

FOR IMMEDIATE RELEASE

PJM Capacity Auction Secures Electricity Supplies at Competitive Prices

Auction for 2023/2024 Delivery Year Attracts a Diverse and Reliable Resource Mix at Lower Cost for Consumers

(Valley Forge, PA – June 21, 2022) – PJM Interconnection announced today the successful procurement of resources in its annual capacity auction to meet electricity needs and ensure reliable service for the 2023/2024 Delivery Year.

The auction results reflect a reliable and lower-carbon resource mix achieved at a low cost to consumers.

Prices for the 2023/2024 Delivery Year were lower than in the previous auction for the 2022/2023 Delivery Year. As a result, sufficient resources plus robust reserve levels were procured at a cost of \$2.2 billion, compared with approximately \$4 billion for the current 2022/2023 Delivery Year.

Those resources clearing the auction include more than 5,300 additional megawatts of nuclear generation than cleared in the prior auction.

“PJM’s capacity market continues to support the reliability of the electric grid in a competitive manner,” said President and CEO Manu Asthana. “In combination with our other markets, the capacity market remains a central component in attracting a diverse, reliable and competitive resource mix to meet forecasted system demand.”

The PJM capacity auction, called the Base Residual Auction, procures power supply resources in advance of the delivery year to meet electricity needs in the PJM service area, which includes all or part of 13 states and the District of Columbia.

Auctions are usually held three years in advance of the delivery year. The 2023/2024 auction was originally scheduled to be held in May 2020, but auctions had been suspended while FERC considered approval of new capacity market rules.

“PJM’s capacity market is designed to reflect where supply and demand meet, and these auction results show that,” said Stu Bresler, Senior Vice President – Market Services. “We look forward to working with our stakeholders and the states we serve to continue refining our markets to meet the needs of an evolving grid and ensure the reliable flow of power well into the future.”

This year’s auction procured 144,871 MW of resources for the period of June 1, 2023, through May 31, 2024. The total Fixed Resource Requirement (FRR) obligation is an additional 31,346 MW.

– MORE –



PJM Capacity Auction Secures Electricity Supplies at Competitive Prices / Page 2 of 4

The auction produced a price of \$34.13/MW-day for much of the PJM footprint, compared to \$50/MW-day for the 2022/2023 auction in June 2021. Prices are higher in some regions due to constraints on the transmission system.

Potential factors contributing to the clearing price results include:

- The first application of the less restrictive Minimum Offer Price Rule, applied to only seven resources representing 76 MW
- A revised, lower unit-specific Market Seller Offer Cap
- Less lead time to the delivery year (one year instead of three)
- The use of a historical rather than a forward-looking Energy and Ancillary Services Revenue Offset
- The first application of the Effective Load Carrying Capability (ELCC) method for determining the capacity value of wind, solar and storage resources

Carbon-Free Resources Increase

PJM's auction saw a growth of more than 5,000 cleared megawatts of carbon-free resources, led by an increase of 5,315 MW from existing nuclear units that did not clear in the previous auction. Solar resources increased 25%, from 1,512 MW to 1,868 MW, while the number of wind resources clearing was down 434 MW to 1,294 MW. The decrease in wind resources clearing the auction reflected a decrease of wind resources offering into the auction.

Natural gas resources clearing the auction increased by 1,685 MW, with more efficient combined-cycle units clearing 3,627 more megawatts than the last auction and combustion-turbine units down 1,012 MW. Combined-cycle units cleared a total of 48,030 MW in the auction and combustion-turbine units 19,080 MW.

Cleared capacity of steam units (primarily coal) was down 7,186 MW to 27,682 MW, tracking with a decrease of 7,813 MW offered into the auction as a result of coal retirements.

A 660 MW increase in Energy Efficiency resources, to 5,471 MW, was offset by a 716 MW decrease in Demand Response to 8,096 MW.

Hydro decreased slightly, from 4,157 MW to 3,677 MW.

The total procured capacity in the auction represents a 20.3% reserve margin, compared to a 14.8% required reserve for the 2023/2024 Delivery Year. This accounts for load and resource commitments under FRR.

– MORE –

PJM Capacity Auction Secures Electricity Supplies at Competitive Prices / Page 3 of 4

In three areas, prices were higher than the overall PJM price:

- In the MAAC region, the price was \$49.49/MW-day. MAAC consists of Atlantic City Electric, BGE, Delmarva Power, Jersey Central Power & Light, Met-Ed, PECO, Penelec, Pepco, PPL, PSE&G and Rockland Electric.
- Two transmission zones within MAAC broke out with higher prices than the rest of the MAAC area.
 - The auction price was \$69.95 in both the Baltimore Gas & Electric (BGE) transmission zone and the Delmarva Power South (DPL-South) transmission zone, which is Delmarva Power south of the Chesapeake & Delaware Canal.

PJM has compressed its auction calendar to return to a three-year-forward basis. The next annual Base Residual Auction, for the 2024/2025 Delivery Year, will be held in December.

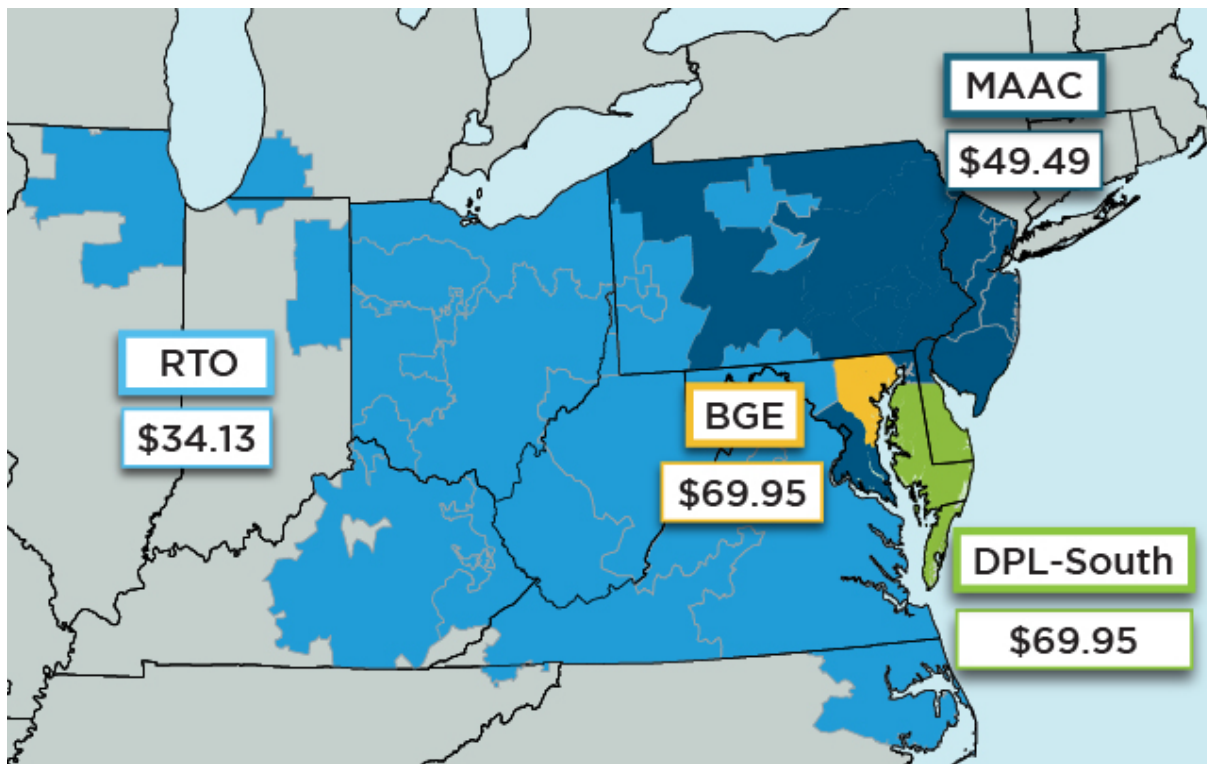
A detailed report of the results is available on PJM's [capacity market web page](#).

2023/2024 Capacity Prices

Delivery Area	Capacity Price	Transmission Zone Affected
RTO	\$34.13	
MAAC	\$49.49	Atlantic City Electric, Delmarva Power North (north of the Chesapeake & Delaware Canal), Jersey Central Power & Light, Met-Ed, PECO, Penelec, Pepco, PPL, PSE&G and Rockland Electric
BGE	\$69.95	Baltimore Gas & Electric
DPL-South	\$69.95	Delmarva Power South (south of Chesapeake & Delaware Canal)

– MORE –

2023/2024 Capacity Prices



[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 85,103 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 \$3.2 billion to \$4 billion. For the latest news about PJM, visit PJM Inside Lines at insidelines.pjm.com.