## TABLE OF CONTENTS

PREFACE	I
SECTION 1 INTRODUCTION	1
2012 In Review	1
PJM Market Background	1
Conclusions	2
Role of MMU	6
Reporting	6
Monitoring	7
Market Design	8
Prioritized Summary Recommendations	8
Detailed Recommendations	10
From Section 2, "Energy Market":	10
From Section 3, "Operating Reserve":	10
From Section 4, "Capacity":	11
From Section 5, "Demand Response":	12
From Section 6, "Net Revenue":	12
From Section 7, "Environmental and Renewables":	13
From Section 8, "Interchange Transactions":	13
From Section 9, "Ancillary Services":	13
From Section 10, "Congestion and Marginal Losses":	13
From Section 11, "Planning":	13
From Section 12, "FTRs and ARRs":	13
Total Price of Wholesale Power	14
Components of Total Price	14
Section Overviews	16
Overview: Section 2, "Energy Market"	16
Overview: Section 3, "Operating Reserve"	19
Overview: Section 4, "Capacity Market"	22
Overview: Section 5, "Demand Response"	26
Overview: Section 6, "Net Revenue"	28
Overview: Section 7, "Environmental and Renewables"	30
Overview: Section 8, "Interchange Transactions"	31
Overview: Section 9, "Ancillary Services"	35
Overview: Section 10, "Congestion and Marginal Losses"	39
Overview: Section 11, "Planning"	42
Overview: Section 12, "FTR and ARRs"	44
the state of the s	

SECTION 2 ENERGY MARKET	49
Overview	50
Market Structure	50
Market Performance: Markup, Load, Generation and LMP	50
Scarcity	52
Conclusion	52
Market Structure	53
Supply	53
Demand	56
Market Concentration	57
Local Market Structure and Offer Capping	58
Local Market Structure	60
Ownership of Marginal Resources	61
Type of Marginal Resources	61
Market Conduct: Markup	62
Real-Time Mark Up Conduct	62
Day-Ahead Mark Up Conduct	63
Market Performance	63
Markup	63
Real-Time Markup	64
Day-Ahead Markup	66
Market Performance: Load and LMP	69
Load	69
Locational Marginal Price (LMP)	76
Load and Spot Market	92
Scarcity and Scarcity Pricing	93
Designation of Maximum Emergency MW	93
2012 Results: High-Load Days	95
SECTION 3 OPERATING RESERVE	97
Overview	97
Operating Reserve Results	97
Characteristics of Credits	97
Geography of Balancing Charges and Credits	97
Load Response Resource Operating Reserves	97
Operating Reserve Issues	98
Conclusion	98
Description of Operating Reserves	99
Credits and Charges Categories	100
Balancing Operating Reserve Cost Allocation	101
Operating Reserve Results	103
Operating Reserve Charges	103
Operating Reserve Rates	106

Operating Reserve Determinants	108
Operating Reserve Credits	109
Characteristics of Credits	109
Types of Units	109
<b>Economic and Noneconomic Generation</b>	111
Geography of Charges and Credits	112
Load Response Resource Operating Reserves	115
Operating Reserve Issues	115
Concentration of Operating Reserve Credits	115
Day-Ahead Unit Commitment for Reliability	117
Lost Opportunity Cost Credits	119
Black Start and Voltage Support Units	125
Con Edison – PSEG Wheeling Contracts Support	125
Reactive Service Credits and Operating Reserve Credits	126
Up-to Congestion Transactions	126
SECTION 4 CAPACITY MARKET	129
Overview	129
RPM Capacity Market	129
Generator Performance	132
Conclusion	132
Installed Capacity	135
RPM Capacity Market	135
Market Structure	136
Market Conduct	149
Market Performance	157
Generator Performance	160
Capacity Factor	161
Generator Performance Factors	161
Generator Forced Outage Rates	162
SECTION 5 DEMAND-SIDE RESPONSE (DSR)	169
Overview	169
Conclusions	169
PJM Demand Side Programs	171
Participation in Demand Side Programs	171
Economic Program	172
Load Management Program	177
Measurement and Verification	186
SECTION 6 NET REVENUE	189
Overview	189
Net Revenue	189
Conclusion	189

Net Revenue	190
Theoretical Energy Market Net Revenue	191
Capacity Market Net Revenue	192
New Entrant Combustion Turbine	193
New Entrant Combined Cycle	194
New Entrant Coal Plant	194
New Entrant Integrated Gasification Combined Cycle	195
New Entrant Nuclear Plant	195
New Entrant Wind Installation	195
New Entrant Solar Installation	196
Net Revenue Adequacy	196
Actual Net Revenue	201
Environmental Rules	206
SECTION 7 ENVIRONMENTAL AND RENEWABLE ENERGY REGULATIONS	207
Overview	207
Federal Environmental Regulation	207
State Environmental Regulation	208
Emissions Controls in PJM Markets	208
State Renewable Portfolio Standards	208
Conclusion	208
Federal Environmental Regulation	209
Control of Mercury and Other Hazardous Air Pollutants	209
Control of NO <sub>x</sub> and SO <sub>2</sub> Emissions Allowances	210
Emission Standards for Reciprocating Internal Combustion Engines	210
Regulation of Greenhouse Gas Emissions	211
Federal Regulation of Environmental Impacts on Water	212
State Environmental Regulation	212
New Jersey High Electric Demand Day (HEDD) Rules	212
State Regulation of Greenhouse Gas Emissions	213
Renewable Portfolio Standards	214
Emissions Controlled Capacity and Renewables in PJM Markets	218
Emission Controlled Capacity in the PJM Region	218
Wind Units	219
Solar Units	222
SECTION 8 INTERCHANGE TRANSACTIONS	223
Overview	223
Interchange Transaction Activity	223
Interactions with Bordering Areas	224
Conclusion	225
Interchange Transaction Activity	226
Aggregate Imports and Exports	226

Real-Time Interface Imports and Exports	227
Real-Time Interface Pricing Point Imports and Exports	230
Day-Ahead Interface Imports and Exports	234
Day-Ahead Interface Pricing Point Imports and Exports	237
Loop Flows	242
PJM and MISO Interface Prices	248
PJM and NYISO Interface Prices	249
Summary of Interface Prices between PJM and Organized Markets	251
Neptune Underwater Transmission Line to Long Island, New York	251
Linden Variable Frequency Transformer (VFT) Facility	252
Hudson Direct Current (DC) Merchant Transmission Line	252
Operating Agreements with Bordering Areas	252
PJM and MISO Joint Operating Agreement	253
PJM and New York Independent System Operator Joint Operating Agreement (JOA)	254
PJM, MISO and TVA Joint Reliability Coordination Agreement (JRCA)	254
PJM and Progress Energy Carolinas, Inc. Joint Operating Agreement	255
PJM and VACAR South Reliability Coordination Agreement	255
Interface Pricing Agreements with Individual Balancing Authorities	255
Other Agreements/Protocols with Bordering Areas	255
Interchange Transaction Issues	257
PJM Transmission Loading Relief Procedures (TLRs)	257
Up-To Congestion	258
Sham Scheduling	262
Elimination of Sources and Sinks	262
Willing to Pay Congestion and Not Willing to Pay Congestion	262
Spot Imports	263
Real-Time Dispatchable Transactions	263
NYISO Interface Pricing Error	264
SECTION 9 ANCILLARY SERVICE MARKETS	265
Overview	267
Regulation Market	267
Synchronized Reserve Market	268
DASR	269
Black Start Service	269
Ancillary services costs per MW of load: 2001 - 2012	269
Conclusion	270
Regulation Market	271
Regulation Market Changes for Performance Based Regulation	271
Market Structure	273
Market Conduct	276
Market Performance	277
Primary Reserve	278

Synchronized Reserve Market	281
Market Structure	281
Market Conduct	284
Market Performance	285
Non-Synchronized Reserve Market	288
Day Ahead Scheduling Reserve (DASR)	289
Market Structure	289
Market Conduct	290
Market Performance	290
Black Start Service	291
SECTION 10 CONGESTION AND MARGINAL LOSSES	293
Overview	293
Marginal Loss Cost	293
Congestion Cost	294
Conclusion	296
Locational Marginal Price (LMP)	297
Components	297
Zonal Components	299
Energy Costs	300
Energy Accounting	300
Total Energy Costs	300
Marginal Losses	302
Marginal Loss Accounting	302
Total Marginal Loss Costs	302
Congestion	304
Congestion Accounting	304
Total Congestion	306
Congested Facilities	307
Congestion by Facility Type and Voltage	308
Constraint Duration	311
Constraint Costs	312
Congestion-Event Summary for MISO Flowgates	314
Congestion-Event Summary for the 500 kV System	315
Congestion Costs by Physical and Financial Participants	316
SECTION 11 GENERATION AND TRANSMISSION PLANNING	317
Overview	317
Planned Generation and Retirements	317
Generation and Transmission Interconnection Planning Process	317
Key Backbone Facilities	317
Economic Planning Process	317
Conclusion	318
Planned Generation and Retirements	318

viii Table of Contents © 2013 Monitoring Analytics, LLC

Planned Generation Additions	318	
Planned Deactivations	324	
Actual Generation Deactivations in 2012	325	
Updates on Key Backbone Facilities	327	
Transmission Planning Rules	328	
Competitive Grid Development	328	
SECTION 12 FINANCIAL TRANSMISSION AND AUCTION REVENUE RIGHTS	331	
Overview	332	
Financial Transmission Rights	332	
Auction Revenue Rights	334	
Conclusion	335	
Financial Transmission Rights	336	
Market Structure	337	
Market Behavior	342	
Market Performance	343	
Revenue Adequacy Issues and Solutions	360	
Auction Revenue Rights	363	
Market Structure	364	
Market Performance	368	
APPENDIX A PJM GEOGRAPHY	373	
APPENDIX B PJM MARKET MILESTONES	377	
APPENDIX B PJM MARKET MILESTONES  APPENDIX C ENERGY MARKET	377 379	_
APPENDIX C ENERGY MARKET	379	
APPENDIX C ENERGY MARKET  Load	379 379	
APPENDIX C ENERGY MARKET  Load  Frequency Distribution of Load	379 379 379	
APPENDIX C ENERGY MARKET  Load  Frequency Distribution of Load  Off-Peak and On-Peak Load	379 379 379 379	
APPENDIX C ENERGY MARKET  Load  Frequency Distribution of Load  Off-Peak and On-Peak Load  Locational Marginal Price (LMP)	379 379 379 379 380	
APPENDIX C ENERGY MARKET  Load  Frequency Distribution of Load  Off-Peak and On-Peak Load  Locational Marginal Price (LMP)  Real-Time LMP	379 379 379 379 380 381	
APPENDIX C ENERGY MARKET  Load  Frequency Distribution of Load  Off-Peak and On-Peak Load  Locational Marginal Price (LMP)  Real-Time LMP  Day-Ahead and Real-Time LMP	379 379 379 379 380 381 383	
APPENDIX C ENERGY MARKET  Load  Frequency Distribution of Load  Off-Peak and On-Peak Load  Locational Marginal Price (LMP)  Real-Time LMP  Day-Ahead and Real-Time LMP  LMP by Zone and by Jurisdiction	379 379 379 379 380 381 383 387	
APPENDIX C ENERGY MARKET  Load  Frequency Distribution of Load  Off-Peak and On-Peak Load  Locational Marginal Price (LMP)  Real-Time LMP  Day-Ahead and Real-Time LMP	379 379 379 379 380 381 383	
APPENDIX C ENERGY MARKET  Load  Frequency Distribution of Load  Off-Peak and On-Peak Load  Locational Marginal Price (LMP)  Real-Time LMP  Day-Ahead and Real-Time LMP  LMP by Zone and by Jurisdiction	379 379 379 379 380 381 383 387	
APPENDIX C ENERGY MARKET  Load  Frequency Distribution of Load  Off-Peak and On-Peak Load  Locational Marginal Price (LMP)  Real-Time LMP  Day-Ahead and Real-Time LMP  LMP by Zone and by Jurisdiction  Offer-Capped Units	379 379 379 379 380 381 383 387 390	
APPENDIX C ENERGY MARKET  Load  Frequency Distribution of Load  Off-Peak and On-Peak Load  Locational Marginal Price (LMP)  Real-Time LMP  Day-Ahead and Real-Time LMP  LMP by Zone and by Jurisdiction  Offer-Capped Units  APPENDIX D LOCAL ENERGY MARKET STRUCTURE: TPS RESULTS	379 379 379 379 380 381 383 387 390	
APPENDIX C ENERGY MARKET  Load  Frequency Distribution of Load  Off-Peak and On-Peak Load  Locational Marginal Price (LMP)  Real-Time LMP  Day-Ahead and Real-Time LMP  LMP by Zone and by Jurisdiction  Offer-Capped Units  APPENDIX D LOCAL ENERGY MARKET STRUCTURE: TPS RESULTS  AP Control Zone Results	379 379 379 379 380 381 383 387 390 395	
APPENDIX C ENERGY MARKET  Load Frequency Distribution of Load Off-Peak and On-Peak Load Locational Marginal Price (LMP) Real-Time LMP Day-Ahead and Real-Time LMP LMP by Zone and by Jurisdiction Offer-Capped Units  APPENDIX D LOCAL ENERGY MARKET STRUCTURE: TPS RESULTS  AP Control Zone Results ATSI Control Zone Results ComEd Control Zone Results DEOK Control Zone Results	379 379 379 379 380 381 383 387 390 395 395 396 397 398	
APPENDIX C ENERGY MARKET  Load  Frequency Distribution of Load  Off-Peak and On-Peak Load  Locational Marginal Price (LMP)  Real-Time LMP  Day-Ahead and Real-Time LMP  LMP by Zone and by Jurisdiction  Offer-Capped Units  APPENDIX D LOCAL ENERGY MARKET STRUCTURE: TPS RESULTS  AP Control Zone Results  ATSI Control Zone Results  ComEd Control Zone Results  DEOK Control Zone Results  DEOK Control Zone Results	379 379 379 379 380 381 383 387 390 395 395 396 397 398 399	
APPENDIX C ENERGY MARKET  Load  Frequency Distribution of Load  Off-Peak and On-Peak Load  Locational Marginal Price (LMP)  Real-Time LMP  Day-Ahead and Real-Time LMP  LMP by Zone and by Jurisdiction  Offer-Capped Units  APPENDIX D LOCAL ENERGY MARKET STRUCTURE: TPS RESULTS  AP Control Zone Results  ATSI Control Zone Results  ComEd Control Zone Results  DEOK Control Zone Results  DLCO Control Zone Results  Dominion Control Zone Results	379 379 379 379 380 381 383 387 390 395 395 396 397 398 399 399	
APPENDIX C ENERGY MARKET  Load  Frequency Distribution of Load  Off-Peak and On-Peak Load  Locational Marginal Price (LMP)  Real-Time LMP  Day-Ahead and Real-Time LMP  LMP by Zone and by Jurisdiction  Offer-Capped Units  APPENDIX D LOCAL ENERGY MARKET STRUCTURE: TPS RESULTS  AP Control Zone Results  ATSI Control Zone Results  ComEd Control Zone Results  DEOK Control Zone Results  DLCO Control Zone Results  Duminion Control Zone Results  Dominion Control Zone Results	379 379 379 379 380 381 383 387 390 395 395 396 397 398 399 399 400	
APPENDIX C ENERGY MARKET  Load  Frequency Distribution of Load  Off-Peak and On-Peak Load  Locational Marginal Price (LMP)  Real-Time LMP  Day-Ahead and Real-Time LMP  LMP by Zone and by Jurisdiction  Offer-Capped Units  APPENDIX D LOCAL ENERGY MARKET STRUCTURE: TPS RESULTS  AP Control Zone Results  ATSI Control Zone Results  ComEd Control Zone Results  DEOK Control Zone Results  DLCO Control Zone Results  Dominion Control Zone Results	379 379 379 379 380 381 383 387 390 395 395 396 397 398 399 399	

PSEG Control Zone Results	402	
APPENDIX E INTERCHANGE TRANSACTIONS	403	
Submitting Transactions into PJM	403	
Real-Time Market	403	
Curtailment of Transactions	405	
Transmission Loading Relief (TLR)	406	
NYISO Issues	408	
Consolidated Edison Company (Con Edison) and Public Service Electric and Gas Company (PSE&G) Wheeling Contracts	409	
Initial Implementation of the FERC Protocol	411	
APPENDIX F ANCILLARY SERVICE MARKETS	415	
Area Control Error (ACE)	415	
Control Performance Standard 1 (CPS1) and Balancing Authority ACE Limit (BAAL)	415	
Regulation Market Changes for Performance Based Regulation	416	
Synchronized Reserve Market Clearing	420	
APPENDIX G CONGESTION AND MARGINAL LOSSES	421	
LMP Components Real-Time and Day-Ahead	421	
Congestion Costs	423	
Zonal Congestion Costs	423	
Details of Regional and Zonal Congestion	425	
Marginal Losses	445	
Zonal Marginal Loss Costs	445	
Energy	447	
Zonal Energy Costs	447	
APPENDIX H FTR VOLUMES	449	
APPENDIX I GLOSSARY	451	
APPENDIX J LIST OF ACRONYMS	459	

x Table of Contents © 2013 Monitoring Analytics, LLC

## **TABLES**

SECTION 1 INTRODUCTION	11
Table 1-1 The Energy Market results were competitive	3
Table 1–2 The Capacity Market results were competitive	4
Table 1-3 The Regulation Market results were not competitive for the first three quarters and	-
were indeterminate for the fourth quarter	5
Table 1-4 The Synchronized Reserve Markets results were competitive	5
Table 1-5 The Day-Ahead Scheduling Reserve Market results were competitive	6
Table 1-6 The FTR Auction Markets results were competitive	6
Table 1-7 Prioritized summary recommendations	9
Table 1-8 Total price per MWh by category and total revenues by category: 2011 and 2012	15
Table 1-9 Total price per MWh by category: Calendar years 2001 through 2012	15
Table 1-10 Percentage of total price per MWh by category: Calendar years 2001 through 2012	16
SECTION 2 ENERGY MARKET	49
Table 2-1 The Energy Market results were competitive	49
Table 2-2 PJM generation (By fuel source (GWh)): 2011 and 2012	54
Table 2-3 PJM Generation (By fuel source (GWh)): 2011 and 2012; excluding ATSI and DEOK	
zones	54
Table 2-4 Monthly PJM Generation (By fuel source (GWh)): 2012	55
Table 2-5 Distribution of MW for dispatchable unit offer prices: 2012	55
Table 2-6 Distribution of MW for self-scheduled unit offer prices: 2012	56
Table 2-7 Actual PJM footprint peak loads: 1999 to 2012	56
Table 2-9 PJM hourly Energy Market HHI (By supply segment): 2011 and 2012	58
Table 2-10 Offer-capping statistics: 2008 to 2012	59
Table 2-11 Real-time offer-capped unit statistics: 2011 and 2012	59
Table 2-12 Three pivotal supplier test details for regional constraints: 2012	60
Table 2-14 Marginal unit contribution to PJM real-time, load-weighted LMP	
(By parent company): 2012 and 2011	61
Table 2-15 Marginal unit contribution to PJM day-ahead, load-weighted LMP	
(By parent company): 2012 and 2011	61
Table 2-13 Summary of three pivotal supplier tests applied for regional constraints 2012	61
Table 2-16 Type of fuel used (By real-time marginal units): 2012 and 2011	62
Table 2-17 Day-ahead marginal resources by type/fuel: 2011 and 2012	62
Table 2-18 Average, real-time marginal unit markup index (By price category): 2012 and 2011	63
Table 2-19 Average marginal unit markup index (By offer price category): 2012 and 2011	63
Table 2-20 Markup component of the overall PJM real-time, load-weighted, average LMP by primary fuel type and unit type: 2012 and 2011	64
Table 2-21 Monthly markup components of real-time load-weighted LMP: 2012 and 2011	65
Table 2-22 Average real-time zonal markup component: 2012 and 2011	65
Table 2-22 Average real-time zonal markup component. 2012 and 2011  Table 2-23 Average real-time markup component (By price category): 2012 and 2011	66
Table 2-24 Markup component of the overall PJM day-ahead, load-weighted, average LMP by	00
primary fuel type and unit type: 2012 and 2011	66
Table 2-25 Monthly markup components of day-ahead, load-weighted LMP: 2011 and 2012	66
Table 2-26 Day-ahead, average, zonal markup component: 2011 and 2012	67
Table 2-27 Average, day-ahead markup (By LMP category): 2011 and 2012	67

Table 2-28 Number of frequently mitigated units and associated units (By month):	
2011 and 2012	68
Table 2–29 Frequently mitigated units and associated units total months eligible: 2011 and 2012	69
Table 2-30 PJM real-time average hourly load: 1998 through 2012	70
Table 2-31 PJM annual Summer THI, Winter WWP and average temperature (Degrees F):	
Cooling, heating and shoulder months of 2007 through 2012	71
Table 2-32 PJM day-ahead average load: 2001 through 2012	72
Table 2-33 Cleared day-ahead and real-time load (MWh): 2011 and 2012	73
Table 2-34 PJM real-time average hourly generation: 2003 through 2012	74
Table 2-35 PJM day-ahead average hourly generation: 2003 through 2012	75
Table 2-36 Day-ahead and real-time generation (MWh): 2011 and 2012	75
Table 2-37 PJM real-time, average LMP (Dollars per MWh): 1998 through 2012	77
Table 2-38 PJM real-time, load-weighted, average LMP (Dollars per MWh): 1998 through 2012	77
Table 2-39 PJM real-time annual, fuel-cost-adjusted, load-weighted average LMP (Dollars per MWh): Year-over-year method	78
Table 2-40 Components of PJM real-time (Unadjusted), annual, load-weighted, average LMP:	
2012 and 2011	79
Table 2-41 Components of PJM real-time (Adjusted), annual, load-weighted, average LMP: 2012 and 2011	80
Table 2-42 PJM day-ahead, average LMP (Dollars per MWh): 2001 through 2012	80
Table 2-43 PJM day-ahead, load-weighted, average LMP (Dollars per MWh): 2001 through 2012	81
Table 2–44 Components of PJM day-ahead, (unadjusted) annual, load-weighted, average LMP	٠.
(Dollars per MWh): 2012	81
Table 2-45 Components of PJM day-ahead, (adjusted) annual, load-weighted, average LMP (Dollars per MWh): Calendar year 2012	82
Table 2-46 Hourly average volume of cleared and submitted INCs, DECs by month:	
2011 and 2012	83
Table 2-47 Hourly average of cleared and submitted up-to congestion bids by month:	
2011 and 2012	83
Table 2-48 Type of day-ahead marginal units: 2012	83
Table 2-49 PJM INC and DEC bids by type of parent organization (MW): 2011 and 2012	84
Table 2–50 PJM up-to congestion transactions by type of parent organization (MW):	
2011 and 2012	84
Table 2–51 PJM virtual offers and bids by top ten locations (MW): 2011 and 2012	85
Table 2-52 PJM cleared up-to congestion import bids by top ten source and sink pairs (MW):	
2011 and 2012	85
Table 2-53 PJM cleared up-to congestion export bids by top ten source and sink pairs (MW):	0.0
2011 and 2012	86
Table 2-54 PJM cleared up-to congestion wheel bids by top ten source and sink pairs (MW): 2011 and 2012	87
Table 2-55 PJM cleared up-to congestion internal bids by top ten source and sink pairs (MW):	
November through December of 2012	88
Table 2-56 Number of PJM offered and cleared source and sink pairs: 2012	88
Table 2-57 PJM cleared up-to congestion transactions by type (MW): 2011 and 2012	89
Table 2-58 Day-ahead and real-time average LMP (Dollars per MWh): 2011 and 2012	90
Table 2-59 Day-ahead and real-time average LMP (Dollars per MWh): 2001 through 2012	90
Table 2-60 Frequency distribution by hours of PJM real-time and day-ahead load-weighted	
hourly LMP difference (Dollars per MWh): 2007 through 2012	91

xii Table of Contents © 2013 Monitoring Analytics, LLC

	Table 2-61 Monthly average percentage of real-time self-supply load, bilateral-supply load and	
	spot-supply load based on parent companies: 2011 through 2012	92
	Table 2-62 Monthly average percentage of day-ahead self-supply load, bilateral supply load,	0.0
	and spot-supply load based on parent companies: 2011 through 2012	93
	Table 2-63 Maximum Emergency Alerts and Actions	95
	Table 2-64 High Load Hour, Hot Weather Alerts and Maximum Emergency Related Events: 2012	96
SE	CTION 3 OPERATING RESERVE	97
	Table 3-1 Day-ahead and balancing operating reserve credits and charges	100
	Table 3-2 Reactive services and synchronous condensing credits and charges	100
	Table 3-3 Balancing operating reserve cost allocation process	101
	Table 3-4 Balancing operating reserve regions	102
	Table 3-5 Operating reserve deviations	103
	Table 3-6 Total operating reserve charges: 1999 through 2012	104
	Table 3-7 Monthly operating reserve charges: 2011 and 2012	104
	Table 3-8 Day-ahead operating reserve charges: 2011 and 2012	105
	Table 3-9 Balancing operating reserve charges: 2011 and 2012	105
	Table 3-10 Balancing operating reserve deviation charges: 2011 and 2012	105
	Table 3–11 Reactive services charges: 2011 and 2012	105
	Table 3-12 Regional balancing charges allocation: 2011	106
	Table 3-13 Regional balancing charges allocation: 2012	106
	Table 3-14 Operating reserve rates (\$/MWh): 2011 and 2012	108
	Table 3–15 Operating reserve rates statistics (\$/MWh): 2012	108
	Table 3–16 Balancing operating reserve determinants (MWh): 2011 and 2012	109
	Table 3-17 Credits by operating reserve category: 2011 and 2012	109
	Table 3–18 Operating reserve credits by unit type: 2011 and 2012	110
	Table 3–19 Operating reserve credits by unit type: 2012	110
	Table 3-21 Day-ahead and real-time generation (GWh): 2012	111
	Table 3–20 Operating reserve credits paid to wind units: 2011 and 2012	111
	Table 3-22 Day-ahead and real-time economic and noneconomic generation (GWh): 2012	112
	Table 3-23 Day-ahead and real-time generation receiving operating reserve credits (GWh):	
	2012	112
	Table 3-24 Geography of regional charges and credits: 2012	113
	Table 3-25 Monthly balancing operating reserve charges and credits to generators	
	(Eastern Region): 2012	113
	Table 3-26 Monthly balancing operating reserve charges and credits to generators	
	(Western Region): 2012	114
	Table 3-27 Percentage of unit credits and charges of total credits and charges: 2011 and 2012	114
	Table 3-28 Day-ahead and balancing operating reserve for load response credits:	
	2011 and 2012	115
	Table 3–29 Top 10 operating reserve credits units (By percent of total system):	
	2001 through 2012	116
	Table 3-30 Top 10 units and organizations operating reserve credits: 2012	116
	Table 3-31 Identification of balancing operating reserve credits received by the top 10	
	units by category and region: 2012	116
	Table 3-32 Daily operating reserve credits HHI: 2012	117
	Table 3-33 Average operating reserve rates before and after September 13, 2012	118
	Table 3-34 Day-ahead generation from combustion turbines and diesels (GWh): 2011 and 2012	120

Table 3-35 Lost opportunity cost credits paid to combus	tion turbines and diesels by	
scenario: 2012	1	20
Table 3-36 Day-ahead generation (GWh) from combusti	on turbines and diesels receiving	
lost opportunity cost credits by value	1	21
Table 3-39 Lost opportunity cost proposals	1	23
Table 3-37 Impact on energy market lost opportunity co	ost credits of rule changes: 2012	23
Table 3-38 Impact on energy market lost opportunity co	ost credits of proposed rule	
changes: 2012		23
Table 3-40 Impact of proposed rule change on lost oppo	· · · · · · · · · · · · · · · · · · ·	
units: 2012		24
Table 3-41 Impact of credits paid to units providing read		20
operating reserve rates (\$/MWh): 2012		26
Table 3-42 Up-to congestion transactions impact on ope	erating reserve rates: 2012	27
SECTION 4 CAPACITY MARKET	1;	29
Table 4-1 The Capacity Market results were competitive	1	29
Table 4-2 RPM Related MMU Reports		34
Table 4-3 PJM installed capacity (By fuel source): Janua		0.
December 31, 2012	· · · · · · · · · · · · · · · · · · ·	35
Table 4-4 Internal capacity: June 1, 2011 to June 1, 201		38
Table 4-5 RPM generation capacity additions: 2007/200		39
Table 4-6 PJM Capacity Market load obligation served:	_	39
Table 4-7 Preliminary market structure screen results: 2		
Auctions		40
Table 4-8 RSI results: 2012/2013 through 2015/2016 RI	PM Auctions 1	42
Table 4-9 PJM capacity summary (MW): June 1, 2007 to	June 1, 2015 1	46
Table 4-10 RPM load management statistics by LDA: Jur	ne 1, 2011 to June 1, 2015 1	47
Table 4-11 RPM load management cleared capacity and	ILR: 2007/2008 through 2015/2016 1	48
Table 4-12 RPM load management statistics: June 1, 20	07 to June 1, 2015 1	48
Table 4-13 ACR statistics: 2012/2013 RPM Auctions	1	50
Table 4-14 ACR statistics: 2013/2014 RPM Auctions	1	50
Table 4-15 ACR statistics: 2014/2015 RPM Auctions	1	51
Table 4-16 ACR statistics: 2015/2016 RPM Auctions	1	51
Table 4-17 APIR statistics: 2012/2013 RPM Auctions	1	52
Table 4-18 APIR statistics: 2013/2014 RPM Auctions	1	52
Table 4-19 APIR statistics: 2014/2015 RPM Auction	1	53
Table 4-20 APIR statistics: 2015/2016 RPM Auction		53
Table 4-21 Capacity prices: 2007/2008 through 2015/20		58
Table 4-22 RPM revenue by type: 2007/2008 through 20	015/2016 1	59
Table 4-23 RPM revenue by calendar year: 2007 through	h 2016 1	59
Table 4-24 RPM cost to load: 2012/2013 through 2015/	2016 RPM Auctions 1	60
Table 4-25 PJM capacity factor (By unit type (GWh)): 2	011 and 2012 1	61
Table 4-26 EAF by unit type: 2007 through 2012	1	61
Table 4-27 EMOF by unit type: 2007 through 2012	1	61
Table 4-28 EPOF by unit type: 2007 through 2012		62
Table 4-29 EFOF by unit type: 2007 through 2012		62
Table 4-30 PJM EFORd data for different unit types: 200	_	62
Table 4-31 OMC Outages: 2012	1	64

xiv Table of Contents © 2013 Monitoring Analytics, LLC

	Table 4-32 PJM EFORd vs. XEFORd: 2012	165
	Table 4-33 Contribution to EFOF by unit type by cause: 2012	166
	Table 4-34 Contributions to Economic Outages: 2012	166
	Table 4-35 PJM EFORd, XEFORd and EFORp data by unit type: 2012	167
SE(	CTION 5 DEMAND-SIDE RESPONSE (DSR)	169
	Table 5-1 Overview of Demand Side Programs	171
	Table 5-2 Economic Program registration on peak load days: 2002 to 2012	172
	Table 5-3 Economic Program registrations on the last day of the month: 2009 through 2012	173
	Table 5-4 Distinct registrations and sites in the Economic Program: July 17, 2012	173
	Table 5-5 Performance of PJM Economic Program participants excluding incentive payments:	
	2002 through 2012	173
	Table 5-6 PJM Economic Program participation by zone: 2011 and 2012	174
	Table 5-7 PJM Economic Program average participation by zone: 2012	175
	Table 5-8 Settlement days submitted by month in the Economic Program: 2007 through 2012	175
	Table 5-9 Distinct customers and CSPs submitting settlements in the Economic Program by	
	month: 2008 through 2012	175
	Table 5–10 Hourly frequency distribution of Economic Program MWh reductions and credits:	
	2012	176
	Table 5-11 Frequency distribution of Economic Program zonal, load-weighted, average LMP	170
	(By hours): 2012	176
	Table 5-12 Zonal monthly capacity credits: 2012	177
	Table 5-13 Registered MW in the Load Management Program by program type: Delivery years 2007/2008 through 2012/2013	178
	Table 5-14 PJM declared Load Management Events: 2012	178
	Table 5-15 Load Management event performance: July 17, 2012	178
	Table 5-16 Load Management event performance: July 18, 2012	179
	Table 5–17 Load Management event performance: 2012 Aggregate	180
	Table 5–18 Distribution of participant event days across ranges of performance levels across	100
	the event in the 2012/2013 Delivery Year compliance period	180
	Table 5-19 Distribution of GLD participant event hours and observed load reductions across	
	ranges of load reduction as a percentage of Peak Load Contribution (PLC) for the events	
	in the 2012/2013 Delivery Year	181
	Table 5-20 Load Management Event Performance with negatives: 2012	182
	Table 5-21 Load Management Event Performance Comparison: Reported Reduction vs.	
	Actual Reduction: 2012	182
	Table 5-22 Non Reporting Locations on 2012 Event Days	183
	Table 5-23 Non Reporting Locations by MW on 2012 Event Days	183
	Table 5-24 Distribution of registrations and associated MW in the Emergency Full Option	
	across ranges of Minimum Dispatch Prices effective for the 2012/2013 Delivery Year	184
	Table 5-25 Emergency credits and make whole payments by event: 2012	184
	Table 5-26 Load Management test results and compliance by zone for the 2012/2013	405
	delivery year	185
	Table 5-27 Load Management Test Results with negatives, excluding retests	185
	Table 5-28 Penalty Charges per Zone: Delivery Year 2012/2013	186

SECTION 6 NET REVENUE	189
Table 6-1 Capacity revenue by PJM zones (Dollars per MW-year): 2009 through 2012 Table 6-2 PJM-wide net revenue for a CT under economic dispatch by market (Dollars per	193
installed MW-year): 2009 through 2012	193
Table 6-3 Energy Market net revenue for a new entrant gas-fired CT under economic dispatch (Dollars per installed MW-year): 2009 through 2012	193
Table 6-4 Zonal combined net revenue from all markets for a CT under economic dispatch (Dollars per installed MW-year): 2009 through 2012	193
Table 6-5 PJM-wide net revenue for a CC under economic dispatch by market (Dollars per installed MW-year): 2009 through 2012	194
Table 6-6 PJM Energy Market net revenue for a new entrant gas-fired CC under economic dispatch (Dollars per installed MW-year): 2009 through 2012	194
Table 6-7 Zonal combined net revenue from all markets for a CC under economic dispatch (Dollars per installed MW-year): 2009 through 2012	194
Table 6-8 PJM-wide net revenue for a CP by market (Dollars per installed MW-year): 2009 through 2012	194
Table 6-9 PJM Energy Market net revenue for a new entrant CP (Dollars per installed MW-year): 2009 through 2012	195
Table 6-10 Zonal combined net revenue from all markets for a CP (Dollars per installed MW-year): 2009 through 2012	195
Table 6-11 Net revenue for an IGCC by market (Dollars per installed MW-year): 2012	195
Table 6-12 Net revenue for a nuclear plant by market (Dollars per installed MW-year): 2012	195
Table 6-13 Net revenue for a wind installation by market (Dollars per installed MW-year): 2012	195
Table 6-14 Net revenue for a solar installation by market (Dollars per installed MW-year): 2012	196
Table 6-15 New entrant 20-year levelized fixed costs (By plant type (Dollars per installed MW-year)): 2009 through 2012	196
Table 6-16 Percent of 20-year levelized fixed costs recovered by CT energy and capacity net revenue (Dollars per installed MW-year): 2009 through 2012	196
Table 6-17 Percent of 20-year levelized fixed costs recovered by CC energy and capacity net revenue: 2009 through 2012	197
Table 6-18 Percent of 20-year levelized fixed costs recovered by CP energy and capacity net revenue: 2009 through 2012	198
Table 6-19 Percent of 20-year levelized fixed costs recovered by IGCC energy and capacity net revenue	198
Table 6-20 Percent of 20-year levelized fixed costs recovered by nuclear energy and capacity net revenue	199
Table 6-21 Percent of 20-year levelized fixed costs recovered by wind energy and capacity net revenue and wind credits	199
Table 6-22 Percent of 20-year levelized fixed costs recovered by solar energy and capacity net revenue and solar credits	199
Table 6-23 Internal rate of return sensitivity for CT, CC and CP generators	200
Table 6-24 Debt to equity ratio sensitivity for CT and CC assuming 20 year debt term and 12	
percent internal rate of return	200
Table 6-25 Debt term sensitivity for CT and CC assuming 50/50 debt to equity ratio and 12	
percent internal rate of return	200
Table 6-26 Interconnection cost sensitivity for CT and CC	201
Table 6-27 Class average net revenue from energy and ancillary markets and associated recovery of class average avoidable costs and total revenue from all markets and	
associated recovery of class average avoidable costs: 2012	202

xvi Table of Contents © 2013 Monitoring Analytics, LLC

	Table 6-28 Energy and ancillary service net revenue by quartile for select technologies for 2012	203
	Table 6-29 Capacity revenue by quartile for select technologies for 2012	203
	Table 6-30 Combined revenue from all markets by quartile for select technologies for 2012	203
	Table 6-31 Avoidable cost recovery by quartile from energy and ancillary net revenue for	
	select technologies for 2012	204
	Table 6-32 Avoidable cost recovery by quartile from all PJM Markets for select technologies	
	for 2012	204
	Table 6-33 Proportion of units recovering avoidable costs from energy and ancillary	
	markets for 2009 to 2012	205
	Table 6-34 Proportion of units recovering avoidable costs from all markets for 2009 to 2012	205
	Table 6-35 Profile of coal units	206
	Table 6-36 Installed capacity associated with levels of avoidable cost recovery: 2012	206
	Table 6-37 Coal plants lacking MATS compliant environmental controls	206
CE	CTION 7 ENVIRONMENTAL AND RENEWABLE ENERGY REGULATIONS	207
<u>JL</u>	LITON 7 LINVINONIVILIVIAL AND RENEVVADEL LINEROT REGULATIONS	207
	Table 7-1 HEDD maximum NO <sub>x</sub> emission rates	213
	Table 7-2 RGGI CO <sub>2</sub> allowance auction prices and quantities (tons): 2009-2011 and	
	2012-2014 Compliance Periods	214
	Table 7-3 Renewable standards of PJM jurisdictions to 2022,	215
	Table 7-4 Solar renewable standards of PJM jurisdictions to 2022	215
	Table 7-5 Additional renewable standards of PJM jurisdictions to 2021	216
	Table 7-6 Renewable alternative compliance payments in PJM jurisdictions: 2012	216
	Table 7-7 Renewable generation by jurisdiction and renewable resource type (GWh): 2012	217
	Table 7-8 PJM renewable capacity by jurisdiction (MW), on December 31, 2012	217
	Table 7-10 SO <sub>2</sub> emission controls (FGD) by unit type (MW), as of December 31, 2012	218
	Table 7-11 NO <sub>x</sub> emission controls by unit type (MW), as of December 31, 2012	218
	Table 7-12 Particulate emission controls by unit type (MW), as of December 31, 2012	219
	Table 7-13 Capacity factor of wind units in PJM: 2012	219
	Table 7-14 Wind resources in real time offering at a negative price in PJM: 2012	219
	Table 7-15 Capacity factor of wind units in PJM by month, 2011 and 2012	220
C E	OTION O INTERQUANCE TRANSACTIONS	000
SE(	CTION 8 INTERCHANGE TRANSACTIONS	223
	Table 8-1 Real-time scheduled net interchange volume by interface (GWh): 2012	229
	Table 8-2 Real-time scheduled gross import volume by interface (GWh): 2012	229
	Table 8-3 Real-time scheduled gross export volume by interface (GWh): 2012	230
	Table 8-4 Real-time scheduled net interchange volume by interface pricing point (GWh): 2012	232
	Table 8-5 Real-time scheduled gross import volume by interface pricing point (GWh): 2012	233
	Table 8-6 Real-time scheduled gross export volume by interface pricing point (GWh): 2012	233
	Table 8-7 Day-Ahead scheduled net interchange volume by interface (GWh): 2012	236
	Table 8-8 Day-Ahead scheduled gross import volume by interface (GWh): 2012	236
	Table 8-9 Day-Ahead scheduled gross export volume by interface (GWh): 2012	237
	Table 8-10 Day-Ahead scheduled net interchange volume by interface pricing point (GWh):	
	2012	238
	Table 8–11 Up-to Congestion scheduled net interchange volume by interface pricing point	
	(GWh): 2012	239
	Table 8-12 Day-Ahead scheduled gross import volume by interface pricing point (GWh): 2012	239
	Table 8-13 Up-to Congestion scheduled gross import volume by interface pricing point (GWh):	
	2012	240

	Table 8-14 Day-Anead scheduled gross export volume by interface pricing point (GWN): 2012	240
	Table 8-15 Up-to Congestion scheduled gross export volume by interface pricing point (GWh): 2012	241
	Table 8-16 Active interfaces: 2012	241
	Table 8-17 Active pricing points: 2012	242
	Table 8-18 Net scheduled and actual PJM flows by interface (GWh): 2012	243
	·	
	Table 8-19 Net scheduled and actual PJM flows by interface pricing point (GWh): 2012	244
	Table 8-20 Net scheduled and actual PJM flows by interface pricing point (GWh) (Adjusted for IMO Scheduled Interfaces): 2012	245
	Table 8-21 Net scheduled and actual PJM flows by interface and interface pricing point	
	(GWh): 2012	246
	Table 8-22 Net scheduled and actual PJM flows by interface pricing point and interface	
	(GWh): 2012	247
	Table 8-23 Distribution of economic and uneconomic hourly flows between PJM and MISO:	
	2012	249
	Table 8-24 Distribution of economic and uneconomic hourly flows between PJM and NYISO:	
	2012	251
	Table 8-25 Real-time average hourly LMP comparison for Duke, PEC and NCMPA: 2012	255
	Table 8-26 Day-ahead average hourly LMP comparison for Duke, PEC and NCMPA: 2012	255
	Table 8-27 Con Edison and PSE&G wheeling agreement data: 2012	257
	Table 8-28 PJM and MISO TLR procedures: January, 2010 through December, 2012	257
	Table 8-29 Number of TLRs by TLR level by reliability coordinator: 2012	258
	Table 8-30 Monthly volume of cleared and submitted up-to congestion bids:	
	January, 2009 through December, 2012	260
	Table 8-31 Monthly uncollected congestion charges: 2010 through 2012	263
SE	CTION 9 ANCILLARY SERVICE MARKETS	265
	Table 9-1 The Regulation Market results were not competitive for the first three quarters and	
	were indeterminate for the fourth quarter	265
	Table 9-2 The Synchronized Reserve Markets results were competitive	266
	Table 9-3 The Day-Ahead Scheduling Reserve Market results were competitive	266
	Table 9-4 History of ancillary services costs per MW of Load: 2001 through 2012	270
	Table 9-5 PJM regulation capability, daily offer and hourly eligible: 2011 and 2012	273
	Table 9-6 Impact on PJM Regulation Market of currently regulating units scheduled to retire	
	through 2015	273
	Table 9-7 PJM Regulation Market required MW and ratio of eligible supply to requirement:	
	Calendar years 2011 and 2012	275
	Table 9-8 PJM cleared regulation HHI: 2011 and 2012	275
	Table 9-9 Regulation market monthly three pivotal supplier results: 2010, 2011 and 2012	070
	, , , , , , , , , , , , , , , , , , , ,	276
	Table 9-10 Regulation sources: spot market, self-scheduled, bilateral purchases: 2011 and	
	Table 9-10 Regulation sources: spot market, self-scheduled, bilateral purchases: 2011 and 2012	276
	Table 9-10 Regulation sources: spot market, self-scheduled, bilateral purchases: 2011 and 2012  Table 9-11 PJM Regulation Market monthly weighted average market-clearing price, marginal unit opportunity cost and offer price (Dollars per MWh): January through	
	Table 9-10 Regulation sources: spot market, self-scheduled, bilateral purchases: 2011 and 2012  Table 9-11 PJM Regulation Market monthly weighted average market-clearing price, marginal unit opportunity cost and offer price (Dollars per MWh): January through December 2012	
	<ul> <li>Table 9-10 Regulation sources: spot market, self-scheduled, bilateral purchases: 2011 and 2012</li> <li>Table 9-11 PJM Regulation Market monthly weighted average market-clearing price, marginal unit opportunity cost and offer price (Dollars per MWh): January through December 2012</li> <li>Table 9-12 Total regulation charges: 2012 and 2011</li> </ul>	276
	<ul> <li>Table 9-10 Regulation sources: spot market, self-scheduled, bilateral purchases: 2011 and 2012</li> <li>Table 9-11 PJM Regulation Market monthly weighted average market-clearing price, marginal unit opportunity cost and offer price (Dollars per MWh): January through December 2012</li> <li>Table 9-12 Total regulation charges: 2012 and 2011</li> <li>Table 9-13 Components of regulation cost: 2012</li> </ul>	276 277
	<ul> <li>Table 9-10 Regulation sources: spot market, self-scheduled, bilateral purchases: 2011 and 2012</li> <li>Table 9-11 PJM Regulation Market monthly weighted average market-clearing price, marginal unit opportunity cost and offer price (Dollars per MWh): January through December 2012</li> <li>Table 9-12 Total regulation charges: 2012 and 2011</li> </ul>	276 277 278

xviii Table of Contents © 2013 Monitoring Analytics, LLC

	Table 9-16 Synchronized Reserve Market required MW, RTO Zone and Mid-Atlantic	
	Dominion Subzone, December 2008 through December 2012	282
	Table 9-17 Synchronized Reserve market monthly three pivotal supplier results: 2010,	
	2011 and 2012	284
	Table 9-18 Average RFC SRMCP when all cleared synchronized reserve is DSR, average	
	SRMCP, and percent of all cleared hours that all cleared synchronized reserve is DSR:	
	January through December 2010, 2011, 2012	285
	Table 9-19 Mid-Atlantic Dominion Sub-zone weighted synchronized reserve market clearing	
	prices, credits, and MWs: 2012	285
	Table 9-20 Comparison of yearly weighted average price and cost for PJM Synchronized	
	Reserve, 2005 through 2012	286
	Table 9-21 Tier 2 synchronized reserve purchases by month for the Mid-Atlantic Dominion	
	Subzone: 2012	286
	Table 9-22 Spinning Events, January 2009 through December 2012	288
	Table 9-23 PJM Day-Ahead Scheduling Reserve Market MW and clearing prices:	
	January through December 2011 and 2012	290
	Table 9-24 Black start yearly zonal charges for network transmission use: 2012	292
	Table 8 2 1 Black Start yearly 2011al charges for nections transmission aser 2012	202
SE	CTION 10 CONGESTION AND MARGINAL LOSSES	293
	TILL 40 4 DIM TILL TILL TIMB ( (D.H. MIMI)	
	Table 10–1 PJM real-time, load-weighted average LMP components (Dollars per MWh):	207
	2009 through 2012	297
	Table 10-2 PJM day-ahead, load-weighted average LMP components (Dollars per MWh):	000
	2009 through 2012	298
	Table 10-3 Zonal and PJM real-time, load-weighted average LMP components	
	(Dollars per MWh): 2011 and 2012	299
	Table 10-4 Zonal and PJM day-ahead, load-weighted average LMP components	
	(Dollars per MWh): 2011 and 2012	299
	Table 10-5 Total PJM costs by component (Dollars (Millions)): 2009 through 2012	301
	Table 10-7 Total PJM energy costs by market category (Dollars (Millions)): 2009 through 2012	301
	Table 10-8 Monthly energy costs by type (Dollars (Millions)): 2011 and 2012	301
	Table 10-6 Total PJM energy costs by category (Dollars (Millions)): 2009 through 2012	301
	Table 10-9 Total PJM Marginal Loss Component Costs (Dollars (Millions)): 2009 through 2012	303
	Table 10-10 Total PJM marginal loss costs by category (Dollars (Millions)): 2009 through 2012	303
	Table 10-11 Total PJM marginal loss costs by market category (Dollars (Millions)):	
	2009 through 2012	303
	Table 10-12 Monthly marginal loss costs by type (Dollars (Millions)): 2011 and 2012	303
	Table 10-13 Marginal loss credits (Dollars (Millions)): 2009 through 2012	304
	Table 10-14 Total PJM congestion (Dollars (Millions)): 2008 to 2012	306
	Table 10-15 Total PJM congestion costs by category (Dollars (Millions)): 2011 to 2012	306
	Table 10–16 Total PJM congestion costs by market category (Dollars (Millions)): 2011 to 2012	307
	Table 10–17 Monthly PJM congestion costs (Dollars (Millions)): 2012	307
	Table 10–18 Monthly PJM congestion costs (Dollars (Millions)): 2011	307
	Table 10–19 Congestion summary (By facility type): 2012	309
	Table 10–20 Congestion summary (By facility type): 2011	
		309
	Table 10-21 Congestion Event Hours (Day Ahead against Real Time): Calendar years 2011 to 2012	309
	Table 10-22 Congestion Event Hours (Real Time against Day Ahead): 2011 to 2012	309
	Table 10–23 Congestion summary (By facility voltage): 2012	310
	Table 10-24 Congestion summary (By facility voltage): 2011	310

Table 10-25 Top 25 constraints with frequent occurrence: 2011 to 2012	311
Table 10-26 Top 25 constraints with largest year-to-year change in occurrence: 2011 to 2012	311
Table 10-27 Top 25 constraints affecting PJM congestion costs (By facility): 2012	312
Table 10-28 Top 25 constraints affecting PJM congestion costs (By facility): 2011	313
Table 10-29 Top congestion cost impacts from MISO flowgates affecting PJM dispatch	
(By facility): 2012	314
Table 10-30 Top congestion cost impacts from MISO flowgates affecting PJM dispatch	
(By facility): 2011	315
Table 10-31 Regional constraints summary (By facility): 2012	315
Table 10-32 Regional constraints summary (By facility): 2011	316
Table 10-33 Congestion cost by the type of the participant: Calendar year 2012	316
Table 10-34 Congestion cost by the type of the participant: Calendar year 2011	316
SECTION 11 GENERATION AND TRANSMISSION PLANNING	317
Table 11-1 Year-to-year capacity additions from PJM generation queue: Calendar years	
2000 through 2012	318
Table 11-2 Queue comparison (MW): December 31, 2012 vs. December 31, 2011	319
Table 11-3 Capacity in PJM queues (MW): At December 31, 2012,	319
Table 11-4 Average project queue times (days): At December 31, 2012	320
Table 11-5 Active capacity queued to be in service prior to January 1, 2013	320
Table 11-6 Capacity additions in active or under-construction queues by control zone (MW):	
At December 31, 2012	321
Table 11-7 Capacity additions in active or under-construction queues by LDA (MW):	
At December 31, 2012	321
Table 11-8 Existing PJM capacity: At January 1, 2013 (By zone and unit type (MW))	322
Table 11-9 PJM capacity (MW) by age: at January 1, 2013	322
Table 11-10 Comparison of generators 40 years and older with slated capacity additions	
(MW): Through 2018	323
Table 11-11 Summary of PJM unit retirements (MW): 2011 through 2019	324
Table 11-12 Planned deactivations of PJM units after 2012, as of March 1, 2013	325
Table 11-13 HEDD Units in PJM as of January 1, 2013	325
Table 11-14 Unit deactivations: January 2012 through January 1, 2013	326
Table 11-15 Major upgrade projects in Eastern Region	327
Table 11-16 Major upgrade projects in Western Region	327
Table 11-17 Major upgrade projects in Southern Region	328
SECTION 12 FINANCIAL TRANSMISSION AND AUCTION REVENUE RIGHTS	331
Table 12-1 The FTR Auction Markets results were competitive	332
Table 12-2 Top 10 principal binding transmission constraints limiting the Long Term FTR	
Auction: Planning periods 2013 to 2016	338
Table 12-3 Top 10 principal binding transmission constraints limiting the Annual FTR Auction:	
Planning period 2012 to 2013	339
Table 12-4 Long Term FTR Auction patterns of ownership by FTR direction: Planning periods	
2013 to 2016	341
Table 12-5 Annual FTR Auction patterns of ownership by FTR direction: Planning period	
2012 to 2013	341
Table 12-6 Monthly Balance of Planning Period FTR Auction patterns of ownership by	
FTR direction: January through December 2012	341
Table 12-7 Daily FTR net position ownership by FTR direction: January through December 2012	341

xx Table of Contents © 2013 Monitoring Analytics, LLC

Table 12-8 Directly allocated FTR volume for DEOK Control Zone: January 1, 2012 through May 31, 2012	34
Table 12-9 Directly allocated FTR volume for ATSI and DEOK Control Zones: Planning period 2012 to 2013	34
Table 12-10 Long Term FTR Auction market volume: Planning periods 2013 to 2016	34
Table 12-11 Annual FTR Auction market volume: Planning period 2012 to 2013	34
Table 12-12 Comparison of self-scheduled FTRs: Planning periods from 2008 to 2009	
through 2012 to 2013	34
Table 12-13 Monthly Balance of Planning Period FTR Auction market volume: January	٠.
through December 2012	34
Table 12-14 Monthly Balance of Planning Period FTR Auction buy-bid, bid and cleared	٠.
volume (MW per period): January through June 2012	34
Table 12-15 Secondary bilateral FTR market volume: Planning periods 2011 to 2012 and	
2012 to 2013	34
Table 12-16 Long Term FTR Auction weighted-average cleared prices (Dollars per MW):	٠.
Planning periods 2013 to 2016	34
Table 12-17 Annual FTR Auction weighted-average cleared prices (Dollars per MW):	٠.
Planning period 2012 to 2013	34
Table 12-18 Monthly Balance of Planning Period FTR Auction cleared, weighted-average,	31
buy-bid price per period (Dollars per MW): January through December 2012	35
Table 12-19 FTR profits by organization type and FTR direction: January through	33
December 2012	35
Table 12–20 Monthly FTR profits by organization type: January through December 2012	35
Table 12–21 Long Term FTR Auction revenue: Planning periods 2013 to 2016	35
Table 12-22 Annual FTR Auction revenue: Planning period 2012 to 2013	35
· · · · · · · · · · · · · · · · · · ·	33
Table 12-23 Monthly Balance of Planning Period FTR Auction revenue: January through December 2012	35
Table 12-24 Total annual PJM FTR revenue detail (Dollars (Millions)): Planning periods	
2011 to 2012 and 2012 to 2013 through December 31, 2012	35
Table 12-25 Monthly FTR accounting summary (Dollars (Millions)): Planning periods	
2011 to 2012 and 2012 to 2013	35
Table 12-26 Reported FTR payout ratio by planning period	36
Table 12-27 Reported and Actual Payout Ratios for 2012	36
Table 12-28 Example of FTR payouts from portfolio netting and without portfolio netting	36
Table 12-29 Monthly positive and negative target allocations and payout ratios with and	
without hourly netting in 2012	36
Table 12-30 Counter flow FTR payout ratio adjustment impacts	36
Table 12–31 Top 10 principal binding transmission constraints limiting the annual	
ARR allocation: Planning period 2012 to 2013	36
Table 12-32 ARRs and ARR revenue automatically reassigned for network load changes	
by control zone: June 1, 2011, through December 31, 2012	36
Table 12-33 Incremental ARR allocation volume: Planning periods 2008 to 2009 through	
2012 to 2013	36
Table 12-34 IARRs allocated for 2012 to 2013 Annual ARR Allocation for RTEP upgrades	36
Table 12-35 Residual ARR allocation volume and target allocation	36
Table 12–36 Annual ARR allocation volume: Planning periods 2011 to 2012 and 2012 to 2013	36
Table 12-37 Constraints with capacity increases due to Stage 1A infeasibility for the 2012 to	
2013 ARR Allocation	36
Table 12–38 ARR revenue adequacy (Dollars (Millions)): Planning periods 2011 to 2012	- 3
and 2012 to 2013	36

Table 12-39 ARR and self-scheduled FTR congestion offset (in millions) by control zone: Planning period 2012 to 2013	371
Table 12-40 ARR and FTR congestion offset (in millions) by control zone: Planning period	
2012 to 2013	372
Table 12-41 ARR and FTR congestion hedging (in millions): Planning periods 2011 to 2012 and 2012 to 2013 through December 31, 2012	372
APPENDIX C ENERGY MARKET	379
Table C-1 Frequency distribution of PJM real-time, hourly load: 2007 to 2012	379
Table C-2 Off-peak and on-peak load (MW): 1998 to 2012	380
Table C-3 Multiyear change in load: 1998 to 2012	380
Table C-4 Frequency distribution by hours of PJM Real-Time Energy Market LMP (Dollars per MWh): 2007 to 2012	381
Table C-5 Off-peak and on-peak, PJM load-weighted, average LMP (Dollars per MWh):	
2011 to 2012	382
Table C-6 On-peak and off-peak real-time PJM fuel-cost-adjusted, load-weighted, average	
LMP (Dollars per MWh): 2012	382
Table C-7 PJM real-time load-weighted, average LMP during constrained hours (Dollars	
per MWh): 2011 to 2012	382
Table C-8 PJM real-time load-weighted, average LMP during constrained and unconstrained	
hours (Dollars per MWh): 2011 to 2012	383
Table C-9 PJM real-time constrained hours: 2011 to 2012	383
Table C-10 Frequency distribution by hours of PJM Day-Ahead Energy Market LMP	004
(Dollars per MWh): 2007 to 2012	384
Table C-11 Off-peak and on-peak, average day-ahead and real-time LMP (Dollars per	204
MWh): 2012 Table C. 13 On most reveal everyone day, shoot and real time LMB (Dellars now MWh):	384
Table C-12 On-peak, zonal, average day-ahead and real-time LMP (Dollars per MWh): 2011 and 2012	386
Table C-13 Off-peak, zonal, average day-ahead and real-time LMP (Dollars per MWh):	300
2011 and 2012	386
Table C-14 PJM day-ahead and real-time, market-constrained hours: 2012	387
Table C-15 PJM average LMP during constrained and unconstrained hours (Dollars per	307
MWh): 2012	387
Table C-16 Zonal real-time, average LMP (Dollars per MWh): 2011 and 2012	387
Table C-17 Jurisdiction real-time, average LMP (Dollars per MWh): 2011 and 2012	387
Table C-18 Hub real-time, average LMP (Dollars per MWh): 2011 and 2012	388
Table C-19 Zonal real-time, load-weighted, average LMP (Dollars per MWh): 2011 and 2012	388
Table C-20 Jurisdiction real-time, load-weighted, average LMP (Dollars per MWh): 2011	
and 2012	388
Table C-21 Zonal day-ahead, average LMP (Dollars per MWh): 2011 and 2012	388
Table C-22 Jurisdiction day-ahead, average LMP (Dollars per MWh): 2011 and 2012	389
Table C-23 Zonal day-ahead, load-weighted, average LMP (Dollars per MWh): 2011 and 2012	389
Table C-24 Jurisdiction day-ahead, load weighted LMP (Dollars per MWh): 2011 and 2012	389
Table C-25 Zonal day-ahead and real-time average LMP (Dollars per MWh): 2012	389
Table C-26 Jurisdiction day-ahead and real-time average LMP (Dollars per MWh): 2012	390
Table C-27 Average day-ahead, offer-capped units: 2008 to 2012	391
Table C-28 Average day-ahead, offer-capped MW: 2008 to 2012	391
Table C-29 Average real-time, offer-capped units: 2008 to 2012	391
Table C-30 Average real-time, offer-capped MW: 2008 to 2012	392

xxii Table of Contents © 2013 Monitoring Analytics, LLC

Table C-31 Offer-capped unit statistics: 2008	392
Table C-32 Offer-capped unit statistics: 2009	392
Table C-33 Offer-capped unit statistics: 2010	393
Table C-34 Offer-capped unit statistics: 2011	393
Table C-35 Offer-capped unit statistics: 2012	393
APPENDIX D LOCAL ENERGY MARKET STRUCTURE: TPS RESULTS	395
Table D-1 Three pivotal supplier test details for constraints located in the AP	
Control Zone: 2012	395
Table D-2 Summary of three pivotal supplier tests applied to uncommitted units for	
constraints located in the AP Control Zone: 2012	395
Table D-3 Three pivotal supplier test details for constraints located in the ATSI Control	
Zone: 2012	396
Table D-4 Summary of three pivotal supplier tests applied to uncommitted units for	
constraints located in the ATSI Control Zone: 2012	396
Table D-5 Three pivotal supplier test details for constraints located in the BGE Control	
Zone: 2012	397
Table D-6 Summary of three pivotal supplier tests applied to uncommitted units for	
constraints located in the BGE Control Zone: 2012	397
Table D-7 Three pivotal supplier test details for constraints located in the ComEd Control	200
Zone: 2012 Table D. 8 Summary of three pivotal cumplion tests applied to uncommitted units for	398
Table D-8 Summary of three pivotal supplier tests applied to uncommitted units for constraints located in the ComEd Control Zone: 2012	398
Table D-9 Three pivotal supplier test details for constraints located in the DEOK Control	330
Zone: 2012	398
Table D-10 Summary of three pivotal supplier tests applied to uncommitted units for	000
constraints located in the DEOK Control Zone: 2012	398
Table D-11 Three pivotal supplier test details for constraints located in the DLCO Control	
Zone: 2012	399
Table D-12 Summary of three pivotal supplier tests applied to uncommitted units for	
constraints located in the DLCO Control Zone: 2012	399
Table D-15 Three pivotal supplier test details for constraints located in the DPL Control	
Zone: 2012	400
Table D-16 Summary of three pivotal supplier tests applied to uncommitted units for	
constraints located in the DPL Control Zone: 2012	400
Table D-13 Three pivotal supplier test details for constraints located in the Dominion	400
Control Zone: 2012  Table D. 14 Summary of three nivetal cumplier tests applied to uncommitted units for	400
Table D-14 Summary of three pivotal supplier tests applied to uncommitted units for constraints located in the Dominion Control Zone: 2012	400
Table D-17 Three pivotal supplier test details for constraints located in the PECO	400
Control Zone: 2012	401
Table D-18 Summary of three pivotal supplier tests applied to uncommitted units for	
constraints located in the PECO Control Zone: 2012	401
Table D-19 Three pivotal supplier test details for constraints located in the Pepco Control	
Zone: 2012	401
Table D-20 Summary of three pivotal supplier tests applied to uncommitted units for	
constraints located in the Pepco Control Zone: 2012	401
Table D-21 Three pivotal supplier test details for constraints located in the PSEG	
Control Zone: 2012	402

Table D-22 Summary of three pivotal supplier tests applied to uncommitted units for constraints located in the PSEG Control Zone: 2012	402	
APPENDIX E INTERCHANGE TRANSACTIONS	403	_
Table E-1 TLRs by level and reliability coordinator: 2004 through 2012	408	
Table E-2 Con Edison and PSE&G wheel settlements data: 2012	412	
APPENDIX G CONGESTION AND MARGINAL LOSSES	421	_
Table G-1 PJM real-time, average LMP components (Dollars per MWh): 2008 through 2012	421	
Table G-2 Zonal real-time, average LMP components (Dollars per MWh): 2011 and 2012	422	
Table G-3 Hub real-time, average LMP components (Dollars per MWh): 2011 and 2012	422	
Table G-4 PJM day-ahead, average LMP components (Dollars per MWh): 2008 through 2012	422	
Table G-5 Zonal day-ahead, average LMP components (Dollars per MWh): 2011 and 2012	423	
Table G-6 Congestion cost summary (By control zone): 2012	424	
Table G-7 Congestion cost summary (By control zone): 2011	425	
Table G-8 AECO Control Zone top congestion cost impacts (By facility): 2012	426	
Table G-9 AECO Control Zone top congestion cost impacts (By facility): 2011	426	
Table G-10 BGE Control Zone top congestion cost impacts (By facility): 2012	427	
Table G-11 BGE Control Zone top congestion cost impacts (By facility): 2011	427	
Table G-12 DPL Control Zone top congestion cost impacts (By facility): 2012	428	
Table G-13 DPL Control Zone top congestion cost impacts (By facility): 2011	428	
Table G-14 JCPL Control Zone top congestion cost impacts (By facility): 2012	429	
Table G-15 JCPL Control Zone top congestion cost impacts (By facility): 2011	429	
Table G-16 Met-Ed Control Zone top congestion cost impacts (By facility): 2012	430	
Table G-17 Met-Ed Control Zone top congestion cost impacts (By facility): 2011	430	
Table G-18 PECO Control Zone top congestion cost impacts (By facility): 2012	431	
Table G-19 PECO Control Zone top congestion cost impacts (By facility): 2011	431	
Table G-20 PENELEC Control Zone top congestion cost impacts (By facility): 2012	432	
Table G-21 PENELEC Control Zone top congestion cost impacts (By facility): 2011	432	
Table G-22 Pepco Control Zone top congestion cost impacts (By facility): 2012	433	
Table G-23 Pepco Control Zone top congestion cost impacts (By facility): 2011	433	
Table G-24 PPL Control Zone top congestion cost impacts (By facility): 2012	434	
Table G-25 PPL Control Zone top congestion cost impacts (By facility): 2011	434	
Table G-26 PSEG Control Zone top congestion cost impacts (By facility): 2012	435	
Table G-27 PSEG Control Zone top congestion cost impacts (By facility): 2011	435	
Table G-28 RECO Control Zone top congestion cost impacts (By facility): 2012	436	
Table G-29 RECO Control Zone top congestion cost impacts (By facility): 2011	436	
Table G-30 AEP Control Zone top congestion cost impacts (By facility): 2012	437	
Table G-31 AEP Control Zone top congestion cost impacts (By facility): 2011	437	
Table G-32 AP Control Zone top congestion cost impacts (By facility): 2012	438	
Table G-33 AP Control Zone top congestion cost impacts (By facility): 2011	438	
Table G-34 ATSI Control Zone top congestion cost impacts (By facility): 2012	439	
Table G-35 ATSI Control Zone top congestion cost impacts (By facility): 2011	439	
Table G-36 ComEd Control Zone top congestion cost impacts (By facility): 2012	440	
Table G-37 ComEd Control Zone top congestion cost impacts (By facility): 2011	440	
Table G-38 DAY Control Zone top congestion cost impacts (By facility): 2012	441	
Table G-39 DAY Control Zone top congestion cost impacts (By facility): 2011	441	
Table G-40 DEOK Control Zone top congestion cost impacts (By facility): 2012	442	

xxiv Table of Contents © 2013 Monitoring Analytics, LLC

	Table G-41 DLCO Control Zone top congestion cost impacts (By facility): 2012	443	
	Table G-42 DLCO Control Zone top congestion cost impacts (By facility): 2011	443	
	Table G-43 Dominion Control Zone top congestion cost impacts (By facility): 2012	444	
	Table G-44 Dominion Control Zone top congestion cost impacts (By facility): 2011	444	
	Table G-45 Marginal loss costs by control zone and type (Dollars (Millions)): 2012	445	
	Table G-46 Monthly marginal loss costs by control zone (Dollars (Millions)): 2011 and 2012	446	
	Table G-47 Energy costs by control zone and type (Dollars (Millions)): 2012	447	
	Table G-48 Monthly energy costs by control zone (Dollars (Millions)): 2011 and 2012	448	
AΡ	PENDIX H FTR VOLUMES	449	
	Table H-1 Annual and Monthly FTR Auction bid and cleared volume:		
	Planning period 2003 to 2004	449	
	Table H-2 Annual and Monthly FTR Auction bid and cleared volume:		
	Planning period 2004 to 2005	449	
	Table H-3 Annual and Monthly FTR Auction bid and cleared volume:		
	Planning period 2005 to 2006	449	
	Table H-4 Annual and Monthly FTR Auction bid and cleared volume:		
	Planning period 2006 to 2007	449	
	Table H-5 Annual and Monthly FTR Auction bid and cleared volume:		
	Planning period 2007 to 2008	449	
	Table H-6 Annual and Monthly FTR Auction bid and cleared volume:		
	Planning period 2008 to 2009	450	
	Table H-7 Annual and Monthly FTR Auction bid and cleared volume:		
	Planning period 2009 to 2010	450	
	Table H-8 Annual and Monthly FTR Auction bid and cleared volume:		
	Planning period 2010 to 2011	450	
	Table H-9 Annual and Monthly FTR Auction bid and cleared volume:		
	Planning period 2011 to 2012	450	
	Table H-10 Annual and Monthly FTR Auction bid and cleared volume:		
	Planning period 2012 to 2013	450	

xxvi Table of Contents © 2013 Monitoring Analytics, LLC

## **FIGURES**

SECTION 1 INTRODUCTION	1
Figure 1-1 PJM's footprint and its 19 control zones	2
SECTION 2 ENERGY MARKET	49
Figure 2-1 Average PJM aggregate supply curves: Summer 2011 and 2012	53
Figure 2-2 PJM footprint calendar year peak loads: 1999 to 2012	56
Figure 2-3 PJM peak-load comparison: Tuesday, July 17, 2012, and Thursday, July 21, 2011	57
Figure 2-4 PJM hourly Energy Market HHI: 2012	58
Figure 2-5 Frequently mitigated units and associated units (By month): February, 2006 through	1
December, 2012	68
Figure 2-6 Frequently mitigated units and associated units total months eligible: February,	
2006 through December, 2012	69
Figure 2-7 PJM real-time accounting load: 2011 and 2012	70
Figure 2-8 PJM real-time monthly average hourly load: 2011 and 2012	70
Figure 2-9 PJM day-ahead load: 2011 and 2012	71
Figure 2-10 PJM day-ahead monthly average hourly load: 2011 and 2012	72
Figure 2-11 Day-ahead and real-time loads (Average hourly volumes): 2012	73
Figure 2-12 Difference between day-ahead and real-time loads (Average daily volumes):	
2011 and 2012	73
Figure 2-13 Day-ahead and real-time generation (Average hourly volumes): 2012	76
Figure 2–14 Difference between day-ahead and real-time generation (Average daily volumes):	7.0
2011 and 2012	76
Figure 2-15 Average LMP for the PJM Real-Time Energy Market: 2011 and 2012	77
Figure 2–16 PJM real-time, monthly, load-weighted, average LMP: 2007 through 2012	77
Figure 2–17 Spot average fuel price comparison: 2011 and 2012 (\$/MMBtu)	78
Figure 2–18 Average spot fuel cost of generation of CP, CT, and CC: 2011 and 2012	78
Figure 2–19 Price for the PJM Day-Ahead Energy Market: 2011 and 2012	80
Figure 2-20 Day-ahead, monthly, load-weighted, average LMP: 2007 through 2012	81
Figure 2–21 PJM day-ahead aggregate supply curves: 2012 example day	82
Figure 2-22 Hourly volume of bid and cleared INC, DEC and Up-to Congestion bids (MW) by	0.4
month: January, 2005 through December, 2012	84
Figure 2-23 PJM cleared up-to congestion transactions by type (MW): 2005 through 2012	89
Figure 2-24 Real-time load-weighted hourly LMP minus day-ahead load-weighted hourly LMP: 2012	90
Figure 2-25 Monthly average of real-time minus day-ahead LMP: 2012	91
Figure 2-26 PJM system hourly average LMP: 2012	91
rigure 2-20 Film system mourly average Livil . 2012	31
SECTION 3 OPERATING RESERVE	97
Figure 3-1 Weekly weighted average day-ahead operating reserve rate (\$/MWh):	
2011 and 2012	106
Figure 3-2 Daily balancing operating reserve reliability rates (\$/MWh): 2011 and 2012	107
Figure 3-3 Daily balancing operating reserve deviation rates (\$/MWh): 2011 and 2012	107
Figure 3-4 Daily lost opportunity cost and canceled resources rates (\$/MWh): 2011 and 2012	107
Figure 3-5 Daily average day-ahead generation from units scheduled as must run by PJM: 2012	118

Figure 3-6 Units scheduled as must run by PJM receiving day-ahead operating reserve credits: 2012	119
SECTION 4 CAPACITY MARKET	129
Figure 4-1 PJM Locational Deliverability Areas	143
Figure 4-2 PJM RPM EMAAC subzonal LDAs	144
Figure 4-3 History of capacity prices: Calendar year 1999 through 2015 Figure 4-4 PJM equivalent outage and availability factors: 2007 to 2012	160 161
Figure 4-5 Trends in the PJM equivalent demand forced outage rate (EFORd):	101
2007 through 2012	162
Figure 4-6 PJM 2012 distribution of EFORd data by unit type	163
Figure 4-7 PJM EFORd, XEFORd and EFORp: 2012	167
Figure 4-8 PJM monthly generator performance factors: 2012	167
SECTION 5 DEMAND-SIDE RESPONSE (DSR)	169
Figure 5-1 Demand Response revenue by market: 2002 through 2012	172
Figure 5-2 Economic Program payments by month: 2007 through 2012	174
Figure 5-3 Distribution of participant event days across ranges of performance levels across the event in the 2012/2013 Delivery Year compliance period	181
SECTION 6 NET REVENUE	189
Figure 6-1 Energy Market net revenue factor trends: December 2008 through December 2012 Figure 6-2 New entrant CT net revenue and 20-year levelized fixed cost (Dollars per installed	191
MW-year): 2009 through 2012	197
Figure 6-3 New entrant CT net revenue and 20-year levelized fixed cost by LDA (Dollars per installed MW-year): 2009 through 2012	197
Figure 6-4 New entrant CC net revenue and 20-year levelized fixed cost (Dollars per installed MW-year): 2009 through 2012	197
Figure 6-5 New entrant CC net revenue and 20-year levelized fixed cost by LDA (Dollars per installed MW-year): 2009 through 2012	198
Figure 6-6 New entrant CP net revenue and 20-year levelized fixed cost (Dollars per installed MW-year): 2009 through 2012	198
Figure 6-7 New entrant CP net revenue and 20-year levelized fixed cost by LDA (Dollars per installed MW-year): 2009 through 2012	198
SECTION 7 ENVIRONMENTAL AND RENEWABLE ENERGY REGULATIONS	207
Figure 7-1 Spot monthly average emission price comparison: 2011 and 2012	214
Figure 7-2 Average hourly real-time generation of wind units in PJM: 2012	220
Figure 7-3 Average hourly day-ahead generation of wind units in PJM: 2012	221
Figure 7-4 Marginal fuel at time of wind generation in PJM: 2012	221
Figure 7-5 Average hourly real-time generation of solar units in PJM: 2012	222
SECTION 8 INTERCHANGE TRANSACTIONS	
Figure 8-1 PJM real-time and day-ahead scheduled imports and exports: 2012 Figure 8-2 PJM real-time and day-ahead scheduled import and export transaction volume	227
history: 2012	227
Figure 8-3 PJM's footprint and its external interfaces	242

xxviii Table of Contents © 2013 Monitoring Analytics, LLC

F	igure 8-4 Real-time and day-ahead daily hourly average price difference (MISO Interface	
	minus PJM/MISO): 2012	248
F	igure 8-5 Real-time and day-ahead daily hourly average price difference (NY proxy -	
	PJM/NYIS): 2012	250
	igure 8-6 PJM, NYISO and MISO real-time and day-ahead border price averages: 2012	251
	igure 8-7 Neptune hourly average flow: 2012	252
	igure 8-8 Linden hourly average flow: 2012	252
	igure 8-9 Credits for coordinated congestion management: 2012	254
F	igure 8-10 Monthly up-to congestion cleared bids in MWh: January, 2006 through	250
F	December, 2012 iqure 8-11 Spot import service utilization: January, 2009 through December, 2012	259 263
SECT	TION 9 ANCILLARY SERVICE MARKETS	265
F	igure 9-1 Average performance score grouped by unit type and regulation signal type:	
	October-December 2012	272
F	igure 9-2 Daily average actual cleared MW of regulation, effective cleared MW of regulation,	
	and average performance score; all cleared regulation; October through December, 2012	274
F	igure 9-3 Daily average actual cleared MW of regulation, effective cleared MW of regulation,	
_	and average performance score; RegD units only; October through December, 2012	274
	igure 9-4 PJM Regulation Market HHI distribution: 2011 and 2012	275
	igure 9-5 Off peak and on peak regulation levels: 2012	276
F	igure 9-6 PJM Regulation Market daily weighted average market-clearing price, marginal	
	unit opportunity cost and offer price (Dollars per MWh): 2012	277
	igure 9-7 PJM RTO primary reserve requirement: October through December 2012	279
F	igure 9-8 Components of Mid-Atlantic Sub-Zone Primary Reserve (Daily Averages):	
	October through December, 2012	279
F	igure 9-9 Mid-Atlantic Dominion Synchronized Reserve Subzone monthly average	
	synchronized reserve required vs. Tier 2 scheduled MW: January through December 2012	283
F	igure 9-10 Tier 2 synchronized reserve average hourly offer volume (MW): October through	
	December 2012	284
F	igure 9-11 Average daily Tier 2 synchronized reserve offer by unit type (MW): October	
	through December 2012	284
F	igure 9-12 Comparison of Mid-Atlantic Dominion Subzone Tier 2 synchronized reserve	
	weighted average price and cost (Dollars per MW): January through December 2012	286
F	igure 9-13 Impact of Tier 2 synchronized reserve added MW to the Mid-Atlantic Dominion	
	Sub-Zone: 2012	287
	igure 9-14 Spinning events duration distribution curve, 2009 to 2012	287
F	igure 9-15 Daily average Non-Synchronized Reserve Market clearing price and MW cleared:	
	October through December 2012	289
F	igure 9-16 Hourly components of DASR clearing price: January through December 2012	291
SECT	TON 10 CONGESTION AND MARGINAL LOSSES	293
F	igure 10-1 PJM monthly congestion (Dollars (Millions)): 2008 to 2012	306
	igure 10-2 Location of the top 10 constraints affecting PJM congestion costs: 2012	313
SEC	ION 11 GENERATION AND TRANSMISSION PLANNING	317
F	igure 11-1 Unit retirements in PJM: 2012 through 2019	324

SECTION 12 FINANCIAL TRANSMISSION AND AUCTION REVENUE RIGHTS	331
Figure 12-1 Geographic location of top ten binding constraints for the 2013 to 2016 Long Term and 2012 to 2013 Annual FTR Auctions and 2012 to 2013 Annual ARR allocation	339
Figure 12-2 Monthly FTR Forfeitures for physical and financial participants: June 2010 through December 2012	342
Figure 12-3 Cleared auction volume (MW) as a percent of total FTR cleared volume by calendar month: June 2004 through December 2012	347
Figure 12-4 Long Term, Annual and Monthly FTR Auction bid and cleared volume:  June 2003 through December 2012	347
Figure 12-5 Long Term FTR Auction clearing price per MW frequency: Planning periods 2013 to 2016	348
Figure 12-6 Annual FTR Auction clearing price per MW: Planning period 2012 to 2013	349
Figure 12-7 Ten largest positive and negative revenue producing FTR sinks purchased in the Long Term FTR Auction: Planning periods 2013 to 2016	352
Figure 12-8 Ten largest positive and negative revenue producing FTR sources purchased in the Long Term FTR Auction: Planning periods 2013 to 2016	352
Figure 12-9 Ten largest positive and negative revenue producing FTR sinks purchased in the Annual FTR Auction: Planning period 2012 to 2013	353
Figure 12-10 Ten largest positive and negative revenue producing FTR sources purchased in	
the Annual FTR Auction: Planning period 2012 to 2013  Figure 12–11 Ten largest positive and negative revenue producing FTR sinks purchased in the	354
Monthly Balance of Planning Period FTR Auctions: Planning period 2012 to 2013 Figure 12-12 Ten largest positive and negative revenue producing FTR sources purchased	354
in the Monthly Balance of Planning Period FTR Auctions: Planning period 2012 to 2013 Figure 12-13 Ten largest positive and negative FTR target allocations summed by sink:	356
Planning period 2012 to 2013  Figure 12-14 Ten largest positive and negative FTR target allocations summed by source:	356
Planning period 2012 to 2013  Figure 12-15 FTR payout ratio with adjustments by month, excluding and including excess	356
revenue distribution: January 2004 through December 2012	359
Figure 12-16 FTR Surplus and the collected Day-Ahead, Balancing and Total congestion: January 2005 through December 2012	363
Figure 12-17 FTR target allocation compared to sources of positive and negative congestion revenue	363
Figure 12-18 Annual FTR Auction prices vs. average day-ahead and real-time congestion for all control zones relative to the Western Hub: Planning period 2011 to 2012	370
APPENDIX A PJM GEOGRAPHY	373
Figure A-1 PJM's footprint and its 19 control zones	373
Figure A-2 PJM integration phases	374
Figure A-3 PJM locational deliverability areas Figure A-4 PJM RPM EMAAC locational deliverability area, including PSEG North and DPL South	374 375
APPENDIX C ENERGY MARKET	379
Figure C-1 Hourly real-time LMP minus day-ahead LMP (On-peak hours): 2012 Figure C-2 Hourly real-time average LMP minus day-ahead average LMP (Off-peak hours):	385
2012	385

xxx Table of Contents © 2013 Monitoring Analytics, LLC

Figure E-1 Con Edison and PSEEG wheel  APPENDIX F ANCILLARY SERVICE MARKETS  Figure F-1 PJM CPS1/BAAL performance: 2012  Figure F-2 DCS event count and PJM performance (By month): 2012  Figure F-3 PJM RegA signal and CReg compliance signal. Screenshot of typical 10-minute time period  Figure F-4 PJM RegD signal and CRegD compliance signal. Screenshot of typical 10-minute time period  418	APPENDIX E INTERCHANGE TRANSACTIONS	403
Figure F-1 PJM CPS1/BAAL performance: 2012  Figure F-2 DCS event count and PJM performance (By month): 2012  Figure F-3 PJM RegA signal and CReg compliance signal. Screenshot of typical 10-minute time period  Figure F-4 PJM RegD signal and CRegD compliance signal. Screenshot of typical 10-minute	Figure E-1 Con Edison and PSE&G wheel	410
Figure F-2 DCS event count and PJM performance (By month): 2012  Figure F-3 PJM RegA signal and CReg compliance signal. Screenshot of typical 10-minute time period  Figure F-4 PJM RegD signal and CRegD compliance signal. Screenshot of typical 10-minute	APPENDIX F ANCILLARY SERVICE MARKETS	415
Figure F-3 PJM RegA signal and CReg compliance signal. Screenshot of typical 10-minute time period 418 Figure F-4 PJM RegD signal and CRegD compliance signal. Screenshot of typical 10-minute	Figure F-1 PJM CPS1/BAAL performance: 2012	416
time period 418 Figure F-4 PJM RegD signal and CRegD compliance signal. Screenshot of typical 10-minute	Figure F-2 DCS event count and PJM performance (By month): 2012	416
Figure F-4 PJM RegD signal and CRegD compliance signal. Screenshot of typical 10-minute		
	time period	418
time period 418	Figure F-4 PJM RegD signal and CRegD compliance signal. Screenshot of typical 10-minute	
	time period	418

xxxii Table of Contents © 2013 Monitoring Analytics, LLC