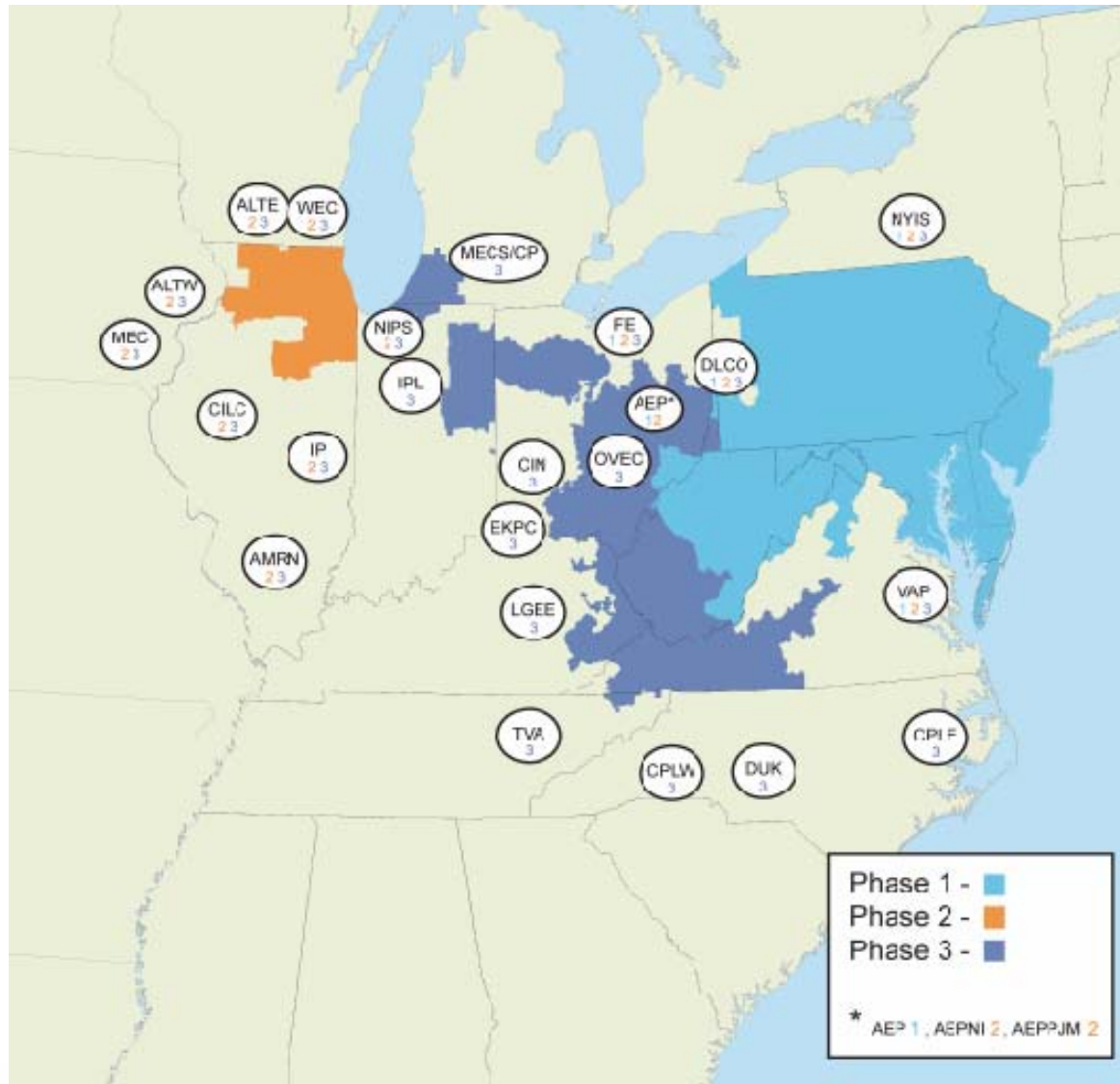




STATE OF THE MARKET REPORT 2004

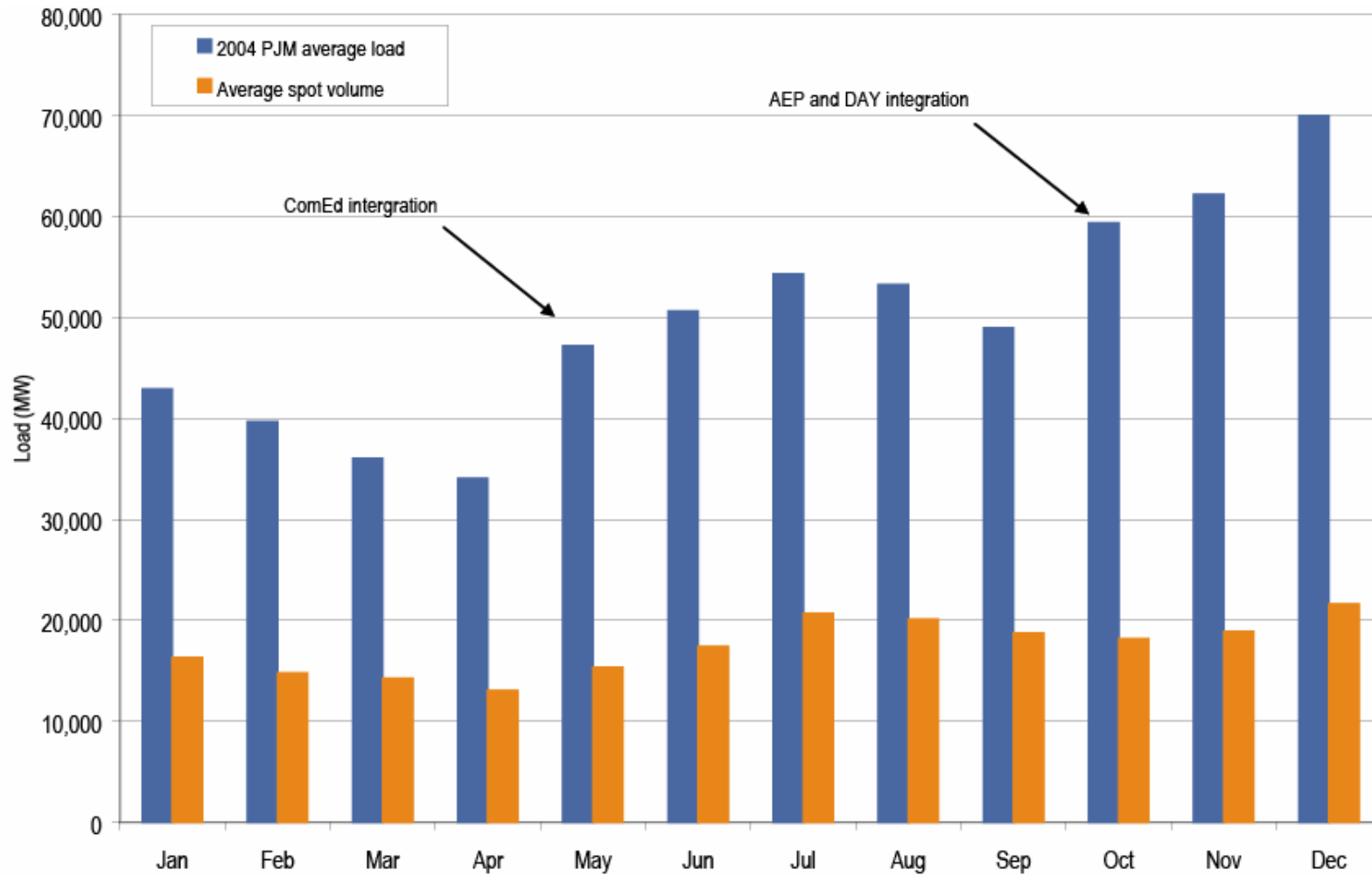
PJM Power Talk
April 14, 2005

Howard J. Haas
Market Monitor Unit

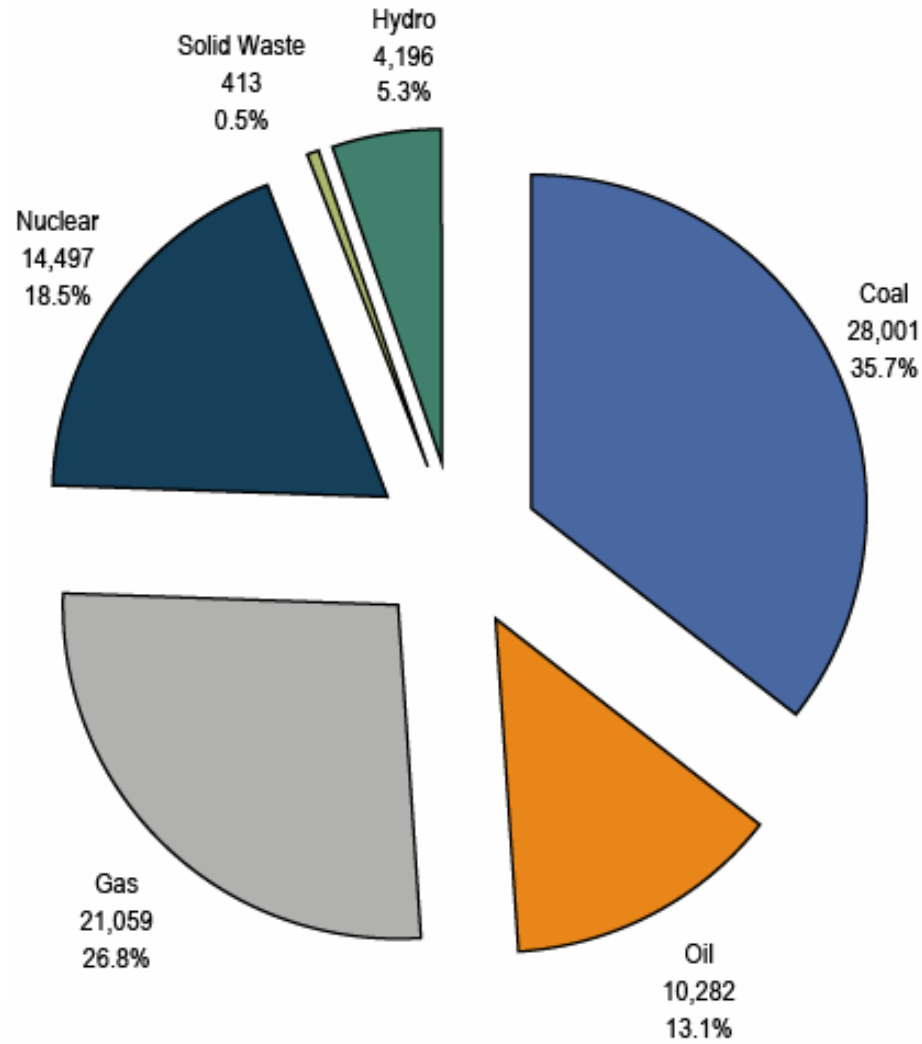


- **Energy Market** results were competitive
- **PJM Capacity Market** results were competitive
- **ComEd Capacity Market** results were reasonably competitive
- **Regulation market** results were competitive
- **Spinning market** results were competitive
- **FTR market** results were competitive

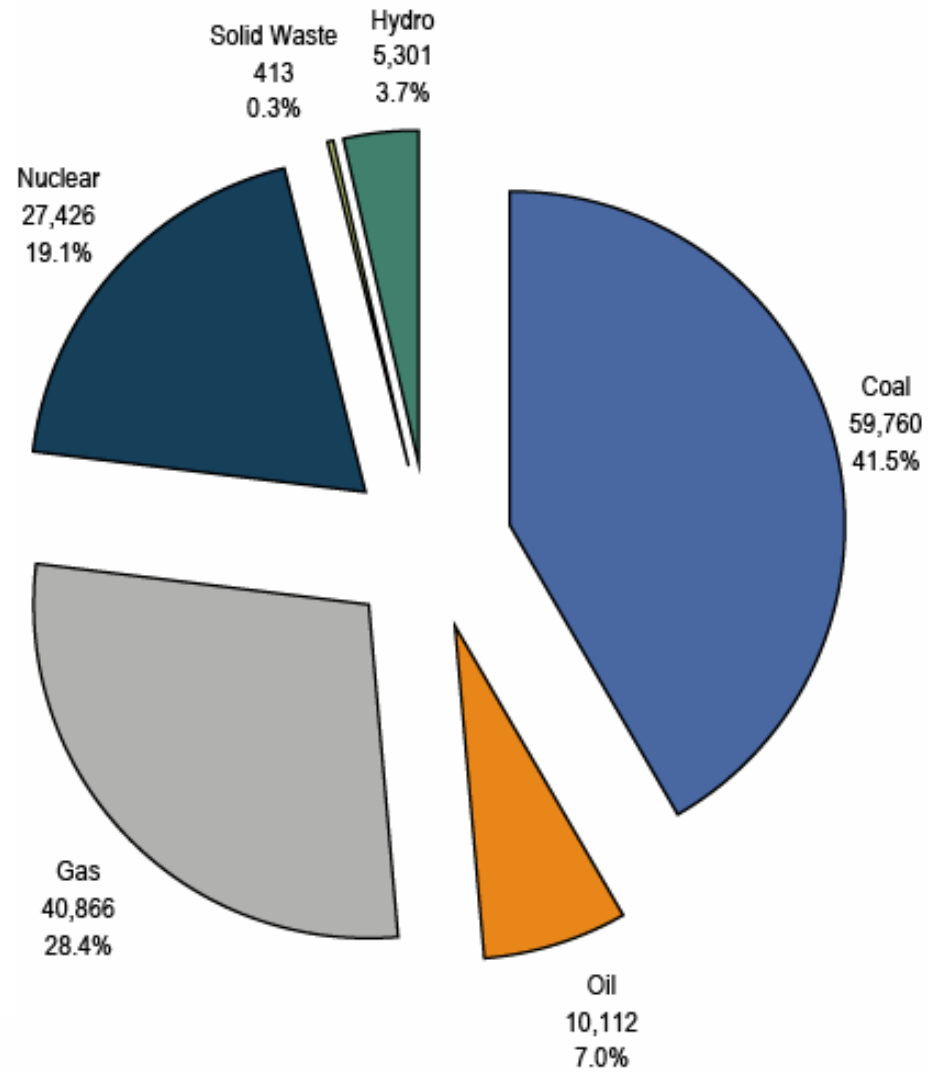
PJM average hourly load and spot market volume: Calendar year 2004



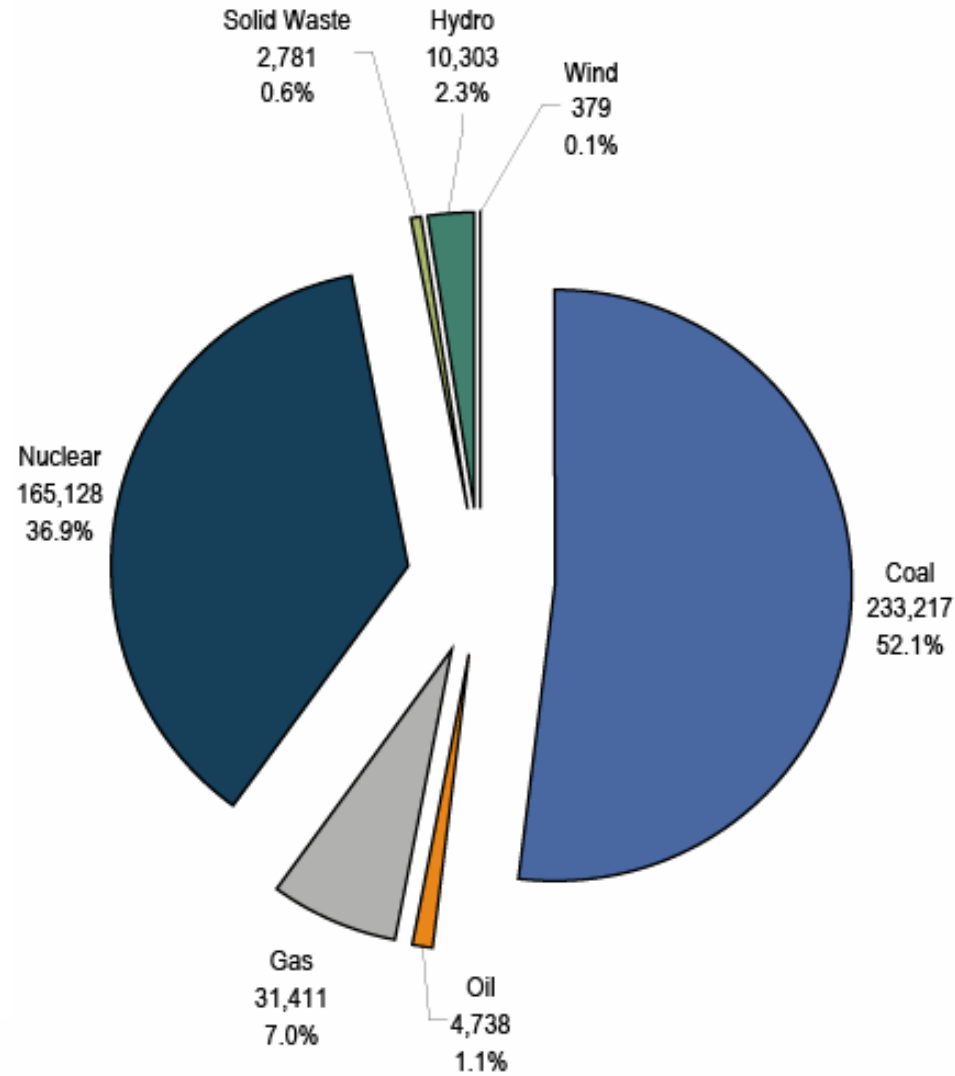
PJM capacity by fuel source: At January 1, 2004



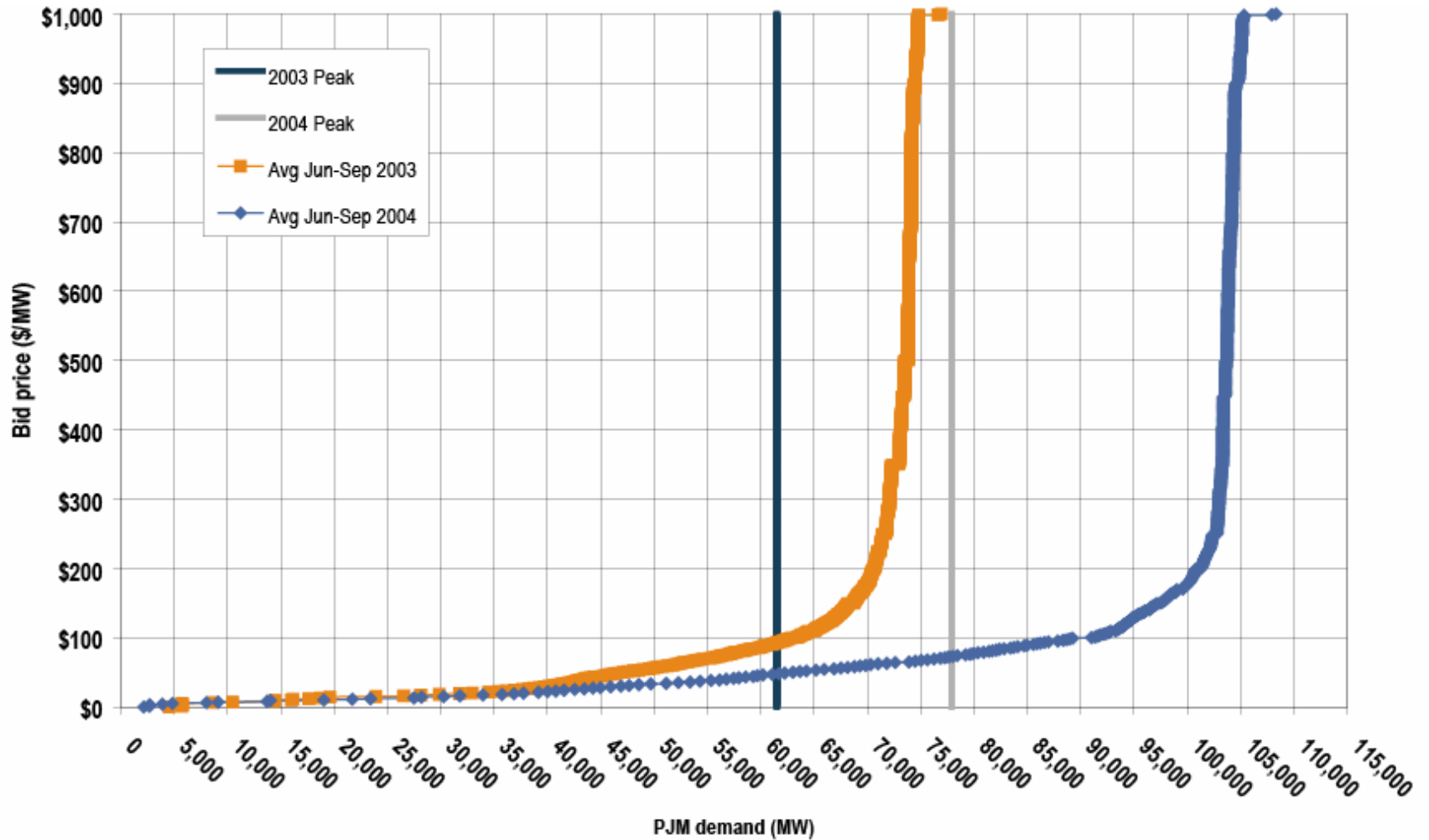
PJM capacity by fuel source: At December 31, 2004



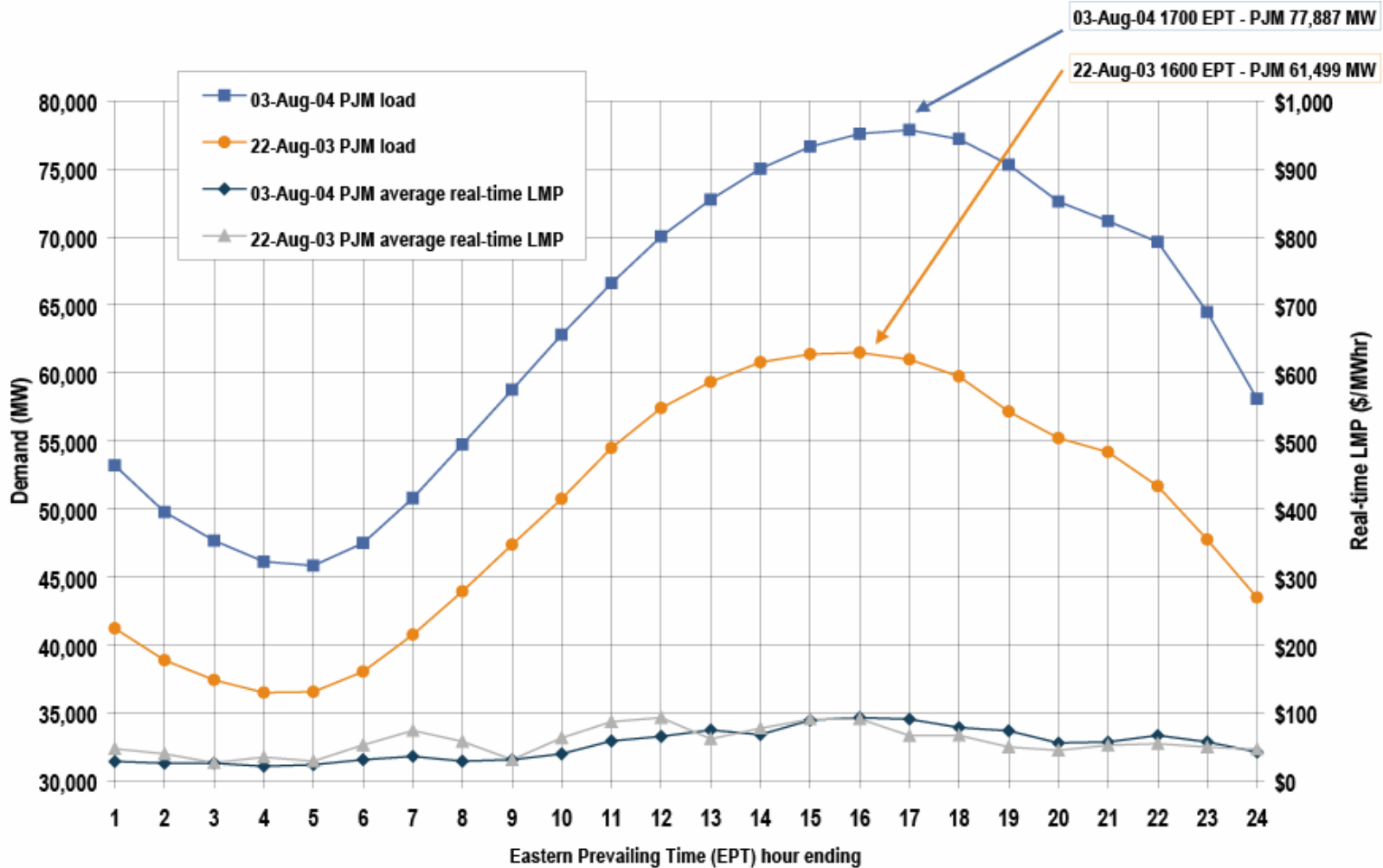
PJM generation by fuel source (GWh): Calendar year 2004



Average PJM aggregate supply curves: Summers 2003 and 2004



PJM peak-load comparison: Tuesday, August 3, 2004, and Friday, August 22, 2003



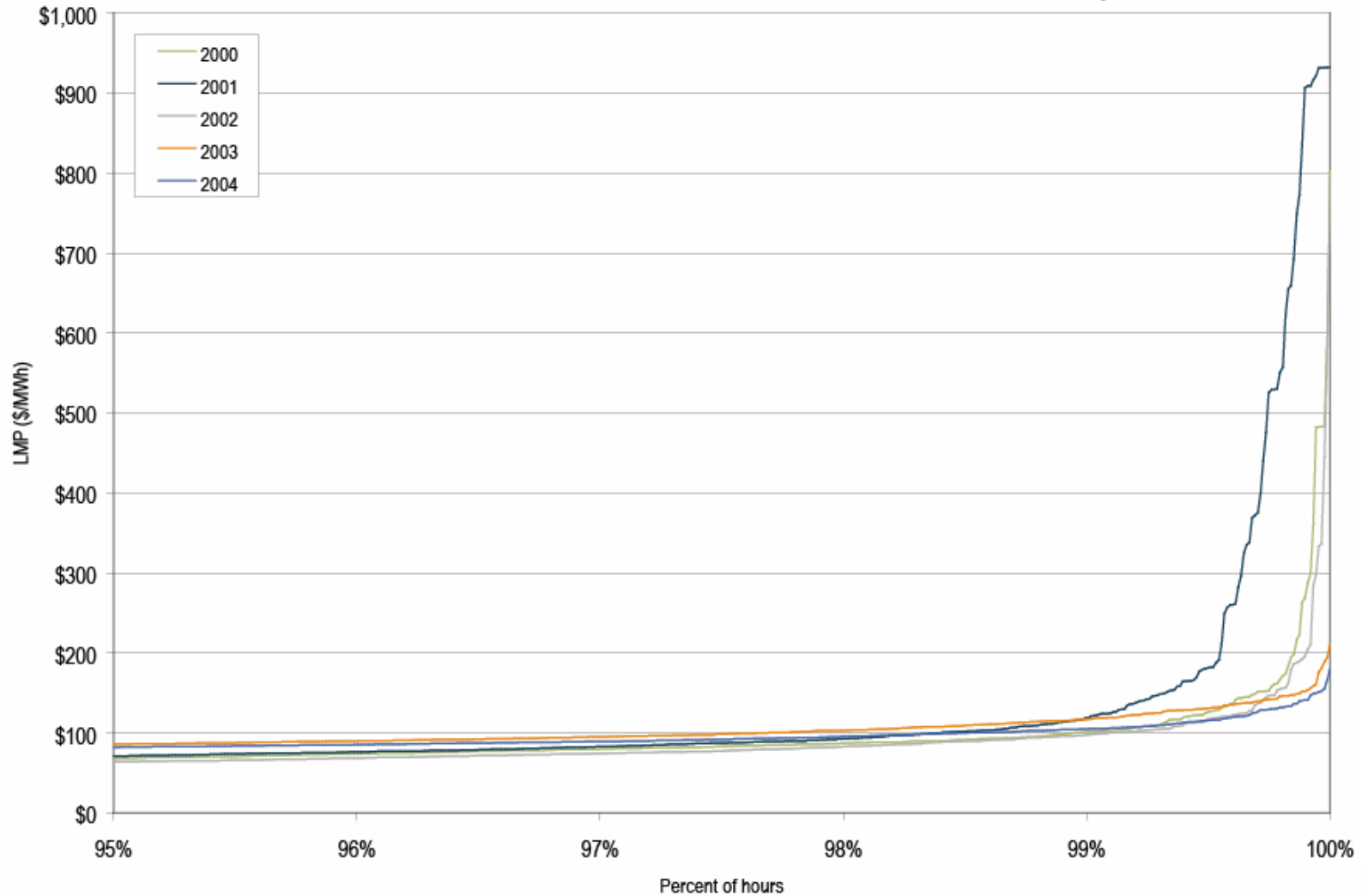


PJM average hourly LMP (Dollars per MWh):
Calendar years 1998 to 2004

	Locational Marginal Prices (LMPs)			Year-to-Year Changes		
	Average	Median	Standard Deviation	Average LMP	Median LMP	Standard Deviation
1998	\$21.72	\$16.60	\$31.45	N/A	N/A	N/A
1999	\$28.32	\$17.88	\$72.42	30.4%	7.7%	130.3%
2000	\$28.14	\$19.11	\$25.69	-0.6%	6.9%	-64.5%
2001	\$32.38	\$22.98	\$45.03	15.1%	20.3%	75.3%
2002	\$28.30	\$21.08	\$22.40	-12.6%	-8.3%	-50.3%
2003	\$38.27	\$30.79	\$24.71	35.2%	46.0%	10.3%
2004	\$42.40	\$38.30	\$21.12	10.8%	24.4%	-14.5%



Price duration curves for the PJM Real-Time Energy Market during hours above the 95th Percentile: Calendar years 2000 to 2004

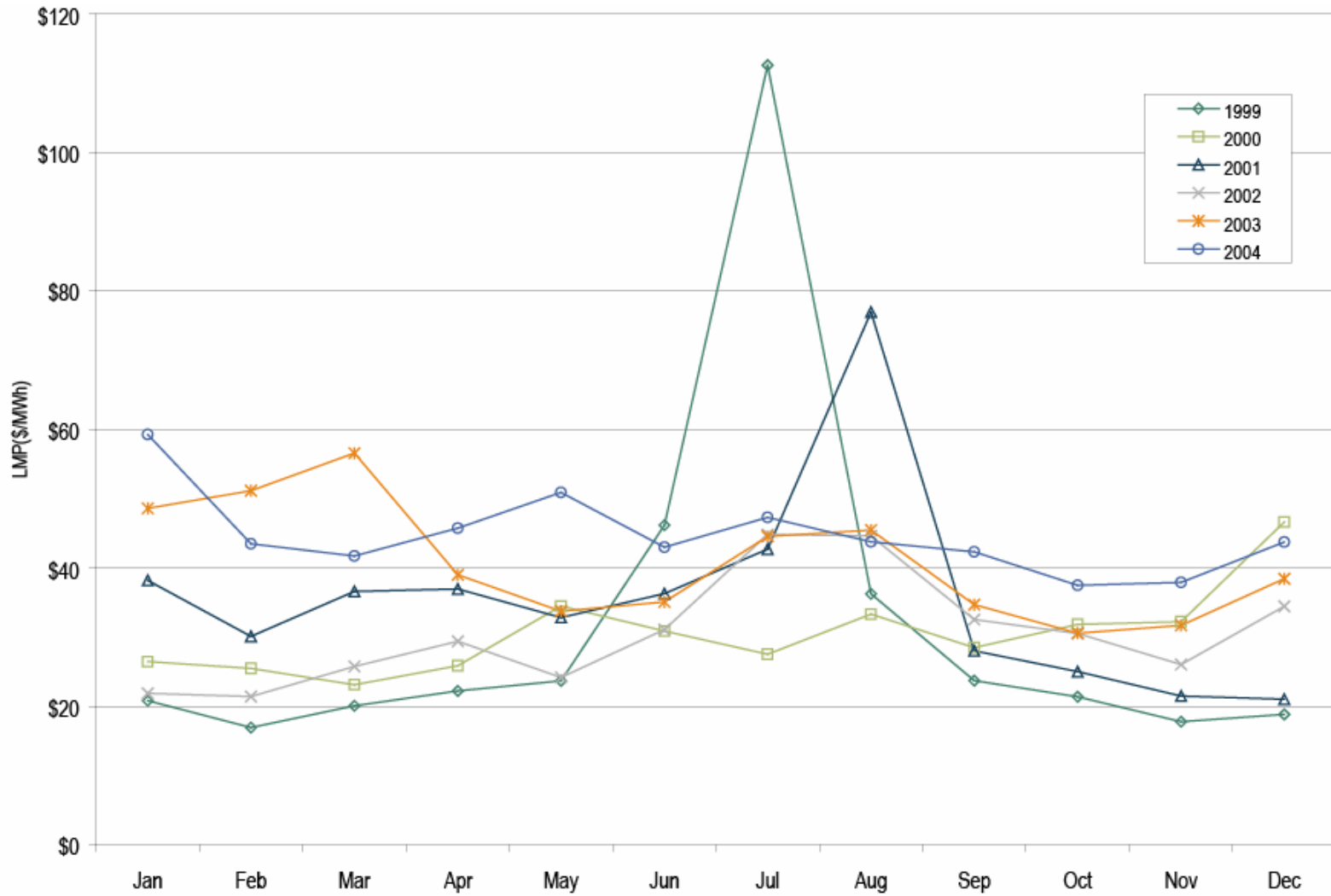




PJM load-weighted, average LMP (Dollars per MWh):
Calendar years 1998 to 2004

	Load-Weighted Average LMP			Year-to-Year Changes		
	Average	Median	Standard Deviation	Average LMP	Median LMP	Standard Deviation
1998	\$24.16	\$17.60	\$39.29	N/A	N/A	N/A
1999	\$34.07	\$19.02	\$91.49	41.0%	8.1%	132.8%
2000	\$30.72	\$20.51	\$28.38	-9.8%	7.9%	-69.0%
2001	\$36.66	\$25.08	\$57.26	19.3%	22.3%	101.8%
2002	\$31.58	\$23.40	\$26.73	-13.9%	-6.7%	-53.3%
2003	\$41.23	\$34.95	\$25.40	30.6%	49.4%	-5.0%
2004	\$44.34	\$40.16	\$21.25	7.5%	14.9%	-16.3%

Figure 2-15 Monthly load-weighted, average LMP:
Calendar years 1999 to 2004





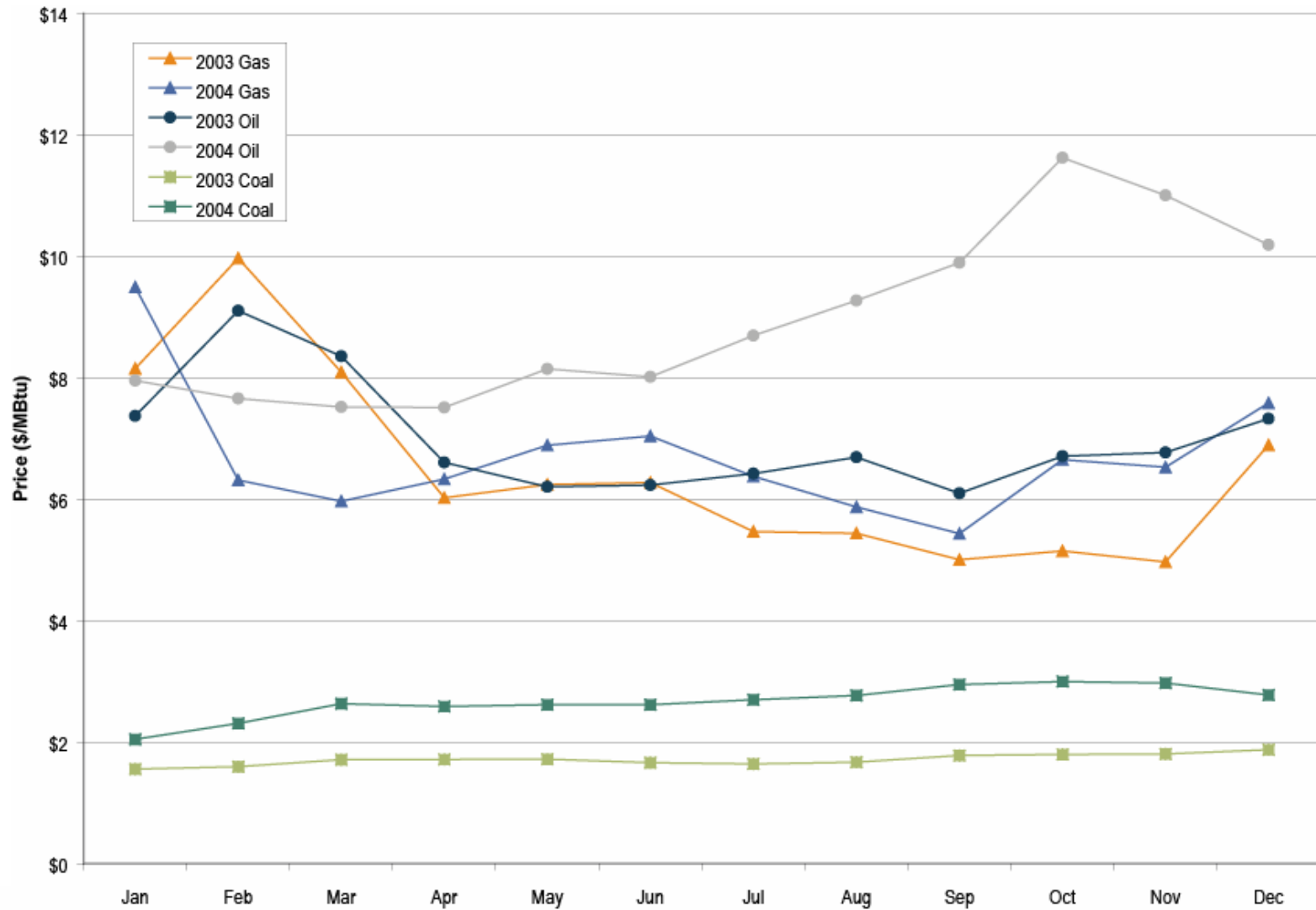
PJM fuel-cost-adjusted, load-weighted LMP (Dollars per MWh): Calendar years 2003 to 2004

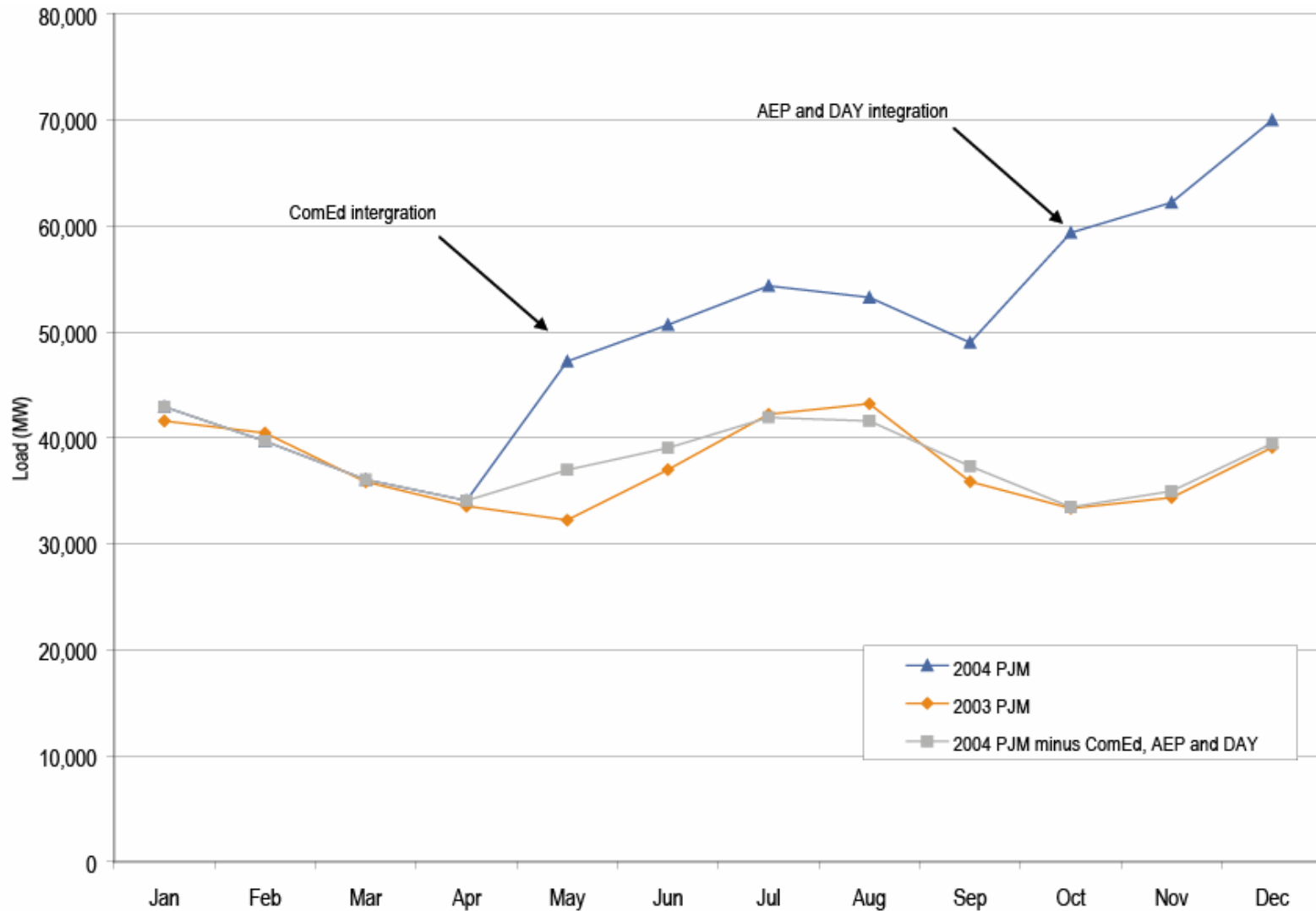
	2003	2004	Change
Average LMP	\$41.23	\$39.49	-4.2%
Median LMP	\$34.95	\$34.47	-1.4%
Standard Deviation	\$25.40	\$20.81	-18.1%

Type of fuel used by marginal units: Calendar years 2000 to 2004

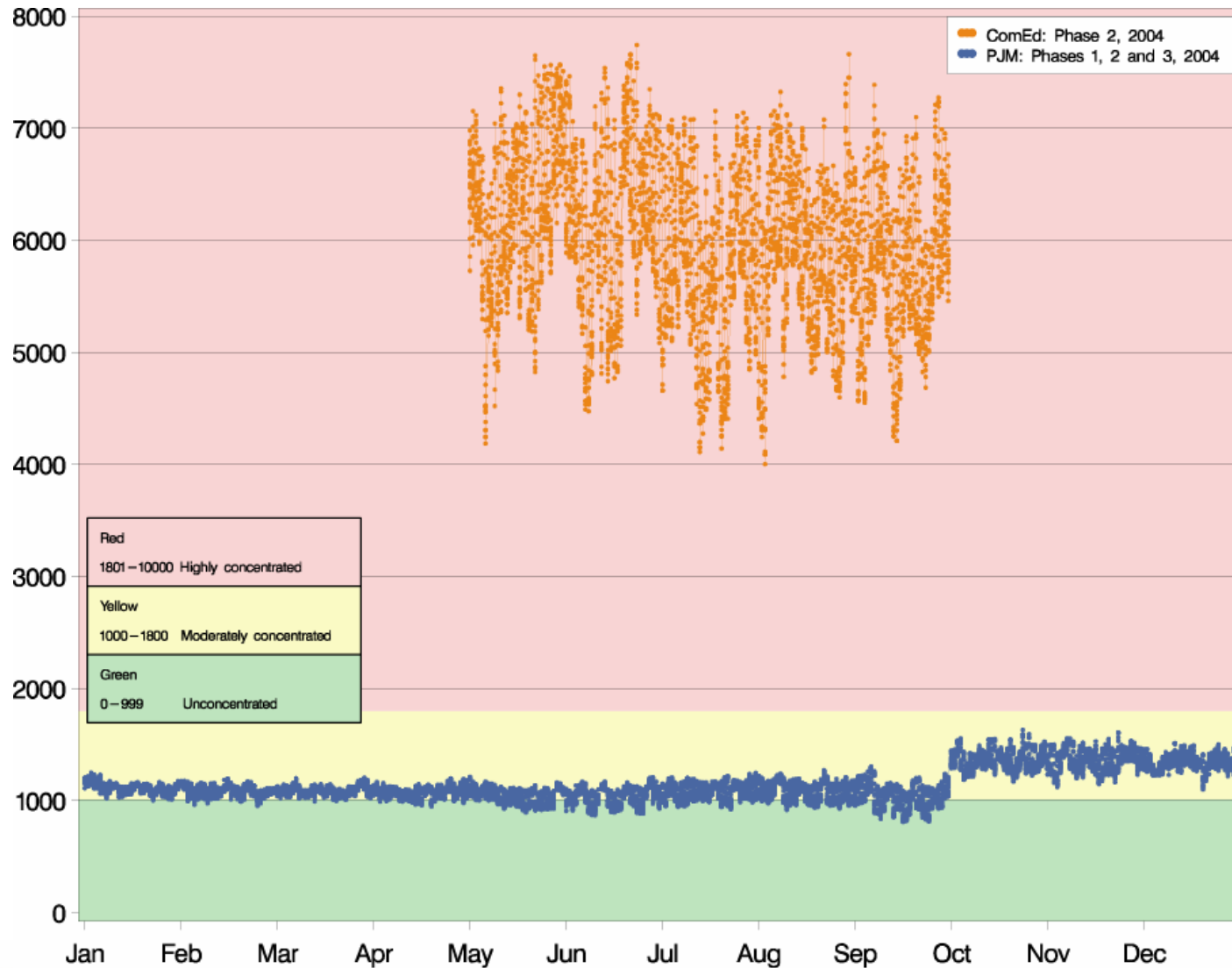
Fuel Type	2000	2001	2002	2003	2004	Phase 2	
						ComEd	PJM
Coal	48%	49%	55%	52%	56%	86%	41%
Misc	0%	0%	0%	0%	0%	0%	1%
Natural gas	18%	18%	23%	29%	31%	13%	36%
Nuclear	2%	1%	0%	1%	0%	0%	0%
Petroleum	31%	32%	21%	18%	12%	0%	22%

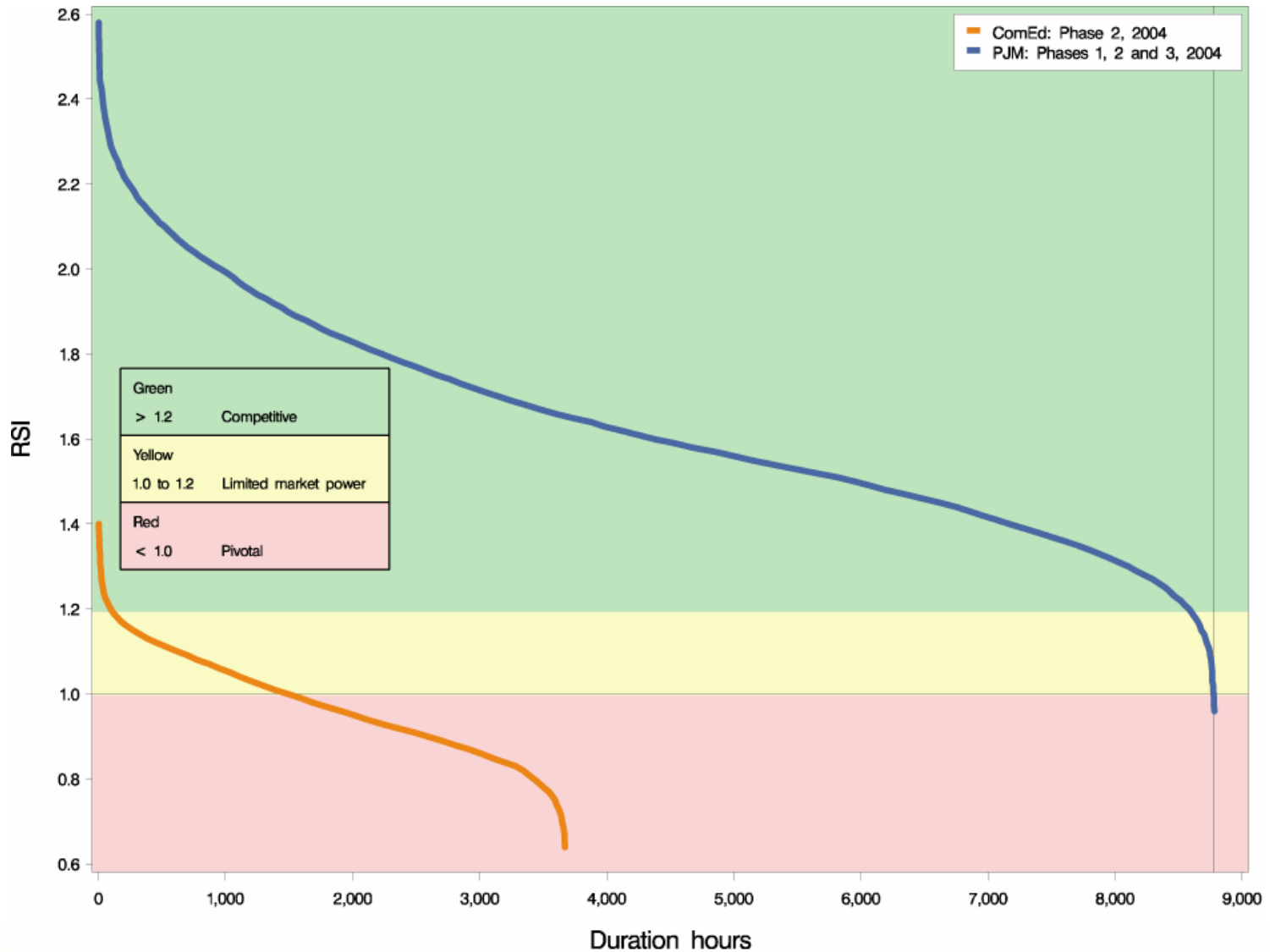
Spot fuel price comparison: Calendar years 2003 to 2004



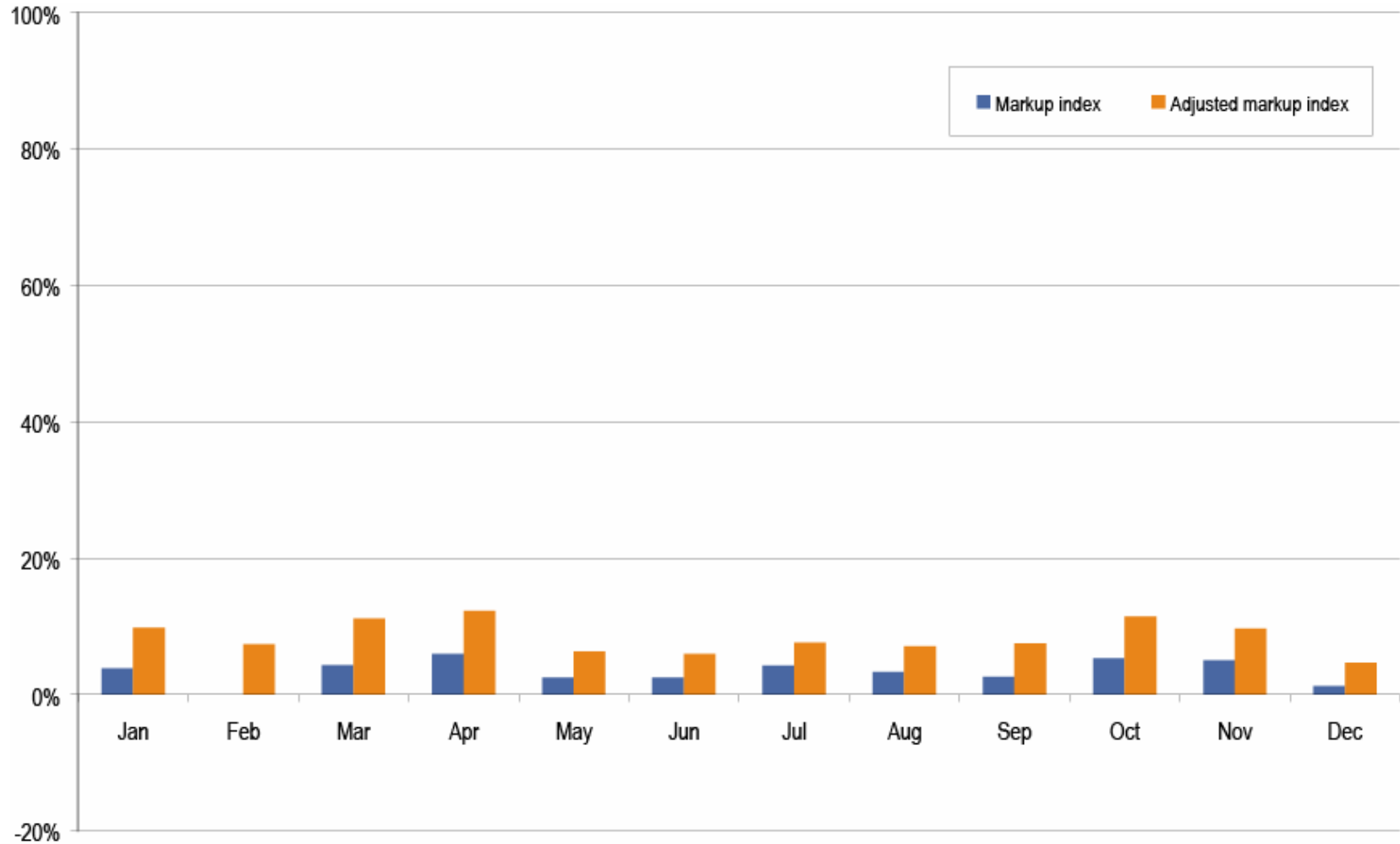


PJM and ComEd hourly Energy Market HHI: Phases 1, 2 and 3, 2004



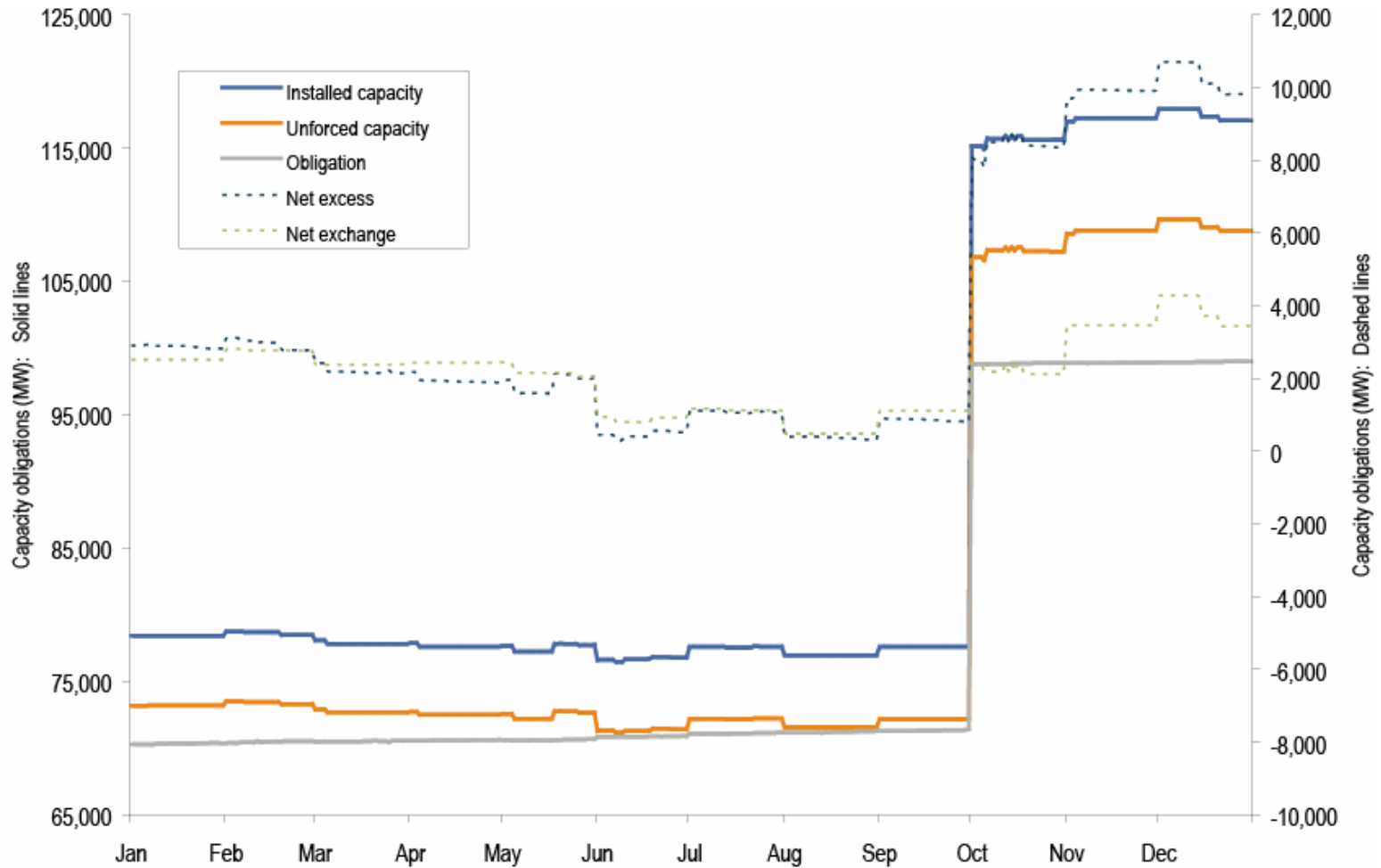


Average monthly load-weighted markup indices: Calendar year 2004

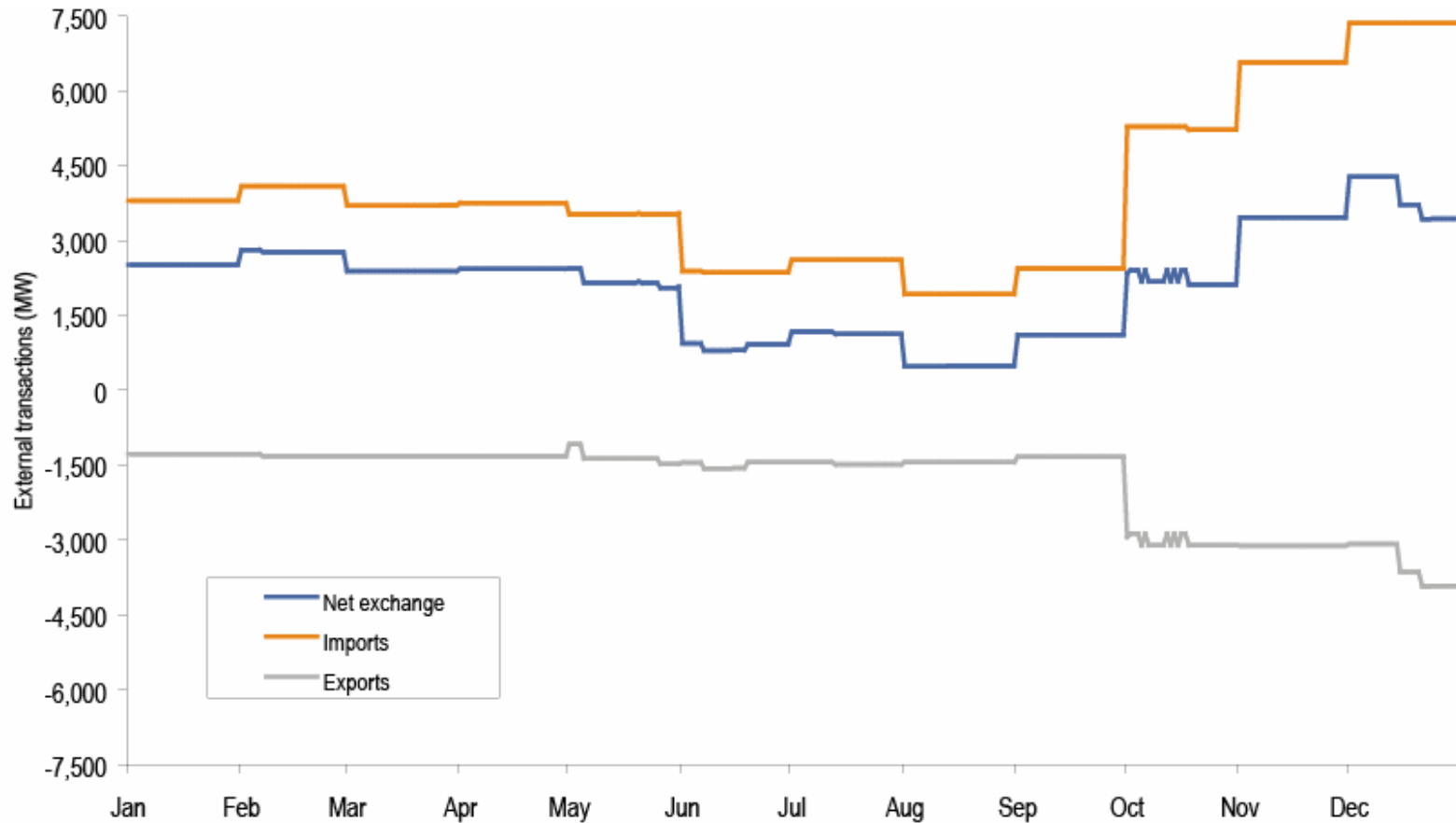




Capacity obligations to the PJM Capacity Market: Calendar year 2004

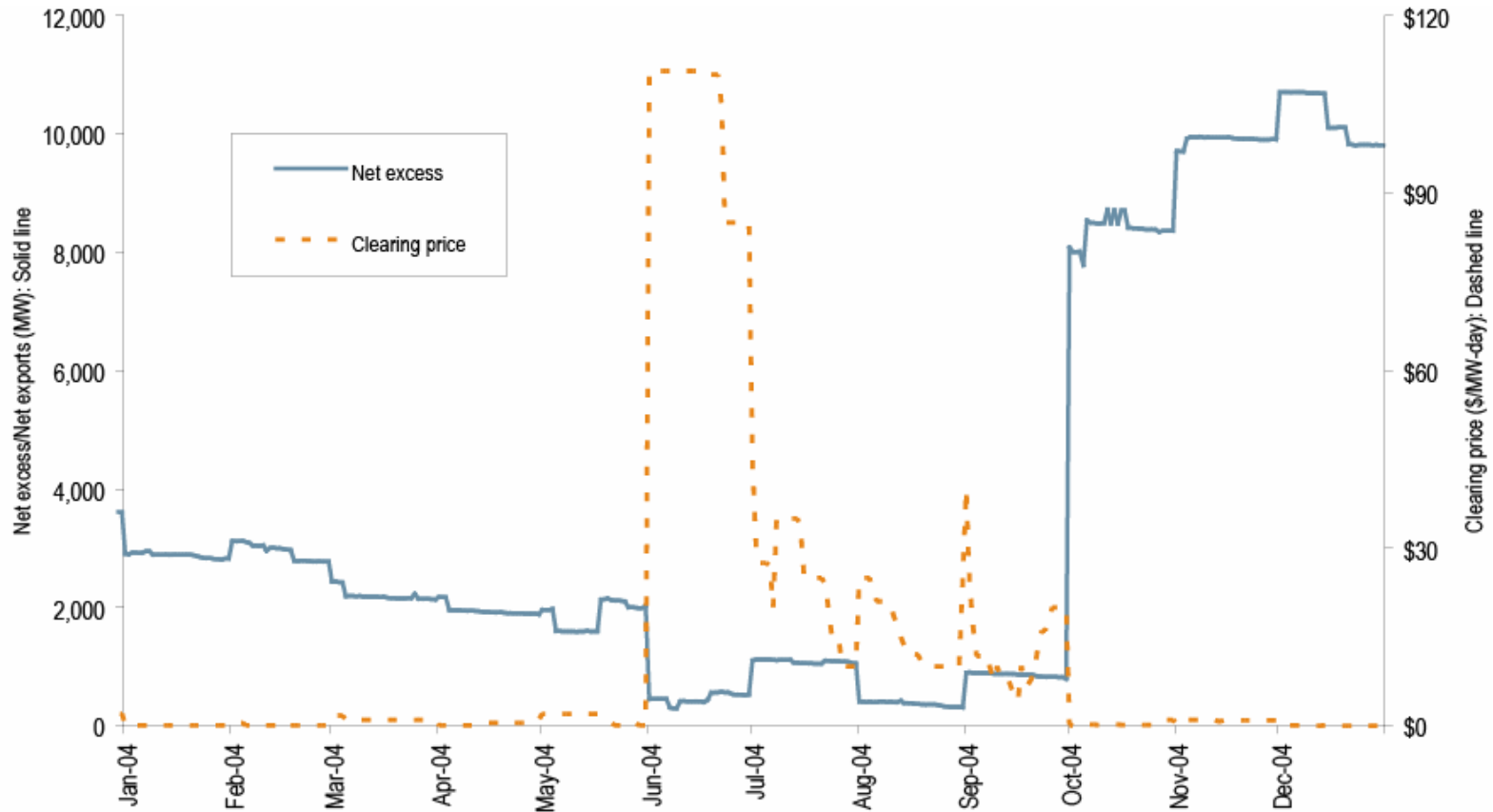


External PJM Capacity Market transactions: Calendar year 2004

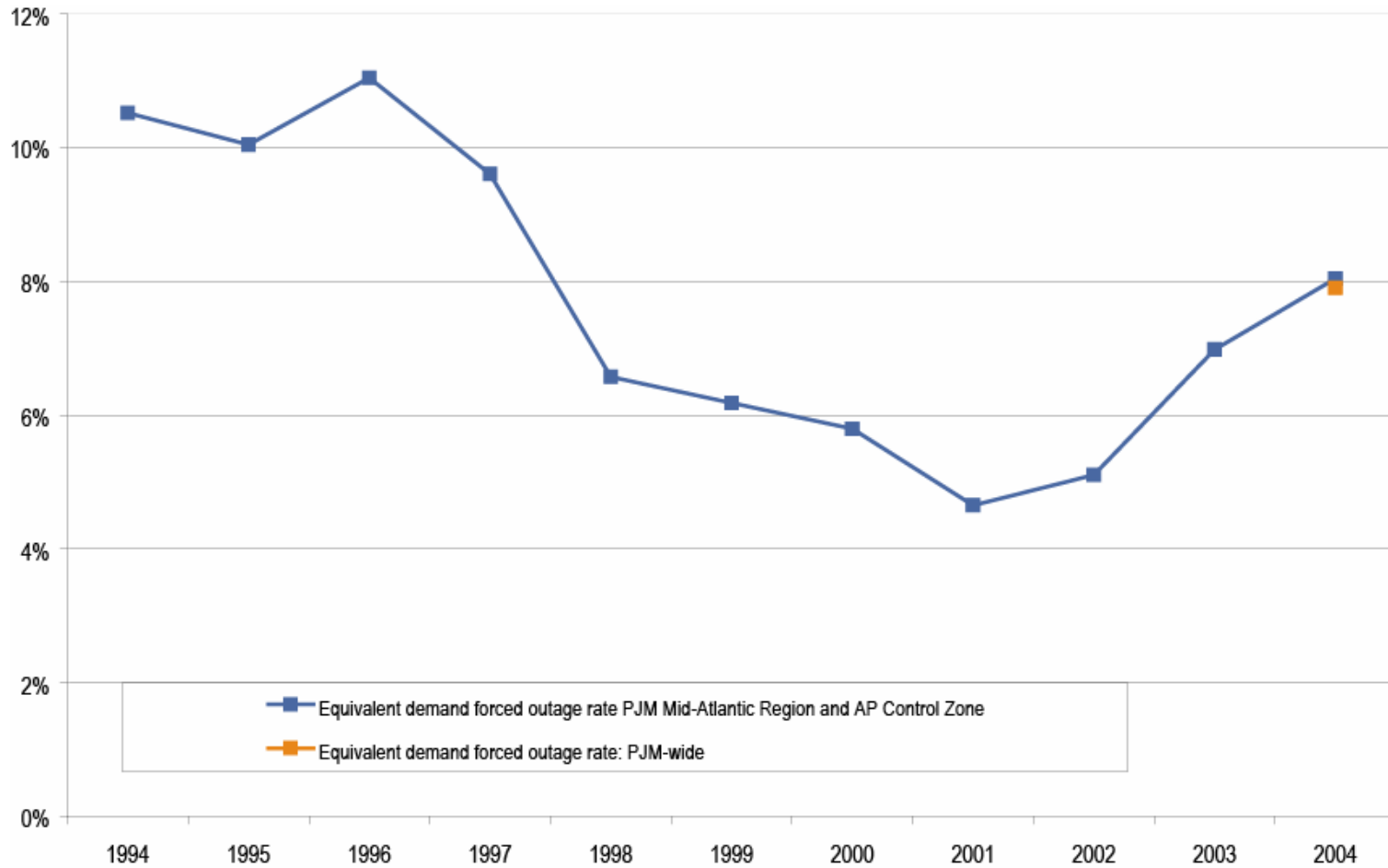




The PJM Capacity Market's net excess vs. capacity credit market-clearing prices: Calendar year 2004



Trends in PJM equivalent demand forced outage rate (EFORd): Calendar years 1994 to 2004



PJM energy market net revenue by unit marginal cost: Calendar years 1999 to 2004

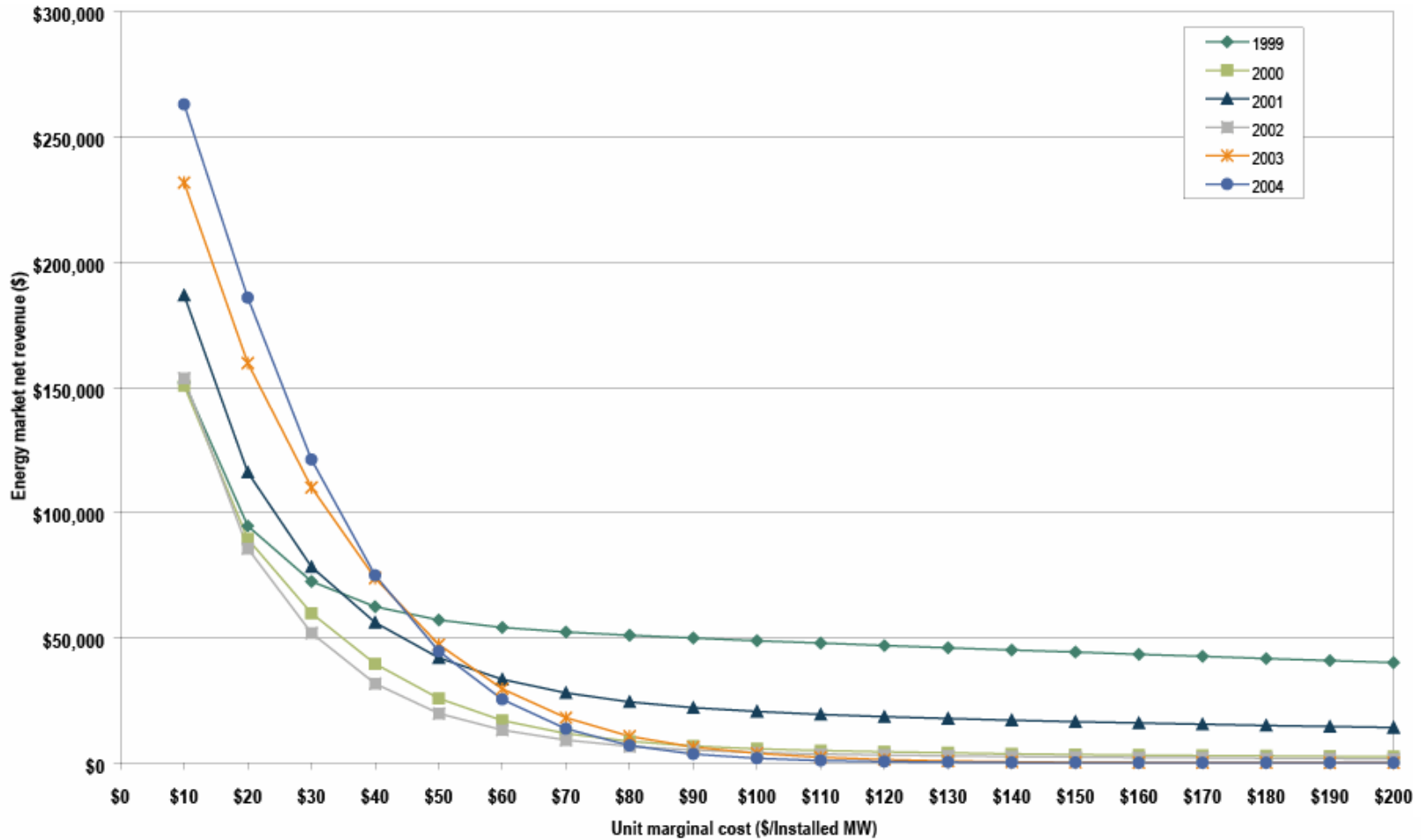


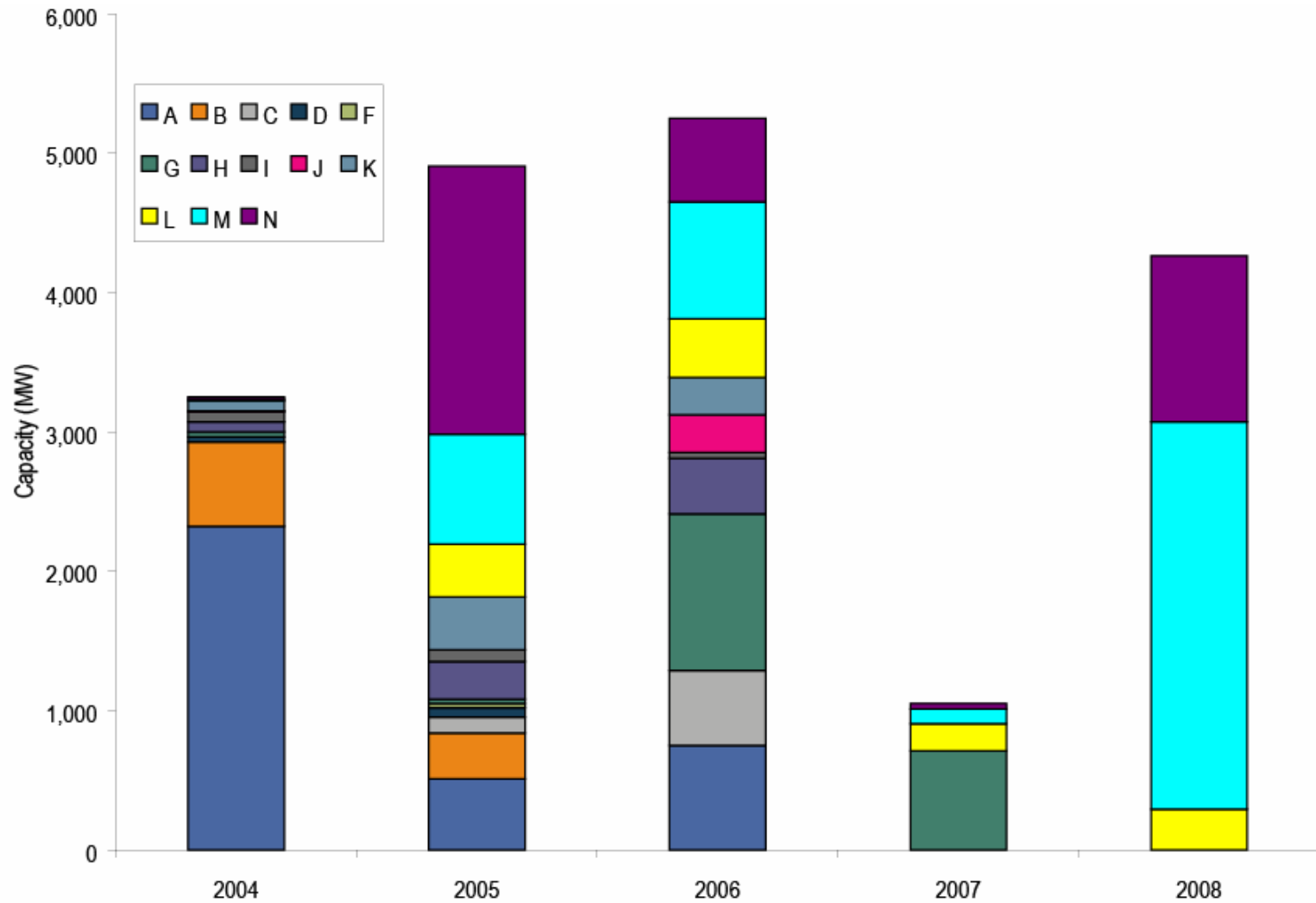
Table 1.

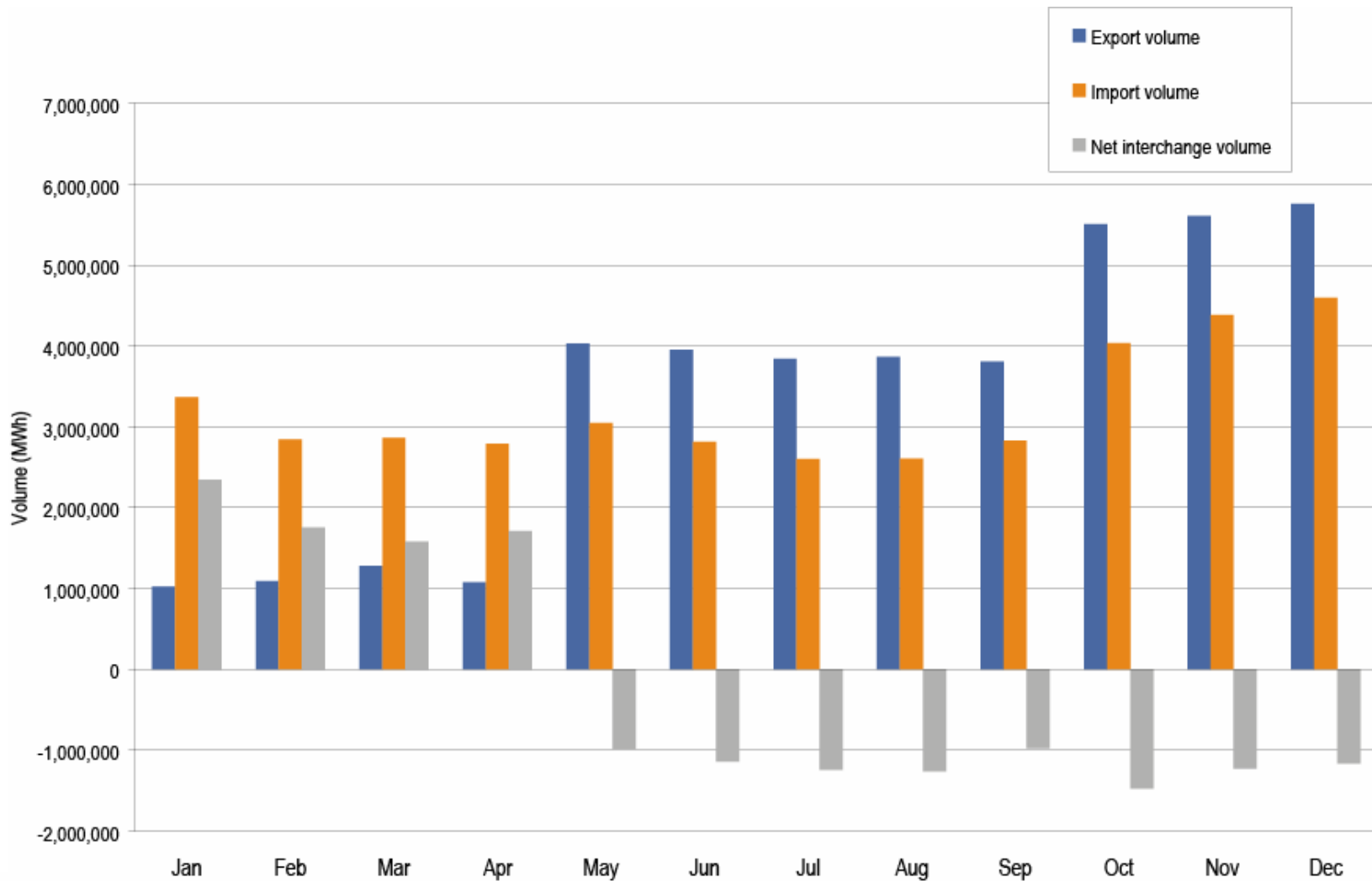
Unit Type	First Year Operating Fixed Cost	20 Year Levelized Fixed Cost	Perfect Dispatch Average Net Revenue 1999 to 2004	Realistic Dispatch Average Net Revenue 1999 to 2004
Combustion Turbine (CT)	\$61,726	\$72,207	\$44,314	\$36,195
Combined Cycle (CC)	\$79,969	\$93,549	\$77,107	\$52,243
Pulverized Coal (CP)	\$178,019	\$208,247	\$141,747	\$137,015

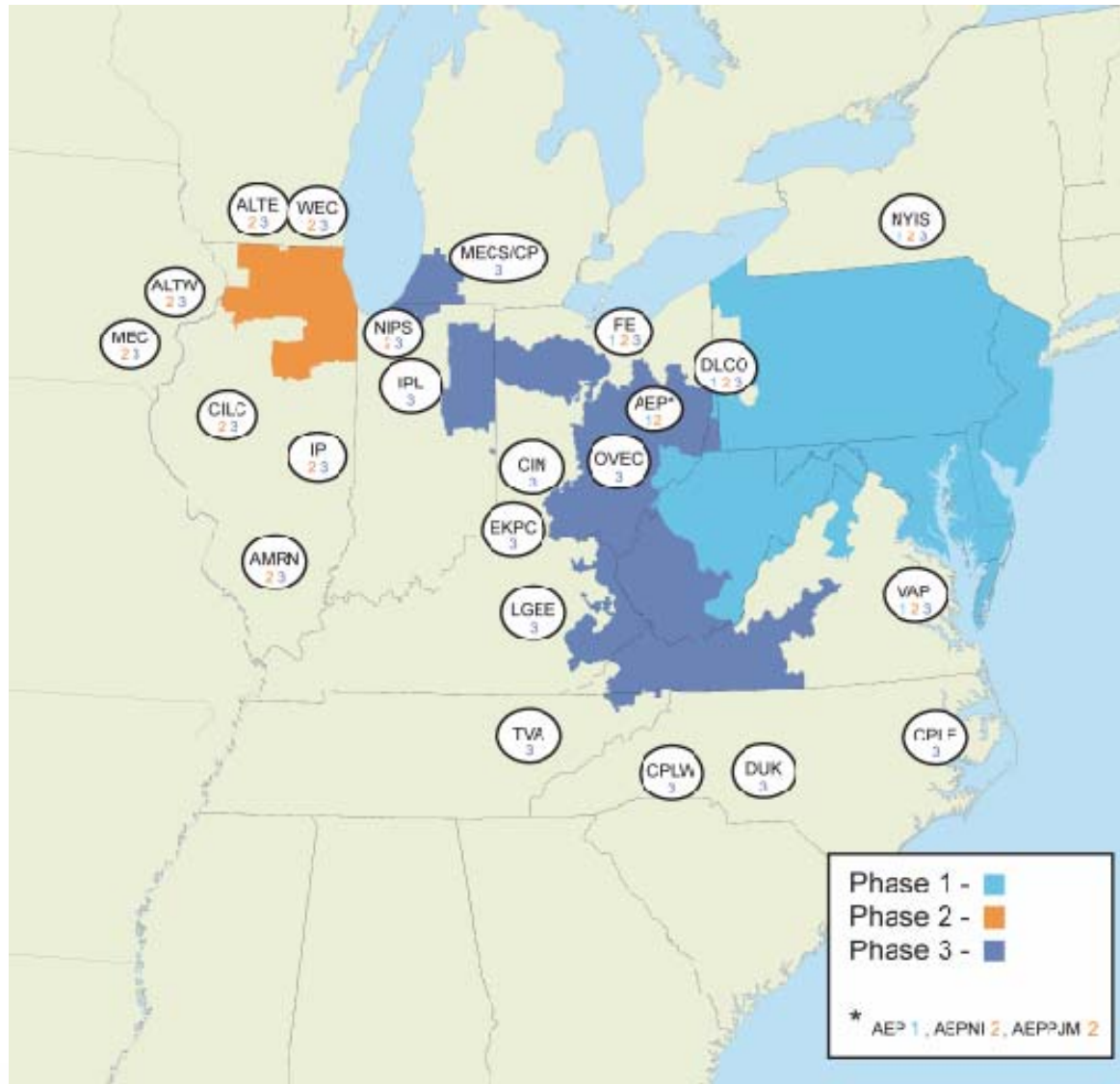
Table 2.

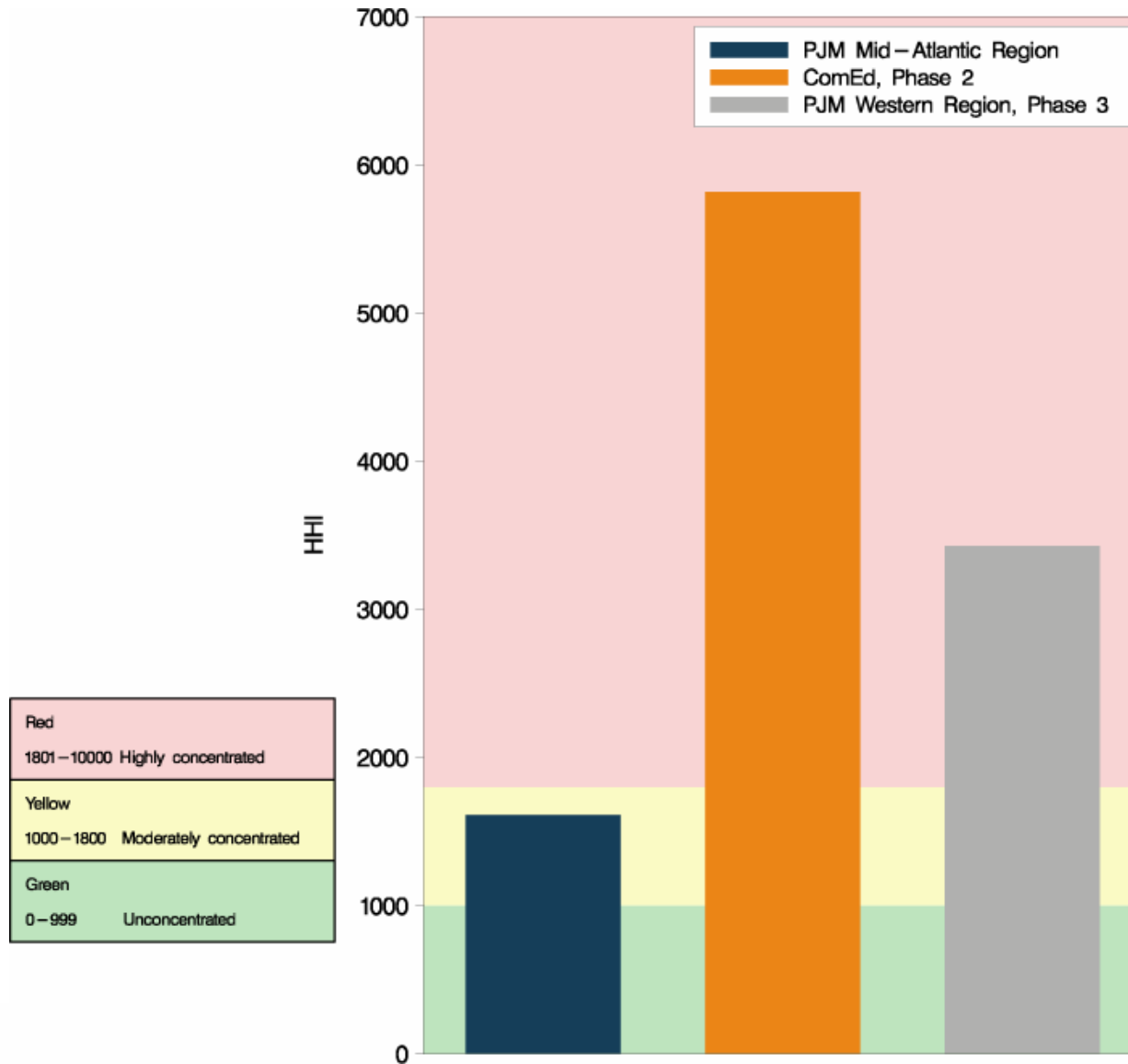
Unit Type	First Year Operating Fixed Cost	20 Year Levelized Fixed Cost	Perfect Dispatch Net Revenue 2004	Realistic Dispatch Net Revenue 2004
Combustion Turbine (CT)	\$61,726	\$72,207	\$15,829	\$8,685
Combined Cycle (CC)	\$79,969	\$93,549	\$58,657	\$36,446
Pulverized Coal (CP)	\$178,019	\$208,247	\$146,203	\$134,420

Queued capacity by in-service date: At December 31, 2004

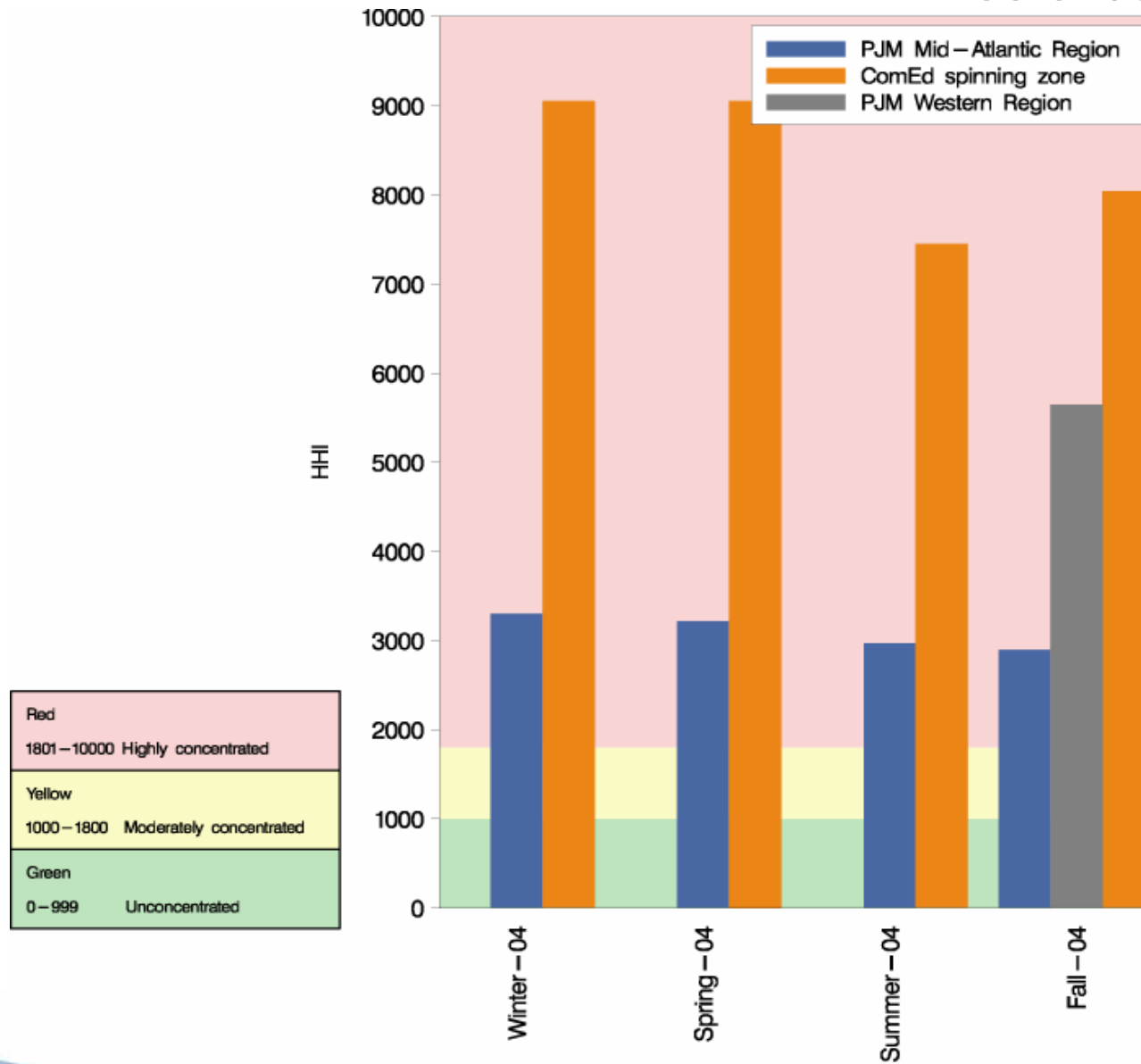








PJM system Spinning Reserve Market HHI: Calendar year 2004

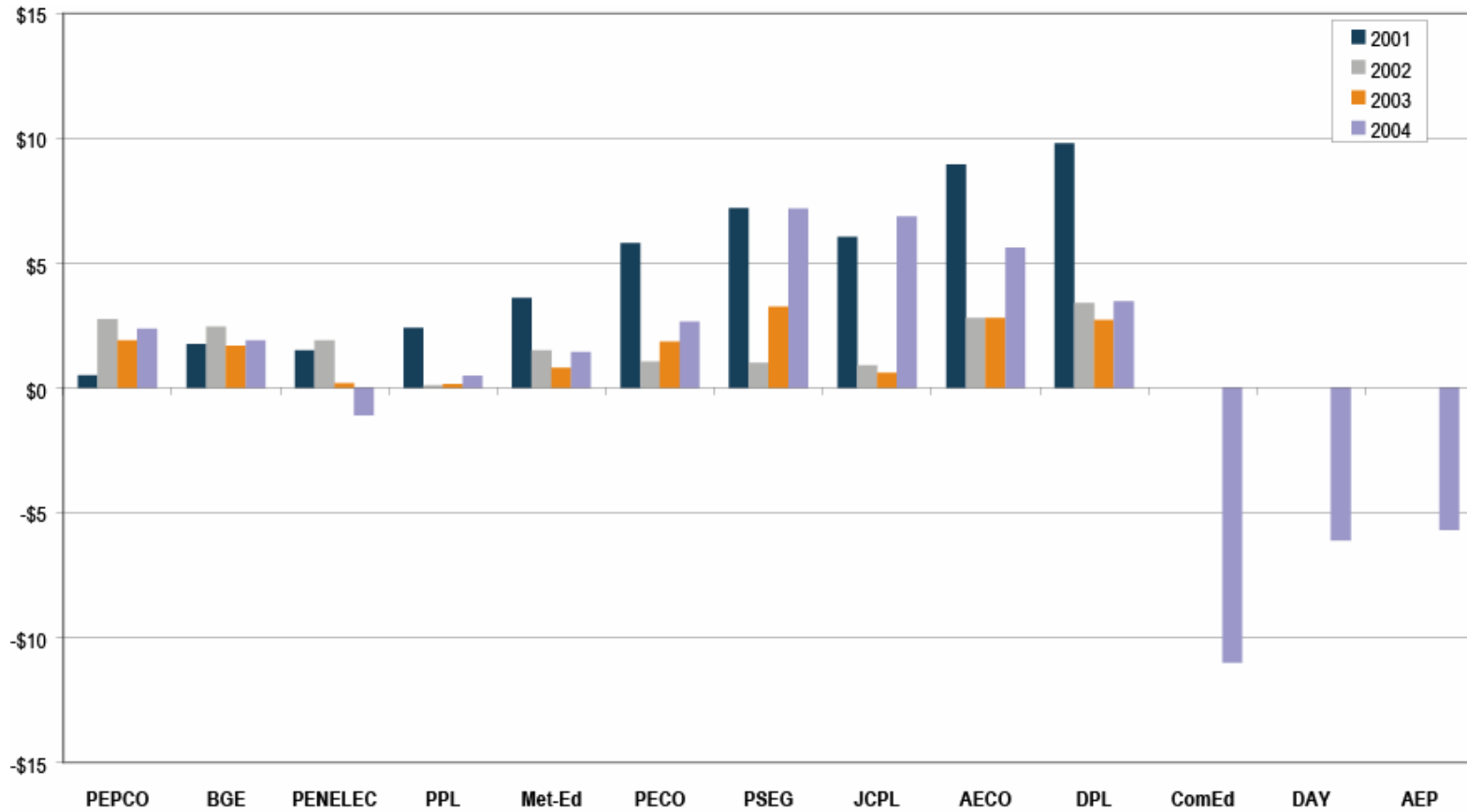




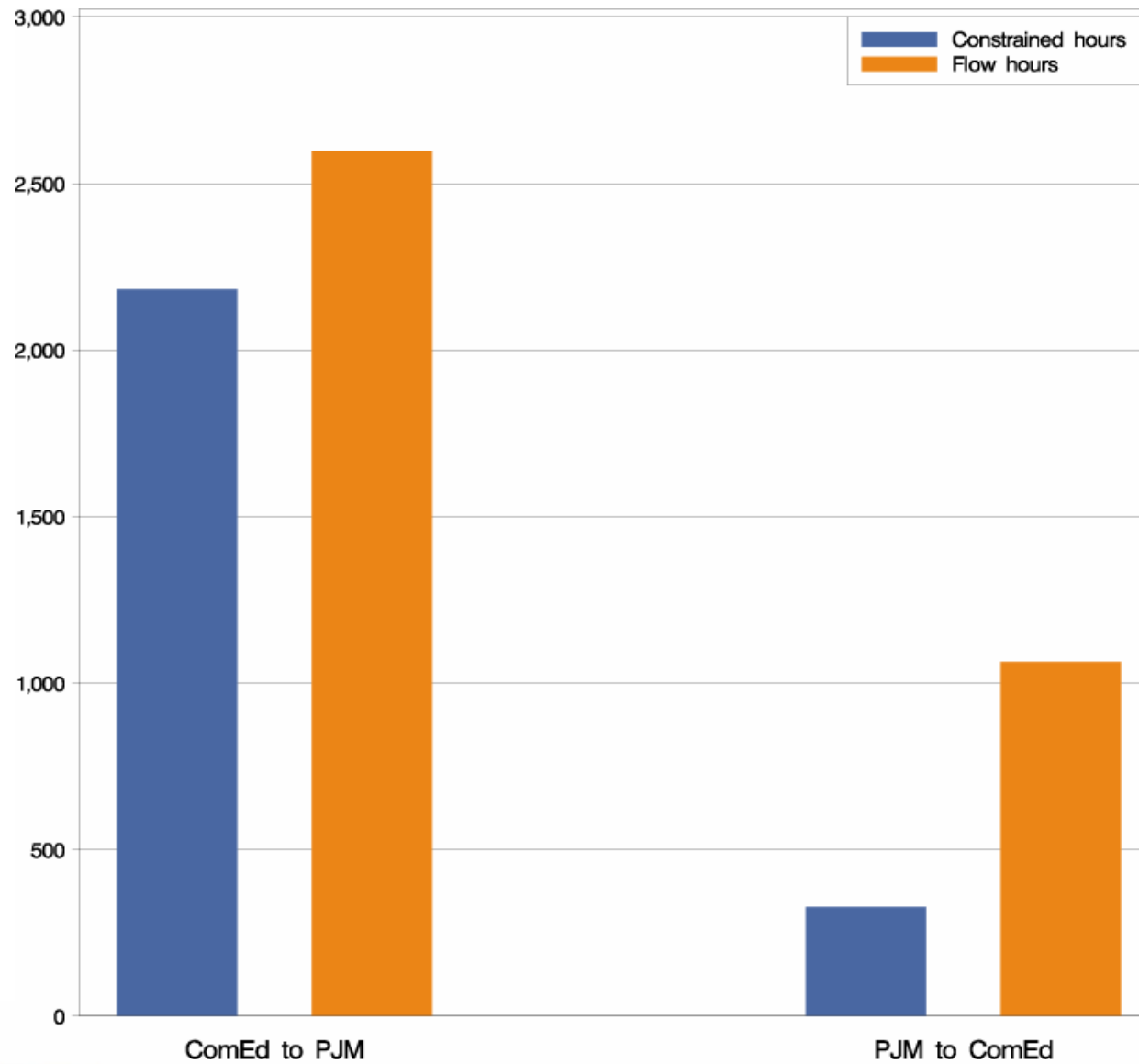
Total annual PJM congestion [Dollars (millions)]: Calendar years 1999 to 2004

	Congestion Charges	Percent Increase	Total PJM Billing	Percent of PJM Billing
1999	\$53	N/A	N/A	N/A
2000	\$132	149%	\$2,300	6%
2001	\$271	105%	\$3,400	8%
2002	\$430	59%	\$4,700	9%
2003	\$499	16%	\$6,900	7%
2004	\$808	62%	\$8,700	9%
Total	\$2,193	N/A	N/A	N/A

Annual zonal LMP differences (Reference to Western Hub): Calendar years 2001 to 2004



Pathway directional flows and hours of congestion: Phase 2, 2004



Congestion-event hours by facility type: Calendar years 2001 to 2004

