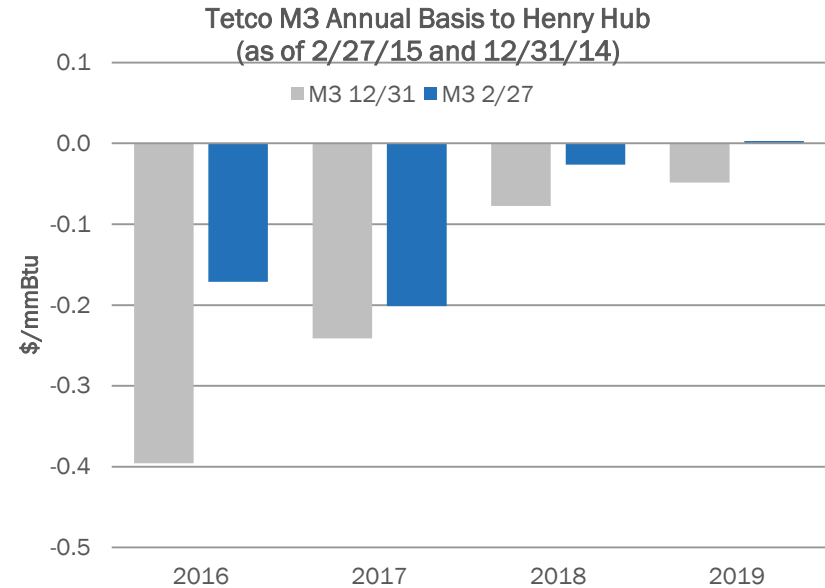
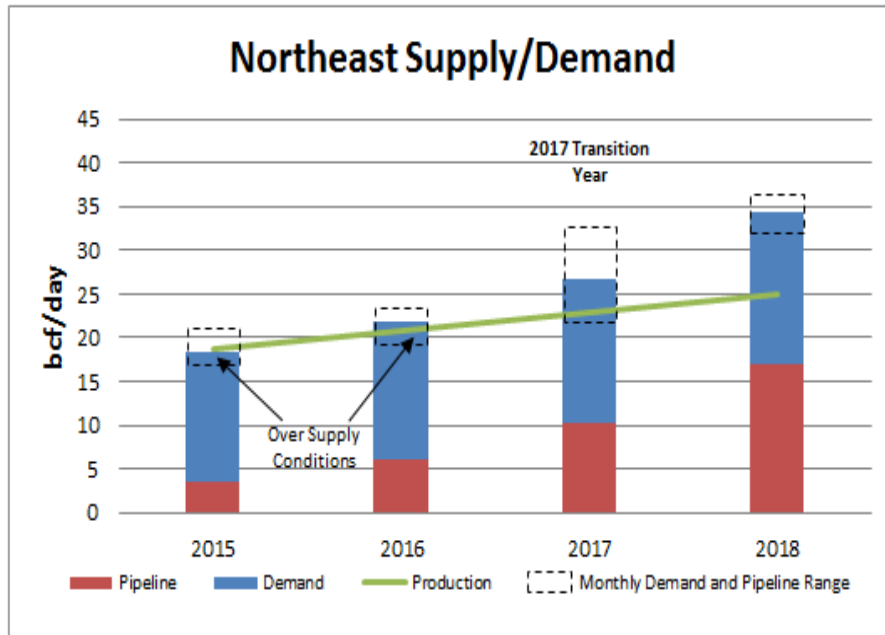


**Cumulative Natural Gas Demand Growth Comparisons**



Third-party forecasts based on latest WoodMackenzie, CERA, PIRA Energy outlooks.

# Mid-Atlantic Gas Basis: Improves Starting 2017

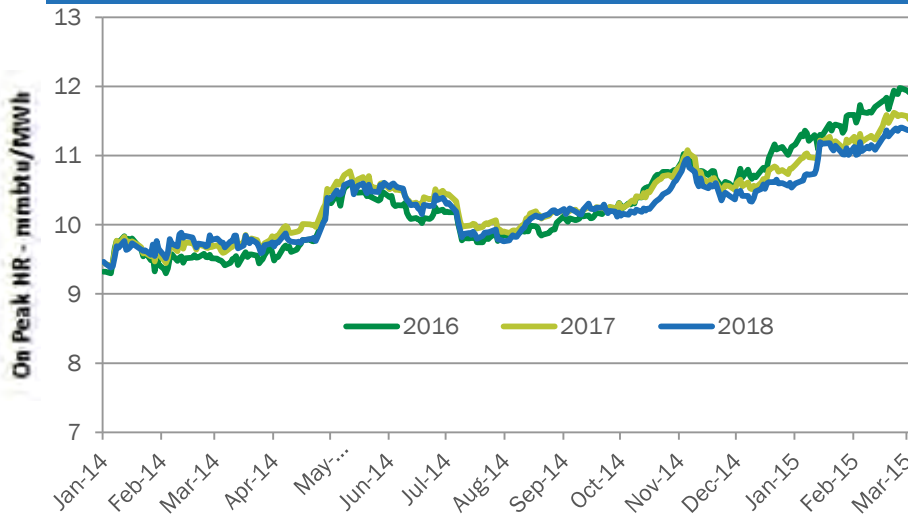


- Northeastern U.S. gas production is projected to approach 25 bcf/day by 2018, up from 20 bcf/day in 2015
- Regional demand is projected to reach 18 bcf/day by 2018, up from 15 bcf/day in 2015
- Based upon public announcements, we expect 19 bcf/day of pipeline takeaway capacity by 2018
- Pipeline projects are underway adding takeaway capacity. 2017 is a transition year where timing of pipeline expansions (~9 bcf/day) will play a role in determining local gas prices, but should be more balanced than in prior years. This is consistent with the current forward market which indicates an improving Mid-Atlantic natural gas basis
- Additional pipeline capacity and regional demand will stabilize basis discounts in non winter months and reduce price spikes in the winter

**Pipeline capacity expansions and regional demand should balance higher gas production starting in mid-2017, improving Mid-Atlantic gas basis**

# Power Markets – NiHub

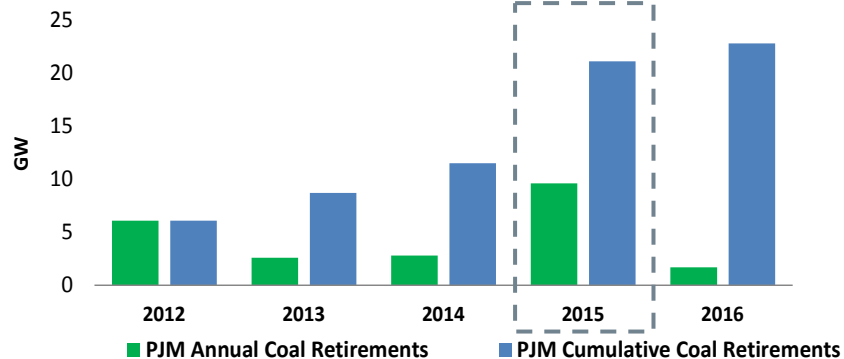
## Forward heat rates continued their upward trend in 2015



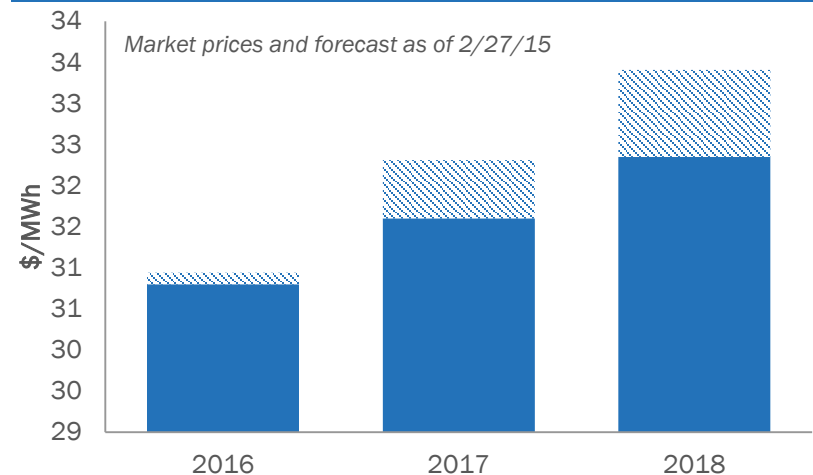
- Another cold winter in the East provided a return of volatility in PJM and helped underpin power prices for 2016 onward;
- Forward power markets have stabilized in early 2015 and heat rates continue to expand, reflecting the changing generation stack and higher call on gas units;
- Our portfolio is positioned to take advantage of expected volatility and power price upside
  - Winter months are more than fully reflecting our power markets view
  - We continue to see upside at Nihub during the summer and shoulder month periods.
  - PJM-W upside is limited on an annual basis

## Expect continued volatility due to incremental coal retirements from late 2015 onward

### PJM Announced and Forecasted Retirements



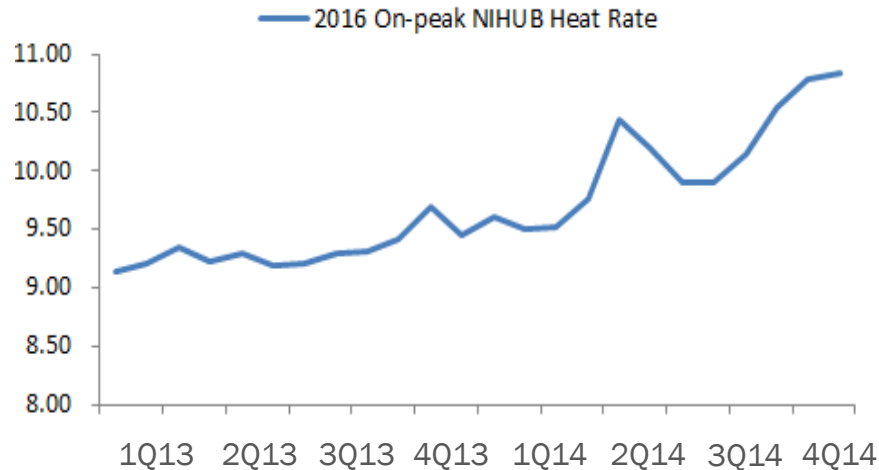
## Power price upside reflected in ATC prices in 2016 and reduced to ~\$1 from 2017 as market prices further reflect changes in supply and operating costs



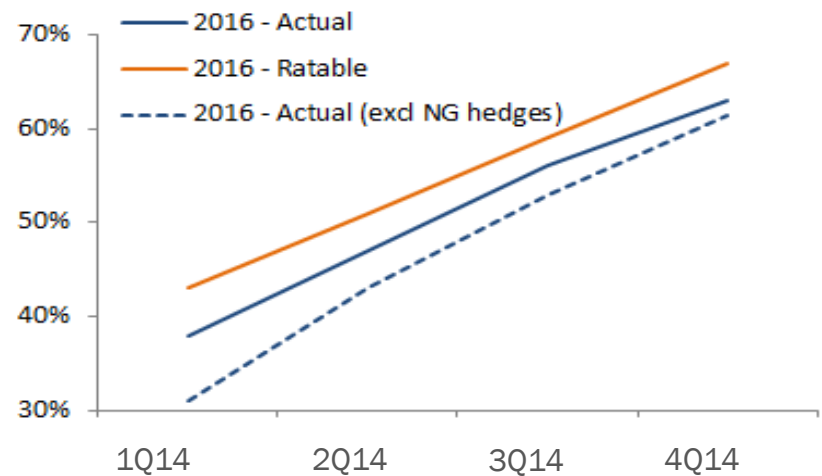


# Hedging Activity and Market Fundamentals

## Heat Rates have expanded throughout 2014



## % of Expected Generation Hedged <sup>(1)</sup> Total Portfolio



## Impacts of our view on our hedging activity

- Over the last several quarters, power prices have increased and heat rates have expanded
- We have adjusted our strategy by reducing our long heat rate position and increasing our fixed-price length where we see remaining upside
  - During 4Q, we lowered our cross-commodity hedges monetizing our long heat rate view as heat rates expanded but continued to stay behind ratable by carrying a long fixed-price position

(1) Mid-point of disclosed hedge % ranges was used

# PJM's Capacity Performance (CP) Proposal

- On Dec 12<sup>th</sup> 2014 , PJM made its FERC filing related to the Capacity Performance product and has requested approval by April 1, 2015
  - The new CP product will obligate cleared resources to provide energy when dispatched at any time.
  - Capacity Performance resources that fail to perform during hours in which PJM has dispatched demand response or loaded Max. Emergency generation will be subject to hourly penalties and aggregate annual penalties up to 1.5 times Net CONE.
  - PJM proposes to revise market mitigation, permitting generation offered as CP to offer up to the Net Cost of New Entry.
  - PJM proposes to transition to the CP product structure over five years, procuring greater total volumes of CP commitments, culminating in 100% CP procurement for the 2020/2021 delivery year and beyond
  - PJM will procure escalating volumes of CP commitments starting at 60% of the aggregate capacity procurement for the 2016/17 Delivery Year and increasing over the transition years.
- On January 20<sup>th</sup> 2015 Exelon submitted to FERC comments in response to PJM proposed "Capacity Performance" revisions to the RPM capacity market. Exelon strongly supported the aims of the reform effort; namely to strengthen reliability by increasing incentives for generator performance during both summer and winter peak hours
- On Jan 30<sup>th</sup>, PJM published two sets of Planning Period Parameters: 1) "Status Quo" (i.e. the current tariff) and 2) Capacity Performance; the parameters include FERC approved changes to the VRR curve (i.e., the demand curve) including its shape and a shift of the entire curve rightward
- On Feb 20<sup>th</sup>, FERC granted PJM certain tariff waivers (given potential reliability concerns ) that would enable PJM to retain approximately 2,000 MWs of capacity for the 2015/16 delivery year. In the same order, FERC also rejected PJM's proposed out-of-market capacity purchases during winter 2015/16
- Exelon continues to work with PJM and IMM on ACR assumptions for CP product and around the definition of CP risk adder.

