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SECOND PJM CAPACITY PERFORMANCE TRANSITIONAL AUCTION ENSURES POWER SUPPLIES FOR 2017-2018

Auction Price Well Below Cap

(Valley Forge, Pa. – Sept. 9, 2015) – PJM Interconnection’s second transitional auction successfully procured the targeted amount of resources to perform under strict Capacity Performance standards. Auction results, which were announced today, included the clearing price of \$151.50 per megawatt-day, well below the offer cap.

PJM successfully procured its target of 112,195 megawatts of power resources under the stringent, new Capacity Performance requirement – 70 percent of capacity needs for 2017-2018. Under Capacity Performance, resources commit to provide power whenever PJM determines it is needed.

“Once again, customers are receiving the reliability benefits of Capacity Performance, which ensures that resources must be available to perform when we most need them without excuses,” said Stu Bresler, senior vice president - Markets.

“The successful results ensure that resource owners will have the means to prepare and make improvements to meet their commitments to higher standards to be available when needed,” Bresler said. “Overall, the results met our expectations, and prices cleared significantly lower than the \$210.83 price cap.”

Capacity Performance requires 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 face significant non-performance charges.

The transition auctions for the 2016/2017 and 2017/2018 delivery years are part of a transition to a single capacity product. The transition over five years provides opportunity and sufficient time for resources to invest in and make improvements. Improvements could include adding dual-fuel capability, firmer gas contracts or upgrading plant equipment.

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The transition auction procured 700 MW of demand response and 932 MW of energy efficiency that committed to the higher performance standards. Both resources cleared similar amounts in the previous transitional auction for 2016-2017.

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.

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