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PJM CAPACITY AUCTION ATTRACTS RECORD AMOUNT OF NEW GENERATION AND IMPORTED CAPACITY

Trend of Natural Gas Growth Continues

(Valley Forge, Pa. – May 24, 2013) – The PJM Interconnection annual capacity auction has attracted a record amount of new generation as well as record imports of capacity from the Midcontinent ISO and other areas. The power supplies will meet the needs of the region served by PJM three years from now.

PJM, the administrator of the wholesale power market, announced the results of its annual Reliability Pricing Model auction. The current auction ensures there is enough electricity for the period June 1, 2016, through May 31, 2017. The RPM establishes contracts with suppliers who commit to make their facilities available to provide electricity for the PJM system for a year. Prices are established through competitive bidding. PJM's auction also includes demand response and energy efficiency providers.

The RPM auction procured 5,463 megawatts of new generation, an amount that broke last year's record amount of 5,346 MW. Imports of capacity from outside of PJM nearly doubled from last year's auction to 7,483 MW this year; capacity imported from the Midcontinent ISO (MISO) more than doubled to 4,723 MW from 2,078 MW last year.

This year, the auction procured 169,160 MW of capacity resources at prices ranging from approximately \$59 to \$219. A megawatt is enough electricity to power 800 to 1,000 homes. PJM's all-time peak demand is 163,848 MW. Prices were generally lower in most areas of the PJM footprint compared to last year's auction.

"Capacity prices were pressured by a combination of factors," said Andrew L. Ott, senior vice president – Markets. "Prices were generally lower than last year's auction due to competition from new, gas-fired generation, low growth in demand because of the slow economy and increased imports from other regions, primarily to the west of PJM. These factors also contributed to a reduction in commitment of demand resources."

The PJM capacity auction procured 12,408 MW of demand response. The auction also procured 1,117 MW of energy efficiency, about 21 percent more than last year.

"The results of this year's capacity auction reaffirm that well-designed, mature markets are a powerful tool for procuring new resources at competitive prices," said PJM president and CEO Terry Boston. "Again this year, we see record amounts of new conventional generation and strong showings from renewables and energy efficiency."

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RPM Prices for Annual Resources

Region	Applicable Transmission Systems	2016/2017 Price	2015/2016 Price
PJM		\$59.37	\$136.00
ATSI	FirstEnergy in northern Ohio and PennPower in western Pennsylvania	\$114.23	\$357.00
MAAC	Atlantic City Electric, Baltimore Gas and Electric Company, Delmarva Power, Jersey Central Power and Light Company, Metropolitan Edison Company, PECO, Pennsylvania Electric Company, Pepco, PPL Electric Utilities, and Rockland Electric Company	\$119.13	\$167.46
PS	Public Service Electric and Gas Company	\$219.00	\$167.46

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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