

FOR IMMEDIATE RELEASE

PJM Capacity Auction Procures Adequate Resources

Results Indicate Supply Tightening in Some Areas

(Valley Forge, PA – Feb. 27, 2023) – PJM's capacity auction has secured adequate resources to meet demand for the 2024/2025 Delivery Year, with prices down in the RTO and up in areas with local constraints that indicate tightening conditions in certain areas.

PJM retains a healthy reserve margin today, though a number of areas are becoming constrained with higher prices. This auction had approximately 2,000 fewer megawatts offered than the previous auction, continuing a three-year trend of decreasing amounts of megawatts offered. If this trend continues, it represents a potential concern for long-term resource adequacy, depending on the rate of replacement of these resources.

"The capacity auction continues to be our best tool to ensure reliability at competitive prices in PJM," said President and CEO Manu Asthana. "The prices we see in certain areas also suggest that supply and demand conditions are tightening in these areas."

While PJM would not draw significant conclusions from this single auction, it is another data point as we look at trends impacting resource adequacy and, in turn, reliability.

The greatest changes among resources clearing [including Fixed Resource Requirement (FRR) capacity plans] were increases in natural gas (+1,615 MW) along with solar (+1,297 MW), as the capacity market continues to facilitate the overall transition to lower-carbon generation resources. The greatest decreases in resources cleared (including FRR capacity plans) were demand response (-451 MW), nuclear (-331 MW), coal (-278 MW), hydro (-237 MW) and oil (-230 MW).

Energy Efficiency cleared in the auction or committed in an FRR plan was up by 2,198 MW.

The 2024/2025 capacity auction, or Base Residual Auction (BRA), was finalized on Feb. 27, 2023, after the Federal Energy Regulatory Commission accepted a PJM proposal to address a unique set of circumstances discovered during the auction's clearing process that would have otherwise resulted in unjust and unreasonable results in the Delmarva South Locational Deliverability Area.

Overall Results

The auction produced a price of \$28.92 MW-day for much of the PJM footprint, compared to \$34.13/MW-day for the 2023/2024 auction in May 2022, at a total cost of \$2.2 billion, consistent with the \$2.2 billion from the previous auction.

This year's auction procured 140,416 MW, excluding Energy Efficiency Resources, for the period of June 1, 2024, through May 31, 2025. Energy Efficiency Resources are excluded from this calculation because their impact is



reflected in a lower load forecast and therefore not used to meet the Reliability Requirement. The total FRR obligation is an additional 32,545 MW for a total of 172,961 MW.

The total procured capacity in the auction and resource commitments under FRR represents a 20.4% reserve margin, compared to a 20.3% reserve margin for the 2023/2024 Delivery Year.

Overall resources offered into the capacity market, excluding Energy Efficiency Resources, were down 2,198 MW, from 151,143 MW in the 2023/2024 auction to 148,946 MW in the 2024/2025 auction. This is the third BRA in a row where the total capacity offered, excluding Energy Efficiency Resources, has declined.

Constrained Areas

Prices are higher in some regions due to constraints on the transmission system and the reserve requirement for these regions. The number of constrained areas increased from three constrained areas in the 2023/2024 auction to five in the 2024/2025 auction. An increase in the number of constrained regions, and a decline in offered megawatts for the third consecutive auction, indicate the need for additional resources in certain areas.

Prices were higher than the overall PJM price in five areas: MAAC (Met-Ed, Penelec, Pepco, PPL); EMAAC (Atlantic City Electric, Delmarva Power North, Jersey Central Power & Light, PECO, PSE&G, and Rockland Electric); DPL-S (Delmarva Power South); BGE (Baltimore Gas and Electric); and DEOK (Duke Energy Ohio and Duke Energy Kentucky).

Delmarva South

In December, PJM sought narrow Tariff revisions to ensure a just and reasonable outcome for customers in the Delmarva South (DPL South) Locational Deliverability Area, after some planned generation with signed interconnection service agreements did not offer into the auction. This resulted in a supply and demand condition that did not reflect the underlying supply and demand fundamentals of the system. PJM estimated that customers in this area would have been required to pay more than four times more for capacity for the 2024/2025 Delivery Year absent the narrow Tariff revisions it sought.

FERC approved these Tariff revisions Feb. 21.

Auction Background

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 2024/2025 auction was originally scheduled to be held in May 2021, but auctions had been suspended while FERC considered approval of new capacity market rules.

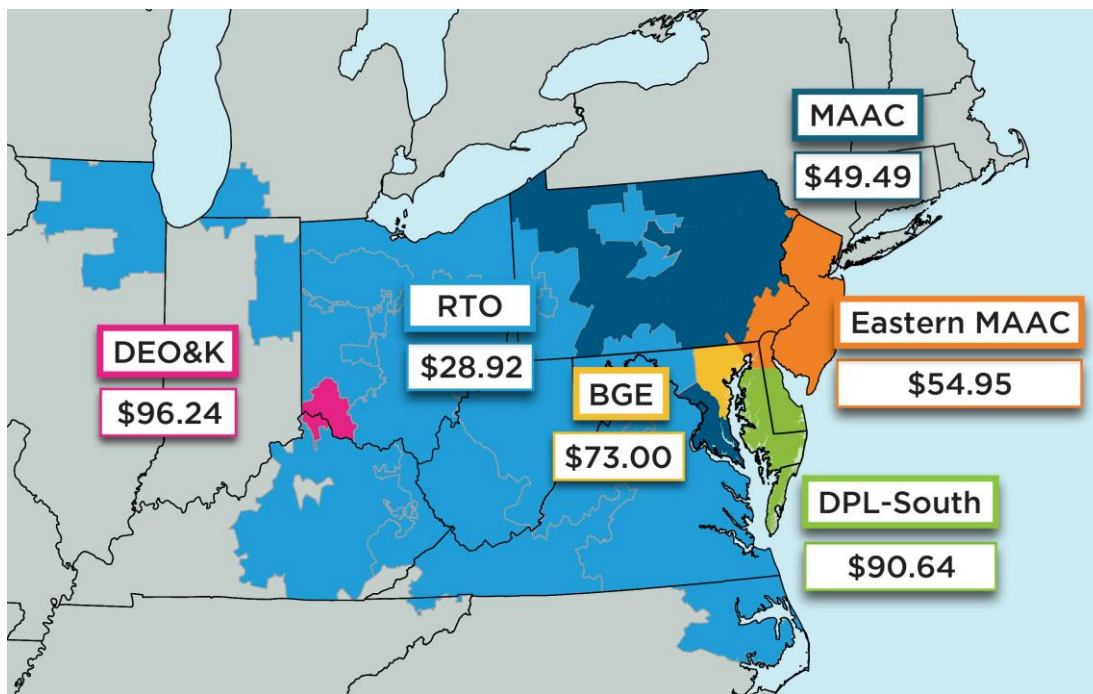
PJM has compressed its auction calendar to return to a three-year-forward basis. The next annual Base Residual Auction, for the 2025/2026 Delivery Year, will be held in June 2023.

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

2024/2025 Capacity Prices

Delivery Area	Capacity Price	Transmission Zone Affected
RTO	\$28.92	
DEOK	\$96.24	Duke Energy Ohio and Duke Energy Kentucky
MAAC	\$49.49	Met-Ed, Penelec, Pepco, PPL
Eastern MAAC	\$54.95	Atlantic City Electric, Delmarva Power North (north of the Chesapeake & Delaware Canal), Jersey Central Power & Light, PECO, PSE&G, and Rockland Electric
DPL-South	\$90.64	Delmarva Power South (south of Chesapeake & Delaware Canal)
BGE	\$73.00	Baltimore Gas and Electric

2024/2025 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](#).