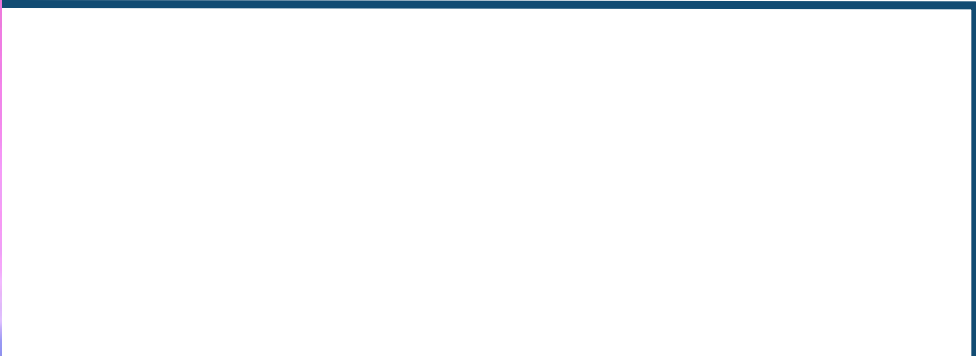




# Local Electric Market Perspective



NICOR

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# Common Customer Concerns

- Power reliability
- Electric costs
- Power quality
- Instability of a deregulated market



# Electric Market Uncertainty

- ComEd changes limit Rate 6L availability
- Aging Infrastructure
- Transmission Constraints



## ComEd Rate 6L “What is it?”

- For users with peak load of 1 MW or greater
- Time of day electric rate
  - Peak Hours from 9 to 10 M-F
  - Off Peak Hours at lower rate



# Limiting Rate 6L Availability

- Customers with peak loads over 3 MW
- Phased out between June 03 & May 06
- Choices
  - Buy power on market
  - Stay on 6L
  - HEP Hourly Rate
- After June 03 can't return to Rate 6L
- Many optional riders will cease to be available



# Implications of Changes

- bundled services phased out
- increased volatility and risk
- uncertainty in the market
- accelerates electric deregulation in Illinois
- option for longer term contracts



# Addressing Market Uncertainty

- Natural Gas
  - safe, clean, reliable & economical
- On-site Power Generation
  - lower electric costs
  - improve power reliability
  - control total energy costs



# Protecting your Assets

- On-site generation provides
  - greater customer control of own destiny
  - security and reliability



# On-Site Power Generation

- More than 100 installations in northern Illinois totaling over 560 MW saves customers over \$100M per year resulting in:
  - Reduced energy costs of 30 to 50%
  - Self generated power costs of 3 - 5 cents per kwh
  - Improved power reliability & quality
  - Lower costs of operating businesses
  - A competitive advantage



# How Nicor Can Help

- Resources available
  - Account Executive – One Stop Resource
  - Technical specialists (DG, hvac & process)
  - Evaluation of energy needs
  - Identification of energy opportunities
  - “Turnkey” CHP Installations