



Monitoring Analytics, LLC
2621 Van Buren Avenue, Suite 160
Valley Forge Corporate Center
Eagleville, PA 19403
Phone: 610-271-8050
Fax: 610-271-8057

FOR IMMEDIATE RELEASE

2011 Quarterly State of the Market Report for PJM: January through September Released

MARKET MONITOR FINDS PJM WHOLESALE ELECTRICITY MARKETS REMAIN COMPETITIVE

(Eagleville, PA, November 14, 2011) PJM Interconnection's wholesale electric Energy and Capacity Markets produced competitive results during the first nine months of 2011, according to the 2011 Quarterly State of the Market Report: January through September, released today by Monitoring Analytics, LLC, the Independent Market Monitor for PJM.

The Independent Market Monitor, 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 2011 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 real time load-weighted average energy prices decreased 0.9 percent in the first nine months of 2011 compared to the first nine months of 2010, \$49.48 per MWh versus \$49.91 per MWh. The report also found that real time hourly average load increased 3.3 percent in the first nine months of 2011 compared to the first nine months of 2010, 83,762 MW versus 81,068 MW. The load increase was the result of the June 1, 2011, integration of the American Transmission Systems, Inc. (ATSI) Control Zone. The PJM average real time load in the first nine months of 2011 would have decreased by 1.2 percent compared to the first nine months of 2010, from 81,068 MW to 80,135 MW, if the ATSI transmission zone load were excluded. Energy Market results for the first nine months of 2011 generally reflected supply-demand fundamentals.

Operating reserve charges increased by 20.5 percent in the first nine months of 2011 compared to the first nine months of 2010. Reliability credits decreased \$7,716,442, or 9.4 percent, in the first nine months of 2011 compared to the first nine months of 2010, and deviation credits increased \$263,011,867, or 184.3 percent.

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REMAIN COMPETITIVE**

Congestion costs decreased in PJM by \$292.1 million or 25.7 percent in the first nine months of 2011 compared to the first nine months of 2010. Congestion occurs when available, least-cost energy cannot be delivered to all loads for a period because transmission facilities are not adequate to deliver that energy. 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. Joseph 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/2011.shtml

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