

PJM Announces Next Phase of Grid Resilience Initiative

Grid operator to examine fuel security risks

(Valley Forge, Pa. – April 30, 2018) – PJM Interconnection, operator of the nation’s largest electrical grid, today announced the next steps in its initiative to ensure future fuel security for electricity generation on its power system serving 65 million people.

Fuel security, defined by PJM as risks to the fuel supply and delivery to critical generators, is at the forefront of resilience, as a combination of public policies, lower fuel prices and technology improvements alter the traditional mix of generation resources serving customers.

The PJM grid remains reliable even with the resource retirements analyzed to date and investment in new, increasingly more efficient gas-powered generation sources. While the grid also remains fuel secure given these changes, the potential for continued evolution of the fuel mix underscores concerns, raised by PJM in a March 2017 report, about the need to examine the long-term resilience of the grid. In the 2017 report, [PJM’s Evolving Resource Mix and System Reliability](#), PJM concluded that the system could remain reliable with the addition of more natural gas and renewable resources, but that “heavy reliance on one resource type” raises potential resilience risks beyond existing reliability standards.

To address longer-term questions of fuel security, [PJM will initiate a process](#), starting immediately, to analyze fuel security vulnerabilities and establish criteria to assess areas in the PJM system that could face future fuel security issues.

The criteria will be the means to value and price fuel security. Those criteria could then be incorporated into PJM’s existing market mechanisms to promote competition among different resource types to meet any fuel security needs in a particular location, with reforms to be in place for next year’s capacity auction, if necessary.

“Competitive markets remain the best mechanism to maintain a reliable and fuel secure system at the lowest reasonable cost to customers,” PJM President and CEO Andrew L. Ott said. “We have the ability to identify risks to the system and to put a value on resources that offset that risk.”

The process will involve three phases:

- Identify system vulnerabilities and determine attributes such as on-site fuel requirements, dual-fuel capability or others that ensure that peak demands can be met during extreme scenarios.
- Model those vulnerabilities as constraints in PJM’s capacity market, similar to existing transmission constraints, allowing for proper valuation of needed attributes in the market.
- PJM will continue to work with the U.S. Department of Homeland Security, the U.S. Department of Energy, the Federal Energy Regulatory Commission, states, stakeholders and others to ensure that the results are consistent with identified security needs in the PJM footprint, including service to key military installations and other identified security concerns.

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Page 2 of 2 / PJM Announces Next Phase of Grid Resilience Initiative

The intent of the vulnerability assessment is to stress-test the system under various fuel supply disruption scenarios, to better understand potential future reliability concerns. PJM anticipates completing the study within the next six months, and the results will be discussed with PJM stakeholders, including state and federal agencies.

[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 84,042 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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