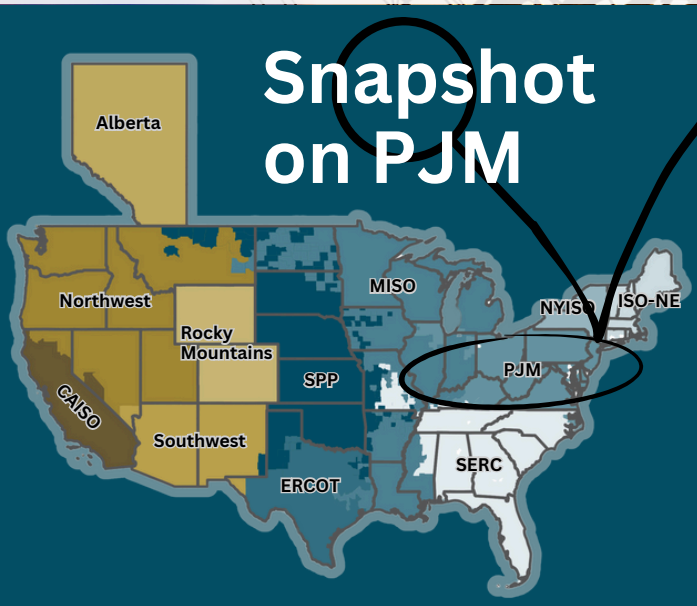
Energy+Environmental Economics

Electricity Market Price Forecasts

Snapshot on PJM

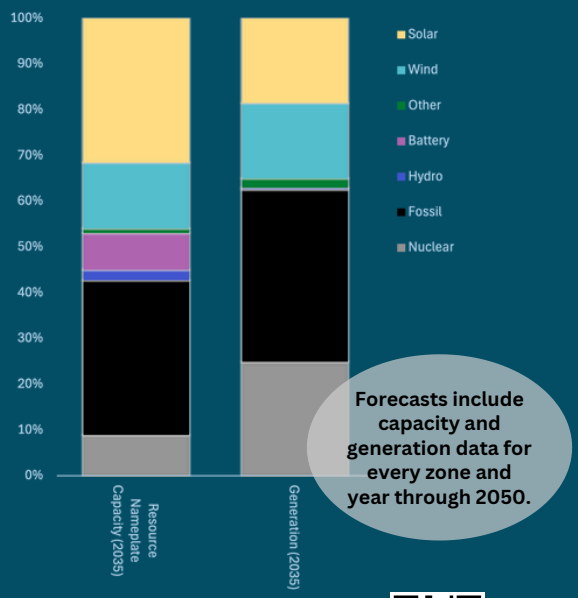


Key Trends

- Clean energy policies and load growth vary significantly by state across the PJM footprint, with new data center loads concentrated in VA and Eastern PJM while electric vehicles, residential, and commercial loads are more distributed across the region.
- With electricity demand expected to grow by over a third by 2035 and nearly two thirds by 2050, E3 forecasts an "all-of-the-above" mix of new resource additions, including new solar, wind, battery storage and gas-fired resources to meet policy targets and keep pace with demand growth—especially in the east from VA to PA, MD, and NJ.
- E3 expects energy prices to rise with load growth and thermal retirements, while capacity prices continue to climb to levels necessary to incentivize and support new capacity resources, including gas generation.

Resource Mix in 2035

10 GW of new gas generation and 30 GW of batteries are added by 2035 to meet system capacity needs and support integration of increasing solar and wind resources. Solar leads all other resources as the largest source of new energy in PJM, followed by onshore and offshore wind. By 2035, PJM's generation mix is 34% renewable and 59% zero emissions resources.

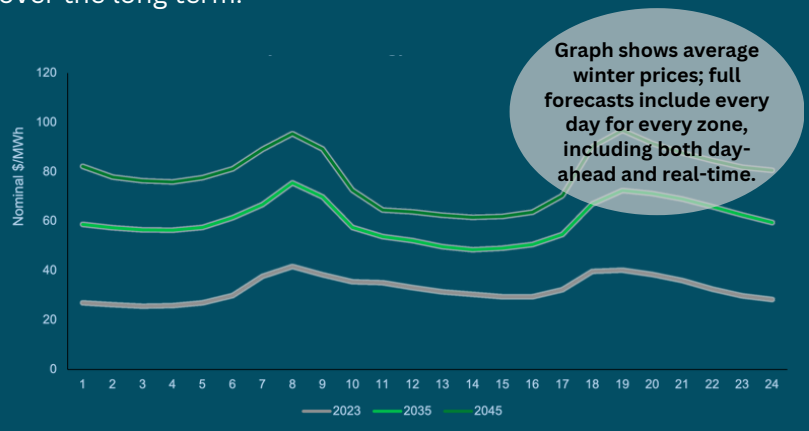


~30% energy demand by 2035

~15% peak load by 2035

Hourly Day-Ahead Energy Prices

Significant load growth and coal retirements drive up energy prices, with the largest impacts in morning and evening hours. Solar additions keep midday energy prices in check over the long term.



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