
FEDERAL ENERGY REGULATORY COMMISSION



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NEWS RELEASE

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FOR IMMEDIATE RELEASE

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Docket No. RT01-2-001

PJM GRANTED RTO STATUS; EXPANSION SOUTH AND WEST ASSURES ADEQUATE SIZE

The Federal Energy Regulatory Commission today granted regional transmission organization (RTO) status to the PJM Interconnection, noting that a number of significant developments over the past few months have enlarged PJM's scope and configuration. PJM's efforts in developing an RTO will expand trading across a wider region and increase transmission efficiencies from the Mid-Atlantic to the Midwest.

PJM has completed its merger with Allegheny Power, and formed PJM West. Dayton Power & Light has also indicated that it will join PJM West. PJM is also in the process of forming PJM South with Dominion Virginia Power. American Electric Power, Commonwealth Edison, Dayton Power & Light, and Dominion Virginia Power have recently filed a joint application to expand PJM's borders.

After this expansion is complete, PJM will be the largest centrally-dispatched control area in the nation. It is the second RTO to be approved by the Commission. The Midwest ISO was the first.

PJM is also working with the Midwest ISO to develop a seamless common market.

The Commission further noted the significant progress PJM has undertaken to resolve interregional coordination issues, although it noted that additional work needs to be undertaken on seams issues.

R-02-55

(More)

The Commission denied rehearing on an innovative rate plan— the Transmission Enhancement Plan—proposed by transmission owners. The Commission had initially denied the plan in July, finding that transmission owners, which are not independent, could make separate rate filings, apart from the RTO. It denied rehearing as to this issue; however, recognizing the need to construct sufficient infrastructure, the Commission encouraged PJM and its transmission owners to develop a proposal to encourage infrastructure construction, while insuring that such construction decisions would be made in a manner that presents no danger of discrimination among market participants.

The PJM member companies are: Allegheny Electric Cooperative, Inc., Atlantic City Electric Company, Baltimore Gas & Electric Company, Delmarva Power & Light Company, Jersey Central Power & Light Company, Metropolitan Edison Company, PECO Energy Company, Pennsylvania Electric Company, PPL Electric Utilities Corporation, Potomac Electric Power Company, Public Service Electric & Gas Company, and UGI Utilities, Inc.

PJM currently operates in a region of more than 25 million people in all, or parts of, Pennsylvania, New Jersey, Maryland, Delaware, Ohio, Virginia, West Virginia and the District of Columbia.

RTOs are evolving throughout the United States as a means to remedy the economic inefficiencies that stem from the lack of regional coordination and the undue discrimination that currently mars the nation's transmission grid. RTOs, coupled with the Commission's recently proposed standard market design (SMD) rule, will help ensure that the three essential elements—adequate infrastructure, balanced market rules and vigilant oversight— are in place to ensure a truly competitive electric market.