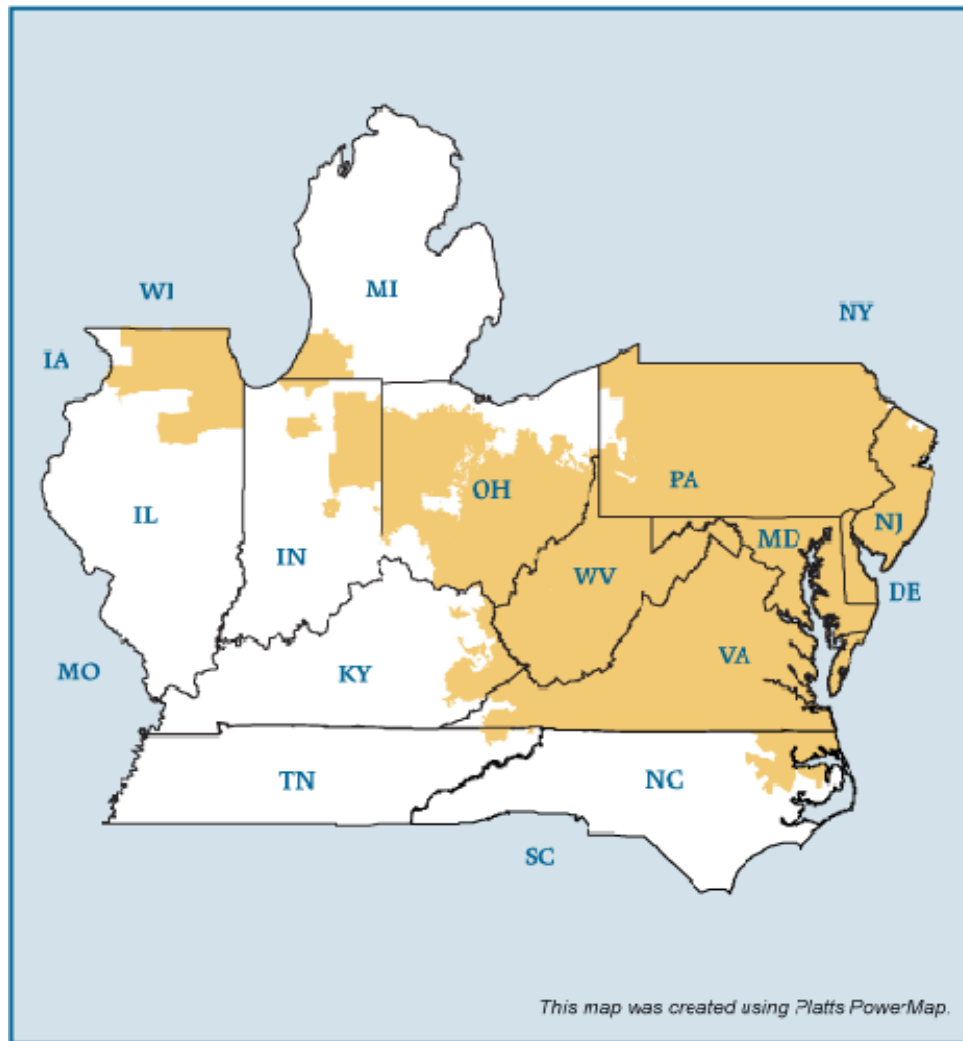


PJM Electric Market



Federal Energy Regulatory Commission • Market Oversight @ FERC.gov**Overview****Geography**

States covered: All or most of Pennsylvania, New Jersey, Maryland, Delaware, District of Columbia, Virginia, West Virginia and Ohio. Parts of Illinois, Michigan, Indiana, Kentucky, North Carolina and Tennessee.

Reliability region: Reliability *First* Corporation (RFC) and SERC Reliability Corporation (SERC)

Balancing authority: PJM Interconnection (PJM)

RTO/ISO

PJM Interconnection (PJM) operates the region's power grid and wholesale electric markets:

- Energy market: two-settlement (day ahead and real-time) spot market with locational marginal pricing (prices are calculated at each bus every five minutes),
- Capacity market,
- Ancillary services markets, and
- Financial transmission rights (FTR) market.

Energy and capacity in the region are also traded bilaterally through brokers and the Intercontinental Exchange (ICE).

Generation/Supply

Marginal fuel type: Coal and natural gas

Generating capacity (summer 2006): 164,634 MW

Capacity reserve (summer 2006): 19,990 MW

Reserve margin (summer 2006): 14%

Demand

All time peak demand: 144,644 MW (set August 2, 2006)

In summer of 2006, demand reached record levels on several occasions due to extremely hot weather.

Peak demand growth: 8.1 % (2006-2005)

Summer Peak Demand (MW) 133,762 (2005) 144,644 (2006) (Source: PJM)

Prices

Annual Average Day-Ahead Price

PJM Western Hub (a basket of 109 buses stretching from Erie PA to Washington DC)

2004: \$41.73/MWh

2005: \$60.89/MWh

2006: \$50.60/MWh

Prices increased in 2005 as a result of disturbances to the natural gas market. Prices declined in 2006 as natural gas storage levels remained above historical ranges throughout the injection season (April through October).

The PJM Western Hub pricing point is one of the most liquid energy pricing points in the world and is used for transactions on the PJM spot markets and in bilateral transactions.

Interconnections/Seams

Coming soon

Focal Points

PJM expands territory: In the first half of 2005, PJM Interconnection completed the integration of new territories that had begun in 2002. The Duquesne Zone, which includes Pittsburgh, Pa., and the surrounding area, was added on Jan. 1. On May 1, PJM added the Dominion Zone, which includes the eastern two-thirds of Virginia and a portion of eastern North Carolina. These two zone additions add 22 GW to the PJM summer peak load.

Electric regions combine: Three former electric reliability councils combined to form the Reliability First Corp. (RFC). RFC, after being approved as the regional council by the North American Electric Reliability Council, began operation on Jan. 1, 2006. The new region spans an area from the Mid-Atlantic across the Midwest, including parts of Wisconsin and Illinois. The three former councils that combined to form RFC are the East Central Area Reliability Council (ECAR), the Mid-Atlantic Area Council (MAAC), and the Mid-America Interconnected Network (MAIN). The RFC serves part of the territory of two RTOs, the PJM Interconnection and Midwest ISO.

Supply and Demand Statistics for PJM

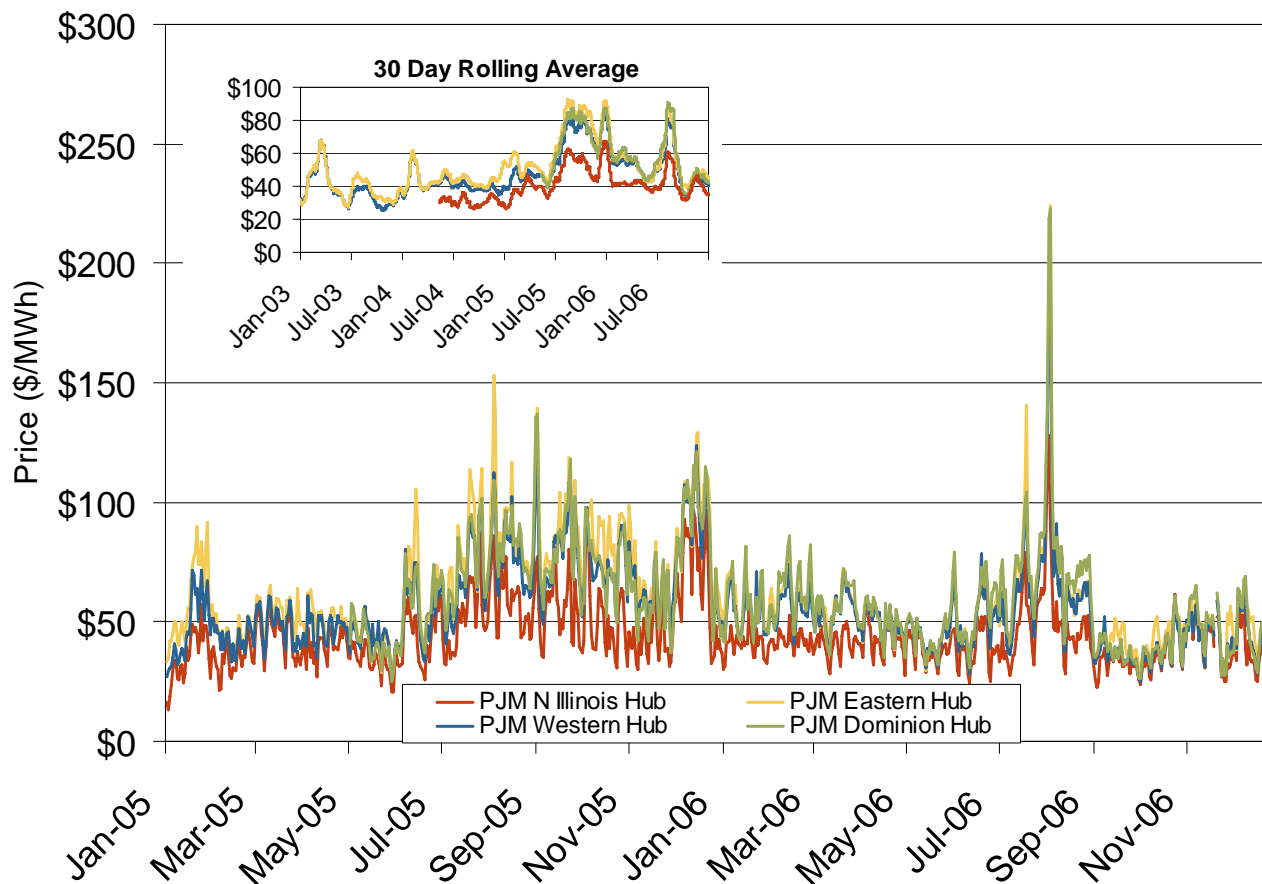
Supply Demand Statistics			
	2004	2005	2006
Summer Generating Capacity MW	106,250	166,950	164,634
Summer Peak Demand MW	77,887	133,762	144,644
Summer Reserves MW	28,363	33,188	19,990
Summer Reserve Margin:	36%	25%	14%
Annual Load (GWh):	438,874	684,592	NA
Annual Net Generation GWh	441,778	701,443	NA

Yearly Average of RTO DA Prices - All Hours

Annual Average Day Ahead Prices (\$/MWh)			
	2005	2006	5 Years
Northern Illinois Hub	\$47.19	\$40.98	NA
Western Hub	\$60.89	\$50.07	\$43.48
Eastern Hub	\$67.54	\$52.99	\$47.11
Dominion Hub	\$69.03	\$53.78	NA

PJM Electric Market: Prices

Daily Average of PJM Day-Ahead Prices - All Hours

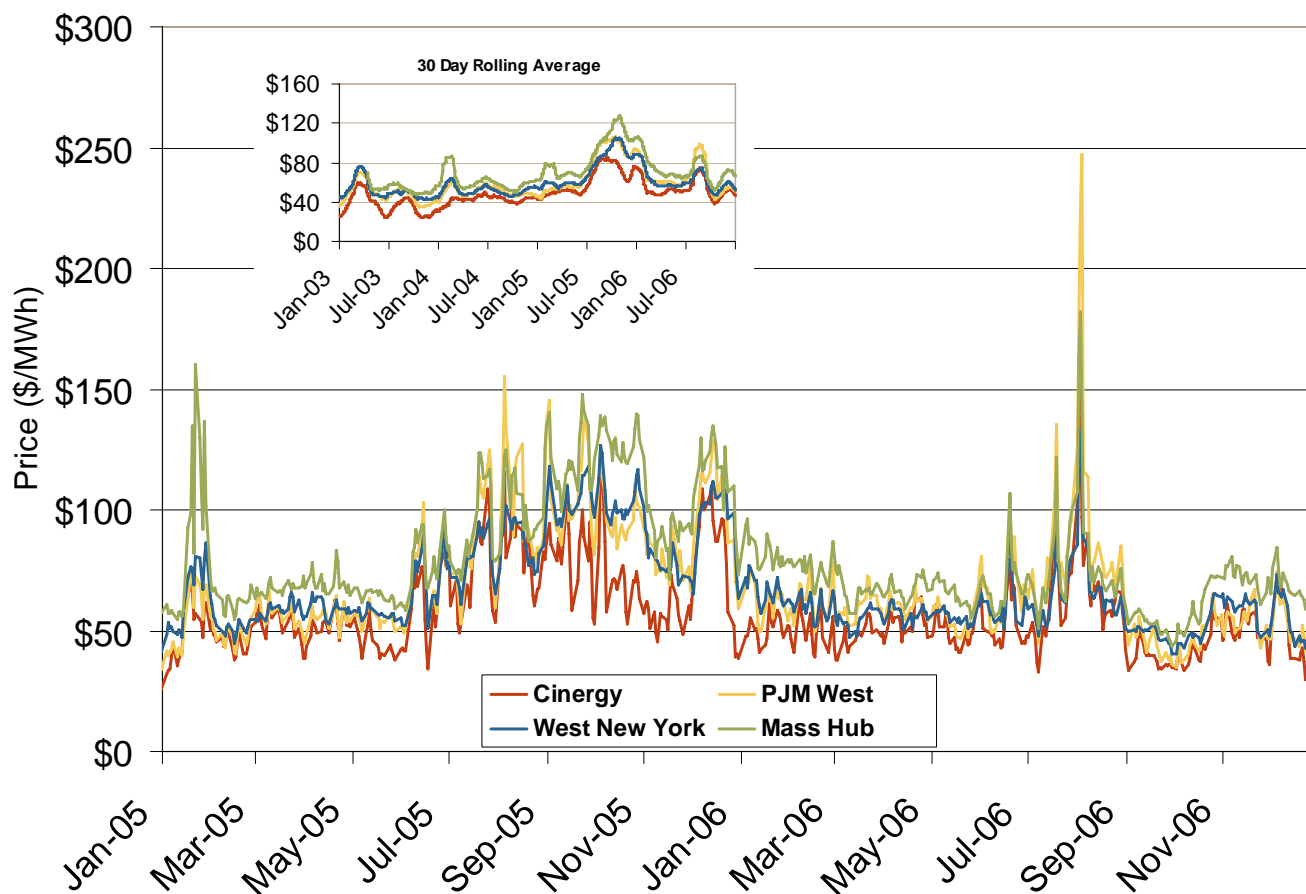


Source: Derived from PJM data.

Updated January 16, 2007

PJM Electric Market: Prices

Eastern Daily Bilateral Day-Ahead On-Peak Prices

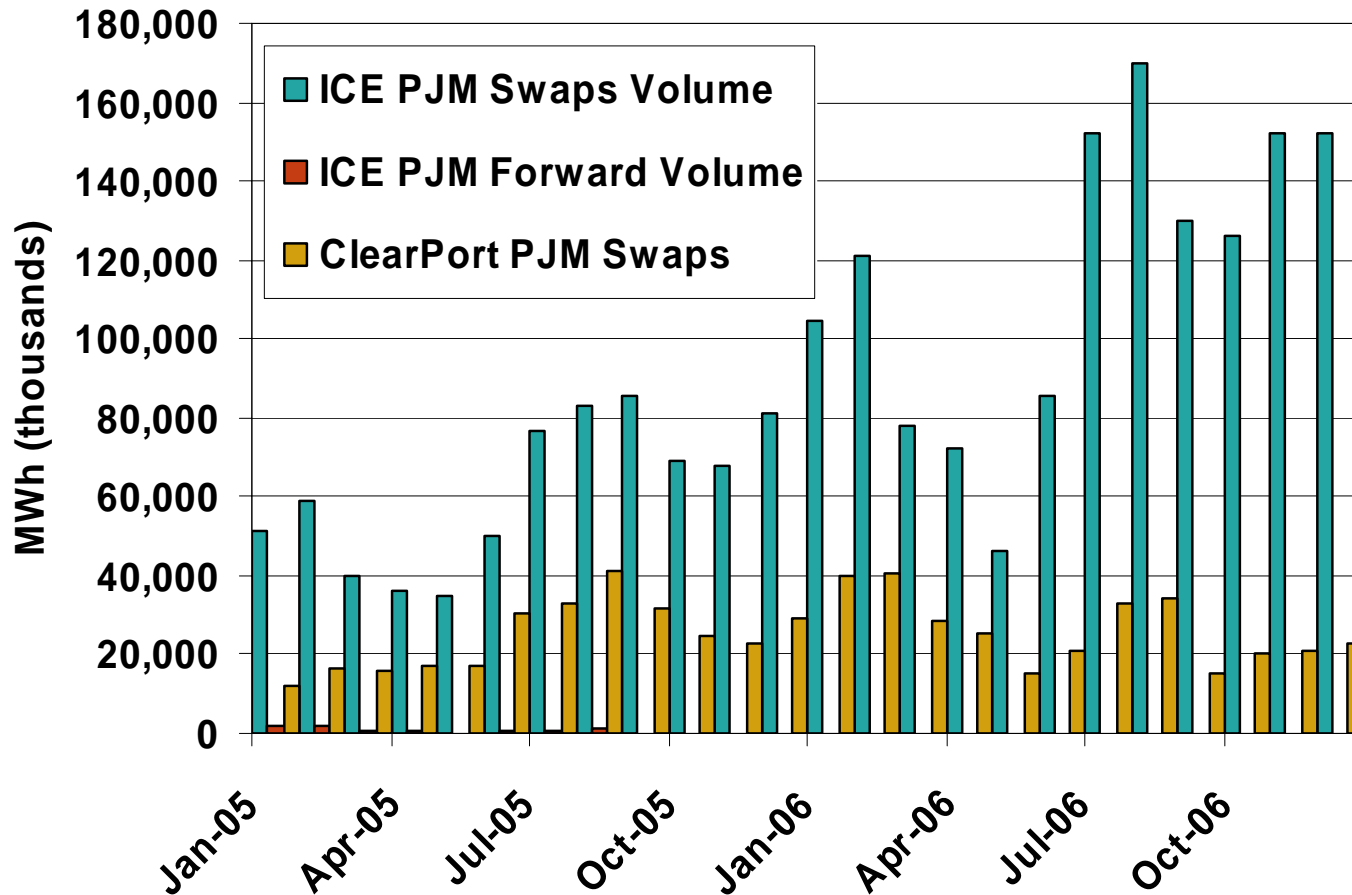


Source: Derived from *Platts* data.

Updated January 16, 2007

PJM Electric Market: Financial Market Volumes

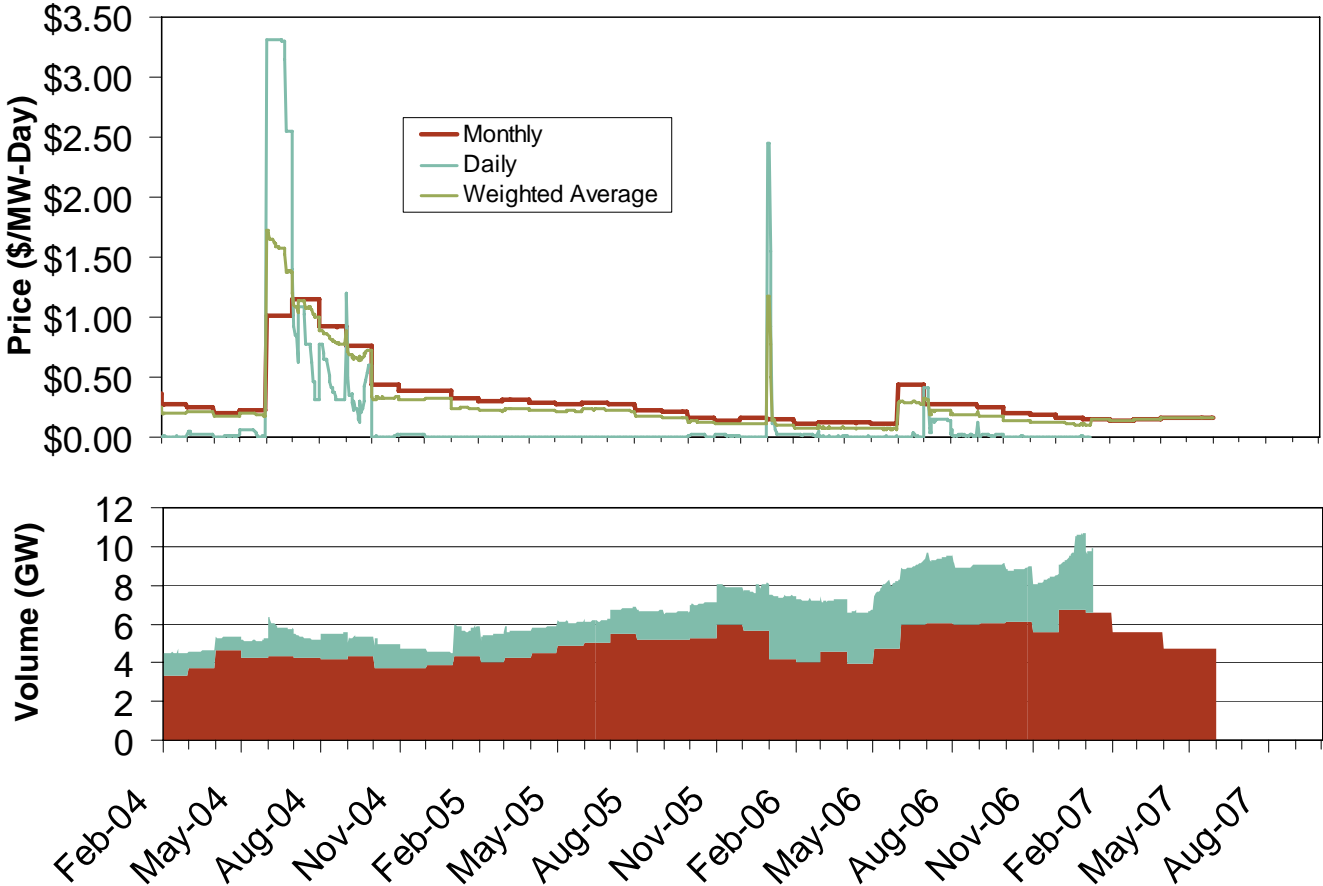
PJM Western Hub Forward and Swap Volumes



Source: Derived from ICE and Nymex ClearPort data. ICE on-peak forward and swap volumes are for PJM's Western Hub and include monthly, dual monthly, quarterly, and calendar year contracts traded for each month. Nymex ClearPort on-peak swaps volumes are for PJM's Western Hub traded by month.

PJM Electric Market: Capacity Markets

Weighted Average ICAP Clearing Prices and Volumes

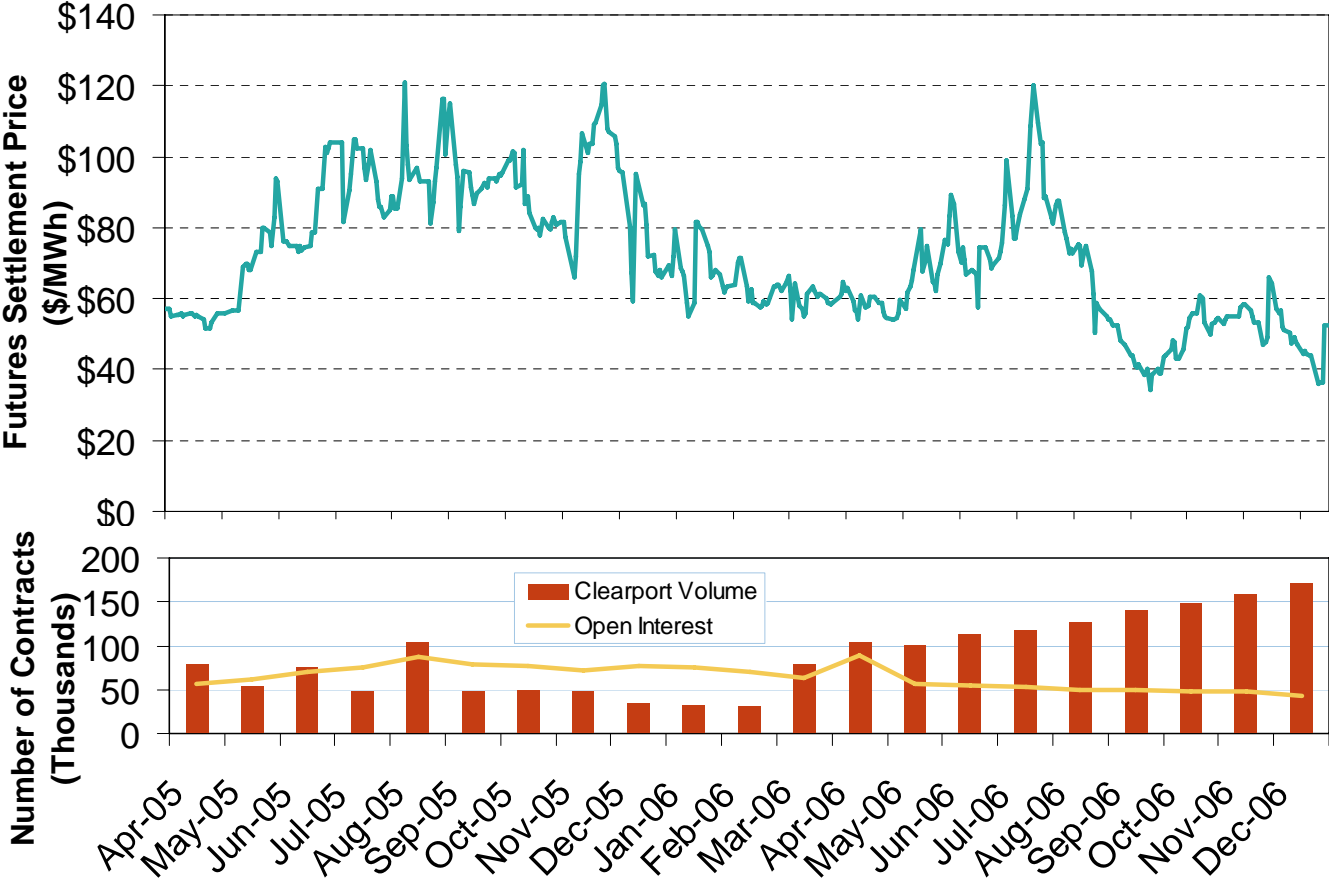


Source: Derived from PJM data.

Updated January 16, 2007

PJM Electric Market: Monthly Futures Contract

Daily Settlement Price, Monthly Volume and Open Interest



Source: Derived from NYMEX data.

Updated January 16, 2007