



ENERGY INSIGHTS

Information for policy leaders

March 7, 2011

PPL operates power plants and sells electricity in competitive markets in the Northeast and West.

PPL values open dialogue with public officials to achieve constructive outcomes on energy policy issues.

Contact us with questions or requests to information about competitive electricity markets and energy policy.

Auction results will reduce electricity prices in New Jersey

The New Jersey Board of Public Utilities has approved results from the state's 10th electricity auction for Basic Generation Service that will reduce electricity prices effective June 1 for customers who have not chosen alternative suppliers.

The average price for electricity supply for the period June 1, 2011, to May 31, 2012, was 9.528 cents per kilowatt-hour. That represents a reduction from the average price of 9.607 cents per kilowatt-hour obtained in last year's auction.

The new contracts will replace expiring contracts from the 2008 auction, when wholesale energy prices were considerably higher. The average price in the 2008 auction was 11.328 cents per kilowatt-hour.

Based on the auction results, typical residential customers who do not choose alternative suppliers will see a reduction of 3.4 percent to 4.6 percent on their total monthly electric bill, depending on their local utility.

BGS auction results

Utility	Price (cents per kilowatt-hour)
PSE&G	9.43
JCP&L	9.256
Atlantic City Electric	10.095
Rockland Electric	10.684

PPL promotes competitive markets and challenges New Jersey capacity law

PPL strongly promotes competitive energy markets in New Jersey and throughout the region. PPL EnergyPlus has participated in New Jersey's energy markets as a wholesale supplier to the state's utilities and a developer and purchaser of renewable energy, and is looking at plans to become a retail supplier for business, government and institutions.

"Our belief is that competitive markets provide better results, greater efficiency and more innovation, while reducing financial risks to consumers of building and operating power plants," said Gene Alessandrini, senior vice president-Marketing for PPL EnergyPlus.

PPL strongly opposes the New Jersey law that authorizes the Board of Public Utilities to approve long-term power supply agreements for new power plants to be built in the state and requires electric customers to pay above-market capacity costs for that generation.


The law puts significant cost burdens on New Jersey residents and businesses, Alessandrini explained. The added costs are not justified, given the continuing drop in energy prices due to the current over-supply of electricity generation and natural gas.

The cost of new generation cannot be fully recovered by revenue from current energy and capacity markets – a clear indication that new power plants are not needed.

"If left unchallenged, the law will take money from the pockets of New Jersey families and businesses, result in more jobs lost than created, and put up barriers to investment and innovation in New Jersey and surrounding states," Alessandrini said.

The measure represents a backwards step that damages the competitive market, shifts the financial risk of power plant construction back to ratepayers, and sets a precedent that future developers will expect similar sweetheart deals.

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