

# Table of contents

<b>1</b>	<b>MARKET OVERVIEW AND RECENT DEVELOPMENTS</b>	<b>4</b>
1.1	MARKET OVERVIEW	4
1.2	RECENT DEVELOPMENTS	5
1.2.1	ENERGY MARKET	6
1.2.2	CAPACITY MARKET	8
1.2.3	TRANSMISSION	10
1.2.4	MERGERS AND ACQUISITIONS	10
1.2.5	ENVIRONMENTAL REGULATIONS	11
1.2.6	RECENT FEDERAL POLICY ANNOUNCEMENTS	12
<b>2</b>	<b>MODELING ASSUMPTIONS</b>	<b>13</b>
2.1	MARKET TOPOLOGY	13
2.2	FUEL PRICE PROJECTIONS	14
2.2.1	NATURAL GAS	15
2.2.2	OIL	16
2.2.3	COAL	16
2.2.4	EMISSIONS COSTS	17
2.2.4.1	SO <sub>2</sub> AND NO <sub>x</sub> EMISSIONS	17
2.2.4.2	CO <sub>2</sub> EMISSIONS	17
2.3	COST OF GENERIC NEW ENTRY	18
2.4	RPS REQUIREMENTS	19
2.5	IMPORT AND EXPORT FLOWS	20
2.6	SUPPLY	21
2.6.1	<i>new entry</i>	21
2.6.2	<i>Retirements</i>	23
2.7	DEMAND	24
<b>3</b>	<b>10-YEAR PRICE FORECAST</b>	<b>28</b>
3.1	ENERGY MARKET PRICES	28
3.2	CAPACITY MARKET PRICES	30
<b>4</b>	<b>APPENDIX A: OVERVIEW OF FORECASTING METHODOLOGY</b>	<b>32</b>
<b>5</b>	<b>APPENDIX B: INTRODUCTION TO LEI AND ITS WORK IN PJM</b>	<b>33</b>

## List of figures

FIGURE 1. INSTALLED CAPACITY AND GENERATION BY TECHNOLOGY TYPE	5
FIGURE 2. INSTALLED CAPACITY AND GENERATION BY MARKET PLAYER	5
FIGURE 3. SUMMARY OF RECENT DEVELOPMENTS AND POTENTIAL PRICE IMPACTS	6
FIGURE 4. PJM FOOTPRINT	13
FIGURE 5. MARKET TOPOLOGY	14
FIGURE 6. FOSSIL FUEL PRICE PROJECTIONS (NOMINAL \$/MMBTU)	14
FIGURE 7. PROJECTED NATURAL GAS PRICES FOR DELIVERY IN PJM (NOMINAL \$/MMBTU)	16
FIGURE 8. EMISSIONS COST PROJECTIONS (NOMINAL \$/TON)	18
FIGURE 9. COST OF GENERIC NEW ENTRY ASSUMPTIONS FOR PJM	19

FIGURE 10. RPS REQUIREMENTS IN PJM .....	20
FIGURE 11. ANNUAL IMPORT AND EXPORT TARGETS (GWH).....	21
FIGURE 12. SHORT-TERM ANNOUNCED NEW ENTRY MODELED (2018-2020) .....	22
FIGURE 13. GENERIC RENEWABLES ADDED IN THE MODELING (2018-2027).....	23
FIGURE 14. ANNOUNCED PLANT RETIREMENTS (2018-2020) .....	23
FIGURE 15. REGION-WIDE FORECASTED CAPACITY AND RESERVE MARGINS FOR PJM (MW) .....	25
FIGURE 16. FORECASTED PEAK DEMAND IN MW (2018-2027).....	26
FIGURE 17. FORECASTED ANNUAL ENERGY IN GWH (2018-2027).....	26
FIGURE 18. INTERNAL SUPPLY CURVE FOR MODELED PJM RTO (2021) (NOMINAL \$/MWH).....	27
FIGURE 19. FORECAST AVERAGE ENERGY MARKET PRICES, 2018 THROUGH 2027 (NOMINAL \$/MWH) .....	28
FIGURE 20. IMPLIED HEAT RATES, 2017 THROUGH 2026 (BTU/KWH) .....	29
FIGURE 21. FORECAST PJM RTO CAPACITY MARKET PRICES 2018/2019 THROUGH 2027/2028 (NOMINAL \$/MW-DAY).....	30
FIGURE 22. POOLMOD'S TWO-STAGE PROCESS.....	32