



ENERGY INSIGHTS

Information for policy leaders

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PPL EnergyPlus warns against state-subsidized generation

A PPL EnergyPlus executive testified before the Maryland Public Service Commission recently about the threat to electricity users and the competitive market from a plan to request proposals for state-subsidized generation projects. The written testimony can be found [here](#).

Gene Alessandrini, senior vice president of Marketing for PPL EnergyPlus, stressed that the competitive market in Maryland is supplying, and will continue to supply, the electricity resources that customers in that state need in the most efficient and lowest-cost manner. Alessandrini emphasized that the competitive market is working in Maryland.

Close to a half million Maryland residents and businesses have chosen competitive energy suppliers, which is nearly a 300 percent increase since 2008. In addition, over that period, default service rates in Maryland have declined by almost 30 percent.

Alessandrini offered strong words of caution about the state interfering with the competitive market by subsidizing "unnecessary and uneconomical" new generation. "Subsidized generation will cost consumers more than available market alternatives, will discourage new investment and will reduce the options currently available to consumers by raising prices charged by competitive

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Competitive Market is Working in Maryland Notable Price Reductions

Measurement	2008	2011	% Decrease
Default Service Rates (cents/kW-hr)	12.4	9	30%
PJM West Hub Prices (cents/kW-hr)	6.6	3.8	40%
Maryland Basis Prices (\$/kW-hr)	18.01	3.5	80%
Maryland Capacity Prices (\$/kW-hr)	23.08	22.64	2%

Contact

 **Gene Alessandrini**
Sr. Vice President-Marketing
lgalelessandrini@pplweb.com

Bob Barkanic
Sr. Director-Energy Policy
rjbarkanic@pplweb.com

Christine Martin
Vice President-State
Government Relations
cmmartin@pplweb.com

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State-subsidized generation *(Continued from front)*

suppliers and electric distribution companies,” said Alessandrini.

PPL EnergyPlus is one of 24 registered competitive suppliers in the state. PPL EnergyPlus entered the retail market in Maryland in 2011 and has recently expanded its offerings in BGE service territory.

In addition, PPL’s generation affiliate, a separate company from PPL Energy Plus, is in the midst of one of the largest hydroelectric expansion projects in the country at Holtwood, Pennsylvania, just north of the Maryland border, which will serve as a source of clean, renewable energy for Maryland and the PJM region when it goes online in 2013.

Holtwood Construction Continues

PPL Corporation’s generation affiliate is in the midst of one of the largest hydroelectric expansion projects in the country at Holtwood, Pennsylvania, that will add 125 megawatts of clean, renewable energy to the regional power market, which includes Maryland, when it goes online in 2013. The project will more than double the output of an existing 100-year-old hydroelectric plant on the Susquehanna River just north of the Maryland border. Investment risk for the Holtwood project is borne by investors and not ratepayers.



PJM reports \$199 million in efficiency savings

The PJM Interconnection has reported savings of \$199 million in 2011 by increasing efficiency in how generation is scheduled to meet electricity demand requirements.

Scheduling the amount of electricity needed each day to match consumers’ use is not a perfect science, PJM noted, because of variables such as weather. PJM initiatives to more effectively schedule the use of combustion turbines, typically the most expensive form of generation, to meet demand shortfalls resulted in the significant cost savings. Those savings benefit PJM customers.

PJM officials reported cumulative savings of \$455 million since 2008 resulting from improved efficiency in scheduling generation.

Barkanic elected state chair of Retail Energy Supply Association

Bob Barkanic, senior director of energy policy for PPL Energy-Plus, has been elected by the Retail Energy Supply Association (RESA) as the 2012 Retail Electric Caucus chair for Maryland, Washington DC, and Delaware.

RESA is a trade association devoted to promoting vibrant and sustainable competitive energy markets, and is comprised of the nation’s leading retail energy suppliers. PPL EnergyPlus is a RESA member, active in several states with competitive retail electricity markets.

In his capacity as a regional Electric Caucus chair, Barkanic will be responsible for leading state and district advocacy efforts for RESA as it addresses energy policies and regulations in the rapidly expanding competitive retail electric and natural gas markets throughout Maryland, Washington DC, and Delaware.

“In Maryland, Delaware and the District of Columbia, and with the talented resources that the RESA member companies bring to our advocacy, we will carry the message about the importance of developing rules and regulations that continue to open the energy markets to competitive forces so that all customers can benefit from those markets.”