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PJM Successfully Clears Capacity Auction to Ensure Reliable Electricity Supplies

Auction Attracts Diverse and Efficient Resources at Lower Wholesale Costs

(Valley Forge, PA – June 2, 2021) – PJM Interconnection announced today the successful procurement, through its annual capacity auction, of competitive and affordable power supplies for the 65 million people PJM serves.

Renewables, nuclear and new natural gas generators saw the greatest increases in cleared capacity, while coal units saw the largest decrease. Prices were significantly lower than in the previous auction.

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 2022/2023 auction was originally scheduled to be held in May 2019, but was postponed until this year as FERC considered approval of new capacity market rules, specifically the Minimum Offer Price Rule (MOPR).

“PJM’s capacity market continues to support a competitive, diverse and reliable resource mix through the ongoing energy transition,” said PJM President and CEO Manu Asthana. “We look forward to returning to a regular auction schedule while we continue work with our stakeholders to reform the capacity market to ensure its success into the future.”

This year’s auction procured 144,477 MW of resources for the period of June 1, 2022, through May 31, 2023, at a total cost of \$3.9 billion. This total is \$4.4 billion less than in the previous auction, for the 2021/2022 Delivery Year, when adjusted for changes in Fixed Resource Requirement (FRR) elections.

The auction produced a price of \$50/MW-day for much of the PJM footprint, compared to \$140/MW-day in the most recent auction in 2018. Prices are higher in some regions due to transmission limits.

Prices in this year’s auction were significantly lower than prices in the previous auction for several reasons:

- A lower load forecast and reserve requirement, which in turn decreases the amount of capacity PJM needs to procure
- A 19% drop in the net Cost of New Entry, or CONE, which is a reference figure used to estimate the cost of a new generator to be built and enter the market
- Overall lower offer prices from resources participating in the auction

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Renewable Resources Continue to Grow

The auction continues to attract more renewable resources into the capacity market, committing to meet PJM's strict performance standards. Solar and wind resources significantly increased their capacity contribution.

A total of 1,728 MW of wind cleared in the auction, representing an increase of 312 MW over the previous capacity auction. Solar increased by 942 MW over the previous capacity auction, with 1,512 MW clearing. These capacity values represent a total capability of these resources to provide as much as 11,761 MW (nameplate) into the PJM system.

Newer, more efficient combined-cycle natural gas plants also saw a significant increase, adding more than 3,414 MW of capacity. Energy Efficiency programs were up by 1,979 MW, or 70%, while demand response, at 8,812 MW, was down 2,314 MW, or 21%, from the previous auction.

Nuclear generators cleared an additional 4,460 MW when compared to the last auction, adjusting for FRR elections.

Coal generators, meanwhile, cleared 8,175 fewer megawatts than in the previous auction, when adjusted for coal units committed to FRR plans.

The total procured capacity in the auction represents a 19.9% reserve margin, compared to a 14.5% required reserve for the 2022/2023 Delivery Year. This accounts for load and resource commitments under FRR.

In five areas, ComEd, Duke Energy Ohio & Kentucky, the Mid-Atlantic Area Council (MAAC) region, Eastern MAAC region, and Baltimore Gas & Electric (BGE), capacity prices are higher than the overall PJM price. For ComEd, the price is \$68.96/MW-day; for Duke Energy Ohio & Kentucky, the price is \$71.69/MW-day; for MAAC, the price is \$95.79/MW-day; for Eastern MAAC, the price is \$97.86/MW-day; and for BGE, the price is \$126.50/MW-day.

(The MAAC region consists of Atlantic City Electric, BGE, Delmarva Power, Jersey Central Power & Light, Met-Ed, PECO, Penelec, Pepco, PPL, PSE&G, PPL and Rockland Electric. BGE and the Eastern MAAC region have a different price than the rest of the MAAC region. The Eastern MAAC region is made up of Atlantic City Electric, Delmarva Power, Jersey Central Power & Light, PECO, PSE&G and Rockland Electric.)

PJM has compressed its auction calendar to gradually return to a three-year-forward basis. The next annual Base Residual Auction, for the 2023/2024 Delivery Year, will be held in December.

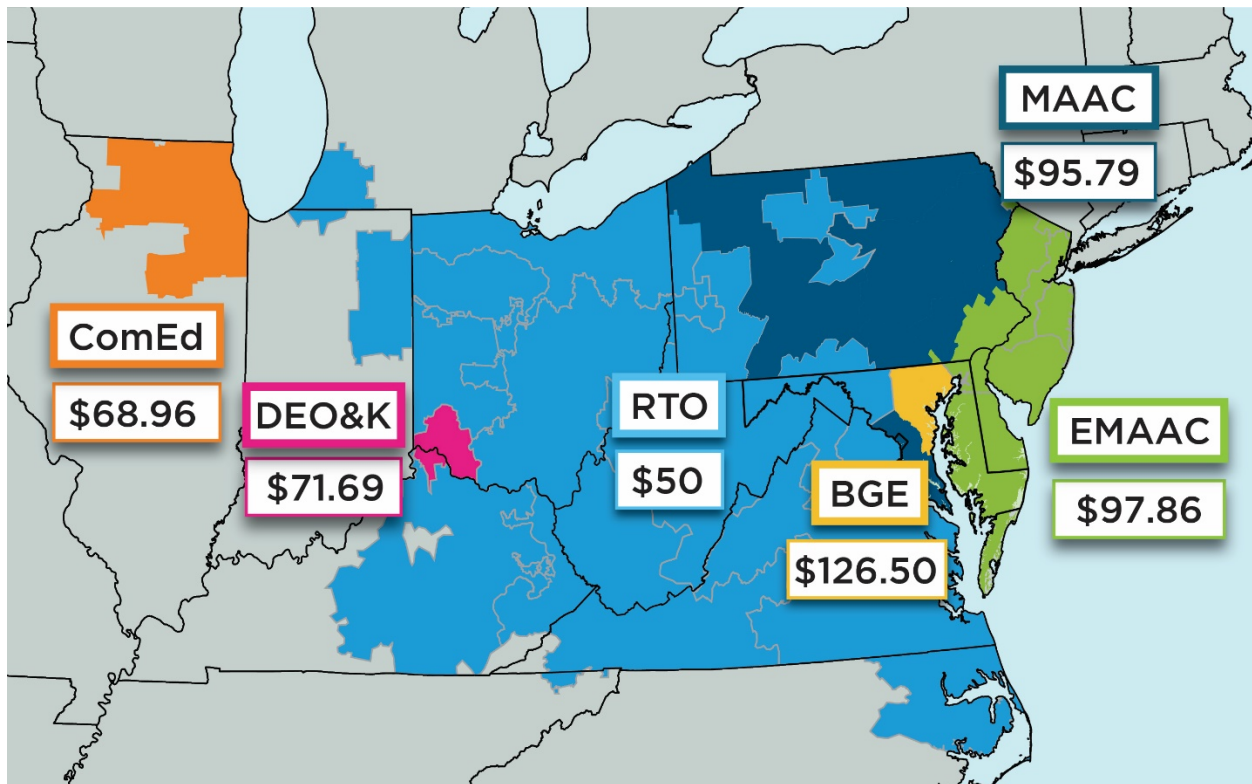
A detailed report of the results is available on PJM's [capacity market web page](#).

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2022/2023 Capacity Prices

Delivery Area	Capacity Price	Transmission Zone Affected
RTO	\$50.00	
ComEd	\$68.96	ComEd
DEOK	\$71.69	Duke Energy Ohio & Kentucky
MAAC	\$95.79	Met-Ed, Penelec, Pepco, PPL
Eastern MAAC	\$97.86	Atlantic City Electric, Delmarva Power, Jersey Central Power & Light, PECO, PSE&G, and Rockland Electric
BGE	\$126.50	Baltimore Gas & Electric

2022/2023 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.