



STATE OF THE MARKET REPORT 2004

FERC Briefing
April 13, 2005

Joseph E. Bowring
Market Monitor

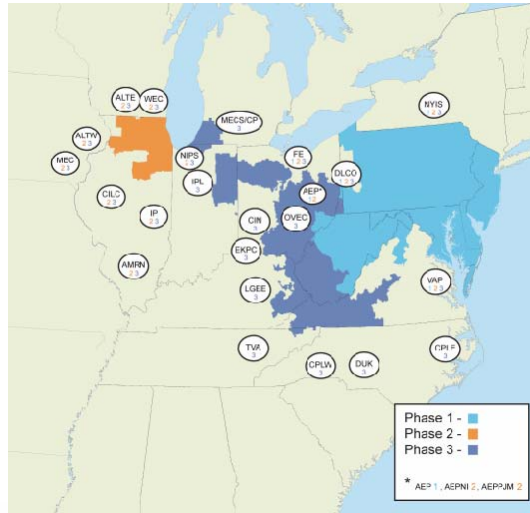


State of the Market Conclusions

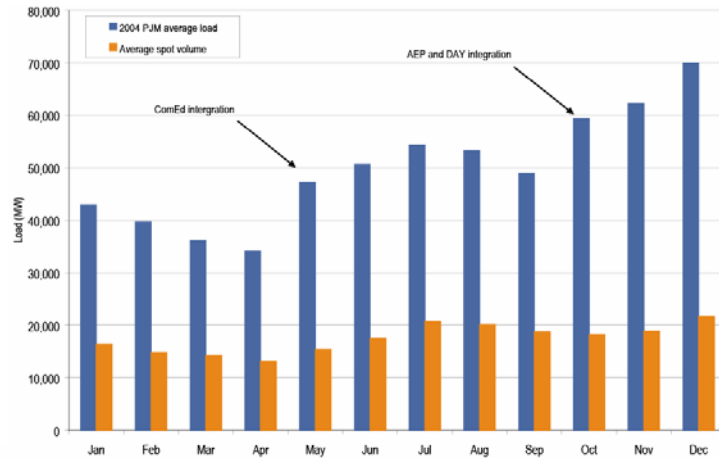
- **Energy Market** results were competitive
- **PJM Capacity Market** results were competitive
- **ComEd Capacity Market** results were reasonably competitive
- **Regulation market** results were competitive
 - Price based
 - Cost based
- **Spinning market** results were competitive
 - Cost based
-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

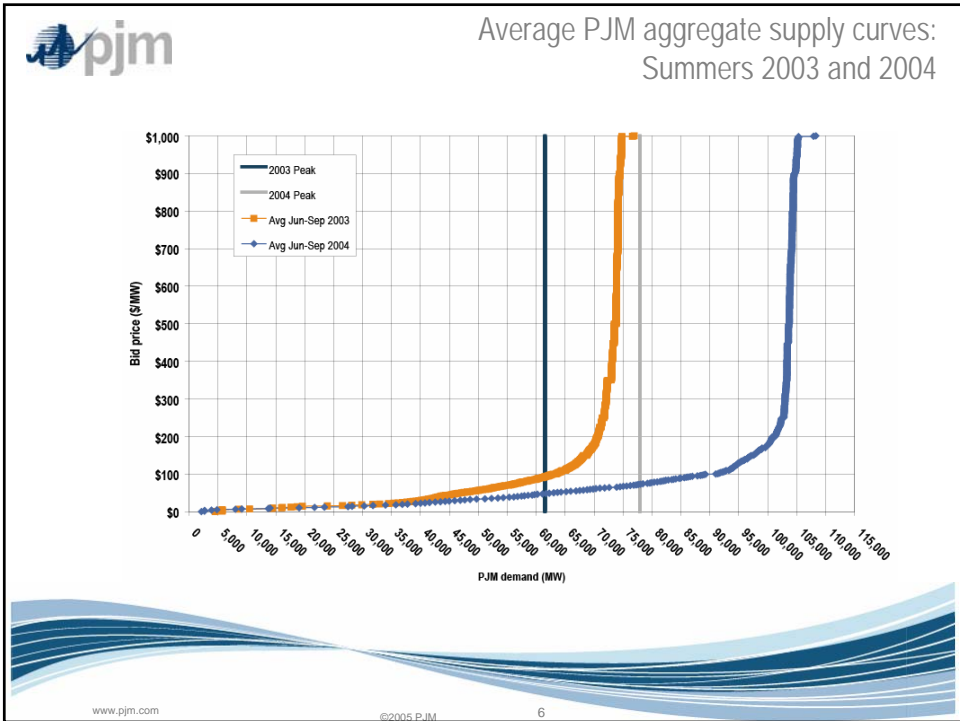
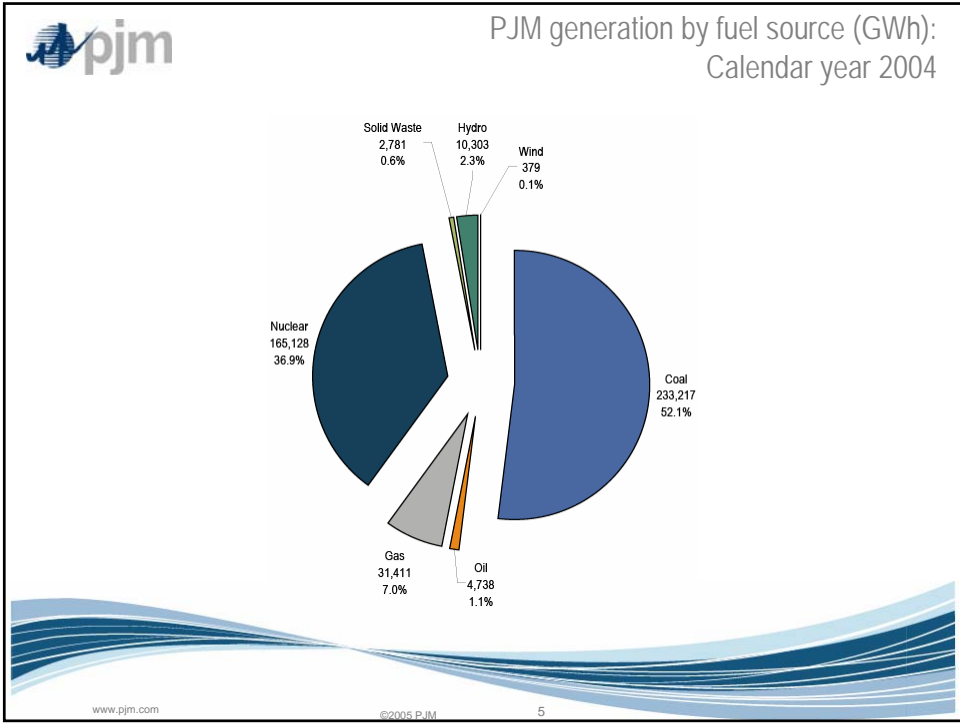


PJM Service Territory



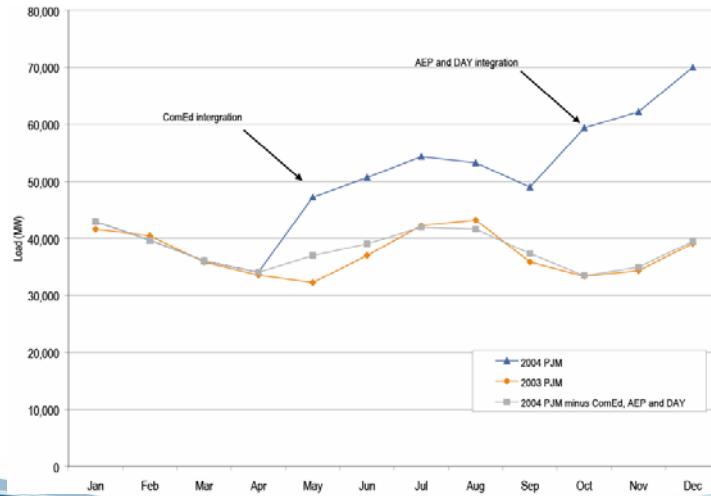
PJM average hourly load and spot market volume: Calendar year 2004







PJM average load:
Calendar years 2003 to 2004



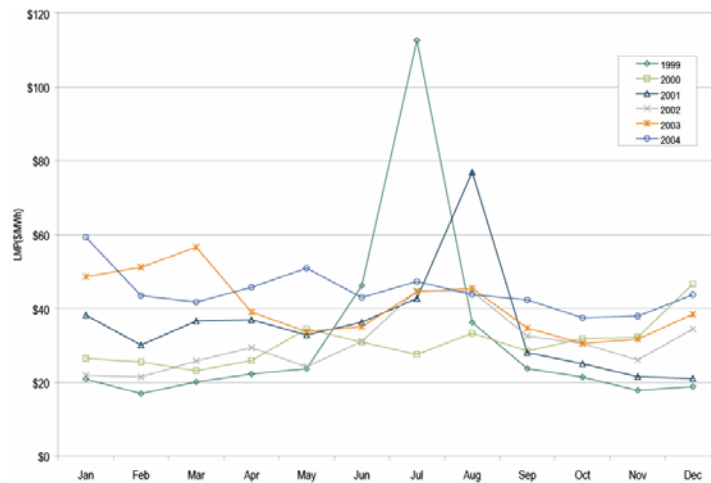
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Figure 2-15 Monthly load-weighted, average LMP:
Calendar years 1999 to 2004



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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% |



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% |

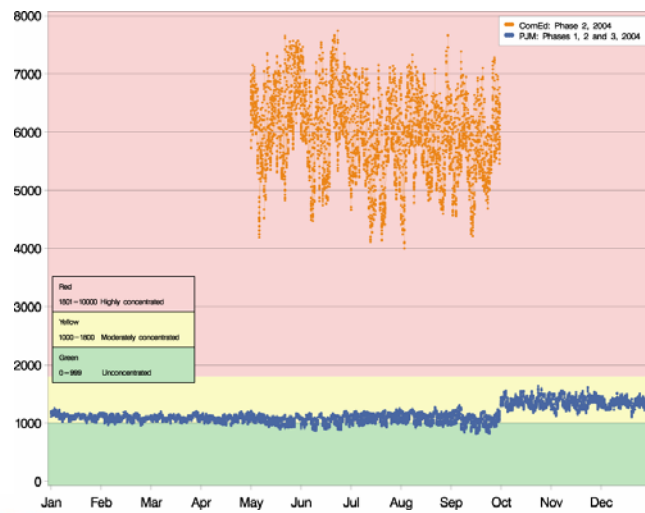


PJM fuel-cost-adjusted, load-weighted LMP
(Dollars per MWh): Calendar years 2003 to 2004

| | 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% |

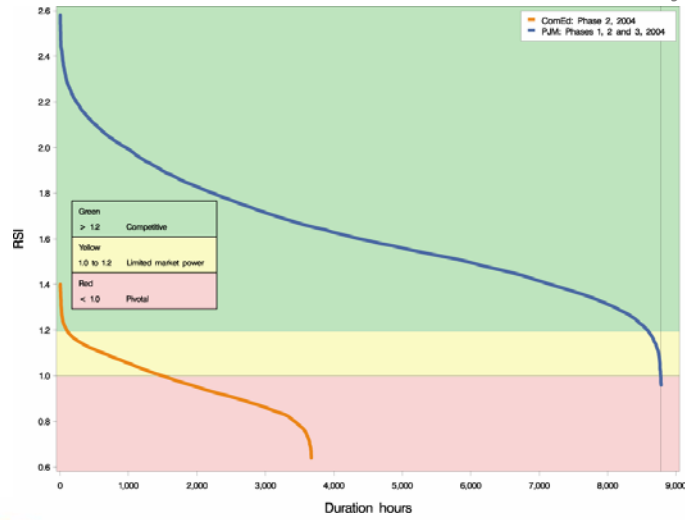


PJM and ComEd hourly Energy Market HHI:
Phases 1, 2 and 3, 2004





PJM and ComEd RSI duration curve: Calendar year 2004



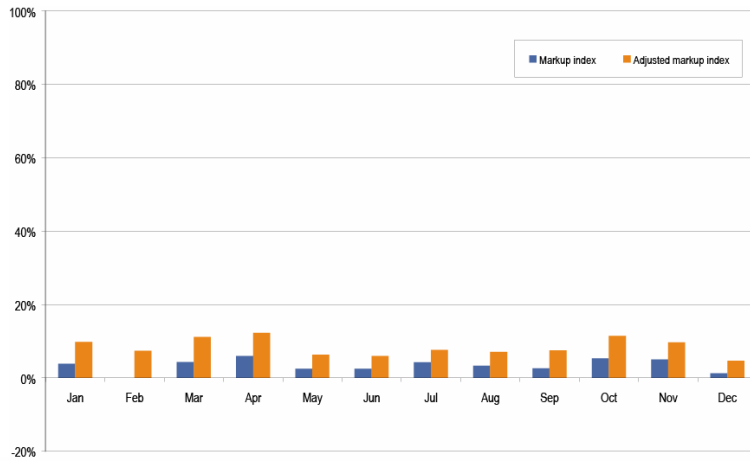
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Average monthly load-weighted markup indices: Calendar year 2004



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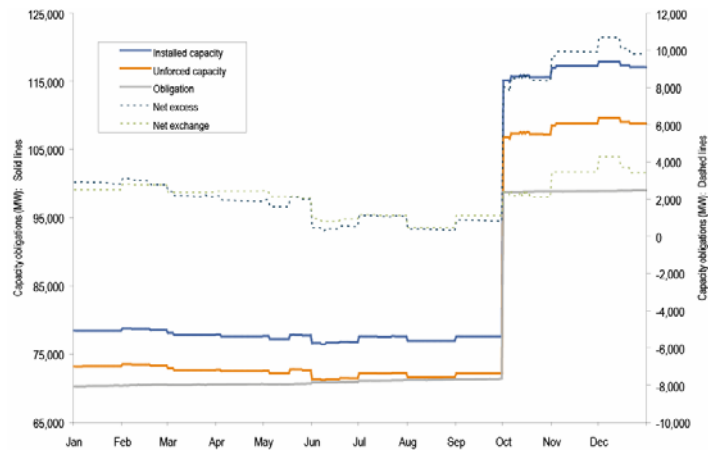


Average real-time, offer-capped MW:
Calendar years 2001 to 2004

| | 2001 | | 2002 | | 2003 | | 2004 | |
|-----|-------------------|---------|-------------------|---------|-------------------|---------|-------------------|---------|
| | Average MW Capped | Percent | Average MW Capped | Percent | Average MW Capped | Percent | Average MW Capped | Percent |
| Jan | 46 | 0.1% | 90 | 0.3% | 87 | 0.2% | 175 | 0.4% |
| Feb | 7 | 0.0% | 46 | 0.2% | 74 | 0.2% | 87 | 0.2% |
| Mar | 84 | 0.3% | 24 | 0.1% | 44 | 0.1% | 76 | 0.2% |
| Apr | 248 | 0.9% | 62 | 0.2% | 29 | 0.1% | 115 | 0.3% |
| May | 291 | 1.1% | 63 | 0.2% | 101 | 0.3% | 257 | 0.5% |
| Jun | 455 | 1.4% | 105 | 0.3% | 110 | 0.3% | 167 | 0.3% |
| Jul | 247 | 0.8% | 218 | 0.6% | 252 | 0.6% | 332 | 0.6% |
| Aug | 372 | 1.0% | 311 | 0.7% | 294 | 0.7% | 450 | 0.8% |
| Sep | 553 | 1.9% | 177 | 0.5% | 241 | 0.7% | 268 | 0.5% |
| Oct | 571 | 2.1% | 92 | 0.3% | 96 | 0.3% | 77 | 0.1% |
| Nov | 410 | 1.5% | 55 | 0.2% | 53 | 0.2% | 110 | 0.2% |
| Dec | 90 | 0.3% | 52 | 0.1% | 44 | 0.1% | 202 | 0.3% |

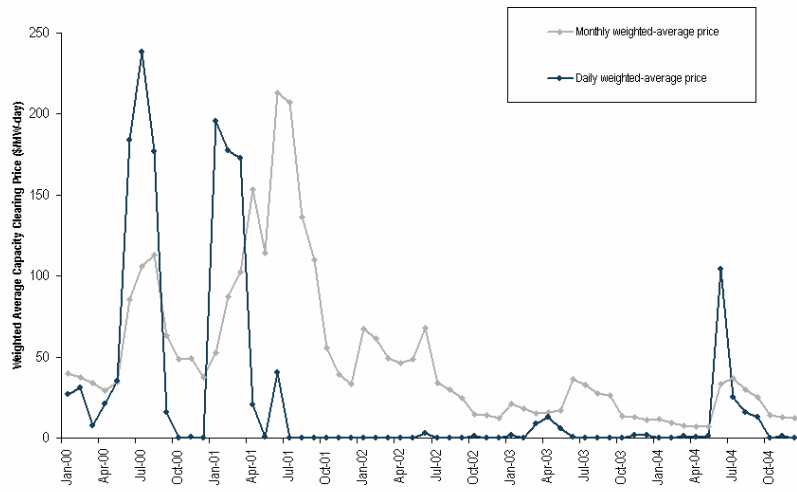


Capacity obligations to the PJM Capacity Market:
Calendar year 2004





PJM Daily and Monthly Capacity Credit Market (CCM) performance: Calendar years 2000 to 2004



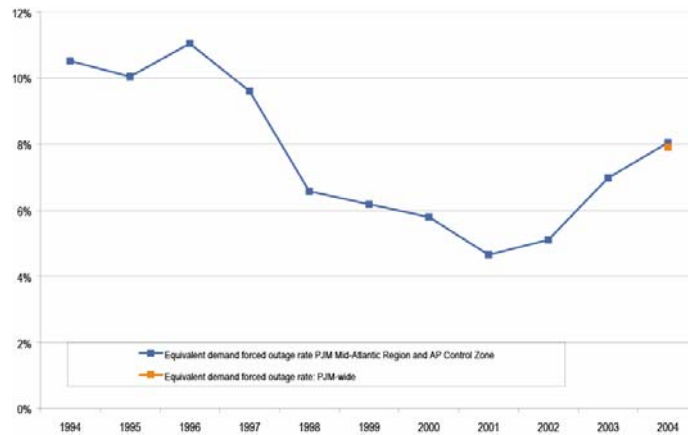
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Trends in PJM equivalent demand forced outage rate (EFORd): Calendar years 1994 to 2004



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PJM Net Revenue

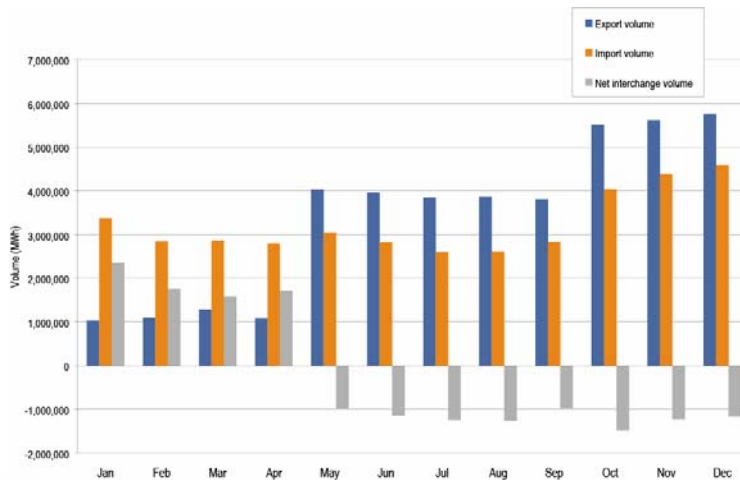
| Unit Type | 20 Year Levelized Fixed Cost | Realistic Dispatch Average Net Revenue 1999 to 2004 |
|-------------------------|------------------------------|-----------------------------------------------------|
| Combustion Turbine (CT) | \$72,207 | \$36,195 |
| Combined Cycle (CC) | \$93,549 | \$52,243 |
| Pulverized Coal (CP) | \$208,247 | \$137,015 |

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PJM real-time imports and exports: Calendar year 2004



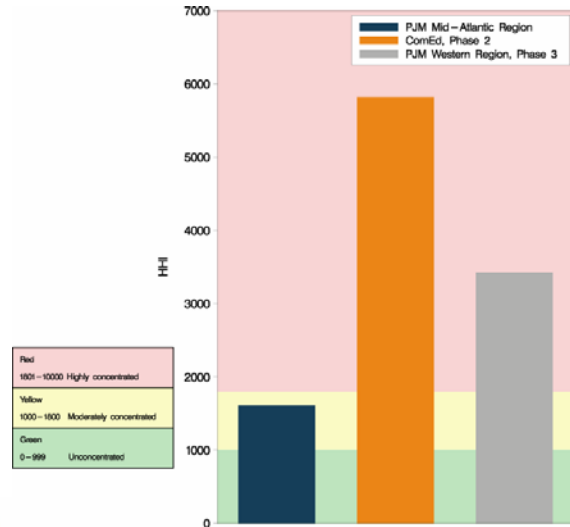
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PJM system Regulation Market HHI: Calendar year 2004



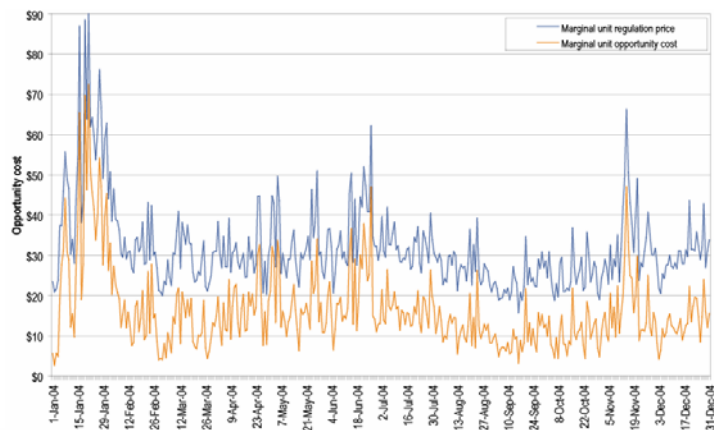
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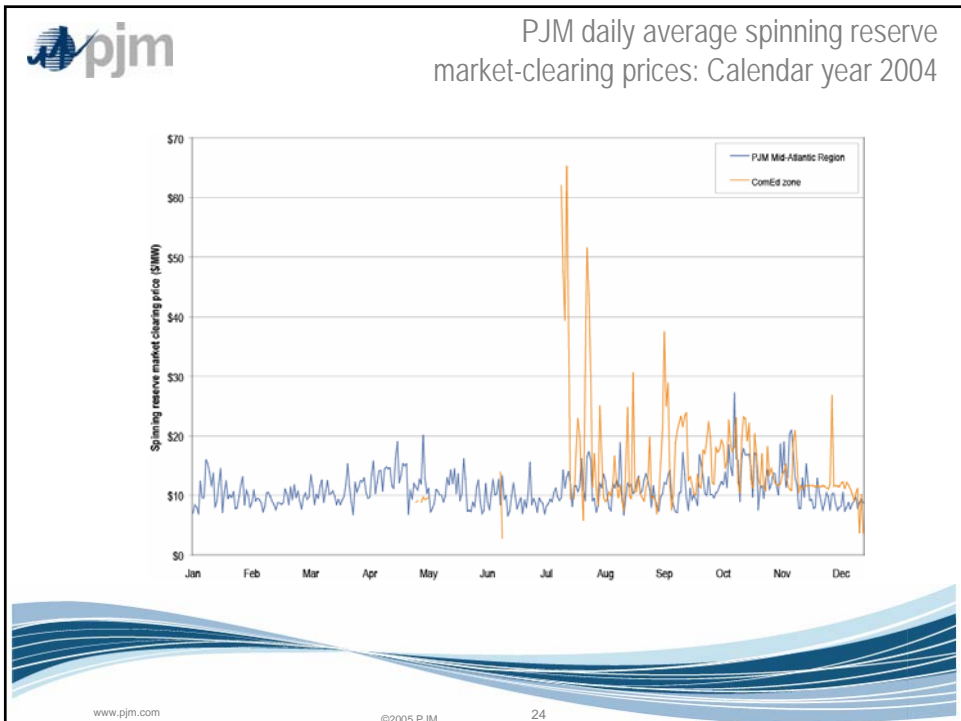
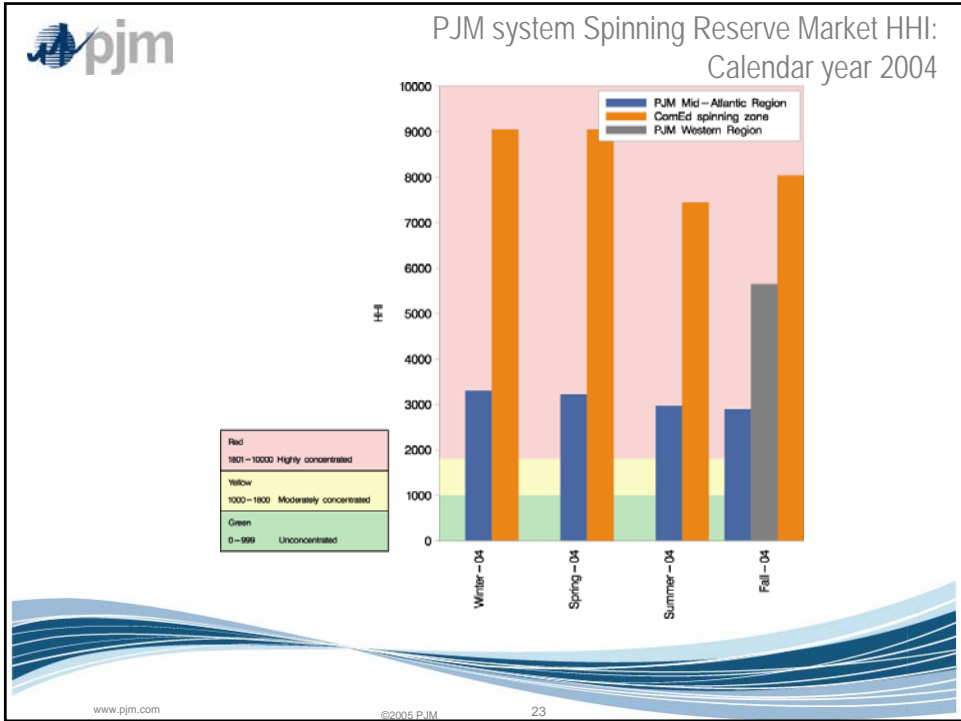
PJM Mid-Atlantic Region daily average regulation clearing price and estimated opportunity costs: Calendar year 2004



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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 |