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Paul McGlynn
Vice President, System Planning

January 4, 2024

Dale Lebsack
President H.A. Wagner LLC
2929 Allen Parkway - 22nd Floor
Houston, TX 77019
Email: Dale.Lebsack@talenergy.com

Re: Deactivation Notice for Wagner Generating Units 1, 3, 4 & CT

Dear Mr. Lesback,

This letter is submitted by PJM Interconnection, L.L.C. ("PJM"), in response to the notice submitted dated October 16, 2023 notifying PJM of the intent to deactivate the following generating units located in the PJM region effective on June 1, 2025:

- Wagner 1, 3, 4 & CT

In accordance with section 113.2 of the PJM Tariff, this letter will serve to notify you that the deactivation of the Wagner generating units 3 and 4 will adversely affect the reliability of the PJM Transmission absent upgrades to the Transmission System. PJM and the affected Transmission Owner performed a study of the Transmission System and found reliability concerns (wide area voltage drop and thermal violations in several transmission zones) resulting from the deactivation of these generating units.

PJM and the affected Transmission Owners have determined the need for reliability upgrades in the area. These upgrades, when completed in 2028, will resolve all reliability issues identified attributed to the deactivation of Wagner units 3 and 4. The analysis revealed that in order to maintain system reliability, especially during the interim time period from the proposed deactivation date of June 1, 2025 to the completion date of all required upgrades, the Wagner generating units 3 and 4 will be needed to operate under a Reliability-Must-Run (RMR) arrangement.

PJM will continue to work with the Transmission Owner to develop a schedule to complete those upgrades in a timely manner. Once PJM determines the Wagner generating units 3 and 4 are no longer needed for reliability, PJM will inform you and the units can then deactivate.

Accordingly, please notify PJM in writing whether or not Wagner generating units 3 and 4 will agree to continue to operate beyond their proposed Deactivation date of June 1, 2025 until the



needed system upgrades are completed. In accordance with PJM Tariff Section 113.2 notice requirements, this notice must be provided within 30 days (by February 3, 2024), and must include an estimate of the amount of any project investment, and the time period the Wagner generating units 3 and 4 will be out of service for any repairs that would be required to keep them in operation.

Regardless of whether deactivation of a generating unit would adversely impact the reliability of the Transmission System, the Generation Owner may deactivate its generating units, subject to PJM Tariff section 113.1 notice requirements.

This letter will also serve to notify you that the deactivation of the Wagner generating units 1 and CT did not identify any reliability violations resulting from the proposed deactivation. Because there are no reliability violations associated with the deactivation of these generators, consistent with Section 113.2 of the PJM Tariff, the generating unit may deactivate on June 1, 2025.

Be advised that PJM's deactivation analysis does not supersede any outstanding contractual obligations between the Wagner Generating Units and any other parties that must be resolved before deactivating this generator.

Also please note that in accordance with the PJM Tariff Part VI, Subpart C, a Generation Owner will lose the Capacity Interconnection Rights associated with a deactivated generating unit one year from the actual Deactivation Date unless the holder of such rights submits a new Generation Interconnection Request within one year after the Deactivation Date.

In addition, if a generating unit is receiving Schedule 2 payments for Reactive Supply and Voltage Control, the generating unit owner must notify PJM in writing when the unit is deactivated. Moreover, in accordance with the requirements of Schedule 2 of the PJM Tariff, the generation unit owner must: (1) submit a filing to the Federal Energy Regulatory Commission ("FERC") to terminate or adjust its cost-based rate schedule to account for the deactivated or transferred unit; or (2) submit an informational filing to the FERC explaining the basis for the decision not to terminate or revise its cost-based rate schedule.

Please contact Augustine Caven (610-666-8200) (Augustine.Caven@pjm.com) in PJM's Transmission Coordination & Analysis Department if you have any questions about the PJM analysis.

Very truly yours,

Paul McGlynn



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