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PJM MARKS 20 YEARS OF THE COMPETITIVE ELECTRICITY MARKET

Regional coordination saves \$2.8 – \$3.1 billion annually

(Valley Forge, Pa. – March 27, 2017) – PJM Interconnection this year celebrates 20 years of operating competitive wholesale electricity markets that maintain grid reliability at the lowest reasonable cost.

PJM launched the country's first bid-based electricity market on April 1, 1997, amid a federal restructuring of the industry that opened transmission lines to competitors and non-incumbent entities. It quickly refined the system to align locational prices with corresponding grid conditions, a model now used around the world.

The synergies created by PJM's regional coordination save \$2.8- \$3.1 billion annually for the 65 million consumers it serves in 13 states and the District of Columbia.

The market was created to promote competition and facilitate the introduction of retail choice into the electric industry. But it also benefits customers of traditional utilities, which generate and distribute their own electricity to residential and commercial customers. The market provides these companies an exchange where they may buy less expensive power and sell surplus electricity. Meanwhile, innovative technologies including renewable power, battery storage and vehicle-to-grid initiatives are attracted to areas of PJM because the market provides easier access for them to sell their products and services to customers.

"The impact of the markets was to open up the power industry to a much broader group of potential participants – many with new and more efficient technologies," said President and CEO Andrew L. Ott, who designed the initial market. "Electricity has become more affordable because we have more and more people competing."

Since 1997, PJM has developed a suite of wholesale markets and services. For the past 20 years, these markets have signaled the exit of older, uneconomic resources and the entry of new, efficient generation and renewable power.

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Every day, these markets achieve the goal for which they were formed: maintaining reliability at the lowest reasonable cost.

PJM will mark the anniversaries throughout the year, including at a special session at the Annual Meeting in May.

[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 82,000 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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