

FACT SHEET
PJM INTERCONNECTION, L.L.C. (Item E-8)
Docket No. ER05-1410-002

This decision gives final approval to a broad settlement agreement intended to ensure continued reliability and provide for just and reasonable rates in the 14-state PJM Interconnection region.

What the decision does: The Federal Energy Regulatory Commission grants the New Jersey Board of Public Utilities' request for additional monitoring of the PJM market. The Commission agreed that, given the impact that the RPM settlement will have on PJM customers and on PJM infrastructure investment, additional reporting will offer PJM members and customers more timely information and analysis of the results of the RPM auctions than PJM currently proposes to provide.

Background: Last December, the Commission found that PJM's current energy markets do not provide for sufficient revenue to assure reliability, given the constraints imposed by price caps and mitigation and other factors. The agreement establishes a Reliability Pricing Model (RPM) intended to provide the PJM market with sufficient revenue to assure reliability through a three-year forward market in better-defined geographic markets and a mechanism for pricing based on the amount of supply within each localized area in excess of the required minimum (downward sloping demand curve).

- PJM must post pre-auction data on its website.
- PJM must post the results of each base auction for each delivery year, plus updates from incremental auctions

Details on Additional Monitoring

- Supply curves for each Locational Deliverability Area (without revealing the identify of any individual bidder),
- The amount of new generation that cleared the auctions,
- Estimate of the amount of capacity that postponed retirement as a result of the auction, to extent this information is available,
- Demand response and transmission participation,
- Information about PJM entities that chose the Fixed Resource Requirement, and
- The amount of capacity procured.

PJM is not required to estimate the net cost or savings compared to what likely would have occurred absent the RPM mechanism, because such estimates would be highly speculative.

The costs of New Entry calculations are already publicly available.

PJM serves 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. This service area has a population of about 51 million.