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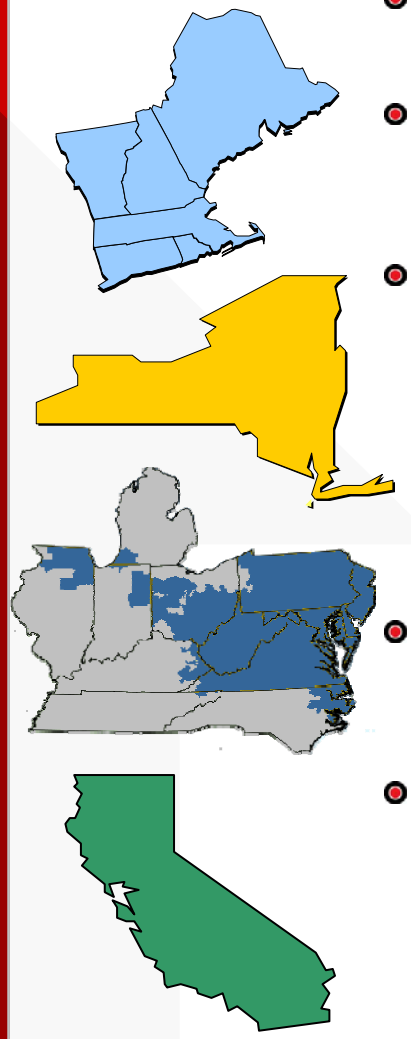
get more from energy

EnerNOC Presentation to PA PUC: Lessons Learned from Connecticut

January 19, 2007

EnerNOC Overview

Founded in 2001, EnerNOC is a technology-enabled, C&I-focused demand response provider.



- ***Proven and growing track record*** -- Over 450 MW of demand response capacity from over 1000 customer sites
- ***Compelling offering*** -- Full service demand response solutions provider – research, education, permitting, financing, metering, aggregation, enrollment, installation, data and payment reconciliation, maintenance
- ***Significant and growing market*** -- Currently serving:
  - PJM (Curtailment Services Provider)
  - ISO New England (Certified IBCS and Demand Response Provider)
  - New York ISO (Responsible Interface Party, Meter Data Service Provider)
  - California ISO markets (Certified Demand Reserves Partnership Provider)
- ***Distinguished technology*** -- Provide 24/7, real-time metering and web-based device monitoring and control through open architecture technology that leverages customers existing assets. World-class energy information system.
- ***Significant resources***
  - ***Human capital*** --- Deep management team experience in energy and technology management – over 110 employees with more than 180 engineering and management degrees
  - ***Financial*** – Strong balance sheet and impressive financial track record

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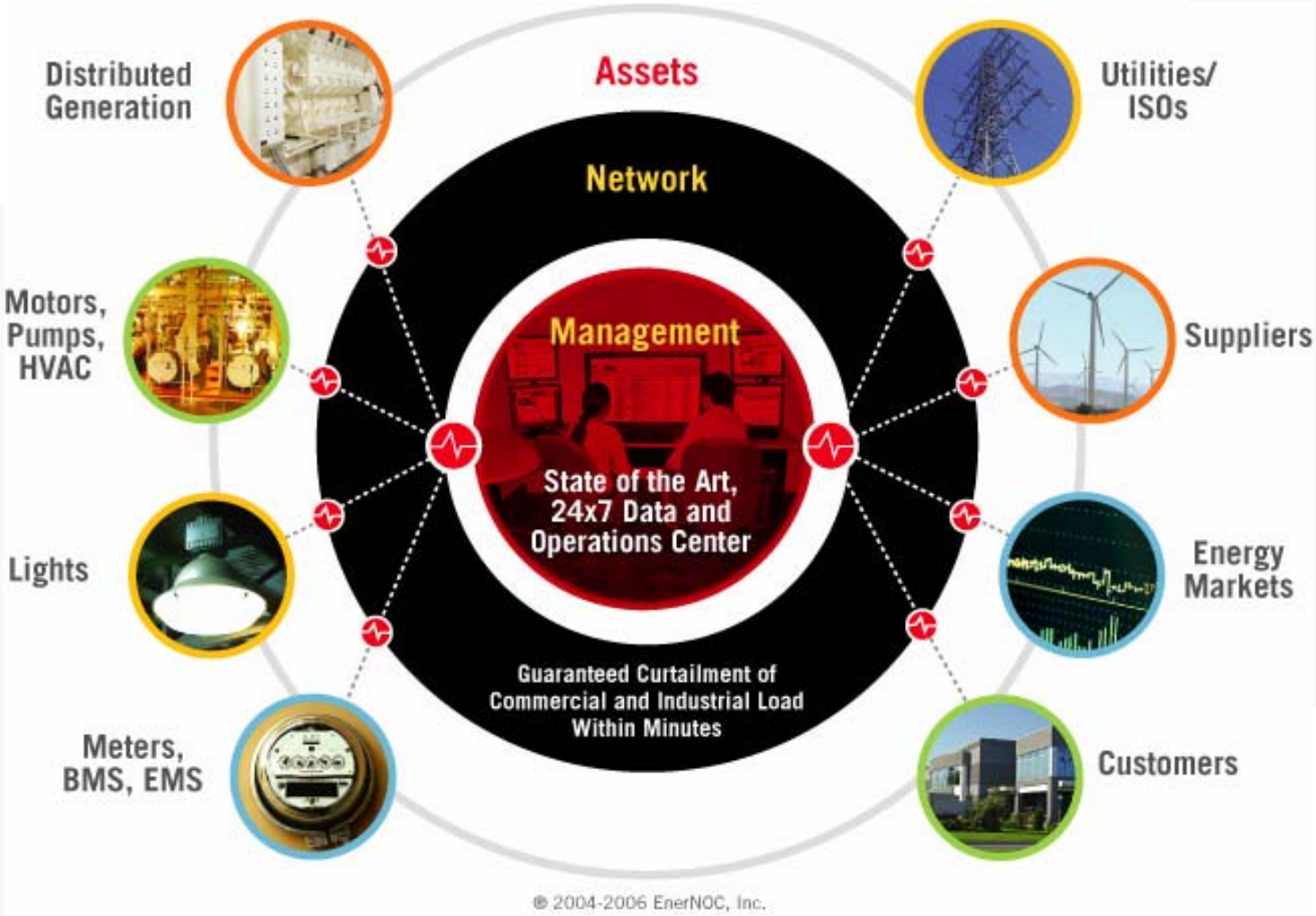
The Energy Network Operations Center

EnerNOC enables existing assets with inexpensive, scalable technology to accomplish significant and guaranteed reductions in demand.



EnerNOC: A Leading Voice in Demand Response

EnerNOC has been recognized for its commercial and policy leadership in developing the demand response industry.

Company Awards

- **World Economic Forum** Technology Pioneer 2007, Dec 2006
- **Platts** 2006 Energy Pioneer, Nov 2006
- **Entrepreneur** and **PricewaterhouseCoopers** 2006 Hot 100, May 2006
- **Red Herring** 2006 100 North America Awards Finalist, Apr 2006

Public Testimony

- **California PUC** Public Forum for State's Demand Response Programs, Aug 2006
- **Connecticut State Legislature** State Energy Plan, Jun 2006
- **FERC** Demand Response Technical Conference, Jan 2006

Notable Press

- **CNBC**, Jul 2006: Interview with CEO Tim Healy regarding the intense heat wave and how demand response is relieving the situation
- **Forbes**, May 2006: Profile of EnerNOC's leadership team and outstanding execution during the ISO-NE Demand Response Event on July 27, 2005

EnerNOC's DR Perspective:

DR must be responsive to utilities' and RTO's needs and end-user market realities.

- **Parity –** Capacity valued on par with new peakers – particularly new capacity; locationally-specific pricing
- **Limited price uncertainty –**
  - three- to five-year capacity contracts
  - the amount of curtailable load that can be captured is directly proportional to incentives ($/kW/month and $/kWh) to customers
- **Penalties for non-Performance** - Curtailable load should be guaranteed and penalties for non-performance should be levied
- **Transparency –** Direct real-time performance monitoring (e.g. ISO-NE's IBCS-type system) enabling system operators to see performance during events

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DR in Connecticut

Connecticut is a recognized leader in DR Capacity

- ISO-NE issued an All-Source RFP in 2002 – 26 proposals were submitted and DR was the dominant winner
- In 2002, DR accounted for <2% of CT's peak
- July 2005: CT passes "An Act Concerning Energy Independence" – with a goal to reduce peak demand by 10% by 2010
- In December 2005 the DPUC approved a plan to help mitigate Federally Mandated Congestion Charges
  - EnerNOC signed an Agreement with CL&P to deliver between 75 and 110 MWs of DR capacity
  - EnerNOC has 92 MWs enabled and a commitment for the full 110 MWs

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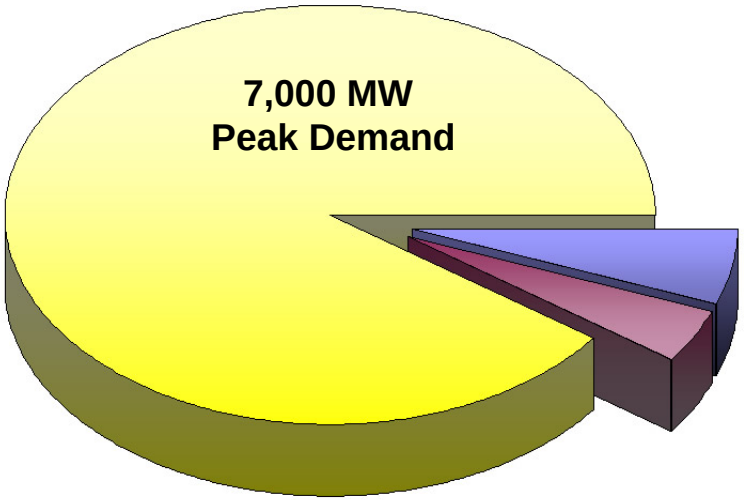
How Much DR is Attainable?

Demand response can represent between 5% and 10% of peak load.

Case Study – Connecticut

Connecticut – Today



- **435 MW of demand response currently in Connecticut ~ 6% of peak demand**
- **EnerNOC manages over 250 MW of Connecticut's demand response**
- **DR capacity in all of CT should reach 700 MW or ~10% of peak demand**
- **DR capacity already at 10% in SWCT**
- **CT represents 71% of DR capacity in NE (and is 27% of NE's peak)**

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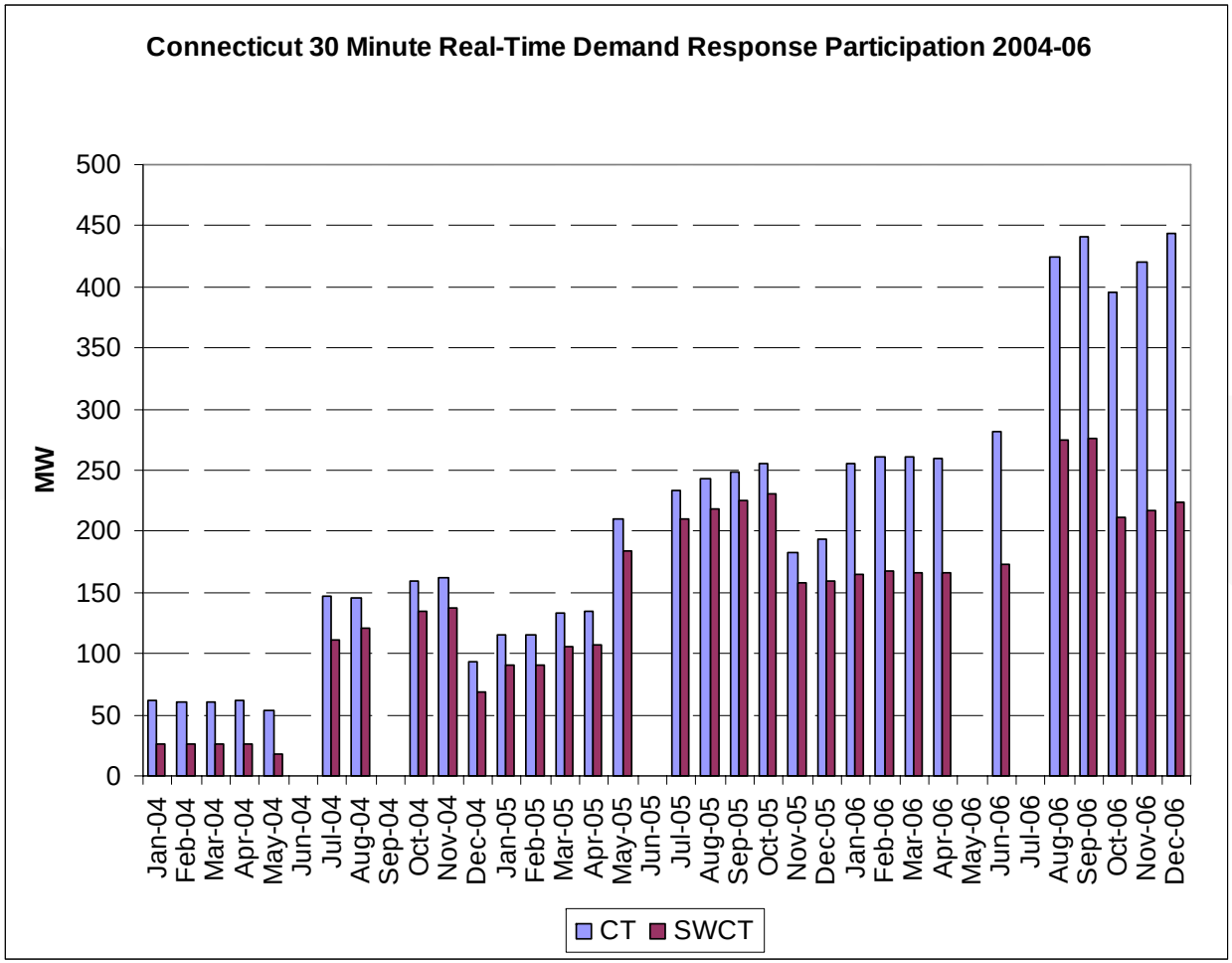
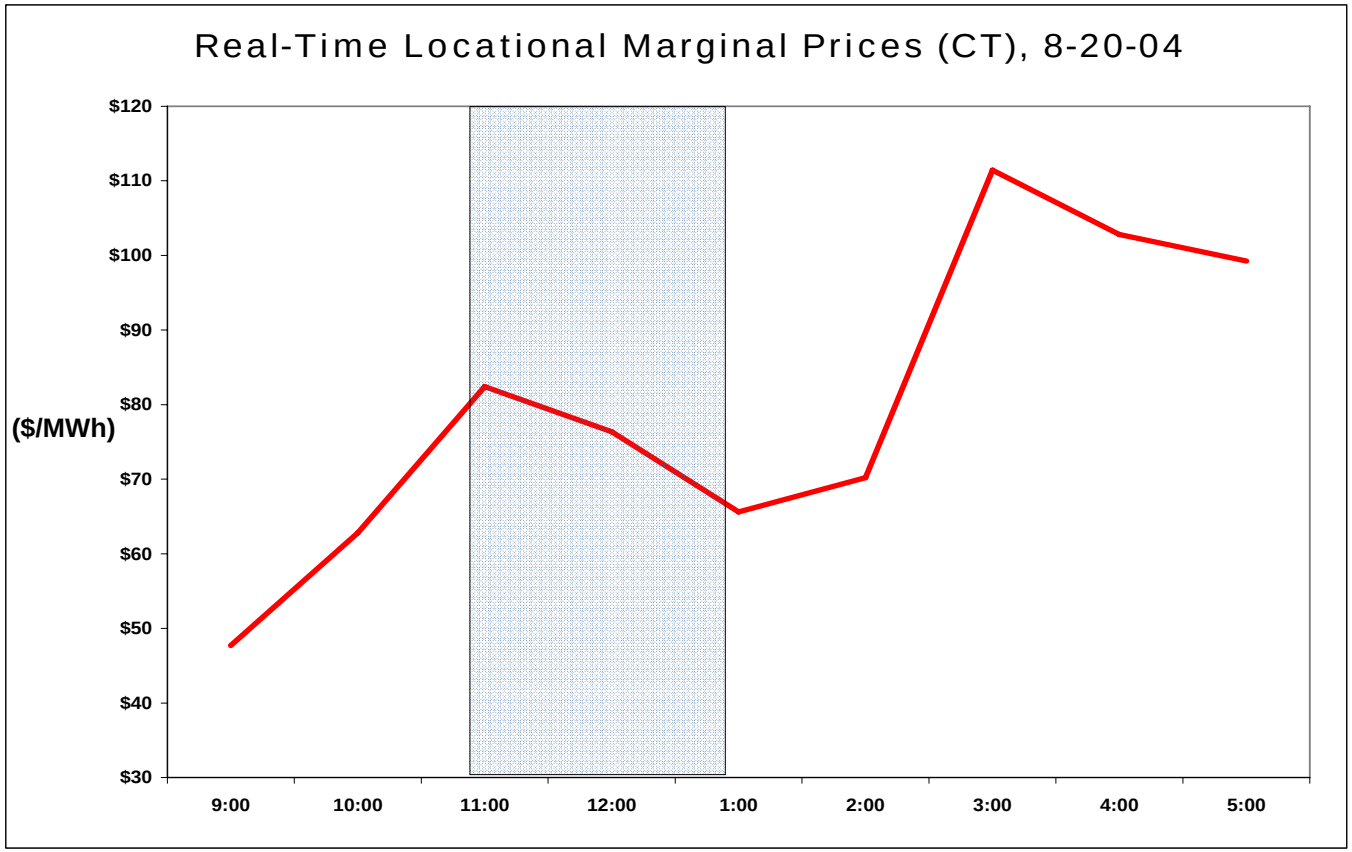
DR in Connecticut

Today, DR represents about 6% of CT's peak demand



Effect of DR on Wholesale Prices

Demand Response Can Make a Difference



Existing PJM Programs: Improving Yet Untapped

- **Improving:**
  - Economic Load Response Program continues to grow
  - Economic Load Response Program made a permanent part of PJM's market design
  - DR allowed to participate in Ancillary Services Markets

- **Untapped:**
  - 2005 Emergency Program:
    - Settled credits of $1.8 million (on a 144,000 MW system)
  - 2006 Economic Program (as of 11/30/2006)
    - 294 Sites and 1,482 MWs (1% of system peak and avg. participant is 5.04 MWs)
    - Settled credits of less than $15 million

Takeaways: (1) DR is a growing but still insignificant part of the PJM market
(2) The "C" of C&I is a largely untapped resource
(3) 1% of system peak is enrolled – other states are headed toward 10%

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