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**RENEWABLE RESOURCES GROW
IN PJM'S RPM AUCTION**

*Pricing Attracts Demand Response, New Generation to Constrained Areas
Reflects Need for Additional Transmission Lines*

(Valley Forge, Pa. – May 14, 2010) – PJM Interconnection's just completed capacity auction continued the trend of growing renewable resources in competitive wholesale electricity markets. Renewable resources, including demand response and energy efficiency, made up nearly three-fourths of the new capacity available and about 7 percent of the resources clearing the auction.

PJM today announced the results of its Reliability Pricing Model (RPM) capacity auction for resources to meet customers' electric power demand in the June 1, 2013 to May 31, 2014 delivery year.

"We're seeing the success of RPM in attracting resources to the most transmission-constrained areas where they're most needed," said Andrew Ott, PJM senior vice president-Markets. "Over 63 percent of the cleared demand response was in the higher-price, transmission-limited regions. In addition, investment in new generation and upgrades to existing generation resources are occurring showing that generation owners are investing capacity revenues to maintain and enhance existing units."

The RPM auction procured 152,743 megawatts (MW) of capacity resources including 9,282 MW of demand response (a 32 percent increase compared to last year's auction results), 679 MW of energy efficiency, 590 MW of wind power and 10.6 MW of solar power. Because wind and solar are intermittent, only part of their output is counted on for reliable power supplies. The wind clearing the auction represents 4,535 MW of wind energy, and the solar power represents 27.9 MW of solar energy. More than 340 MW of new generation was located in transmission-constrained areas.

The RPM price in half of PJM will be \$27.73 per megawatt-day (MW-day) and will be between \$226.15 and \$247.14 in the remaining transmission-constrained areas. Transmission line constraints led to higher prices in these eastern sub-regions.

"The great difference in prices for the eastern portion of PJM compared to elsewhere shows the need for increased transmission line capacity into the region," Ott said. "Transmission line additions and upgrades would reduce capacity price differences."

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In PJM's MAAC area the price of capacity will be \$226.15 MW-day. (The MAAC price applies to the transmission zones of Baltimore Gas and Electric Company, Metropolitan Edison Company, Pennsylvania Electric Company, and PPL Electric Utilities.) In the Eastern MAAC area the price will be \$245.00 MW-day. (The Eastern MAAC price applies to the transmission zones of Atlantic City Electric, Delmarva Power, Jersey Central Power and Light Company, PECO, Public Service Electric and Gas Company, and Rockland Electric Company.) In the Pepco transmission zone the price will be \$247.14 MW-day.

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.

PJM's analysis shows that since the first auction in 2007 the RPM has retained and attracted 33,090 MW of power capacity resources compared to what would have happened without the RPM.

Demand response is a voluntary, temporary reduction in the use of electricity. A key feature of the RPM is the ability of demand response and energy efficiency 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.

PJM Interconnection, founded in 1927, 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 56,500 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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