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PJM CAPACITY AUCTION CONTINUES TO ATTRACT NEW RESOURCES AT COMPETITIVE PRICES

Capacity price lower for 2019-2020

(Valley Forge, Pa. – May 24, 2016) – Results of PJM Interconnection’s second auction with stringent pay-for-performance standards attracted a significant amount of new resources at competitive prices to the PJM footprint. In addition, the auction for power-supply resources attracted continued strong participation from renewable resources and demand response.

PJM procured 167,306 megawatts in the recent auction to ensure electricity capacity for the June 1, 2019-May 31, 2020, delivery year. The clearing price was \$100/megawatt-day for the majority of the region.

“Prices were lower than some analysts had expected and lower than the last year’s auction results simply because of market fundamentals of changes in supply and demand,” said Stu Bresler, senior vice president - Markets. “The load forecast is lower, and there was a large amount of new gas-fired combined-cycle generation clearing for the first time in the auction.”

PJM procures resources three years in advance to ensure reliable electricity supply will be available during extreme weather or other system emergencies to meet consumers’ demand for electricity. Under the new “no excuses” Capacity Performance standards, resources commit to perform when needed or face steep non-performance payments. To meet that requirement, generators, for example, ensure firm fuel supplies or are making improvements to their equipment.

“The results demonstrate investors’ continued high degree of confidence in the competitiveness of natural gas-fired generation and natural gas prices going forward and that they are willing to bear the risk of that investment,” Bresler said. “The market enables consumers to benefit from assured reliability at the most competitive, economic cost.”

A total of 10,348 MW of demand resources cleared in the 2019/2020 auction with 613.7 MW clearing as capacity performance. In addition, 1,515 MW of Energy Efficiency cleared in the auction with 1,058 MW clearing as capacity performance. There were 335 MW of solar generation capacity that cleared along with 969 MW of wind generation capacity.

The auction attracted 5,074 MW of new gas-fired generation.

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In three constrained areas, the Eastern MAAC, Baltimore Gas & Electric and ComEd locational delivery areas, the price for capacity is higher. For Eastern MAAC the Capacity Performance price is \$119.77/MW-day; in BGE the capacity performance price is \$100.30/MW-day; and, in ComEd the price is \$202.77/MW-day. (ComEd is in northern Illinois. Eastern MAAC consists of Public Service Electric and Gas Company, Jersey Central Power and Light Company, PECO, Atlantic City Electric, Delmarva Power and Rockland Electric Company.)

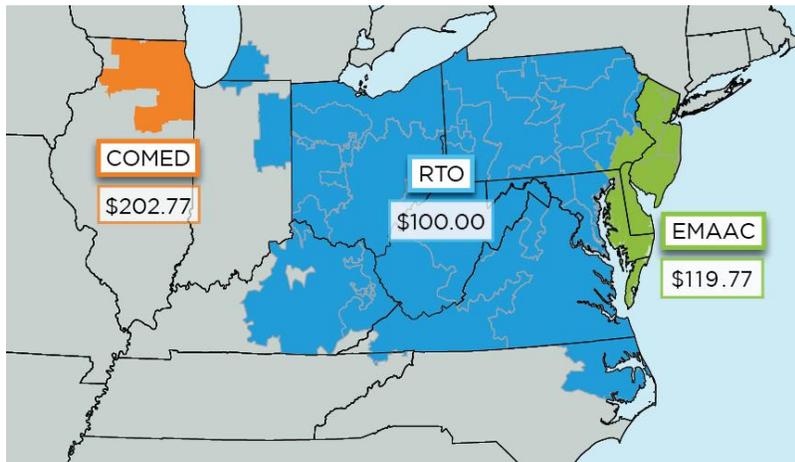
Capacity Auction Prices

Locational Delivery Area	Capacity Performance Price 2019/2020	Capacity Performance Price 2018/2019	Base Price 2019/2020
RTO	\$100.00	\$164.77	\$80.00
Eastern MAAC	\$119.77	\$225.42	\$99.77
BGE	\$100.30	\$164.77	\$80.30
ComEd	\$202.77	\$215.00	\$182.77

The capacity procured is a 22.4 percent reserve margin. This year, at least 80 percent of capacity procured had to meet the Capacity Performance criteria. The remaining capacity was purchased as base capacity which has the same performance requirements as Capacity Performance, but only during the summer months.

A report of the [results](#) is available on [pjm.com](#).

2019/20210 Capacity Prices



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 72,075 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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