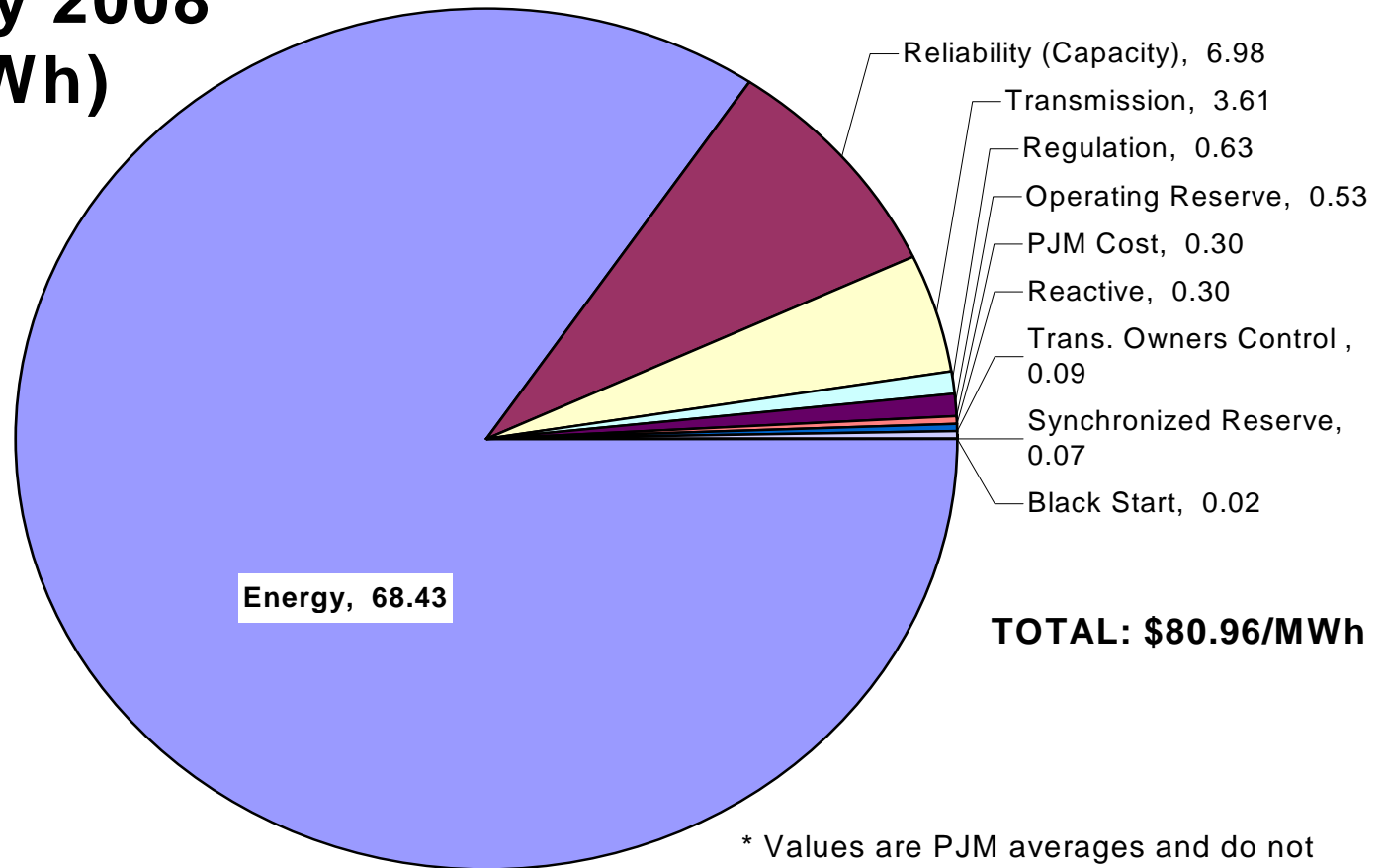


Executive Report

May 2008

Markets Report

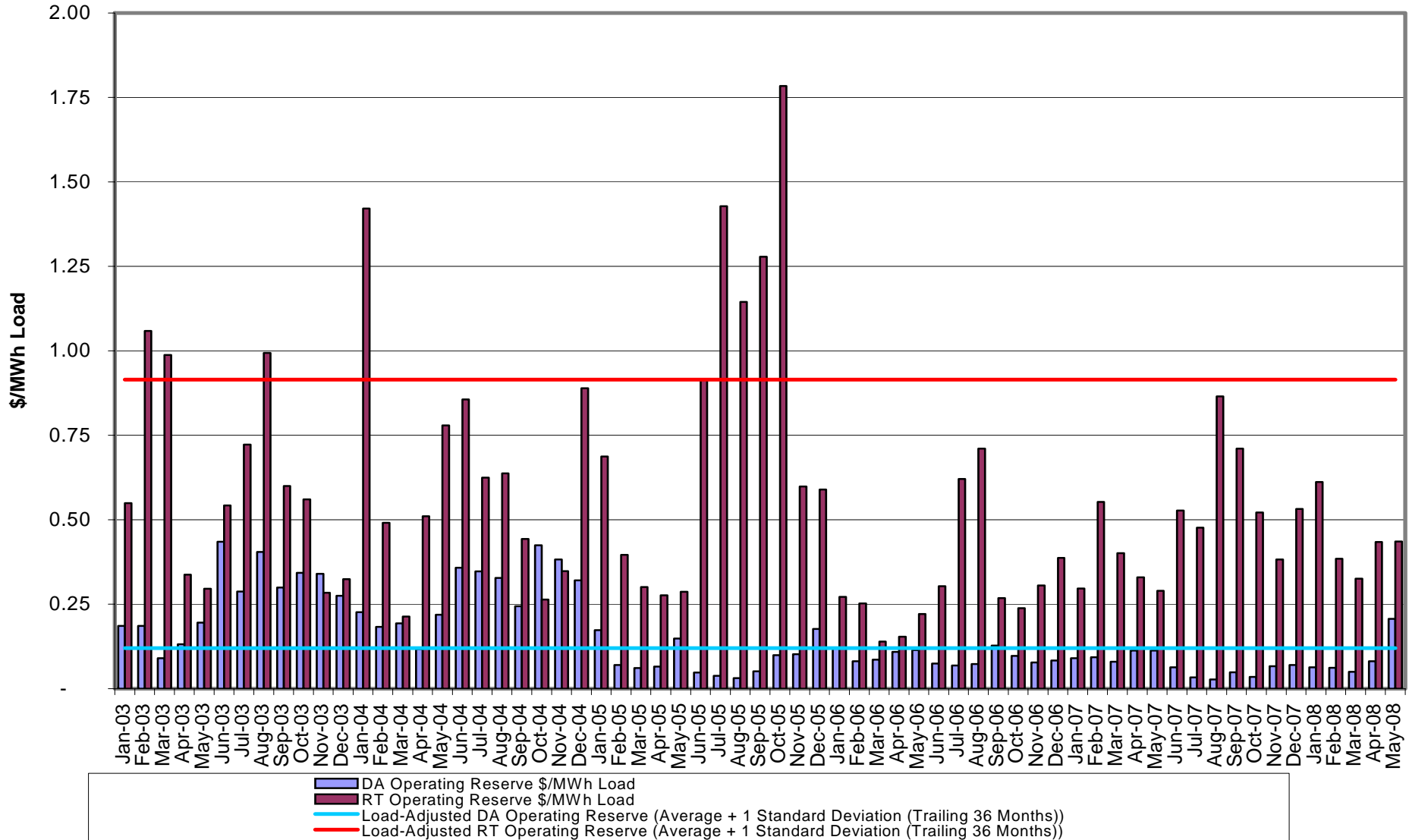
PJM Wholesale Cost YTD May 2008 (\$/MWh)



* Values are PJM averages and do not reflect potential locational cost differences.

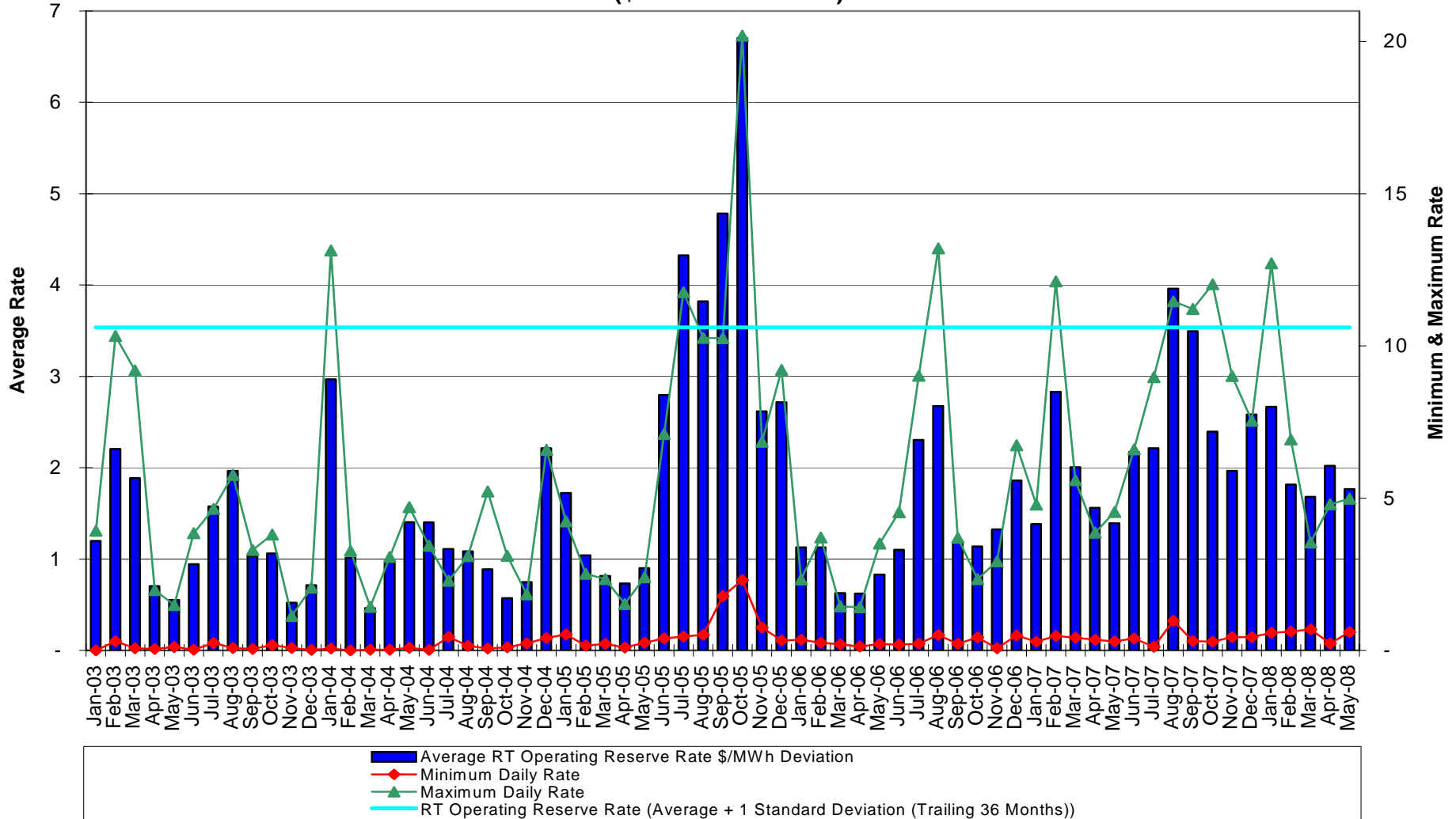
- Horizontal lines have been added to some of the charts in this report. These lines represent average *plus* (or *minus*) 1 standard deviation of the series for the previous 36 months. They are clearly labeled in the legends.
- The levels represented by these horizontal lines are intended to trigger an explanation by PJM staff when an observation above (or below) the threshold level is registered.
- An observation above (or below) the threshold level does not necessarily imply an extraordinary circumstance, neither does an observation that fails to exceed the threshold level preclude an explanation.
- PJM staff always welcomes questions about any of the observations or data presented in these charts.

PJM Operating Reserve Costs 2003-2008 (\$/MWh Load)

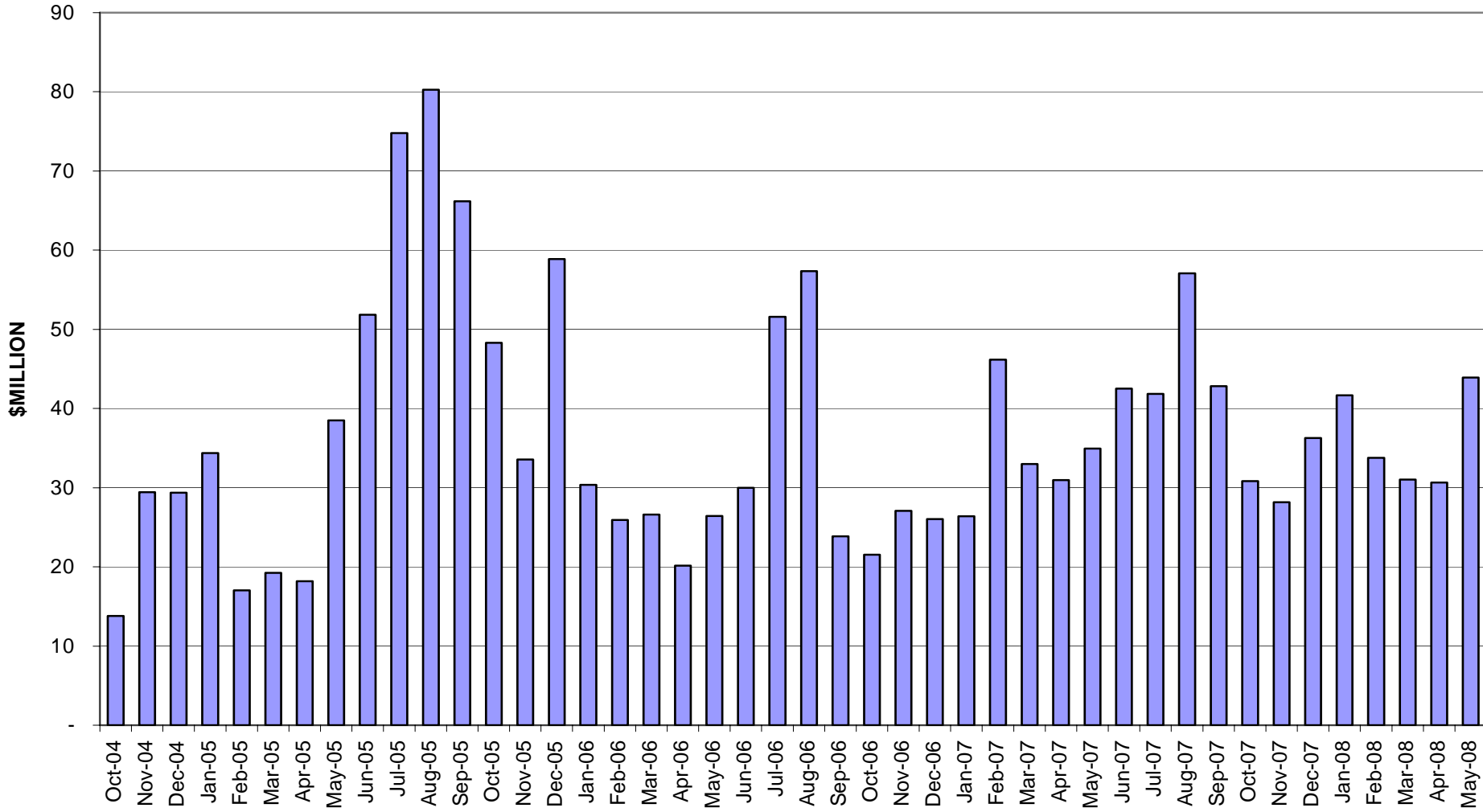


- Day-Ahead Operating Reserve charges totaled \$10.9 million in May 2008 (vs. \$4.2 million in April 2008 and \$6.3 million in May 2007).
- This corresponds to \$0.21 per MWh of load served by PJM, which is above the trigger level of \$0.12.
- This increase in Day-Ahead Operating Reserve payments was necessary to compensate units committed for transmission constraints as a result of scheduled transmission outages in New Jersey.
- \$5.2 million of the payments, which is close to all of the increase from April 2008 and more than all of the amount above the trigger amount, went to the units that needed to be committed as a result of these scheduled transmission outages.

Monthly Real-Time Operating Reserve Rates (\$/MWh Deviation)



PJM Regulation Costs

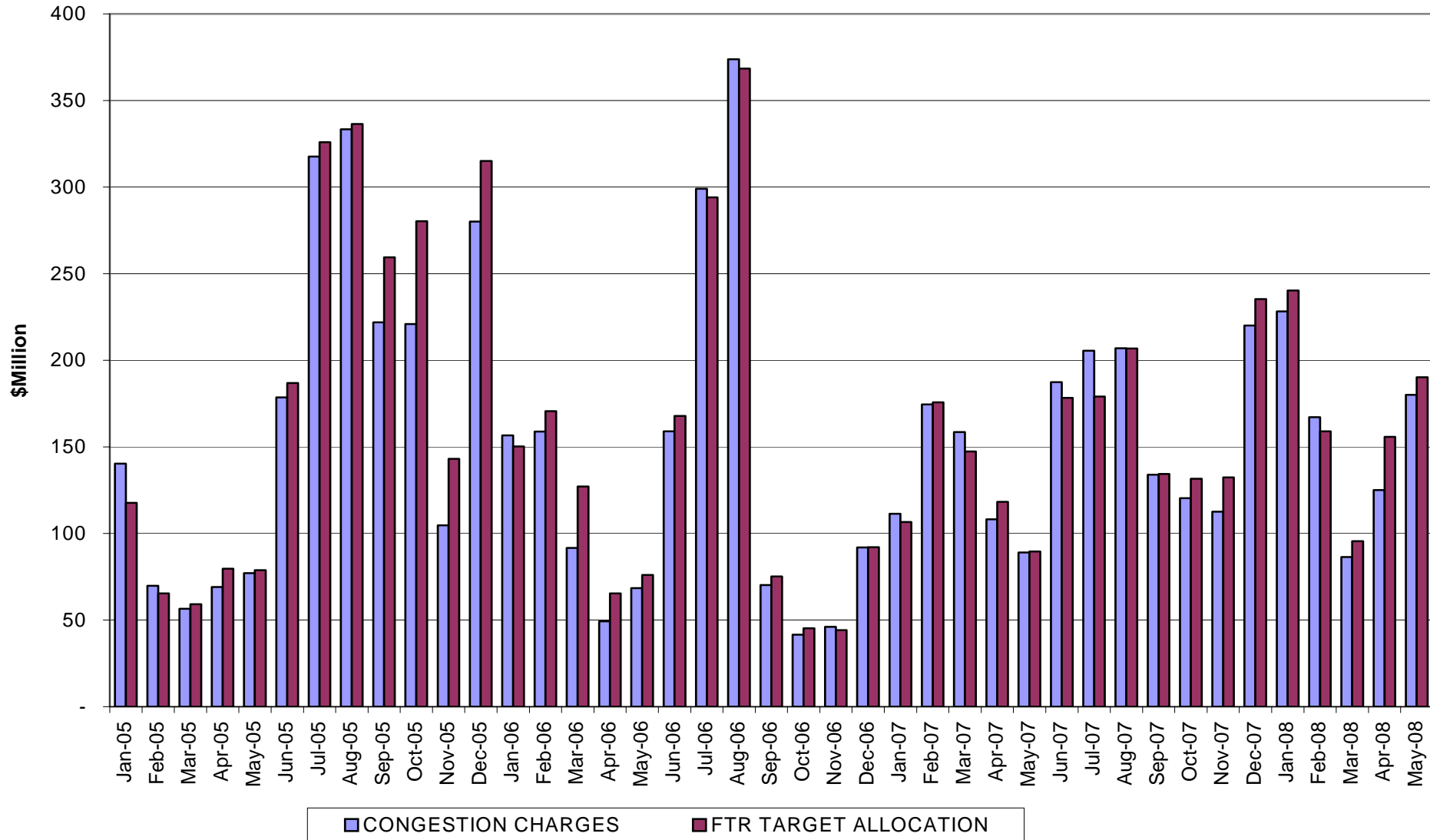




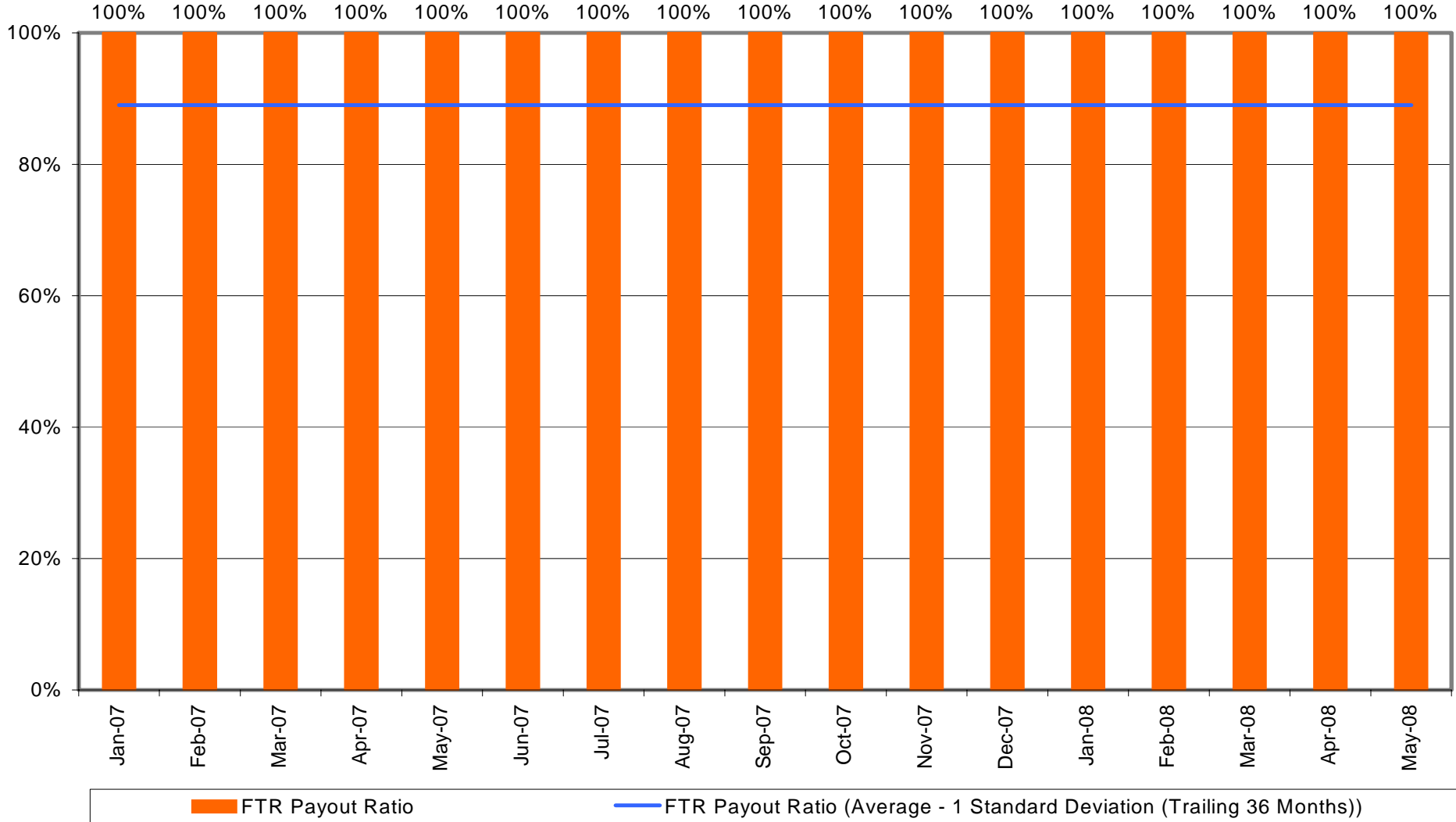
Congestion Revenue vs. FTR Target Allocation

FTR TARGET ALLOCATIONS AND CONGESTION REVENUE 2005-2008

PY 2007-2008 Distribution of
Excess: \$25.9 Million

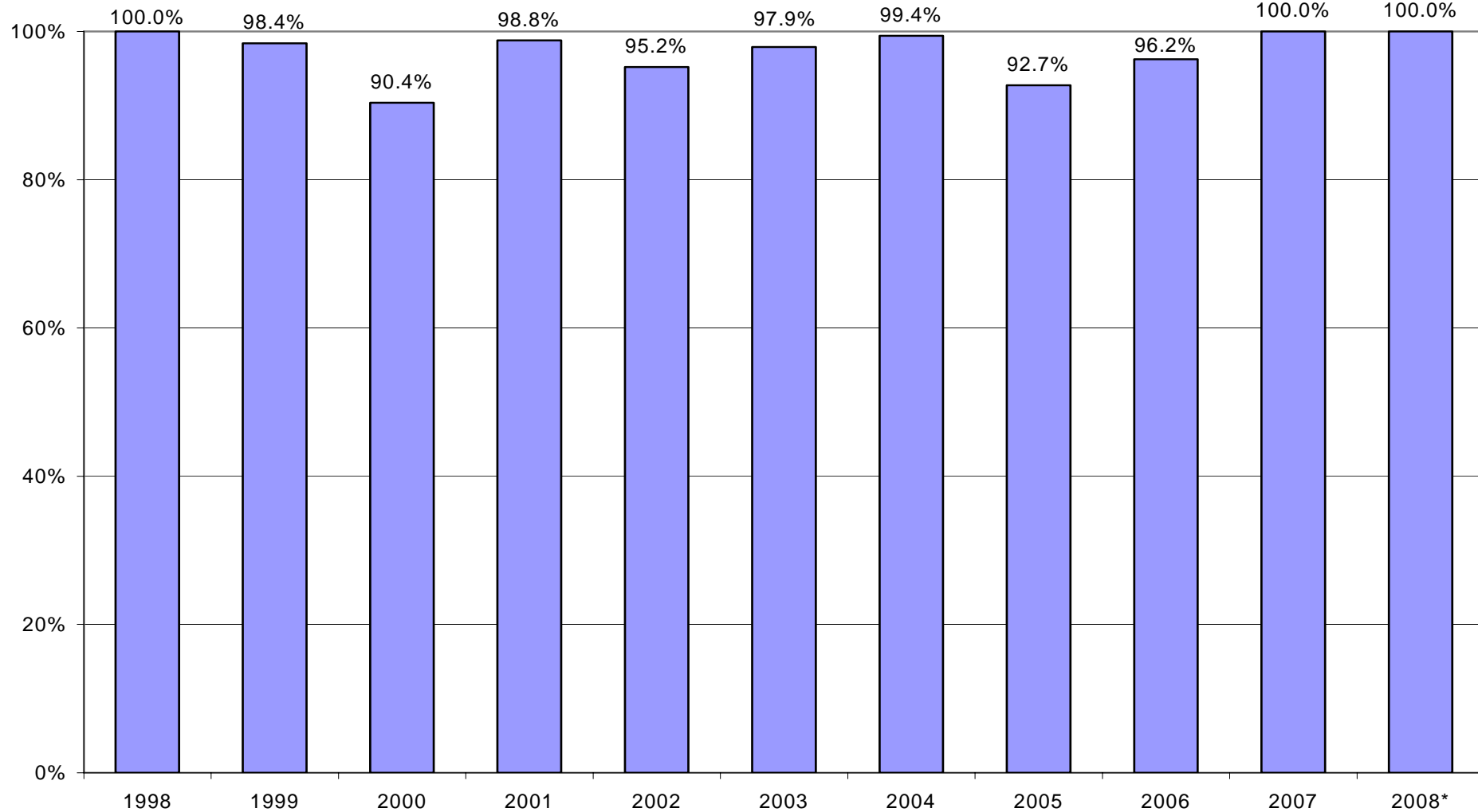


PJM FTR Payout Ratio

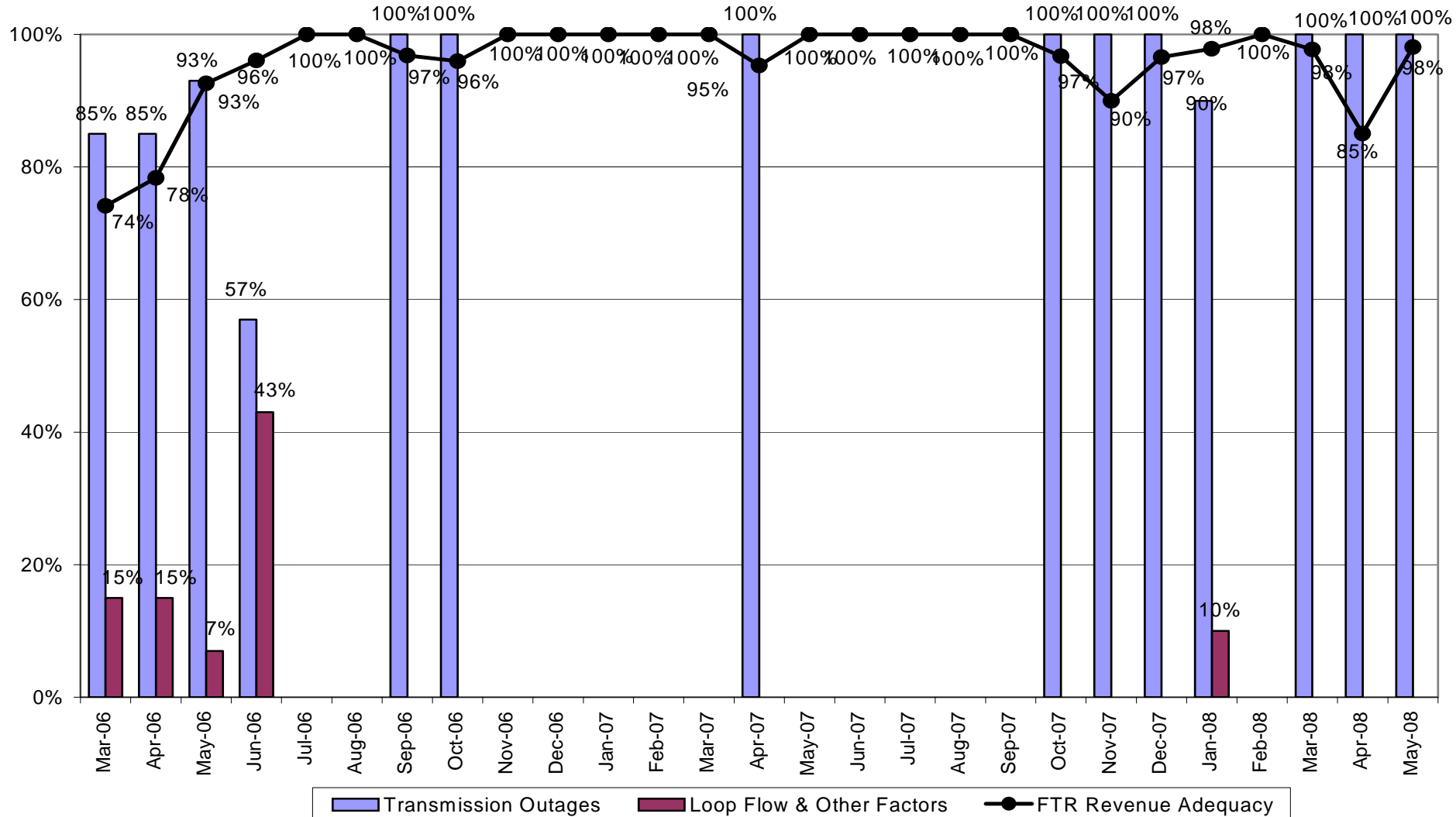


PJM Calendar Year FTR Payout Ratio 1998-2008

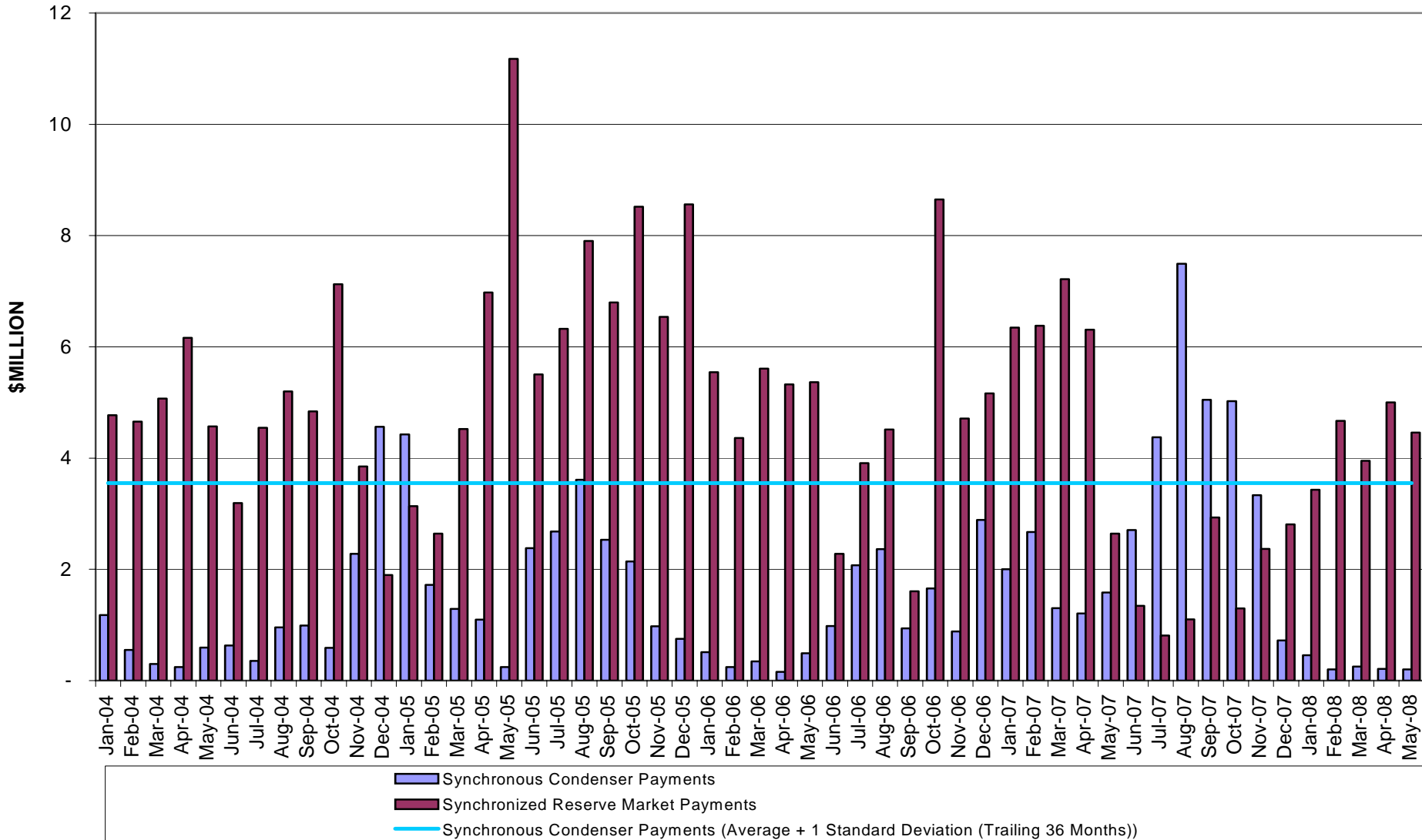
*Through May



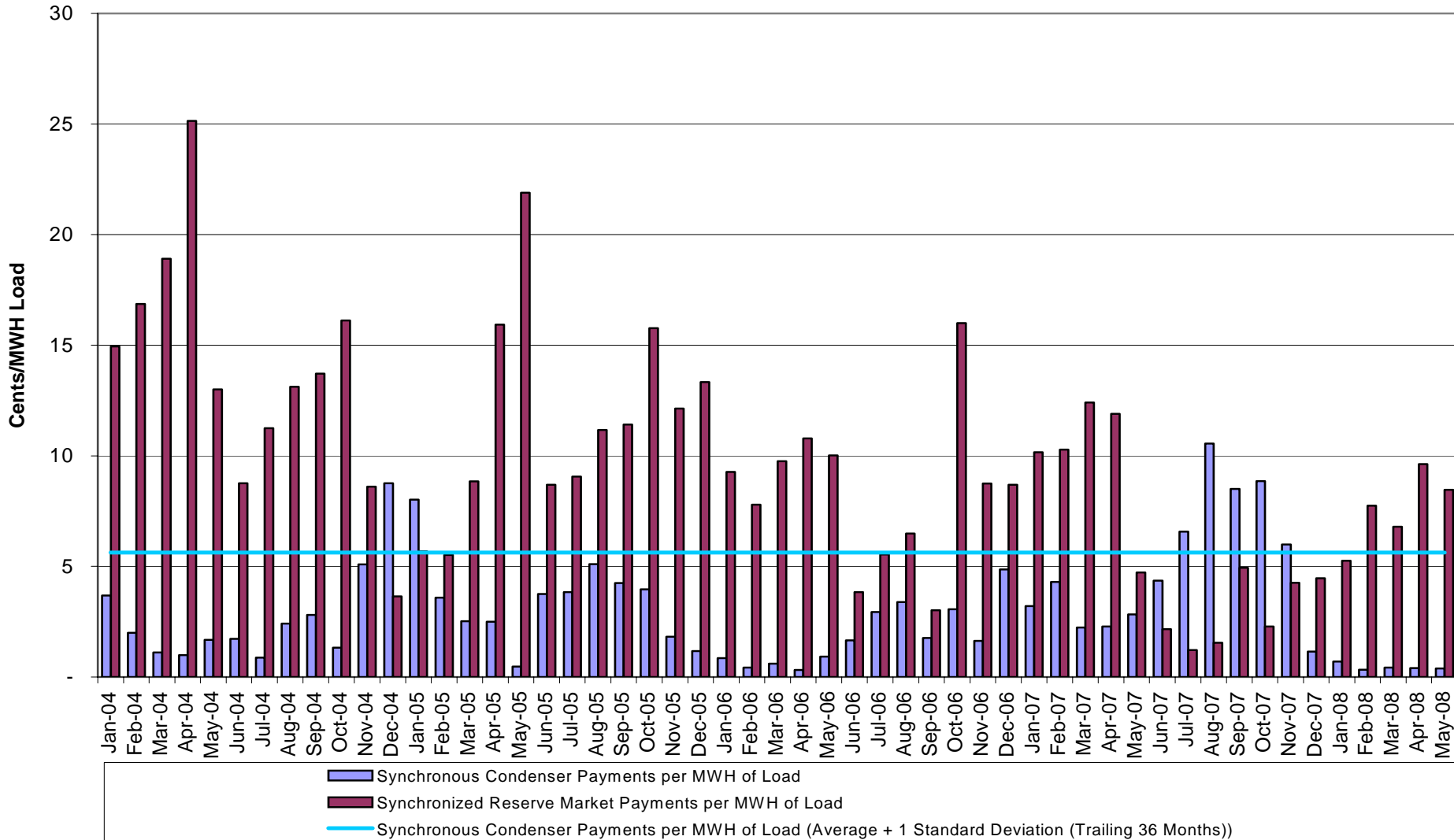
FTR Revenue Shortfall Breakdown



PJM Synchronous Condenser & Synchronized Reserve Costs



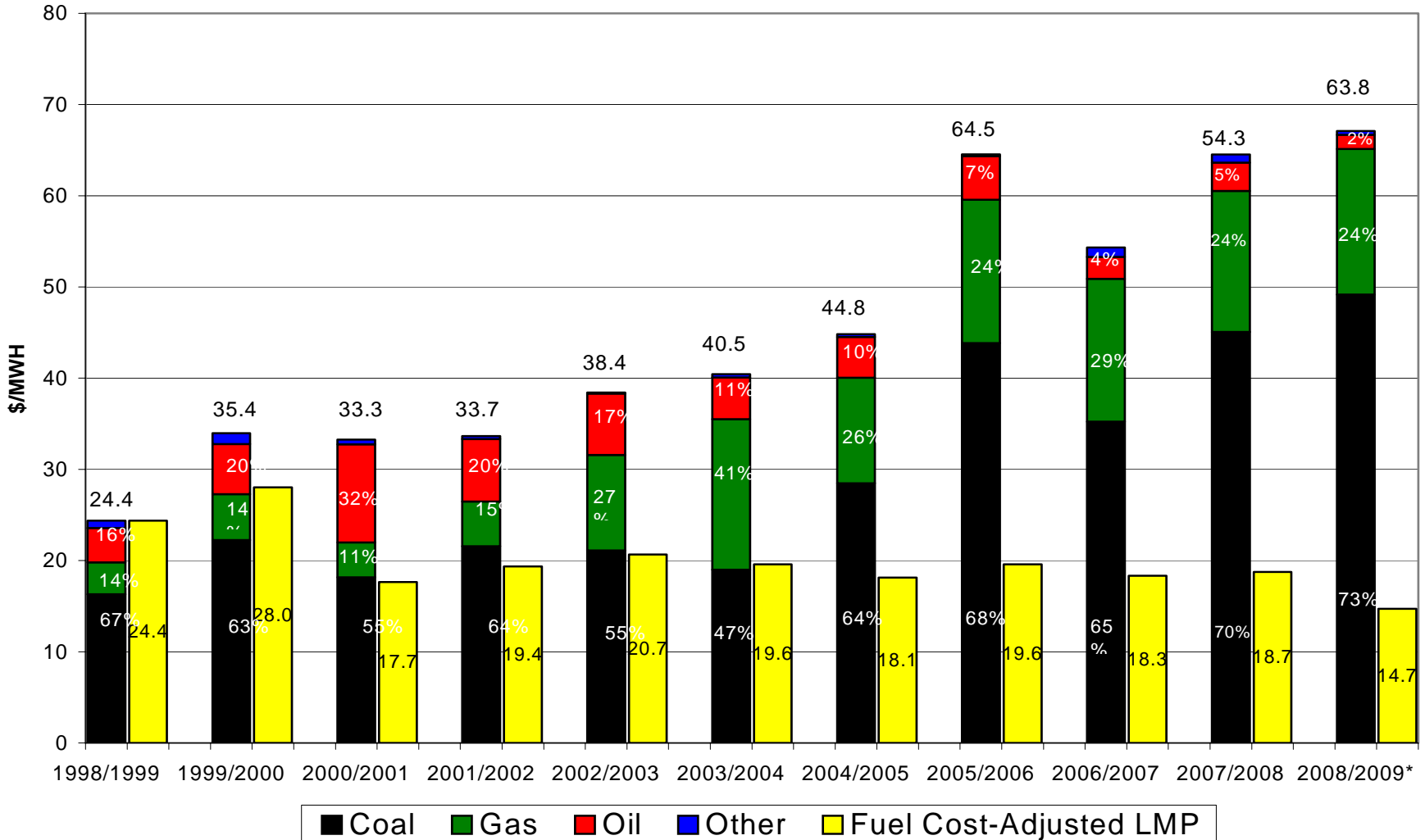
PJM Load-Adjusted Synchronous Condenser & Synchronized Reserve Costs (Cents per MWH of Load)



- Next two slides show the regular load-weighted LMP and the fuel cost-adjusted load-weighted LMP for annual reporting periods of April 1st through March 31st, with 1998-1999 as the reference period for fuel prices and hourly marginal fuel types (first slide), along with annual fuel factors (second slide).
- Regular LMP in the first slide is broken down into its fuel components based on the annual fuel factors displayed in the second slide.
- Beginning with the 2008-2009 reporting period (i.e. April 1, 2008), both the fuel cost-adjusted LMP and the accompanying fuel factors are calculated using a different and a more accurate method. Inputs to use the new method for previous years are not available, so they remain calculated using the prior method.

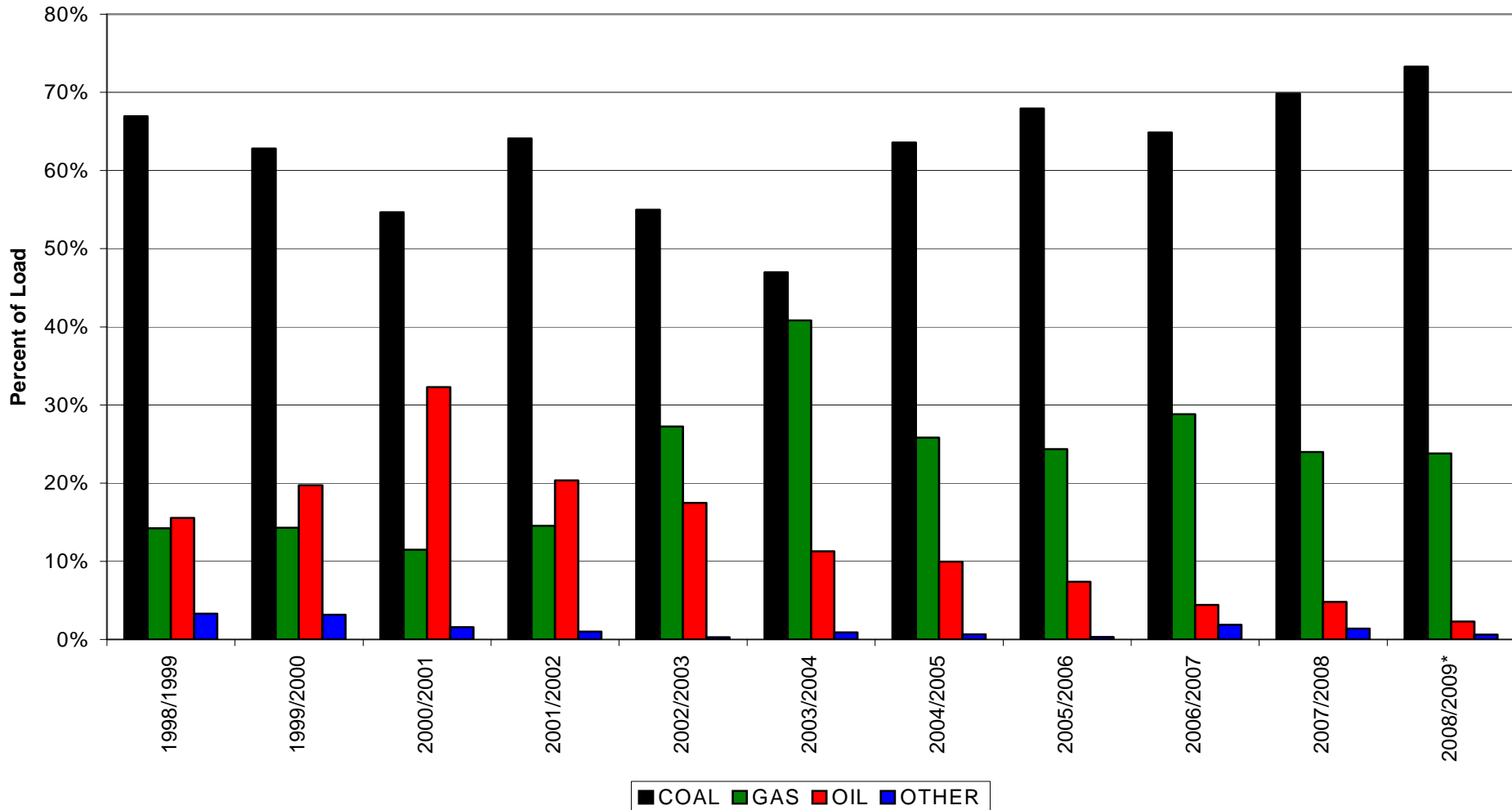
PJM Load-Weighted and Fuel-Cost-Adjusted LMP by Fuel Factors April 1 - March 31 Reporting Periods

* Through May



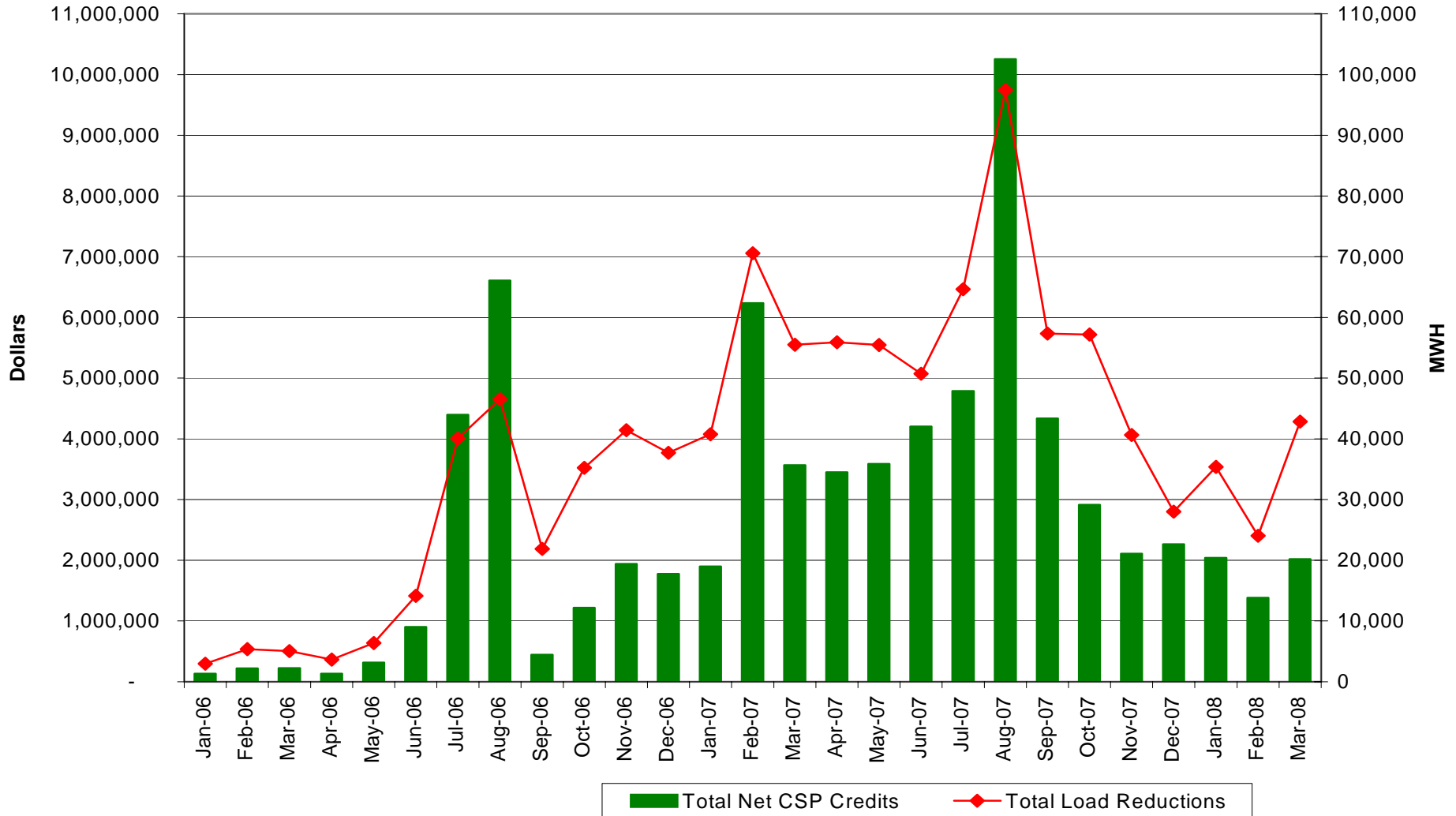
PJM Annual Fuel Factors April 1 - March 31 Reporting Periods

* Through May



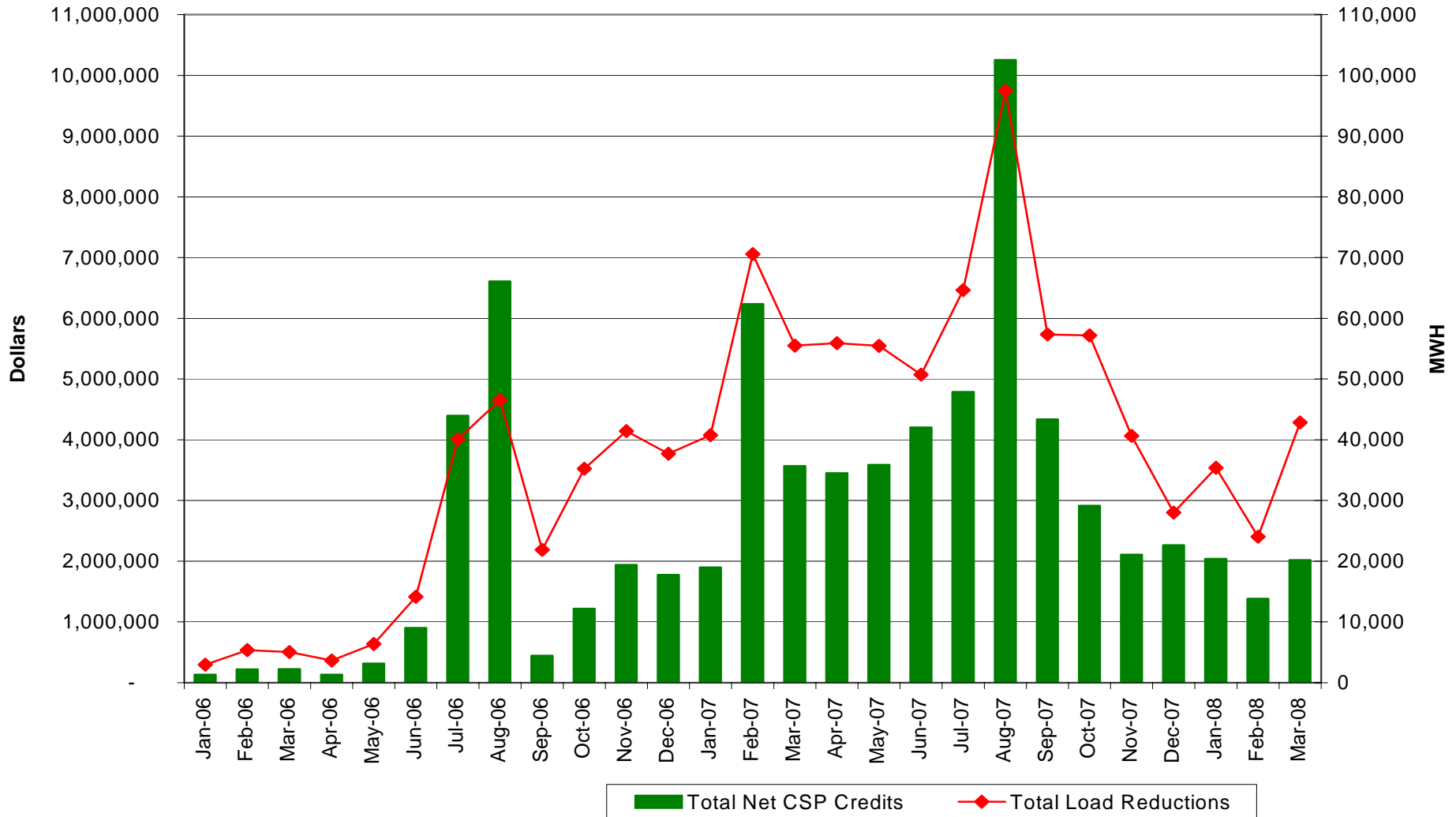
PJM Economic Demand Response Activity 2006-2008

*Data for last few months are subject to significant change due to the settlement window.



PJM Economic Demand Response Activity 2006-2008

*Data for last few months are subject to significant change due to the settlement window.



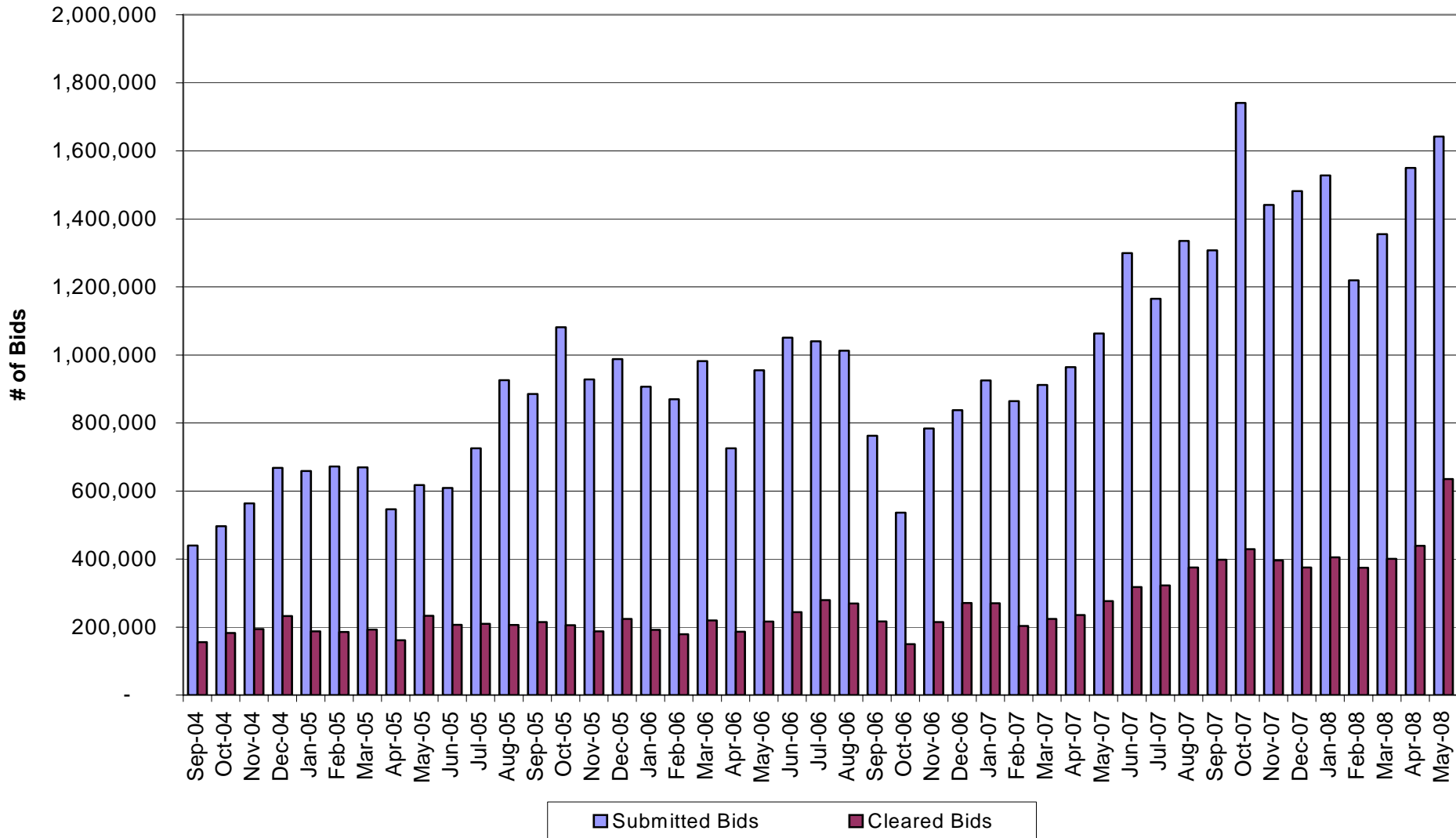


Performance of Synchronized Reserve Resources

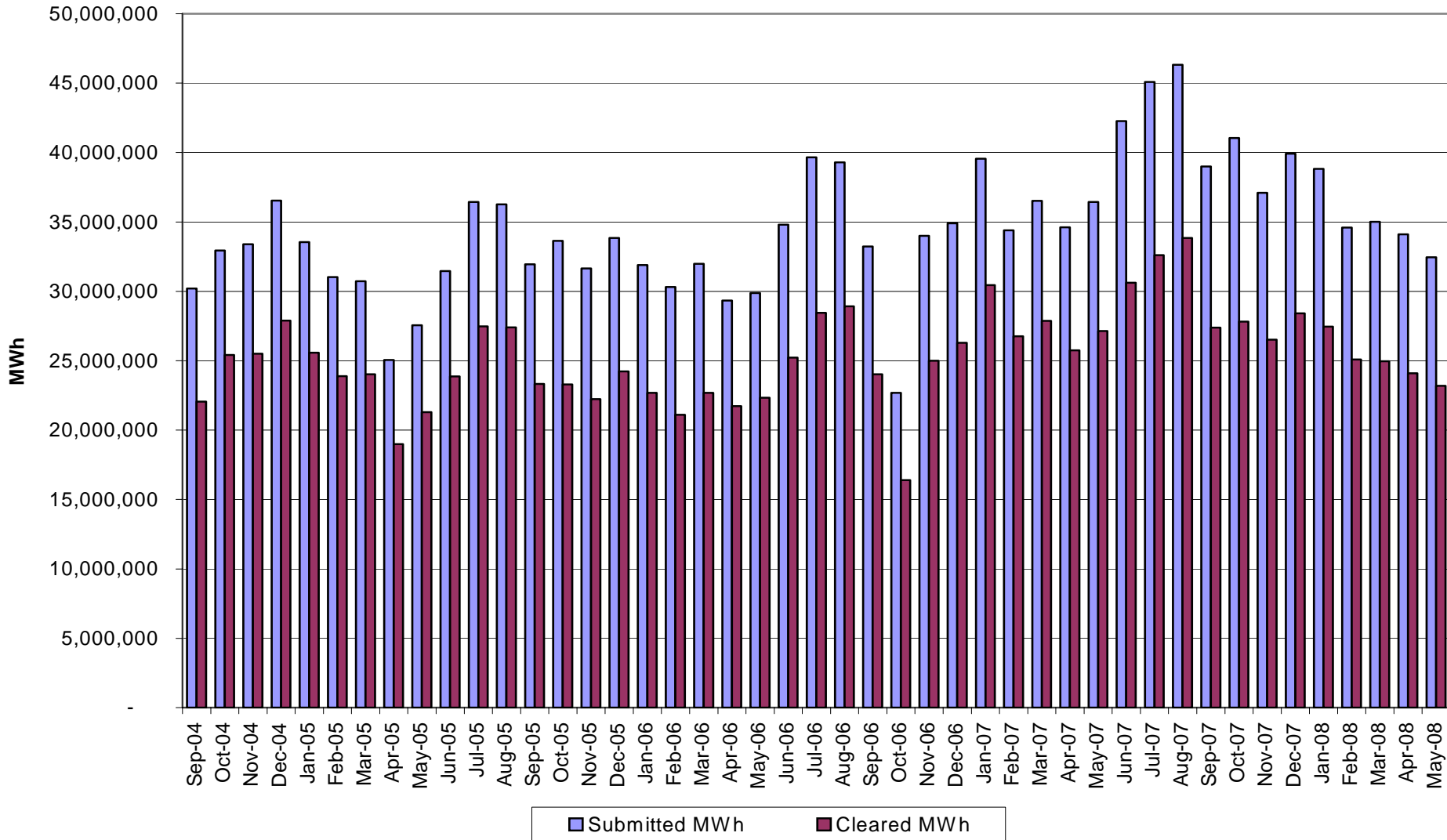
SPIN EVENT (Longer than 10 mins)		GENERATION				DEMAND-SIDE RESPONSE			
		TIER1	TIER2			TIER1	TIER2		
START TIME	END TIME	Response	Assignment	Response	Zero Response	Response	Assignment	Response	Zero Response
12/5/2006 10:41	12/5/2006 10:55	14.75	27.77	16.40	-	-	11.67	14.97	-
12/13/2006 17:50	12/13/2006 18:02	295.67	-	-	-	0.65	-	-	-
1/29/2007 6:49	1/29/2007 7:29	60.34	-	-	-	1.02	-	-	-
1/29/2007 6:54	1/29/2007 7:33	120.23	-	-	-	-	-	-	-
2/13/2007 18:03	2/13/2007 18:28	198.05	-	-	-	-	-	-	-
2/22/2007 18:37	2/22/2007 18:48	76.67	85.43	52.99	16.50	-	2.38	0.27	2.02
2/28/2007 6:40	2/28/2007 6:59	273.03	141.23	116.14	28.50	-	1.58	1.60	-
3/12/2007 7:02	3/12/2007 7:35	196.46	303.00	211.37	58.00	-	8.00	2.26	5.50
3/12/2007 7:04	3/12/2007 7:35	150.12	-	-	-	-	-	-	-
3/12/2007 7:10	3/12/2007 7:35	270.98	-	-	-	-	-	-	-
3/25/2007 19:43	3/25/2007 19:53	385.62	89.50	89.87	7.50	-	4.18	1.12	3.21
4/22/2007 20:16	4/22/2007 20:43	246.96	182.25	254.71	4.50	-	19.62	2.64	16.92
4/30/2007 15:04	4/30/2007 15:25	350.36	134.40	77.95	14.70	-	19.39	4.04	15.89
4/30/2007 15:05	4/30/2007 15:25	15.10	-	-	-	-	-	-	-
7/4/2007 9:29	7/4/2007 9:40	329.35	55.73	52.91	-	-	8.69	7.90	0.68
7/14/2007 16:39	7/14/2007 17:01	368.16	-	-	-	3.36	-	-	-
8/3/2007 12:42	8/3/2007 12:53	253.37	-	-	-	0.62	-	-	-
8/4/2007 17:45	8/4/2007 18:01	548.20	-	-	-	-	7.44	2.88	4.82
8/6/2007 15:40	8/6/2007 15:56	225.46	-	-	-	1.05	-	-	-
8/8/2007 15:23	8/8/2007 16:14	267.57	-	-	-	-	-	-	-
8/17/2007 8:29	8/17/2007 8:39	198.78	-	-	-	1.48	-	-	-
9/4/2007 12:59	9/4/2007 13:09	346.10	6.17	6.82	-	-	4.28	2.36	2.00
9/10/2007 19:37	9/10/2007 20:03	434.74	-	-	-	2.82	-	-	-
10/9/2007 13:46	10/9/2007 13:57	250.52	-	-	-	0.74	-	-	-
10/18/2007 23:05	10/18/2007 23:18	184.20	70.63	100.08	-	-	8.73	1.53	7.28
11/4/2007 17:22	11/4/2007 17:33	119.93	45.83	45.47	-	-	25.26	12.59	13.97
11/9/2007 22:31	11/9/2007 22:42	158.09	-	-	-	1.20	-	-	-
12/20/2007 5:36	12/20/2007 6:03	511.20	81.00	66.06	-	-	24.39	30.60	4.95
1/25/2008 7:05	1/25/2008 7:23	671.09	173.40	147.79	27.00	-	36.42	9.32	28.02
1/25/2008 17:42	1/25/2008 18:03	824.27	-	-	-	4.08	-	-	-
3/3/2008 18:14	3/3/2008 18:25	298.53	16.50	46.74	-	0.28	8.37	10.89	2.93
3/12/2008 7:08	3/12/2008 7:26	247.75	-	-	-	-	5.37	7.95	-
5/29/2008 13:02	5/29/2008 13:17	306.53	68.75	60.14	-	0.21	17.55	15.00	4.68
6/6/2008 16:50	6/6/2008 17:03	232.50	75.40	44.34	-	0.83	-	-	-

* All values are converted into MWhs by multiplying MWs by event duration.

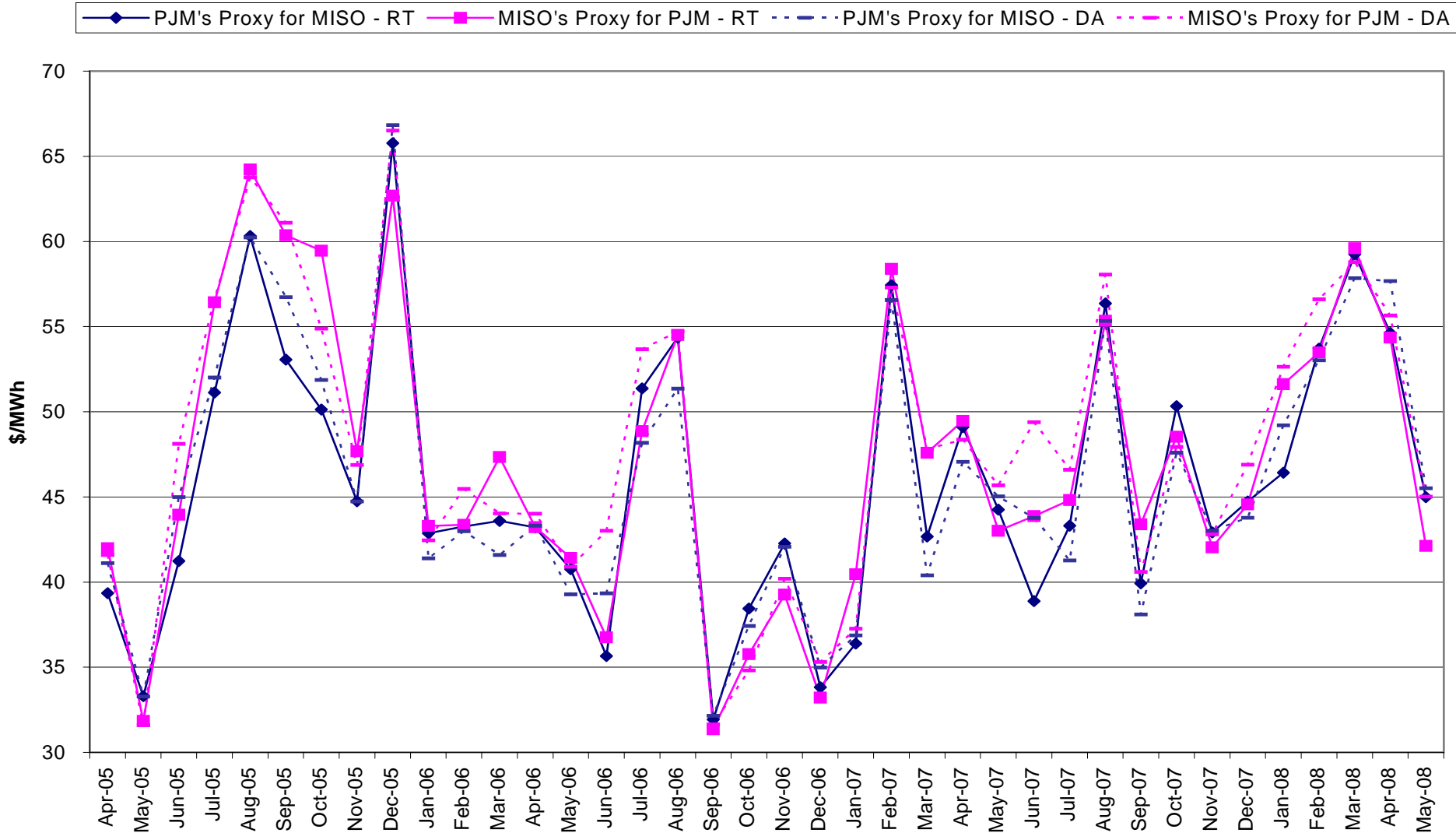
PJM Virtual Bids - Total Number



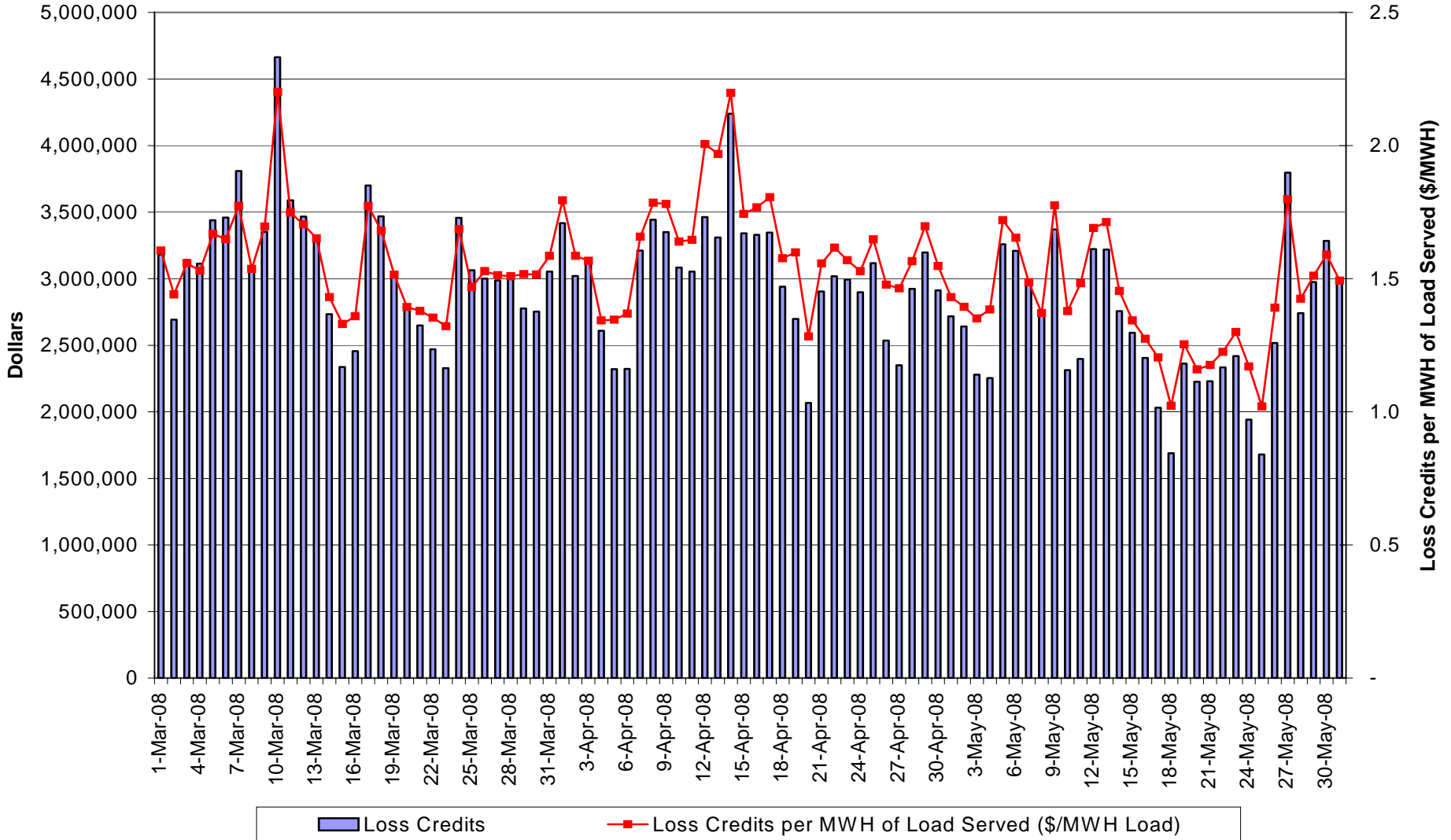
PJM Virtual Bids - Total Volume



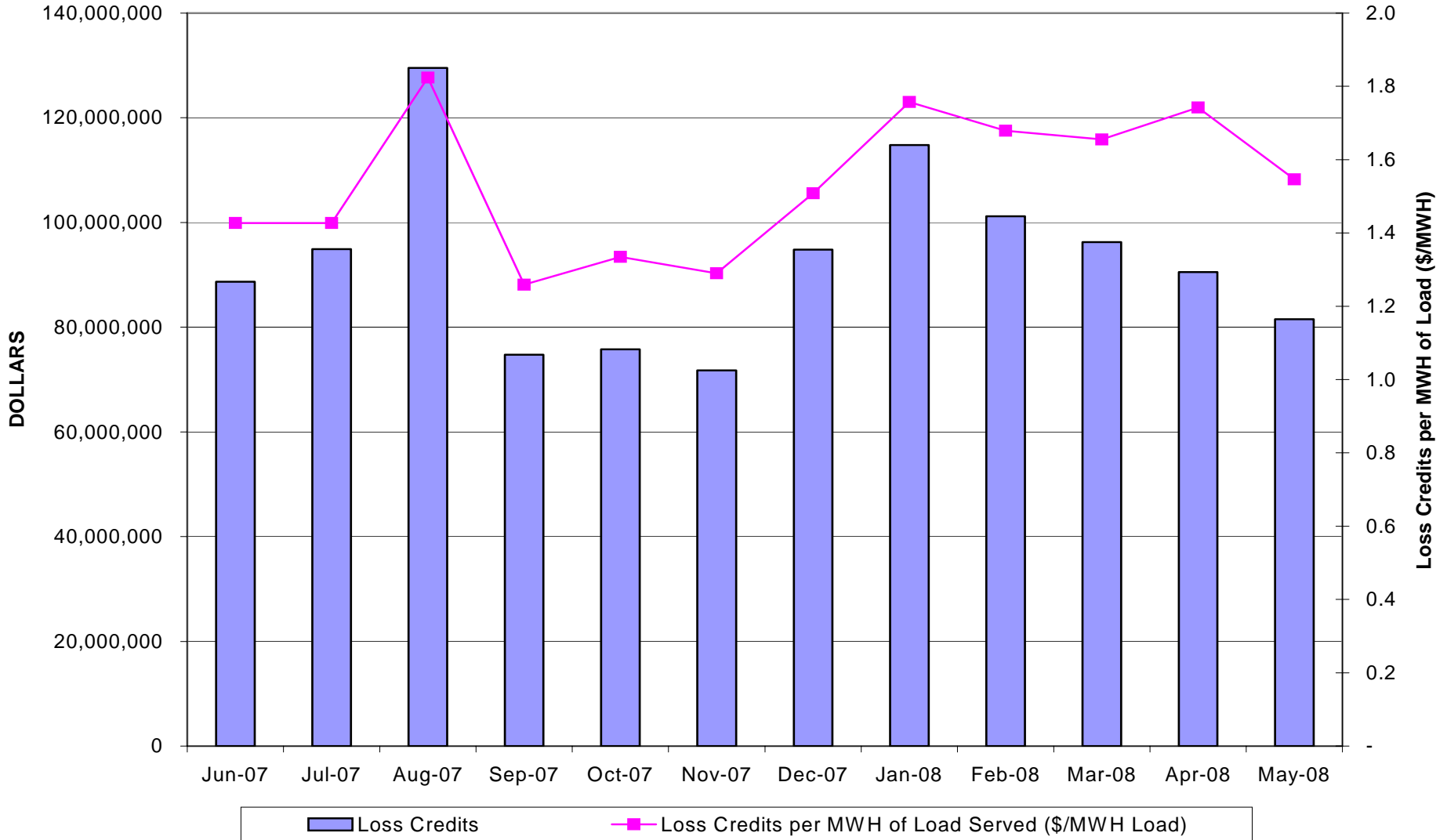
PJM-MISO Monthly Average Interface Prices



Daily Loss Surplus



PJM Monthly Loss Surplus



Daily Real-Time Marginal Loss Summary

