

Business profile

- coordinates the movement of electricity in 12 states and the District of Columbia
- ensures the reliability of the grid
- administers the largest competitive wholesale electric market in the world
- provides real-time information to its members to support critical business decisions
- plans transmission and generation expansion
- operates independently of any market participant and neutrally

Scope

PJM manages electricity transmission services for a region that includes more than 44 million people in all or parts of Delaware, Indiana, Illinois, Kentucky, Maryland, Michigan, New Jersey, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia and the District of Columbia.

Pending regulatory approvals, the transmission systems of Dominion (NYSE: D) of Richmond, Va.; and Duquesne Light Company, the principal subsidiary of Duquesne Light Holdings (NYSE: DQE) of Pittsburgh, Pa., will join PJM. On April 1, 2002, the Allegheny Energy (NYSE: AYE) transmission system was successfully integrated into PJM. Allegheny Energy is based in Hagerstown, Md. On May 1, 2004, Commonwealth Edison (ComEd), a subsidiary of Exelon Corporation (NYSE: EXC), joined PJM along with 20 other companies in northern Illinois. On Oct. 1, 2004, American Electric Power Company Inc. (AEP)(NYSE: AEP) of Columbus, Ohio, and The Dayton Power & Light Company (DP&L), a subsidiary of DPL Inc. (NYSE: DPL) of Dayton, Ohio, joined PJM.

More than 70 nations have sent delegates to PJM to learn about its market model.

PJM as an energy company

PJM, the country's first fully functioning regional transmission organization, currently coordinates a pooled generating capacity of more than 134,250 megawatts. About 53 percent of the electricity traded on the PJM grid is through bilateral agreements between member companies, and 38 percent is through real-time spot market trading; four percent is self-supplied electricity by member-company customers with generation capabilities and five percent is imported from generation sources outside the PJM grid.

PJM as an information technology company

PJM's sophisticated Energy Management System and suite of Internet tools provide a continuous flow of real-time information, enabling members to make informed and timely decisions about pricing, demand and system conditions. Every 30 to 60 seconds the system receives more than 50,000 telemetered data items – data that the PJM control center uses to balance electricity supply with electricity demand.

PJM as a finance company

PJM has administered more than \$20 billion in energy and energy service trades since its regional markets opened in 1997. The highly liquid, multi-state market that PJM has established features locational marginal pricing, demand response and other programs that provide financial incentives for keeping the grid free of congestion. PJM also extends and manages credit for transactions. In 2003, PJM cleared 192,519 energy transactions.

Key statistics*	PJM Today	PJM + New Companies
Millions of people served	44	51
Peak load in megawatts	107,820	126,120
Megawatts of generating capacity	134,250	160,450
Miles of transmission lines	49,300	56,020
Gigawatt-hours of annual energy	610,650	714,900
Generation sources	984	1,083
Square miles of territory	137,700	164,250
Area served	12 states + D.C.	13 states + D.C.
<i>*all numbers approximate</i>		



PJM as a customer service company

Three hundred market buyers, sellers and traders of electricity are members of PJM. To serve these customers with a safe, adequate, reliable, secure and impartial power system, PJM is governed by an independent board which is advised by member committees and a market monitoring unit. PJM's stakeholder process and 24-hour customer service line further engage members with open communications.

Efficiencies and savings since launching markets in 1997

- Generator performance improved by approximately 35 percent. This improvement has made 1,500 megawatts available on the grid that otherwise would not have been there; that's enough power to serve a large city.
- System prices have been reduced by an estimated \$10 million a day on highest use days.
- Generating capacity has increased nine percent; proposed generation additions to the grid exceed anticipated growth in electricity demand.
- Peak load management/demand response programs have provided customers an option to curtail their electricity use during peak periods. Participation in these programs has increased from 2145 registered megawatts in 2003 to 3582 registered megawatts in 2004.

History

The company formed in 1927 when two utilities in Pennsylvania – PECO (formerly Philadelphia Electric Company), a subsidiary today of Exelon Corporation (NYSE: EXC) and Allentown-based PPL (Pennsylvania Power and Light) Corporation (NYSE: PPL) – and one in New Jersey – PSEG, a subsidiary today of Newark-based Public Service Enterprise Group (NYSE: PEG) – realized the benefits and efficiencies of sharing resources. They created PJM as one of the world's first power pools. In 1997, PJM became the first fully functioning Independent System Operator (ISO) responsible for the safe and reliable operation of the transmission system as well as the administration of the competitive wholesale electric power market. On Dec.18, 2002, the Federal Regulatory Energy Commission granted PJM full status as an RTO (Regional Transmission Organization).

Hagerstown, Md., based Allegheny Energy joined PJM on April 2, 2002. Chicago-based Commonwealth Edison (ComEd) joined PJM on May 1, 2004. Ohio-based AEP (American Electric Power) and DP&L (Dayton Power & Light) joined PJM on Oct. 1, 2004. Richmond, Va., based Dominion, and Pittsburgh, Pa., based Duquesne Light Company have announced plans to join PJM.

In Dec. 2003, PJM successfully completed, for the third consecutive year, the SAS 70 Type 2 Audit—an evaluation of its control processes and procedures and the effectiveness of its information technology infrastructure. PJM is the only RTO/ISO in the United States to have passed the SAS 70 Type 2 Audit.

10/1/2004

For the most recent update of this document, contact PJM Corporate Communications at 866-PJM-NEWS (756-6397).

