

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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Electric choice continues to grow as wholesale electricity prices drop

Electric choice continues to gain momentum in states with competitive electricity markets, driven by the continuing decline in wholesale energy prices.

In Maryland, the number of residential customers who have chosen alternative suppliers has tripled in the last 12 months. Alternative suppliers now provide 40 percent of the electricity delivered by Baltimore Gas & Electric.

Pennsylvania has launched a new Web site, www.papowerswitch.com, to inform and educate consumers about choosing suppliers and conserving energy. More than 580,000 Keystone State consumers have switched to alternative electricity suppliers, including 421,000 customers

of PPL Electric Utilities, where a lengthy cap on generation rates expired Dec. 31, 2009. Pennsylvania is gearing up for additional shopping when generation rate caps for three other large electric utilities — PECO Energy, FirstEnergy and Allegheny Power — expire at the end of 2010.

In Connecticut, more than 350,000 customers, or 23 percent of the state's total, have chosen alternative electricity suppliers. That represents a 75 percent increase since August 2009, according to the Connecticut Department of Public Utility Control.

Based on existing standard offer service rates, Connecticut consumers choosing alternative suppliers are saving 10 percent or more on electricity prices.

Wholesale electricity prices decline in 2009

The average wholesale price of electricity in the PJM Interconnection was 45 percent lower in 2009 than in 2008. Those lower prices are being reflected in declining standard offer service or default supply rates across the region.

Monitoring Analytics, an independent organization that examines the performance of competitive energy markets in the 13-state PJM region, found the average wholesale electricity price in 2009 was \$39.05 per megawatt-hour, down from \$71.13 in 2008.

Lower prices have had a direct impact on bids electric distribution companies are receiving for default supply. Default supply rates offered by electric distribution companies will continue a process of steady decline, which began late last year, as supply contracts signed in 2007 and

2008 expire, and new contracts at today's lower prices are added.

The expectation is that default rates will continue dropping throughout 2010 and into early 2011.

In Pennsylvania, PPL Electric Utilities has completed default supply purchases for more than two-thirds of the electricity it will need in the first quarter of 2011 for customers who do not choose alternative suppliers. The average price of those purchases is 16 percent less than current default service rates.

Baltimore Gas & Electric's standard offer service rates in Maryland will drop to their lowest level since 2006 effective June 1. The most recent electricity supply auction for Maryland's four largest utilities resulted in contracts with prices that are 6 percent to 9 percent lower than last year.

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New Penn State program to study competitive electricity market

A new Penn State University program will provide an academic resource about the competitive electricity market for Pennsylvania policymakers.

“The price freeze on electricity is ending and companies are beginning to market electricity directly to the consumer,” said Andrew Kleit, professor of energy and environmental economics and leader of the Penn State Electricity Markets Initiative.

The initiative expects to evaluate the impact of the market in Pennsylvania on the retailing of electricity, determine if restructuring of electricity markets through the introduction of competition leads

to better environmental outcomes, and suggest rules for integrating renewable energy and energy storage facilities consistent with consumers’ economic and environmental preferences, Kleit said.

PPL EnergyPlus is one of six electricity suppliers supporting the project.

Other participants include the Pennsylvania Public Utility Commission and PJM Interconnection. The collaboration among industry, government and academia will provide unique insight into the economic and social effects of energy policies in Pennsylvania.

Michigan businesses push for electric competition

Michigan businesses representing more than \$278 million in annual electricity bills have petitioned Gov. Jennifer Granholm and the state Legislature to expand the state’s competitive electricity market and increase customer choice.

The petition seeks to rescind 2008 legislation limiting customer choice to 10 percent of electricity demand for each utility. When

the bill was enacted, supporters believed the 10 percent cap would never be reached.

Since that time, the state’s Public Service Commission has approved increases in regulated electricity rates amounting to about 10 percent. Those rate increases, coinciding with sharply lower wholesale electricity prices led to the competition cap being reached last summer.

Competitive markets foster alternative energy

Solar energy generation has increased by 3,000 percent in the competitive PJM Interconnection market since 2005, according to data from PJM’s Generation Attribute Tracking System.

The nation’s largest rooftop solar energy project was unveiled in Woodbridge, N.J., in April. New Jersey’s competitive elec-

tricity market is second in the United States for solar energy installation, the Solar Energy Industries Association reported.

The new solar installation covers more than 3 acres of a FedEx facility rooftop.

PPL EnergyPlus is purchasing the solar renewable energy credits produced by this solar energy project.

Conn. consumers supporting electric choice

A new survey by the New England Energy Alliance revealed that 88 percent of Connecticut consumers support electric competition.

The Connecticut Legislature is considering a bill to create an authority that would build, own and operate generating plants, and enter into contracts to buy electricity.

Asked which would be the better way to reduce electricity prices, 76 percent of those surveyed said competition among private companies, compared with 17 percent who favor a state-run power authority.

The survey was conducted in April among 241 registered voters in the state.

Wholesale electricity prices

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The most recent basic generation service auction in New Jersey resulted in lower average prices than 2009 and 2008, and will result in slight decreases for most customers as the contracts awarded in 2010 at an average price of 9.6 cents per kilowatt-hour replace contracts awarded in 2007 at an average price of 9.9 cents per kilowatt-hour. When New Jersey replaces expiring BGS contracts that were awarded in 2008, BGS rates may fall again.

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