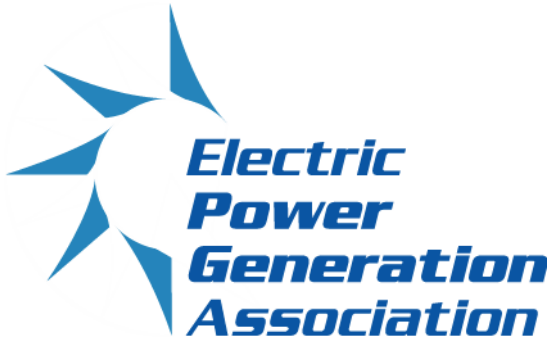


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800 North Third Street, Suite 303
Harrisburg, Pennsylvania 17102
Telephone (717) 909-EPGA
Fax (717) 909-1941
www.epga.org

FOR IMMEDIATE RELEASE

THE POWER OF COMPETITIVE ELECTRICITY MARKETS

CONFIRMED IN 2009 STATE OF THE MARKET REPORT

HARRISBURG, April 20, 2010 --- The Electric Power Generation Association (EPGA) welcomed the recent report issued by PJM's independent market monitor as evidence that the competitive electricity markets are properly functioning, resulting in tangible benefits for Pennsylvania electric customers through competitive prices, improved system reliability and creating more opportunities for environmental benefits.

"PJM markets, for the 11th straight year, have been found to be competitive, according to the Independent Market Monitor, Dr. Joseph Bowring," said Douglas L. Biden, President of the Electric Power Generation Association. "This means that 51 million electric customers in 13 states and the District of Columbia are benefiting from robust wholesale electric competition, which means better electric prices, more growth in generation capacity, and continued improvement in meeting environmental goals."

In the most recent State of the Market Report, Dr. Joseph Bowring, PJM's Independent Market Monitor, found that in 2009, "The overall market results support the conclusion that prices in PJM are set, on average, by marginal units operating at, or close to, their marginal costs." According to Dr. Bowring's report, "This is evidence of competitive behavior and competitive market outcomes."

The State of the Market Report is an important document in evaluating the effectiveness of the wholesale electric markets in Pennsylvania. "Competitively organized markets are the best way to promote efficiencies in electric generation and ensure that we will continue to have the necessary supply to meet the demands of the future," said Biden. "Dr. Bowring's independent report helps provide an important assessment on how the markets are supporting those goals."

The report shows that in 2009, prices dropped 45.1%, which is the fourth time in 10 years that prices were below the previous year's level. In 2009, wholesale electric prices fell below what they were in 2003. The report also notes that when removing the impact of fuel on electricity costs - which represents the dominant cost driver of electric generation - the price of wholesale electricity decreased by 10.5%. "These findings reflect the value of competitive markets in keeping downward pressure on prices, regardless of what is happening in the fuel market," said Biden.

One of the goals of the competitive market model is to create market incentives for generation owners to build and operate plants more efficiently. Dr. Bowring found that in 2009, PJM's installed capacity increased from 164,899 MW to 167,326 MW, resulting in more resources being available to meet electric demand. Of the total installed capacity at the end of 2009, 40.7% was coal; 20.2% was natural gas; 18.4% was nuclear; 5.3% was hydroelectric, solid waste and wind; and 4.7% was oil. "Increased capacity ensures that the system will continue to be reliable and it demonstrates that there is infrastructure investment occurring, all of which benefits consumers," said Biden.

The report also illustrates the market efficiency gains that have been realized through the competitive electricity market. For example, demand-response and energy efficiency offers increased 9,409 MW through June 1, 2012 – the equivalent of 15 large power plants. "Creating opportunities for reducing peak demand and increased demand-response and energy efficiency programs is an important component of the competitive market," said Biden. "These efforts help reduce prices, reduce the need for expensive new power plants, and promote good stewardship of our environment."

In reviewing the competitive market, Dr. Bowring did find that in 2009, net revenues were not adequate to cover total fixed costs for a new power plant entrant. "This finding is evidence that the market is not yet producing prices that allow for the costs of construction of new power plants to be covered," said Biden. "Unfortunately, that fact may result in slower growth in building traditional base load electric generation. While the goal is always to produce electricity at the most affordable cost, market prices also need to attract the necessary capital investment to grow new generation and maintain existing resources."

"Competitive electric markets are the most effective way to bring the best price to consumers, promote renewable energy and demand-response resources, spark innovation, attract infrastructure investment, and provide for efficiency improvements," said Biden. "The 2009 State of the Market Report confirms that while more work needs to be done, we are heading in the right direction."

EPGA is a trade association of electric generating companies with headquarters in Harrisburg, Pa. Its members include AES Beaver Valley, Allegheny Energy Supply, Cogentrix Energy Inc., Dynegy Inc., Edison Mission Group, Exelon Generation, FirstEnergy Generation Corp, LS Power Associates, PPL Generation, RRI Energy, Sunbury Generation, Tenaska, Inc. and UGI Development Company. These companies own and operate approximately 139,000 megawatts of electric generating capacity in the US, more than half of which is located in the Pennsylvania and surrounding states.

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