



Reliability Pricing Model (RPM)

Results for 2007/2008 and 2008/2009 Auctions

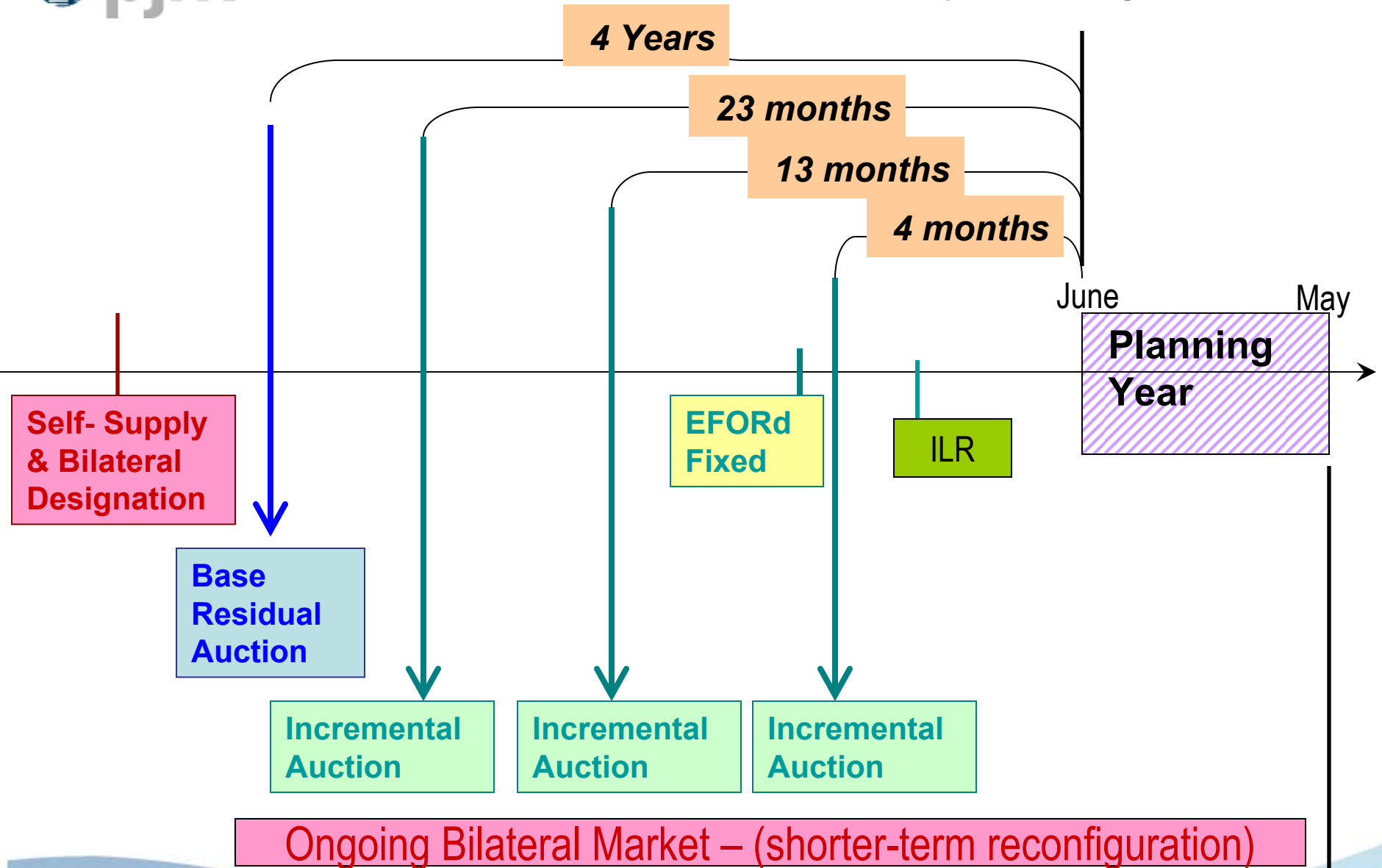
Andrew Ott

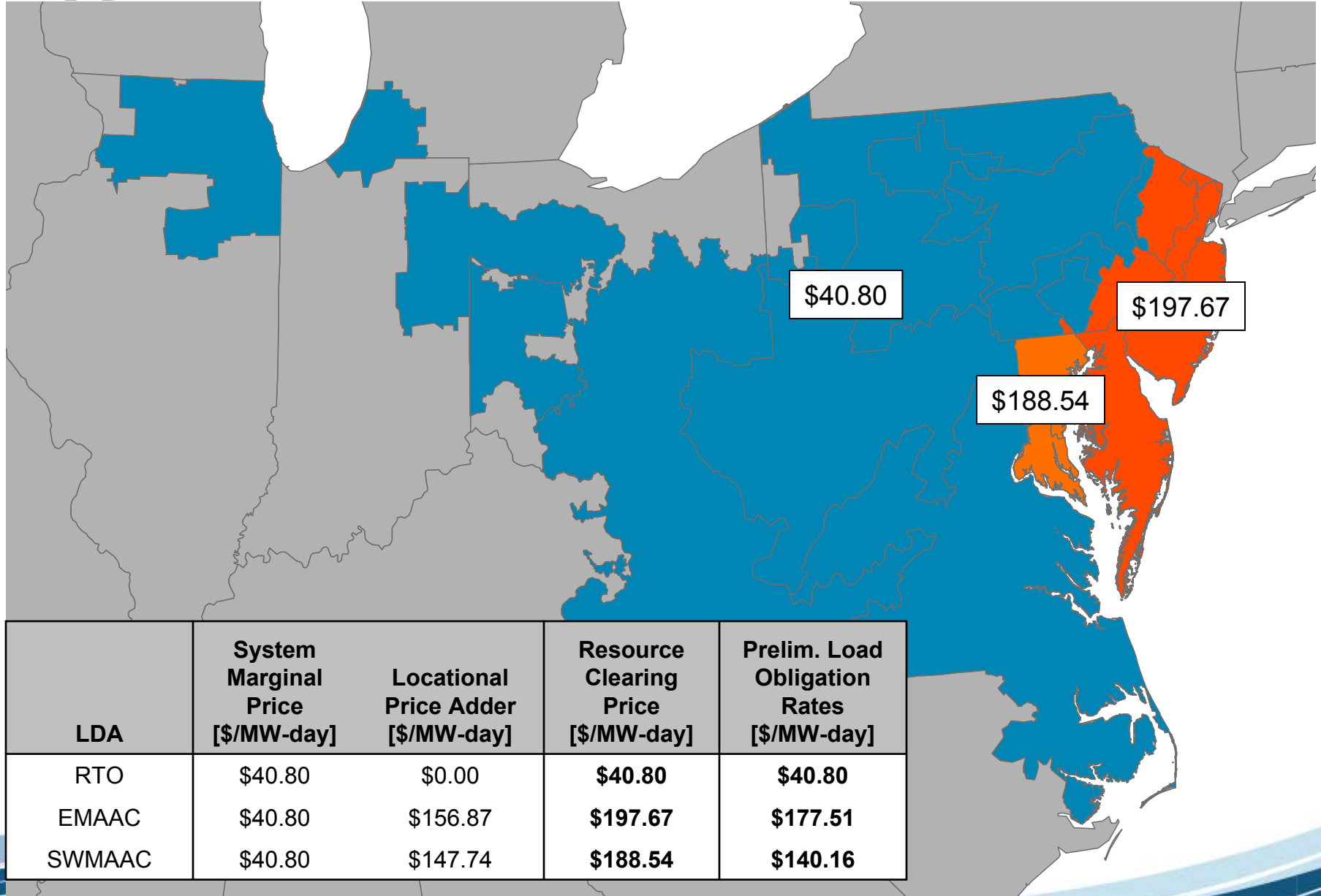
Vice President, Markets

PJM

- Reliability Pricing Model (RPM) is the new PJM resource adequacy construct.
- RPM is part of an integrated approach to ensuring long-term resource adequacy and competitively priced delivered energy.
- RPM aligns the price paid for generation capacity with overall system reliability requirements.
- RPM provides forward investment signals.

- PJM invites resource-specific sell offers for planning each year, three years in advance.
- Products that may be offered include: existing and **planned** generation; planned transmission upgrades; and existing and **planned** demand resources.
- New generation, new demand response alternatives, and new transmission solutions can compete directly with existing resources.





LDA	System Marginal Price [\$/MW-day]	Locational Price Adder [\$/MW-day]	Resource Clearing Price [\$/MW-day]	Prelim. Load Obligation Rates [\$/MW-day]
RT0	\$40.80	\$0.00	\$40.80	\$40.80
EMAAC	\$40.80	\$156.87	\$197.67	\$177.51
SWMAAC	\$40.80	\$147.74	\$188.54	\$140.16

	RTO**		EMAAC		SWMAAC	
	2007/2008	2008/2009	2007/2008	2008/2009	2007/2008	2008/2009
Resource Clearing Prices	\$40.80	\$111.92	\$197.67	\$148.80	\$188.54	\$210.11
Increase in Generation Capacity	602.0	724.2	134.7	293.4	0.0	52.0
Decrease in Generation Capacity	-674.6	-375.4	-257.7	-51.6	-112.0	-14.0
Increase in Demand Resource Capacity*	555.0	574.7	43.3	288.7	19.0	284.5
Net Increase in Installed Capacity	482.4	923.5	-79.7	530.5	-93.0	322.5

** RTO numbers include EMAAC and SWMAAC.

2007/2008 values represent all Demand Resources for 2007/2008.

The 2008/2009 values represent increases in DR from 2007/2008 to 2008/2009 .

Reversal of Generation Retirement Trend

	RTO**	EMAAC	SWMAAC
Withdrawn Deactivation Requests	2019.3	1857.2	0.0
Postponed Retirement	160.7	58.6	102.1
Reactivation	133.6	133.6	0.0
Total	2313.6	2049.4	102.1

Values Represent Cleared UCAP MW in the 2008/2009 Base Residual Auction.

** RTO values include EMAAC and SWMAAC.

Note: Not all survey data has been returned by participants. Values represent latest totals.