

NET REVENUE

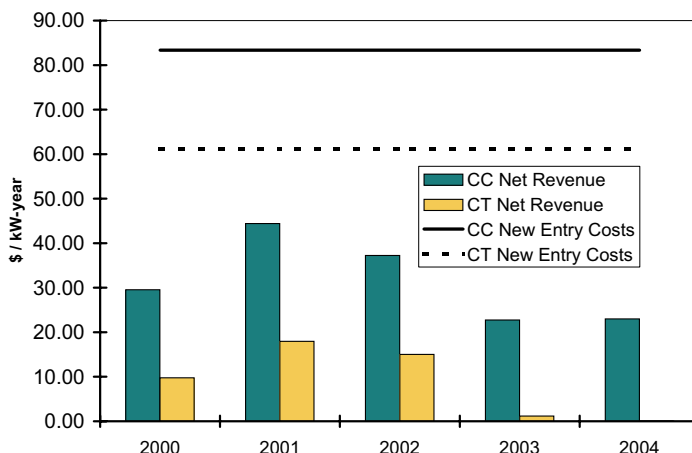
Annual net revenue from energy for gas-fired technologies in 2004 was below the five-year average for the second consecutive year. For a combined cycle, revenue from energy increased 1.1% from 2003 but was still 26.7% below the five-year average. For a combustion turbine, revenue from energy reached a five-year low, declining from \$9.76/kW-year in 2000 to \$0.05/kW-year in 2004.

FERC estimated cumulative annual net revenue for sale of energy at the PJM western trading hub.

Estimates of the cost of new entry in PJM vary. For example, PJM estimates were higher than the EIA-based estimates above: \$93.50/kW-year for a new combined cycle and \$72.20/kW-year for a new combustion turbine.⁷ In addition, the EIA-based cost estimates do not provide a detailed picture of intrastate cost divergence. According to a Strategic Energy Services Inc. report, new-entry costs for a combustion turbine in New Jersey are estimated at \$72.21/KW-year, slightly lower than in Maryland or Illinois at \$74.12/kW-year and \$73.84/kW-year, respectively.⁸

Estimated PJM 2004 net energy revenues fell below all of these thresholds. The addition of estimated net revenue from capacity made little difference. Without significant net revenue from energy, capacity, and ancillary services, market-based investment was not signaled.

PJM Western Hub Net Revenue from Energy



Source: Derived from Platts and EIA data. See "Analytic Note on Net Revenue Calculations" in the Other Material section for details. See also source note 10.

Regional Net Revenues from Energy and Capacity

	Net Energy \$/kW - yr	Net Capacity \$/kW - yr	Net Revenues \$/kW - yr
CC	\$23.00	\$5.24	\$28.24
CT	\$0.04	\$5.38	\$5.42

Source: Derived from FERC/OMOI analysis of Energy Revenues; PJM MMU estimates of capacity revenues as presented in May 4, 2005 State of the Markets.

This insert reflects a corrected version of the above chart "Regional Net Revenues from Energy and Capacity". Both the table figures and the source note have been updated 10/06/05.

REGIONAL EXPORTS AND IMPORTS

Before integration, PJM was a net importer of energy. After integration of the northern Illinois control area and continuing with the integration of AEP and Dayton, PJM became a net exporter. PJM was a net importer on five days after May 1 (June 16, November 21, December 5, December 6, and December 7). Before ComEd integration on May 1, average net imports were 2,539 MW. May through September average net exports were 1,529 MW. After the AEP and Dayton integrations on October 1, average net exports were 1,811 MW.

Source: Derived from PJM data. See source note 11.

Average Daily Net Interchange

