

---

---

# FEDERAL ENERGY REGULATORY COMMISSION



WASHINGTON, D.C. 20426

---

---

## NEWS RELEASE

### NEWS MEDIA CONTACT

Bryan Lee, Barbara A. Connors  
(202) 502-8680

### FOR IMMEDIATE RELEASE

October 5, 2004  
Docket Nos. ER04-829, ER04-834

### COMMISSION CONDITIONALLY APPROVES 'PJM SOUTH'

The Federal Energy Regulatory Commission today conditionally approved Virginia Power's application to join PJM Interconnection and create "PJM South," which would extend the Regional Transmission Organization's geographic scope throughout Virginia and into a portion of North Carolina (ER04-829).

In a companion order issued previously, the Commission granted market-based sales authority to Virginia Power, a unit of Dominion Resources (ER04-834). The two actions will benefit customers by allowing the utility to fully participate in PJM's competitive wholesale power market.

"This marks an important step in the evolution of electricity market competition in Virginia," said FERC Chairman Pat Wood, III. "Fair and robust wholesale power competition will only enhance the state's existing retail competition program," Chairman Wood said. He noted a PJM analysis identifying \$100 million dollars in annual customer benefits from Virginia's participation in the Regional Transmission Organization (RTO).

Virginia Power's move to PJM culminates a series of expansions for the independent power grid operator. PJM originally encompassed all or parts of the states of Pennsylvania, New Jersey, Maryland, Delaware, the District of Columbia and a small portion of Virginia. In 2001, the Commission approved PJM's incorporation of Allegheny Power's service territory in Western Pennsylvania, Maryland, Ohio, Virginia and West Virginia. This "PJM West" expansion became fully effective in 2002.

In 2003, the Commission authorized further expansion of PJM to incorporate the transmission systems of American Electric Power, Commonwealth Edison, Dayton Power & Light and Virginia Power. Exelon's Commonwealth Edison was fully integrated with PJM on May 1, 2004. AEP with its facilities in Indiana, Kentucky, Michigan, Pennsylvania, Ohio and Virginia was integrated into PJM on October 1, 2004. Virginia Power marks the last of these so-called "New PJM Companies" to integrate its system with PJM.

Virginia Power's integration into PJM is subject to, among other things, the section 205 filing rights allocation provisions already applicable to the region as a whole. Virginia Power's section 205 filing authority for PJM South would be governed by the Transmission Owners' collective action requirements, as embodied in the PJM Transmission Owners Agreement, as well as pending initiatives before PJM to resolve interregional seams issues on a regionwide basis.