



Executive Report

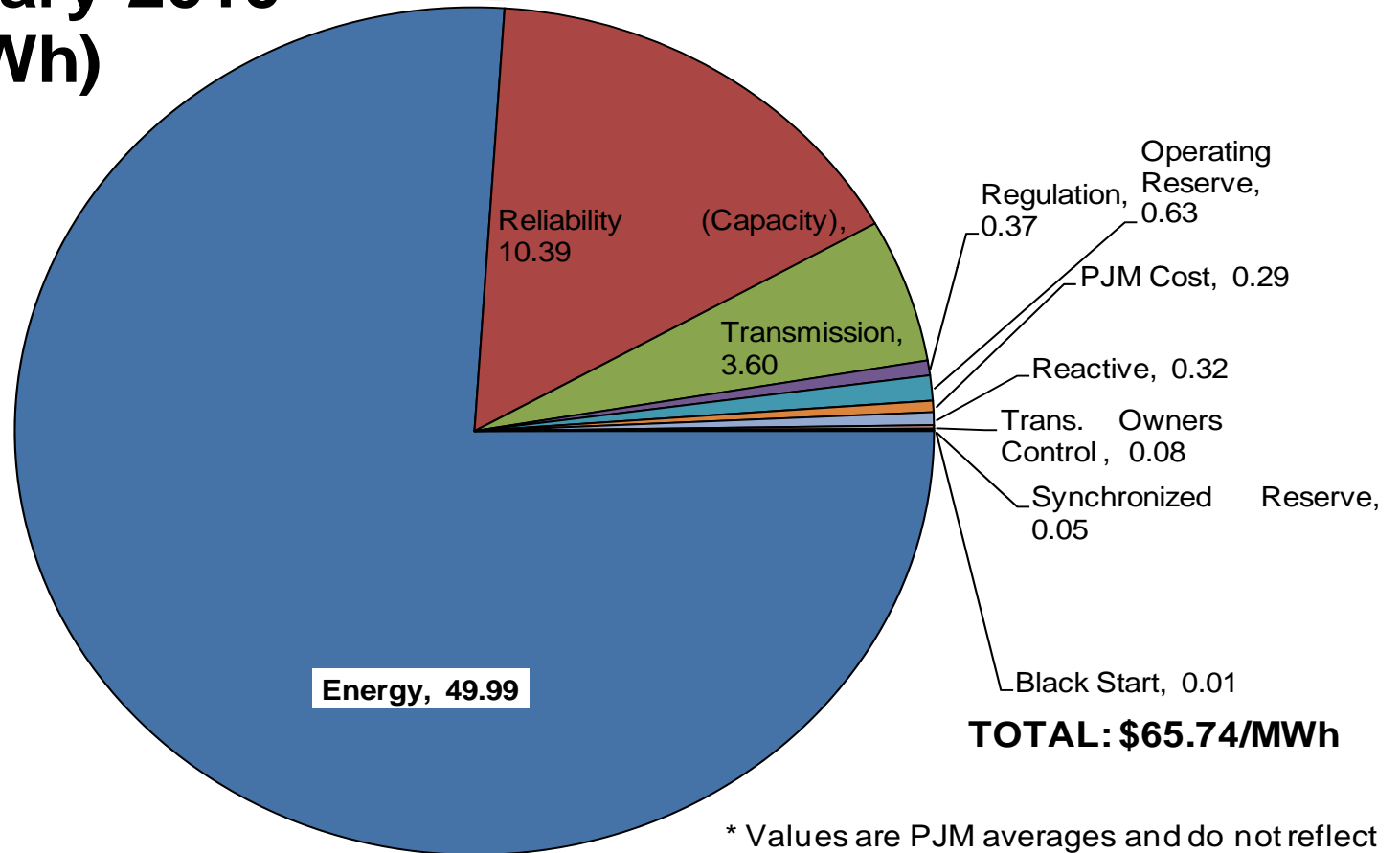
March 25, 2010



Markets Report

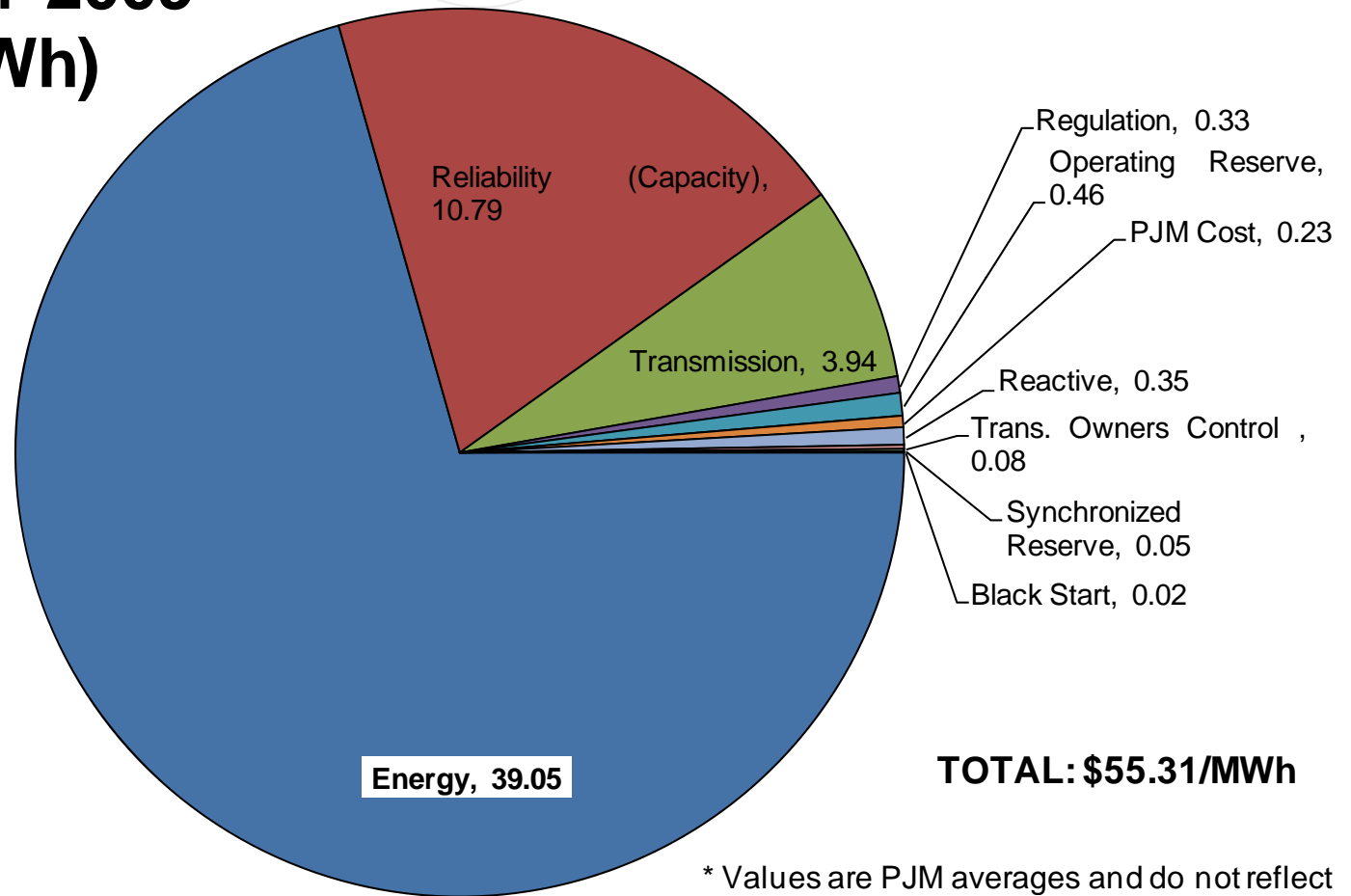


PJM Wholesale Cost YTD February 2010 (\$/MWh)



* Values are PJM averages and do not reflect potential locational cost differences.

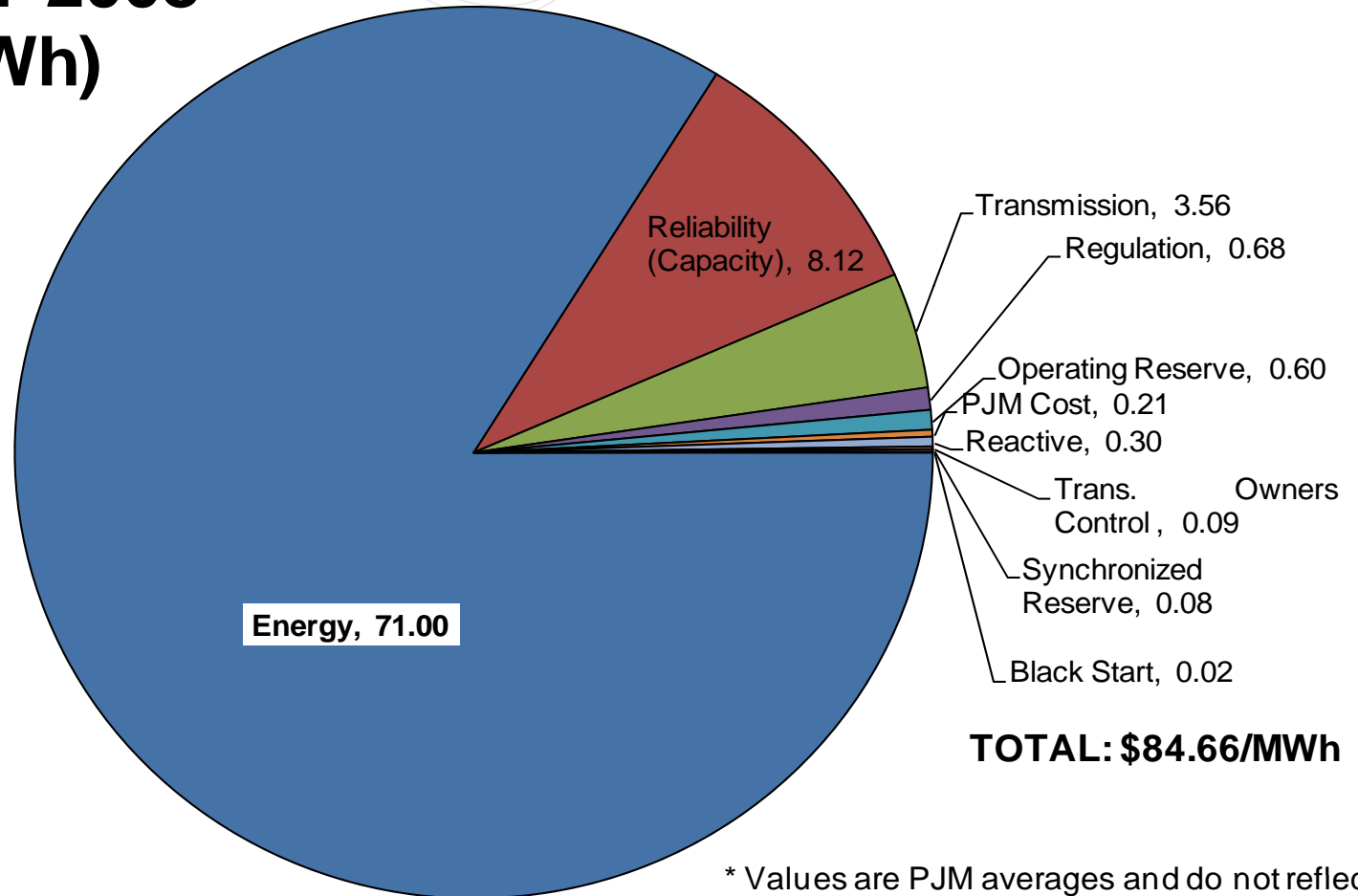
PJM Wholesale Cost Full-Year 2009 (\$/MWh)



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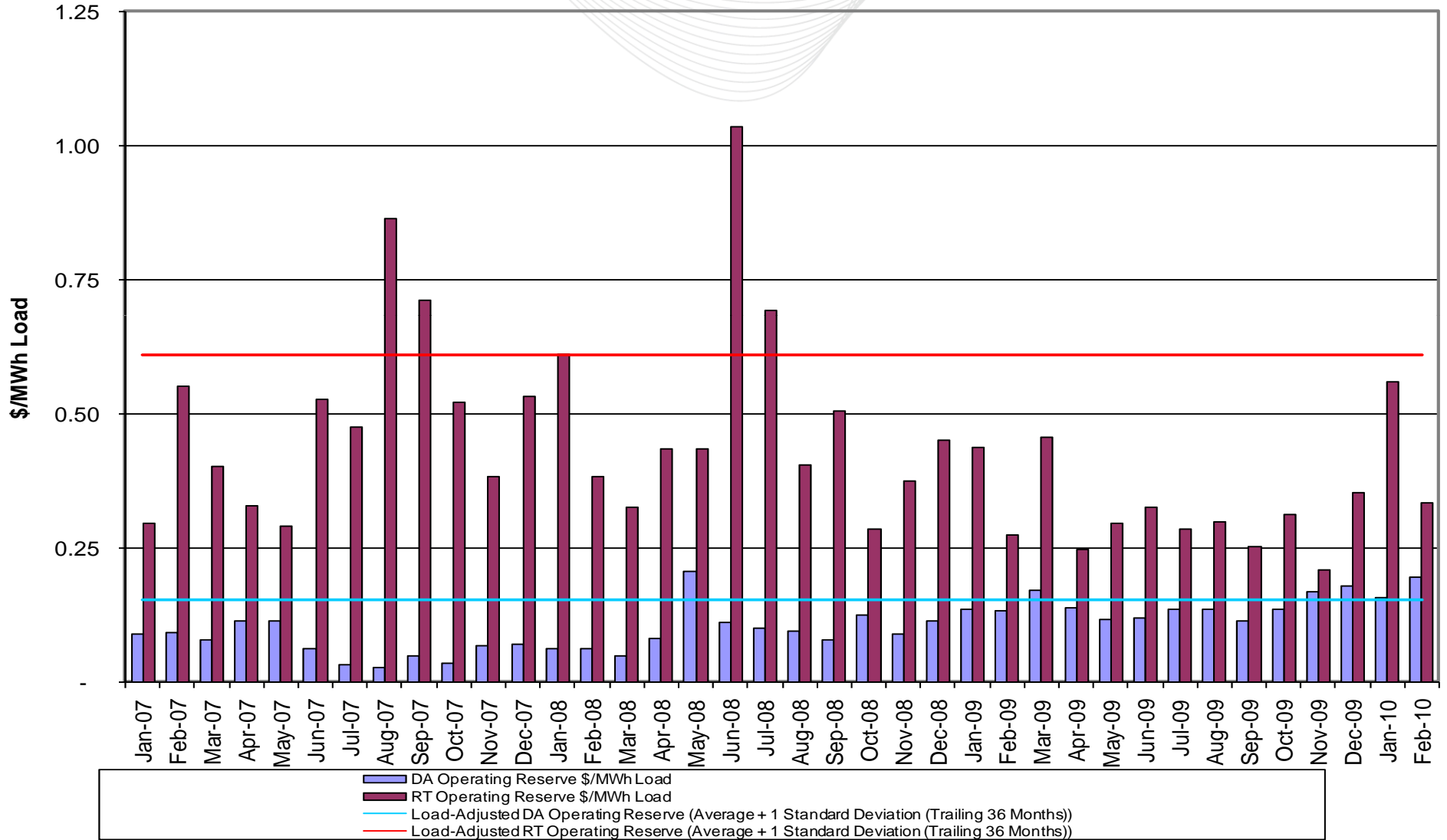
PJM Wholesale Cost Full-Year 2008 (\$/MWh)



* Values are PJM averages and do not reflect potential locational cost differences.

- Horizontal lines on some of the charts in this report represent average *plus (or minus)* 1 standard deviation of the series for the previous 36 months. They are clearly labeled in the legends.
- The levels represented by these horizontal lines are intended to trigger an explanation by PJM staff when an observation above (or below) the threshold level is registered.
- An observation above (or below) the threshold level does not necessarily imply an extraordinary circumstance, neither does an observation that fails to exceed the threshold level preclude an explanation.
- PJM staff always welcomes questions about any of the observations or data presented in these charts.

PJM Operating Reserve Costs (\$/MWh Load)



- Day-Ahead Operating Reserve (DA OR) payments per MWh of load served exceeded the trigger level in February (\$0.195 vs. \$0.153). In absolute terms, DA OR payments in February 2010 were \$11.43 million vs. \$7.43 million and \$3.73 million in February 2009 and February 2008, respectively.
- Above-threshold DA OR payments in February is attributable to a combination of transmission outages, conservative operations due to cold weather in certain parts of the month, as well as routine congestion (in the PSEG zone in particular) and congestion on the AP South Interface.
- Three units (all located in the PSEG zone) accounted for 57% of the DA OR credits for the month and seven units (five of which are located in the PSEG zone) accounted for 83% of the credits. Six of the top 10 DA OR payment-receiving units were in the PSEG zone and these units collected 69% of the total DA OR credits.

- Beginning in December 2008, the daily Balancing Operating Reserves (BOR) rate was replaced with six different BOR rates: RTO BOR for Reliability Rate, RTO BOR for Deviations Rate, East BOR for Reliability Rate, East BOR for Deviations Rate, West BOR for Reliability Rate, West BOR for Deviations Rate.
- Reliability rates are charged to all real-time load and exports, whereas deviation rates, as before, are charged only to real-time deviations. RTO rates are charged to the whole footprint, whereas East and West rate adders are charged based on location.
- The table in the following slide shows average daily balancing operating reserves rates for each month since the implementation of the new regime.



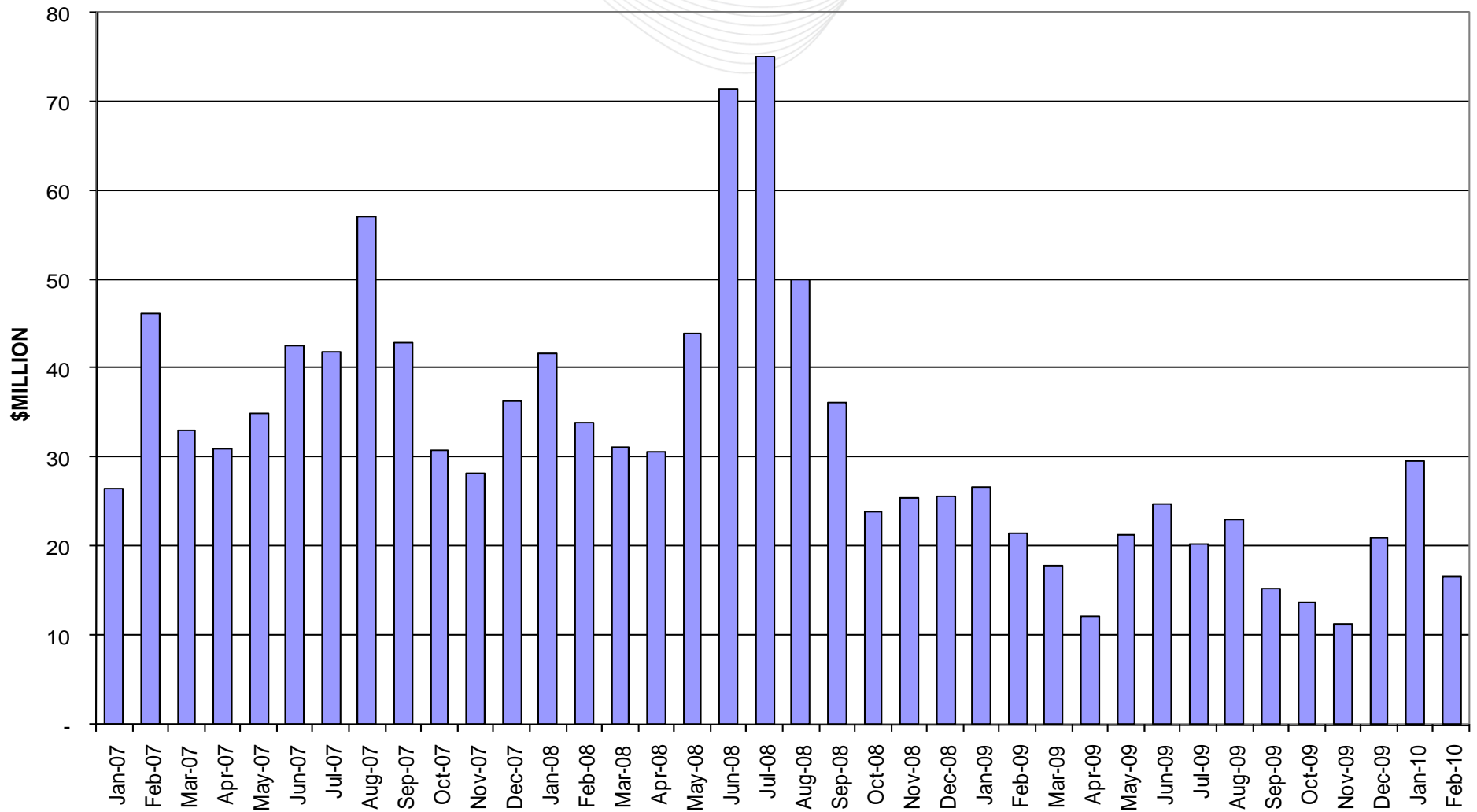
Balancing Operating Reserves

Average Daily Balancing Operating Reserves Rates

	RTO Balancing OR for Reliability Rate	RTO Balancing OR for Deviations Rate	East Balancing OR for Reliability Rate	East Balancing OR for Deviations Rate	West Balancing OR for Reliability Rate	West Balancing OR for Deviations Rate
Dec-2008	0.01691	1.09679	0.00068	0.06578	0.03607	0.00477
Jan-2009	0.01621	1.37554	0.00143	0.17885	0.05294	0.01470
Feb-2009	0.00677	0.80124	0.00009	0.05070	0.13748	0.01002
Mar-2009	0.01012	1.15900	0.00106	0.09114	0.19644	0.19523
Apr-2009	0.00441	0.48617	0.00066	0.07241	0.04720	0.08621
May-2009	0.00315	0.61985	0.00024	0.08362	0.04474	0.00686
Jun-2009	0.00317	0.73087	0.00765	0.20450	0.08293	0.02877
Jul-2009	0.00302	0.65389	0.00087	0.21729	0.06706	0.01726
Aug-2009	0.00353	0.86290	0.00094	0.08031	0.03968	0.04186
Sep-2009	0.00477	0.61261	0	0.10245	0.07240	0.09437
Oct-2009	0.00249	0.84508	0.00008	0.07027	0.04217	0.31849
Nov-2009	0.00205	0.64437	0.00021	0.07138	0.04907	0.00599
Dec-2009	0.04902	1.07071	0.00250	0.13851	0.00670	0.03544
Jan-2010	0.08877	1.42239	0.00424	0.08343	0.04994	0.07479
Feb-2010	0.06185	0.79917	0.00211	0.10527	0.04562	0.11142

Reliability rates are \$/MWh of Real-Time Load plus Exports. Deviations rates are \$/MWh of Real-Time Deviations.

PJM Regulation Costs

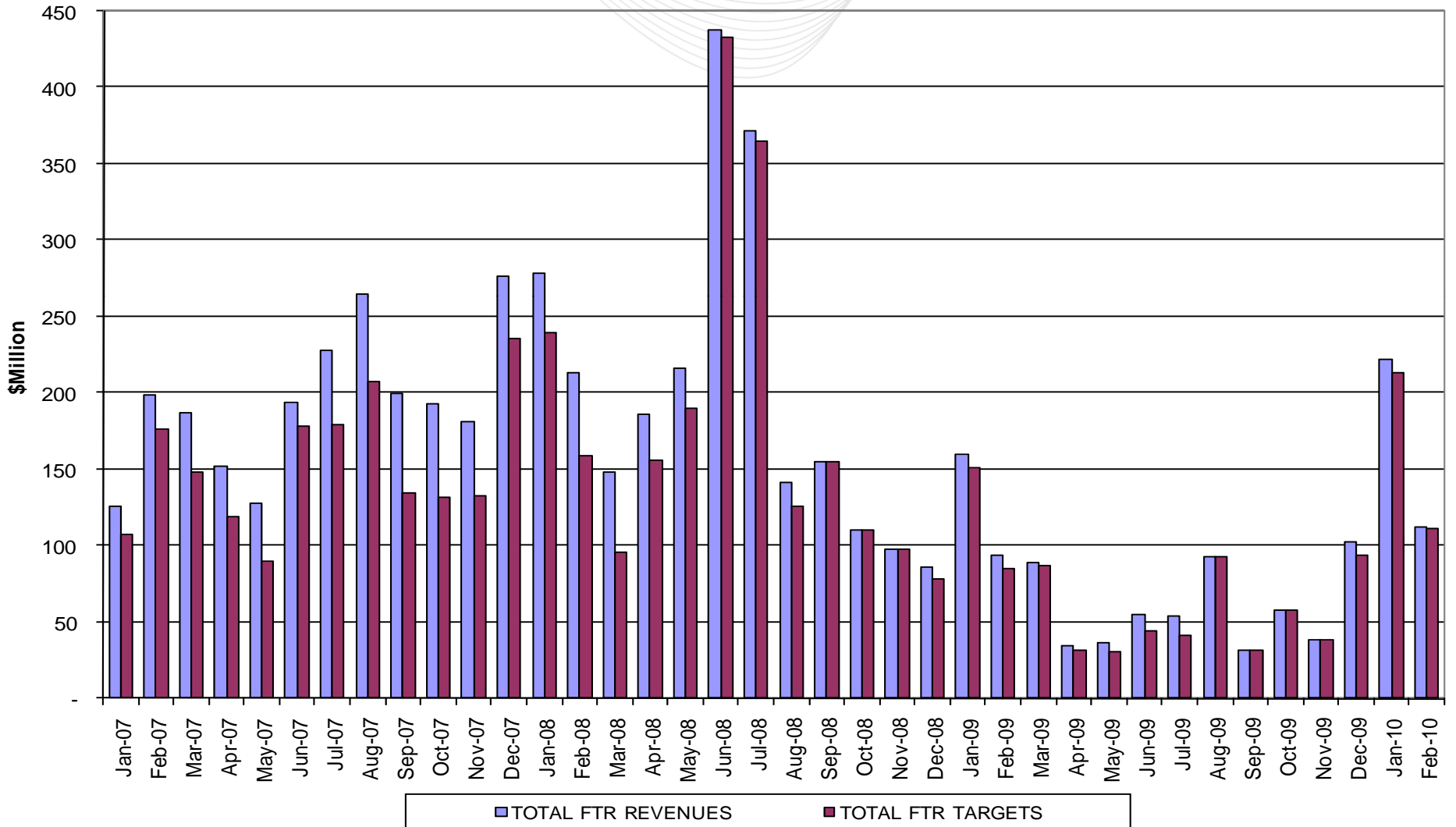




Congestion Revenue vs. FTR Target Allocation

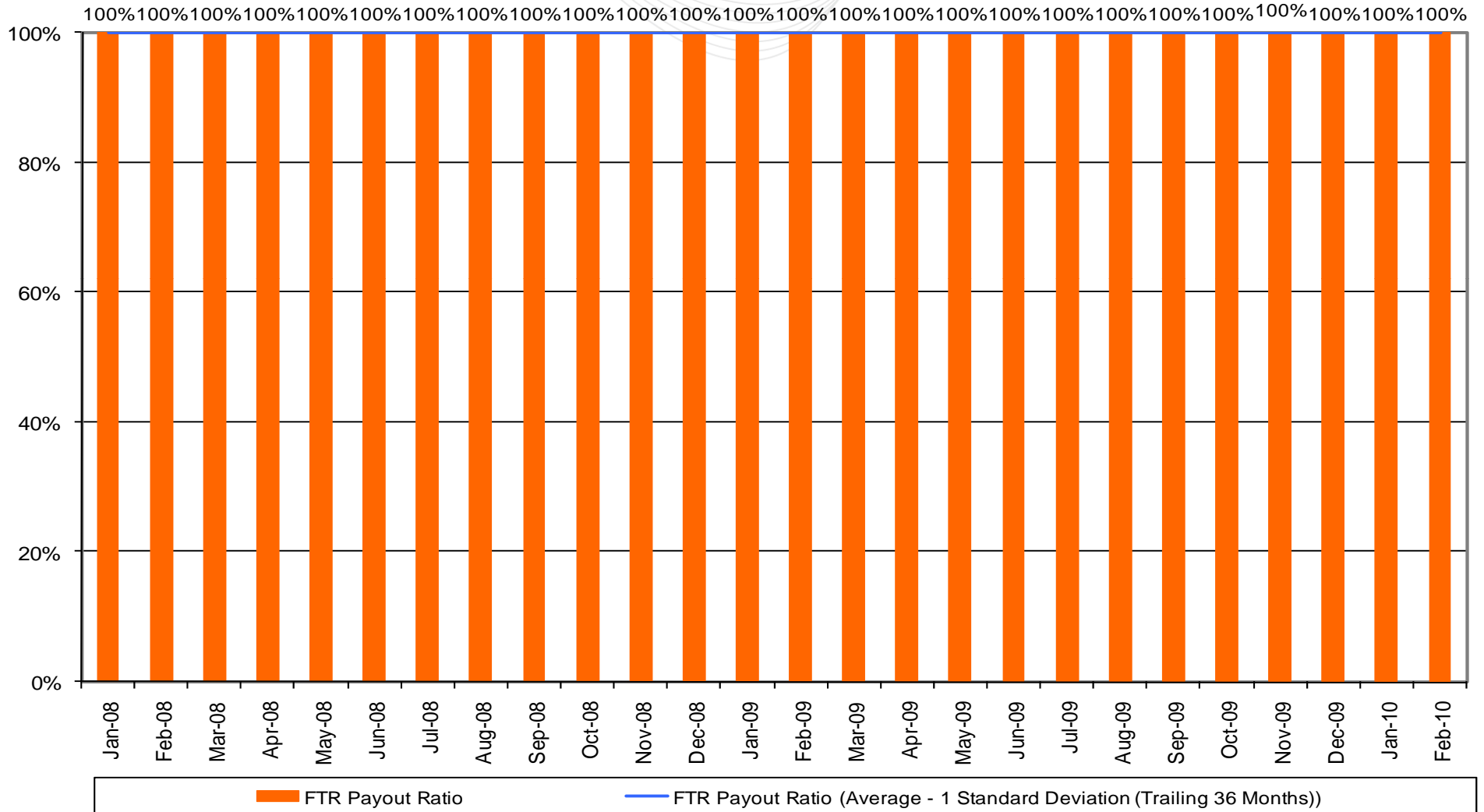
FTR TARGET ALLOCATIONS AND TOTAL FTR REVENUES

PY 2009-2010 Surplus Through February: \$0.1 Million





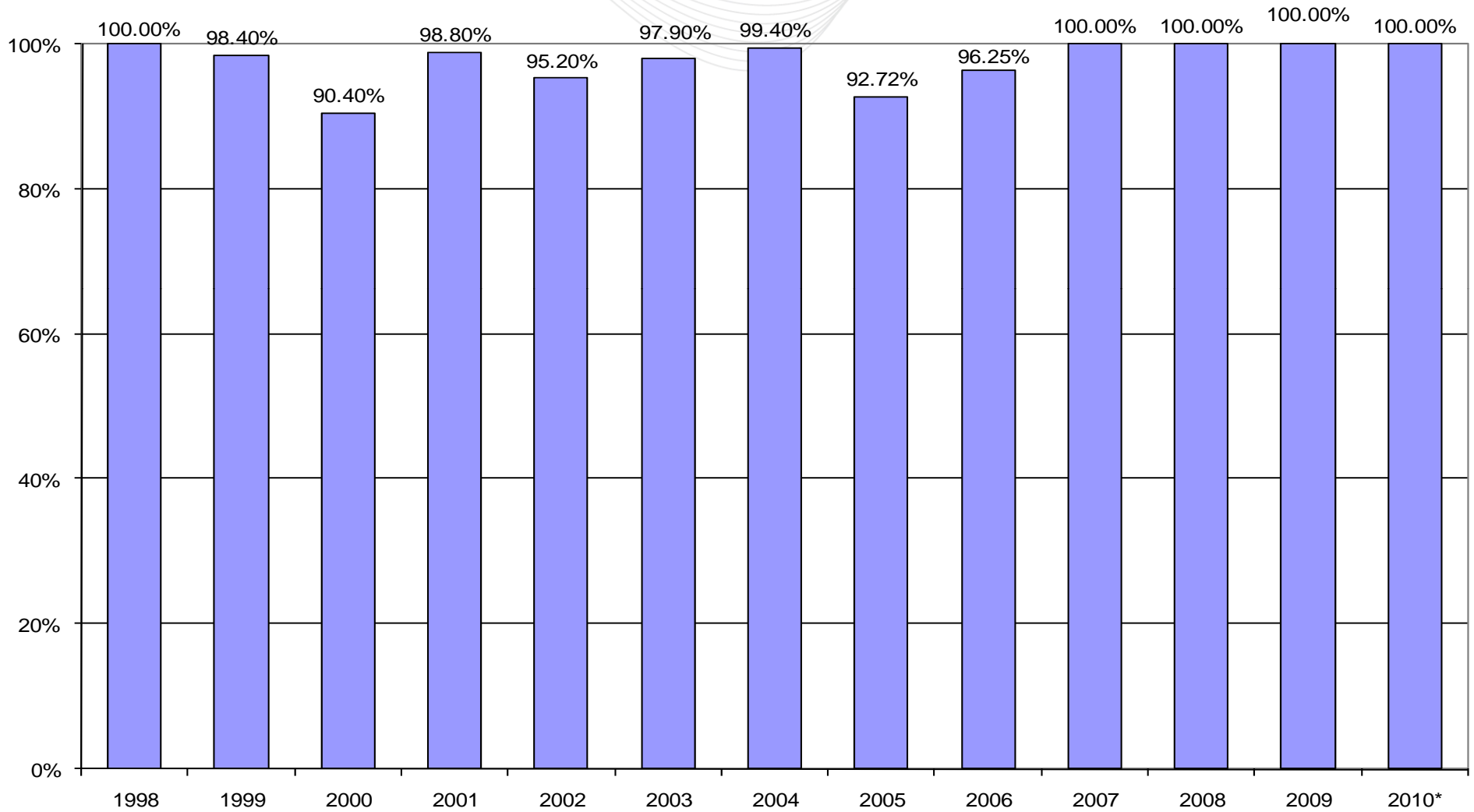
PJM FTR Payout Ratio





PJM Calendar Year FTR Payout Ratio

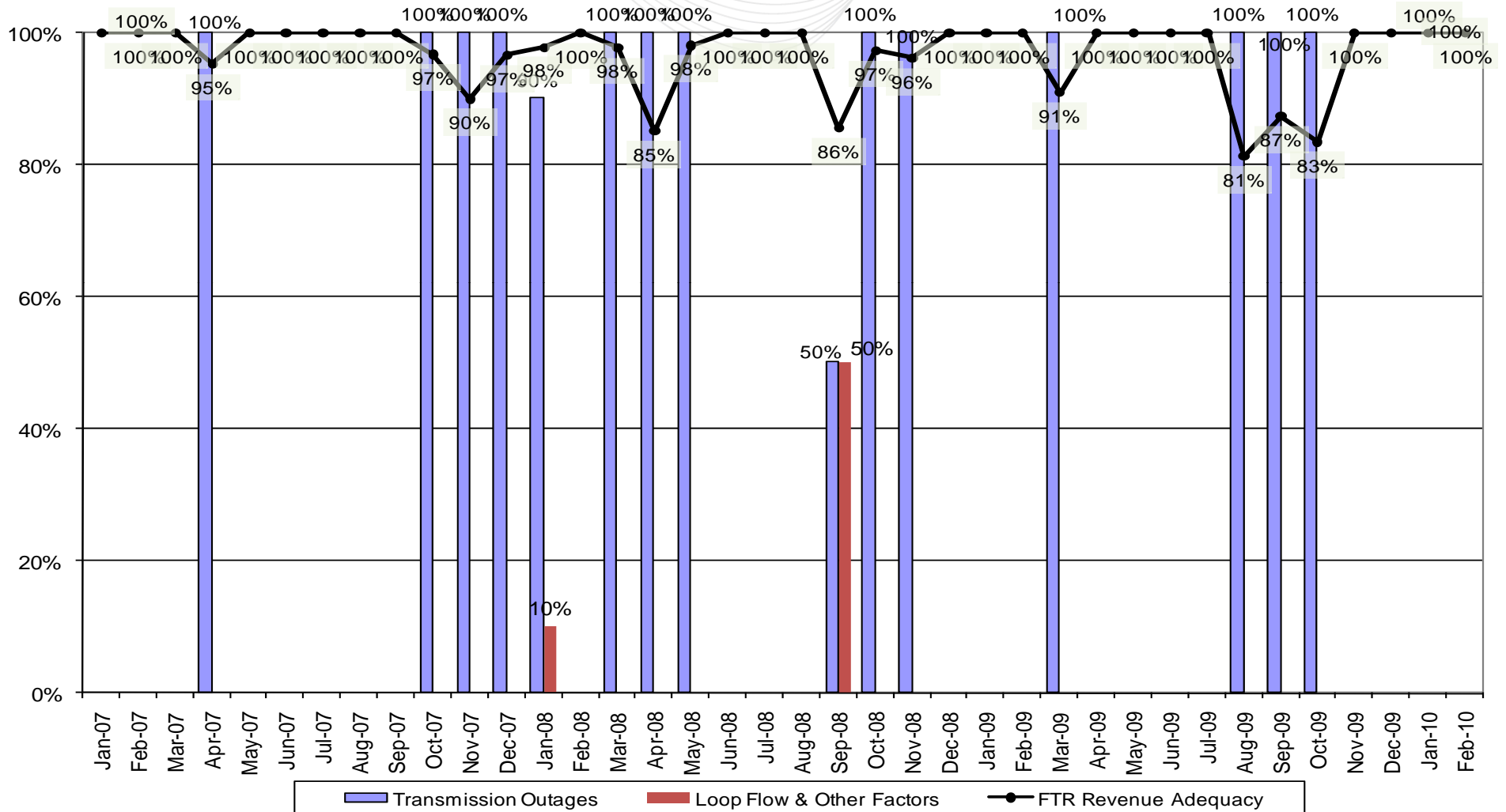
*Through February



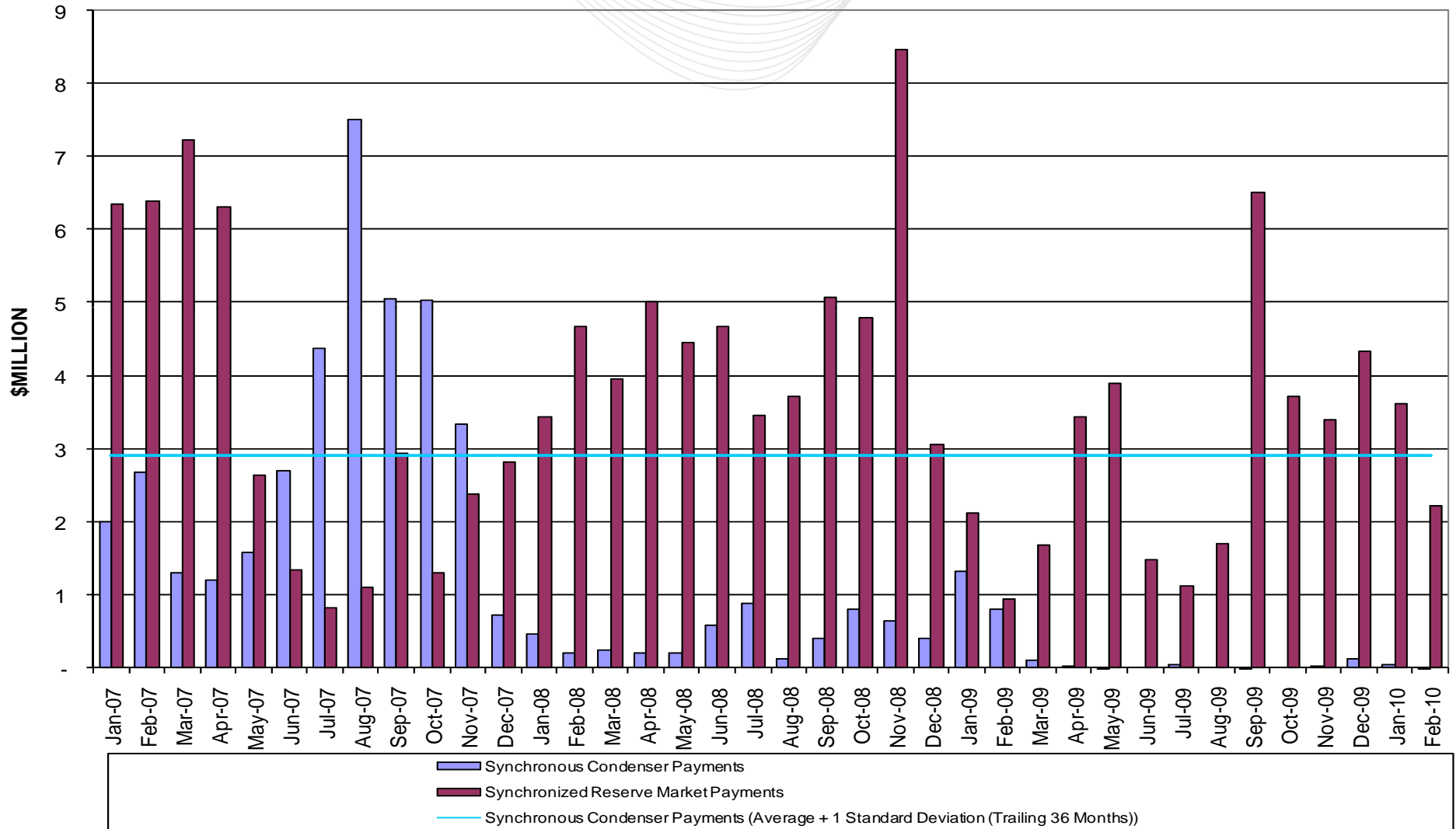


PJM FTR Revenue Shortfall Components

FTR Revenue Shortfall Breakdown



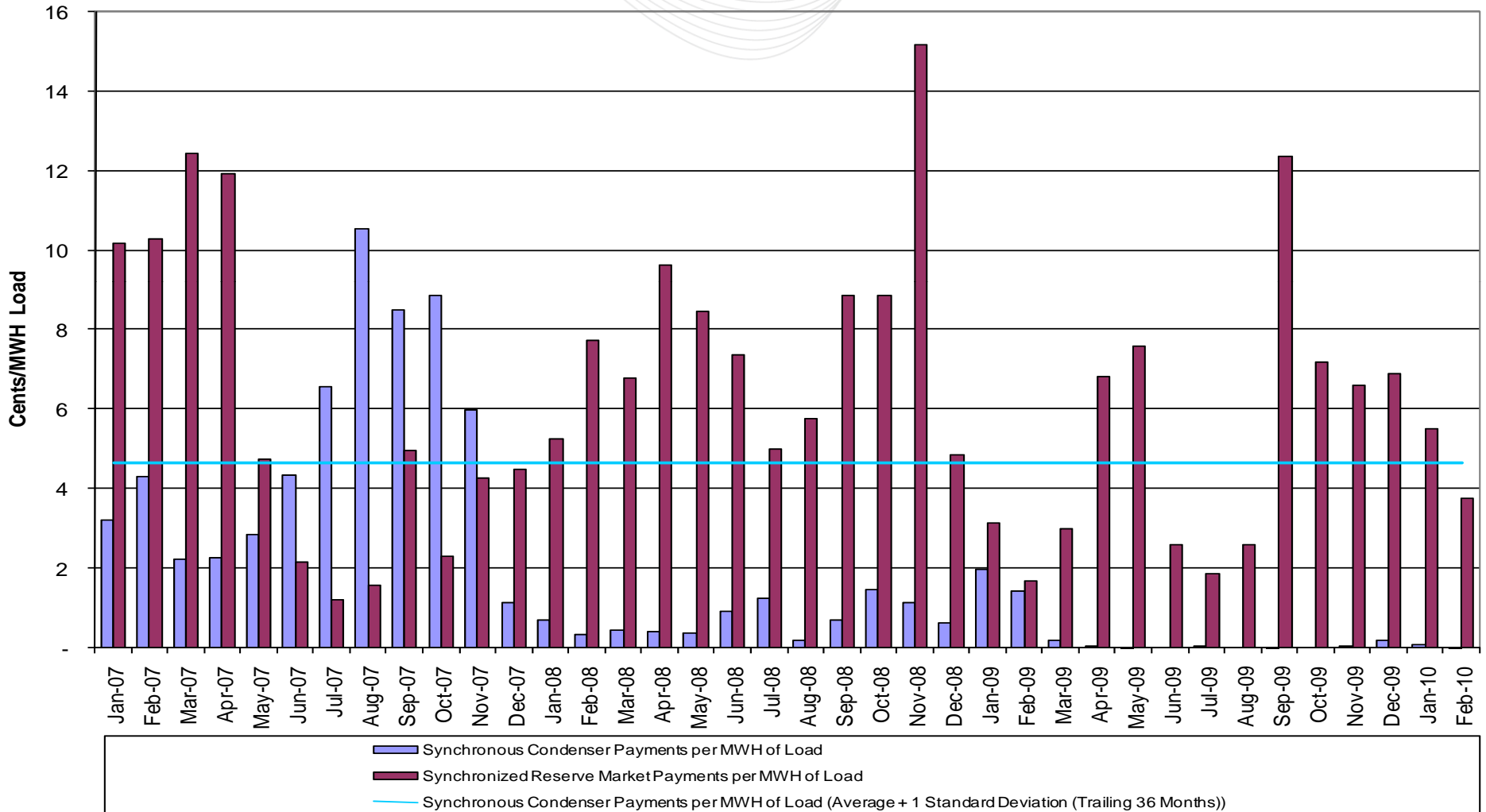
PJM Synchronous Condenser & Synchronized Reserve Costs





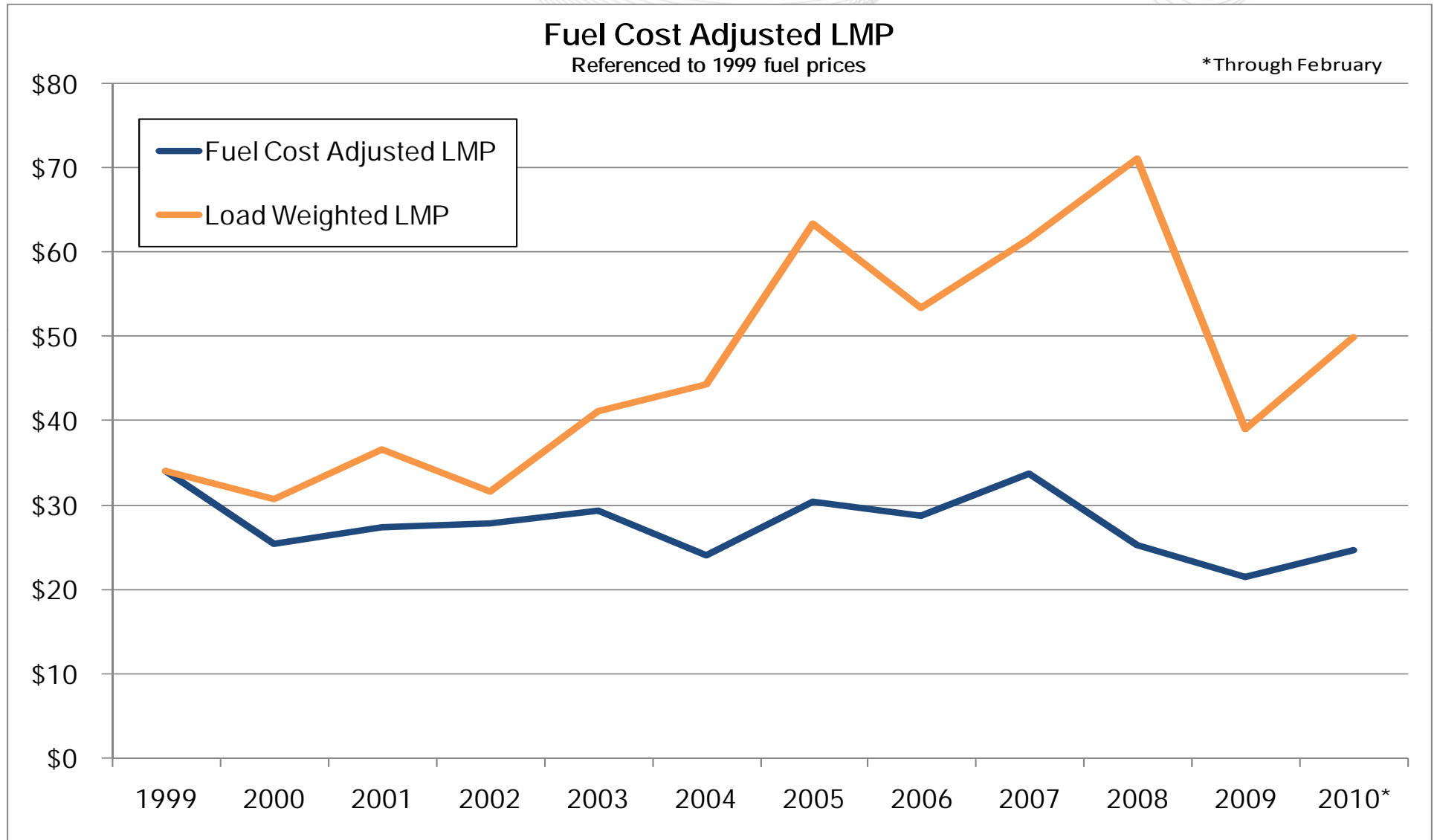
PJM Load-Adjusted Synchronized Reserve Costs

PJM Load-Adjusted Synchronous Condenser & Synchronized Reserve Costs (Cents per MWH of Load)





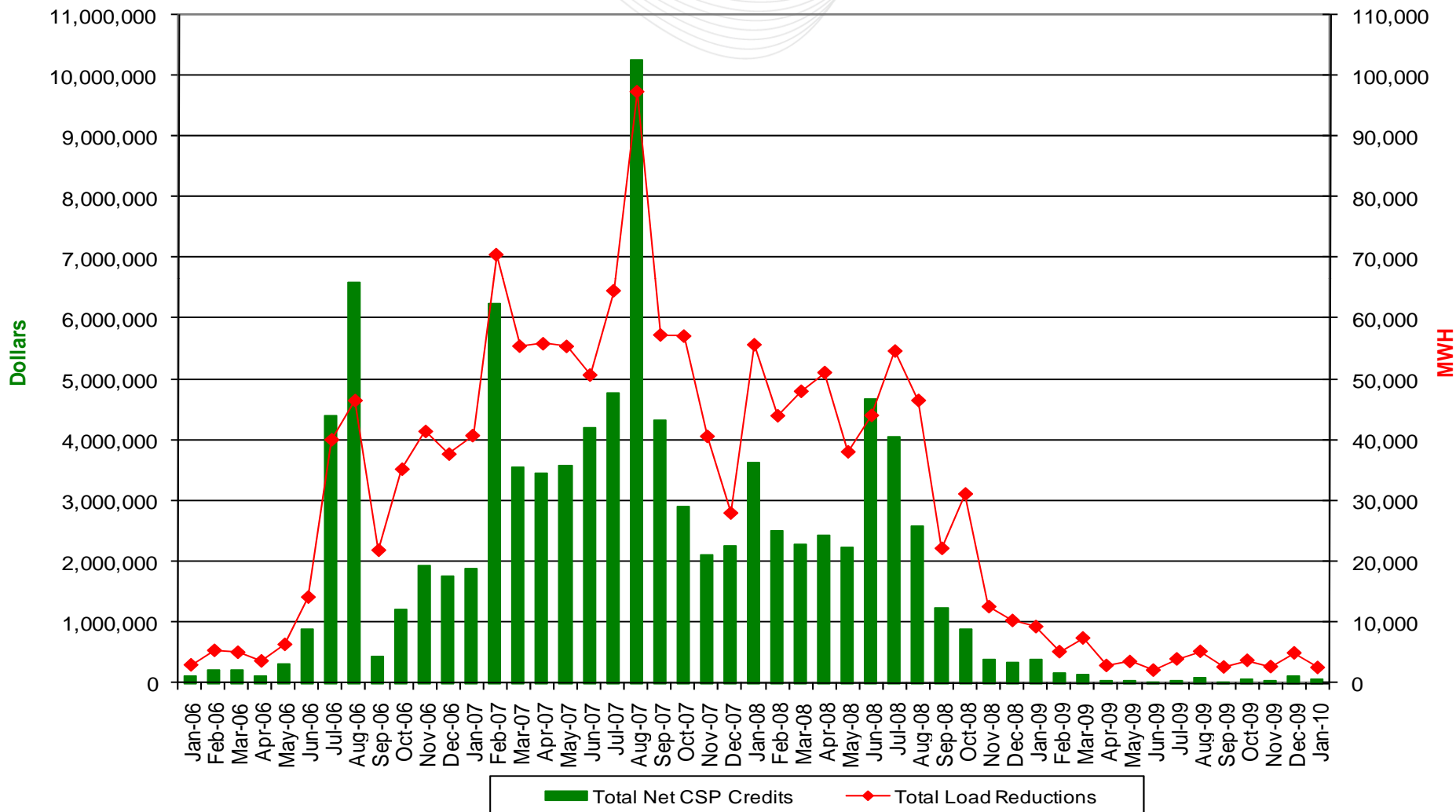
PJM Load-Weighted Fuel Cost-Adjusted LMP



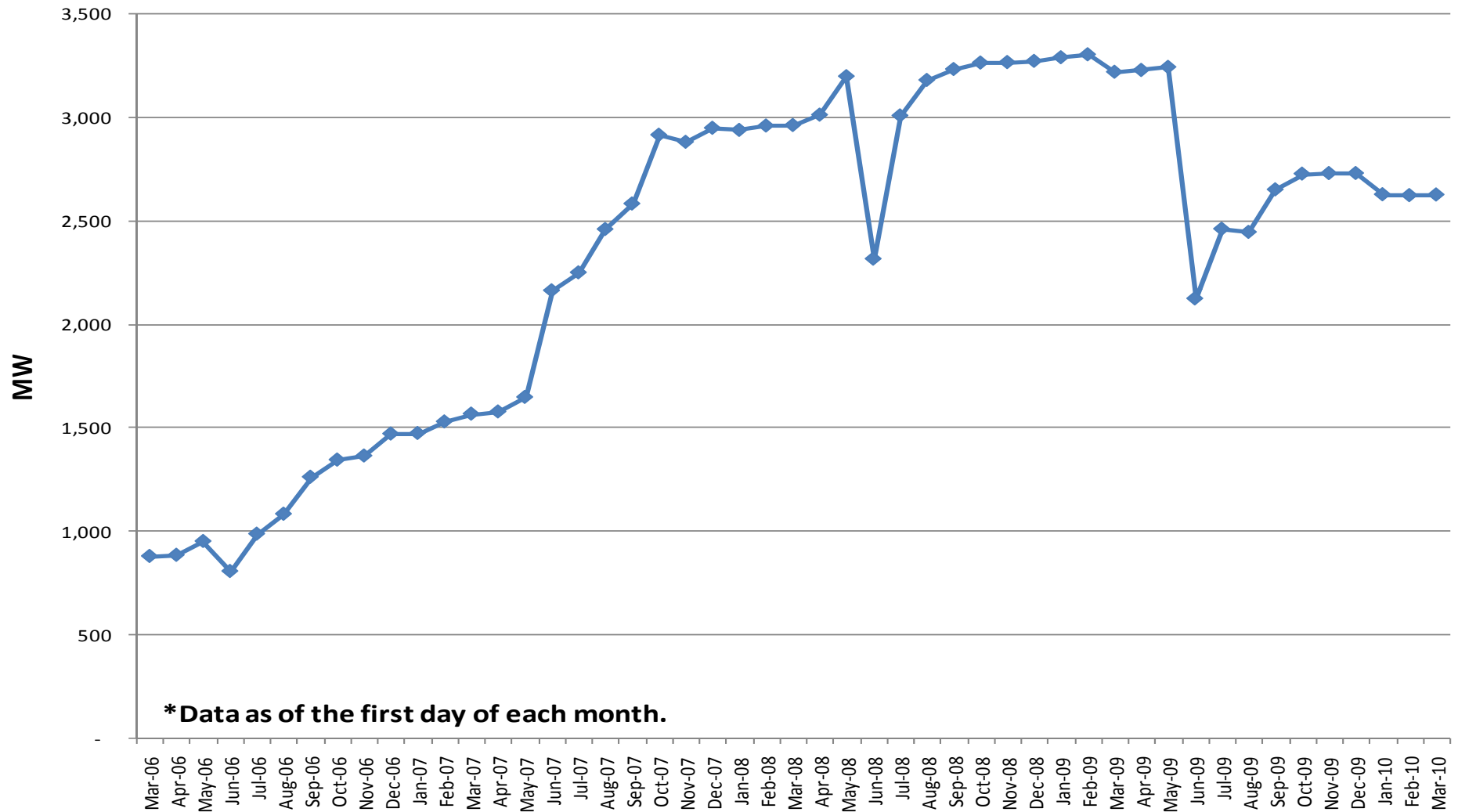


PJM Economic Demand Response Activity

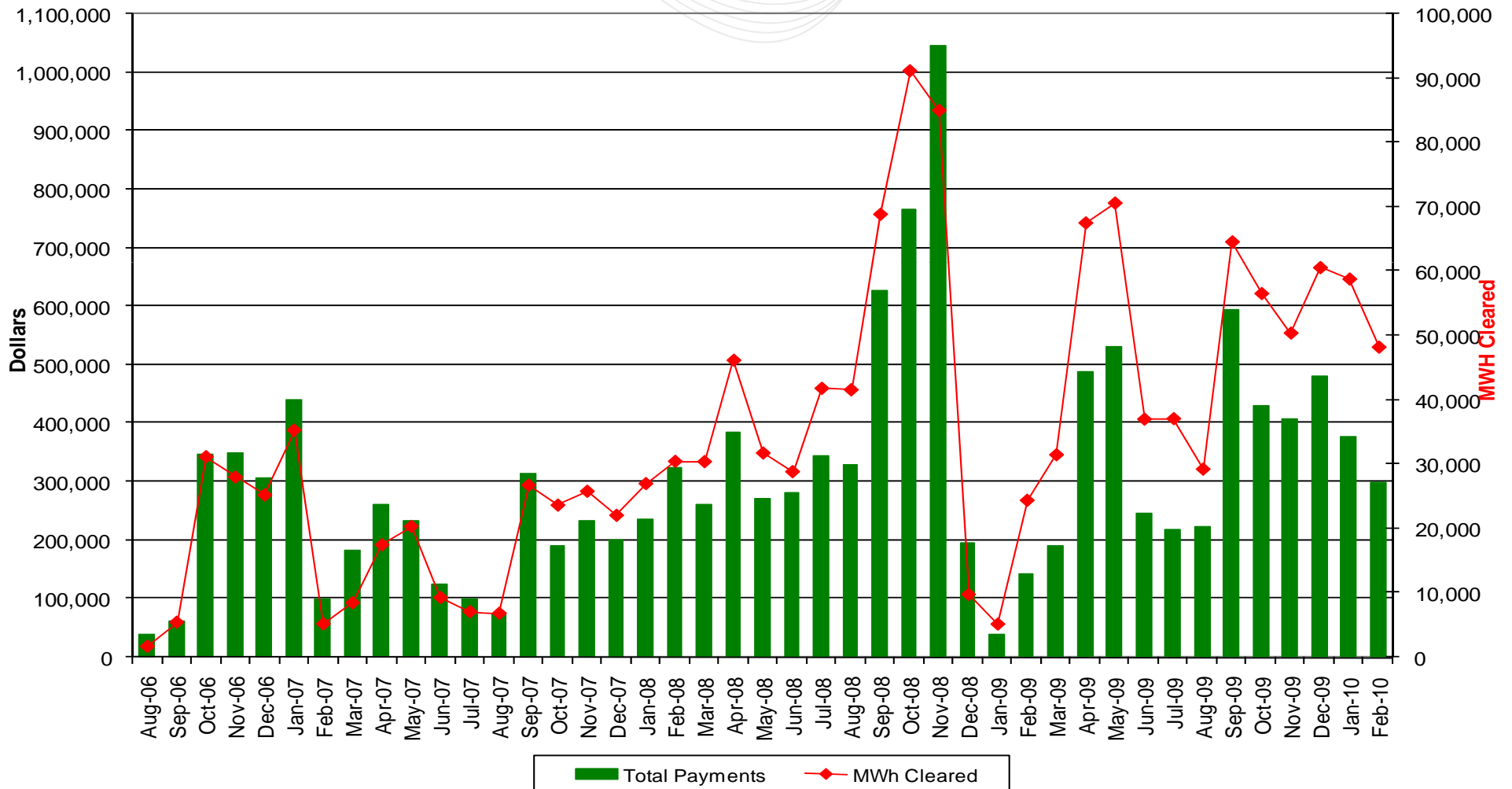
*Data for last few months are subject to significant change due to the settlement window.



Total Registered MWs in PJM's Economic Demand Response

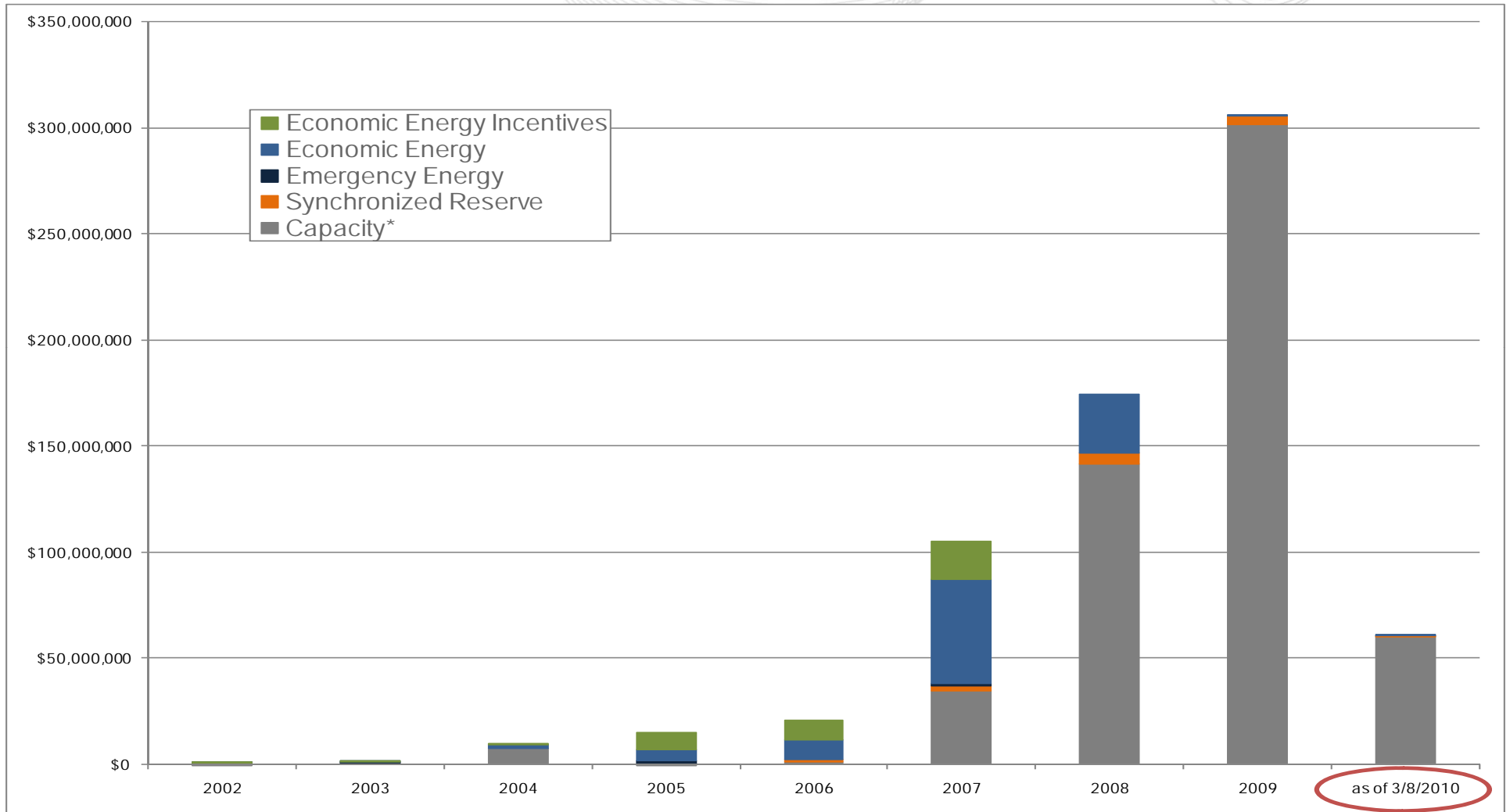


DSR Participation in PJM Synchronized Reserve Markets





PJM Demand Side Response Estimated Revenue



*Capacity revenue prior RPM implementation on 6/1/07 estimated based on average daily ALM capacity credits and weighted average daily PJM capacity market clearing price.



Settlement and Registration reviews

Jan. 1, 2010 through Feb. 28, 2010

(as of Mar. 10, 2010)

Normal Operations registration reviews		
	Number of registrations	Registered volume (MW)
Total Economic Program	1,842	2,624
Currently under Normal Operations (NO) review waiting for supporting information	0 (0%)	0 (0%)
Terminated by PJM with ability to re-enter market once corrective operational actions are implemented	68	166
Approved to continue operations with prior PJM denied settlements approved	30	56
Total registrations identified for NO	98	222

PJM settlement denials by type		
	Total submitted settlements 467 (count)	PJM denials 21 (count)
<i>PJM settlement denial breakdown:</i>	Percent of total settlement count	Percent of PJM denial count
Registrations under a Normal Operations review (NO)	0%	0%
Excessive Uneconomic Hours (UE)	3%	71%
Estm. Settlement < \$5 (MV)	1%	29%
Selective Settlement Hours (SSH)	0%	0%
No Notification (NN)	0%	0%

- The new eLRS prevents certain inappropriate settlements from being requested:
 - Settlements without advanced notifications
 - Settlements for specific hours only
 - PJM now provides LMP for RT or DA index contracts to prevent data input errors
- Increased transparency
 - EDC and LSE can see all notifications and settlement submissions and download information for analysis

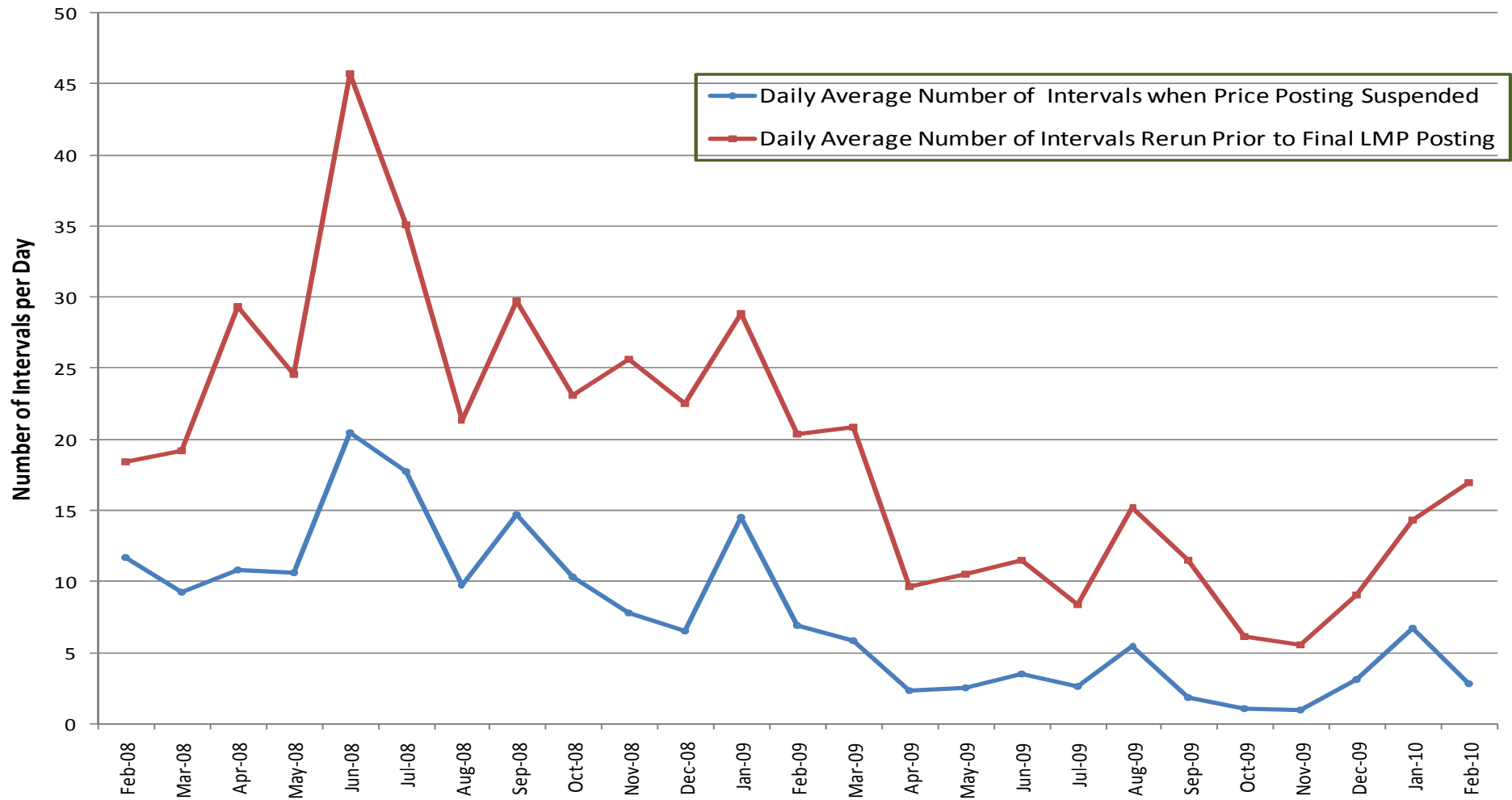


Performance of Synchronized Reserve Resources

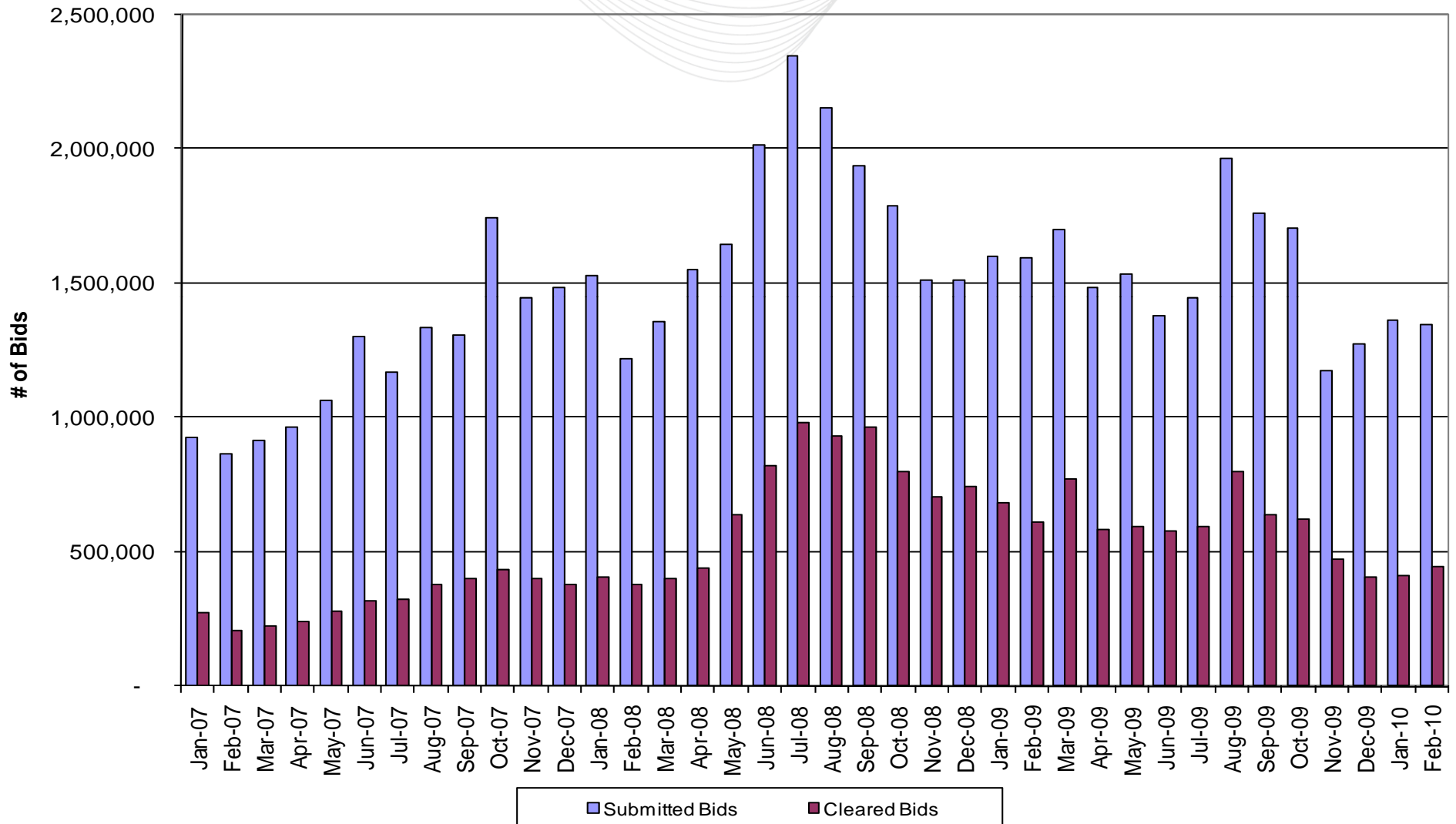
SPIN EVENT (Longer than 10 mins)		GENERATION				DEMAND-SIDE RESPONSE			
START TIME	END TIME	TIER1	TIER2			TIER1	TIER2		
		Response	Assignment	Response	Zero Response	Response	Assignment	Response	Zero Response
1/25/2008 7:05	1/25/2008 7:23	671.09	173.40	147.79	27.00	-	36.42	9.32	28.02
1/25/2008 17:42	1/25/2008 18:03	824.27	-	-	-	4.08	-	-	-
3/3/2008 18:14	3/3/2008 18:25	298.53	16.50	46.74	-	0.28	8.37	10.89	2.93
3/12/2008 7:08	3/12/2008 7:26	247.75	-	-	-	-	5.37	7.95	-
5/29/2008 13:02	5/29/2008 13:17	306.53	68.75	60.14	-	0.21	17.55	15.00	4.68
6/6/2008 16:50	6/6/2008 17:03	232.50	75.40	44.34	-	0.83	-	-	-
6/22/2008 14:13	6/22/2008 14:24	284.96	-	-	-	0.00	-	-	-
7/18/2008 13:29	7/18/2008 13:47	168.05	143.10	113.43	-	0.05	45.18	26.72	5.10
7/28/2008 20:35	7/28/2008 20:52	271.70	-	-	-	1.10	-	-	-
9/9/2008 7:27	9/9/2008 7:37	430.20	58.17	33.18	23.00	-	24.79	15.67	12.56
10/1/2008 6:41	10/1/2008 6:53	183.41	72.40	32.45	2.00	-	33.06	25.25	7.84
10/12/2008 21:14	10/12/2008 21:26	85.84	115.00	108.64	-	0.01	28.96	18.40	3.52
12/8/2008 16:49	12/8/2008 17:01	240.67	45.40	36.97	13.20	0.64	-	-	-
12/20/2008 9:10	12/20/2008 9:21	145.83	39.05	35.40	6.05	0.76	-	-	-
1/20/2009 12:33	1/20/2009 12:43	322.70	-	-	-	0.14	-	-	-
2/18/2009 13:38	2/18/2009 13:48	36.03	78.33	89.94	6.67	0.16	18.09	6.42	3.85
3/3/2009 0:20	3/3/2009 0:31	107.18	-	-	-	0.56	-	-	-
3/4/2009 20:30	3/4/2009 21:13	516.11	-	-	-	2.03	-	-	-
3/7/2009 18:22	3/7/2009 18:33	327.94	-	-	-	-	-	-	-
3/23/2009 19:40	3/23/2009 19:50	122.65	67.17	58.43	-	-	13.11	11.52	3.74
3/26/2009 9:08	3/26/2009 9:18	197.97	53.67	20.10	-	-	9.50	2.23	6.74
3/26/2009 14:30	3/26/2009 14:50	20.66	70.33	-	70.33	0.22	10.80	4.26	7.13
4/24/2009 12:43	4/24/2009 12:54	182.61	127.05	82.17	35.75	0.30	14.18	7.36	5.17
5/3/2009 11:07	5/3/2009 11:17	166.69	116.83	56.64	58.33	-	18.50	11.81	9.19
5/21/2009 17:37	5/21/2009 17:50	77.39	252.41	202.79	1.08	-	24.67	9.26	7.28
6/18/2009 13:39	6/18/2009 13:51	243.94	-	-	-	0.72	1.02	1.06	-
7/26/2009 15:07	7/26/2009 15:25	407.88	67.80	41.21	24.30	-	28.20	15.36	5.76
8/15/2009 17:07	8/15/2009 17:24	196.31	153.00	88.85	25.50	-	20.73	4.61	15.30
10/1/2009 6:13	10/1/2009 6:24	431.35	118.25	74.93	7.70	0.00	23.14	2.17	17.50
10/26/2009 7:05	10/26/2009 7:18	1,330.67	-	-	-	-	27.97	5.55	16.74
12/9/2009 17:34	12/9/2009 18:08	505.56	206.27	74.49	144.50	0.27	69.13	40.74	12.30
12/9/2009 17:37	12/9/2009 18:08	5,560.50	-	-	-	-	-	-	-
2/18/2010 8:27	2/18/2010 8:46	170.72	180.50	185.30	-	-	46.05	6.53	13.68

* All values are converted into MWhs by multiplying MWs by event duration.

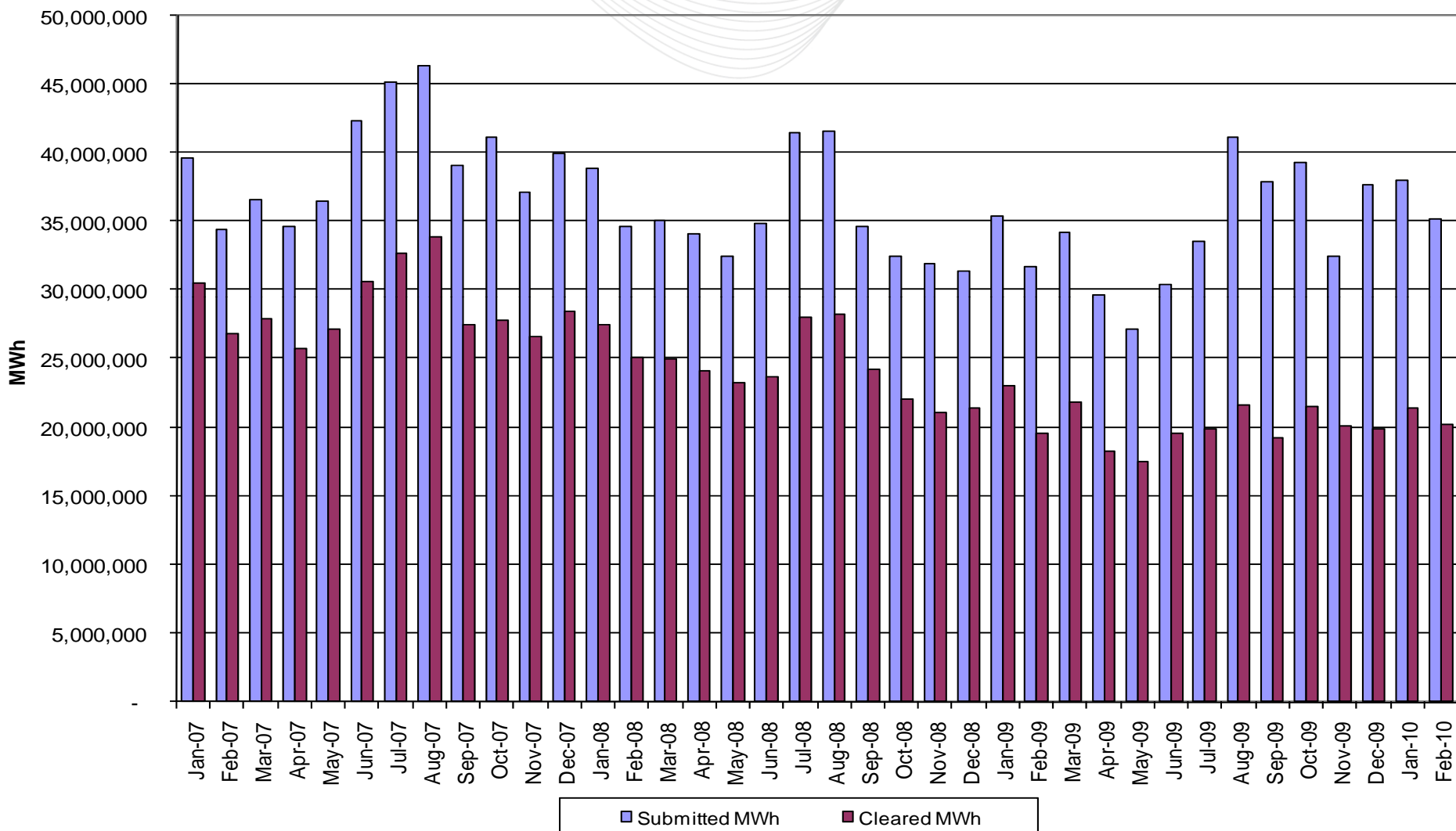
Price Posting Suspensions and Reruns
Daily Average Number of 5-Minute Intervals



PJM Virtual Bids - Total Number



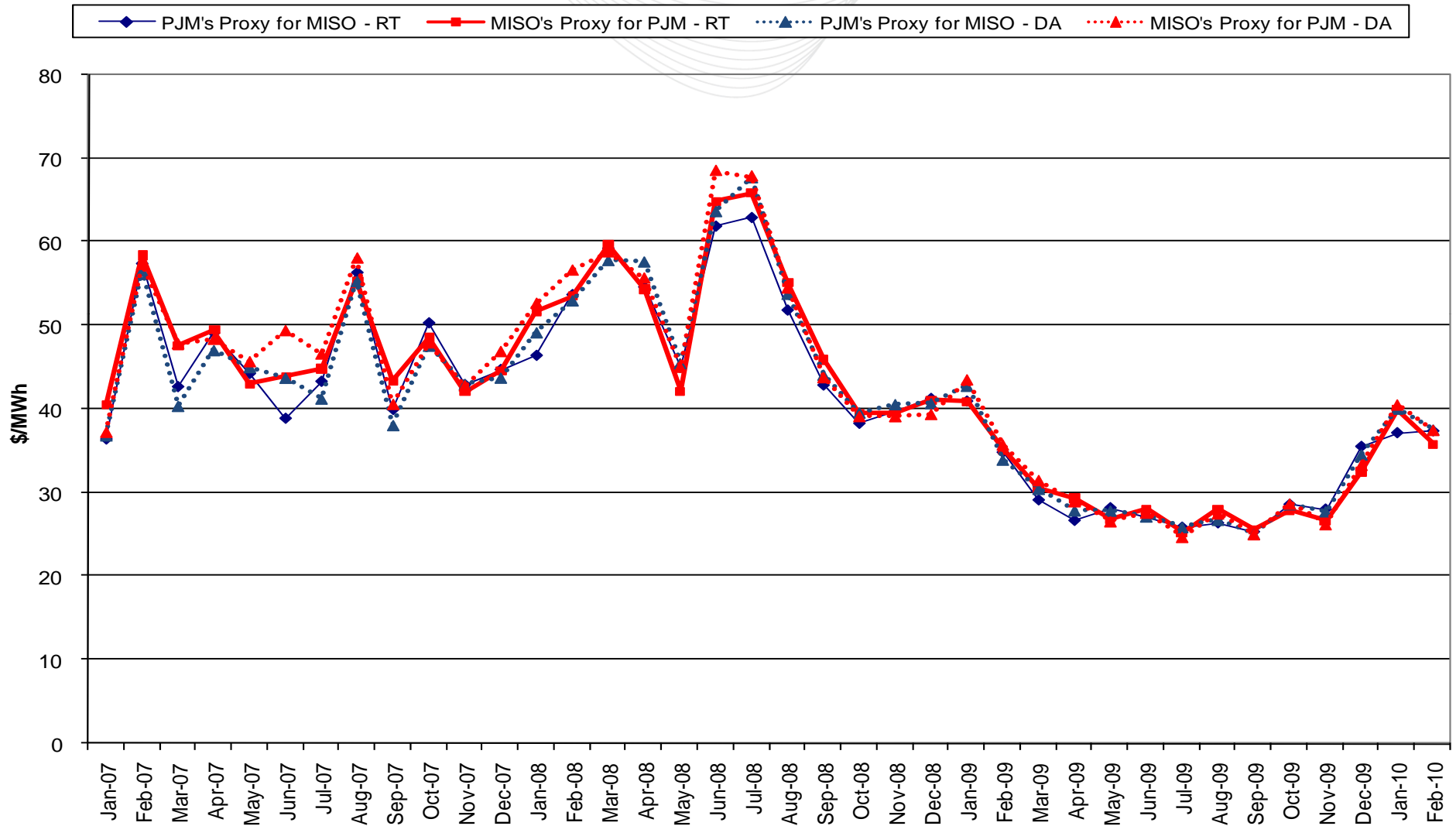
PJM Virtual Bids - Total Volume





PJM/MISO Interface Prices

PJM-MISO Monthly Average Interface Prices





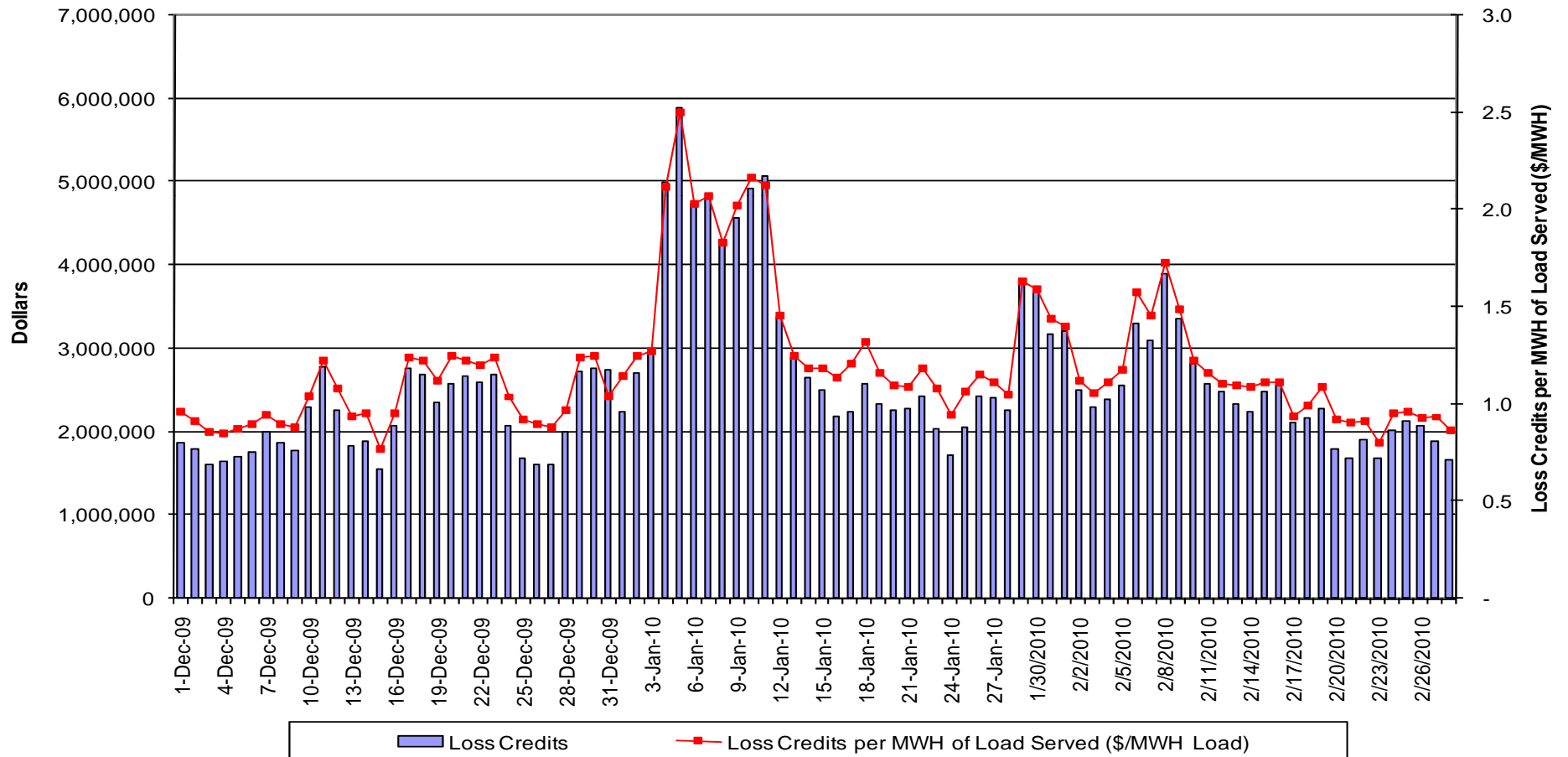
Daily Loss Surplus

Daily Loss Surplus

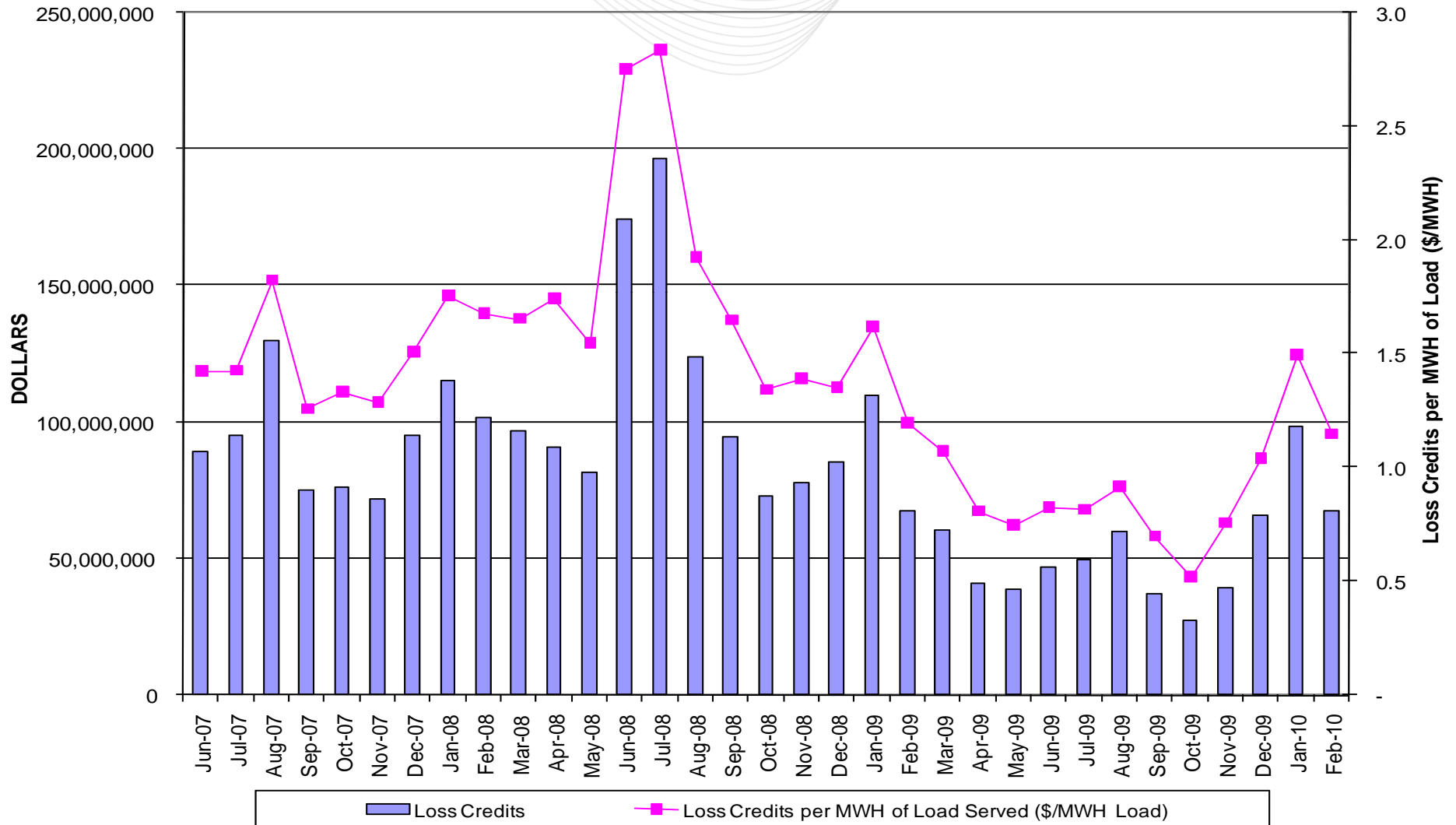
Total Loss Surplus Credits (Current Planning Year): \$489,545,510

Total Loss Surplus Credits (Calendar Year): \$165,544,642

Average \$/MWH of Load Served (Since Inception): \$1.40



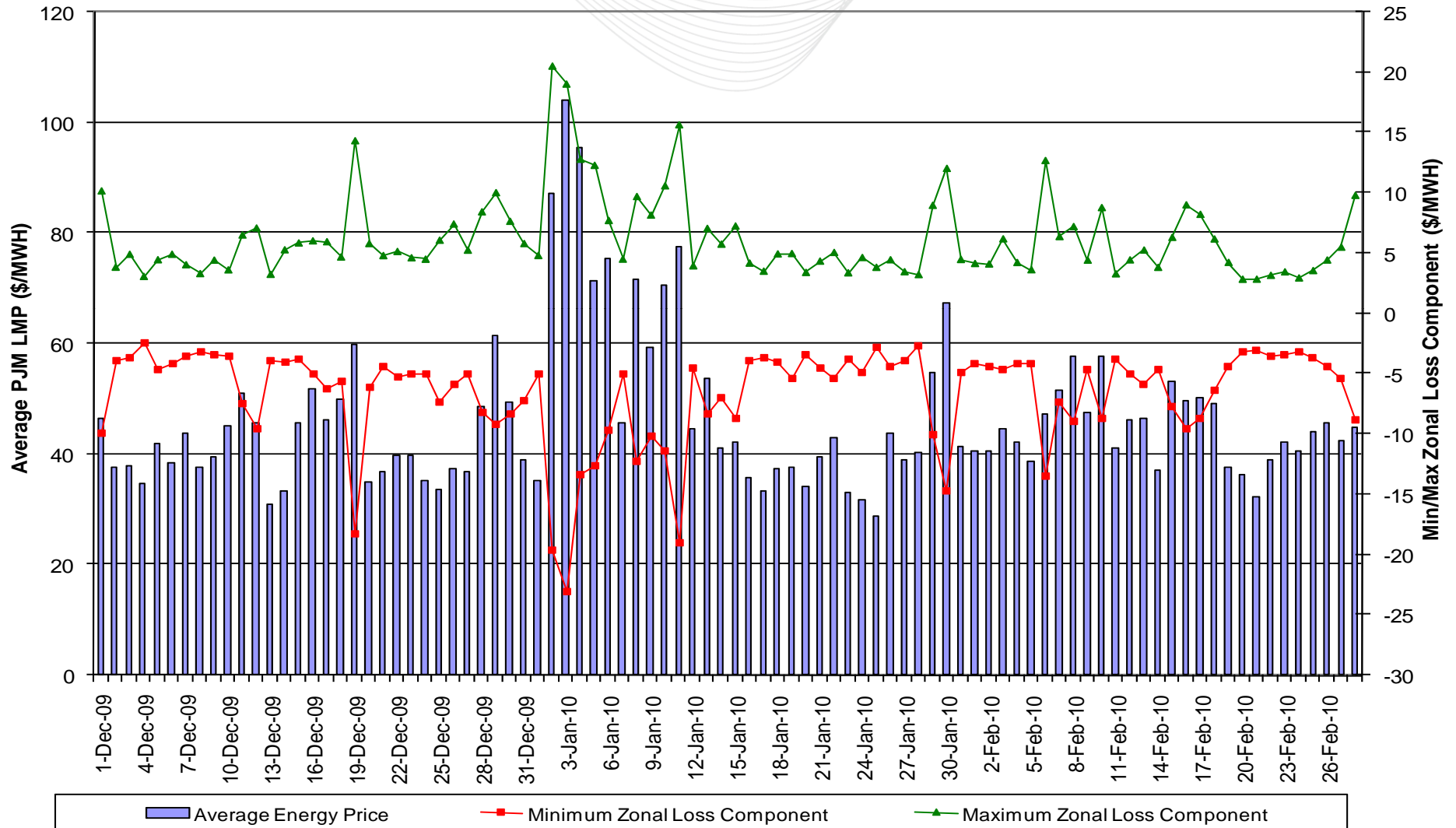
PJM Monthly Loss Surplus





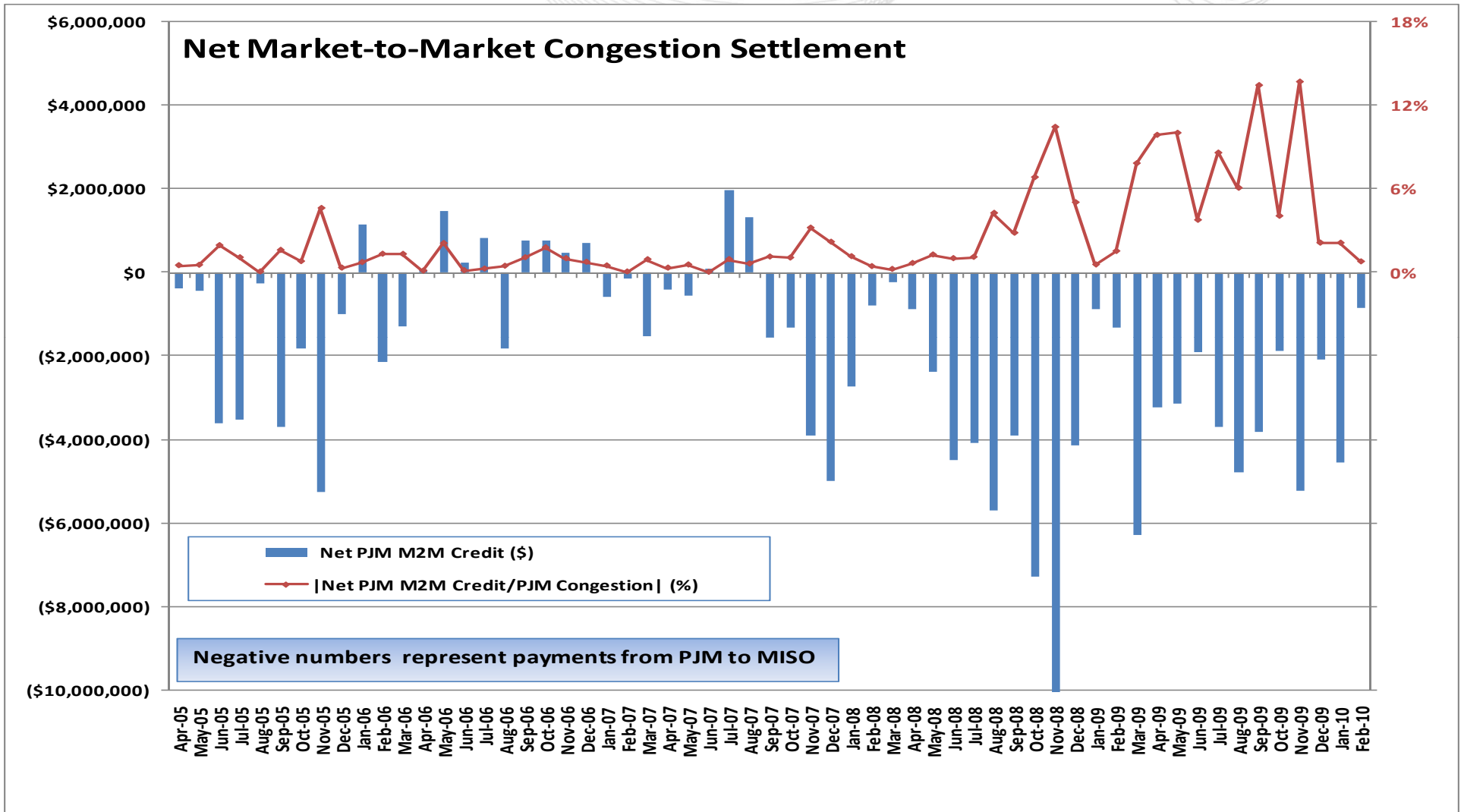
Real Time Marginal Loss Summary

Daily Real-Time Marginal Loss Summary





PJM-MISO Market-to-Market



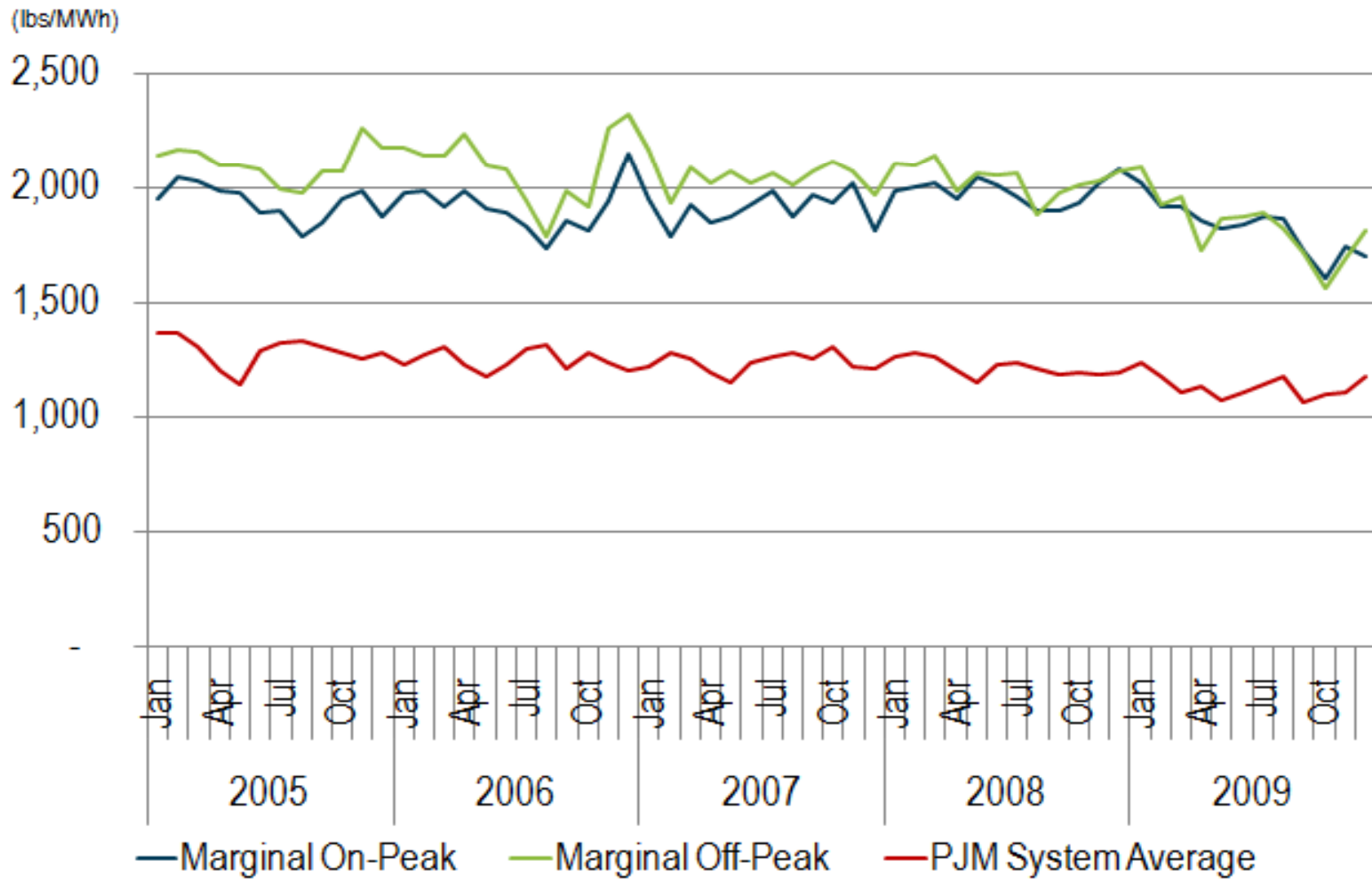
Note: Value shown do not include any adjustments that may be necessary due to the recently discovered M2M error.

CO₂ Emissions Rates of Marginal Units Average CO₂ Emissions Rates

- **CO₂ Emissions Rates of Marginal Units** - PJM has analyzed the CO₂ emissions rate information from the Generation Attribute Tracking System (GATS), which is administered by PJM Environmental Information Services (PJM EIS), for the specific marginal units for each five minute interval from January 2005 through December 2009. The five-minute marginal data was aggregated into hourly blocks and then sorted into on-peak and off-peak time periods and ultimately averaged for each month. The on-peak period is all non-holiday weekdays from 7 a.m. until 11 pm and the off-peak is comprised of all other hours. The annual numbers are also provided.
- **Average CO₂ Emissions Rates** - The average CO₂ emissions rate is calculated with the CO₂ emissions rate information from GATS. Each unit's monthly generation numbers are coupled with the CO₂ rate to determine the total monthly emissions. The total CO₂ emissions values for all units are summed across the PJM region and divided by the total generation in the region to determine the average CO₂ emission rate in PJM for that month. The annual numbers are also provided.



CO₂ Emissions Rates of Marginal Units Average CO₂ Emissions Rates





CO₂ Emissions Rates of Marginal Units

Average CO₂ Emissions Rates

(lbs/MWh)		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2005	Marginal On-Peak	1,952	2,047	2,026	1,986	1,979	1,892	1,897	1,783	1,842	1,948	1,988	1,875	1,934
	Marginal Off-Peak	2,140	2,164	2,155	2,102	2,094	2,077	1,999	1,974	2,074	2,071	2,263	2,177	2,107
	PJM System Average	1,368	1,366	1,311	1,205	1,141	1,290	1,325	1,334	1,306	1,278	1,254	1,285	1,292
2006	Marginal On-Peak	1,976	1,987	1,914	1,987	1,906	1,889	1,831	1,737	1,856	1,808	1,939	2,148	1,912
	Marginal Off-Peak	2,175	2,141	2,140	2,233	2,099	2,081	1,940	1,792	1,987	1,917	2,257	2,321	2,091
	PJM System Average	1,227	1,274	1,306	1,227	1,181	1,226	1,296	1,315	1,213	1,281	1,241	1,205	1,252
2007	Marginal On-Peak	1,946	1,787	1,927	1,843	1,874	1,925	1,988	1,873	1,963	1,932	2,017	1,810	1,908
	Marginal Off-Peak	2,165	1,939	2,086	2,023	2,071	2,023	2,065	2,013	2,071	2,114	2,069	1,969	2,051
	PJM System Average	1,218	1,285	1,256	1,192	1,149	1,240	1,265	1,279	1,259	1,304	1,222	1,212	1,242
2008	Marginal On-Peak	1,982	2,001	2,016	1,946	2,046	2,009	1,961	1,898	1,894	1,933	2,015	2,080	1,981
	Marginal Off-Peak	2,107	2,097	2,138	1,987	2,061	2,052	2,065	1,885	1,976	2,011	2,026	2,070	2,039
	PJM System Average	1,260	1,283	1,266	1,204	1,150	1,231	1,242	1,209	1,188	1,193	1,189	1,197	1,220
2009	Marginal On-Peak	2,015	1,919	1,917	1,853	1,817	1,838	1,875	1,864	1,727	1,604	1,743	1,703	1,823
	Marginal Off-Peak	2,092	1,926	1,964	1,731	1,867	1,876	1,893	1,824	1,721	1,566	1,698	1,817	1,831
	PJM System Average	1,234	1,174	1,105	1,137	1,076	1,112	1,139	1,175	1,065	1,097	1,111	1,179	1,137