



FEDERAL ENERGY REGULATORY COMMISSION

NEWS

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NEWS MEDIA CONTACT

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FERC Conditionally Approves Duquesne's Exit From PJM Regional Group

The Federal Energy Regulatory Commission (FERC) today conditionally approved Pittsburgh-based Duquesne Light Company's (Duquesne) withdrawal from the PJM Interconnection (PJM).

"RTO participation is voluntary, but members planning to depart must meet all contractual and tariff obligations before doing so," Chairman Joseph T. Kelliher said. "Today we make a number of preliminary findings and provide the necessary guidance for Duquesne to decide what steps it needs to take to meet its obligations, while ensuring reliability and continued benefits for consumers."

Duquesne plans to withdraw from PJM effective May 31, 2008, if it is able to join the Midwest Independent System Operator (Midwest ISO) and can resolve, to its satisfaction, its capacity procurement commitments to PJM under PJM's Reliability Pricing Model (RPM). Duquesne also states that its withdrawal from PJM is conditioned on an integration filing that must be made by the Midwest ISO to incorporate Duquesne's transmission facilities.

The Pennsylvania utility asked to withdraw from PJM citing rising costs it attributed to PJM's new RPM auction. Under the RPM procedures approved by FERC, load serving entities (LSEs) are required to contract with suppliers three years in advance of each delivery year with prices set through an auction.

FERC said Duquesne satisfies the withdrawal requirements of the PJM Transmission Owners Agreement with several conditions. One condition is that Duquesne must make a compliance filing within 45 days that addresses its obligations under that agreement, including its obligation to construct and fund transmission facilities under PJM's regional transmission expansion plan.

FERC granted Duquesne's request that it be removed from the May 2008 RPM auction provided that it commits to withdraw from PJM before 2011, which is the delivery year applicable to the May 2008 auction. FERC concluded that "Duquesne's RPM liability extends to all auctions in which its load forecasts are included." If Duquesne makes that written commitment to withdraw, today's order clarifies that Duquesne's withdrawal from PJM will have the effect of removing the Duquesne zone in its entirety, including the load of other LSEs, from the May 2008 and future RPM auctions.

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