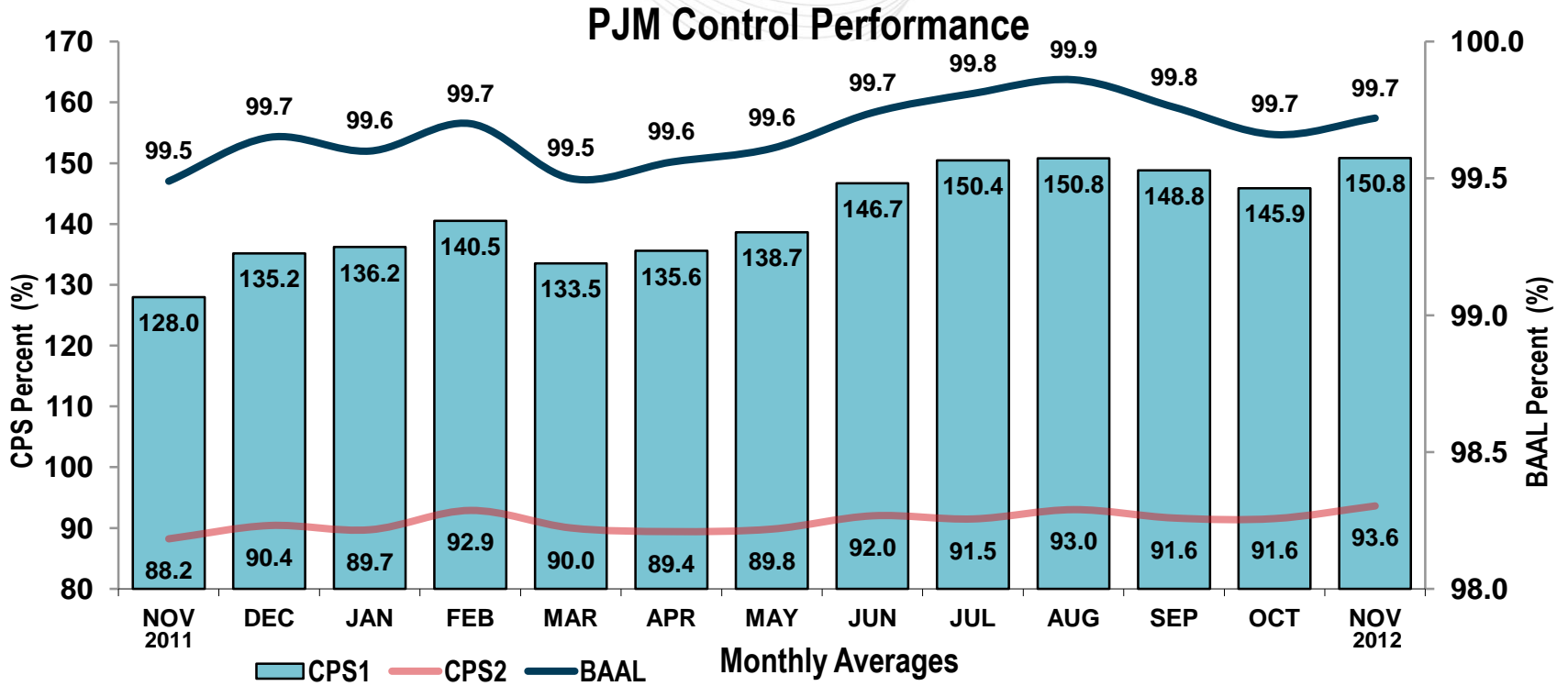


Performance Based Regulation

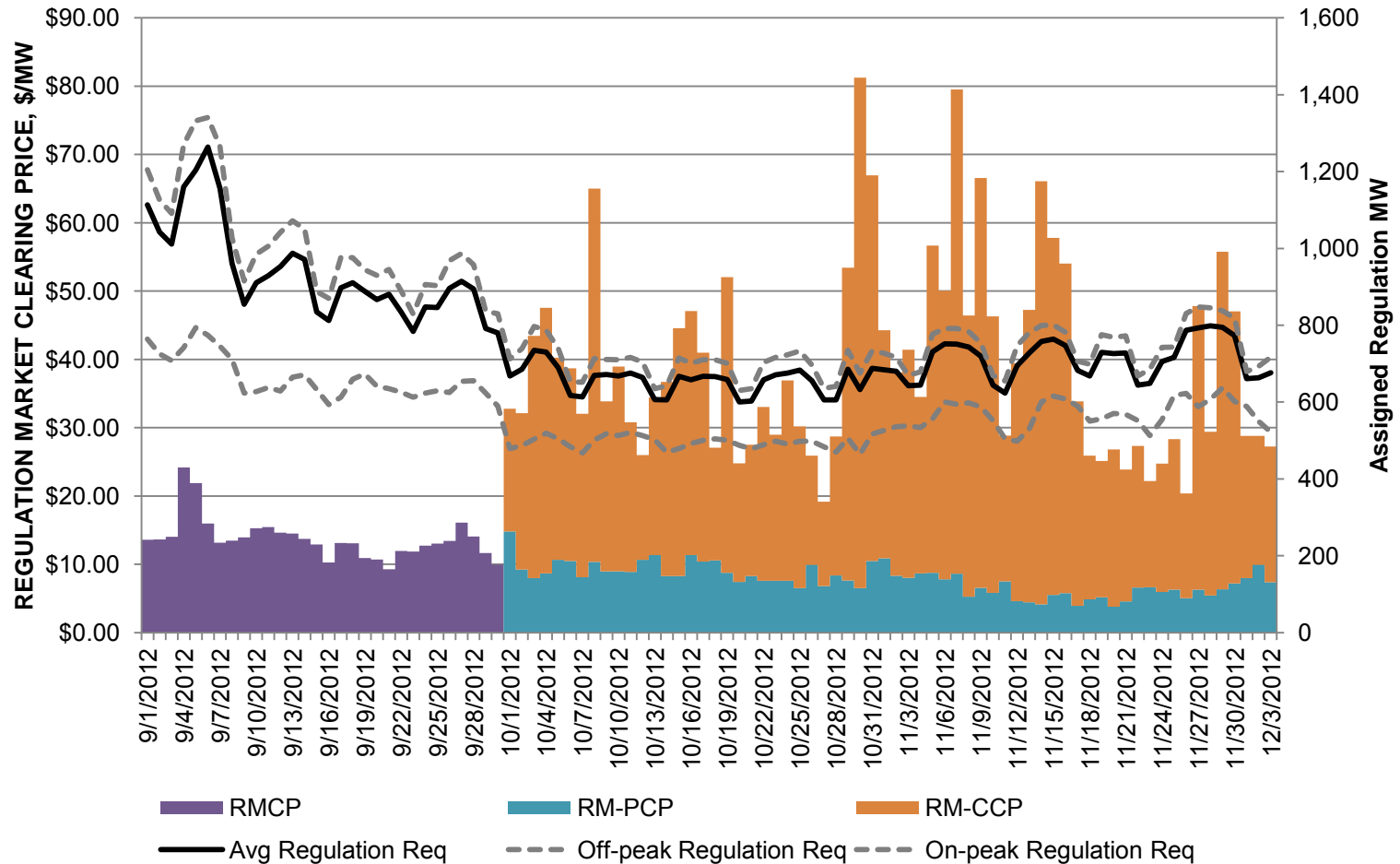
Results since 10/1 Go-Live



	Nov 2011	Dec 2011	Jan 2012	Feb 2012	Mar 2012	Apr 2012	May 2012	Jun 2012	Jul 2012	Aug 2012	Sep 2012	Oct 2012	Nov 2012
Operations Metric %	99.5%	99.6%	99.6%	99.7%	99.5%	99.6%	99.6%	99.7%	99.8%	99.9%	99.8%	99.7%	99.8%
Excursions Outside Limits	121	84	88	64	108	86	86	41	40	30	54	84	57
Minutes Outside Limits	222	157	177	115	203	188	173	112	86	62	105	150	103

- The operational need for the regulation requirement in effective MW is 0.70% of the peak and valley loads.
- A conservative transition plan used 0.78% from 10/1 to 11/19 and then 0.74% from 11/20 to 12/17.
- PJM made the final step in the transition from 0.74% to 0.70% on 12/18.

Clearing prices include incremental Lost Opportunity Cost from each five-minute pricing interval (SoM had 30-40% outside market)



- Performance Scores ranged from ~20% to ~98%, reflecting the ability of each resource to follow the regulation control signals.
 - Resources below 25% received no compensation
- MW-weighted average performance scores were 78.16% in October and 77.75% in November.
 - This aligns very closely with the expected performance of 77%

- Refining the Commitment
 - Several changes have been made to better model the costs for units that need to ramp for energy and this will continue to be analyzed.
- Reduced Energy Ramp Rate
 - Discussion at the RPSTF
 - Currently allowed to go to zero
 - Minimum of ~15% of the bid-in ramp rate would allow some energy ramping while still maintaining regulation service as the priority.
- Comparison to historical costs