

From: Electric Supplier Relations
Sent: June 28, 2006
Subject: New Network Service Peak Load Contribution (NSPL) tariff effective July 1, 2006

Daily each EDC (utility) is responsible to submit to PJM the Network Service Peak Load Contribution (NSPL) for each supplier in their zone. This is more commonly known as the Transmission PLC and is done through PJM's eCapacity.

PJM states that the EDC total zonal load for NSPL use must be constant for the calendar year. This is unlike the Capacity PLC which daily includes customers entering or leaving the utility also known as "customer churn" so that the EDC total zonal load will be different every day.

The current process to incorporate "customer churn" into the daily NSPL is to subtract any residual amount (arithmetic total - defined zonal total) from the residential supplier's NSPL total. Effective July 1, 2006 with residential customers moving to POLR,, all suppliers will share in this residual reduction on a load weighted bases.

The results of this will mean that each supplier's daily NSPL will be "slightly" lower than the arithmetic sum of all of their customers PLC's which will reduce their transmission use payment to the transmission owners.

PJM also uses the daily NSPL to determine each transmission users' Auction Revenue Rights (ARR). ARR are entitlements allocated annually to Firm Transmission Services Customers that entitle them to receive allocation of the revenues from the annual FTR auction.

BGE is aware that many of you may have questions about this and therefore has sent up a conference call for Thursday June 29 at 2:00 PM EST. The supervisor of our Load Settlement Unit will be available to provide more details and to answer any questions that you may have. Below is the conference call information:

(443) 394-3100 or (888) 232-6300

Conference Password 255880#