

- interfering with PJM's ability to meet prior firm contractual commitments to others

The TO is obligated to expand or upgrade the Transmission System. The Transmission Customer must agree to compensate the TO(s) for any necessary transmission facility additions, consistent with FERC policy.

The TO determines the costs and provides them to PJM. The PJM then bills the appropriate Transmission Customer. These charges may also apply to existing network customers based on specifications in their network service agreements.

5.5 Other Supporting Facilities Charges

The Transmission Customer shall also pay charges based on a case-by-case basis for facilities necessary to provide Transmission Service at voltages lower than those shown in Attachment H of the PJM Open Access Transmission Tariff for the applicable Zone(s).

The Transmission Customer provides these billing quantities to PJM via their Network Integration Transmission Service agreement. PJM bills the appropriate Transmission Customer and provides the revenues to the appropriate Transmission Owner.

5.6 Business Rules for Nodal Pricing Settlement of Network Load

The definition of eligibility for nodal settlement shall be:

- Any LSE taking network transmission service from PJM via Schedule F-1 of the PJM Tariff and serving retail load that is connected to a single identifiable bus or set of buses with hourly metering such that the customer's load can be clearly separated from other load on the bus or buses.
- Other than those eligible under part a, PJM will address eligibility on a case by case basis based on whether a bus or buses can be identified, whether the load can be separated from other LSE load on the bus or buses, and that hourly metering is in place.

The effective date of moves to nodal price load settlement for ALL eligible loads is:

- The available date for moves to nodal price load settlement for all loads requesting such will be June 1 of each year to coincide with the PJM planning year. Requests for nodal price load settlement must be provided by the LSE of record for the given load to PJM and the zonal EDC including the proposed applicable bus distribution no later than January 15th or at least 30 days prior to the start of PJM's annual ARR/FTR allocation process, whichever is later. By January 25th, or 10 days after the initial notice from LSE whichever is later, the zonal EDC must specify the appropriate node definition in PJM eSchedules for this load. The LSE must confirm the eSchedule(s) by February 1st, or 15 days after the initial notice whichever is later.

Requests from the LSE of record to move their load to nodal price settlement must be submitted in writing to the PJM Market Settlement Operations Department, and they must include the following information:

- Name of nodal priced load; name of the PJM billing account in which this load is to be represented; name of the zonal EDC; the peak load at the time of the PJM annual peak from the previous year; and, the load bus identifier(s) with associated distribution

percentages (totaling exactly 100%) in order for PJM to create the aggregate node definition.

All ARRs or FTRs granted in the annual direct allocation process must be configured to a nodal sink point for load that takes or has requested nodal settlement. This does not apply to any purchased FTRs.

Any network load receiving nodal settlement will be permanently settled at that node or nodes unless the physical interconnection infrastructure changes to require mapping the load to a different bus or group of buses. This rule shall be in force unless and until FERC approves any submitted tariff language changes by which a move from nodal to zonal settlement can occur.

Demand response offered into all of PJM's load response programs will be settled at the applicable load settlement aggregate point for the load that is reduced (zone, residual zone, or node bus or buses).

5.7 Business Rules for Changing Settlement Area Definitions of Network Load

This section is only applicable to network load served under Attachment F of the PJM OATT.

- A change in the definition of an existing energy settlement area for purposes of setting energy settlement prices is defined as:
- Splitting an existing area into two or more areas
- Combining two or more existing areas into a single area
- Creating aggregates of groups of buses within an existing area
- Any other activity that changes the defined area for which energy prices are aggregated for settlement purposes.

Exceptions:

- Implementing nodal settlement for an individual customer served under Schedule F-1 of the PJM OATT.
- Changes due to addition, replacement or retirement of transmission system components or metering facilities.

Note: Rules in the PJM OATT require that each settlement area must be a subset of a single transmission zone.

- PJM's policy is that once a more specific settlement area is defined for load settlement, that settlement area must remain in use unless subject to exception "f" as stated above. When implementing exception "f," PJM will require the most specific bus definition available after any physical change to be used in place of the previously used definition.

Notifications:

- At any time following the receipt of a request regarding a potential change to settlement area definitions, PJM may enter into informal discussions with member companies. PJM will make a confidential notification of any such discussions to the ex officio members representing regulatory authorities (as defined in Section 8.2.2 of the

PJM Operating Agreement) and state offices of the consumer advocate (as defined in Section 8.2.3 of the PJM Operating Agreement) of the PJM Members Committee.

- Formal notification by a PJM Member of intent to change energy settlement area compositions will be given to PJM no later than October 1 of the year before the new area composition is to become effective. PJM shall promptly notify all other Members of planned changes in energy settlement area definitions through notices to members of the Members Committee, Electricity Markets Committee and Market Implementation Committee and to the ex officio members representing regulatory authorities (as defined in Section 8.2.2 of the PJM Operating Agreement) and state offices of the consumer advocate (as defined in Section 8.2.3 of the PJM Operating Agreement) of these three standing Committees.
- No later than December 1, the affected EDC and Network Customer will fully identify the composition of the new area. PJM will promptly transmit this information to members of the Members Committee, Electricity Markets Committee and Market Implementation Committee and to the ex officio members representing regulatory authorities (as defined in Section 8.2.2 of the PJM Operating Agreement) and state offices of the consumer advocate (as defined in Section 8.2.3 of the PJM Operating Agreement) of these three standing Committees.
- The LSE nodal peak load at the time of the PJM annual peak from the previous year must be submitted by January 15th or at least 30 days prior to the start of PJM's annual FTR/ARR allocation process, whichever is later.
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Technical requirements:

- All changes in the definition of PJM energy settlement areas will become effective on the first day of a planning period --- June 1 of each year.
- Changes to metering, data transmission, settlement or other systems may be required to be made by PJM, the EDC(s) in the affected transmission zone, other Network Customers and the PJM member(s) requesting the change in settlement area definitions. Each involved party must commit to making needed additions, changes or upgrades in time to meet the June 1 implementation date for the new settlement area definitions. Accordingly, each party must either certify that it can make all necessary infrastructure changes in time to meet the June 1 implementation date for the new settlement area definitions, or must identify activities that cannot be implemented in time. Such declaration must be made to PJM for distribution to all parties by December 1 of the year before the expected June 1 implementation date. Certifications shall not be unreasonably withheld.
- Implementation will be delayed one year to the following June 1 if all notifications and technical certifications have not been received according to the above business rules.