



NEWS RELEASE

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PJM INTERCONNECTION AND NEW YORK ISO LAUNCH MARKET-TO-MARKET COORDINATION BETWEEN TRANSMISSION SYSTEMS

Increases Efficiencies of Regional Wholesale Electricity Markets

Jan. 16, 2013 –PJM Interconnection and the New York Independent System Operator (NYISO) yesterday successfully began jointly managing transmission limits that occur near the “seams” between their regions. The coordination between the two markets will increase the efficiency and lower the costs of electric transmission congestion management.

Congestion occurs when limits on transmission lines restrict the amount of power that can flow. In response, grid operators typically increase or decrease output from generators. The joint coordination allows the most cost effective generator— whether in New York or PJM— to be adjusted to address the constraint.

The benefits of market-to-market coordination between NYISO and PJM include:

- Lower overall congestion costs for consumers
- More consistent prices across the two wholesale electricity markets because prices at the borders between them are expected to come together more closely
- Greater reliability because a broader pool of resources is available

“The successful implementation of market-to-market coordination represents another key milestone in our ongoing work with PJM and other neighboring regions on the Broader Regional Markets initiative,” said NYISO President and CEO Stephen G. Whitley. “By enabling more cost-effective utilization of our collective assets to address constraints, we will lower transmission congestion costs for the benefit of consumers in both our respective regions.”

PJM President and CEO Terry Boston said, “This is an important step forward for regional efficiencies and, most importantly, for reliability that benefits both our markets and the consumers we serve. We appreciate the cooperative relationship with the New York ISO and the support of stakeholders of both organizations that got us to this successful implementation.”

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In October 2012 NYISO and PJM announced a long-term approach to optimize the flow of electricity across their common border and reduce threats to reliability that also includes:

- Coordinating planning processes to facilitate efficient transmission investments
- Deploying smart grid technologies that maintain system balance through the use of robust data, communications and automated systems
- Developing a shared understanding of regional natural gas delivery constraints for power generation

The New York Independent System Operator (NYISO) is a not-for-profit corporation responsible for operating the state's bulk electricity grid, administering New York's competitive wholesale electricity markets, conducting comprehensive long-term planning for the state's electric power system and advancing the technological infrastructure of the electric system serving the Empire State.

PJM Interconnection, founded in 1927, ensures the reliability of the high-voltage electric power system serving 60 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 59,750 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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