



FOR IMMEDIATE RELEASE

**PJM CLEARS THE 2012/2013 RPM FORWARD CAPACITY AUCTION**

*Energy Efficiency eligible for first time and Demand Resources increase 400 percent*

(Valley Forge, Pa. – May 15, 2009) – Demand resources in the PJM Interconnection will increase by more than 400 percent as the result of its electricity capacity auction for the 2012/2013 planning year, PJM announced today.

The increase in demand resources (DR), or 5,682 megawatts (MW), over the last auction a year ago is enough capacity that would be equivalent to the power needs of about five million households. A total of 67 percent of the DR cleared in constrained regions, reflecting its value in helping to reduce congestion. The increase was driven by the market and the elimination of a special interruptible load provision whereby suppliers received payments for curtailing usage. Suppliers in this program are now required to bid as DR.

For the first time, energy efficiency (EE) participated in the sixth Reliability Pricing Model auction bringing 569 MW of new EE resources to PJM.

“The current auction has delivered record amounts of demand resources and added energy efficiency. This demonstrates how our markets facilitate the use and growth of alternative resources in meeting our electricity needs and preserving the reliability of the electricity grid,” noted Andrew L. Ott, PJM senior vice president-Markets. “More than 10,000 MW of Demand Response and Energy Efficiency Resources have offered into the RPM auction this year, marking the largest single year increase since the inception of RPM in 2007.”

The combined results of the six capacity auctions have been 27,640 MW of new resources ready to keep the lights on as compared to what would have been available absent RPM. A total of 10,464 MW of incrementally new capacity was available to the 2012/2013 auction held between May 4 and May 8. Included were new generation capacity resources and capacity upgrades to existing generation in addition to capacity provided by DR and EE.

Wind resources accounted for 323 MW, representing 13 percent of the approximately 2,500 MW of wind generation energy capability cleared in the market. The cleared amount of capacity reflects the factored amount that accounts for the intermittent nature of this renewable energy within PJM.

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“There were significant differences in prices between the western region and constrained eastern region of PJM, which clearly shows the need for the additional 500kV transmission projects planned by our members and identified through our planning process,” Ott said.

Auction clearing prices were found in five areas of PJM as defined by transmission constraints, which limits access in times of high demand. The prices per megawatt day were \$133.37 in the Baltimore-Washington-Central Pennsylvania area, \$139.73 in eastern Pennsylvania and most of New Jersey, \$222.30 in the southern Delmarva region and \$185.00 in northern New Jersey. The clearing price for the western portion of PJM was \$16.46, reflecting the impact of transmission constraints.

The RPM ensures that electricity providers have enough capacity—power to be drawn from when needed—to reliably serve the 51 million people in the PJM region. PJM members that sell electricity to end-use customers must have access to adequate power supplies. They can use generation, transmission or demand response and energy-efficiency programs. The RPM auction procures any remaining needed capacity. The next RPM base residual auction will be in May 2010 for the delivery year 2013-2014.

Demand response is a voluntary, temporary reduction in the use of electricity. A key feature of the RPM is the ability of DR and EE to compete with and to be paid the same as generation. Energy efficiency represents conservation and other means to permanently reduce electricity usage by generally large industrial or commercial customers, which then can bid EE into the market.

*PJM Interconnection ensures the reliability of the high-voltage electric power system serving 51 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 6,038 substations and 56,350 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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