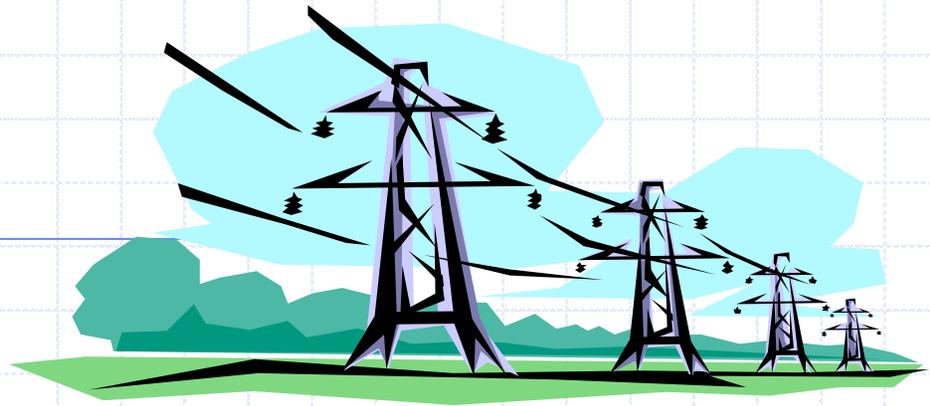


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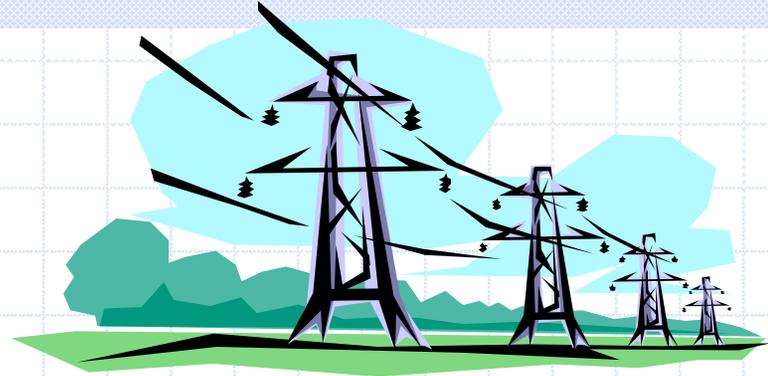
Delaware Municipal Electric Corporation



Overview of Delaware Municipal Systems

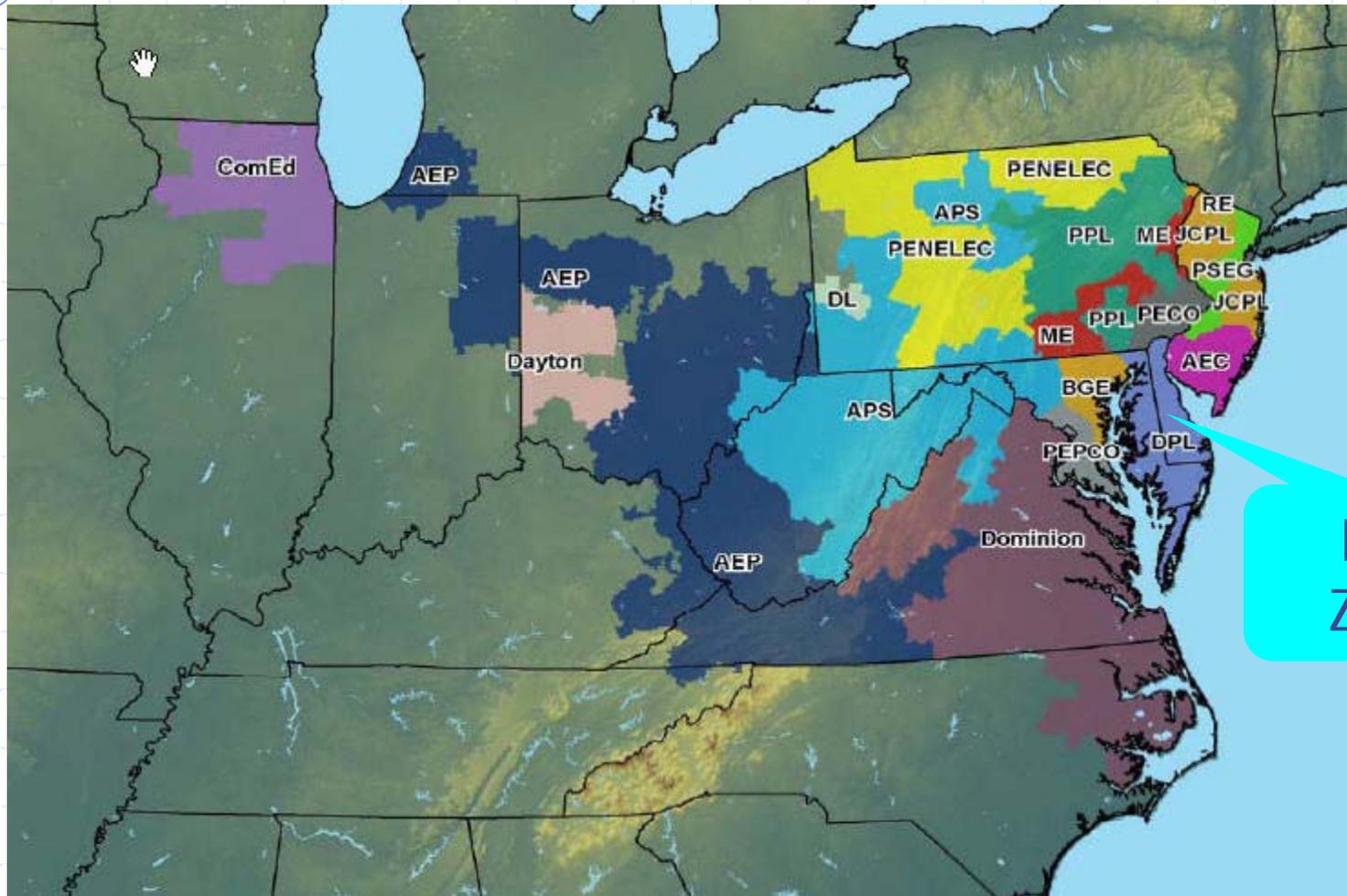
October 7, 2010

DEMEC Is:



- ◆ A Joint Action Agency and Wholesale Municipal Electric Company (www.demecinc.net)
- ◆ Established in 1979 as a not-for-profit agency by seven municipal utilities
- ◆ Authorized by the Delaware General Assembly under Title 22 of the Delaware code
- ◆ Responsible for full requirements wholesale power supply to seven municipal members and partial requirements to two
- ◆ Regulatory representation at the Local and National level for Nine Members
- ◆ DEMEC is a full Load Serving Entity and Generation Owner in PJM.

PJM Service Territory



DPL
Zone

DEMEC

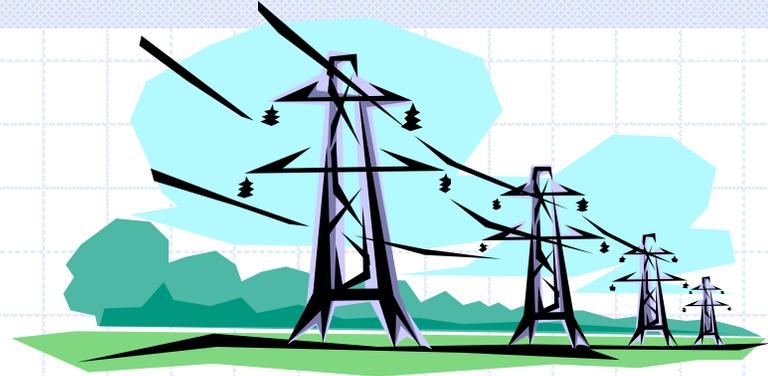


The Nine Member Municipal Utilities:

Newark	Middletown
Milford	New Castle
Seaford	Clayton
Smyrna	Dover
Lewes	



DEMEC



Members of DEMEC:

<u>Member</u>	<u>Population</u>	<u>Peak Load</u> <u>(MW)</u>	<u>Electricity</u> <u>Consumed (Mwh)</u>	<u>Annual</u> <u>Growth Rate</u>
City of Dover	36,560	165	750,000	1.0%
City of Newark	30,371	83	422,000	1.0%
Town of Middletown	12,726	38	149,000	2.0%
City of Milford	8,592	45	220,000	1.5%
City of Seaford	7,329	24	117,000	2.5%
City of Lewes	3,187	19	83,000	1.0%
City of New Castle	5,033	17	79,000	1.0%
Town of Smyrna	8,917	23	98,000	2.0%
Town of Clayton	1,497	5	16,000	2.5%
Total DEMEC Group	114,212	419	1,934,000	1.1%

2009 Data

DEMEC



RESPONSIBILITIES:

- Provide high quality energy services to members
- Maintain reliability of electric service to Delaware
- Meet projected demand growth, load requirements and reserve margins
- Provide protection against price volatility
- Balance resource mix among owned assets and power purchase contracts

DEMEC



CHALLENGES:

- Protection of Member's assets and rights
- Protection of Ratepayer
- Adequate supply of reliable and economic power to meet future demand growth
- Management of highly volatile energy market prices
- Resource Mix Diversity in the Long Term Procurement Plan
- Environmental Stewardship

DEMEC



10 Year Actions Required:

- Transmission Infrastructure on the Delmarva Peninsula must be radically improved to serve present and future demand for electricity.
- Local Demand Response, Energy Efficiency, and Renewable Energy Generation Sources must continue to be developed.
- New clean, efficient Generation must be built to balance intermittent resources and meet future demand to assure reliability of service.

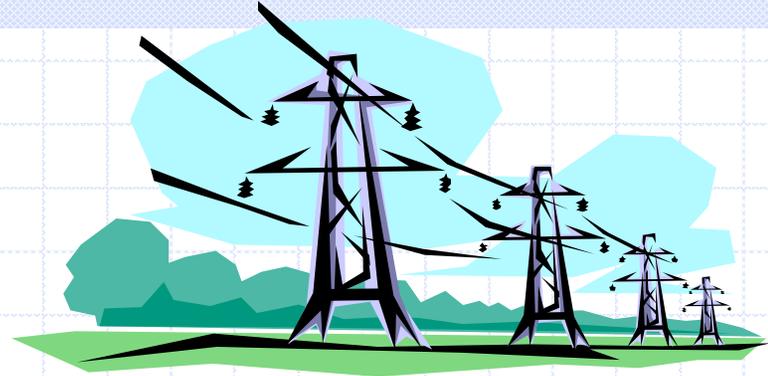
DEMEC



Alternative Energy Resources Currently Under Development:

- BlueWater Wind Off-Shore Wind Power
 - ◆ 17 MW - \$250 Million
- Dover Sun Park Photo-Voltaic Project
 - ◆ 1.5 MW - \$18 Million
- Additional On-Shore Wind Development
 - ◆ 20 MW - \$50 Million
- Demand Response Programs
 - ◆ 25 MW - \$? Million
- Total Announced Investment: \$300+ Million
- Total Capacity: 63.5 MW (22.4% of Peak Load)
- Future Announcements Expected

DEMEC



Indicative Projection of SREC Requirements

Compliance Year	Min. Cumulative Percentage from PV	mWh Sales	Total SREC Rqmt.	Provided by SunPark	Reqmt less SunPark SREC's
2011	0.20%	2,009,400	N/A	-	-
2012	0.40%	2,027,000	N/A	-	-
2013	0.60%	2,050,500	9,842	9,842	0
2014	0.80%	2,074,200	13,275	11,800	1,475
2015	1.00%	2,098,400	16,787	5,400	11,387
2016	1.25%	2,122,800	21,228	5,400	15,828
2017	1.50%	2,147,600	25,771	5,400	20,371
2018	1.75%	2,172,700	30,418	5,400	25,018
2019	2.00%	2,198,200	35,171	5,400	29,771
2020	2.25%	2,224,000	40,032	5,400	34,632

Assumptions:

Municipals adopt same schedule as DPL follows starting in 2013

80% of total load required for SREC compliance

Average Nominal Output of Dover Sun Park