

Public Private Partnerships P3

Presented by:

YaLonda Lockett

Executive Director, Federal and Public Sector
Business Development

Constellation
324 N Saint Paul
Dallas, TX 75201
972-813-6111

Yalonda.Lockett@Constellation.com



Constellation[®]

An Exelon Company

The State's Goals and Mission

The Baseline Goal

- Upgrade facilities and increase efficiency
- Effectively manage costs and remain good stewards of taxpayer dollars
- Mitigate project risk
- Support long-term environmental goals and comply with energy mandates

The Challenges

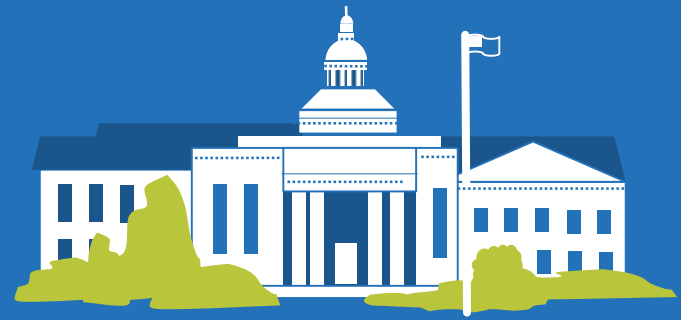
- Finding the capital to invest
- Managing energy price volatility
- Limited access to resources

Private Public Partnerships

Benefits:

- Access to new technology and innovative solutions with improved speed to implementation
- Ability to transfer risk of performance, operations and cost savings
- Budget certainty – present and future cost of project are set over time
- Allows State to utilize the core competency's of private industry to enhance service quality to taxpayers.
- Improves State's liquidity by diminishing capital risk
- Not bound by political restrictions, deferred payments, etc.

Through public-private partnerships, agencies have the opportunity to leverage existing contract vehicles to meet energy performance goals, raise the bar to net zero and net zero plus revenue generation, and fund needed capital improvements, that in some instances have been avoided for decades.



Needs for Implementing Successful Public Private Partnerships

A Trusted Partner

Find a partner with long-term experience and the financing capabilities to support mission and mitigate project risk.

An Effective Contract

Leverage the existing contract structures to develop the best project approach for each unique facility.

A Comprehensive View

Considerations of proposals should be based on best value, not lowest prices. Work together to take a holistic approach to find innovative solutions.

A Public-Private Partnership can be the key to mitigating project risk, reducing costs, and developing effective energy solutions.

Performance Contracting Vehicles Overview

Contract Vehicles	Contract Value	Average Project Size Supported
DOE Super Energy Services Performance Contract (ESPC)	\$5B	\$10-50M
DOD US Army Corps of Engineers (USACE) Energy Services Performance Contract (ESPC)	\$70M	\$3-20M
DOD US Army Corps of Engineers (USACE) Renewable Multiple Award Task Order Contract (MATOC)	\$4B	\$/KWh
General Services Administration (GSA) Schedule 84	Unlimited	\$1M
General Services Administration (GSA) Schedule 03 Facilities	Limited to Appropriations	\$1M
General Services Administration (GSA) Schedule Blanket Purchasing Agreement (BPA)	Limited to Appropriations	N/A
Utility Energy Services Contract (UESC) Area Wide	Unlimited	\$5-70M
Enhanced Use Lease (EUL)	Unlimited	N/A
Federal Prison Industries/Unicor Solar Integrator EPC/IDIQ Contract	\$75M	N/A

State and Local Government Customers (NASEO)

By using the purchasing power of the federal government, GSA can help cities and towns meet their mission while reducing costs and maximizing efficiency. Multiple authorized programs allow **state** and local governments to use GSA Schedules for select goods and services.

Check out the links below for more information on conditions for the use of these programs, the Schedules included (when limited to select Schedules), and ordering procedures.

Programs

Program Name Description of Program

Cooperative Purchasing

A variety of Information Technology products and services, as well as security and law enforcement products and services, are available through **Schedule 70 and Schedule 84**.

Disaster Purchasing

Items can be purchased directly from Schedule contractors to aid in recovery from Presidentially-declared major disasters or acts of terrorism.

Public Health Emergencies (PHEs)

Goods and services can be purchased from all Schedules, using federal grants, in direct response to HHS declared public health emergencies.

1122 Program

Equipment in support of counterdrug, homeland security and emergency response activities is available through select GSA Schedules and Special Item Numbers (SINs), as well as vehicles from Autochoice.

[Website - http://www.gsa.gov/portal/category/100631](http://www.gsa.gov/portal/category/100631)

Financing

Power Purchase Agreements (PPA)

Long term PPA's stabilize operational costs while shifting operability, performance and reliability to the private sector allowing the State to focus on their core capabilities: and leverage private companies core capabilities.

Energy Performance Savings Contract (ESPC)

No capital required, the projects are supported entirely by the guaranteed energy savings over time - giving customers an avenue for payment and justification of their investment. Performance Contracting guarantees returns while avoiding capital investments and associated financial risks.

By employing a holistic approach to your energy strategy – evaluating project economics in aggregate with respect to mission requirements – you can achieve budget neutrality and project deployment.

Energy Solutions for the Newark, NJ Housing Authority

Through an Energy Services Performance Contract (ESPC), the Newark Housing Authority successfully implemented water and energy efficiency improvements with no up-front capital, expected to result in \$78 million in energy cost savings over a 15-year period, along with these results:



Energy Conservation Measures performed at 39 housing developments



Permanently reduced energy costs for the Housing Authority and its more than 10,000 residents



60 people employed in the Newark area during the design and construction phases



The creation of an estimated 16,596 metric tons of carbon dioxide avoided annually.

An estimated 102 million gallons of water conserved



When many agencies are looking for ways to do more with less, energy performance contracting and public-private partnerships are valuable resources for public entities to leverage their existing operational budget for needed capital improvements.

Thank you.

Presented by:

YaLonda Lockett

Executive Director, Federal and Public Sector

Constellation

324 N Saint Paul

Dallas, TX 75201

972-813-6111

Yalonda.Lockett@Constellation.com



Constellation.

An Exelon Company

Disclaimer

The information contained herein has been obtained from sources which Constellation NewEnergy, Inc. (“CNE”) believes to be reliable. CNE does not represent or warrant as to its accuracy or completeness. All representations and estimates included herein constitute CNE's judgment as of the date of the presentation and may be subject to change without notice. This material has been prepared solely for informational purposes. CNE does not make and expressly disclaims, any express or implied guaranty, representation or warranty regarding any opinions or statements set forth herein. CNE shall not be responsible for any reliance upon any information, opinions, or statements contained herein or for any omission or error of fact.

"Constellation " trademark and associated logo for marketing and advertising purposes only. No obligation on the part of any Constellation Entity should be deemed to arise through the use of such names or marks and nothing in this material is intended to override the legal separateness of each of the Constellation Entities. Statements made may reflect the combined experience or offerings of one or more of the Constellation Entities and not necessarily each or any specific Constellation Entity. Nothing in these materials constitutes an offer to sell or purchase regulated products or services by any Constellation Entity in any jurisdiction in which the purchase or sale of such regulated products or services by such entity is prohibited. No claim is made that the electricity supplied in any transaction described or proposed was generated from a specific or renewable resource.

By Receiving this information and data, you acknowledge and agree that:

- (1) you are receiving no guaranty, representation or warranty of any kind from CNE;
- (2) CNE is not acting as your consultant or advisor for any purpose, and you will not construe or rely upon any information provided or statements made by CNE, including without limitation as to the advantages or disadvantages of any specific product or service, predictions about future energy prices, or any other statements, information or data, as advice or representations of any sort;
- (3) you are making your own decisions based solely upon your own analysis and the advice of your own advisors, if any, and are not relying on CNE in any way in making any decision or taking any other action in response to the information and data or statements contained herein;
- (4) some of the information and data being provided to you is proprietary and may be confidential and you agree to maintain such information and data in strict confidence; and
- (5) CNE is not providing advice regarding the value or advisability of trading in “commodity interests” as defined in the Commodity Exchange Act, 7 U.S.C. §§ 1-25, et seq., as amended (the “CEA”), including futures contracts and commodity options or any other activity which would cause CNE or any of its affiliates to be considered a commodity trading advisor under the CEA

Appendix



Constellation.

An Exelon Company

Differentiators

Security on our Soil

- Nearly 200 years of U.S. roots
- Operate in 46 States
- More than 26,000 dedicated employees

Best in Class Standards

- Built, own, and operate approximately 35,000 MW (164 MW Solar, 1,299 MW wind)
- History of successful project completion
- Operational Excellence

A Diverse Portfolio of Expertise

- Constellation is involved in every facet of the energy eco-system from generation, distribution and fuels management through supply to the end meter.
- Skills to take a phased approach while mitigating and monitoring risk.
- Risk mitigated approach with defined off-ramps

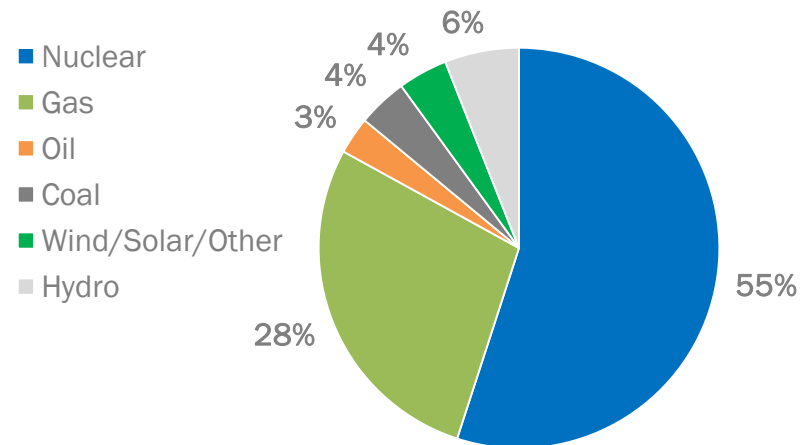
A Dedicated Federal Team

- Dedicated federal development, engineering, construction, compliance, and environmental stewardship divisions within Constellation.

Active Project Deployment

- Constructing 34 energy efficiency projects across 12 States in 2014
- Financed & built over \$1 Billion in energy related projects
- Over 4,000 energy savings projects implemented

Exelon Portfolio - Total Generation Capacity*



*As of 12/31/12

Key Project Contributions from Constellation

Constellation brings a wide range of expertise to project management and execution:



RISK MITIGATION

Execute consent and assignment agreements that ensure project development costs, project debt and project construction risk are the sole responsibility of Constellation



QUALIFIED MANAGEMENT

Constellation comprises all the supporting business units needed to successfully develop and complete energy performance contract projects from sales conception to final completion.



MARKETING SUPPORT

Identify potential energy efficiency UESC program participants in your franchise territory at our expense and risk, and will pay for all expenses incurred by the utility



SECURE FUNDING

Support Project development through Constellation funding or 3rd party funding mechanisms. No funds from the utility are required.



EXPERIENCE

20+ years of experience implementing UESC projects and more than 70 energy professionals that can support the customer's energy mission goals, to the benefit of the utility's ratepayers.



EFFECTIVE PROCEDURES

Keep project momentum, have established procedures that reduce project development time, and increase accountability to the utility and the federal customers

Primary Energy Conservation Measures

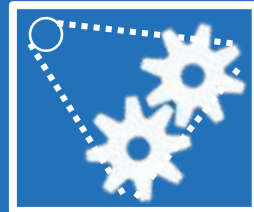


Lighting Improvements

Interior and Exterior Lighting and Retrofits

Intelligent Lighting Controls

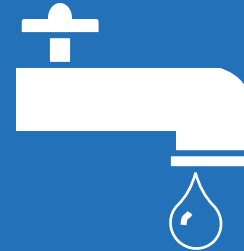
Occupancy Sensors



Electric Motors & Drives

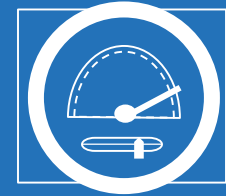
Motor Replacement with High Efficiency Motors

Utilization of Variable Frequency Drives



Water & Sewer Conservation

Low-flow Faucets and Showerheads



Building Automation Systems (BAS)/Energy Management Control Systems

HVAC Upgrades (Heating, Ventilating, and Air Conditioning)

Control Systems Upgrades

Program Note: Each piece of equipment needs to be less than \$5,000 less any rebates to qualify for EME.

Energy Conservation Measures (ECMs)



Water Conservation

- Ultra-low flow toilets
- Ultra-low flow urinals
- Low flow faucet aerators
- Leak detection systems



Lighting System Upgrades

- Occupancy based redesign
- Direct/Indirect systems
- Intelligent lighting system controls
- High efficiency re-lamp and re-ballast
- LED Applications
- Incandescent to fluorescent conversion
- Parking area lighting upgrades



Building Automation System Upgrades

- Enhance existing systems
- Complete new EMCS systems
- Unoccupied setback control
- Integration of multiple systems
- Remote access and monitoring
- Efficient operations algorithms
- Outside air control strategies
- Elevator controllers



Building Envelope

- Roof improvements
- Crack repair/weather-stripping
- Window solar film



HVAC System Upgrades

- New air handling systems
- Economizer/HVAC Damper
- Zone isolation
- High efficiency motors
- Variable speed drives on many systems
- Instantaneous hot water heaters
- Refrigeration upgrades
- Retro/Continuous commissioning



Energy Procurement

- Risk mitigation strategy
- Long-term electric and gas
- Renewable Energy Credits
- Load Response Programs



Data Center/Telecom

- Data Center Consolidation
- Airflow Measures
- “Virtualization” and “Cloud”
- Next Gen EMCs
- Enhance telecom system



Renewable Energy

- On-site solar energy systems
- Vertical wind turbines
- Solar hot water systems



Communication, Training, & Awareness

- Stakeholder involvement
- Communications – internal & external
- Community participation



Central Plants

- Cogeneration system
- Evaluate chiller & boiler efficiency
- Cooling tower evaluation
- Primary/secondary systems
- Heat recovery systems
- Variable speed pumping systems

Reducing Risk Via Public-Private Partnerships

Executing Independently:

Design

Construction

On-Going Performance



DESIGN RISK



CONSTRUCTION RISK



PERFORMANCE RISK

Achieving through a Private-Public Partnership:

Design

Construction

On-Going Performance

ENERGY SERVICES COMPANY ASSUMES PROJECT RISK

Risk avoidance is facilitated by a public-private partnership with an end-to-end energy services company.

Exelon Corporation: National Energy Leader



One of the nation's leading competitive power generators, with approximately \$23.5 billion in annual revenues. The Exelon family of companies participates in every stage of the energy business, from generation to competitive energy sales to transmission to delivery.



Exelon Family of Companies



Operations in 47 states, DC & Canada (2013)

Revenues: \$24.9 billion (2013)

Assets: \$80 billion (2013)

Employees: 26,000 (2013)

Load Served:

~ 150 TWH (Electric), 1.4 TCF (Natural Gas) (2013)

Energy Generation

- No. 1 competitive power generator in the nation
- Generating Capacity: ~35,000 MW (2013)

Competitive Energy Sales: Constellation

- 100,000 business & public sector customers
- Nearly 1 million residential customers
- Wholesale sales, dispatch, and delivery from Exelon's 35-gigawatt power generation portfolio

Transmission & Distribution

BGE, ComEd & PECO

6.6 million electric customers (2013)

1.2 million natural gas customers (2013)

Constellation Retail by the Numbers

What We Serve



Natural Gas: 398 Bcf
delivered in C&I retail markets (2013)



Retail Power: 88.5 TWh
load served (2013)



Load Response: 1,300 MW
of dispatchable load (2013)



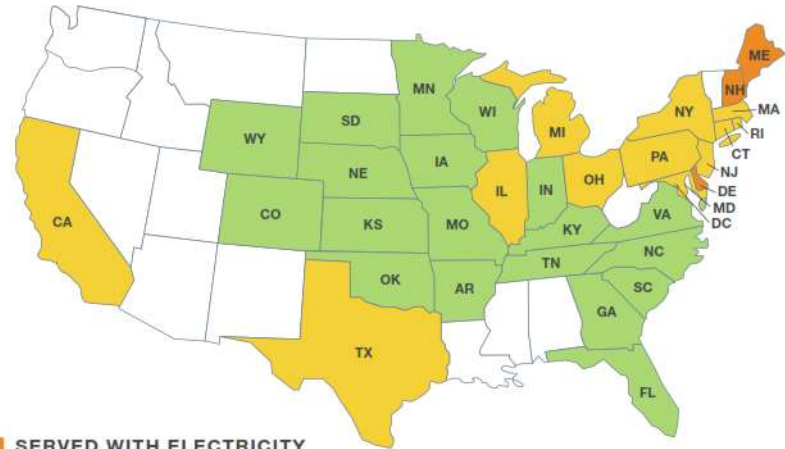
Energy Efficiency: 50 MW
conserved by customers (2013)



Solar: 164 MW of solar installations
completed or under construction (2013)

Where We Serve

Retail Electricity & Natural Gas Service

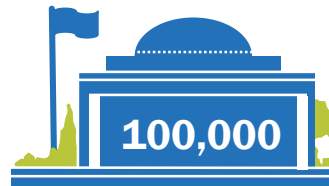


- SERVED WITH ELECTRICITY
- SERVED WITH NATURAL GAS
- SERVED WITH ELECTRICITY & NATURAL GAS

Who We Serve



2/3 of the Fortune 100



**More than 100,000
Business & Public Sector customers**



**Approximately one million
Residential customers**