

## **Dow Jones Newswire – Update: PJM Interconnection Capacity Auction Prices Up \$100/MW**

By Cassandra Sweet

05/14/10 - The price paid to power providers to keep their capacity available in the U.S. Mid-Atlantic region rose by more than half compared with a year ago, in an auction held Friday by grid operator PJM Interconnection.

PJM said the jump in prices to ensure available generating capacity from June 2013 to May 2014 was due to expected demand growth and delays that will keep a key transmission line from being built and operational by the June 2013 start date.

"Our projection is that we're seeing demand growth come back," Andrew Ott, PJM's senior vice president for markets, said during a conference call. He added that a new transmission line that would loosen bottlenecks in the region isn't expected to be completed by next year due to permitting delays.

As a result, prices in most areas of the Mid-Atlantic were up roughly \$100 a megawatt-day compared with a year ago.

For the Mid-Atlantic region, the capacity price cleared at \$226.15 a megawatt-day, up about \$93. Power capacity for the eastern Mid-Atlantic area cleared at \$245 a megawatt-day, up \$105 over last year. Capacity for the Pepco transmission zone area, also referred to as the southwestern Mid-Atlantic, cleared at \$247.14 a megawatt-day. In PJM's Western region, the capacity price cleared at \$27.73 a megawatt-day, a fraction of the others but up 65% over a year ago. PJM noted that the higher capacity prices in the eastern half of its territory are due to transmission constraints.

PJM's capacity auction procured 152,743 megawatts of capacity resources, PJM said. About 7% of that amount is wind and solar power and energy-efficiency resources such as demand-response--power provided to the grid from power users that cut back on consumption. Such resources made up nearly three-fourths of the new capacity available, PJM said.

"Transmission line additions and upgrades would reduce capacity price differences," Ott said in a statement.

**Public Service Enterprise Group Inc.** (PEG) is developing a 146-mile, 500-kilovolt transmission line called Susquehanna-Roseland between Pennsylvania and northern New Jersey. The company initially estimated the line could be built and operational by 2013. But concerns about whether **PSEG** could obtain all the needed permits for the line by June 2013 kept the project out of the PJM auction, Ott said.

The transmission line is opposed by environmental and resident groups.