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PJM Summer Outlook: Adequate Resources Available To Meet Summer Demand Under Anticipated Conditions

But Rising Demand Paired With Fewer Resources Continue To Tighten Reserve Levels

(Valley Forge, PA – May 2, 2024) – PJM Interconnection expects to meet summer electricity demand in 2024, though continuing generator retirements and increasing demand continue to erode reserve levels for the operator of the nation's largest electrical grid. Tighter reserves could result in the use of demand response or additional emergency procedures under scenarios involving extreme heat combined with significant generator outages.

"We plan throughout the year to make sure we have enough resources to serve load at the hottest time of the year," said PJM President and CEO Manu Asthana. "But we are concerned that new generation is not coming online fast enough to replace retiring resources, and that subsequent years may be more challenging."

The system is experiencing what PJM forecast in its 2023 Resource Retirements, Replacements and Risks (PDF) paper: The loss of generation resources is outpacing the addition of replacement resources amid accelerating growth in consumers' demand for electricity. It is an issue confronting grid operators throughout North America.

That means PJM has fewer generation resources to draw on this summer compared with 2023 – approximately 182,500 MW of installed generating capacity is available in 2024 to meet customer needs, compared with approximately 186,500 MW of installed capacity last summer.

PJM also projects higher peak demand for electricity this summer at approximately 151,000 MW compared with the 2023 summer peak load of 147,000 MW. PJM's all-time, one-day highest power use was recorded in the summer of 2006 at 165,563 MW. One megawatt can power about 800 homes.

Although PJM has performed reliability studies at loads exceeding 164,000 MW, the increased peak load forecast combined with reduced generating capacity reduces reserve margins for extreme weather scenarios. Scenarios that include this higher level of demand, combined with low solar and wind output and/or high generator outages, would further reduce reserve margins. In these unlikely but possible set of circumstances, PJM might have to implement additional procedures to manage emergencies, including demand response, calls for conservation, limits on electricity exports, or even temporary service interruptions.

The National Weather Service predicts above-average temperatures this summer for the entire PJM footprint, as well as wetter conditions than normal. However, PJM and our members also need to be prepared for more extreme weather scenarios.

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"With increasingly unpredictable weather patterns, we need to also prepare for more extreme weather conditions," said Aftab Khan, Executive Vice President – Operations, Planning and Security. "We will continue to work with our utility partners and stakeholders to refine our planning, analysis and communications of the risks presented by any challenging weather patterns this summer."

Predicting the demand for electricity helps procure an adequate supply of power today and in the years ahead. Making these predictions – called load forecasting – is a job PJM does routinely, for both short- and long-term periods, to help acquire an adequate supply of power for reliable service at the most reasonable cost.

A dedicated team of operators uses sophisticated technology to balance supply and demand and direct the power grid 24/7 from PJM's control rooms. They prepare multiple potential scenarios that could be impacted by weather, emergency conditions or equipment failure. They adjust resource output with changes in demand and ensure that no transmission lines or facilities are overloaded. The team also watches for unusual conditions and reacts to them to protect the electricity supply.

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 88,115 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.

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