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FOR IMMEDIATE RELEASE

2010 Quarterly State of the Market Report for PJM: January through September Released

MARKET MONITOR FINDS PJM WHOLESALE ELECTRICITY MARKETS REMAIN COMPETITIVE

(Eagleville, P.A. November 15, 2010) PJM Interconnection's wholesale electric Energy and Capacity Markets produced competitive results during the first nine months of 2010, according to the 2010 Quarterly State of the Market Report: January through September, released today by Monitoring Analytics, LLC, the Independent Market Monitor for PJM.

Market Monitor, Dr. Joseph Bowring, announced findings of the report today. The report is the Independent Market Monitor's quarterly assessment of the competitiveness of the wholesale electricity markets managed by PJM in 13 states and the District of Columbia. It analyzes market structure, participant behavior and market performance for each of the PJM markets.

"Our analysis concludes that the results of the PJM Energy and Capacity Markets in the first nine months of 2010 were competitive," Bowring said.

Bowring also stated that "the MMU continues to recommend improvements to PJM's market design in order to enhance the competitiveness and efficiency of PJM markets."

The report found that load-weighted average energy prices increased 26.2 percent in the first nine months of 2010 compared to the first nine months of 2009, \$49.91 per MWh versus \$39.57 per MWh, and that hourly average load increased 5.3 percent in the first nine months of 2010 compared to the first nine months of 2009, 81,068 MW versus 76,956 MW. The report concluded that the increase in prices was the result of an increase in load and fuel costs. Bowring stated that "prices in PJM are set, on average, by marginal units operating at, or close to, their marginal costs. This is evidence of competitive behavior and competitive market outcomes."

The report found that net revenues to generating units increased in the first nine months of 2010 compared to the first nine months of 2009 in all zones in PJM, as a result of higher energy prices in all zones and higher capacity prices in most zones. The report explains that "Net revenue is an indicator of generation investment profitability and thus is a measure of overall market performance as well as a measure of the incentive to invest in new generation and in existing generation to serve PJM markets."

Operating reserve charges increased by 67.1 percent in the first nine months of 2010 compared to the first nine months of 2009, reflecting both higher energy prices and dispatcher actions to

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maintain system reliability. The recently modified operating reserve rules function as intended to allocate the reliability related charges to those requiring additional resources to maintain system reliability.

Congestion costs increased in PJM by \$598.0 million or 110 percent in the first nine months of 2010 compared to the first nine months of 2009. Congestion reflects the underlying characteristics of the power system, including the nature and capability of transmission facilities, the cost and geographical distribution of generation facilities and the geographical distribution of load.

The Independent Market Monitor (also known as the Market Monitoring Unit or MMU) evaluates the operation of PJM's wholesale markets to identify ineffective market rules and tariff provisions, proposes improvements to market rules and tariff provisions when needed, identifies potential anticompetitive behavior by market participants and provides the comprehensive market analysis critical for informed policy decision making. Dr. Bowring, the Market Monitor, ensures the independence and objectivity of the monitoring program.

For a copy of the State of the Market Report, visit Monitoring Analytics at: http://www.monitoringanalytics.com/reports/PJM_State_of_the_Market/2010.shtml

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