

**Proposed Revision to Liability Provision in
PJM Open Access Transmission Tariff (OATT)**

These proposed revisions to establish a “PJM Net Assets” definition applicable to the limit of liability to a third party in the OATT were supported unanimously in a May 2015 Tariff Harmonization Senior Task Force (THSTF) survey and were reviewed at the May 6, 2015 Market Implementation Committee (MIC) meeting.

OATT - Section 10.2 Liability

Neither the Transmission Provider, a Transmission Owner, PJMSettlement, nor a Generation Owner acting in good faith to implement or comply with the directives of the Transmission Provider shall be liable, whether based on contract, indemnification, warranty, tort, strict liability or otherwise, to any Transmission Customer, third party or other person for any damages whatsoever, including, without limitation, direct, incidental, consequential, punitive, special, exemplary, or indirect damages arising or resulting from any act or omission in any way associated with service provided under this Tariff or any Service Agreement hereunder, including, but not limited to, any act or omission that results in an interruption, deficiency or imperfection of service, except to the extent that the damages are direct damages that arise or result from the gross negligence or intentional misconduct of the Transmission Provider, the Transmission Owner, PJMSettlement, or the Generation Owner, as the case may be.

To the extent that a Transmission Customer, third party or other person has a claim against the Transmission Provider, PJMSettlement, a Transmission Owner, or a Generation Owner acting in good faith to implement or comply with the directives of the Transmission Provider the amount of any judgment or arbitration award on such claim entered in favor of the Transmission Customer, third party or other person shall be limited to the value of the Transmission Provider’s [PJM Net Assets](#) or the Transmission Owner’s assets or the Generation Owner’s assets, as the case may be. The Transmission Customer, third party or other person may not seek to enforce any claims against the directors, managers, members, shareholders, officers or employees of the Transmission Provider, a Transmission Owner, or a Generation Owner acting in good faith to implement or comply with the directives of the Transmission Provider who shall have no personal liability for obligations of the Transmission Provider, a Transmission Owner, or a Generation Owner by reason of their status as directors, managers, members, shareholders, officers or employees of the Transmission Provider or a Transmission Owner or a Generation Owner; provided, however, that nothing herein contained shall affect the obligations of any member of the Transmission Provider or PJMSettlement under the Operating Agreement or this Tariff or any schedule hereunder.

Proposed New Definition to be Added to the OATT:

“PJM Net Assets” – “PJM Net Assets” shall mean the total assets per PJM’s consolidated quarterly or year-end financial statements most recently issued as of the date of the receipt of written notice of a claim less amounts for which PJM is acting as a temporary custodian on behalf of its Members, transmission developers/Designated Entities, and generation developers, including, but not limited to, cash deposits related to credit requirement compliance, study and/or interconnection receivables, member prepayments, invoiced amounts collected from Net Buyers but have not yet been paid to Net Sellers, and excess congestion (as described in Section 5.2.6).

Existing Definitions Referenced in this Proposed New Definition

Designated Entity – “Designated Entity” means an entity, including an existing Transmission Owner or Nonincumbent Developer, designated by the Office of the Interconnection with the responsibility to construct, own, operate, maintain, and finance Immediate-need Reliability Projects, Short-term Projects, Long-lead Projects, or Economic-based Enhancements or Expansions pursuant to Section 1.5.8 of Schedule 6 of this Agreement

Member – “Member” shall mean an entity that satisfies the requirements of Section 11.6 of this Agreement and that (i) is a member of the LLC immediately prior to the Effective Date, or (ii) has executed an Additional Member Agreement in the form set forth in Schedule 4 hereof.