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*FOR IMMEDIATE RELEASE*

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

## MARKET MONITOR FINDS PJM WHOLESALE ELECTRICITY MARKETS REMAIN COMPETITIVE

(Eagleville, P.A.–May 14, 2010) PJM Interconnection’s wholesale electric energy and capacity markets produced competitive results during the first three months of 2010, according to the 2010 Quarterly State of the Market Report: January through March, 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 three months of 2010 were competitive,” Bowring said.

The report found that load-weighted average energy prices fell 7.4 percent in the first three months of 2010 compared to the first three months of 2009 and that load fell 0.1 percent in the first three months of 2010 compared to the first three months of 2009. The report concluded that the decrease in prices was the result of a decrease in fuel costs and in load. “The fact that declines in input costs translated directly into price decreases is evidence that the energy market is competitive,” Bowring observed. The report concluded 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 finds competitive results for PJM’s Energy, Capacity, Synchronized Reserve and Day Ahead Scheduling Reserve Markets and the Financial Transmission Rights Auctions. The report concluded that the PJM Regulation Market did not produce competitive results as a consequence of changes to the rules concerning, among other things, the calculation of opportunity costs.

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, 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.

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Page 2 of 2 / **MARKET MONITOR FINDS PJM WHOLESALE ELECTRICITY MARKETS  
REMAIN COMPETITIVE**

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](http://www.monitoringanalytics.com/reports/PJM_State_of_the_Market/2010.shtml)

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