

PPL operates power plants and sells electricity in competitive markets in the Northeast and West. We value open dialogue with public officials to achieve constructive outcomes on energy policy issues. Contact us with questions or requests for information about competitive electricity markets and energy policy.



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Falling electricity prices reflected in purchases by PPL Electric Utilities, Allegheny Power

Two electric distribution companies in Pennsylvania have seen the effects of falling wholesale electricity prices in recent solicitations for power supply contracts.

In April, PPL Electric Utilities made the fifth of six supply purchases for 2010. The average price for residential electricity supply that it received was 23 percent

less than the average price it obtained in October 2008.

PPL Electric Utilities estimated that prices for a typical residential customer who does not choose an alternative supplier would increase by about 30 percent in 2010, down from the previous estimate

(continued on back)



Electricity prices falling in PJM Western Hub

In a wholesale electricity market, a “hub” is a common point for energy trading, and the point where price signals are established for a particular geographic region.

The PJM Western Hub is one of the most active trading locations in the country and consists of 111 delivery points on the grid, and is the point where electricity

prices settle for the region served by PPL Electric Utilities.

PJM Interconnection is an independent regional transmission organization that operates an electricity system spanning 13 states and the District of Columbia, and is the world’s largest wholesale competitive electricity market.

PJM West Hub On-Peak Prices For Calendar Year 2010



Standard offer service prices dropping for customers in Ohio

Reflecting a trend that is being seen in several states, standard offer service customers of FirstEnergy companies in Ohio will pay less for electricity effective June 1.

The Public Utilities Commission of Ohio has accepted the results of an electricity supply auction in May that drew 12 bidders. Nine suppliers were awarded contracts.

Electricity bills for an average residential customer will decrease by 16 percent in the Ohio Edison service area, 12.6 percent in the Toledo Edison service area and 7.4 percent in the Cleveland Electric Illuminating service area.

Aggregation helps Ohio customers save

Thanks to an Ohio law that allows communities to form “governmental aggregation” buying groups for electricity and natural gas, 385,000 residential and small-business customers will save money on their electric bills.

Residential and small-business customers in 24 Ohio communities can choose a fixed discount or a graduated discount over a four-year period.

In another 14 communities, savings are based upon the outcome of a competitive auction to secure generation and transmission supply.

Falling electricity prices *(continued from front)*

of 36 percent, which was based on the prices of electricity supply purchased in 2007 and 2008.

And with wholesale prices falling, several suppliers have indicated that they will compete for business in the area served by PPL Electric Utilities after its generation rate cap expires at the end of 2009.

Also in April, Allegheny Power made its initial electricity supply purchases for residential customers for 2011, when its generation rate cap expires. Based on the average price of \$72.80 per megawatt-hour, Allegheny Power estimated that a typical residential customer would see an 8.5 percent increase in bills in 2011.

Energy efficiency programs included in PJM capacity auction

PJM Interconnection recently conducted its electricity capacity auction for the 2012-2013 planning period, and for the first time companies that offer energy efficiency programs were able to enter bids.

The result: New energy efficiency programs will provide 569 megawatts of capacity in the 13-state PJM region for 2012-13. That’s enough capacity for nearly 500,000 typical homes.

Energy efficiency programs provide “capacity” by reducing the demand for electricity, particularly at times of peak use, and offsetting the need for new generation. As a result, PJM’s capacity market allows energy efficiency and demand response

programs to compete with, and be paid the same as, new sources of generation.

In addition to the 569 megawatts of energy efficiency capacity, the auction resulted in 1,894 megawatts of capacity from new or upgraded generation, and 7,047 megawatts of capacity from demand response programs. [See PJM’s complete auction report here.](#)

PJM’s capacity market is intended to ensure reliable electricity supply by sending price signals that attract new generation and energy conservation programs in areas where they are needed. Capacity prices are a component of the price that consumers pay for electricity.

New Englanders favor electric competition

More than three out of four New Englanders favor electric competition, according to a survey conducted for the New England Energy Alliance.

Ten years after New England states opened electricity markets to competition, 78 percent of respondents to the survey said they favor choice, with 45 percent strongly in favor. [Read the results of the survey.](#)

About half of the respondents believe the competitive market provides adequate financial signals to promote investment in new generation, while 36 percent believe that ensuring adequate electricity supply should be the responsibility of government as well. Since New England restructured its electricity industry, generation capacity in the region has grown by 10,000 megawatts.