2014 Summer Outlook

PJM expects to have adequate generation resources for the forecasted peak summer conditions. In addition, PJM is not anticipating any transmission problems during the summer season. Preliminary forecasted peak conditions for the summer are:

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<tbody>
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<td>157,279</td>
<td>11,160 *(est.)</td>
<td>146,119</td>
<td>183,220</td>
<td>37,101</td>
<td>25.4% 16.2%</td>
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* Includes 522 MW of Energy Efficiency

The forecasted peak load is based on normal (so called, 50-50) peak day weather. The anticipated load growth from 2013 to 2014 is 1.3 percent. The installed generation capacity includes all generators that have committed to serve PJM load through the Reliability Pricing Model (RPM) auctions or the Fixed Resource Requirement (FRR) Alternative. The projected reserve margin of 25.4 percent is greater than the required reserve margin of 16.2 percent.

Current Status

Additional analysis is underway to confirm the summary above and to provide additional detail. The Operations Analysis Task Force (OATF) study should be available by May 1, 2014.

PJM also participates in inter-regional study groups which publish summer studies for the larger North American Electric Reliability Corporation (NERC). NERC’s 2014 Summer Assessment report, which details the expected conditions in North America, will be issued by May 31, 2014.

PJM Impact, Concerns and Position

PJM expects to have adequate resources and transmission system availability to be able to handle expected summer conditions. Since the 2013 summer, various transmission enhancements were added to the PJM bulk system including two BES transformers and approximately 500 MVAR of shunt capacitors. Two variable shunt reactors were also added in the Dominion Virginia Power area of PJM for light-load voltage control. The Eastlake 5 unit in Ohio was converted into a 485 MVAR synchronous condenser.

If PJM experiences abnormal equipment unavailability and/or unusual weather conditions, emergency procedures may be necessary. Likewise, if neighboring systems experience abnormal conditions, PJM may need to invoke emergency procedures to provide assistance to them.