



FOR IMMEDIATE RELEASE

PJM'S CAPACITY AUCTION DRAWS LANDMARK COMMITMENT FROM ELECTRICITY RESOURCES TO PERFORM WHENEVER NEEDED

(Valley Forge, Pa. – Aug. 21, 2015) – The first PJM Interconnection capacity auction to include the new Capacity Performance requirement attracted a strong response from capacity resources prepared to meet the new pay-for-performance standards. The resources that qualified as Capacity Performance units ensure that a reliable electric supply will be available during extreme weather or other system emergencies.

“Two consecutive cold winters with natural gas interruptions and the rapid pace of coal retirements have put considerable pressure on the system,” said PJM CEO Terry Boston. “Clearly, PJM had to act decisively with the introduction of Capacity Performance to ensure firmer fuel supplies and other improvements for the continued reliability of the grid.”

The 2018-2019 delivery year clearing price for Capacity Performance resources, which include generation, demand response and energy efficiency, is \$164.77/megawatt-day for all of PJM except the ComEd and Eastern MAAC delivery areas. (ComEd is in northern Illinois while Eastern MAAC is made up of Public Service Electric and Gas Company, Jersey Central Power and Light Company, PECO, Atlantic City Electric, Delmarva Power and Rockland Electric Company.)

For the two constrained areas, the ComEd Capacity Performance clearing price is \$215/MW-day; the Eastern MAAC price is \$225.42/MW-day.

“The response to this auction and to the call for Capacity Performance is another strong indication that our markets are delivering both the resources we need for the future and innovative solutions to the problems we face today,” said PJM Executive Vice President Andy Ott, who recently was selected to become PJM’s next CEO upon Boston’s retirement.

“The stronger requirements for Capacity Performance represent an insurance policy for consumers against capacity shortages and dramatic price spikes,” Ott said. “The auction prices are in line with the costs of securing this dependable capacity.”

As part of the phase-in of the new standard, at least 80 percent of the cleared capacity in 2018-2019 auction was required to meet Capacity Performance requirements. The remainder is “base capacity,” which may be unable to commit to Capacity Performance standards and therefore is subject to penalties only during the summer peak period. Capacity Performance is targeted to be the only capacity product in PJM for the 2020-2021 delivery year.

–MORE–

The base capacity clearing price for the RTO is \$149.98/MW-day, about \$15 less than the Capacity Performance price. The RTO clearing price in last year's auction was \$120/MW-day. The base capacity price in ComEd is \$200.21/MW-day; in Eastern MAAC, \$210.63/MW-day; and in the PPL delivery area in Pennsylvania, \$75.

Overall, the auction procured 166,837 megawatts of capacity, which represents a 19.8 percent reserve margin. One megawatt is enough to power about 1,000 homes.

The auction attracted over 3,500 megawatts of new generation, including more than 2,900 MW of new generating units and over 500 MW of uprates to existing generating units.

A total of 11,084 MW of demand response was procured for 2018-2019, 1,484 MW of which is Capacity Performance. Energy efficiency totaled 1,247 MW, with 887 MW being Capacity Performance.

Renewables resources – wind, solar and hydroelectric – clearing in the auction totaled 14,347 MW (nameplate).

Normally held in May, this year's auction was delayed until this month to allow it to include the new Capacity Performance requirement approved by the Federal Energy Regulatory Commission in June.

The auction establishes contracts with suppliers who commit to make their facilities available to provide electricity for the PJM system for a delivery year which is three years later. Prices are established through competitive bidding.

Two transitional auctions to integrate Capacity Performance into years for which the forward auctions already have been held – the 2016-2017 and 2017-2018 delivery years – are being held August 26 and 27 and Sept. 3 and 4, respectively.

PJM Interconnection, founded in 1927, ensures the reliability of the high-voltage electric power system serving 61 million people in all or parts of Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia and the District of Columbia. PJM coordinates and directs the operation of the region's transmission grid, which includes 62,556 miles of transmission lines; administers a competitive wholesale electricity market; and plans regional transmission expansion improvements to maintain grid reliability and relieve congestion. Visit PJM at www.pjm.com.