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**PJM CAPACITY PERFORMANCE TRANSITIONAL AUCTION ENSURES AVAILABILITY OF RESOURCES TO MAINTAIN RELIABLE POWER SUPPLIES FOR 2016-2017**

*Auction Results Consistent with Expectations*

*Auction Price below Cap*

(Valley Forge, Pa. – Aug. 31, 2015) – PJM Interconnection successfully procured the targeted amount of resources that meet Capacity Performance standards in its first transitional auction. The price for resources able to meet the pay-for-performance standard was well below the price cap for the auction, illustrating the competitiveness of the auction. Results were announced today for the 2016-2017 delivery year.

The auction, held August 26 through August 27, procured 95,096.6 megawatts of resources at \$134 per megawatt-day for all areas in the PJM footprint. As part of the phase-in of Capacity Performance standards, PJM sought to procure resources meeting the new stringent requirements for 60 percent of capacity needs for 2016-2017.

"The results of the auction were consistent with expectations, and the fact that the clearing price was significantly below the offer cap indicates resources were efficiently valued," said Stu Bresler, senior vice president- Markets. Prices were consistent with requirements to keep generating units and the system reliable."

Capacity Performance requires resources – generation, demand response and energy efficiency – to produce electricity when called upon regardless of weather conditions or extreme system conditions. Committed Capacity Performance resources that do not perform when called upon will face significant non-performance charges.

"We see evidence that Capacity Performance is incenting improvements such as increases in maintenance and investment in dual-fuel capability," Bresler said. "Customers can be assured that power supplies will be available when most needed because resources have the incentive needed to make investments in performance."

The transition auction procured 619 MW of demand response. The auction also procured 950 MW of energy efficiency.

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Bresler noted that the demand response committed as Capacity Performance has greater value to the grid because it can be called upon at any time throughout the year compared to traditional demand response with more limited required response times.

The second and final transitional auction will be held September 3-4 to procure Capacity Performance resources for 2017-18.

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*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](http://www.pjm.com).*

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