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PJM CAPACITY AUCTION SEES STRONG RESPONSE FROM MARKET PARTICIPANTS TO STRICT PERFORMANCE STANDARDS

(Valley Forge, Pa. – May 23, 2017) – The world’s largest competitive power market, PJM Interconnection, attracted a record amount of competitive resources meeting strict performance standards in its annual capacity auction. The auction procures power supply resources to meet consumers’ electricity needs three years from now.

The auction produced a price of \$76.53/megawatt-day for resources in most of the PJM footprint. Prices are higher in some areas due to transmission limits and retiring generators.

“The results show that PJM markets continue to achieve what they were originally intended to accomplish, ensuring reliability at the lowest reasonable cost,” said Andrew L. Ott, PJM president and CEO. “Overall response to this auction, both in participation and competitive bids, reflects the market’s ability to attract efficient, high performing and competitive resources that support reliability.”

PJM procured 165,109 megawatts of resources for the period June 1, 2020, to May 31, 2021. The procured capacity provides a 23.3-percent reserve margin.

This is the first auction in which all resources had to meet capacity performance requirements, which were phased in. It also was the first to have participation by Price Responsive Demand resources, demand response-like resources that react to market signals.

PJM procures resources three years in advance to ensure adequate power supplies will be available during extreme weather or other system emergencies to meet consumers’ demand for electricity. All resources must meet Capacity Performance standards, committing to perform when needed or face steep non-performance payments. To meet that requirement, generation owners, for example, ensure firm fuel supplies or make improvements to their equipment.

The auction attracted 2,350 MW of new gas-fired generation. The auction procured about 7,532 MW of demand response resources that committed to year-round availability and the higher performance requirements. There were 119 MW of solar resources and 504.3 MW of wind resources that cleared the auction. In addition, 1,710 MW of energy efficiency resources cleared.

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PJM CAPACITY AUCTION SEES STRONG MARKET RESPONSE / Page 2 of 2

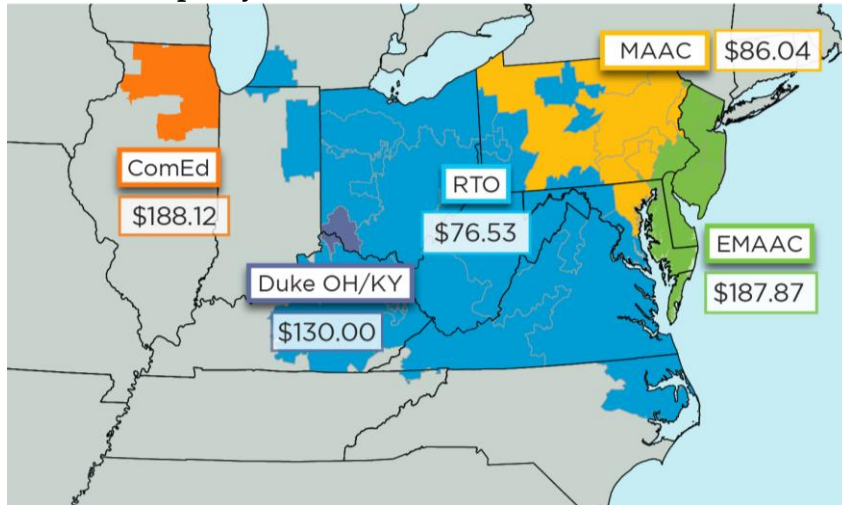
Additionally, under new rules approved by the Federal Energy Regulatory Commission in March, 398 MW of seasonal capacity (resources available in one season only) cleared in an aggregated manner to form a year-round resource. Wind generators, whose capacity is greater in the winter, combined through the auction clearing mechanism with demand response and solar resources, whose capacity is greater in the summer.

In four constrained areas, the MAAC region, Eastern MAAC, ComEd and Duke Energy (Ohio and Kentucky), capacity prices are higher than the RTO price. For MAAC, the price is \$86.04 MW-day; in Eastern MAAC, the price is \$187.87/MW-day; in ComEd the price is \$188.12/MW-day; and in Duke Energy's Ohio and Kentucky region, the price is \$130/MW-day.

(The MAAC region includes Atlantic City Electric, Baltimore Gas and Electric Company, Delmarva Power, Jersey City Power & Light, Met-Ed, PECO, Penelec, Pepco, PP&L, Public Service Electric and Gas Co., and Rockland Electric. The companies included in the subset of that region, Eastern MAAC will have a different price. Eastern MAAC consists of Public Service Electric and Gas Co., Jersey Central Power & Light, PECO, Atlantic City Electric, Delmarva Power and Rockland Electric.)

A detailed report of the results is available on pjm.com.

2020/2021 Capacity Prices



[PJM Interconnection](#), founded in 1927, ensures the reliability of the high-voltage electric power system serving 65 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 over 82,000 miles of transmission lines; administers a competitive wholesale electricity market; and plans regional transmission expansion improvements to maintain grid reliability and relieve congestion. PJM's regional grid and market operations produce annual savings of \$2.8 billion to \$3.1 billion. For the latest news about PJM, visit PJM Inside Lines at insidelines.pjm.com.

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