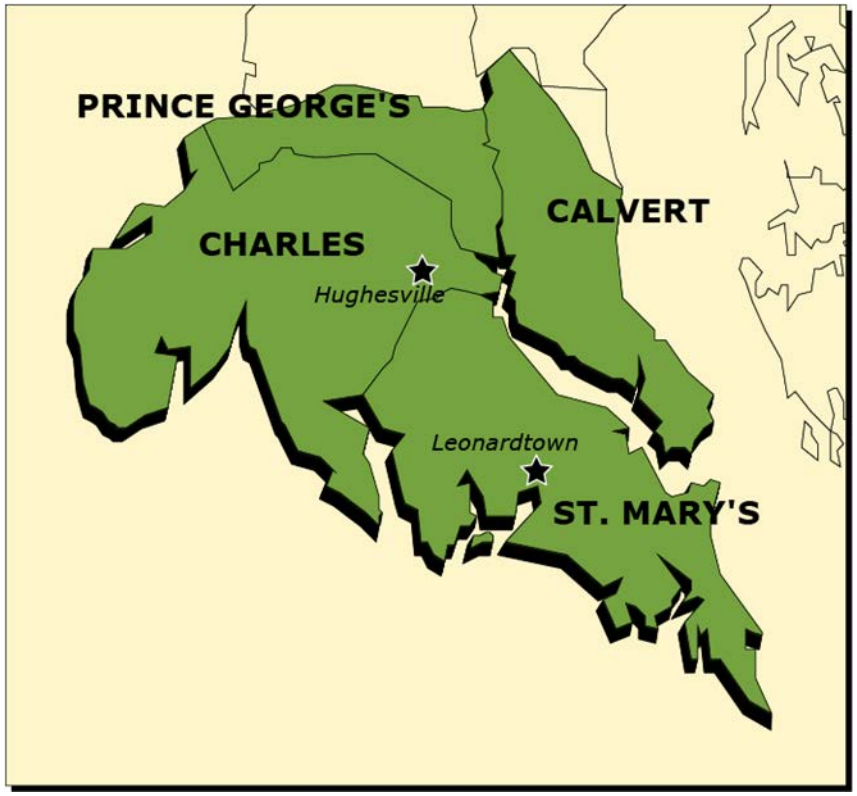
2015 National Town Meeting on Demand Response and Smart Grid



SMECO
People. Power. Progress.

Southern Maryland Electric Cooperative -a few facts

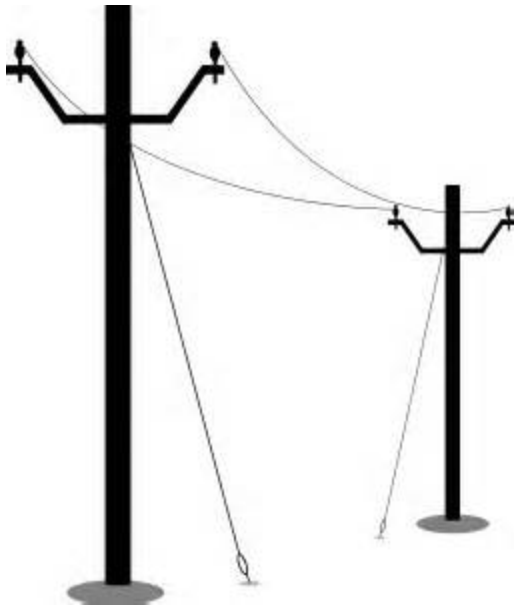
- Established Feb. 5, 1937
- Headquartered about 35 miles south of Washington, D.C.
- Serves Charles, St. Mary's, most of Calvert, and a portion of Prince George's counties





SMECO – our system

- As of December 2014
  - 156,960 meters in place
  - 483.5 miles of transmission line
  - 11,590 miles of distribution line
    - 3,400 Overhead
    - 8,190 Underground
  - MWhs purchased 2014= 3,663,279
  - $482,556,750 total revenue
- New System Peak – 1,003 MW – set in February 2015





Maryland RPS: load obligation

	Current RPS				
Year	Solar	O/S wind	Tier 1	total Tier 1	Tier 2
2015	**0.50%**		10.00%	**10.50%**	2.5%
2016	**0.70%**		12.00%	**12.70%**	2.5%
2017	**0.95%**	2.50%	9.65%	**13.10%**	2.5%
2018	**1.40%**	2.50%	11.90%	**15.80%**	2.5%
2019	**1.75%**	2.50%	13.15%	**17.40%**	0
2020	**2.00%**	2.50%	13.50%	**18.00%**	0
2021	**2.00%**	2.50%	14.20%	**18.70%**	0
2022	**2.00%**	2.50%	15.50%	**20.00%**	0
2023	**2.00%**	2.50%	15.50%	**20.00%**	0



Maryland RPS: estimated cost

Projected Cost at lower of Market or ACP									
	SRECs		ORECs		Tier 1 RECs		Tier 2 RECs		Total
	market	Cost	market	Cost	market	Cost	market	Cost	cost
2015	$165.00	$ 3,037,261	$ 190	$ -	$18.00	$ 6,626,752	$ 2.38	$ 219,051	$ 9,883,065
2016	$157.50	$ 4,105,997	$ 190	$ -	$19.25	$ 8,603,041	$ 2.38	$ 221,593	$ 12,930,631
2017	$150.00	$ 5,366,708	$ 190	$ 17,889,027	$20.38	$ 7,406,698	$ 2.43	$ 228,791	$ 30,891,224
2018	$153.00	$ 8,150,661	$ 190	$ 18,074,529	$20.78	$ 9,409,486	$ 2.48	$ 235,920	$ 35,870,596
2019	$150.00	$ 10,093,435	$ 190	$ 18,264,311	$21.19	$ 10,714,364			$ 39,072,109
2020	$150.00	$ 11,668,863	$ 190	$ 18,475,700	$21.62	$ 11,352,637			$ 41,497,200
2021	$100.00	$ 7,874,780	$ 190	$ 18,702,603	$22.06	$ 12,333,953			$ 38,911,335
2022	$100.00	$ 7,977,198	$ 190	$ 18,945,845	$22.52	$ 13,922,604			$ 40,845,647
2023	$ 50.00	$ 4,039,195	$ 190	$ 19,186,176	$23.00	$ 14,399,730			$ 37,625,101
								2015-2023	$ 287,526,908



Renewable Energy

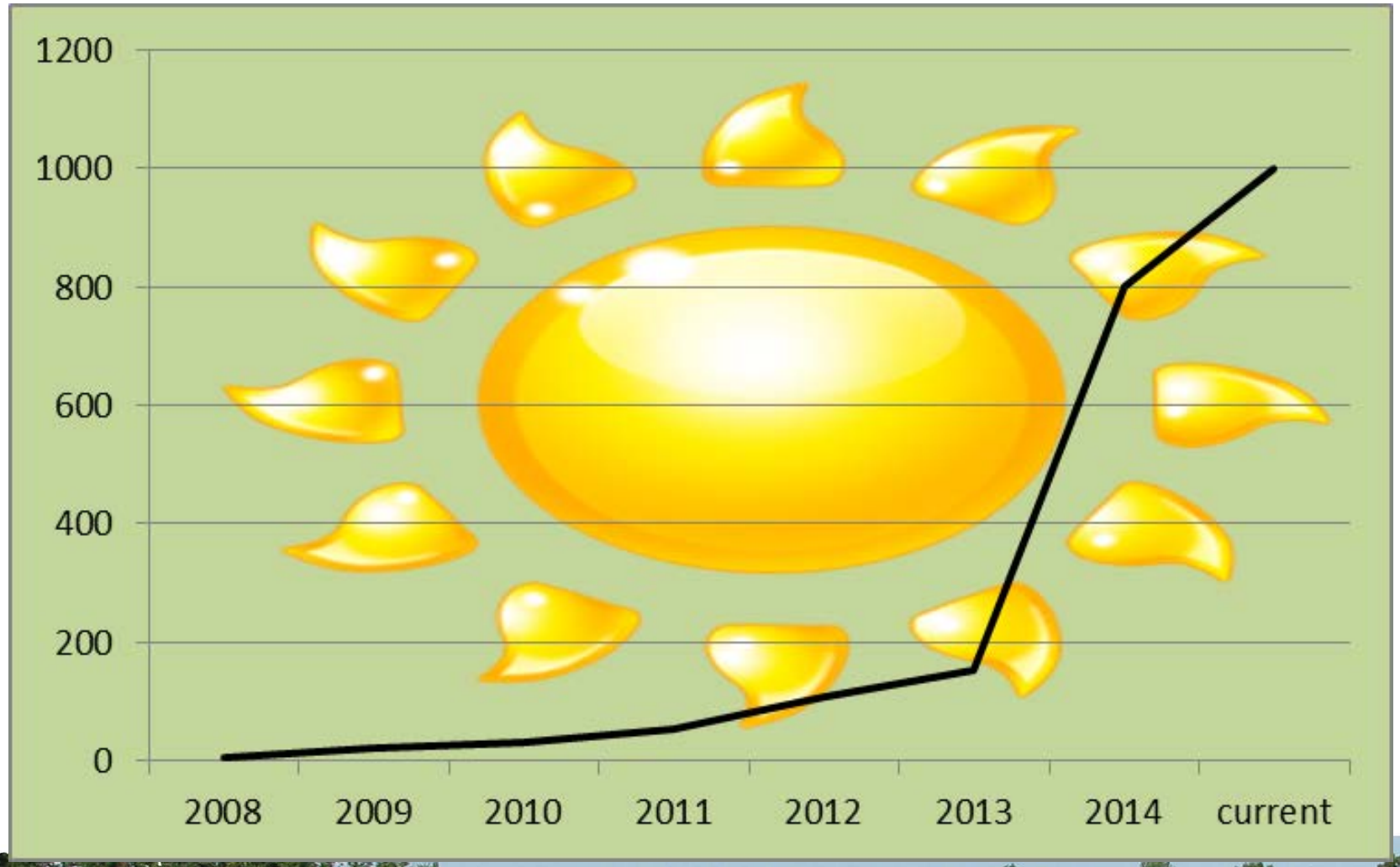
- **SMECO Solar LLC** - 5.5 MW



- **Rockfish Solar PPA** -10MW offtake (est. COD August 2015); 20 years
- **Stony Creek Wind Farm** – 20 MW offtake; 18 years
- **Mehoopany Wind Farm** ~30 MW offtake; 20 years
- **Lookout Wind farm** – 37.8 MW offtake; 15 years



SMECO solar interconnections



Residential Net Metering impact

Costs	Charge Type	Avoided by Net Metering
Standard Offer Service		
Energy Charge	kWh	100%
Power Cost Adj.- Energy	kWh	100%
Distribution Service		
Facilities Charge	Fixed	0%
Distribution Charge	kWh	100%
Bill Stabilization Adj.	kWh	100%
Regulatory, State, Local Taxes		
EmPOWER MD Charge	kWh	100%
Public Service Co. Franchise Tax	kWh	100%
Electric Svc. Univesal Chage	Fixed	0%
County Tax	kWh	100%
MD Environmental Surcharge	kWh	100%



Strategic Options for Solar

1. Accept and do nothing
2. Require and enforce consumer protection laws regarding financial disclosure of solar contracts
3. Eliminate net metering regulations or have them changed so that utilities and customers without solar are not impacted
4. Develop a solar Business Plan/Alliance
   - Allows the utility to retain relationship with customer
   - Utility competes with outside developers and preserves load



What are we doing?

- Working with National Renewables Cooperative Organization (NRCO) on solutions for utility scale, community solar and distributed rooftop solar
  - Creation of entity as development, ownership company
    - NRCO and other interested member cooperatives would invest in company
    - Liability would be limited to participating members
    - May still require regulatory approval
- Maryland HB 1087 and SB 398 - Community Shared Solar Program
  - Three-year pilot to build community shared solar projects
  - Utilities would be allowed to own community shared solar projects
  - SMECO is investigating this option



New Entity

- Would likely involve a tax equity investor
  - Tax Investor has funds to invest
  - Bank has money to lend
  - Project majority ownership would "flip" from tax equity investor to sponsor (cooperative) after targeted rate of return has been achieved
  - Sponsor may have the option to buy project at prevailing market rate after flip occurs



Thank you!

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