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December 31, 2018

Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426-0001

Re: PJM Interconnection, L.L.C., Docket No. ER19-744-000

Dear Secretary Bose:

Pursuant to Section 205 of the Federal Power Act, 16 U.S.C. § 824d (2000), and the Federal Energy Regulatory Commission's ("Commission") Regulations, 18 C.F.R. Part 35 (2011), PJM Interconnection, L.L.C. ("PJM") hereby submits for filing non-substantive, clerical, ministerial and substantive revisions to correct, clarify and/or make consistent certain provisions of the PJM Open Access Transmission Tariff ("Tariff") and the Amended and Restated Operating Agreement of PJM Interconnection, L.L.C. ("Operating Agreement"). PJM requests that the Commission issue its order accepting the enclosed revisions by no later than March 1, 2019, sixty (60) days from the date of this filing, with an effective date of March 1, 2019, for all revisions.

I. PROCEDURAL BACKGROUND AND STAKEHOLDER PROCESS

Over the course of the past several years, PJM has undertaken a comprehensive review of the definitions, and certain other provisions, contained within its Governing Documents to determine whether revisions are needed to ensure definitions and provisions are clear, consistent, and accurately reflect PJM's current practices and procedures. PJM has used its Governing Documents Enhancement and Clarifications Subcommittee ("GDECS") stakeholder process to review these proposed revisions. To date, PJM has submitted several filings to correct and

clarify definitions and other provisions identified that were ambiguous, incorrect or required clarification, which the Commission has accepted.¹

In establishing GDECS, PJM and its stakeholders intended to utilize the GDECS stakeholder process as a means through which to continually review and make non-controversial, substantive and non-substantive revisions to the Governing Documents.² Through these ongoing efforts, PJM has come up with a number of additional revisions that are needed to ensure that all stakeholders clearly understand the provisions of each Governing Document at issue, which would in turn result in the avoidance of potential violations of the terms of each governing document due to a definition being misinterpreted. Other proposed revisions would correct incorrect language that does not accurately describe the current processes that PJM utilizes, some of which are detailed in the PJM Manuals, in an effort to eliminate inconsistencies between definitions and other provisions within the Governing Documents. PJM determined that the language of each of the definitions and provisions that are the subject of this filing could and should be approved to ensure clarity of the applicability of the definitions and provisions as intended.

II. PROPOSED REVISIONS

The revisions proposed herein delete obsolete provisions and terms, eliminate ambiguity, modify incorrect references, replace previously undefined terms with defined terms, correct formatting errors and otherwise clarify provisions. For ease of review of the many proposed revisions, PJM provides a chart appended hereto as Attachment C, which describes the vast

¹ See, e.g., *PJM Interconnection L.L.C.*, Delegated Letter Order, Docket No. ER18-1528-000, June 25, 2018; *PJM Interconnection, L.L.C.*, Delegated Letter Order, Docket No. ER16-1737-000, June 20, 2016; *PJM Interconnection, L.L.C.*, 155 FERC ¶ 61,303 (2016) (accepting all proposed revisions except one).

² See PJM, GDECS Charter, at <https://www.pjm.com/-/media/committees-groups/subcommittees/gdecs/20151023/20151023-charter.ashx?la=en> (indicating that meetings will be held as needed and that expected duration of the work of the subcommittee to be “indefinite”).

majority of the proposed revisions, the Governing Document in which the revision is being made, the current language, and the rationale for making the referenced changes.

In addition, PJM also submits minor and non-substantive revisions to correct certain formatting issues and modify incorrect references located within the relevant sections. These technical revisions are part of PJM's ongoing efforts to continually review and make non-controversial and non-substantive revisions to the Governing Documents in order to ensure consistency and accuracy of the relevant definitions and provisions.

III. STAKEHOLDER PROCESS

PJM worked with its stakeholders through the GDECS between June and July, 2018 to review changes that were needed to PJM's Governing Documents. PJM discussed the proposed revisions and rationale for each proposed revision on the enclosed chart with stakeholders in the GDECS during this timeframe, and made revisions to some of the proposed revisions based on stakeholder feedback. The proposed revisions were then presented to, and discussed with, the Markets and Reliability Committee ("MRC") and the Members Committee ("MC") between August and October, 2018. The MRC endorsed the revisions by acclamation with no objections and no abstentions at its September 27, 2018 meeting. The MC endorsed the revisions to the Tariff and approved the revisions to the Operating Agreement by acclamation with no objections and no abstentions at its October 25, 2018 meeting.³

³ PJM notes that it is including one additional change that came to its attention when preparing this filing. That is, PJM is modifying the Transmission Zone map in Tariff, Attachment J, to reflect the new zone added with the Ohio Valley Electric Corporation ("OVEC") integration.

IV. PROPOSED EFFECTIVE DATES

PJM proposes an effective date of March 1, 2019 for the proposed Tariff and Operating Agreement revisions referenced herein. PJM requests that the Commission issue an order on this filing by March 1, 2019.

V. DESCRIPTION OF SUBMITTAL

This filing consists of the following:

1. This transmittal letter;
2. Electronic versions of the revisions to the Tariff and Operating Agreement in marked (showing the changes) form (as Attachment A);
3. Electronic versions of the revisions to the Tariff and Operating Agreement in clean form (as Attachment B); and
4. A chart describing the proposed Tariff and Operating Agreement revisions in detail (as Attachment C).

VI. CORRESPONDENCE

The following individuals are designated for inclusion on the official service list in this proceeding and for receipt of any communications regarding this filing:

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VII. SERVICE

PJM has served a copy of this filing on all PJM Members and on all state utility regulatory commissions in the PJM Region by posting this filing electronically. In accordance

with the Commission's regulations,⁴ PJM will post a copy of this filing to the FERC filings section of its internet site, located at the following link: <http://www.pjm.com/documents/ferc-manuals/ferc-filings.aspx> with a specific link to the newly-filed document, and will send an e-mail on the same date as this filing to all PJM Members and all state utility regulatory commissions in the PJM Region⁵ alerting them that this filing has been made by PJM and is available by following such link. If the document is not immediately available by using the referenced link, the document will be available through the referenced link within 24 hours of the filing. Also, a copy of this filing will be available on the FERC's eLibrary website located at the following link: <http://www.ferc.gov/docs-filing/elibrary.asp> in accordance with the Commission's regulations and Order No. 714.

VIII. CONCLUSION

For the reasons discussed herein, PJM respectfully requests that the Commission accept the proposed revisions to PJM's Tariff and Operating Agreement by no later than March 1, 2019, effective March 1, 2019.

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Respectfully submitted,



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⁴ See 18C.F.R §§ 35.2(e) and 385.2010(f)(3).

⁵ PJM already maintains, updates and regularly uses e-mail lists for all PJM Members and affected state commissions.

Attachment A

Revisions to the PJM Open Access Transmission Tariff and PJM Operating Agreement

(Marked / Redline Format)

Section(s) of the
PJM Open Access Transmission Tariff
(Marked / Redline Format)

Definitions – G - H

Generating Market Buyer:

“Generating Market Buyer” shall mean an Internal Market Buyer that is a Load Serving Entity that owns or has contractual rights to the output of generation resources capable of serving the Market Buyer’s load in the PJM Region, or of selling energy or related services in the PJM Interchange Energy Market or elsewhere.

Generation Capacity Resource:

“Generation Capacity Resource” shall have the meaning specified in the Reliability Assurance Agreement.

Generation Interconnection Customer:

“Generation Interconnection Customer” shall mean an entity that submits an Interconnection Request to interconnect a new generation facility or to increase the capacity of an existing generation facility interconnected with the Transmission System in the PJM Region.

Generation Interconnection Facilities Study:

“Generation Interconnection Facilities Study” shall mean a Facilities Study related to a Generation Interconnection Request.

Generation Interconnection Feasibility Study:

“Generation Interconnection Feasibility Study” shall mean a study conducted by the Transmission Provider (in coordination with the affected Transmission Owner(s)) in accordance with Tariff, Part IV, section 36.2.

Generation Interconnection Request:

“Generation Interconnection Request” shall mean a request by a Generation Interconnection Customer pursuant to Tariff, Part IV, subpart A, to interconnect a generating unit with the Transmission System or to increase the capacity of a generating unit interconnected with the Transmission System in the PJM Region.

Generation Owner:

“Generation Owner” shall mean a Member that owns, leases with rights equivalent to ownership, or otherwise controls and operates one or more operating generation resources located in the PJM Region. The foregoing notwithstanding, for a planned generation resource to qualify a Member as a Generation Owner, such resource shall have cleared an RPM auction, and for Energy Resources, the resource shall have a FERC-jurisdictional interconnection agreement or wholesale market participation agreement within PJM. Purchasing all or a portion of the output

of a generation resource shall not be sufficient to qualify a Member as a Generation Owner. For purposes of Members Committee sector classification, a Member that is primarily a retail end-user of electricity that owns generation may qualify as a Generation Owner if: (1) the generation resource is the subject of a FERC-jurisdictional interconnection agreement or wholesale market participation agreement within PJM; (2) the average physical unforced capacity owned by the Member and its affiliates over the five Planning Periods immediately preceding the relevant Planning Period exceeds the average PJM capacity obligation of the Member and its affiliates over the same time period; and (3) the average energy produced by the Member and its affiliates within PJM over the five Planning Periods immediately preceding the relevant Planning Period exceeds the average energy consumed by the Member and its affiliates within PJM over the same time period.

Generation Resource Maximum Output:

“Generation Resource Maximum Output” shall mean, for Customer Facilities identified in an Interconnection Service Agreement or Wholesale Market Participation Agreement, the Generation Resource Maximum Output for a generating unit shall equal the unit’s pro rata share of the Maximum Facility Output, determined by the Economic Maximum values for the available units at the Customer Facility. For generating units not identified in an Interconnection Service Agreement or Wholesale Market Participation Agreement, the Generation Resource Maximum Output shall equal the generating unit’s Economic Maximum.

Generator Forced Outage:

“Generator Forced Outage” shall mean an immediate reduction in output or capacity or removal from service, in whole or in part, of a generating unit by reason of an Emergency or threatened Emergency, unanticipated failure, or other cause beyond the control of the owner or operator of the facility, as specified in the relevant portions of the PJM Manuals. A reduction in output or removal from service of a generating unit in response to changes in market conditions shall not constitute a Generator Forced Outage.

Generator Maintenance Outage:

“Generator Maintenance Outage” shall mean the scheduled removal from service, in whole or in part, of a generating unit in order to perform necessary repairs on specific components of the facility, if removal of the facility meets the guidelines specified in the PJM Manuals.

Generator Planned Outage:

“Generator Planned Outage” shall mean the scheduled removal from service, in whole or in part, of a generating unit for inspection, maintenance or repair with the approval of the Office of the Interconnection in accordance with the PJM Manuals.

Good Utility Practice:

“Good Utility Practice” shall mean any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather is intended to include acceptable practices, methods, or acts generally accepted in the region; including those practices required by Federal Power Act Section 215(a)(4).

Governmental Authority:

“Governmental Authority” shall mean any federal, state, local or other governmental, regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, arbitrating body, or other governmental authority having jurisdiction over any Interconnection Party or Construction Party or regarding any matter relating to an Interconnection Service Agreement or Construction Service Agreement, as applicable.

Hazardous Substances:

“Hazardous Substance” shall mean any chemicals, materials or substances defined as or included in the definition of “hazardous substances,” “hazardous wastes,” “hazardous materials,” “hazardous constituents,” “restricted hazardous materials,” “extremely hazardous substances,” “toxic substances,” “radioactive substances,” “contaminants,” “pollutants,” “toxic pollutants” or words of similar meaning and regulatory effect under any applicable Environmental Law, or any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any applicable Environmental Law.

Hot Weather Alert:

“Hot Weather Alert” shall mean the notice provided by PJM to PJM Members, Transmission Owners, resource owners and operators, customers, and regulators to prepare personnel and facilities for extreme hot and/or humid weather conditions which may cause capacity requirements and/or unit unavailability to be substantially higher than forecast are expected to persist for an extended period.

Definitions – R - S

Ramping Capability:

“Ramping Capability” shall mean the sustained rate of change of generator output, in megawatts per minute.

Real-time Congestion Price:

“Real-time Congestion Price” shall mean the Congestion Price resulting from the Office of the Interconnection’s dispatch of the PJM Interchange Energy Market in the Operating Day.

Real-time Loss Price:

“Real-time Loss Price” shall mean the Loss Price resulting from the Office of the Interconnection’s dispatch of the PJM Interchange Energy Market in the Operating Day.

Real-time Energy Market:

“Real-time Energy Market” shall mean the purchase or sale of energy and payment of Transmission Congestion Charges for quantity deviations from the Day-ahead Energy Market in the Operating Day.

Real-time Offer:

“Real-time Offer” shall mean a new offer or an update to a Market Seller’s existing cost-based or market-based offer for a clock hour, submitted for use after the close of the Day-ahead Energy Market.

Real-time Prices:

“Real-time Prices” shall mean the Locational Marginal Prices resulting from the Office of the Interconnection’s dispatch of the PJM Interchange Energy Market in the Operating Day.

Real-time Settlement Interval:

“Real-time Settlement Interval” shall mean the interval used by settlements, which shall be every five minutes.

Real-time System Energy Price:

“Real-time System Energy Price” shall mean the System Energy Price resulting from the Office of the Interconnection’s dispatch of the PJM Interchange Energy Market in the Operating Day.

Reasonable Efforts:

“Reasonable Efforts” shall mean, with respect to any action required to be made, attempted, or taken by an Interconnection Party or by a Construction Party under Tariff, Part IV or Part VI, an Interconnection Service Agreement, or a Construction Service Agreement, such efforts as are timely and consistent with Good Utility Practice and with efforts that such party would undertake for the protection of its own interests.

Receiving Party:

“Receiving Party” shall mean the entity receiving the capacity and energy transmitted by the Transmission Provider to Point(s) of Delivery.

Referral:

“Referral” shall mean a formal report of the Market Monitoring Unit to the Commission for investigation of behavior of a Market Participant, of behavior of PJM, or of a market design flaw, pursuant to Tariff, Attachment M, section IV.I.

Reference Resource:

“Reference Resource” shall mean a combustion turbine generating station, configured with *a single* General Electric Frame 7HA turbine with *evaporative cooling*, Selective Catalytic Reduction technology all CONE Areas, dual fuel capability, and a heat rate of 9.134 Mmbtu/MWh.

Regional Entity:

“Regional Entity” shall have the same meaning specified in the Operating Agreement.

Regional Transmission Expansion Plan:

“Regional Transmission Expansion Plan” shall mean the plan prepared by the Office of the Interconnection pursuant to Operating Agreement, Schedule 6 for the enhancement and expansion of the Transmission System in order to meet the demands for firm transmission service in the PJM Region.

Regional Transmission Group (RTG):

“Regional Transmission Group” or “RTG” shall mean a voluntary organization of transmission owners, transmission users and other entities approved by the Commission to efficiently coordinate transmission planning (and expansion), operation and use on a regional (and interregional) basis.

Regulation:

“Regulation” shall mean the capability of a specific generation resource or Demand Resource with appropriate telecommunications, control and response capability to separately increase and

decrease its output or adjust load in response to a regulating control signal, in accordance with the specifications in the PJM Manuals.

Regulation Zone:

“Regulation Zone” shall mean any of those one or more geographic areas, each consisting of a combination of one or more Control Zone(s) as designated by the Office of the Interconnection in the PJM Manuals, relevant to provision of, and requirements for, regulation service.

Relevant Electric Retail Regulatory Authority:

“Relevant Electric Retail Regulatory Authority” shall mean an entity that has jurisdiction over and establishes prices and policies for competition for providers of retail electric service to end-customers, such as the city council for a municipal utility, the governing board of a cooperative utility, the state public utility commission or any other such entity.

Reliability Assurance Agreement or PJM Reliability Assurance Agreement:

“Reliability Assurance Agreement” or “PJM Reliability Assurance Agreement” shall mean that certain Reliability Assurance Agreement Among Load Serving Entities in the PJM Region, on file with FERC as PJM Interconnection L.L.C. Rate Schedule FERC No. 44, and as amended from time to time thereafter.

Reliability Pricing Model Auction:

“Reliability Pricing Model Auction” or “RPM Auction” shall mean the Base Residual Auction or any Incremental Auction, or, for the 2016/2017 and 2017/2018 Delivery Years, any Capacity Performance Transition Incremental Auction.

Required Transmission Enhancements:

“Regional Transmission Enhancements” shall mean enhancements and expansions of the Transmission System that (1) a Regional Transmission Expansion Plan developed pursuant to Operating Agreement, Schedule 6 or (2) any joint planning or coordination agreement between PJM and another region or transmission planning authority set forth in Tariff, Schedule 12-Appendix B (“Appendix B Agreement”) designates one or more of the Transmission Owner(s) to construct and own or finance. Required Transmission Enhancements shall also include enhancements and expansions of facilities in another region or planning authority that meet the definition of transmission facilities pursuant to FERC’s Uniform System of Accounts or have been classified as transmission facilities in a ruling by FERC addressing such facilities constructed pursuant to an Appendix B Agreement cost responsibility for which has been assigned at least in part to PJM pursuant to such Appendix B Agreement.

Reserved Capacity:

“Reserved Capacity” shall mean the maximum amount of capacity and energy that the Transmission Provider agrees to transmit for the Transmission Customer over the Transmission Provider’s Transmission System between the Point(s) of Receipt and the Point(s) of Delivery under Tariff, Part II. Reserved Capacity shall be expressed in terms of whole megawatts on a sixty (60) minute interval (commencing on the clock hour) basis.

Reserve Penalty Factor:

“Reserve Penalty Factor” shall mean the cost, in \$/MWh, associated with being unable to meet a specific reserve requirement in a Reserve Zone or Reserve Sub-zone. A Reserve Penalty Factor will be defined for each reserve requirement in a Reserve Zone or Reserve Sub-zone.

Reserve Sub-zone:

“Reserve Sub-zone” shall mean any of those geographic areas wholly contained within a Reserve Zone, consisting of a combination of a portion of one or more Control Zone(s) as designated by the Office of the Interconnection in the PJM Manuals, relevant to provision of, and requirements for, reserve service.

Reserve Zone:

“Reserve Zone” shall mean any of those geographic areas consisting of a combination of one or more Control Zone(s), as designated by the Office of the Interconnection in the PJM Manuals, relevant to provision of, and requirements for, reserve service.

Residual Auction Revenue Rights:

“Residual Auction Revenue Rights” shall mean incremental stage 1 Auction Revenue Rights created within a Planning Period by an increase in transmission system capability, including the return to service of existing transmission capability, that was not modeled pursuant to Operating Agreement, Schedule 1, section 7.5 and the parallel provisions of Tariff, Attachment K-Appendix, section 7.5 in compliance with Operating Agreement, Schedule 1, section 7.4.2 (h) and the parallel provisions of Tariff, Attachment K-Appendix, section 7.4.2(h), and, if modeled, would have increased the amount of stage 1 Auction Revenue Rights allocated pursuant to Operating Agreement, Schedule 1, section 7.4.2 and the parallel provisions of Tariff, Attachment K-Appendix, section 7.4.2; provided that, the foregoing notwithstanding, Residual Auction Revenue Rights shall exclude: 1) Incremental Auction Revenue Rights allocated pursuant to Tariff, Part VI; and 2) Auction Revenue Rights allocated to entities that are assigned cost responsibility pursuant to Operating Agreement, Schedule 6 for transmission upgrades that create such rights.

Residual Metered Load:

“Residual Metered Load” shall mean all load remaining in an electric distribution company’s fully metered franchise area(s) or service territory(ies) after all nodally priced load of entities serving load in such area(s) or territory(ies) has been carved out.

Resource Substitution Charge:

“Resource Substitution Charge” shall mean a charge assessed on Capacity Market Buyers in an Incremental Auction to recover the cost of replacement Capacity Resources.

Revenue Data for Settlements:

“Revenue Data for Settlements” shall mean energy quantities used in accounting and billing as determined pursuant to Tariff, Attachment K-Appendix and the corresponding provisions of Operating Agreement, Schedule 1.

RPM Seller Credit:

“RPM Seller Credit” shall mean an additional form of Unsecured Credit defined in Tariff, Attachment Q, section IV.

Scheduled Incremental Auctions:

“Scheduled Incremental Auctions” shall refer to the First, Second, or Third Incremental Auction.

Schedule of Work:

“Schedule of Work” shall mean that schedule attached to the Interconnection Construction Service Agreement setting forth the timing of work to be performed by the Constructing Entity pursuant to the Interconnection Construction Service Agreement, based upon the Facilities Study and subject to modification, as required, in accordance with Transmission Provider’s scope change process for interconnection projects set forth in the PJM Manuals.

Scope of Work:

“Scope of Work” shall mean that scope of the work attached as a schedule to the Interconnection Construction Service Agreement and to be performed by the Constructing Entity(ies) pursuant to the Interconnection Construction Service Agreement, provided that such Scope of Work may be modified, as required, in accordance with Transmission Provider’s scope change process for interconnection projects set forth in the PJM Manuals.

Seasonal Capacity Performance Resource:

“Seasonal Capacity Performance Resource” shall have the same meaning specified in Tariff, Attachment DD, section 5.5A.

Secondary Systems:

“Secondary Systems” shall mean control or power circuits that operate below 600 volts, AC or DC, including, but not limited to, any hardware, control or protective devices, cables,

conductors, electric raceways, secondary equipment panels, transducers, batteries, chargers, and voltage and current transformers.

Second Incremental Auction:

“Second Incremental Auction” shall mean an Incremental Auction conducted ten months before the Delivery Year to which it relates.

Security:

“Security” shall mean the security provided by the New Service Customer pursuant to Tariff, section 212.4 or Tariff, Part VI, section 213.4 to secure the New Service Customer’s responsibility for Costs under the Interconnection Service Agreement or Upgrade Construction Service Agreement and Tariff, Part VI, section 217.

Segment:

“Segment” shall have the same meaning as described in Operating Agreement, Schedule 1, section 3.2.3(e).

Self-Supply:

“Self-Supply” shall mean Capacity Resources secured by a Load-Serving Entity, by ownership or contract, outside a Reliability Pricing Model Auction, and used to meet obligations under this Attachment or the Reliability Assurance Agreement through submission in a Base Residual Auction or an Incremental Auction of a Sell Offer indicating such Market Seller’s intent that such Capacity Resource be Self-Supply. Self-Supply may be either committed regardless of clearing price or submitted as a Sell Offer with a price bid. A Load Serving Entity's Sell Offer with a price bid for an owned or contracted Capacity Resource shall not be deemed “Self-Supply,” unless it is designated as Self-Supply and used by the LSE to meet obligations under this Attachment or the Reliability Assurance Agreement.

Sell Offer:

“Sell Offer” shall mean an offer to sell Capacity Resources in a Base Residual Auction, Incremental Auction, or Reliability Backstop Auction.

Service Agreement:

“Service Agreement” shall mean the initial agreement and any amendments or supplements thereto entered into by the Transmission Customer and the Transmission Provider for service under the Tariff.

Service Commencement Date:

“Service Commencement Date” shall mean the date the Transmission Provider begins to provide service pursuant to the terms of an executed Service Agreement, or the date the Transmission

Provider begins to provide service in accordance with Tariff, Part II, section 15.3 or Tariff, Part III, section 29.1.

Short-Term Firm Point-To-Point Transmission Service:

“Short-Term Firm Point-To-Point Transmission Service” shall mean Firm Point-To-Point Transmission Service under Tariff, Part II with a term of less than one year.

Short-term Project:

“Short-term Project” shall have the same meaning provided in the Operating Agreement.

Short-Term Resource Procurement Target:

“Short-Term Resource Procurement Target” shall mean, for Delivery Years through May 31, 2018, as to the PJM Region, for purposes of the Base Residual Auction, 2.5% of the PJM Region Reliability Requirement determined for such Base Residual Auction, for purposes of the First Incremental Auction, 2% of the of the PJM Region Reliability Requirement as calculated at the time of the Base Residual Auction; and, for purposes of the Second Incremental Auction, 1.5% of the of the PJM Region Reliability Requirement as calculated at the time of the Base Residual Auction; and, as to any Zone, an allocation of the PJM Region Short-Term Resource Procurement Target based on the Preliminary Zonal Forecast Peak Load, reduced by the amount of load served under the FRR Alternative. For any LDA, the LDA Short-Term Resource Procurement Target shall be the sum of the Short-Term Resource Procurement Targets of all Zones in the LDA.

Short-Term Resource Procurement Target Applicable Share:

“Short-Term Resource Procurement Target Applicable Share” shall mean, for Delivery Years through May 31, 2018: (i) for the PJM Region, as to the First and Second Incremental Auctions, 0.2 times the Short-Term Resource Procurement Target used in the Base Residual Auction and, as to the Third Incremental Auction for the PJM Region, 0.6 times such target; and (ii) for an LDA, as to the First and Second Incremental Auctions, 0.2 times the Short-Term Resource Procurement Target used in the Base Residual Auction for such LDA and, as to the Third Incremental Auction, 0.6 times such target.

Site:

“Site” shall mean all of the real property, including but not limited to any leased real property and easements, on which the Customer Facility is situated and/or on which the Customer Interconnection Facilities are to be located.

Small Commercial Customer:

“Small Commercial Customer,” as used in RAA, Schedule 6 and Tariff, Attachment DD-1, shall mean a commercial retail electric end-use customer of an electric distribution company that

participates in a mass market demand response program under the jurisdiction of a RERRA and satisfies the definition of a “small commercial customer” under the terms of the applicable RERRA’s program, provided that the customer has an annual peak demand no greater than 100kW.

Small Generation Resource:

“Small Generation Resource” shall mean an Interconnection Customer’s device of 20 MW or less for the production and/or storage for later injection of electricity identified in an Interconnection Request, but shall not include the Interconnection Customer’s Interconnection Facilities. This term shall include Energy Storage Resources and/or other devices for storage for later injection of energy.

Small Inverter Facility:

“Small Inverter Facility” shall mean an Energy Resource that is a certified small inverter-based facility no larger than 10 kW.

Small Inverter ISA:

“Small Inverter ISA” shall mean an agreement among Transmission Provider, Interconnection Customer, and Interconnected Transmission Owner regarding interconnection of a Small Inverter Facility under Tariff, Part IV, section 112B.

Special Member:

“Special Member” shall mean an entity that satisfies the requirements of Operating Agreement, Schedule 1, section 1.5A.02, and the parallel provisions of Tariff, Attachment K-Appendix, section 1.5A.02, or the special membership provisions established under the Emergency Load Response and Pre-Emergency Load Response Programs.

Spot Market Backup:

“Spot Market Backup” shall mean the purchase of energy from, or the delivery of energy to, the PJM Interchange Energy Market in quantities sufficient to complete the delivery or receipt obligations of a bilateral contract that has been curtailed or interrupted for any reason.

Spot Market Energy:

“Spot Market Energy” shall mean energy bought or sold by Market Participants through the PJM Interchange Energy Market at System Energy Prices determined as specified in Operating Agreement, Schedule 1, section 2, and the parallel provisions of Tariff, Attachment K-Appendix, section 2.

Start Additional Labor Costs:

“Start Additional Labor Costs” shall mean additional labor costs for startup required above normal station manning levels.

Start-Up Costs:

“Start-Up Costs” shall mean the unit costs to bring the boiler, turbine and generator from shutdown conditions to the point after breaker closure which is typically indicated by telemetered or aggregated state estimator megawatts greater than zero and is determined based on the cost of start fuel, total fuel-related cost, performance factor, electrical costs (station service), start maintenance adder, and additional labor cost if required above normal station manning. Start-Up Costs can vary with the unit offline time being categorized in three unit temperature conditions: hot, intermediate and cold.

State:

“State” shall mean the District of Columbia and any State or Commonwealth of the United States.

State Commission:

“State Commission” shall mean any state regulatory agency having jurisdiction over retail electricity sales in any State in the PJM Region.

State Estimator:

“State Estimator” shall mean the computer model of power flows specified in Operating Agreement, Schedule 1, section 2.3 and the parallel provisions of Tariff, Attachment K-Appendix, section 2.3.

Station Power:

“Station Power” shall mean energy used for operating the electric equipment on the site of a generation facility located in the PJM Region or for the heating, lighting, air-conditioning and office equipment needs of buildings on the site of such a generation facility that are used in the operation, maintenance, or repair of the facility. Station Power does not include any energy (i) used to power synchronous condensers; (ii) used for pumping at a pumped storage facility; (iii) used for compressors at a compressed air energy storage facility; (iv) used for charging an Energy Storage Resource or a Capacity Storage Resource; or (v) used in association with restoration or black start service.

Sub-Annual Resource Constraint:

“Sub-Annual Resource Constraint” shall mean, for the 2017/2018 Delivery Year and for FRR Capacity Plans the 2017/2018 and 2018/2019 Delivery Years, for the PJM Region or for each LDA for which the Office of the Interconnection is required under Tariff, Attachment DD, section 5.10(a) to establish a separate VRR Curve for a Delivery Year, a limit on the total

amount of Unforced Capacity that can be committed as Limited Demand Resources and Extended Summer Demand Resources for the 2017/2018 Delivery Year in the PJM Region or in such LDA, calculated as the Sub-Annual Resource Reliability Target for the PJM Region or for such LDA, respectively, minus the Short-Term Resource Procurement Target for the PJM Region or for such LDA, respectively.

Sub-Annual Resource Price Decrement:

“Sub-Annual Resource Price Decrement” shall mean, for the 2017/2018 Delivery Year, a difference between the clearing price for Extended Summer Demand Resources and the clearing price for Annual Resources, representing the cost to procure additional Annual Resources out of merit order when the Sub-Annual Resource Constraint is binding.

Sub-Annual Resource Reliability Target:

“Sub-Annual Reliability Target” for the PJM Region or an LDA, shall mean the maximum amount of the combination of Extended Summer Demand Resources and Limited Demand Resources in Unforced Capacity determined by PJM to be consistent with the maintenance of reliability, stated in Unforced Capacity, that shall be used to calculate the Minimum Annual Resource Requirement for Delivery Years through May 31, 2017 and the Sub-Annual Resource Constraint for the 2017/2018 and 2018/2019 Delivery Years. As more fully set forth in the PJM Manuals, PJM calculates the Sub-Annual Resource Reliability Target, by first determining a reference annual loss of load expectation (“LOLE”) assuming no Demand Resources. The calculation for the unconstrained portion of the PJM Region uses a daily distribution of loads under a range of weather scenarios (based on the most recent load forecast and iteratively shifting the load distributions to result in the Installed Reserve Margin established for the Delivery Year in question) and a weekly capacity distribution (based on the cumulative capacity availability distributions developed for the Installed Reserve Margin study for the Delivery Year in question). The calculation for each relevant LDA uses a daily distribution of loads under a range of weather scenarios (based on the most recent load forecast for the Delivery Year in question) and a weekly capacity distribution (based on the cumulative capacity availability distributions developed for the Capacity Emergency Transfer Objective study for the Delivery Year in question). For the relevant LDA calculation, the weekly capacity distributions are adjusted to reflect the Capacity Emergency Transfer Limit for the Delivery Year in question.

For both the PJM Region and LDA analyses, PJM then models the commitment of varying amounts of DR (displacing otherwise committed generation) as interruptible from May 1 through October 31 and unavailable from November 1 through April 30 and calculates the LOLE at each DR level. The Extended Summer DR Reliability Target is the DR amount, stated as a percentage of the unrestricted peak load, that produces no more than a ten percent increase in the LOLE, compared to the reference value. The Sub-Annual Resource Reliability Target shall be expressed as a percentage of the forecasted peak load of the PJM Region or such LDA and is converted to Unforced Capacity by multiplying [the reliability target percentage] times [the Forecast Pool Requirement] times [the DR Factor] times [the forecasted peak load of the PJM Region or such LDA, reduced by the amount of load served under the FRR Alternative].

Sub-meter:

“Sub-meter” shall mean a metering point for electricity consumption that does not include all electricity consumption for the end-use customer as defined by the electric distribution company account number. PJM shall only accept sub-meter load data from end-use customers for measurement and verification of Regulation service as set forth in the Economic Load Response rules and PJM Manuals.

Summer-Period Capacity Performance Resource:

“Summer-Period Capacity Performance Resource” shall have the same meaning specified in Tariff, Attachment DD, section 5.5A.

Switching and Tagging Rules:

“Switching and Tagging Rules” shall mean the switching and tagging procedures of Interconnected Transmission Owners and Interconnection Customer as they may be amended from time to time.

Synchronized Reserve:

“Synchronized Reserve” shall mean the reserve capability of generation resources that can be converted fully into energy or Demand Resources whose demand can be reduced within ten minutes from the request of the Office of the Interconnection dispatcher, and is provided by equipment that is electrically synchronized to the Transmission System.

Synchronized Reserve Event:

“Synchronized Reserve Event” shall mean a request from the Office of the Interconnection to generation resources and/or Demand Resources able, assigned or self-scheduled to provide Synchronized Reserve in one or more specified Reserve Zones or Reserve Sub-zones, within ten minutes, to increase the energy output or reduce load by the amount of assigned or self-scheduled Synchronized Reserve capability.

Synchronized Reserve Requirement:

“Synchronized Reserve Requirement” shall mean the megawatts required to be maintained in a Reserve Zone or Reserve Sub-zone as Synchronized Reserve, absent any increase to account for additional reserves scheduled to address operational uncertainty. The Synchronized Reserve Requirement is calculated in accordance with the PJM Manuals.

System Condition:

“System Condition” shall mean a specified condition on the Transmission Provider’s system or on a neighboring system, such as a constrained transmission element or flowgate, that may trigger Curtailment of Long-Term Firm Point-to-Point Transmission Service using the

curtailment priority pursuant to Tariff, Part II, section 13.6. Such conditions must be identified in the Transmission Customer's Service Agreement.

System Energy Price:

“System Energy Price” shall mean the energy component of the Locational Marginal Price, which is the price at which the Market Seller has offered to supply an additional increment of energy from a resource, calculated as specified in Operating Agreement, Schedule 1, section 2 and the parallel provisions of Tariff, Attachment K-Appendix, section 2.

System Impact Study:

“System Impact Study” shall mean an assessment by the Transmission Provider of (i) the adequacy of the Transmission System to accommodate a Completed Application, an Interconnection Request or an Upgrade Request, (ii) whether any additional costs may be incurred in order to provide such transmission service or to accommodate an Interconnection Request, and (iii) with respect to an Interconnection Request, an estimated date that an Interconnection Customer's Customer Facility can be interconnected with the Transmission System and an estimate of the Interconnection Customer's cost responsibility for the interconnection; and (iv) with respect to an Upgrade Request, the estimated cost of the requested system upgrades or expansion, or of the cost of the system upgrades or expansion, necessary to provide the requested incremental rights.

System Protection Facilities:

“System Protection Facilities” shall refer to the equipment required to protect (i) the Transmission System, other delivery systems and/or other generating systems connected to the Transmission System from faults or other electrical disturbance occurring at or on the Customer Facility, and (ii) the Customer Facility from faults or other electrical system disturbance occurring on the Transmission System or on other delivery systems and/or other generating systems to which the Transmission System is directly or indirectly connected. System Protection Facilities shall include such protective and regulating devices as are identified in the Applicable Technical Requirements and Standards or that are required by Applicable Laws and Regulations or other Applicable Standards, or as are otherwise necessary to protect personnel and equipment and to minimize deleterious effects to the Transmission System arising from the Customer Facility.

Definitions – T – U - V

Tangible Net Worth:

“Tangible Net Worth” shall mean all assets (not including any intangible assets such as goodwill) less all liabilities. Any such calculation may be reduced by PJM Settlement upon review of the available financial information.

Target Allocation:

“Target Allocation” shall mean the allocation of Transmission Congestion Credits as set forth in Operating Agreement, Schedule 1, section 5.2.3, and the parallel provisions of Tariff, Attachment K-Appendix, section 5.2.3, or the allocation of Auction Revenue Rights Credits as set forth in Operating Agreement, Schedule 1, section 7.4.3, and the parallel provisions of Tariff, Attachment K-Appendix, section 7.4.3.

Third Incremental Auction:

“Third Incremental Auction” shall mean an Incremental Auction conducted three months before the Delivery Year to which it relates.

Third-Party Sale:

“Third-Party Sale” shall mean any sale for resale in interstate commerce to a Power Purchaser that is not designated as part of Network Load under the Network Integration Transmission Service but not including a sale of energy through the PJM Interchange Energy Market established under the PJM Operating Agreement.

Tie Line:

“Tie Line” shall mean a circuit connecting two balancing authority areas, Control Areas or fully metered electric system regions. Tie Lines may be classified as external or internal as set forth in the PJM Manuals.

Total Lost Opportunity Cost Offer:

“Total Lost Opportunity Cost Offer” shall mean the applicable offer used to calculate lost opportunity cost credits. For pool-scheduled resources specified in PJM Operating Agreement, Schedule 1, section 3.2.3(f-1), and the parallel provisions of Tariff, Attachment K-Appendix, section 3.2.3(f-1), the Total Lost Opportunity Cost Offer shall equal the Real-time Settlement Interval offer integrated under the applicable offer curve for the LOC Deviation, as determined by the greater of the Committed Offer or last Real-Time Offer submitted for the offer on which the resource was committed in the Day-ahead Energy Market for each hour in an Operating Day. For all other pool-scheduled resources, the Total Lost Opportunity Cost Offer shall equal the Real-time Settlement Interval offer integrated under the applicable offer curve for the LOC Deviation, as determined by the offer curve associated with the greater of the Committed Offer

or Final Offer for each hour in an Operating Day. For self-scheduled generation resources, the Total Lost Opportunity Cost Offer shall equal the Real-time Settlement Interval offer integrated under the applicable offer curve for the LOC Deviation, where for self-scheduled generation resources (a) operating pursuant to a cost-based offer, the applicable offer curve shall be the greater of the originally submitted cost-based offer or the cost-based offer that the resource was dispatched on in real-time; or (b) operating pursuant to a market-based offer, the applicable offer curve shall be determined in accordance with the following process: (1) select the greater of the cost-based day-ahead offer and updated cost-based Real-time Offer; (2) for resources with multiple cost-based offers, first, for each cost-based offer select the greater of the day-ahead offer and updated Real-time Offer, and then select the lesser of the resulting cost-based offers; and (3) compare the offer selected in (1), or for resources with multiple cost-based offers the offer selected in (2), with the market-based day-ahead offer and the market-based Real-time Offer and select the highest offer.

Total Net Obligation:

“Total Net Obligation” shall mean all unpaid billed Net Obligations plus any unbilled Net Obligation incurred to date, as determined by PJMSettlement on a daily basis, plus any other Obligations owed to PJMSettlement at the time.

Total Net Sell Position:

“Total Net Sell Position” shall mean all unpaid billed Net Sell Positions plus any unbilled Net Sell Positions accrued to date, as determined by PJMSettlement on a daily basis.

Total Operating Reserve Offer:

“Total Operating Reserve Offer” shall mean the applicable offer used to calculate Operating Reserve credits. The Total Operating Reserve Offer shall equal the sum of all individual Real-time Settlement Interval energy offers, inclusive of Start-Up Costs (shut-down costs for Demand Resources) and No-load Costs, for every Real-time Settlement Interval in a Segment, integrated under the applicable offer curve up to the applicable megawatt output as further described in the PJM Manuals. The applicable offer used to calculate day-ahead Operating Reserve credits shall be the Committed Offer, and the applicable offer used to calculate balancing Operating Reserve credits shall be lesser of the Committed Offer or Final Offer for each hour in an Operating Day.

Transmission Congestion Charge:

“Transmission Congestion Charge” shall mean a charge attributable to the increased cost of energy delivered at a given load bus when the transmission system serving that load bus is operating under constrained conditions, or as necessary to provide energy for third-party transmission losses which shall be calculated and allocated as specified in Operating Agreement, Schedule 1, section 5.1 and the parallel provisions of Tariff, Attachment K-Appendix, section 5.1.

Transmission Congestion Credit:

“Transmission Congestion Credit” shall mean the allocated share of total Transmission Congestion Charges credited to each FTR Holder, calculated and allocated as specified in Operating Agreement, Schedule 1, section 5.2, and the parallel provisions of Tariff, Attachment K-Appendix, section 5.2.

Transmission Constraint Penalty Factor:

“Transmission Constraint Penalty Factor” shall mean the maximum cost of the re-dispatch incurred to control the flows across a transmission constraint and establishes the maximum limit on the Marginal Value.

Transmission Customer:

“Transmission Customer” shall mean any Eligible Customer (or its Designated Agent) that (i) executes a Service Agreement, or (ii) requests in writing that the Transmission Provider file with the Commission a proposed unexecuted Service Agreement, to receive transmission service under Tariff, Part II. This term is used in Tariff, Part I and Part VI to include customers receiving transmission service under Tariff, Part II and Part III.

Where used in Tariff, Attachment K-Appendix and the parallel provisions of Operating Agreement, Schedule 1, Transmission Customer shall mean an entity using Point-to-Point Transmission Service.

Transmission Facilities:

“Transmission Facilities” shall have the meaning set forth in the Operating Agreement.

Transmission Forced Outage:

“Transmission Forced Outage” shall mean an immediate removal from service of a transmission facility by reason of an Emergency or threatened Emergency, unanticipated failure, or other cause beyond the control of the owner or operator of the transmission facility, as specified in the relevant portions of the PJM Manuals. A removal from service of a transmission facility at the request of the Office of the Interconnection to improve transmission capability shall not constitute a Forced Transmission Outage.

Transmission Injection Rights:

“Transmission Injection Rights” shall mean Capacity Transmission Injection Rights and Energy Transmission Injection Rights.

Transmission Interconnection Customer:

“Transmission Interconnection Customer” shall mean an entity that submits an Interconnection Request to interconnect or add Merchant Transmission Facilities to the Transmission System or

to increase the capacity of Merchant Transmission Facilities interconnected with the Transmission System in the PJM Region or an entity that submits an Upgrade Request for Merchant Network Upgrades (including accelerating the construction of any transmission enhancement or expansion, other than Merchant Transmission Facilities, that is included in the Regional Transmission Expansion Plan prepared pursuant to Operating Agreement, Schedule 6).

Transmission Interconnection Facilities Study:

“Transmission Interconnection Facilities Study” shall mean a Facilities Study related to a Transmission Interconnection Request.

Transmission Interconnection Feasibility Study:

“Transmission Interconnection Feasibility Study” shall mean a study conducted by the Transmission Provider in accordance with Tariff, Part IV, section 36.2.

Transmission Interconnection Request:

“Transmission Interconnection Request” shall mean a request by a Transmission Interconnection Customer pursuant to Tariff, Part IV to interconnect or add Merchant Transmission Facilities to the Transmission System or to increase the capacity of existing Merchant Transmission Facilities interconnected with the Transmission System in the PJM Region.

Transmission Loading Relief:

“Transmission Loading Relief” shall mean NERC’s procedures for preventing operating security limit violations, as implemented by PJM as the security coordinator responsible for maintaining transmission security for the PJM Region.

Transmission Loading Relief Customer:

“Transmission Loading Relief Customer” shall mean an entity that, in accordance with Operating Agreement, Schedule 1, section 1.10.6A and the parallel provisions of Tariff, Attachment K-Appendix, section 1.10.6A, has elected to pay Transmission Congestion Charges during Transmission Loading Relief in order to continue energy schedules over contract paths outside the PJM Region that are increasing the cost of energy in the PJM Region.

Transmission Loss Charge:

“Transmission Loss Charge” shall mean the charges to each Market Participant, Network Customer, or Transmission Customer for the cost of energy lost in the transmission of electricity from a generation resource to load as specified in Operating Agreement, Schedule 1, section 5, and the parallel provisions of Tariff, Attachment K-Appendix, section 5.

Transmission Owner:

“Transmission Owner” shall mean a Member that owns or leases with rights equivalent to ownership Transmission Facilities and is a signatory to the PJM Transmission Owners Agreement. Taking transmission service shall not be sufficient to qualify a Member as a Transmission Owner.

Transmission Owner Attachment Facilities:

“Transmission Owner Attachment Facilities” shall mean that portion of the Transmission Owner Interconnection Facilities comprised of all Attachment Facilities on the Interconnected Transmission Owner’s side of the Point of Interconnection.

Transmission Owner Interconnection Facilities:

“Transmission Owner Interconnection Facilities” shall mean all Interconnection Facilities that are not Customer Interconnection Facilities and that, after the transfer under Tariff, Attachment P, Appendix 2, section 5.5 to the Interconnected Transmission Owner of title to any Transmission Owner Interconnection Facilities that the Interconnection Customer constructed, are owned, controlled, operated and maintained by the Interconnected Transmission Owner on the Interconnected Transmission Owner’s side of the Point of Interconnection identified in appendices to the Interconnection Service Agreement and to the Interconnection Construction Service Agreement, including any modifications, additions or upgrades made to such facilities and equipment, that are necessary to physically and electrically interconnect the Customer Facility with the Transmission System or interconnected distribution facilities.

Transmission Owner Upgrade:

“Transmission Owner Upgrade” shall have the same meaning provided in the Operating Agreement.

Transmission Planned Outage:

“Transmission Planned Outage” shall mean any transmission outage scheduled in advance for a pre-determined duration and which meets the notification requirements for such outages specified in Operating Agreement, Schedule 1, and the parallel provisions of Tariff, Attachment K-Appendix or the PJM Manuals.

Transmission Provider:

The “Transmission Provider” shall be the Office of the Interconnection for all purposes, provided that the Transmission Owners will have the responsibility for the following specified activities:

- (a) The Office of the Interconnection shall direct the operation and coordinate the maintenance of the Transmission System, except that the Transmission Owners will continue to direct the operation and maintenance of those transmission facilities that are not listed in the PJM Designated Facilities List contained in the PJM Manual on Transmission Operations;

(b) Each Transmission Owner shall physically operate and maintain all of the facilities that it owns; and

(c) When studies conducted by the Office of the Interconnection indicate that enhancements or modifications to the Transmission System are necessary, the Transmission Owners shall have the responsibility, in accordance with the applicable terms of the Tariff, Operating Agreement and/or the Consolidated Transmission Owners Agreement to construct, own, and finance the needed facilities or enhancements or modifications to facilities.

Transmission Provider’s Monthly Transmission System Peak:

“Transmission Provider’s Monthly Transmission System Peak” shall mean the maximum firm usage of the Transmission Provider’s Transmission System in a calendar month.

Transmission Service:

“Transmission Service” shall mean Point-To-Point Transmission Service provided under Tariff, Part II on a firm and non-firm basis.

Transmission Service Request:

“Transmission Service Request” shall mean a request for Firm Point-To-Point Transmission Service or a request for Network Integration Transmission Service.

Transmission System:

“Transmission System” shall mean the facilities controlled or operated by the Transmission Provider within the PJM Region that are used to provide transmission service under Tariff, Part II and Part III.

Transmission Withdrawal Rights:

“Transmission Withdrawal Rights” shall mean Firm Transmission Withdrawal Rights and Non-Firm Transmission Withdrawal Rights.

Turn Down Ratio:

“Turn Down Ratio” shall mean the ratio of a generating unit’s economic maximum megawatts to its economic minimum megawatts.

Unconstrained LDA Group:

“Unconstrained LDA Group” shall mean a combined group of LDAs that form an electrically contiguous area and for which a separate Variable Resource Requirement Curve has not been established under Tariff, Attachment DD, section 5.10. Any LDA for which a separate Variable

Resource Requirement Curve has not been established under Tariff, Attachment DD, section 5.10 shall be combined with all other such LDAs that form an electrically contiguous area.

Unforced Capacity:

“Unforced Capacity” shall have the meaning specified in the Reliability Assurance Agreement.

Unsecured Credit:

“Unsecured Credit” shall mean any credit granted by PJMSettlement to a Participant that is not secured by Collateral.

Unsecured Credit Allowance:

“Unsecured Credit Allowance” shall mean Unsecured Credit extended by PJMSettlement in an amount determined by PJMSettlement’s evaluation of the creditworthiness of a Participant. This is also defined as the amount of credit that a Participant qualifies for based on the strength of its own financial condition without having to provide Collateral. See also: “Working Credit Limit.”

Updated VRR Curve:

“Updated VRR Curve” shall mean the Variable Resource Requirement Curve for use in the Base Residual Auction of the relevant Delivery Year, updated to reflect any change in the Reliability Requirement from the Base Residual Auction to such Incremental Auction, and for Delivery Years through May 31, 2018, the Short-term Resource Procurement Target applicable to the relevant Incremental Auction.

Updated VRR Curve Decrement:

“Updated VRR Curve Decrement” shall mean the portion of the Updated VRR Curve to the left of a vertical line at the level of Unforced Capacity on the x-axis of such curve equal to the net Unforced Capacity committed to the PJM Region as a result of all prior auctions conducted for such Delivery Year and adjusted, if applicable, by a change in Unforced Capacity commitments associated with the transition provision of Tariff, Attachment DD, section 5.14C, Tariff, Attachment DD, section 5.14D (as related to the 2016/2017 Delivery Year), Tariff, Attachment DD, section 5.14E, and Tariff, Attachment DD, section 5.5A(c)(i)(B), and RAA, Schedule 6, section L.9.

Updated VRR Curve Increment:

“Updated VRR Curve Increment” shall mean the portion of the Updated VRR Curve to the right of a vertical line at the level of Unforced Capacity on the x-axis of such curve equal to the net Unforced Capacity committed to the PJM Region as a result of all prior auctions conducted for such Delivery Year and adjusted, if applicable, by a change in Unforced Capacity commitments associated with the transition provision of Tariff, Attachment DD, section 5.14C, Tariff, Attachment DD, section 5.14D (as related to the 2016/2017 Delivery Year), Tariff, Attachment

DD, section 5.14E and Tariff, Attachment DD, section 5.5A(c)(i)(B), and RAA, Schedule 6, section L.9.

Upgrade Construction Service Agreement:

“Upgrade Construction Service Agreement” shall mean that agreement entered into by an Eligible Customer, Upgrade Customer or Interconnection Customer proposing Merchant Network Upgrades, a Transmission Owner, and the Transmission Provider, pursuant to Tariff, Part VI, Subpart B, and in the form set forth in Tariff, Attachment GG.

Upgrade Customer:

“Upgrade Customer” shall mean a customer that submits an Upgrade Request pursuant to Operating Agreement, Schedule 1, section 7.8.

Upgrade Feasibility Study:

“Upgrade Feasibility Study” shall mean a study conducted by the Transmission Provider in accordance with Tariff, section 36.3.

Upgrade-Related Rights:

“Upgrade-Related Rights” shall mean Incremental Auction Revenue Rights, Incremental Available Transfer Capability Revenue Rights, Incremental Deliverability Rights, and Incremental Capacity Transfer Rights.

Upgrade Request:

“Upgrade Request” shall mean a request submitted in the form prescribed in Tariff, Attachment EE, for evaluation by the Transmission Provider of the feasibility and estimated costs of (a) a Merchant Network Upgrade or (b) the Customer-Funded Upgrades that would be needed to provide Incremental Auction Revenue Rights specified in a request pursuant to Operating Agreement, Schedule 1, section 7.8.

Up-to Congestion Counterflow Transaction:

“Up-to Congestion Counterflow Transaction” shall mean an Up-to Congestion Transaction will be deemed an Up-to Congestion Counterflow Transaction if the following value is negative: (a) when bidding, the lower of the bid price and the prior Up-to Congestion Historical Month’s average real-time value for the transaction; or (b) for cleared Virtual Transactions, the cleared day-ahead price of the Virtual Transactions.

Up-to Congestion Historical Month:

“Up-to Congestion Historical Month” shall mean a consistently-defined historical period nominally one month long that is as close to a calendar month as PJM determines is practical.

Up-to Congestion Prevailing Flow Transaction:

An Up-to Congestion Transaction shall mean an “Up-to Congestion Prevailing Flow Transaction” if it is not an Up-to Congestion Counterflow Transaction.

Up-to Congestion Reference Price:

“Up-to Congestion Reference Price” for an Up-to Congestion Transaction, shall be the specified percentile price differential between source and sink (defined as sink price minus source price) for real-time prices experienced over the prior Up-to Congestion Historical Month, averaged with the same percentile value calculated for the second prior Up-to Congestion Historical Month. Up-to Congestion Reference Prices shall be calculated using the following historical percentiles:

- For Up-to Congestion Prevailing Flow Transactions: 30th percentile
- For Up-to Congestion Counterflow Transactions when bid: 20th percentile
- For Up-to Congestion Counterflow Transactions when cleared: 5th percentile

Up-to Congestion Transaction:

“Up-to Congestion Transaction” shall have the meaning specified in Operating Agreement, Schedule 1, section 1.10.1A, and the parallel provisions of Tariff, Attachment K-Appendix, section 1.10.1A.

Variable Loads:

“Variable Loads” shall have the meaning specified in Operating Agreement, Schedule 1, section 1.5A.6, and the parallel provisions of Tariff, Attachment K-Appendix, section 1.5A.6.

Variable Resource Requirement Curve:

“Variable Resource Requirement Curve” shall mean a series of maximum prices that can be cleared in a Base Residual Auction for Unforced Capacity, corresponding to a series of varying resource requirements based on varying installed reserve margins, as determined by the Office of the Interconnection for the PJM Region and for certain Locational Deliverability Areas in accordance with the methodology provided in Tariff, Attachment DD, section 5.

Virtual Credit Exposure:

“Virtual Credit Exposure” shall mean the amount of potential credit exposure created by a market participant’s bid submitted into the Day-ahead market, as defined in Tariff, Attachment Q.

Virtual Transaction:

“Virtual Transaction” shall mean a Decrement Bid, Increment Offer and/or Up-to Congestion Transaction.

Virtual Transaction Screening:

“Virtual Transaction Screening” shall be the process of reviewing the Virtual Credit Exposure of submitted Virtual Transactions against the Credit Available for Virtual Transactions. If the credit required is greater than credit available, then the Virtual Transactions will not be accepted.

Virtual Transactions Net Activity:

“Virtual Transactions Net Activity” shall mean the aggregate net total, resulting from Virtual Transactions, of (i) Spot Market Energy charges, (ii) Transmission Congestion Charges, and (iii) Transmission Loss Charges, calculated as set forth in Tariff, Attachment K-Appendix. Virtual Transactions Net Activity may be positive or negative.

Voltage Reduction Action:

“Voltage Reduction Action” shall mean a notification during capacity deficient conditions in which PJM notifies Members to reduce voltage on the distribution system in order to reduce demand and therefore provide a sufficient amount of reserves, maintain tie flow schedules and preserve limited energy sources.

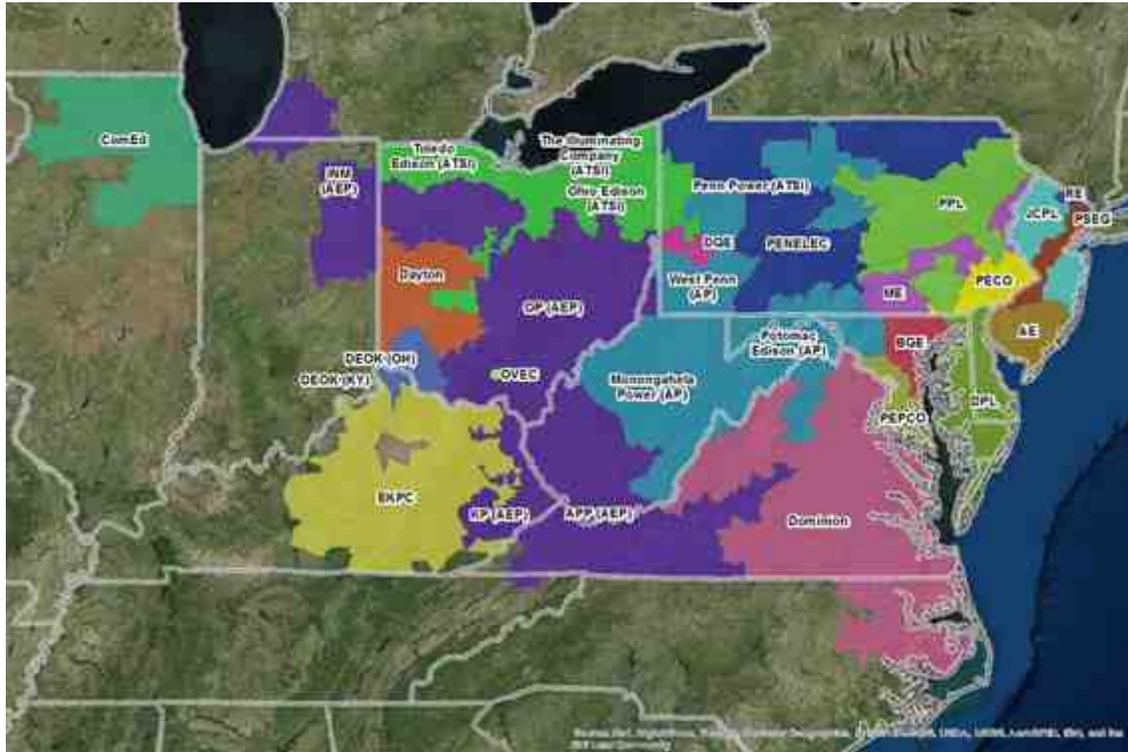
Voltage Reduction Alert:

“Voltage Reduction Alert” shall mean a notification from PJM to alert Members that a voltage reduction may be required during a future critical period.

Voltage Reduction Warning:

“Voltage Reduction Warning” shall mean a notification from PJM to warn Members that PJM’s available Synchronized Reserve is less than the Synchronized Reserve Requirement and that present operations have deteriorated such that a voltage reduction may be required.

ATTACHMENT J
PJM Transmission Zones



FULL NAME

Pennsylvania Electric Company
 Allegheny Power
 PPL Electric Utilities Corporation
 Metropolitan Edison Company
 Jersey Central Power and Light Company
 Public Service Electric and Gas Company
 Atlantic City Electric Company
 PECO Energy Company
 Baltimore Gas and Electric Company
 Delmarva Power and Light Company
 Potomac Electric Power Company
 Rockland Electric Company
 Commonwealth Edison Company
 AEP East Zone
 The Dayton Power and Light Company
 Duquesne Light Company
 Virginia Electric and Power Company
 American Transmission Systems, Incorporated
 Duke Energy Ohio, Inc. and Duke Energy Kentucky, Inc.
 East Kentucky Power Cooperative, Inc.
 Ohio Valley Electric Corporation

SHORT NAME

PENELEC
 APS
 PPL
 ME
 JCPL
 PSEG
 AEC
 PECO
 BGE
 DPL
 PEPCO
 RE
 ComEd
 AEP
 Dayton
 DL
 Dominion
 ATSI
 DEOK
 EKPC
 OVEC

2.4 Determination of Energy Offers Used in Calculating Real-time Prices.

(a) During the Operating Day, real-time Locational Marginal Prices derived in accordance with this ~~s~~Section shall be determined every five minutes.

(b) To determine the energy offers submitted to the PJM Interchange Energy Market that shall be used during the Operating Day to calculate the Real-time Prices, the Office of the Interconnection shall determine the applicable marginal energy offer of the resources being dispatched by the Office of the Interconnection. ~~A resource shall be included in the calculation of Real-time Prices if the applicable marginal energy offer of the resource being dispatched by the Office of the Interconnection is less than or equal to the Dispatch Rate for the area of the PJM Region in which the resource is located, provided that~~ Offers for resources dispatched by the Office of the Interconnection in excess of \$2,000/megawatt-hour will be capped at \$2,000/megawatt-hour for purposes of calculating Real-time Prices.

(c) In determining whether a resource satisfies the condition described in (b), the Office of the Interconnection will determine the applicable marginal energy offer by comparing the requested megawatt output of the resource with the Market Seller's offer price curve. The applicable marginal energy offer used in the calculation of Real-time Prices shall not exceed \$2,000/megawatt-hour. Units that must be run for local area protection shall not be considered in the calculation of Real-time Prices.

6.6 Minimum Generator Operating Parameters – Parameter Limited Schedules.

(a) Market Sellers submitting Offer Data for Generation Capacity Resources shall submit and be subject to pre-determined limits on cost-based offers, which are always parameter limited. Market Sellers submitting Offer Data for Generation Capacity Resources shall submit and be subject to pre-determined limits on market-based offers conforming to parameter limitations (“parameter limited schedules”) under the following circumstances:

(i) The Market Seller fails the three pivotal supplier test. When this subsection applies, the parameter limited schedule shall be the less limiting, i.e. more flexible, of the defined parameter limited schedules or the submitted offer parameters.

(ii) For the 2014/2015 through 2017/2018 Delivery Years, the Office of the Interconnection: (i) declares a Maximum Generation Emergency; (ii) issues a Maximum Generation Emergency Alert; or (iii) schedules units based on the anticipation of a Maximum Generation Emergency or a Maximum Generation Emergency Alert for all, or any part, of an Operating Day.

(iii) For Capacity Performance Resources, the Office of the Interconnection: (i) declares a Maximum Generation Emergency; (ii) issues a Maximum Generation Emergency Alert, Hot Weather Alert, Cold Weather Alert; or (iii) schedules units based on the anticipation of a Maximum Generation Emergency, Maximum Generation Emergency Alert, Hot Weather Alert or Cold Weather Alert for all, or any part, of an Operating Day.

(iv) For Base Capacity Resources, the Office of the Interconnection: (i) declares a Maximum Generation Emergency during hot weather operations during the period of June 1 through September 30; (ii) issues a Maximum Generation Emergency Alert or Hot Weather Alert during hot weather operations during the period of June 1 through September 30; or (iii) schedules units based on the anticipation of a Hot Weather Alert, or a Maximum Generation Emergency or Maximum Generation Emergency Alert during hot weather operations during the period of June 1 through September 30, for all, or any part, of an Operating Day.

(b) For the 2014/2015 through 2017/2018 Delivery Years for Generation Capacity Resources other than Capacity Performance Resources, and the 2016/2017 through ~~2019~~2018/2020~~2019~~ Delivery Years for Generation Capacity Resources identified and committed in an FRR Capacity Plan, parameter limited schedules shall be defined for the following parameters:

- (i) Turn Down Ratio;
- (ii) Minimum Down Time;
- (iii) Minimum Run Time;
- (iv) Maximum Daily Starts;

(v) Maximum Weekly Starts.

For the 2018/2019 and 2019/2020 Delivery Years for Base Capacity Resources ~~during Hot Weather Alerts, Emergency Actions during hot weather operations, and when the unit is offer capped to maintain system reliability as a result of limits on transmission capability per Section 6.4 hereof~~, and for the 2016/2017 Delivery Year and subsequent Delivery Years for Capacity Performance Resources ~~during Hot Weather Alerts, Cold Weather Alerts, Emergency Actions, and when the unit is offer capped to maintain system reliability as a result of limits on transmission capability per Section 6.4 hereof~~, the Office of the Interconnection shall determine the unit-specific achievable operating parameters for each individual unit on the basis of its operating design characteristics and other constraints, recognizing that remedial and ongoing investment and maintenance may be required to perform on the basis of those characteristics, for the following parameters:

- (i) Turn Down Ratio;
- (ii) Minimum Down Time;
- (iii) Minimum Run Time;
- (iv) Maximum Daily Starts;
- (v) Maximum Weekly Starts;
- (vi) Maximum Run Time;
- (vii) Start-up Time; and
- (viii) Notification Time.

These unit-specific values shall apply for the generating unit unless it is operating pursuant to an exception from those values under subsection (h) hereof due to operational limitations that prevent the unit from meeting the minimum parameters. Throughout the analysis process, the Office of the Interconnection shall consult with the Market Monitoring Unit, and consider any input received from the Market Monitoring Unit, in its determination of a unit's unit-specific parameter limited schedule values.

In order to make its determination of the unit-specific parameter limited schedule values for a unit, the Office of the Interconnection may request that the Capacity Market Seller provide to it and the Market Monitoring Unit certain data and documentation as further detailed in the PJM Manuals. Once the Office of the Interconnection has made a determination of the unit-specific parameter limited schedule values for a unit, those values will remain applicable to the unit until such time as the Office of the Interconnection determines that a change is needed based on changed operational capabilities of the unit.

A Capacity Market Seller that does not believe its generating unit can meet the unit-specific values determined by the Office of the Interconnection due to actual operating constraints, and who desires to establish adjusted unit-specific parameters for those units may request adjusted unit-specific parameter limitations. Any such request must be submitted to the Office of the Interconnection by no later than the February 28 immediately preceding the first Delivery Year for which the adjusted unit-specific parameters are requested to commence. Capacity Market Sellers shall supply, for each generating unit, technical information about the operational limits to support the requested parameters, as further detailed in the PJM Manuals. The Office of the Interconnection shall consult with the Market Monitoring Unit, and consider any input received from the Market Monitoring Unit, in its determination of a unit's request for adjusted unit-specific parameter limited schedule values. After it has completed its evaluation of the request, the Office of the Interconnection shall notify the Capacity Market Seller in writing, with a copy to the Market Monitoring Unit, whether the request is approved or denied, by no later than April 15. The effective date of the request, if approved by the Office of the Interconnection, shall be no earlier than June 1.

The operational limitations referenced in this section 6.6 shall be (a) physical operational limitations based on the operating design characteristics of the unit, or (b) other actual physical constraints, including those based on contractual limits, that are not based on the characteristics of the unit. In order for a contractual or other actual constraint to be deemed a physical constraint that can be reflected in its unit-specific parameter limits for a Generation Capacity Resource, the Capacity Market Seller must demonstrate that contractual or other actual constraint is not simply an economic decision but a physical restriction that could not be rectified among any commercial alternatives actually available to it.

(c) For the 2014/2015 through 2017/2018 Delivery Years, the following table specifies default parameter limited schedule values, by technology type, for generating units, no portion of which is committed as a Capacity Performance Resource:

Parameter Limited Schedule Matrix

Parameter	Minimum Down Time (Hrs)	Minimum Run Time (Hrs)	Maximum Daily Starts	Maximum Weekly Starts	Turn Down Ratio = Economic Maximum MW / Economic Minimum MW
Small Frame CT and Aero CT Units - Up to 29 MW ICAP	2.0 or Less	2.0 or Less	2 or More	14 or More	1.0 or More
Medium Frame CT and Aero CT Units - 30 MW to 65 MW ICAP	2.0 or Less	3.0 or Less	2 or More	14 or More	1.0 or More
Medium-Large Frame CT Units - 65 MW to 135 MW ICAP	3.0 or Less	5.0 or Less	2 or More	14 or More	1.0 or More
Large Frame CT Units - 135 MW to 180 MW ICAP	4.0 or Less	5.0 or Less	2 or More	14 or More	1.0 or More
Combined Cycle Units	4.0 or Less	6.0 or Less	2 or More	11 or More	1.5 or More
Petroleum and Natural Gas Steam Units - Pre-1985	7.0 or Less	8.0 or Less	1 or More	7 or More	3.0 or More
Petroleum and Natural Gas Steam Units - Post-1985	3.5 or Less	5.5 or Less	2 or More	11 or More	2.0 or More
Sub-Critical Coal Units	9.0 or Less	15.0 or Less	1 or More	5 or More	2.0 or More
Super-Critical Coal Units	84.0	24.0 or Less	1 or More	2 or More	1.5 or More

(d) For the 2014/2015 through 2017/2018 Delivery Years, upon receipt of proposed revised parameter limited schedule values from the Market Monitoring Unit, prepared in accordance with the procedures for periodic review included in [Tariff, Attachment M-Appendix](#),

section II.B.1 ~~of Attachment M—Appendix~~, the Office of the Interconnection shall file to revise the Parameter Limited Schedule Matrix in section 6.6(c) above accordingly. In the event that the Office of the Interconnection disagrees with the values proposed for revising the matrix, the Office of the Interconnection shall file the values that it determines are appropriate.

(e) For the 2014/2015 through 2017/2018 Delivery Years, the Market Monitoring Unit shall calculate and provide to Market Sellers default values in accordance with Tariff, Attachment M-Appendix, section II.B ~~of Attachment M—Appendix~~. The default values set forth in the table in subsection (c) above shall apply for the referenced technology types unless a generating unit is operating pursuant to an exception from the default values under subsection (h) due to physical operational limitations that prevent the unit from meeting the minimum parameters, or any megawatts of the unit are committed as a Capacity Performance Resource in which case the unit-specific or adjusted unit-specific values for the generating unit determined by the Office of the Interconnection shall apply to all megawatts of the generating unit offered into the PJM energy markets. For generating units having the ability to operate on multiple fuels, Market Sellers may submit a parameter limited schedule associated with each fuel type.

(f) For the 2016/2017 Delivery Year and subsequent Delivery Years, the following additional parameter limits shall apply for Capacity Performance Resources, other than Capacity Storage Resources, submitted in the Day-ahead Energy Market or rebidding period that occurs after the clearing of the Day-ahead Energy Market for the following Operating Day, and for the Real-time Energy Market for the same Operating Day, unless the Capacity Market Seller has requested for its Capacity Performance Resource, and the Office of the Interconnection has granted, an adjusted unit-specific start-up and/or notification time due to actual operating constraints pursuant to the process described in subsection (b) above:

- (i) The combined start-up and notification times shall not exceed 24 hours, except when a Hot Weather Alert or Cold Weather Alert has been issued;
- (ii) When a Hot Weather Alert or Cold Weather Alert has been issued, combined start-up and notification times shall not exceed 14 hours;
- (iii) When a Hot Weather Alert or Cold Weather Alert has been issued, notification time shall not exceed one hour; and,
- (iv) When a Hot Weather Alert or Cold Weather Alert has been issued, parameters shall be based on the actual operational limitations of the Capacity Performance Resource for both its market-based schedules and cost-based schedules.

Capacity Storage Resources that clear in a Reliability Pricing Model Auction shall, unless the Capacity Market Seller has requested for its Capacity Storage Resource, and the Office of the Interconnection has granted, an adjusted unit-specific start-up and notification time, and/or minimum down time, due to actual operating constraints pursuant to the process described in subsection (b) above:

- (i) Have combined start-up and notification times that shall not exceed one hour; and,
- (ii) Have a minimum down time that shall not exceed one hour.

(g) For the 2018/2019 and 2019/2020 Delivery Years, the following additional parameter limits for Base Capacity Resources submitted in the Day-ahead Energy Market or rebidding period that occurs after the clearing of the Day-ahead Energy Market for the following Operating Day, and for the Real-time Energy Market for the same Operating Day, unless the Capacity Market Seller has requested for its Base Capacity Resource, and the Office of the Interconnection has granted, an adjusted unit-specific start-up and/or notification time due to actual operating constraints pursuant to the process described in subsection (b) above:

- (i) Combined start-up and notification times shall not exceed 48 hours;
- (ii) When a Hot Weather Alert has been issued, notification time shall not exceed one hour; and,
- (iii) When a Hot Weather Alert has been issued, parameters shall be based on the actual operational limitations of the Base Capacity Resource for both its market-based schedules and cost-based schedules.

(h) If a generating unit is or will become unable to achieve the default or unit-specific values determined by the Office of the Interconnection due to actual operating constraints affecting the unit, the Capacity Market Seller of that unit may submit a written request for an exception to the application of those values. Exceptions to the parameter limited schedule default or unit-specific values shall be categorized as either a one-time temporary exception, lasting 30 days or less; a period exception, lasting at least 31 days and no more than one year; or a persistent exception, lasting for at least one year.

- (i) *Temporary Exceptions.* A temporary exception shall be deemed accepted without prior review by the Market Monitoring Unit or the Office of the Interconnection upon submission by the Market Seller of the generating unit of written notification to the Market Monitoring Unit and the Office of the Interconnection, at least one Business Day prior to the commencement of the exception, and shall automatically commence and terminate on the dates specified in such notification, which must be for a period of time lasting 30 days or less, unless the termination date is extended pending a request for a period exception or shortened due to a change in the physical conditions of the unit such that the temporary exception is no longer required. Such Market Seller shall provide to the Market Monitoring Unit and the Office of the Interconnection within three days following the commencement of the temporary exception its documentation explaining in detail the reasons for the temporary exception, and shall also respond to additional requests for information from the Market Monitoring Unit and the Office of the Interconnection within three Business Days after such request. Failure to provide a timely response to such request for additional

information shall cause the temporary exception to terminate the following day. The Market Seller shall notify the Office of the Interconnection and the Market Monitoring Unit in writing of an early termination of a temporary exception due to changed physical conditions by no later than one Business Day prior to the early termination date. A temporary exception may only be requested one-time for the same physical or actual constraint since an operational constraint that may occur more than once should be the subject of a period exception request rather than multiple temporary exception requests.

In addition, if a Market Seller is unaware of the need for a period exception prior to the February 28 deadline for submitting such requests, the Market Seller may utilize the temporary exception process and seek to modify that exception pursuant to the process described below.

Modification of Temporary Exceptions. If, prior to the scheduled termination date the Market Seller determines that the temporary exception must persist for more than 30 days and the Market Seller wants to extend the period for which the exception applies, or if a Market Seller is unaware of the need for a period or persistent exception prior to the February 28 deadline for submitting such requests and the Market Seller has submitted a temporary exception request, it must submit to the Market Monitoring Unit and the Office of the Interconnection a written request to modify the temporary exception to become a period exception or a persistent exception, and provide detailed documentation explaining the reasons for the requested modification of the temporary exception. Market Sellers shall supply for each generating unit the required historical unit operating data in support of the period or persistent exception request, and if the exception requested is based on new physical operating limits for the unit for which some or all historical operating data is unavailable, the Market Seller may also submit technical information about the physical operational limits of the unit to support the requested parameters. Such Market Seller shall respond to additional requests for information from the Market Monitoring Unit and the Office of the Interconnection within three Business Days after such request. Such request shall be reviewed by the Market Monitoring Unit and must be evaluated by the Office of the Interconnection using the same standard utilized to evaluate period exception and persistent exception requests. Per [Tariff, Attachment M-Appendix, sSection II.B](#) ~~of Attachment M-Appendix~~, the Market Monitoring Unit shall evaluate the modification request and provide its determination of whether the request raises market power concerns, and, if so, any modifications that would alleviate those concerns, to the Market Seller, with a copy to Office of the Interconnection, by no later than 15 Business Days from the date of the modification request. The Office of the Interconnection shall provide its determination whether the request complies with the Tariff and Manuals by no later than 20 Business Days from the date of the modification request. A temporary exception shall be extended and shall not terminate until the date on which the Office of the Interconnection issues its determination of the modification request.

(ii) *Period Exceptions and Persistent Exceptions.* Market Sellers must submit period exception and persistent exception requests to the Market Monitoring Unit and the Office of the Interconnection by no later than the February 28 immediately preceding the twelve month period from June 1 to May 31 during which the exception is requested to commence. Market Sellers shall supply for each generating unit the required historical unit operating data in support of the period exception or persistent exception request, and if the exception requested is based on new physical operational limits for the unit for which some or all historical operating data is unavailable, the generating unit may also submit technical information about the physical operational limits for exceptions of the unit to support the requested parameters. The Market Monitoring Unit shall evaluate such request in accordance with the process set forth in [Tariff, Attachment M-Appendix, sSection II.B. of Attachment M—Appendix](#). A Market Seller (i) must submit a parameter limited schedule value consistent with an agreement with the Market Monitoring Unit under such process or (ii) if it has not agreed with the Market Monitoring Unit on the parameter limited schedule value, may submit its own value to the Office of the Interconnection and to the Market Monitoring Unit, by no later than April 8. Each exception request must indicate the expected duration of the requested exception including the termination date thereof. The proposed parameter limited schedule value submitted by the Market Seller is subject to approval of the Office of the Interconnection pursuant to the requirements of the Tariff and the PJM Manuals. The Office of the Interconnection may engage the services of a consultant with technical expertise to evaluate the exception request. After it has completed its evaluation of the exception request, the Office of the Interconnection shall notify the Market Seller in writing, with a copy to the Market Monitoring Unit, whether the exception request is approved or denied, by no later than April 15. The effective date of the exception, if approved by the Office of the Interconnection, shall be no earlier than June 1 of the applicable Delivery Year. The Office of the Interconnection's determination for an exception shall continue for the period requested and, if requested, for such longer period as the Office of the Interconnection may determine is supported by the data.

The Market Seller shall provide written notification to the Market Monitoring Unit and the Office of the Interconnection of a material change to the facts relied upon by the Market Monitoring Unit and/or the Office of the Interconnection in their evaluations of the Market Seller's request for a period or persistent exception. The Market Monitoring Unit shall provide written notification to the Office of the Interconnection and the Market Seller of any change to its determination regarding the exception request, based on the material change in facts, by no later than 15 Business Days after receipt of such notice. The Office of the Interconnection shall notify the Market Seller in writing, with a copy to the Market Monitoring Unit, of any change to its determination regarding the exception request, based on the material change in facts, by no later than 20 Business Days after receipt of the Market Seller's notice. If the Office of the

Interconnection determines that the exception no longer complies with the Tariff or Manuals, the following parameter values shall apply to all megawatts of the generating unit offered into the PJM energy markets:

- (1) for generating units for which no megawatts of the unit are committed as Capacity Performance Resources the default values specified in the Parameter Limited Schedule Matrix shall apply for the 2016/2017 through 2017/2018 Delivery years,
- (2) for generating units for which any megawatts of the unit are committed as a Base Capacity Resource and no megawatts are committed as a Capacity Performance Resource, and for which no adjusted unit-specific values have been approved by PJM, the Base Capacity Resource unit-specific values determined by PJM shall apply for the 2018/2019 and 2019/2020 Delivery Years,
- (3) for generating units for which any megawatts of the unit are committed as a Capacity Performance Resource, but for which no adjusted unit-specific values have been approved by PJM, the Capacity Performance Resource unit-specific values determined by PJM shall apply for the 2016/2017 Delivery Year and subsequent Delivery Years,
- (4) for generating units for which any megawatts of the unit are committed as a Base Capacity Resource and no megawatts are committed as a Capacity Performance Resource, and for which adjusted unit-specific values have been approved by PJM, the Base Capacity Resource adjusted unit-specific values shall apply for the 2018/2019 and 2019/2020 Delivery Years, and
- (5) for generating units for which any megawatts of the unit are committed as a Capacity Performance Resource and for which adjusted unit-specific values have been approved by PJM, the Capacity Performance Resource adjusted unit-specific values shall apply for the 2016/2017 Delivery Year and subsequent Delivery Years.

(i) Notwithstanding the foregoing, the provisions of this ~~s~~Section 6.6 shall only pertain to the Offer Data a Market Seller must submit to the Office of the Interconnection for its offers into the Day-ahead Energy Market, rebidding period that occurs after the clearing of the Day-ahead Energy Market and Real-time Energy Market, and do not affect or change in any way a Generation Owner's obligation under NERC Reliability Standards to notify the Office of the Interconnection of its actual or expected actual physical operating conditions during the Operating Day.

(j) Notwithstanding anything contrary herein, the unit-specific parameters, adjusted unit-specific parameters or exception to parameter limited schedule values determined by the Office of the Interconnection for a generating unit shall be applicable to that generating unit regardless whether there is a change in the owner, operator or Market Seller of the unit because the parameter limited schedule values for the unit are determined based on the physical limitations of the unit, which should not change merely based on a change in owners, operator or Market Seller. Because parameter limited schedule values attach to the generating unit and are not owned by a Market Seller of the unit, when there are multiple owners or Market Sellers for a generating unit, all owners and Market Sellers shall be bound by the unit-specific parameters,

adjusted unit-specific parameters or exception to parameter limited schedule values determined by the Office of the Interconnection for the unit.

(k) The provisions of this section 6.6 only apply to Generation Capacity Resources, and not to Energy Resources.

8.4 Registration

1. Curtailment Service Providers must complete the applicable PJM Load Response Program Registration Form (“Registration Form”) that is posted on the PJM website (www.pjm.com) for each end-use customer, or aggregation of end-use customers, pursuant to the requirements set forth in the PJM Manuals. Because of the required electric distribution company ten Business Day review period, as described herein, Curtailment Service Providers ~~should~~ **shall** submit completed Registration Forms to the Office of the Interconnection no later than one day before the tenth Business Day preceding the relevant Delivery Year. All registrations that have not been approved on or before May 31st preceding the relevant Delivery Year shall be rejected by the Office of the Interconnection. To the extent that a completed Registration Form is submitted to the Office of the Interconnection prior to one day before the tenth Business Day preceding the relevant Delivery Year and such registration is rejected by the electric distribution company or the Office of the Interconnection because of incorrect data on the Registration Form, such registration may be resubmitted by the Curtailment Service Provider before May 31st preceding the relevant Delivery Year, but such registration will be rejected by the Office of the Interconnection unless the electric distribution company has verified the registration on or before May 31st preceding the relevant Delivery Year. Incomplete Registration Forms will be rejected by the Office of the Interconnection; Curtailment Service Providers may not resubmit registrations that were rejected for being incomplete unless they are able to do so no later than one day before the tenth Business Day preceding the relevant Delivery Year. The following general steps will be followed:

2. For end-use customers of an electric distribution company that distributed more than 4 million MWh in the previous fiscal year:

a. The Curtailment Service Provider completes the Registration Form located on the PJM website. PJM reviews the application and ensures that the qualifications are met, including verifying that the appropriate metering exists. After confirming that an entity has met all of the qualifications to be an Emergency Load Response or Pre-Emergency Load Response Program participant, PJM shall notify the appropriate electric distribution company of an Emergency Load Response and Pre-Emergency Load Response Program participant’s registration and request verification as to whether the load that may be reduced is subject to laws or regulations of the Relevant Electric Retail Regulatory Authority that prohibit or condition the end-use customer’s participation in PJM’s Emergency Load Response and Pre-Emergency Load Response Programs pursuant to the process described below. The electric distribution company has ten Business Days to respond. An electric distribution company which seeks to assert that the laws or regulations of the Relevant Electric Retail Regulatory Authority prohibit or condition (which condition the electric distribution company asserts has not been satisfied) an end-use customer’s participation in PJM’s Emergency Load Response and Pre-Emergency Load Response program shall provide to PJM, within the referenced ten Business Day review period, either: (a) an order, resolution or ordinance of the Relevant Electric Retail Regulatory Authority prohibiting or conditioning the end-use customer’s participation, (b) an opinion of the Relevant Electric Retail Regulatory Authority’s legal counsel attesting to the existence of a regulation or law prohibiting or conditioning the end-use customer’s participation, or (c) an opinion of the state Attorney General, on behalf of the Relevant Electric Retail Regulatory Authority, attesting

to the existence of a regulation or law prohibiting or conditioning the end-use customer's participation.

- i. If evidence provided by an electric distribution company to the Office of the Interconnection indicates that a Relevant Electric Retail Regulatory Authority law or regulation prohibits or conditions (which condition the electric distribution company asserts has not been satisfied) the end-use customer's participation and is received by the Office of the Interconnection on or after May 31st preceding the applicable Delivery Year, then the existing end-use customer's registration for Demand Resource (as defined in the Reliability Assurance Agreement) will remain in effect for the applicable Delivery Year. If evidence provided by an electric distribution company to the Office of the Interconnection indicates that a Relevant Electric Retail Regulatory Authority law or regulation prohibits or conditions (which condition the electric distribution company asserts has not been satisfied) the end-use customer's participation and is received by the Office of the Interconnection before May 31st preceding the applicable Delivery Year and the Curtailment Service Provider does not provide supporting documentation to the Office of the Interconnection on or before May 31st preceding the applicable Delivery Year demonstrating that the Curtailment Service Provider had an executed contract with the end-use customer for Demand Resource participation before the date the Demand Resource cleared the applicable Reliability Pricing Model Auction, and that the date that the Demand Resource cleared the applicable Reliability Pricing Model Auction was prior to the effective date of the Relevant Electric Retail Regulatory Authority law or regulation prohibiting or conditioning the end-use customer's participation, then, unless the below exception applies, the existing end-use customer's registration for Demand Resource participation shall be deemed to be terminated for the applicable Delivery Year, and the Curtailment Service Provider will be subject to the Reliability Pricing Model provisions, as specified in Attachment DD of the PJM Tariff.

b. In the absence of a response from the electric distribution company within the referenced ten Business Day review period, the Office of the Interconnection shall assume that the load to be reduced is not subject to laws or regulations of the Relevant Electric Retail Regulatory Authority that prohibit or condition the end-use customer's participation in PJM's Emergency Load Response and Pre-Emergency Load Response Programs, and the Office of the Interconnection shall accept the registration, provided it meets all other Emergency Load Response and Pre-Emergency Load Response Program requirements.

c. For those registrations terminated pursuant to this section, all Emergency Load Response and Pre-Emergency Load Response participant activity incurred prior to the termination date of the registration shall be settled by PJM in accordance with the terms and conditions contained in the PJM Tariff, PJM Operating Agreement and PJM Manuals.

3. For end-use customers of an electric distribution company that distributed 4 million MWh or less in the previous fiscal year:

a. The Curtailment Service Provider completes the Emergency Registration Form located on the PJM website. PJM reviews the application and ensures that the qualifications are met, including verifying that the appropriate metering exists. After confirming that an entity has met all of the qualifications to be an Emergency Load Response and Pre-Emergency Load Response participant, PJM shall notify the appropriate electric distribution company of an Emergency Load Response and Pre-Emergency Load Response participant's registration and request verification as to whether the load that may be reduced is permitted to participate by the Relevant Electric Retail Regulatory Authority pursuant to the process described below. The electric distribution company has ten Business Days to respond. If the electric distribution company verifies that the load that may be reduced is permitted or conditionally permitted (which condition the electric distribution company asserts has been satisfied) to participate in the Emergency Load Response Program and Pre-Emergency Load Response Program, then the electric distribution company must provide to the Office of the Interconnection within the referenced ten Business Day review period either: (a) an order, resolution or ordinance of the Relevant Electric Retail Regulatory Authority permitting or conditionally permitting the end-use customer's participation, (b) an opinion of the Relevant Electric Retail Regulatory Authority's legal counsel attesting to the existence of a regulation or law permitting or conditionally permitting the end-use customer's participation, or (c) an opinion of the state Attorney General, on behalf of the Relevant Electric Retail Regulatory Authority, attesting to the existence of a regulation or law permitting or conditionally permitting the end-use customer's participation.

i. If the electric distribution company denies the end-use customer's Demand Resource (as defined in the Reliability Assurance Agreement) registration on or before May 31st preceding the applicable Delivery Year and the Curtailment Service Provider does not provide the above referenced Relevant Electric Retail Regulatory Authority evidence to the Office of the Interconnection on or before May 31st preceding the applicable Delivery Year demonstrating that the Curtailment Service Provider had Relevant Electric Retail Regulatory Authority permission or conditional permission (which condition the electric distribution company asserts has been satisfied) for the end-use customer's participation and an executed contract with the end-use customer Demand Resource before the date the Demand Resource cleared the applicable Reliability Pricing Model Auction then, unless the below exception applies, the existing end-use customer's registration for Demand Resource participation shall be deemed to be terminated for the applicable Delivery Year and the Curtailment Service Provider will be subject to the Reliability Pricing Model provisions, as specified in Attachment DD of the PJM Tariff.

b. In the absence of a response from the electric distribution company within the referenced ten Business Day review period, the Office of the Interconnection shall reject the registration. If it is able to do so in compliance with all of the Emergency Load Response and Pre-Emergency Load Response Program requirements, including the registration section, the Emergency Load Response and Pre-Emergency Load Response participant may submit a new

registration to the Office of the Interconnection for consideration if a prior registration has been rejected pursuant to the terms of the Emergency Load Response and Pre-Emergency Load Response Program provisions.

c. For those registrations terminated pursuant to this section, all Emergency Load Response and Pre-Emergency Load Response participant activity incurred prior to the termination date of the registration shall be settled by PJMSettlement in accordance with the terms and conditions contained in the PJM Tariff, PJM Operating Agreement and PJM Manuals.

4. PJM will inform the requesting Curtailment Service Provider of acceptance into the Emergency Load Response Program and Pre-Emergency Load Response Program and notify the appropriate electric distribution company of the requesting Curtailment Service Provider's acceptance into the program, or notifies the requesting Curtailment Service Provider and appropriate electric distribution company of PJM's rejection of the requesting participant's registration.

5. Any end-use customer intending to run distributed generating units in support of local load for the purpose of participating in this program must represent in writing to PJM that it holds all applicable environmental and use permits for running those generators. Continuing participation in this program will be deemed as a continuing representation by the owner that each time its distributed generating unit is run in accordance with this program, it is being run in compliance with all applicable permits, including any emissions, run-time limit or other constraint on plant operations that may be imposed by such permits.

**FORM OF
INTERCONNECTION SERVICE AGREEMENT**

**By and Among
PJM Interconnection, L.L.C.**

**And
[Name of Interconnection Customer]**

**And
[Name of Interconnected Transmission Owner]
(PJM Queue Position #__)**

- 1.0 Parties. This Interconnection Service Agreement (“ISA”) including the Specifications, Schedules and Appendices attached hereto and incorporated herein, is entered into by and between PJM Interconnection, L.L.C., the Regional Transmission Organization for the PJM Region (hereinafter “Transmission Provider” or “PJM”), _____ (“Interconnection Customer” [OPTIONAL: or “[short name]”]) and _____ (“Interconnected Transmission Owner” [OPTIONAL: or “[short name]”]). All capitalized terms herein shall have the meanings set forth in the appended definitions of such terms as stated in Part I of the PJM Open Access Transmission Tariff (“Tariff”). [Use as/when applicable: This ISA supersedes the _____ {insert details to identify the agreement being superseded, such as whether it is an Interim Interconnection Service Agreement, Interconnection Service Agreement, or Interconnection Agreement, the effective date of the agreement, the service agreement number designation, and the FERC docket number, if applicable, for the agreement being superseded.}]]
- 2.0 Authority. This ISA is entered into pursuant to Part VI of the Tariff. Interconnection Customer has requested an Interconnection Service Agreement under the Tariff, and Transmission Provider has determined that Interconnection Customer is eligible under the Tariff to obtain this ISA. The standard terms and conditions for interconnection as set forth in Appendix 2 to this ISA are hereby specifically incorporated as provisions of this ISA. Transmission Provider, Interconnected Transmission Owner and Interconnection Customer agree to and assume all of the rights and obligations of the Transmission Provider, Interconnected Transmission Owner and Interconnection Customer, respectively, as set forth in Appendix 2 to this ISA.
- 3.0 Customer Facility Specifications. Attached are Specifications for the Customer Facility that Interconnection Customer proposes to interconnect with the Transmission System. Interconnection Customer represents and warrants that, upon completion of construction of such facilities, it will own or control the Customer Facility identified in section 1.0 of the Specifications attached hereto and made a part hereof. In the event that Interconnection Customer will not own the Customer Facility, Interconnection Customer represents and warrants that it is authorized by the owner(s) thereof to enter into this ISA and to represent such control.
- 4.0 Effective Date. Subject to any necessary regulatory acceptance, this ISA shall become effective on the date it is executed by all Interconnection Parties, or, if the agreement is

filed with FERC unexecuted, upon the date specified by FERC. This ISA shall terminate on such date as mutually agreed upon by the parties, unless earlier terminated in accordance with the terms set forth in Appendix 2 to this ISA. The term of the ISA shall be as provided in Section 1.3 of Appendix 2 to this ISA. Interconnection Service shall commence as provided in Section 1.2 of Appendix 2 to this ISA.

- 5.0 Security. In accord with Section 212.4 of the Tariff, Interconnection Customer shall provide the Transmission Provider (for the benefit of the Interconnected Transmission Owner) with a letter of credit from an agreed provider or other form of security reasonably acceptable to the Transmission Provider and that names the Transmission Provider as beneficiary (“Security”) in the amount of \$_____. This amount represents the sum of the estimated Costs, determined in accordance with Sections 212 and 217 of the Tariff, for which the Interconnection Customer will be responsible, less any Costs already paid by Interconnection Customer. Interconnection Customer acknowledges that its ultimate cost responsibility in accordance with Section 217 of the Tariff will be based upon the actual Costs of the facilities described in the Specifications, whether greater or lesser than the amount of the payment security provided under this section.

[Include the following if Interconnection Customer requests deferral of the security as provided for in Section 212.4(c) of the Tariff:

For any portion of the security that may be deferred in accordance with Section 212.4(c) of the Tariff, and as requested by Interconnection Customer, Interconnection Customer shall provide the security specified in this Section 5.0 within 120 days after the Interconnection Customer executes this ISA, provided that Interconnection Customer shall pay a deposit of at least \$200,000 or 125% of the estimated costs that will be incurred during the 120-day period, whichever is greater, to fund continued design work and/or procurement activities, with \$100,000 of such deposit being non-refundable.]

Should Interconnection Customer fail to provide security at the time the Interconnection Customer executes this ISA, or, if deferred, by the end of the 120-day period, this ISA shall be terminated.

- 6.0 Project Specific Milestones. In addition to the milestones stated in Section 212.5 of the Tariff, as applicable, during the term of this ISA, Interconnection Customer shall ensure that it meets each of the following development milestones:

[Specify Project Specific Milestones]

[As appropriate include the following standard Milestones, with any revisions necessary for the project at hand:

- 6.1 Substantial Site work completed. On or before _____ Interconnection Customer must demonstrate completion of at least 20% of project site construction. At this time, Interconnection Customer must submit to Interconnected Transmission Owner and Transmission Provider initial drawings, certified by a professional engineer, of the Customer Interconnection Facilities.
- 6.2 Delivery of major electrical equipment. On or before _____, Interconnection Customer must demonstrate that __ generating units have been delivered to Interconnection Customer's project site.
- 6.3 Commercial Operation. (i) On or before _____, Interconnection Customer must demonstrate commercial operation of __ generating units; (ii) On or before _____, Interconnection Customer must demonstrate commercial operation of __ additional generating units. Demonstrating commercial operation includes achieving Initial Operation in accordance with Section 1.4 of Appendix 2 to this ISA and making commercial sales or use of energy, as well as, if applicable, obtaining capacity qualification in accordance with the requirements of the Reliability Assurance Agreement Among Load Serving Entities in the PJM Region.

[if a specific situation requires a CSA by a certain date then use the following: Interconnection Construction Service Agreement. On or before _____, Interconnection Customer must have either (a) executed an Interconnection Construction Service Agreement for Interconnection Facilities for which Interconnection Customer has cost responsibility; (b) requested dispute resolution under Section 12 of the PJM Tariff, or if concerning the Regional Transmission Expansion Plan, consistent with Schedule 5 of the Operating Agreement; or (c) requested that the Transmission Provider file the Interconnection Construction Service Agreement unexecuted with the Commission.]

- 6.4 Within one (1) month following commercial operation of generating unit(s), Interconnection Customer must provide certified documentation demonstrating that "as-built" Customer Facility and Customer Interconnection Facilities are in accordance with applicable PJM studies and agreements. Interconnection Customer must also provide PJM with "as-built" electrical modeling data or confirm that previously submitted data remains valid.

[Add Additional Project Specific Milestones as appropriate]

Interconnection Customer shall demonstrate the occurrence of each of the foregoing milestones to Transmission Provider's reasonable satisfaction. Transmission Provider may reasonably extend any such milestone dates, in the event of delays that Interconnection Customer (i) did not cause and (ii) could not have remedied through the exercise of due diligence. The milestone dates stated in this ISA shall be deemed to be extended coextensively with any suspension of work initiated by Interconnection Customer in accordance with the Interconnection Construction Service Agreement.

- 7.0 Provision of Interconnection Service. Transmission Provider and Interconnected Transmission Owner agree to provide for the interconnection to the Transmission System in the PJM Region of Interconnection Customer's Customer Facility identified in the Specifications in accordance with Part IV and Part VI of the Tariff, the Operating Agreement of PJM Interconnection, L.L.C. ("Operating Agreement"), and this ISA, as they may be amended from time to time.
- 8.0 Assumption of Tariff Obligations. Interconnection Customer agrees to abide by all rules and procedures pertaining to generation and transmission in the PJM Region, including but not limited to the rules and procedures concerning the dispatch of generation or scheduling transmission set forth in the Tariff, the Operating Agreement and the PJM Manuals.
- 9.0 Facilities Study. In analyzing and preparing the [Facilities Study] [System Impact Study {if a Facilities Study was not required}], and in designing and constructing the Attachment Facilities, Local Upgrades and/or Network Upgrades described in the Specifications attached to this ISA, Transmission Provider, the Interconnected Transmission Owner(s), and any other subcontractors employed by Transmission Provider have had to, and shall have to, rely on information provided by Interconnection Customer and possibly by third parties and may not have control over the accuracy of such information. Accordingly, NEITHER TRANSMISSION PROVIDER, THE INTERCONNECTED TRANSMISSION OWNER(S), NOR ANY OTHER SUBCONTRACTORS EMPLOYED BY TRANSMISSION PROVIDER OR INTERCONNECTED TRANSMISSION OWNER MAKES ANY WARRANTIES, EXPRESS OR IMPLIED, WHETHER ARISING BY OPERATION OF LAW, COURSE OF PERFORMANCE OR DEALING, CUSTOM, USAGE IN THE TRADE OR PROFESSION, OR OTHERWISE, INCLUDING WITHOUT LIMITATION IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, WITH REGARD TO THE ACCURACY, CONTENT, OR CONCLUSIONS OF THE FACILITIES STUDY OR THE SYSTEM IMPACT STUDY IF A FACILITIES STUDY WAS NOT REQUIRED OR OF THE ATTACHMENT FACILITIES, THE LOCAL UPGRADES AND/OR THE NETWORK UPGRADES, PROVIDED, HOWEVER, that Transmission Provider warrants that the Transmission Owner Interconnection Facilities and any Merchant Transmission Upgrades described in the Specifications will be designed and constructed (to the extent that Interconnected Transmission Owner is responsible for design and construction thereof) and operated in accordance with Good Utility Practice, as such term is defined in the Operating Agreement. Interconnection Customer acknowledges that it has not relied on any representations or warranties not specifically set forth herein and that no such representations or warranties have formed the basis of its bargain hereunder.
- 10.0 Construction of Transmission Owner Interconnection Facilities
- 10.1. Cost Responsibility. Interconnection Customer shall be responsible for and shall pay upon demand all Costs associated with the interconnection of the Customer Facility as specified in the Tariff. These Costs may include, but are not limited to,

an Attachment Facilities charge, a Local Upgrades charge, a Network Upgrades charge and other charges. A description of the facilities required and an estimate of the Costs of these facilities are included in Sections 3.0 and 4.0 of the Specifications to this ISA.

10.2. Billing and Payments. Transmission Provider shall bill the Interconnection Customer for the Costs associated with the facilities contemplated by this ISA, estimates of which are set forth in the Specifications to this ISA, and the Interconnection Customer shall pay such Costs, in accordance with Section 11 of Appendix 2 to this ISA and the applicable Interconnection Construction Service Agreement. Upon receipt of each of Interconnection Customer's payments of such bills, Transmission Provider shall reimburse the applicable Interconnected Transmission Owner. Pursuant to Section 212.4 of the Tariff, Interconnection Customer requests that Transmission Provider provide a quarterly cost reconciliation:

_____ Yes

_____ No

10.3. Contract Option. In the event that the Interconnection Customer and Interconnected Transmission Owner agree to utilize the Negotiated Contract Option provided by the Interconnection Construction Service Agreement to establish, subject to FERC acceptance, non-standard terms regarding cost responsibility, payment, billing and/or financing, the terms of Sections 10.1 and/or 10.2 of this Section 10.0 shall be superseded to the extent required to conform to such negotiated terms, as stated in a schedule attached to the parties' Interconnection Construction Service Agreement relating to interconnection of the Customer Facility.

10.4 In the event that the Interconnection Customer elects to construct some or all of the Transmission Owner Interconnection Facilities under the Option to Build of the Interconnection Construction Service Agreement, billing and payment for the Costs associated with the facilities contemplated by this ISA shall relate only to such portion of the Interconnection Facilities as the Interconnected Transmission Owner is responsible for building.

11.0 Interconnection Specifications

11.1 Point of Interconnection. The Point of Interconnection shall be as identified on the one-line diagram attached as Schedule B to this ISA.

11.2 List and Ownership of Interconnection Facilities. The Interconnection Facilities to be constructed and ownership of the components thereof are identified in Section 3.0 of the Specifications attached to this ISA.

11.3 Ownership and Location of Metering Equipment. The Metering Equipment to be constructed, the capability of the Metering Equipment to be constructed, and the ownership thereof, are identified on the attached Schedule C to this ISA.

11.4 Applicable Technical Standards. The Applicable Technical Requirements and Standards that apply to the Customer Facility and the Interconnection Facilities are identified in Schedule D to this ISA.

12.0 Power Factor Requirement.

Consistent with Section 4.7 of Appendix 2 to this ISA, the power factor requirement is as follows:

[For Generation Interconnection Customers]

{The following language should be included for new large and small synchronous generation facilities that will have the Tariff specified power factor. This section does not apply if the Interconnection Request is for an incremental increase in generating capability.}

The Interconnection Customer shall design its Customer Facility with the ability to maintain a power factor of at least 0.95 leading to 0.90 lagging measured at the [generator's terminals] [Point of Interconnection].

{For all wind or non-synchronous generation facilities which have entered the New Services Queue prior to May 1, 2015, include the appropriate alternative from the language below. This section does not apply if the Interconnection Request is for an incremental increase in generating capability.}

The result of the System Impact Study indicated that, for the safety and reliability of the Transmission System, no power factor requirement is required for the [wind-powered] [non-synchronous] Customer Facility.

{or}

The results of the System Impact Study require that, for the safety or reliability of the Transmission System, the Generation Interconnection Customer shall design its [wind-powered] [non-synchronous] Customer Facility with the ability to maintain a power factor of at least 0.95 leading to 0.95 lagging measured at the Point of Interconnection.

{include the following language if the Interconnection Request is for an incremental increase in capacity or energy output to a synchronized generation facility}

The existing __ MW portion of the Customer Facility shall retain its existing ability to maintain a power factor of at least 0.95 leading to 0.90 lagging measured at the [generator's terminals] [Point of Interconnection].

The increase of ___ MW to the Customer Facility associated with this ISA shall be designed with the ability to maintain a power factor of at least 1.0 (unity) to 0.90 lagging measured at the [generator's terminals] [Point of Interconnection].

{For new wind or non-synchronous generation facilities which have entered the New Service Queue on or after May 1, 2015, and before November 1, 2016, the following applies:}

The Generation Interconnection Customer shall design its [wind-powered] [non-synchronous] Customer Facility with the ability to maintain a power factor of at least 0.95 leading to 0.95 lagging measured at the generator's terminals.

{For new wind or non-synchronous generation facilities which have entered the New Service Queue after November 1, 2016, the following applies:}

The Generation Interconnection Customer shall design its [wind-powered] [non-synchronous] Customer Facility with the ability to maintain a power factor of at least 0.95 leading to 0.95 lagging measured at the high-side of the facility substation transformers.

{For all wind or non-synchronous generation facilities that have entered the New Services Queue prior to May 1, 2015, include the appropriate alternative from the language below for Interconnection Requests for an incremental increase in capacity or energy output to all wind or non-synchronized generation facility.}

The results of the System Impact Study indicate that, for the safety or reliability of the Transmission System, no power factor requirement is necessary for the [existing ___ MW or the increase of ___ MW associated with this ISA] [increase of ___ MW associated with this ISA, but that the existing ___ MW of the Customer Facility must retain its ability to retain a power factor of at least 0.95 leading to 0.95 lagging measured at the Point of Interconnection] [existing ___ MW of the Customer Facility but that the increase of ___ MW associated with this ISA must be designed with the ability to maintain a power factor requirement of 1.0 (unity) to 0.90 lagging measured at the Point of Interconnection].

{or}

The results of the System Impact Study indicate that, for the safety or reliability of the Transmission System, (i) the existing ___ MW portion of the Customer Facility shall retain its existing ability to maintain a power factor of at least 0.95 leading to 0.95 lagging measured at the Point of Interconnection and (ii) the increase of ___ MW to the Customer Facility associated with this ISA shall be designed with the ability to maintain a power factor of at least 1.0 (unity) to 0.95 lagging measured at the Point of Interconnection.

{For all wind or non-synchronous generation facilities requesting an incremental increase in capacity or energy output which have entered the New Services Queue on or after May 1, 2015, and before November 1, 2016, include the following requirements: }

{NOTE: This section does not apply to requests for an incremental increase in capacity or energy output for wind or non-synchronous generation facilities which were commercially operable or had entered the New Services Queue prior to May 1, 2015. }

The existing [wind-powered] [non-synchronous] __ MW portion of the Customer Facility shall retain the ability to maintain a power factor of at least 0.95 leading to 0.95 lagging measured at the generator's terminals.

The increase of __ MW to the [wind-powered] [non-synchronous] Customer Facility associated with this ISA shall be designed with the ability to maintain a power factor of at least 0.95 leading to 0.95 lagging measured at the generator's terminals.

{For all wind or non-synchronous generation facilities requesting an incremental increase in capacity or energy output which have entered the New Services Queue after November 1, 2016, and were not commercially operable prior to November 1, 2016 include the following requirements: }

The existing [wind-powered] [non-synchronous] __ MW portion of the Customer Facility shall retain the ability to maintain a power factor of at least 0.95 leading to 0.95 lagging measured at the high-side of the facility substation transformers.

The increase of __ MW to the [wind-powered] [non-synchronous] Customer Facility associated with this ISA shall be designed with the ability to maintain a power factor of at least 0.95 leading to 0.95 lagging measured at the high-side of the facility substation transformers.

{For all wind or non-synchronous generation facilities requesting an incremental increase in capacity or energy output which have entered the New Services Queue on or after November 1, 2016, and were commercially operable prior to November 1, 2016, include the following requirements: }

The result of the System Impact Study indicated that, for the safety and reliability of the Transmission System, no power factor requirement is required for the [wind-powered] [non-synchronous] Customer Facility.

{or }

The results of the System Impact Study require that, for the safety or reliability of the Transmission System, the Generation Interconnection Customer shall design its [wind-powered] [non-synchronous] Customer Facility with the ability to maintain a power

factor of at least 0.95 leading to 0.95 lagging measured at the high-side of the facility substation transformers.

[For Transmission Interconnection Customers]

{The following language should be included only for new Merchant Transmission Facilities }

Transmission Interconnection Customer shall design its Merchant D.C. Transmission Facilities and/ or Controllable A.C. Merchant Transmission Facilities, to maintain a power factor at the Point of Interconnection of at least 0.95 leading and 0.95 lagging, when such Customer Facility is operating at any level within its approved operating range.

[Include section 12A.0 only when applicable, i.e., only for a facility for which Transmission Provider and Interconnected Transmission Owner deem an RTU (or equivalent) to be unnecessary]

12A.0 RTU. In accordance with Section 8.5.2 of Appendix 2 to this ISA, that provision's requirement for installation of a remote terminal unit or equivalent data collection and transfer equipment is hereby waived for purposes of this ISA.

13.0 Charges. In accordance with Sections 10 and 11 of Appendix 2 to this ISA, the Interconnection Customer shall pay to the Transmission Provider the charges applicable after Initial Operation, as set forth in Schedule E to this ISA. Promptly after receipt of such payments, the Transmission Provider shall forward such payments to the appropriate Interconnected Transmission Owner.

14.0 Third Party Beneficiaries. No third party beneficiary rights are created under this ISA, except, however, that, subject to modification of the payment terms stated in Section 10 of this ISA pursuant to the Negotiated Contract Option, payment obligations imposed on Interconnection Customer under this ISA are agreed and acknowledged to be for the benefit of the Interconnected Transmission Owner(s). Interconnection Customer expressly agrees that the Interconnected Transmission Owner(s) shall be entitled to take such legal recourse as it deems appropriate against Interconnection Customer for the payment of any Costs or charges authorized under this ISA or the Tariff with respect to Interconnection Service for which Interconnection Customer fails, in whole or in part, to pay as provided in this ISA, the Tariff and/or the Operating Agreement.

15.0 Waiver. No waiver by either party of one or more defaults by the other in performance of any of the provisions of this ISA shall operate or be construed as a waiver of any other or further default or defaults, whether of a like or different character.

16.0 Amendment. This ISA or any part thereof, may not be amended, modified, or waived other than by a written document signed by all parties hereto.

- 17.0 Construction With Other Parts Of The Tariff. This ISA shall not be construed as an application for service under Part II or Part III of the Tariff.
- 18.0 Notices. Any notice or request made by either party regarding this ISA shall be made, in accordance with the terms of Appendix 2 to this ISA, to the representatives of the other party and as applicable, to the Interconnected Transmission Owner(s), as indicated below:

Transmission Provider:

PJM Interconnection, L.L.C.
2750 Monroe Blvd.
Audubon, PA 19403

Interconnection Customer:

Interconnected Transmission Owner:

- 19.0 Incorporation Of Other Documents. All portions of the Tariff and the Operating Agreement pertinent to the subject matter of this ISA and not otherwise made a part hereof are hereby incorporated herein and made a part hereof.
- 20.0 Addendum of Non-Standard Terms and Conditions for Interconnection Service. Subject to FERC approval, the parties agree that the terms and conditions set forth in Schedule F hereto are hereby incorporated herein by reference and be made a part of this ISA. In the event of any conflict between a provision of Schedule F that FERC has accepted and any provision of Appendix 2 to this ISA that relates to the same subject matter, the pertinent provision of Schedule F shall control.
- 21.0 Addendum of Interconnection Customer's Agreement to Conform with IRS Safe Harbor Provisions for Non-Taxable Status. To the extent required, in accordance with Section 24.1 of Appendix 2 to this ISA, Schedule G to this ISA shall set forth the Interconnection Customer's agreement to conform with the IRS safe harbor provisions for non-taxable status.
- 22.0 Addendum of Interconnection Requirements for all Wind or Non-synchronous Generation Facilities. To the extent required, Schedule H to this ISA sets forth interconnection requirements for a wind or non-synchronous generation facilities and is hereby incorporated by reference and made a part of this ISA.

23.0 All interconnection parties agree to comply with all infrastructure security requirements of the North American Electric Reliability Corporation.

IN WITNESS WHEREOF, Transmission Provider, Interconnection Customer and Interconnected Transmission Owner have caused this ISA to be executed by their respective authorized officials.

(PJM Queue Position #____)

Transmission Provider: **PJM Interconnection, L.L.C.**

By: _____
Name Title Date

Printed name of signer: _____

Interconnection Customer: **[Name of Party]**

By: _____
Name Title Date

Printed name of signer: _____

Interconnected Transmission Owner: **[Name of Party]**

By: _____
Name Title Date

Printed name of signer: _____

**SPECIFICATIONS FOR
INTERCONNECTION SERVICE AGREEMENT**

**By and Among
PJM INTERCONNECTION, L.L.C.**

And

[Name of Interconnection Customer]

And

[Name of Interconnected Transmission Owner]

(PJM Queue Position # ____)

1.0 Description of [generating unit(s)] [Merchant Transmission Facilities] (the Customer Facility) to be interconnected with the Transmission System in the PJM Region:

a. Name of Customer Facility:

b. Location of Customer Facility:

c. Size in megawatts of Customer Facility:

{The following language should be included only for generating units

For Generation Interconnection Customer:

Maximum Facility Output of _____MW }

{The following language applies when a Generation Interconnection Request involves an increase of the capacity of an existing generating facility:

The stated size of the generating unit includes an increase in the Maximum Facility Output of the generating unit of __ MW over Interconnection Customer's previous interconnection. This increase is a result of the Interconnection Request associated with this Interconnection Service Agreement. }

{The following language should be included only for Merchant Transmission Facilities

For Transmission Interconnection Customer:

Nominal Rated Capability: _____MW}

d. Description of the equipment configuration:

2.0 Rights
[for Generation Interconnection Customers]

2.1 Capacity Interconnection Rights: { **Instructions:** this section will not apply if the Customer Facility is exclusively an Energy Resource and thus is granted no CIRs; see alternate section 2.1 below }

Pursuant to and subject to the applicable terms of the Tariff, the Interconnection Customer shall have Capacity Interconnection Rights at the Point(s) of Interconnection specified in this Interconnection Service Agreement in the amount of ___ MW. {Instructions: this number is the total of the Capacity Interconnection Rights that are granted as a result of the Interconnection Request, plus any prior Capacity Interconnection Rights }

{ **OR: Instructions:** include the following language when the projected Initial Operation is in advance of the study year used for the System Impact Study and Capacity Interconnection Rights are only interim until the study year: }

Pursuant to and subject to the applicable terms of the Tariff, the Interconnection Customer shall have Capacity Interconnection Rights at the Point(s) of Interconnection specified in this Interconnection Service Agreement in the amount of ___MW commencing _____. During the time period from the effective date of this ISA until _____ (the “interim time period”), the Interconnection Customer may be awarded interim Capacity Interconnection Rights in the amount not to exceed _____MW. The availability and amount of such interim Capacity Interconnection Rights shall be dependent upon completion and the results of an interim deliverability study. Any interim Capacity Interconnection Rights awarded during the interim time period shall terminate on _____.

{ **OR: Instructions:** include the following language to the extent applicable for interconnection of additional generation at an existing generating facility: }

The amount of Capacity Interconnection Rights specified above (____ MW) includes ____ MW of Capacity Interconnection Rights that the Interconnection Customer had at the same Point(s) of Interconnection prior to its Interconnection Request associated with this Interconnection Service Agreement, and ____MW of Capacity Interconnection Rights granted as a result of such Interconnection Request.

{**OR: Instructions:** include the following language when the CIRs are only interim and have a termination date or event:}

Interconnection Customer shall have ____ MW of Capacity Interconnection Rights for the time period from ____ to _____. These Capacity Interconnection Rights are interim and will terminate upon {**Instructions:** explain circumstances -- e.g. interim agreement; completion of another facility, etc.}

2.1a To the extent that any portion of the Customer Facility described in section 1.0 is not a Capacity Resource with Capacity Interconnection Rights, such portion of the Customer Facility shall be an Energy Resource. PJM reserves the right to limit total injections to the Maximum Facility Output in the event reliability would be affected by output greater than such quantity.

{**Instructions:** this version of section 2.1 will be used in lieu of section 2.1 above when a generating facility will be an Energy Resource and therefore will not be granted any CIRs:}

[2.1 The generating unit(s) described in section 1.0 shall be an Energy Resource. Pursuant to this Interconnection Service Agreement, the generating unit will be permitted to inject ____ MW (nominal) into the system. PJM reserves the right to limit injections to this quantity in the event reliability would be affected by output greater than such quantity.]

[for Transmission Interconnection Customers]

2.1 Transmission Injection Rights: [applicable only to Merchant D.C. Transmission Facilities and/or Controllable A.C. Merchant Transmission Facilities that interconnect with a control area outside PJM]

Pursuant to Section 232 of the Tariff, Interconnection Customer shall have Transmission Injection Rights at each indicated Point of Interconnection in the following quantity(ies):

2.2 Transmission Withdrawal Rights: [applicable only to Merchant D.C. Transmission Facilities and/or Controllable A.C. Merchant Transmission Facilities that interconnect with a control area outside PJM]

Pursuant to Section 232 of the Tariff, Interconnection Customer shall have Transmission Withdrawal Rights at each indicated Point of Interconnection in the following quantity(ies):

[Include Section 2.2A only if customer is interconnecting Controllable A.C. Merchant Transmission Facilities]

2.2A Interconnection Customer is interconnecting Controllable A.C. Merchant Transmission Facilities as defined in the appended Section 1.6B of the Tariff, and has elected, pursuant to the appended Section 41.1 of the Tariff, to receive Transmission Injection Rights and Transmission Withdrawal Rights in lieu of the other applicable rights for which it may be eligible under Subpart C of Part VI of the Tariff. Accordingly, Interconnection Customer hereby agrees that the Transmission Injection Rights and Transmission Withdrawal Rights awarded to it pursuant to the Tariff and this ISA are, and throughout the duration of this ISA shall be, conditioned on Interconnection Customer's continuous operation of its Controllable A.C. Merchant Transmission Facilities in a controllable manner, i.e., in a manner effectively the same as operation of D.C. transmission facilities.

2.3 Incremental Deliverability Rights:

Pursuant to Section 235 of the Tariff, Interconnection Customer shall have Incremental Deliverability Rights at each indicated Point of Interconnection in the following quantity(ies):

2.4 Incremental Available Transfer Capability Revenue Rights:

Pursuant to Section 233 of the Tariff, Interconnection Customer shall have Incremental Available Transfer Capability Revenue Rights at each indicated Point of Interconnection in the following quantities:

2.5 Incremental Auction Revenue Rights:

Pursuant to Section 231 of the Tariff, Interconnection Customer shall have Incremental Auction Revenue Rights in the following quantities:

2.6 Incremental Capacity Transfer Rights:

Pursuant to Section 234 of the Tariff, Interconnection Customer shall have Incremental Capacity Transfer Rights between the following associated source(s) and sink(s) in the indicated quantities:

3.0 Construction Responsibility and Ownership of Interconnection Facilities

a. Interconnection Customer.

(1) Interconnection Customer shall construct and, unless otherwise indicated, shall own, the following Interconnection Facilities:

[Specify Facilities To Be Constructed]

(2) In the event that, in accordance with the Interconnection Construction Service Agreement, Interconnection Customer has exercised the Option to Build, it is hereby permitted to build in accordance with and subject to the conditions and limitations set forth in that Section, the following portions of the Transmission Owner Interconnection Facilities which constitute or are part of the Customer Facility:

[Specify Facilities To Be Constructed]

Ownership of the facilities built by Interconnection Customer pursuant to the Option to Build shall be as provided in the Interconnection Construction Service Agreement.

- b. Interconnected Transmission Owner {or Name of Interconnected Transmission Owner if more than one Interconnected Transmission Owner}

[Specify Facilities To Be Constructed and Owned]

- c. [if applicable, include the following][Name of any additional Transmission Owner constructing facilities with which Interconnection Customer and Transmission Provider will also execute an Interconnection Construction Service Agreement]

[Specify Facilities To Be Constructed and Owned]

4.0 Subject to modification pursuant to the Negotiated Contract Option and/or the Option to Build under the Interconnection Construction Service Agreement, Interconnection Customer shall be subject to the estimated charges detailed below, which shall be billed and paid in accordance with Appendix 2, Section 11 of this ISA and the applicable Interconnection Construction Service Agreement.

4.1 Attachment Facilities Charge: \$_____

[Optional: Provide Charge and Identify Interconnected Transmission Owner]

4.2 Network Upgrades Charge: \$_____

[Optional: Provide Breakdown of Charge Based on Interconnected Transmission Owner responsibilities]

4.3 Local Upgrades Charge: \$_____

[Optional: Provide Breakdown of Charge Based on Interconnected Transmission Owner responsibilities]

4.4 Other Charges: \$_____

[Optional: Provide Breakdown of Charge Based on Interconnected Transmission Owner responsibilities]

4.5 Cost breakdown:

\$ Direct Labor
\$ Direct Material
\$ Indirect Labor
\$ Indirect Material

[Additional items for breakdown as necessary]

\$ Total

4.6 Security Amount Breakdown:

\$ Estimated Cost of Non-Direct Connection Local Upgrades and/or Non-Direct Connection Network Upgrades

plus \$ Estimated cost of the work (for the first three months after construction commences in earnest) on the required Attachment Facilities, Direct Connection Local Upgrades, and Direct Connection Network Upgrades

plus \$ Option to Build Security for Attachment Facilities, Direct Connection Local Upgrades, and Direct Connection Network Upgrades (including Cancellation Costs)

{Use if Interconnected Transmission Owner work will be completed in the first quarter:

\$ Costs included for three-month work completion estimate Security x 0.25}

| \$ Total Security required with ISA (Instructions: this value should be in Section 5.0 of this ISA)

less \$ Costs already paid by Interconnection Customer

| \$ Total Security {Instructions: **if the resultant is negative, use:** reduction with this ISA; **if the resultant is zero or positive use:** required with this ISA }

APPENDICES:

- **APPENDIX 1 - DEFINITIONS**
- **APPENDIX 2 - STANDARD TERMS AND CONDITIONS FOR INTERCONNECTIONS**

SCHEDULES:

- **SCHEDULE A - CUSTOMER FACILITY LOCATION/SITE PLAN**
- **SCHEDULE B - SINGLE-LINE DIAGRAM**
- **SCHEDULE C - LIST OF METERING EQUIPMENT**
- **SCHEDULE D - APPLICABLE TECHNICAL REQUIREMENTS AND STANDARDS**
- **SCHEDULE E - SCHEDULE OF CHARGES**
- **SCHEDULE F - SCHEDULE OF NON-STANDARD TERMS & CONDITIONS**
- **SCHEDULE G - INTERCONNECTION CUSTOMER'S AGREEMENT TO CONFORM WITH IRS SAFE HARBOR PROVISIONS FOR NON-TAXABLE STATUS**
- **SCHEDULE H - INTERCONNECTION REQUIREMENTS FOR A WIND GENERATION FACILITY**
- **SCHEDULE I – INTERCONNECTION SPECIFICATIONS FOR AN ENERGY STORAGE RESOURCE**

24.1 Safe Harbor Provisions:

This Section 24.1 is applicable only to Generation Interconnection Customers. Provided that Interconnection Customer agrees to conform to all requirements of the Internal Revenue Service (“IRS”) (e.g., the “safe harbor” provisions of IRS Notices ~~2001-82 and 88-129~~2016-36, 2016-25 I.R.B. (6/20/2016)) that would confer nontaxable status on some or all of the transfer of property, including money, by Interconnection Customer to the Interconnected Transmission Owner for payment of the Costs of construction of the Transmission Owner Interconnection Facilities, the Interconnected Transmission Owner, based on such agreement and on current law, shall treat such transfer of property to it as nontaxable income and, except as provided in Section 24.4.2 below, shall not include income taxes in the Costs of Transmission Owner Interconnection Facilities that are payable by Interconnection Customer under the Interconnection Service Agreement or the Interconnection Construction Service Agreement. Interconnection Customer shall document its agreement to conform to IRS requirements for such non-taxable status in the Interconnection Service Agreement, the Interconnection Construction Service Agreement, and/or the Interim Interconnection Service Agreement.

SCHEDULE G

INTERCONNECTION CUSTOMER'S AGREEMENT TO CONFORM WITH IRS SAFE HARBOR PROVISIONS FOR NON-TAXABLE STATUS

{Include the appropriate language from the alternatives below:}

{Include the following language if not required:}

Not Required.

[OR]

{Include the following language if applicable to Interconnection Customer:}

As provided in Section 24.1 of Appendix 2 to this ISA and subject to the requirements thereof, Interconnection Customer represents that it meets all qualifications and requirements as set forth in Section 118(a) and 118(b) of the Internal Revenue Code of 1986, as amended and interpreted by ~~Notice 88-129, 1988-2 C.B. 541, and as amplified and modified in Notices 90-60, 1990-2 C.B. 345, and 2001-82, 2001-2 C.B. 619- Notice 2016-36, 2016-25 I.R.B. (6/20/2016)~~ (the "IRS Notices"). Interconnection Customer agrees to conform with all requirements of the safe harbor provisions specified in the IRS Notices, as they may be amended, as required to confer non-taxable status on some or all of the transfer of property, including money, by Interconnection Customer to Interconnected Transmission Owner with respect to the payment of the Costs of construction and installation of the Transmission Owner Interconnection Facilities specified in this ISA.

Nothing in Interconnection Customer's agreement pursuant to this Schedule G shall change Interconnection Customer's indemnification obligations under Section 24.2 of Appendix 2 to this ISA.

ATTACHMENT O-1

**FORM OF
INTERIM INTERCONNECTION SERVICE AGREEMENT**

**By and Among
PJM Interconnection, L.L.C.
and**

and

(PJM Queue Position #____)

- 1.0 This Interim Interconnection Service Agreement (“Interim ISA”), including the Specifications attached hereto and incorporated herein, is entered into by and among PJM Interconnection, L.L.C. (“Transmission Provider” or “PJM”), [_____] (“Interconnection Customer” [OPTIONAL: or [“short name”]]), and [_____] (“Interconnected Transmission Owner” [OPTIONAL: or [“short name”]]). [Use as/when applicable: This Interim ISA supersedes the _____ {insert details to identify the agreement being superseded, such as whether it is an Interim Interconnection Service Agreement, Interconnection Service Agreement, or Interconnection Agreement, the effective date of the agreement, the service agreement number designation, and the FERC docket number, if applicable, for the agreement being superseded.}]]
- 2.0 Attached are Specifications for the Customer Facility that Interconnection Customer proposes to interconnect to the Transmission Provider’s Transmission System. Interconnection Customer represents and warrants that, upon completion of their construction, it will own or control the facilities identified in the Specifications attached hereto and made a part hereof. In the event that Interconnection Customer will not own the facilities, Interconnection Customer represents and warrants that it is authorized by the owners of such facilities to enter into this Interim ISA and to represent such control.
- 3.0 In order to advance the completion of its interconnection under the PJM Open Access Transmission Tariff (“Tariff”), Interconnection Customer has requested an Interim ISA and Transmission Provider has determined that Interconnection Customer is eligible under the Tariff to obtain this Interim ISA.
- 4.0 (a) In accord with Section 211 of the Tariff, Interconnection Customer, on or before the effective date of this Interim ISA, shall provide Transmission Provider (for the benefit of the Interconnected Transmission Owner) with a letter of credit from an agreed provider or other form of security reasonably acceptable to Transmission Provider in the amount of \$ _____, which amount equals the estimated costs, determined in

accordance with Section 217 of the Tariff, of acquiring, designing, constructing and/or installing the facilities described in section 3.0 of the Attached Specifications. Should Interconnection Customer fail to provide such security in the amount or form required, this Interim ISA shall be terminated. Interconnection Customer acknowledges (1) that it will be responsible for the actual costs of the facilities described in the Specifications, whether greater or lesser than the amount of the payment security provided under this section, and (2) that the payment security under this section does not include any additional amounts that it will owe in the event that it executes a final Interconnection Service Agreement, as described in section 7.0(a) below.

(b) Interconnection Customer acknowledges (1) that the purpose of this Interim ISA is to expedite, at Interconnection Customer's request, the acquisition, design, construction and/or installation of certain materials and equipment, as described in the Specifications, necessary to interconnect its proposed facilities with Transmission Provider's Transmission System; and (2) that Transmission Provider's Interconnection Studies related to such facilities have not been completed, but that the [identify completed feasibility and/or system impact study(ies)], dated [_____], that included Interconnection Customer's project sufficiently demonstrated, in Interconnection Customer's sole opinion, the necessity of facilities additions to the Transmission System to accommodate Interconnection Customer's project to warrant, in Interconnection Customer's sole judgment, its request that the Interconnected Transmission Owner acquire, design, construct and/or install the equipment indicated in the Specifications for use in interconnecting Interconnection Customer's project with the Transmission System.

5.0 This Interim ISA shall be effective on the date it is executed by all Interconnection Parties and shall terminate upon the execution and delivery by Interconnection Customer and Transmission Provider of the final Interconnection Service Agreement described in section 7.0(a) below, or on such other date as mutually agreed upon by the parties, unless earlier terminated in accordance with the Tariff.

6.0 In addition to the milestones stated in Section 212.5 of the Tariff, during the term of this Interim ISA, Interconnection Customer shall ensure that its generation project meets each of the following development milestones:

[SPECIFY MILESTONES]

OR

[NOT APPLICABLE FOR THIS INTERIM ISA]

OR

[MILESTONE REQUIREMENTS WILL BE SPECIFIED IN THE FURTHER INTERCONNECTION SERVICE AGREEMENT DESCRIBED IN SECTION 7.0(a)]

7.0 (a) Transmission Provider and the Interconnected Transmission Owner agree to provide for the acquisition, design, construction and/or installation of the facilities identified, and to the extent described, in Section 3.0 of the Specifications in accordance with Part IV of the Tariff, as amended from time to time, and this Interim ISA. Except to the extent for which the Specifications provide for interim interconnection rights for the Interconnection Customer, the parties agree that (1) this Interim ISA shall not provide for or authorize Interconnection Service for the Interconnection Customer, and (2) Interconnection Service will commence only after Interconnection Customer has entered into a final Interconnection Service Agreement with Transmission Provider and the Interconnection Transmission Owner (or, alternatively, has exercised its right to initiate dispute resolution or to have the final Interconnection Service Agreement filed with the FERC unexecuted) after completion of the Facilities Study related to Interconnection Customer's Interconnection Request and otherwise in accordance with the Tariff. The final Interconnection Service Agreement may further provide for construction of, and payment for, transmission facilities additional to those identified in the attached Specifications. Should Interconnection Customer fail to enter into such final Interconnection Service Agreement (or, alternatively, to initiate dispute resolution or request that the agreement be filed with the FERC unexecuted) within the time prescribed by the Tariff, Transmission Provider shall have the right, upon providing written notice to Interconnection Customer, to terminate this Interim ISA.

(b) In the event that Interconnection Customer decides not to interconnect its proposed facilities, as described in Section 1.0 of the Specifications to the Transmission System, it shall immediately give Transmission Provider written notice of its determination. Interconnection Customer shall be responsible for the Costs incurred pursuant to this Interim ISA by Transmission Provider and/or by the Interconnected Transmission Owner (1) on or before the date of such notice, and (2) after the date of such notice, if the costs could not reasonably be avoided despite, or were incurred by reason of, Interconnection Customer's determination not to interconnect. Interconnection Customer's liability under the preceding sentence shall include all Cancellation Costs in connection with the acquisition, design, construction and/or installation of the facilities described in section 3.0 of the Specifications. In the event the Interconnected Transmission Owner incurs Cancellation Costs, it shall provide the Transmission Provider, with a copy to the Interconnection Customer, with a written demand for payment and with reasonable documentation of such Cancellation Costs. Within 60 days after the date of Interconnection Customer's notice, Transmission Provider shall provide an accounting of, and the appropriate party shall make any payment to the other that is necessary to resolve, any difference between (i) Interconnection Customer's cost responsibility under this Interim ISA and the Tariff for Costs, including Cancellation Costs, of the facilities described in section 3.0 of the Specifications and (ii) Interconnection Customer's previous payments under this Interim ISA. Notwithstanding the foregoing, however, Transmission Provider shall not be obligated to make any payment that the preceding sentence requires it to make unless and until the Interconnected Transmission Owner has returned to it the portion of Interconnection Customer's previous payments that Transmission Provider must pay under that sentence.

This Interim ISA shall be deemed to be terminated upon completion of all payments required under this paragraph (b).

(c) Disposition of the facilities related to this Interim ISA after receipt of Interconnection Customer's notice of its determination not to interconnect shall be decided in accordance with Section 211.1 of the Tariff.

- 8.0 Interconnection Customer agrees to abide by all rules and procedures pertaining to generation in the PJM Region, including but not limited to the rules and procedures concerning the dispatch of generation set forth in the Operating Agreement and the PJM Manuals.
- 9.0 In analyzing and preparing the Facilities Study or the System Impact Study if no Facilities Study is required, and in designing and constructing the Attachment Facilities, Local Upgrades and/or Network Upgrades described in the Specifications attached to this Interim ISA, Transmission Provider, the Interconnected Transmission Owner(s), and any other subcontractors employed by Transmission Provider have had to, and shall have to, rely on information provided by Interconnection Customer and possibly by third parties and may not have control over the accuracy of such information. Accordingly, NEITHER TRANSMISSION PROVIDER, THE INTERCONNECTED TRANSMISSION OWNER(S), NOR ANY OTHER SUBCONTRACTORS EMPLOYED BY TRANSMISSION PROVIDER OR INTERCONNECTED TRANSMISSION OWNER MAKES ANY WARRANTIES, EXPRESS OR IMPLIED, WHETHER ARISING BY OPERATION OF LAW, COURSE OF PERFORMANCE OR DEALING, CUSTOM, USAGE IN THE TRADE OR PROFESSION, OR OTHERWISE, INCLUDING WITHOUT LIMITATION IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, WITH REGARD TO THE ACCURACY, CONTENT, OR CONCLUSIONS OF THE FACILITIES STUDY OR THE SYSTEM IMPACT STUDY IF NO FACILITIES STUDY IS REQUIRED OR OF THE ATTACHMENT FACILITIES, LOCAL UPGRADES AND/OR NETWORK UPGRADES, PROVIDED, HOWEVER, that Transmission Provider warrants that the transmission facilities described in Section 3.0 of the Specifications will be designed, constructed and operated in accordance with Good Utility Practice, as such term is defined in the Operating Agreement. Interconnection Customer acknowledges that it has not relied on any representations or warranties not specifically set forth herein and that no such representations or warranties have formed the basis of its bargain hereunder.
- 10.0 Within 120 days after the Interconnected Transmission Owner completes acquisition, design, construction and/or installation of the facilities described in Section 3.0 of the Specifications, Transmission Provider shall provide Interconnection Customer with an accounting of, and the appropriate party shall make any payment to the other that is necessary to resolve, any difference between (a) Interconnection Customer's responsibility under this Interim ISA and the Tariff for the actual cost of such equipment, and (b) Interconnection Customer's previous aggregate payments to Transmission Provider and the Interconnected Transmission Owner hereunder. Notwithstanding the

foregoing, however, Transmission Provider shall not be obligated to make any payment that the preceding sentence requires it to make unless and until the Interconnected Transmission Owner has returned to it the portion of Interconnection Customer's previous payments that Transmission Provider must pay under that sentence.

- 11.0 No third party beneficiary rights are created under this Interim ISA, provided, however, that payment obligations imposed on Interconnection Customer hereunder are agreed and acknowledged to be for the benefit of the Interconnected Transmission Owner actually performing the services associated with the interconnection of the generating facilities and any associated upgrades of other facilities.
- 12.0 No waiver by either party of one or more defaults by the other in performance of any of the provisions of this Interim ISA shall operate or be construed as a waiver of any other or further default or defaults, whether of a like or different character.
- 13.0 This Interim ISA or any part thereof, may not be amended, modified, assigned, or waived other than by a writing signed by all parties hereto.
- 14.0 This Interim ISA shall be binding upon the parties hereto, their heirs, executors, administrators, successors, and assigns.
- 15.0 This Interim ISA shall not be construed as an application for service under Part II or Part III of the Tariff.
- 16.0 Any notice or request made to or by either Party regarding this Interim ISA shall be made to the representative of the other Party as indicated below.

Transmission Provider

PJM Interconnection, L.L.C.
2750 Monroe Blvd.
Audubon, PA 19403

Interconnection Customer

[CONTACT NAME/ADDRESS]

Interconnected Transmission Owner

[CONTACT NAME/ADDRESS]

- 17.0 All portions of the Tariff and the Operating Agreement pertinent to the subject of this Interim ISA are incorporated herein and made a part hereof.
- 18.0 This Interim ISA is entered into pursuant to Part IV of the Tariff.

19.0 Neither party shall be liable for consequential, incidental, special, punitive, exemplary or indirect damages, lost profits or other business interruption damages, by statute, in tort or contract, under any indemnity provision or otherwise with respect to any claim, controversy or dispute arising under this Interim ISA.

20.0 Addendum of Interconnection Customer's Agreement to Conform with IRS Safe Harbor Provisions for Non-Taxable Status. To the extent required, in accordance with Section 20.1, Schedule A to this Interim ISA shall set forth the Interconnection Customer's agreement to conform with the IRS safe harbor provisions for non-taxable status.

20.1 Tax Liability

20.1.1 Safe Harbor Provisions:

This Section 20.1.1 is applicable only to Generation Interconnection Customers. Provided that Interconnection Customer agrees to conform to all requirements of the Internal Revenue Service ("IRS") (e.g., the "safe harbor" provisions of IRS Notices 2001-82 and 88-129) that would confer nontaxable status on some or all of the transfer of property, including money, by Interconnection Customer to the Interconnected Transmission Owner for payment of the Costs of construction of the Transmission Owner Interconnection Facilities, the Interconnected Transmission Owner, based on such agreement and on current law, shall treat such transfer of property to it as nontaxable income and, except as provided in Section 20.1.2 below, shall not include income taxes in the Costs of Transmission Owner Interconnection Facilities that are payable by Interconnection Customer under the Interim Interconnection Service Agreement, the Interconnection Service Agreement or the Interconnection Construction Service Agreement. Interconnection Customer shall document its agreement to conform to IRS requirements for such non-taxable status in the Interconnection Service Agreement, the Interconnection Construction Service Agreement, and/or the Interim Interconnection Service Agreement.

20.1.2 Tax Indemnity:

Interconnection Customer shall indemnify the Interconnected Transmission Owner for any costs that Interconnected Transmission Owner incurs in the event that the IRS and/or a state department of revenue (State) determines that the property, including money, transferred by Interconnection Customer to the Interconnected Transmission Owner with respect to the construction of the Transmission Owner Interconnection Facilities is taxable income to the Interconnected Transmission Owner. Interconnection Customer shall pay to the Interconnected Transmission Owner, on demand, the amount of any income taxes that the IRS or a State assesses to the Interconnected Transmission Owner in connection with such transfer of property and/or money, plus any applicable interest and/or penalty charged to the Interconnected Transmission Owner. In the event that the Interconnected Transmission Owner chooses to contest such assessment, either at the request of Interconnection Customer or on its own behalf, and prevails in reducing or eliminating the tax, interest and/or penalty assessed against it, the Interconnected

Transmission Owner shall refund to Interconnection Customer the excess of its demand payment made to the Interconnected Transmission Owner over the amount of the tax, interest and penalty for which the Interconnected Transmission Owner is finally determined to be liable. Interconnection Customer's tax indemnification obligation under this section shall survive any termination of the Interim Interconnection Service Agreement or Interconnection Construction Service Agreement.

20.1.3 Taxes Other Than Income Taxes:

Upon the timely request by Interconnection Customer, and at Interconnection Customer's sole expense, the Interconnected Transmission Owner shall appeal, protest, seek abatement of, or otherwise contest any tax (other than federal or state income tax) asserted or assessed against the Interconnected Transmission Owner for which Interconnection Customer may be required to reimburse Transmission Provider under the terms of this Interim Interconnection Service Agreement or Part VI of the Tariff. Interconnection Customer shall pay to the Interconnected Transmission Owner on a periodic basis, as invoiced by the Interconnected Transmission Owner, the Interconnected Transmission Owner's documented reasonable costs of prosecuting such appeal, protest, abatement, or other contest. Interconnection Customer and the Interconnected Transmission Owner shall cooperate in good faith with respect to any such contest. Unless the payment of such taxes is a prerequisite to an appeal or abatement or cannot be deferred, no amount shall be payable by Interconnection Customer to the Interconnected Transmission Owner for such contested taxes until they are assessed by a final, non-appealable order by any court or agency of competent jurisdiction. In the event that a tax payment is withheld and ultimately due and payable after appeal, Interconnection Customer will be responsible for all taxes, interest and penalties, other than penalties attributable to any delay caused by the Interconnected Transmission Owner.

20.1.4 Income Tax Gross-Up

20.1.4.1 Additional Security:

In the event that Interconnection Customer does not provide the safe harbor documentation required under Section 20.1.1 prior to execution of this Interim Interconnection Service Agreement, within 15 days after such execution, Transmission Provider shall notify Interconnection Customer in writing of the amount of additional Security that Interconnection Customer must provide. The amount of Security that a Transmission Interconnection Customer must provide initially pursuant to this Interim Interconnection Service Agreement shall include any amounts described as additional Security under this Section 20.1.4 regarding income tax gross-up.

20.1.4.2 Amount:

The required additional Security shall be in an amount equal to the amount necessary to gross up fully for currently applicable federal and state income taxes the estimated Costs of Local Upgrades and Network Upgrades for which Interconnection Customer previously provided Security. Accordingly, the additional Security shall equal the amount necessary to increase the

total Security provided to the amount that would be sufficient to permit the Interconnected Transmission Owner to receive and retain, after the payment of all applicable income taxes ("Current Taxes") and taking into account the present value of future tax deductions for depreciation that would be available as a result of the anticipated payments or property transfers (the "Present Value Depreciation Amount"), an amount equal to the estimated Costs of Local Upgrades and Network Upgrades for which Interconnection Customer is responsible under the Interconnection Service Agreement. For this purpose, Current Taxes shall be computed based on the composite federal and state income tax rates applicable to the Interconnected Transmission Owner at the time the additional Security is received, determined using the highest marginal rates in effect at that time (the "Current Tax Rate"), and (ii) the Present Value Depreciation Amount shall be computed by discounting the Interconnected Transmission Owner's anticipated tax depreciation deductions associated with such payments or property transfers by its current weighted average cost of capital.

20.1.4.3 Time for Payment:

Interconnection Customer must provide the additional Security, in a form and with terms as required by Sections 212.4 of the Tariff, within 15 days after its receipt of Transmission Provider's notice under this section. The requirement for additional Security under this section shall be treated as a milestone included in the Interconnection Service Agreement pursuant to Section 212.5 of the Tariff.

20.1.5 Tax Status:

Each Party shall cooperate with the other to maintain the other Party's tax status. Nothing in this Interim Interconnection Service Agreement or the Tariff is intended to adversely affect any Interconnected Transmission Owner's tax exempt status with respect to the issuance of bonds including, but not limited to, local furnishing bonds.

21.0 Addendum of Interconnection Requirement for all Wind or Non-synchronous Generation Facilities. To the extent required, Schedule B to this Interim ISA sets forth interconnection requirements for all wind or non-synchronous generation facilities and is hereby incorporated by reference and made a part of this Interim ISA.

22.0 Infrastructure security of electric system equipment and operations and control hardware and software is essential to ensure day-to-day reliability and operational security. All Transmission Providers, Interconnected Transmission Owners, market participants, and Interconnection Customers interconnected with electric systems are to comply with the recommendations offered by the President's Critical Infrastructure Protection Board and best practice recommendations from the electric reliability authority. All public utilities are expected to meet basic standards for electric system infrastructure and operational security, including physical, operational, and cyber-security practices.

IN WITNESS WHEREOF, Transmission Provider, Interconnection Customer and Interconnected Transmission Owner have caused this Interim ISA to be executed by their respective authorized officials.

(PJM Queue Position #___)

Transmission Provider: PJM Interconnection, L.L.C.

By: _____
Name Title Date

Printed name of signer: _____

Interconnection Customer: [Name of Party]

By: _____
Name Title Date

Printed name of signer: _____

Interconnected Transmission Owner: [Name of Party]

By: _____
Name Title Date

Printed name of signer: _____

**SPECIFICATIONS FOR
INTERIM INTERCONNECTION SERVICE AGREEMENT**

**By and Among
PJM INTERCONNECTION, L.L.C.**

And

And

(PJM Queue Position #___)

1.0 Description of Customer Facility to be interconnected with the Transmission System in the PJM Region:

a. Name of Customer Facility:

b. Location of Customer Facility:

c. Size in megawatts of Customer Facility:

{The following language should be included only for generating units

For Generation Interconnection Customer:

Maximum Facility Output of _____MW}

{The following language applies when a Generation Interconnection Request involves an increase of the capacity of an existing generating facility: The stated size of the generating unit includes an increase in the Maximum Facility Output of the generating unit of __ MW over Interconnection Customer's previous interconnection. This increase is a result of the Interconnection Request associated with this Interim Interconnection Service Agreement.}

{The following language should be included only for Merchant Transmission Facilities for Transmission Interconnection Customer:

Nominal Rated Capability: _____MW}

2.0 Interconnection Rights: Interconnection Customer shall obtain Capacity Interconnection Rights in accordance with Subpart C of Part VI of the Tariff at the location specified in section 1.0b upon its execution of the final Interconnection Service Agreement described in section 7.0(a) of this Interim ISA. **[if applicable, add:** , provided, however, that pending execution of the final Interconnection Service Agreement, Interconnection Customer shall be entitled to the following interim rights:

Pursuant to and subject to the applicable terms of the Tariff, Interconnection Customer shall have Capacity Interconnection Rights as a Capacity Resource at the Point of Interconnection specified in this Interim ISA in the amount of __ MW, for the time period of _____ to _____. To the extent that the Customer Facility described in section 1.0 is not a Capacity Resource with Capacity Interconnection Rights, such Customer Facility shall be an Energy Resource. Pursuant to this Interim ISA, the Customer Facility will be permitted to inject __ MW (nominal) into the system. PJM reserves the right to limit injections to this quantity in the event reliability would be affected by output greater than such quantity.]

3.0.A Facilities to be acquired, designed, constructed and/or installed by the Interconnected Transmission Owner under this Interim ISA:

3.0.B Facilities to be acquired, designed, constructed and/or installed by the Interconnection Customer under this Interim ISA:

4.0 Interconnection Customer shall be subject to the charges detailed below:

4.1 Attachment Facilities Charge:

4.2 Local Upgrades Charge:

4.3 Network Upgrades Charge:

4.4 Cost Breakdown:

\$	Direct Labor
\$	Direct Material
\$	Indirect Labor
\$	Indirect Material
\$	Total

SCHEDULES: {Note: Schedules A and B are required, others are optional; add if applicable and desirable for clarity.}

SCHEDULE A – INTERCONNECTION CUSTOMER’S AGREEMENT TO CONFORM WITH IRS SAFE HARBOR PROVISIONS FOR NON-TAXABLE STATUS

SCHEDULE B - INTERCONNECTION REQUIREMENTS FOR A WIND GENERATION FACILITY

SCHEDULE ___ - CUSTOMER FACILITY LOCATION/SITE PLAN

SCHEDULE ___ - SINGLE-LINE DIAGRAM

SCHEDULE A

INTERCONNECTION CUSTOMER'S AGREEMENT TO CONFORM WITH IRS SAFE HARBOR PROVISIONS FOR NON-TAXABLE STATUS

{Include the appropriate language from the alternatives below:}

{Include the following language if not required:}
Not Required.

[OR]

{Include the following language if applicable to Interconnection Customer:}

As provided in Section 20.1 of this Interim ISA and subject to the requirements thereof, Interconnection Customer represents that it meets all qualifications and requirements as set forth in Section 118(a) and 118(b) of the Internal Revenue Code of 1986, as amended and interpreted by ~~Notice 88-129, 1988-2 C.B. 541, and as amplified and modified in Notices 90-60, 1990-2 C.B. 345, and 2001-82, 2001-2 C.B. 619~~ Notice 2016-36, 2016-25 I.R.B. (6/20/2016) (the "IRS Notices"). Interconnection Customer agrees to conform with all requirements of the safe harbor provisions specified in the IRS Notices, as they may be amended, as required to confer non-taxable status on some or all of the transfer of property, including money, by Interconnection Customer to Interconnected Transmission Owner with respect to the payment of the Costs of construction and installation of the Transmission Owner Interconnection Facilities specified in this Interim ISA.

Nothing in Interconnection Customer's agreement pursuant to this Schedule A shall change Interconnection Customer's indemnification obligations under Section 20.1 of this Interim ISA.

{Include the following Schedule B, as applicable, for New Service Requests received before May 1, 2015}

SCHEDULE B

INTERCONNECTION REQUIREMENTS FOR A WIND GENERATION FACILITY

{Include the appropriate language from the alternatives below}

{Include the following language if the Customer Facility is not a wind generation facility}

Not Required

[OR]

{Include the following language when the Customer Facility is a wind generation facility}

Schedule B sets forth requirements and provisions specific to the interconnection of a wind generation facility that is greater than 20 MW. All other requirements pertaining to the interconnection of generation facilities above 20 MW set forth in Part IV of the Tariff continue to apply to wind generation facility interconnections.

A. Technical Standards Applicable to a Wind Generation Facility

i. Low Voltage Ride-Through (LVRT) Capability

A wind generation facility shall be able to remain online during voltage disturbances up to the time periods and associated voltage levels set forth in the standard below. The Schedule B LVRT standard provides for a transition period standard and a post-transition period standard.

Transition Period LVRT Standard

The transition period standard applies to wind generation facilities subject to Commission Order No. 661 that have either: (i) Interconnection Service Agreements signed and filed with the Commission, filed with the Commission in unexecuted form, or filed with the Commission as non-conforming agreements between January 1, 2006 and December 31, 2006, with a scheduled in-service date no later than December 31, 2007, or (ii) wind generation turbines subject to a wind turbine procurement contract executed prior to December 31, 2005, for delivery through 2007.

1. Wind generation facilities are required to remain in-service during three-phase faults with normal clearing (which is a time period of approximately 4 – 9 cycles) and single line to ground faults with delayed clearing, and subsequent post-fault voltage recovery to prefault voltage

unless clearing the fault effectively disconnects the generator from the system. The clearing time requirement for a three-phase fault will be specific to the wind generation facility substation location, as determined by and documented by the transmission provider. The maximum clearing time the wind generation facility shall be required to withstand for a three-phase fault shall be 9 cycles at a voltage as low as 0.15 p.u., as measured at the high side of the wind generation facility step-up transformer (i.e. the transformer that steps the voltage up to the transmission interconnection voltage or “GSU”), after which, if the fault remains following the location-specific normal clearing time for three-phase faults, the wind generation facility may disconnect from the transmission system.

2. This requirement does not apply to faults that would occur between the wind generator terminals and the high side of the GSU or to faults that would result in a voltage lower than 0.15 per unit on the high side of the GSU serving the facility.

3. Wind generation facilities may be tripped after the fault period if this action is intended as part of a special protection system.

4. Wind generation facilities may meet the LVRT requirements of this standard by the performance of the generators or by installing additional equipment (e.g., Static VAR Compensator, etc.) within the wind generation facility or by a combination of generator performance and additional equipment.

5. Existing individual generator units that are, or have been, interconnected to the network at the same location at the initial effective date of the Schedule B LVRT standard are exempt from meeting the Schedule B LVRT standard for the remaining life of the existing generation equipment. Existing individual generator units that are replaced are required to meet the Schedule B LVRT standard.

Post-transition Period LVRT Standard

All wind generation facilities subject to Commission Order No. 661 and not covered by the transition period described above must meet the following requirements:

1. Wind generation facilities are required to remain in-service during three-phase faults with normal clearing (which is a time period of approximately 4 – 9 cycles) and single line to ground faults with delayed clearing, and subsequent post-fault voltage recovery to prefault voltage unless clearing the fault effectively disconnects the generator from the system. The clearing time requirement for a three-phase fault will be specific to the wind generation facility substation location, as determined by and documented by the transmission provider. The maximum clearing time the wind generation facility shall be required to withstand for a three-phase fault shall be 9 cycles after which, if the fault remains following the location-specific normal clearing time for three-phase faults, the wind generation facility may disconnect from the transmission system. A wind generation facility shall remain interconnected during such a fault on the transmission system for a voltage level as low as zero volts, as measured at the high voltage side of the wind GSU.

2. This requirement does not apply to faults that would occur between the wind generator terminals and the high side of the GSU.
3. Wind generation facilities may be tripped after the fault period if this action is intended as part of a special protection system.
4. Wind generation facilities may meet the LVRT requirements of this standard by the performance of the generators or by installing additional equipment (e.g., Static VAR Compensator) within the wind generation facility or by a combination of generator performance and additional equipment.
5. Existing individual generator units that are, or have been, interconnected to the network at the same location at the initial effective date of the Schedule B LVRT standard are exempt from meeting the Schedule B LVRT Standard for the remaining life of the existing generation equipment. Existing individual generator units that are replaced are required to meet the Schedule B LVRT Standard.

ii. Power Factor Design Criteria (Reactive Power)

The power factor requirements for wind generation facilities set forth in section 4.7.1 of Appendix 2 to Attachment O of the Tariff can be met by using, for example, power electronic devices designed to supply this level of reactive capability (taking into account any limitations due to voltage level, real power output, etc.) or fixed and switched capacitors if agreed to by the Transmission Provider, or a combination of the two. The Interconnection Customer shall not disable power factor equipment while the wind generation facility is in operation. Wind generation facilities shall also be able to provide sufficient dynamic voltage support in lieu of the power system stabilizer and automatic voltage regulation at the generator excitation system if the System Impact Study shows this to be required for system safety or reliability.

iii. Supervisory Control and Data Acquisition (SCADA) Capability

The wind generation facility shall provide SCADA capability to transmit data and receive instructions from the Transmission Provider to protect system reliability. The Transmission Provider and the wind generation facility Interconnection Customer shall determine what SCADA information is essential for the proposed wind generation facility, taking into account the size of the facility and its characteristics, location, and importance in maintaining generation resource adequacy and transmission system reliability in its area.

iv. Meteorological Data Reporting Requirement

The wind generation facility shall, at a minimum, be required to provide the Transmission Provider with site-specific meteorological data including:

- Temperature (degrees Fahrenheit)
- Wind speed (meters/second)
- Wind direction (degrees from True North)

- Atmospheric pressure (hectopascals)
- Forced outage data (wind turbine and MW unavailability)

The Transmission Provider and Interconnection Customer may mutually agree to any additional meteorological data that are required for the development and deployment of a power production forecast. All requirements for meteorological and forced outage data must be commensurate with the power production forecasting employed by the Transmission Provider. Such additional mutually agreed upon requirements for meteorological and forced outage data are set forth below:

[SPECIFICITY AGREED UPON METEOROLOGICAL AND FORCED OUTAGE DATA REQUIREMENTS]

OR

[NOT APPLICABLE FOR THIS INTERIM ISA]

{Include the following Schedule B, as applicable, for New Service Requests received on or after May 1, 2015 }

SCHEDULE B

INTERCONNECTION REQUIREMENTS FOR ALL WIND AND NON-SYNCHRONOUS GENERATION FACILITIES

{Include the appropriate language from the alternatives below }

{Include the following language if the Customer Facility is not a wind or non-synchronous generation facility }

Not Required

[OR]

{Include the following language when the Customer Facility is a wind or non-synchronous generation facility }

A. Voltage Ride Through Requirements

The Customer Facility shall be designed to remain in service (not trip) for voltages and times as specified for the Eastern Interconnection in Attachment 1 of NERC Reliability Standard PRC-024-1, and successor Reliability Standards, for both high and low voltage conditions, irrespective of generator size, subject to the permissive trip exceptions established in PRC-024-1 (and successor Reliability Standards).

B. Frequency Ride Through Requirements

The Customer Facility shall be designed to remain in service (not trip) for frequencies and times as specified in Attachment 2 of NERC Reliability Standard PRC-024-1, and successor Reliability Standards, for both high and low frequency condition, irrespective of generator size, subject to the permissive trip exceptions established in PRC-024-1 (and successor Reliability Standards).

C. Supervisory Control and Data Acquisition (SCADA) Capability

The wind or non-synchronous generation facility shall provide SCADA capability to transmit data and receive instructions from the Transmission Provider to protect system reliability. The Transmission Provider and the wind or non-synchronous generation facility Interconnection Customer shall determine what SCADA information is essential for the proposed wind or non-synchronous generation facility, taking into account the size of the facility and its characteristics, location, and importance in maintaining generation resource adequacy and transmission system reliability in its area.

D. Meteorological Data Reporting Requirement (Applicable to wind generation facilities only)

The wind generation facility shall, at a minimum, be required to provide the Transmission Provider with site-specific meteorological data including:

- Temperature (degrees Fahrenheit)
- Wind speed (meters/second)
- Wind direction (degrees from True North)
- Atmosphere pressure (hectopascals)
- Forced outage data (wind turbine and MW unavailability)

The Transmission Provider and Interconnection Customer may mutually agree to any additional meteorological data that are required for the development and deployment of a power production forecast. All requirements for meteorological and forced outage data must be commensurate with the power production forecasting employed by the Transmission Provider. Such additional mutually agreed upon requirements for meteorological and forced outage data are set forth below:

[SPECIFY AGREED UPON METEOROLOGICAL AND FORCED OUTAGE DATA REQUIREMENTS]

[OR]

[NOT APPLICABLE FOR THIS INTERIM ISA]

SCHEDULE L

INTERCONNECTION CUSTOMER'S AGREEMENT TO CONFORM WITH IRS SAFE HARBOR PROVISIONS FOR NON-TAXABLE STATUS

{ Include the appropriate language from the alternatives below: }

{ Include the following language if not required: }

Not Required.

[OR]

{ Include the following language if applicable to Interconnection Customer: }

As provided in Section 2.4.1 of Appendix 2 to this CSA and subject to the requirements thereof, Interconnection Customer represents that it meets all qualifications and requirements as set forth in Section 118(a) and 118(b) of the Internal Revenue Code of 1986, as amended and interpreted by ~~Notice 88-129, 1988-2 C.B. 541, and as amplified and modified in Notices 90-60, 1990-2 C.B. 345, and 2001-82, 2001-2 C.B. 619~~ Notice 2016-36, 2016-25 I.R.B. (6/20/2016) (the "IRS Notices"). Interconnection Customer agrees to conform with all requirements of the safe harbor provisions specified in the IRS Notices, as they may be amended, as required to confer non-taxable status on some or all of the transfer of property, including money, by Interconnection Customer to Interconnected Transmission Owner with respect to the payment of the Costs of construction and installation of the Transmission Owner Interconnection Facilities specified in this CSA.

Nothing in Interconnection Customer's agreement pursuant to this Schedule L shall change Interconnection Customer's indemnification obligations under Section 2.4.2 of Appendix 2 to the CSA.

{Include the following Schedule N, as applicable, for New Service Requests received before May 1, 2015}

SCHEDULE N

INTERCONNECTION REQUIREMENTS FOR A WIND GENERATION OR A SOLAR GENERATION FACILITY

{Include the appropriate language from the alternatives below}

{Include the following language if the Customer Facility is not a wind generation or a solar generation facility}

Not Required

[OR]

{Include the following language when the Customer Facility is a wind generation or solar generation facility}

Schedule N sets forth requirements and provisions specific to the interconnection of a wind generation or a solar generation facility that is greater than 20 MW. All other requirements pertaining to the interconnection of generation facilities above 20 MW set forth in Part IV of the Tariff continue to apply to wind generation or solar generation facility interconnections.

A. Technical Standards Applicable to a Wind Generation or a Solar Generation Facility

i. Low Voltage Ride-Through (LVRT) Capability

A wind generation or a solar generation facility shall be able to remain online during voltage disturbances up to the time periods and associated voltage levels set forth in the standard below. The Schedule N LVRT standard provides for a transition period standard and a post-transition period standard.

Transition Period LVRT Standard

The transition period standard applies to wind generation or solar generation facilities subject to Commission Order No. 661 that have either: (i) Interconnection Service Agreements signed and filed with the Commission, filed with the Commission in unexecuted form, or filed with the Commission as non-conforming agreements between January 1, 2006 and December 31, 2006, with a scheduled in-service date no later than December 31, 2007, or (ii) wind generation turbines or solar generation subject to a wind turbine or solar generation procurement contract executed prior to December 31, 2005, for delivery through 2007.

1. Wind generation or solar generation facilities are required to remain in-service during three-phase faults with normal clearing (which is a time period of approximately 4 – 9 cycles) and single line to ground faults with delayed clearing, and subsequent post-fault voltage recovery to prefault voltage unless clearing the fault effectively disconnects the generator from the system. The clearing time requirement for a three-phase fault will be specific to the wind generation or solar generation facility substation location, as determined by and documented by the transmission provider. The maximum clearing time the wind generation or solar generation facility shall be required to withstand for a three-phase fault shall be 9 cycles at a voltage as low as 0.15 p.u., as measured at the high side of the wind generation or solar generation facility step-up transformer (i.e. the transformer that steps the voltage up to the transmission interconnection voltage or “GSU”), after which, if the fault remains following the location-specific normal clearing time for three-phase faults, the wind generation or solar generation facility may disconnect from the transmission system.
2. This requirement does not apply to faults that would occur between the wind generator or solar generator terminals and the high side of the GSU or to faults that would result in a voltage lower than 0.15 per unit on the high side of the GSU serving the facility.
3. Wind generation or solar generation facilities may be tripped after the fault period if this action is intended as part of a remedial action scheme.
4. Wind generation or solar generation facilities may meet the LVRT requirements of this standard by the performance of the generators or by installing additional equipment (e.g., Static VAr Compensator, etc.) within the wind generation or solar generation facility or by a combination of generator performance and additional equipment.
5. Existing individual generator units that are, or have been, interconnected to the network at the same location at the initial effective date of the Schedule N LVRT standard are exempt from meeting the Schedule N LVRT standard for the remaining life of the existing generation equipment. Existing individual generator units that are replaced are required to meet the Schedule N LVRT standard.

Post-transition Period LVRT Standard

All wind generation or solar generation facilities subject to Commission Order No. 661 and not covered by the transition period described above must meet the following requirements:

1. Wind generation or solar generation facilities are required to remain in-service during three-phase faults with normal clearing (which is a time period of approximately 4 – 9 cycles) and single line to ground faults with delayed clearing, and subsequent post-fault voltage recovery to prefault voltage unless clearing the fault effectively disconnects the generator from the system. The clearing time requirement for a three-phase fault will be specific to the wind generation or solar generation facility substation location, as determined by and documented by the transmission provider. The maximum clearing time the wind generation or solar generation facility shall be required to withstand for a three-phase fault shall be 9 cycles after which, if the fault remains following the location-specific normal clearing time for three-phase faults, the

wind generation or solar generation facility may disconnect from the transmission system. A wind generation or solar generation facility shall remain interconnected during such a fault on the transmission system for a voltage level as low as zero volts, as measured at the high voltage side of the wind and solar GSU.

2. This requirement does not apply to faults that would occur between the wind generator or solar generator terminals and the high side of the GSU.

3. Wind generation or solar generation facilities may be tripped after the fault period if this action is intended as part of a remedial action scheme.

4. Wind generation or solar generation facilities may meet the LVRT requirements of this standard by the performance of the generators or by installing additional equipment (e.g., Static VAR Compensator) within the wind generation or solar generation facility or by a combination of generator performance and additional equipment.

5. Existing individual generator units that are, or have been, interconnected to the network at the same location at the initial effective date of the Schedule N LVRT standard are exempt from meeting the Schedule N LVRT Standard for the remaining life of the existing generation equipment. Existing individual generator units that are replaced are required to meet the Schedule N LVRT Standard.

ii. Power Factor Design Criteria (Reactive Power)

The power factor requirements for wind generation or solar generation facilities set forth in section 4.7 of Appendix 2 to Attachment O of the Tariff can be met by using, for example, power electronic devices designed to supply this level of reactive capability (taking into account any limitations due to voltage level, real power output, etc.) or fixed and switched capacitors, if agreed to by the Transmission Provider, or a combination of the two. The Interconnection Customer shall not disable power factor equipment while the wind generation or solar generation facility is in operation. Wind generation or solar generation facilities shall also be able to provide sufficient dynamic voltage support in lieu of the power system stabilizer and automatic voltage regulation at the generator excitation system if the System Impact Study shows this to be required for system safety or reliability.

iii. Supervisory Control and Data Acquisition (SCADA) Capability

The wind generation or solar generation facility shall provide SCADA capability to transmit data and receive instructions from the Transmission Provider to protect system reliability. The Transmission Provider and the wind generation or solar generation facility Interconnection Customer shall determine what SCADA information is essential for the proposed wind generation or solar generation facility, taking into account the size of the facility and its characteristics, location, and importance in maintaining generation resource adequacy and transmission system reliability in its area.

iv. Meteorological Data Reporting Requirement (Applicable to wind generation facilities only)

The wind generation facility shall, at a minimum, be required to provide the Transmission Provider with site-specific meteorological data including:

- Temperature (degrees Fahrenheit)
- Wind speed (meters/second)
- Wind direction (degrees from True North)
- Atmospheric pressure (hectopascals)
- Forced outage data (wind turbine and MW unavailability)

v. **Meteorological Data Reporting Requirement (Applicable to solar generation facilities only)**

The solar generation facility shall, at a minimum, be required to provide the Transmission Provider with site-specific meteorological data including:

- Temperature (degrees Fahrenheit)
- Irradiance
- Forced outage data

The Transmission Provider and Interconnection Customer may mutually agree to any additional meteorological data that are required for the development and deployment of a power production forecast. All requirements for meteorological and forced outage data must be commensurate with the power production forecasting employed by the Transmission Provider. Such additional mutually agreed upon requirements for meteorological and forced outage data are set forth below:

[SPECIFICITY AGREED UPON METEOROLOGICAL AND FORCED OUTAGE DATA REQUIREMENTS]

OR

[NOT APPLICABLE FOR THIS CSA]

{Include the following Schedule N, as applicable, for New Service Requests received on or after May 1, 2015 }

SCHEDULE N

INTERCONNECTION REQUIREMENTS FOR ALL WIND, SOLAR AND NON-SYNCHRONOUS GENERATION FACILITIES

{Include the appropriate language from the alternatives below }

{Include the following language if the Customer Facility is not a wind, solar or non-synchronous generation facility }

Not Required

[OR]

{Include the following language when the Customer Facility is a wind, solar or non-synchronous generation facility }

A. Voltage Ride Through Requirements

The Customer Facility shall be designed to remain in service (not trip) for voltages and times as specified for the Eastern Interconnection in Attachment 1 of NERC Reliability Standard PRC-024-1, and successor Reliability Standards, for both high and low voltage conditions, irrespective of generator size, subject to the permissive trip exceptions established in PRC-024-1 (and successor Reliability Standards).

B. Frequency Ride Through Requirements

The Customer Facility shall be designed to remain in service (not trip) for frequencies and times as specified in Attachment 2 of NERC Reliability Standard PRC-024-1, and successor Reliability Standards, for both high and low frequency condition, irrespective of generator size, subject to the permissive trip exceptions established in PRC-024-1 (and successor Reliability Standards).

C. Supervisory Control and Data Acquisition (SCADA) Capability

The wind, solar or non-synchronous generation facility shall provide SCADA capability to transmit data and receive instructions from the Transmission Provider to protect system reliability. The Transmission Provider and the wind, solar or non-synchronous generation facility Interconnection Customer shall determine what SCADA information is essential for the proposed wind, solar or non-synchronous generation facility, taking into account the size of the facility and its characteristics, location, and importance in maintaining generation resource adequacy and transmission system reliability in its area.

D. Meteorological Data Reporting Requirement (Applicable to wind generation facilities only)

The wind generation facility shall, at a minimum, be required to provide the Transmission Provider with site-specific meteorological data including:

- Temperature (degrees Fahrenheit)
- Wind speed (meters/second)
- Wind direction (degrees from True North)
- Atmosphere pressure (hectopascals)
- Forced outage data (wind turbine and MW unavailability)

E. Meteorological Data Reporting Requirement (Applicable to solar generation facilities only)

The solar generation facility shall, at a minimum, be required to provide the Transmission Provider with site-specific meteorological data including:

- Temperature (degrees Fahrenheit)
- Irradiance
- Forced outage data

The Transmission Provider and Interconnection Customer may mutually agree to any additional meteorological data that are required for the development and deployment of a power production forecast. All requirements for meteorological and forced outage data must be commensurate with the power production forecasting employed by the Transmission Provider. Such additional mutually agreed upon requirements for meteorological and forced outage data are set forth below:

~~**E. Meteorological Data Reporting Requirement (Applicable to solar generation facilities only)**~~

~~The solar generation facility shall, at a minimum, be required to provide the Transmission Provider with site-specific meteorological data including:~~

- ~~• Temperature (degrees Fahrenheit)~~
- ~~• Irradiance~~
- ~~• Forced outage data~~

[SPECIFY AGREED UPON METEOROLOGICAL AND FORCED OUTAGE DATA REQUIREMENTS]

[OR]

[NOT APPLICABLE FOR THIS CSA]

ATTACHMENT U

INDEPENDENT TRANSMISSION COMPANIES

References to section numbers in this Attachment U refer to sections of this Attachment U, unless otherwise specified.

This Attachment U sets forth a general framework for the development and operation of independent transmission companies (“ITCs”) as to certain of the transmission facilities for which the Transmission Provider, PJM Interconnection, L.L.C. (“PJM”), is otherwise responsible. The provisions of this Attachment U shall govern in the event of any conflict between this Attachment and the other provisions of the Tariff, except as to Tariff, Attachment M-of the Tariff. If there is a conflict between the provisions of this Attachment U and Tariff, Attachment M, the provisions of Tariff, Attachment M shall govern. Under this Attachment U, certain responsibilities may be assigned to an ITC, if the ITC enters into an ITC Agreement in the form set forth in this Tariff and if FERC acceptance of the independence of the ITC and FERC approval or acceptance of the assignment is obtained as provided herein.

This Attachment U sets forth the standard terms and conditions, and the standard division of rights, responsibilities, and functions, in conformance with FERC policy and precedent, for any ITC that operates under PJM. Any entity or entities submitting a proposal to become an ITC (“ITC Sponsor”) shall enter into an ITC Agreement in the form set forth in Tariff, Attachment V to the Tariff, which is subject to and incorporates the standard terms and conditions of this Attachment U and identifies the ITC Transmission Facilities (as defined herein).

It is recognized that PJM shall be responsible for administering any wholesale energy market (and providing all functions integral to such market administration) within the PJM region.

1. FERC APPROVAL

1.1 FERC Acceptance As A Prerequisite. Before receiving the rights and responsibilities provided for under this Attachment U, the ITC Sponsor shall apply for and receive a FERC order accepting the ITC proposal to be implemented and finding that the proposed ITC satisfies FERC’s independence criteria and that such entity may be treated as an ITC under this Attachment U.

1.2 Effect of FERC Acceptance. Once FERC issues an order accepting the filing and providing the finding required under sSection 1.1 above, then the ITC, subject to satisfaction of the other requirements of this section 1, may operate under PJM consistent with the rights, responsibilities, and functions that have been accepted or approved by FERC.

1.3 Any entity or entities submitting a proposal to become an ITC (“ITC Sponsor”) shall submit a filing with FERC detailing each of the rights, responsibilities, and functions the ITC proposes to assume, which may consist of some or all of the rights, responsibilities, and functions set forth in this Attachment U, together with specifics on implementing any of these assigned rights, responsibilities, and functions. An ITC Sponsor must have, or demonstrate to

FERC that it shall have prior to implementation, ownership of, or the authority to direct the operation of, transmission facilities that are within the PJM region, or that are to be added to the PJM region as a result of the establishment of the ITC (such facilities referred to herein as the “ITC Transmission Facilities”).

1.4 Following the FERC approvals specified in section 1.1 above, the ITC shall assume the rights and responsibilities described herein on the first day of the calendar month (“ITC Commencement Date”) following the date on which the ITC provides written notice to Transmission Provider that the ITC is prepared to assume its responsibilities hereunder in accordance with section 15 below. PJM shall coordinate with the ITC prior to the ITC Commencement Date to ensure that PJM is capable as of the ITC Commencement Date of providing the responsibilities reserved to PJM hereunder as to the ITC Transmission Facilities and related bulk power facilities.

1.5 Prior to the ITC Commencement Date, the ITC and each owner of transmission facilities participating in such ITC shall execute, with respect to the transmission facilities over which it has the authority to direct the operation: (a) the Consolidated Transmission Owners Agreement; and (b) the Operating Agreement. In the event of any conflict between the ITC Agreement and the Operating Agreement that affects the PJM Region other than the ITC Transmission Facilities, the provisions of the Operating Agreement shall control pending dispute resolution, with final approval of the dispute’s resolution by FERC. In the event of any other express conflict between the ITC Agreement and the Operating Agreement or the transmission owners agreement executed by ITC, neither the transmission owners agreement nor the Operating Agreement shall be interpreted to limit the rights and responsibilities assigned to ITC in its role as an ITC pursuant to the ITC Agreement.

2. SECURITY COORDINATION

2.1 Regional Reliability Authority. PJM shall be the regional Reliability Authority under NERC standards for all PJM transmission facilities, including any ITC Transmission Facilities. As the Reliability Authority, PJM is responsible for monitoring and directing corrective action for reliability for all areas in the PJM region.

2.2 ITC Actions to Preserve System Security. An ITC may monitor and analyze the security of the ITC Transmission Facilities and may take actions to protect the ITC Transmission Facilities from physical damage or prevent injury or damage to persons or property in accordance with good utility practice and the PJM Operating Manuals, as they may be modified pursuant to sSection 16 of this Attachment U, before requesting assistance from PJM. At the earliest possible time, the ITC shall inform PJM of any such actions taken and coordinate further actions with PJM.

2.3 Ultimate Authority. Notwithstanding any other provision in this Attachment U, PJM may intercede and direct appropriate actions in its role as the regional Reliability Authority. The ITC shall be responsible for implementing such corrective actions directed by PJM. If such PJM action or direction is disputed, PJM’s position shall control pending resolution of the dispute.

3. BASE TRANSMISSION RATES

3.1 Right to File Rate Changes. The ITC shall possess the unilateral right, subject to consultation with PJM, to file at FERC and to place into effect pursuant to FPA ~~s~~Section 205 the rates for transmission services for delivery to the zone or zones comprising the ITC Transmission Facilities (including incentive rate structures, but excluding ancillary services, except as permitted by section 17 ~~below~~, and excluding the congestion pricing methodology for the PJM region), and for additional services, if any, solely involving the ITC Transmission Facilities, and the revenue requirement for such zones for use in developing rates for other transmission services provided by PJM. Such rate or rate structure changes shall be included in discrete schedules or portions of the Tariff (hereafter, such the “ITC Rate Schedule”). The ITC shall consult with PJM prior to making a section 205 rate filing to ensure that PJM has adequate opportunity to determine whether the proposal results in adverse impacts outside the zone or zones comprising the ITC Transmission Facilities.

3.2 Limitations. The ITC may not implement transmission rates in accordance with ~~s~~Section 3.1 ~~above~~ that violate the terms of the Consolidated Transmission Owners Agreement.

3.3 No Rate Pancaking. Notwithstanding its rights under ~~s~~Section 3.1 ~~above~~, the ITC shall not implement rates or a rate structure that results in a Transmission Customer paying more than one base transmission charge for use of the Transmission System for any one transaction.

4. REVENUE DISTRIBUTION

4.1 ITC Receipt of Transmission Revenues. The ITC shall receive and/or retain revenues resulting from the provision of transmission service under the Tariff in accordance with the applicable revenue distribution procedures of the Consolidated Transmission Owners Agreement. The ITC may take no unilateral action that interferes with or affects the revenue distribution provided for in such agreements or that interferes with the collection by PJM of the revenues due it for services it provides or arranges.

4.2 Redistribution of Revenues. The ITC may distribute the revenues due it in accordance with section 4.1 above in any manner it wishes subject to receiving any necessary regulatory approvals, without involvement of PJM.

5. MANAGEMENT OF CONGESTION PRICING METHODOLOGY

5.1 Subject to FERC approval, PJM shall determine the congestion pricing methodology for the PJM region, administer the dispatch of the generation and transmission facilities in the PJM region in accordance with the approved methodology, calculate the resulting congestion prices, and conduct all related billing and settlement.

6. ACTIONS TO ENHANCE TRANSMISSION PERFORMANCE

6.1 The ITC may take actions with respect to the system comprised of the ITC Transmission Facilities that can be accommodated within the framework of the approved congestion pricing

methodology referenced in [sSection 5.1](#) above. It may do this through targeted transmission system investment, outage management, the determination of transmission device settings, establishing contractual arrangements (e.g., with generators and LSE's), changes in technology, and other operating actions affecting the ITC Transmission Facilities. Before it first implements such actions, the ITC shall consult with PJM to develop procedures for inclusion in the PJM Operating Manuals for each class of such action that the ITC may thereafter implement. In such consultation, PJM shall consider whether the type of action can be accommodated within the framework of the approved congestion pricing methodology and whether the type of action would result in violations of regional reliability criteria applied in the PJM region. Following inclusion of procedures for each such type of action in the Manuals, the ITC may implement such actions in coordination with PJM in the manner set forth in the manuals. In addition, the ITC and PJM shall cooperate with one another in solving operational issues outside the ITC region that affect the ITC Transmission Facilities, or inside the ITC region that affect facilities outside such region.

6.2 Incentive Mechanisms. The ITC shall possess the unilateral right to file with FERC incentive mechanisms relating to the system comprised of the ITC Transmission Facilities in a manner that can be accommodated within the framework of the approved methodology referenced in [sSection 5.1](#) above. The ITC shall consult with PJM prior to filing any such mechanism to allow PJM to consider whether any such proposed mechanism can be so accommodated and whether it would result in violations of regional reliability criteria applied in the PJM region. In addition, prior to the implementation of any such incentive mechanism, the ITC and PJM shall coordinate the operation of any such mechanism. PJM shall modify the PJM Operating Manuals as necessary to allow for the implementation of any FERC-approved incentive mechanism.

7. TARIFF ADMINISTRATION

7.1 Service under the Tariff. PJM is the Transmission Provider and remains responsible for administering the Tariff, which shall be amended to include the ITC Transmission Facilities and any provisions specific to the ITC Transmission Facilities that the ITC may propose pursuant to this Attachment U. Transmission Customers on the ITC Transmission Facilities will receive transmission service under the Tariff. PJM shall execute the agreements with customers for service under the Tariff, except that the ITC and PJM shall both execute agreements with customers for interconnection services. For transmission services for delivery to the zone or zones comprising the ITC Transmission Facilities, to the extent rate discounting is authorized as to such transmission services, the ITC shall make all decisions on rate discounts.

7.2 OASIS. PJM shall maintain the OASIS specified in [Tariff, section 4 of the Tariff](#). Customers shall apply for service on the PJM OASIS. PJM shall have responsibility for granting or denying all transmission service requests, but shall coordinate as necessary with ITC in developing its response to transmission service requests, including any necessary studies. The ITC shall be entitled to have and maintain a site page within the PJM OASIS for any additional services provided by such ITC.

7.3 Studies. PJM shall administer the contracts with the customers and shall provide the notices and make filings under this Tariff. If a system impact, facilities, or other study is required to address a connection to, or a constraint or other impact on, the ITC Transmission Facilities, then the ITC shall assume responsibility for the study subject to oversight by, and coordination with, PJM, and satisfaction of PJM criteria for such studies as set forth in the joint planning protocol developed pursuant to ~~s~~Section 10.3 below. The study agreement shall be executed by PJM; provided however, that nothing herein shall preclude the ITC from entering into additional agreements with customers regarding studies.

7.4 ATC. PJM shall calculate Available Transfer Capability (“ATC”), in accordance with Tariff, Attachment C ~~to the Tariff~~, for all facilities, including the ITC Transmission Facilities, provided that the ITC shall possess the unilateral right to provide, pursuant to section 9.1 of this Attachment U, the ratings, transfer limits, inputs, assumptions, and corresponding operating guides with respect to the ITC Transmission Facilities to be used in calculating ATC. If PJM disagrees with these ratings, transfer limits, calculations, inputs, assumptions, or corresponding operating guides, the ITC’s position shall prevail pending dispute resolution, unless PJM determines that ITC’s position would violate system reliability criteria, in which case PJM’s position shall prevail pending dispute resolution.

7.5 Scheduling. Customers will schedule through the processes established by PJM.

8. CURTAILMENTS

8.1 PJM shall be responsible for directing all curtailments consistent with the Tariff and the Operating Agreement. The ITC and PJM shall develop protocols to implement any curtailments ordered by PJM with respect to the ITC Transmission Facilities.

8.2 The ITC may propose to PJM operating methods to avoid and/or limit the need for curtailments, and may implement such measures involving operation of the ITC Transmission Facilities, in coordination with PJM; provided, however, that if PJM determines that a measure proposed by the ITC would exacerbate an existing violation of a system reliability criterion, or cause a violation of such criterion elsewhere on the system, or of another system reliability criterion, then that measure shall not be implemented, pending dispute resolution.

9. OPERATIONS

9.1 Ratings and Rating Procedures. The ITC is responsible for the establishment of ratings, transfer limits, and rating procedures for the ITC Transmission Facilities. The ITC shall provide notice to PJM of all changes in ratings, transfer limits, and rating procedures, along with the related information called for by Operating Agreement, Schedule 1, section 1.9.8 ~~of Schedule 1 to the PJM Operating Agreement~~, in accordance with the deadlines set forth in such section 1.9.8 and in accordance with the PJM Manuals, as they may be modified pursuant to ~~s~~Section 16 below; provided that nothing in section 1.9.8 shall preclude the ITC from instituting ratings changes (including, but not limited to, dynamic ratings changes) in accordance with applicable PJM Operating Manuals, as they may be revised pursuant to section 16 of this Attachment U.

Notwithstanding Operating Agreement, Schedule 1, sections 1.9.8 or Operating Agreement, Schedule 1, section 1.9.9(e) ~~of Schedule 1 to the Operating Agreement~~, should PJM dispute the application of a rating, then the ITC's position shall prevail pending dispute resolution.

9.2 Transmission Maintenance. The ITC shall be responsible for developing its own coordinated transmission maintenance and outage schedules for the ITC Transmission Facilities and shall advise PJM of all such maintenance and outage schedules, for all ITC Transmission Facilities, in accordance with Operating Agreement, Schedule 1, section 1.9.2 ~~of Schedule 1 to the Operating Agreement~~. PJM shall have the authority to disapprove transmission maintenance outages on the ITC Transmission Facilities if ITC fails to comply with the notice requirements of Operating Agreement, Schedule 1, section 1.9.2 ~~of Schedule 1 to the Operating Agreement~~, or if PJM determines that such outages would create a violation of system reliability criteria. PJM shall have the authority to revoke its previously granted approval of transmission maintenance outages on the ITC Transmission System if forced transmission outages or emergency circumstances occur such that proceeding with the approved outage would create a violation of system reliability criteria; provided that, where time permits, PJM will consult with the ITC to determine whether steps can be taken that would enable the maintenance outage to go forward as scheduled. PJM shall notify the ITC of the decision to reschedule or revoke approval of the transmission maintenance outage as soon as possible after the circumstances arise that create the need for the rescheduling or revocation. Within a reasonable time after it requires a transmission maintenance outage to be rescheduled or revokes its approval of such an outage, PJM shall consult with the ITC to explain the reasons for its decisions and to consider measures that the parties may adopt to avoid the need for further rescheduling or revocation of outages.

9.3 Generation Maintenance. In accordance with the Operating Agreement and with procedures in the PJM Manuals, as they may be modified pursuant to sSection 16 below, the ITC shall promptly provide PJM with any advance notice of scheduled outages it receives from generators, and PJM shall promptly provide the ITC with any advance notice it receives of scheduled generator outages that affect the ITC Transmission Facilities, to permit the ITC to schedule transmission outages on the ITC Transmission Facilities and perform its other functions hereunder, and to permit PJM to exercise its responsibilities under the PJM Operating Agreement with respect to generator outages. The ITC may agree to coordinate with generators to modify its planned transmission outage schedules in coordination with generator outage schedules.

9.4 Scheduling and Dispatch. PJM shall be responsible for administering day-ahead and real-time wholesale energy markets, including transmission security monitoring and constrained economic dispatch, for all facilities, including the ITC Transmission Facilities. The ITC shall manage the configuration and topology of the ITC Transmission Facilities, including acting as the primary interface for all switching, maintenance, ratings, transfer limits, and monitoring, subject to the direction of PJM as the regional Reliability Authority, and in accordance with the ~~PJM Operating~~ Manuals, as they may be revised pursuant to sSection 16 of this Attachment U.

9.5 Operations. The ITC shall have the authority and responsibility, in accordance with its agreements with the owners of the ITC Transmission Facilities, the terms of the Consolidated Transmission Owners Agreement, NERC and Applicable Regional Entity standards and guidelines, and the PJM Operating Manuals, as such manuals may be revised pursuant to section

16 of this Attachment U, to operate those facilities in a safe, economical, and reliable manner. PJM shall have the authority and responsibility to issue operating instructions to the ITC as they relate to the ITC Transmission Facilities in accordance with the PJM Manuals, as they may be revised pursuant to ~~s~~Section 16 of this Attachment U, provided that nothing herein shall be construed to require a change in the physical control of the ITC Transmission Facilities using the ITC's control center facilities and equipment. The ITC and PJM shall seek agreement (where time limitations allow) on real-time operational decisions affecting the ITC Transmission Facilities not otherwise specified in the PJM ~~Operating~~ Manuals. In the absence of such agreement, or if time limitations do not permit reaching agreement, PJM shall exercise its authority to direct operations, subject to any actions the ITC may take in accordance with section 2.2 of this Attachment U.

10. PLANNING

10.1 PJM has the ultimate authority for developing a Regional Transmission Expansion Plan for its entire region, including the ITC Transmission Facilities, and may direct expansions as required in accordance with ~~Operating Agreement, Schedule 6 to the PJM Operating Agreement,~~ or successor provisions, as they may be amended. In the event of disputes between PJM and ITC concerning the contents of such Regional Transmission Expansion Plan, the position of PJM, as the ultimate authority for planning in the region, shall prevail. Pursuant to the joint planning protocol developed under ~~s~~Section 10.3 below, PJM shall be responsible for setting appropriate planning criteria and the ITC shall be responsible for studying the need for modifications, enhancements, or additions to the ITC Transmission Facilities and for proposing a plan of modifications, enhancements, or additions to the ITC Transmission Facilities. Each component of a timely plan proposed by the ITC shall be incorporated without PJM approval in the Regional Transmission Expansion Plan if PJM determines that such component does not materially adversely affect the Transmission System other than the ITC Transmission Facilities. The ITC also may suggest, in accordance with any established stakeholder procedures under Schedule 6 of the PJM Operating Agreement, potential modifications, enhancements, or additions to transmission facilities in the PJM region other than the ITC Transmission Facilities. Subject to any necessary FERC approval, the ITC may adopt any procedures it deems necessary with respect to the ITC's development of a plan of enhancements or expansions, so long as such procedures do not adversely affect PJM's ability to prepare the Regional Transmission Expansion Plan in a timely and efficient manner. Nothing in this Attachment U impairs the rights of affected parties to participate in the PJM planning process in accordance with Commission-approved procedures. During the planning process the ITC shall adhere to all Applicable Regional Entity, NERC and PJM Planning criteria. The ITC shall participate with PJM in the development of the system needs analysis, any system impact studies and the transmission expansion plans as necessary to promote fully coordinated and efficient solutions.

10.2 Interconnection Requests. Customer requests for interconnection, including requests for interconnection with the ITC Transmission Facilities, will be coordinated by PJM in accordance with the Tariff and the PJM Manuals, as they may be modified pursuant to ~~s~~Section 16 of this Attachment U. The ITC shall assume primary responsibility for interconnection projects on the ITC Transmission Facilities. PJM shall be responsible for setting interconnection standards, receiving interconnection requests, administering the queue, coordinating the analysis of requests

for interconnection with ITC Transmission Facilities with requests for interconnection with non-ITC Transmission Facilities, and ensuring that proposed interconnections to the ITC Transmission Facilities will not materially adversely affect the Transmission System other than the ITC Transmission Facilities. PJM as the Transmission Provider under this Tariff also shall retain primary responsibility for all service-related matters under the Tariff, including issuance and administration of interconnection rights. ITC shall regularly and frequently update PJM on the status and results of all interconnect studies performed by or for the ITC, in accordance with the joint planning protocol developed pursuant to sSection 10.3 below. The results of any ITC studies prepared in response to interconnection requests shall be reflected in the Regional Transmission Expansion Plan.

10.3 Joint Planning Protocol. PJM and ITC shall develop a joint planning protocol to facilitate the seamless and efficient integration of all ITC transmission planning, study and analysis efforts, and all ITC proposals for transmission enhancements, modifications, and additions into the Regional Transmission Expansion Plan under Operating Agreement, Schedule 6 to the Operating Agreement and the regional generation interconnection queuing, study, and cost allocation process under Tariff, Part IV of the Tariff. Such protocols shall be designed to facilitate the preparation of the Regional Transmission Expansion Plan, and shall reflect and accommodate the procedures, timelines, and study cycles employed for the regional transmission planning and generation interconnection process. PJM and ITC shall each implement the provisions of the joint planning protocol. PJM and ITC shall consult regularly concerning the extent to which changes to the joint planning protocol may be required to achieve the foregoing purposes in light of experience and, as applicable, the coordination of planning activities among PJM and all ITCs in the PJM region.

10.4 Material Adverse Effect. As used in this Attachment, a material adverse effect on the Transmission System other than the ITC Transmission Facilities shall not be present only if all of the following statements are true:

1. The proposed facility or requested service does not result in any non-ITC facilities in the PJM Region exceeding thermal, voltage, or stability limits, consistent with all applicable reliability criteria; and

2. The proposed facility or requested service does not result in any circuit breaker on non-ITC facilities in the PJM Region exceeding its interrupting capability.

11. BILLING AND REMITTANCE

11.1 PJM Responsibilities. PJM shall be responsible for all billing, settlement, and revenue distribution, except as provided in sSection 11.2 below.

11.2 ITC Responsibilities. The ITC may elect to perform billing, settlement, and revenue distribution for the additional services, if any, provided by the ITC as referenced in section 3.1 of this Attachment U. The ITC may elect to contract for the provision of those functions by PJM or another third party.

12. MONITORING

12.1 The Market Monitoring Unit established under Tariff, Attachment M ~~of this Tariff~~ shall monitor the services provided by the ITC, and the ITC-PJM relationship, to detect any problems that may inhibit a robust and competitive market. Transactions utilizing the ITC Transmission Facilities shall be subject to the authority of the Market Monitoring Unit on the same basis as transactions involving any other Market Participant using other portions of the Transmission System. This provision is also found in Tariff, Attachment M, Article IV, ~~s~~Section C-1 ~~of Attachment M of the Tariff~~.

13. LIABILITY AND INDEMNITY

13.1 The ITC shall execute the Operating Agreement as a Member of PJM and the liability and indemnity provisions as set forth in Operating Agreement, section 16 ~~of the Operating Agreement~~ shall apply to acts or omissions resulting from, arising out of, or in any way connected with this Attachment or the ITC Agreement.

14. DISPUTE RESOLUTION

14.1 Dispute resolution as used herein refers to the dispute resolution procedures in Tariff, section 12 ~~of the Tariff~~, as it may be amended.

15. NOTIFICATION OF ASSUMPTION OF RESPONSIBILITIES

15.1 The ITC shall provide adequate notice to PJM of its intent to assume the responsibilities described in this Attachment U.

16. OPERATING PROCEDURES AND PROTOCOLS

16.1 Operating Guides, Manuals and Procedures. As provided in section 9.5 of this Attachment U, the ITC shall operate the ITC Transmission Facilities in accordance with the PJM Operating Manuals. Prior to start-up, and from time to time after the ITC commences operations, the ITC shall review such manuals and shall timely notify PJM of any changes or additions desired by the ITC to address specific conditions or operating procedures on the ITC Transmission Facilities. Subject to PJM's agreement, the PJM Manuals shall be revised or supplemented accordingly. PJM shall apprise ITC of subsequent changes to the PJM manuals through its established procedures for stakeholder notification of such changes. Any dispute between the ITC and PJM concerning changes to the PJM Manuals shall be resolved in accordance with ~~s~~Section 14.1, above. Nothing herein precludes the ITC from maintaining more detailed operating guides, manuals, and procedures specific to the ITC Transmission Facilities that are consistent with and subject to the operating guides and procedures in the PJM Manuals.

16.2 ITC Start-Up Procedures and Protocols. The ITC and PJM shall cooperate and use their best efforts to develop the necessary procedures and protocols to allow timely start-up of the ITC pursuant to this Attachment U.

17. ANCILLARY SERVICES

17.1 ITC System Control and Administrative Services. ITC shall recover its costs of providing system control and other administrative services through an appropriate schedule to the Tariff, as filed and made effective by ITC, subject to FERC acceptance.

17.2 System Restoration and Black Start Generation. PJM and the ITC shall coordinate in the preparation of a workable system restoration plan for the ITC Transmission Facilities in accordance with approved PJM Tariff requirements. PJM and the ITC shall be responsible for implementing their respective assigned duties under such system restoration plan.

17.3 Reactive Support. PJM shall be responsible for purchases of reactive support from generators under the PJM Tariff. If desired by ITC and approved by FERC, PJM shall designate ITC as a supplier of reactive support in accordance with an ITC Rate Schedule to be included in the PJM Tariff.

18. INFORMATION SHARING

18.1 Subject to FERC approval of any necessary changes to the PJM Operating Agreement, PJM shall share with the ITC information within the possession of PJM that is necessary for the ITC to perform those rights, responsibilities and functions that FERC authorizes the ITC to perform and the ITC shall share with PJM information within the possession of the ITC that is necessary for PJM to perform those rights, responsibilities and functions that FERC authorizes PJM to perform. If such data are immediately available, it is expected that the parties will establish communication links for data transfer as appropriate and necessary. Data requiring manipulation shall be made available within a reasonable time. In all cases, all data designated as confidential shall be handled as provided in section 18.2 of this Attachment U.

18.2 Confidentiality. To the extent ITC obtains from PJM or any Member of PJM any documents, data, or other information that has been designated by PJM or a Member as confidential, ITC shall treat such information in the same manner and subject to the same procedures, restrictions, and obligations as set forth in Operating Agreement, section 18.17 ~~of the Operating Agreement~~. To the extent PJM obtains from ITC any documents, data, or other information that has been designated by ITC as confidential, PJM shall treat such information in accordance with the procedures, restrictions, and obligations as set forth in Operating Agreement, section 18.17 ~~of the Operating Agreement~~.

19. INTERREGIONAL COORDINATION

19.1 PJM is responsible for coordination with all neighboring regions, including those adjacent to the ITC (or operated by the ITC in adjacent regions).

19.2 To the extent that an ITC (or its affiliates) is operating in PJM and a neighboring region, the ITC may, in coordination with PJM, undertake efforts to facilitate interregional coordination between PJM and the neighboring region. The ITC shall consult with PJM prior to implementing any such efforts to allow PJM to consider whether the actions could be

accommodated within the framework of PJM's approved congestion pricing methodology and other rules and whether the actions would result in violations of regional reliability criteria applied in the PJM region.

20. REVISION OF ITC FUNCTIONS

20.1 The division of functions and responsibilities between PJM and ITC shall be as set forth in this Attachment U and the ITC Agreement and may be modified from time to time to reflect the functionality permitted for independent transmission companies in accordance with FERC policy as pronounced in proceedings concerning Standard Market Design or otherwise, and to reflect the experience of the parties in the actual performance of their functions hereunder. PJM and ITC from time to time will review the allocation of functions and responsibilities and address appropriate changes, if any, to the division of functions between ITC and PJM consistent with such FERC policy, and any such changes shall be subject to any required regulatory approvals.

ATTACHMENT V

FORM OF ITC AGREEMENT

1.0 This ITC Agreement, dated as of _____, is entered into, by and between PJM Interconnection, L.L.C. (“PJM”) and _____ (“Independent Transmission Company” or “ITC”).

2.0 ITC has, or shall have, prior to commencement of service as an ITC, ownership of, or functional control of, the transmission facilities for which it wishes to become the ITC (“ITC Transmission Facilities”). ITC desires to become an independent transmission company within the PJM region, in accordance with Tariff, Attachment S ~~to the PJM Open Access Transmission Tariff (“Tariff”)~~.

3.0 This ITC Agreement is subject to and expressly incorporates by this reference the provisions of Tariff, Attachment U ~~to this Tariff~~, as it may be modified from time to time, which sets forth the standard division of responsibilities, and associated terms and conditions, for any ITC that operates in the PJM region.

4.0 Any responsibility or function of PJM not expressly assigned or transferred herein to ITC shall remain with PJM. Any responsibility or function of ITC under any agreement between ITC and any owner of transmission facilities not expressly assigned or transferred herein to PJM shall remain with ITC. Capitalized terms used herein that are not otherwise defined herein shall have the meaning given to such term in the Tariff.

5.0 PJM and ITC agree to assume, with respect to the ITC Transmission Facilities, the respective rights and responsibilities set forth in Tariff, Attachment U ~~to the Tariff~~.

6.0 The ITC Transmission Facilities that are the subject of this agreement are specifically identified in Schedule 1 to this ITC Agreement.

6.1 In the event ITC acquires or otherwise operates transmission facilities not identified in Schedule 1 to this Agreement that are outside the PJM region, such facilities shall not be deemed ITC Transmission Facilities unless ITC so chooses to designate or assign such facilities, subject to PJM’s agreement and FERC’s approval. If ITC acquires or otherwise operates transmission facilities not identified in Schedule 1 of this Agreement that are within the PJM region, such facilities shall be deemed ITC Transmission Facilities.

7.0 Following ITC’s satisfaction of the prerequisites specified in Tariff, Attachment S, including FERC approvals, the ITC shall assume the rights and responsibilities described herein on the first day of the calendar month (“ITC Commencement Date”) following the date on which the ITC provides written certification to Transmission Provider that the ITC has in place the capability, including, without limitation, the approvals, licenses, assignments, trained and qualified personnel, systems, and facilities necessary to undertake its responsibilities hereunder. PJM shall coordinate with the ITC prior to the ITC Commencement Date to ensure that PJM is

capable as of the ITC Commencement Date of providing the responsibilities reserved to PJM hereunder as to the ITC Transmission Facilities and related bulk power facilities.

8.0 This Agreement shall remain in effect until the effective date of ITC's withdrawal from this Agreement. ITC may withdraw from this Agreement upon ninety (90) days advance written notice to PJM, provided that such withdrawal shall not be effective until ITC with respect to the ITC Transmission Facilities has (1) satisfied all applicable NERC and Applicable Regional Entity requirements for operating a control area or being included within an existing control area; (2) put in place alternative arrangements for satisfaction of FERC's requirements with respect to comparable transmission services and, if required, participation in an RTO or Independent Transmission Provider; (3) transferred all of its functions and obligations as an ITC to one or more other entities to the satisfaction of FERC, and (4) received FERC approval or acceptance without suspension or hearing.

8.1 If ITC withdraws, it shall remain liable for any and all obligations incurred hereunder by ITC prior to the effective date of ITC's withdrawal.

8.2 If ITC becomes aware of any event that will cause ITC to relinquish functional control of any ITC Transmission Facilities, ITC shall notify PJM in writing as soon as practicable after becoming aware of such event.

9.0 This Agreement shall not be interpreted or construed to create any association, joint venture, or partnership between or among PJM and ITC or to impose any partnership obligation liability upon any either party. No party shall have the right, power or authority under this Agreement to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, any other party.

10.0 This Agreement is intended solely for the benefit of the parties and their respective successors and permitted assigns and is not intended to and shall not confer any rights or benefits on, any third party (other than the parties' successors and permitted assigns) that is not a signatory hereto.

11.0 This ITC Agreement shall inure to the benefit of and be binding upon the parties and their respective successors and assigns permitted herein, but shall not be assigned except to a successor in the operation of a party's Transmission Facilities by reason of a merger, consolidation, reorganization, sale, spin-off, or foreclosure, as a result of which substantially all such Transmission Facilities are acquired by such a successor, and such successor expressly is made a party to this Agreement, provided that any successor to either party shall procure all necessary regulatory approvals to exercise its rights and responsibilities in accordance with this Agreement.

12.0 This Agreement shall be interpreted, construed and governed by the laws of the state of Delaware.

13.0 Whether expressly so stated or not, all notices, demands, requests and other communications required or permitted by or provided for in this Agreement ("Notice") shall be given in writing to a party at the address set forth below, or at such other address as a party shall

designate for itself in writing in accordance with this section, and shall be delivered by hand or overnight courier:

For all Notices:

PJM Interconnection, L.L.C.
2750 Monroe Blvd.
Audubon, PA 19403

ITC

ITC represents and warrants to PJM that ITC has obtained, and at all times shall retain ownership of, or the authority to direct the operation of, the ITC Transmission Facilities; provided, however, that if a transmission owner participating in the ITC withdraws from the ITC, the description of the ITC Transmission Facilities in Schedule 1 shall be revised accordingly.

IN WITNESS WHEREOF, PJM and ITC have caused this ITC Agreement to be executed by their duly authorized representatives.

[signature blocks]

Attachment HH

Rates, Terms, and Conditions of Service for PJM Settlement, Inc.

In accordance with the order of the Commission, dated September 3, 2010, in Docket No. ER10-1196-000, this Attachment HH establishes as a shared tariff the rates, terms, and conditions of PJMSettlement services as set forth below.

a) Under the Tariff and Operating Agreement, PJM administers the provision of transmission service and associated ancillary services to customers and operates and administers various centralized electric power and energy markets.

b) Under the Tariff and Operating Agreement, PJMSettlement is the entity that (i) contracts with customers and conducts financial settlements regarding the use of the transmission capacity of the Transmission System that PJM, as the Transmission Provider, administers under the Tariff and Operating Agreement; (ii) is the Counterparty with respect to the agreements and “pool” transactions in the centralized markets that PJM, as the Transmission Provider, administers under the Tariff and Operating Agreement; and (iii) is the Counterparty to Financial Transmission Rights and Auction Revenue Rights instruments held by a Market Participant.

c) In accordance with ~~Tariff, s~~Section 6A-~~of the Tariff~~, unless otherwise expressly stated in the Tariff or the Operating Agreement, PJMSettlement is the Counterparty to the customers purchasing Transmission Service and Network Integration Transmission Service, and to the other transactions with customers and other entities under the Tariff. Accordingly, all rates, terms, and conditions of Transmission Service, Network Integration Transmission Service, and other transactions with entities under the Tariff, set forth throughout the Tariff, shall constitute rates, terms, and conditions of PJMSettlement service.

d) Each seller shall be deemed to warrant that it holds good title to the products that are the subject of transactions it undertakes with PJMSettlement as a buyer. In accordance with and consistent with this warranty, PJMSettlement in turn warrants that it holds good title to the products that are the subject of transactions it undertakes with each buyer. The warranties set forth in this paragraph are provided only in connection with the requirements established by the FERC for PJMSettlement to serve as a Counterparty. Accordingly, any enforcement of, or challenge to, the warranties set forth in this paragraph shall be heard exclusively before the FERC. This paragraph is not intended to create independent rights or obligations for any party under the Uniform Commercial Code or common law that might be enforceable in federal or state courts or in any forum other than FERC.

e) In accordance with ~~Tariff, section 6A-of the Tariff~~, PJMSettlement shall not be the contracting party to other non-transmission transactions that are (1) bilateral transactions between market participants reported to the Transmission Provider, and (2) self-supplied or self-scheduled transactions reported to the Transmission Provider.

f) In accordance with Tariff, section 6A ~~of the Tariff~~, PJMSettlement shall not be the Counterparty with respect to agreements and transactions regarding the Transmission Provider's administration of Tariff, Parts IV, ~~and Tariff, Part VI~~, Tariff, Schedules 1, Tariff, Schedule 9 through Tariff, Schedule 9-MMU ~~(excluding Schedule 9 PJMSettlement)~~, Tariff, Schedule 10-NERC, Tariff, Schedule 10-RFC, Tariff, Schedule 14, Tariff, Schedule 16, Tariff, Schedule 16-A, and Tariff, Schedule 17 ~~of the PJM Tariff~~.

g) The costs of services provided by PJMSettlement for the benefit of Market Participants and Transmission Customers shall be collected by PJMSettlement through the charge set forth in Tariff, Schedule 9-PJMSettlement.

h) Billing and payment provisions applicable to PJMSettlement are set forth in Tariff, section 7 ~~of the Tariff~~ and Operating Agreement, section 14, 14A and 14B ~~of the Operating Agreement~~.

ATTACHMENT MM

**FORM OF PSEUDO-TIE AGREEMENT
FOR GENERATOR PSEUDO-TIES INTO THE PJM REGION
WHEN NO JOINT OPERATING AGREEMENT ADDRESSES PSEUDO-TIE
OPERATION AND IMPLEMENTATION**

**By and Among
PJM Interconnection, L.L.C.
And
[Name of Native Balancing Authority]
And
[Name of Company]
[Use as/when applicable:
And
[Name of Native Transmission Operator]
And
[Name of Native Reliability Coordinator]
And
[Name of Third Party Reliability Coordinator]
And
[Name of Additional Third Party Reliability Coordinator]**

This Pseudo-Tie Agreement (“Agreement”) including the Specifications and Appendices attached hereto and incorporated herein, is entered into by and between PJM Interconnection, L.L.C., the Regional Transmission Organization, Reliability Coordinator and Balancing Authority for the PJM Region (hereinafter “PJM” or “PJM Balancing Authority”), _____ (“Native Balancing Authority” [OPTIONAL: or “[short name”]]), [_____ (“Native Transmission Operator”),] [_____ (“Native Reliability Coordinator”),] [_____ (“Third Party Reliability Coordinator”),] [_____ (“Additional Third Party Reliability Coordinator”),] and _____ (“Company” [OPTIONAL: or “[short name”]]). [Use as/when applicable: This Agreement supersedes the _____ {insert details to identify the agreement being superseded, the effective date of the agreement, the service agreement number designation, and the FERC docket number, if applicable, for the agreement being superseded.}] Company, Native Balancing Authority, [Native Transmission Operator,] [Native Reliability Coordinator,] [Third Party Reliability Coordinator,] [Additional Third Party Reliability Coordinator,] and PJM are hereinafter referred to individually as a “Party” and collectively as the “Parties.”

WHEREAS, the Company owns, operates or has contractual authority to control the output of _____ megawatts (“MW”) of capacity, energy and/or ancillary services of [a] generating unit(s), known as [insert name of generating unit(s)], that generate[s] energy and ancillary services, which [is] [are] located outside of the physical and electrical boundaries of the PJM Balancing Authority Area at [insert address], and desires to Pseudo-

Tie ____ MW of the energy and ancillary services of that generating unit (the “Facility”) into the PJM Balancing Authority Area and participate in the PJM Interchange Energy Markets and capacity market (either through the Reliability Pricing Model or Fixed Resource Requirement Alternative) as a Capacity Market Seller of the Facility;

WHEREAS, the Native Balancing Authority is a North American Electric Reliability Corporation (“NERC”) certified and registered Balancing Authority, as that term is defined in the NERC Glossary of Terms, responsible for balance and interconnection frequency support within its Balancing Authority Area, as that term is defined in the NERC Glossary of Terms;

WHEREAS, PJM is a NERC certified and registered Balancing Authority responsible for balance and interconnection frequency support within the PJM Balancing Authority Area;

[Include the following when applicable for each generating unit comprising the Facility:

[WHEREAS, the Facility is comprised of only a portion of the MW of energy and ancillary service of the **[insert name of generating unit]** such that the first ____ MW of energy and ancillary service dispatched from that unit shall remain with the Native Balancing Authority Area and not subject to the Pseudo-Tie of the Facility, and the remaining ____ MW of energy and ancillary service dispatched from the unit will be electrically moved into the PJM Balancing Authority Area and be dedicated to the Pseudo-Tie of the Facility;]

[WHEREAS, the Facility is comprised of only a portion of the installed capacity of the **[insert name of generating unit]** such that ____ percent of the installed capacity of that unit shall remain with the Native Balancing Authority Area and not subject to the Pseudo-Tie of the Facility, and the remaining ____ percent of the installed capacity of the unit will be electrically moved into the PJM Balancing Authority Area and be dedicated to the Pseudo-Tie of the Facility;]

WHEREAS, Company is a PJM Member and meets all of the PJM qualifications in order to operate the Facility in the PJM Region;

WHEREAS, Company represents the generator or load serving entity registered with the PJM Balancing Authority and meeting all of the qualifications of the PJM Balancing Authority in order to operate in the PJM Region and abiding by all applicable rules in the PJM Governing Documents (as defined below);

[Include the following when applicable:

WHEREAS, Native Transmission Operator is the entity that operates or directs operations for the reliability of the “local” transmission system where the Facility is physically located and electrically connected;

WHEREAS, Native Reliability Coordinator is the entity that is responsible for Reliable Operation of the Bulk Electric System, as those terms are defined in the NERC Glossary of Terms, where the Facility is physically located and electrically connected;

WHEREAS, Third Party Reliability Coordinator is the [first] affected entity impacted by flows resulting from the operation of the Facility sourcing from the Native Balancing Authority before it reaches the PJM Balancing Authority;

WHEREAS, Additional Third Party Reliability Coordinator is the second affected entity impacted by flows resulting from operation of the Facility sourcing from the Native Balancing Authority before it reaches the PJM Balancing Authority;]

WHEREAS, the Native Balancing Authority has agreed to facilitate the electrical transfer of generation, and balancing area oversight of the Facility from the Native Balancing Authority into the PJM Region by the Company to the PJM Balancing Authority as defined below;

WHEREAS, Native Balancing Authority and PJM Balancing Authority do not have a joint operating agreement that addresses the operation and implementation of Pseudo-Ties as between their respective Balancing Authority Areas;

[Include the following if Native Balancing Authority has not executed a congestion management agreement with PJM Balancing Authority:

WHEREAS, Native Balancing Authority has not executed an interregional coordination agreement with the PJM Balancing Authority incorporating mutually agreeable congestion management and coordination procedure provisions;]

[Include the following if Native Balancing Authority has executed a congestion management agreement with PJM Balancing Authority:

WHEREAS, Native Balancing Authority has executed an interregional coordination agreement with the PJM Balancing Authority incorporating mutually agreeable congestion management and coordination procedure provisions;]

WHEREAS, the PJM Balancing Authority has agreed to accept the electrical transfer of generation into the PJM Region by the Company from the Native Balancing Authority, and control area oversight from the Native Balancing Authority;

WHEREAS, in order to facilitate the foregoing, the Company desires to establish a new Pseudo-Tie electrical interconnection point for the electrical movement of some or all of the capacity, energy and ancillary services of the Facility from the Native Balancing Authority into the PJM Balancing Authority (the “Pseudo-Tie Point”) on the terms and conditions set forth in this Agreement;

WHEREAS, the Parties agree that the Facility is non-recallable to the extent it is pseudo-tied into PJM and is committed to PJM as a Generation Capacity Resource for a Delivery Year to ensure that the Facility will not be directed to serve load in the Native Balancing Authority Area at a time when the PJM Balancing Authority Area requires the output of the Facility, except during a local transmission reliability emergency per NERC Standards IRO-001-4 and TOP-001-

3 and their respective successors; and

WHEREAS, all capitalized terms that are not otherwise defined herein have the meaning as defined in the PJM Open Access Transmission Tariff (“PJM Tariff”), Amended and Restated Operating Agreement of PJM Interconnection, L.L.C. (“PJM Operating Agreement”), Reliability Assurance Agreement Among Load Serving Entities in the PJM Region (“RAA”), as may be amended from time to time, and in the PJM Manuals if not defined in the PJM Tariff, PJM Operating Agreement or RAA (collectively, “PJM Governing Documents”).

NOW THEREFORE, in consideration of the mutual covenants and agreements in this Agreement and of other good and valuable consideration, the sufficiency and adequacy of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

1. Creation of Pseudo-Tie Point. The physical location at which a Facility is electrically interconnected with the [Native Balancing Authority] [Native Transmission Operator] for the purpose of delivering up to ____ megawatts (“MW”) of capacity, energy and/or ancillary service, as applicable, between the Facility and the PJM Balancing Authority pursuant to this Agreement, shall be a Pseudo-Tie Point. From and after the effective date hereof, any energy delivered from or consumed by the Facility at the Pseudo-Tie Point shall, as among the Native Balancing Authority and PJM Balancing Authority, be included in the Balancing Authority Actual Net Interchange (“ANI”), as defined in the NERC Glossary of Terms, between the Native Balancing Authority and the PJM Balancing Authority whether or not, at the time of delivery or consumption of such energy, the metering, data processing, telemetry and other equipment associated with the Pseudo-Tie Point is properly functioning. Neither the PJM Balancing Authority nor the Native Balancing Authority will take title to any energy delivered from or consumed by the Facility at the Pseudo-Tie Point. As necessary the Parties will work cooperatively with Native Balancing Authority to cause any energy delivered from or consumed by the Facility at the Pseudo-Tie Point to be treated as a Balancing Authority ANI between the Native Balancing Authority and the PJM Balancing Authority.

2. Implementation. The Pseudo-Tie of the Facility established under this Agreement shall be implemented and operated in accordance with this Agreement and the applicable provisions of the PJM Governing Documents. Each Party shall design, construct, operate, implement and maintain the equipment according to NERC and North America Energy Standards Board (“NAESB”) standards for which it is responsible under this Agreement and otherwise, and shall take all other actions required of it, to create and have the Pseudo-Tie MW value recognized by the PJM Balancing Authority and Native Balancing Authority as an ANI between the Native Balancing Authority and the PJM Balancing Authority. Native Balancing Authority shall recognize the Pseudo-Tie Point as ANI between it and the PJM Balancing Authority for the purpose of allowing the Facility to be treated as having been electrically moved out of the Native Balancing Authority Area and into the PJM Balancing Authority Area. A basic block diagram of the communications equipment required for the Pseudo-Tie Point is set forth in Appendix 1. As among the Parties:

- (a) This Agreement does not provide for the reservation or sale of transmission service under the PJM Tariff or on any other transmission system or address rates, terms or conditions of transmission service or indicate in any way

that transmission service is available or properly awarded. Company shall secure and pay for all cost associated with transmission service, across all transmission service providers necessary to deliver or consume power from the Facility to the interface with the PJM Balancing Authority or to the interface with the Native Balancing Authority.

(b) In order to Pseudo-Tie the Facility into the PJM Region, the Company shall secure long-term firm Point-to-Point Transmission Service or the equivalent thereof, as required by the PJM Governing Documents, from where it is physically located in the Native Balancing Authority Area through the path to the interface with the PJM Balancing Authority, and maintain such transmission service, sufficient to deliver ___ MW of capacity, ___ MW of energy and ___ MW of ancillary service for the term of this Agreement. PJM shall confirm that the appropriate transmission service reservations are in place and maintained prior to allowing the electrical movement of the Facility out of the Native Balancing Authority Area and into the PJM Balancing Authority Area. Failure to maintain the required transmission service shall constitute a violation of the PJM Governing Documents pertaining to Capacity Resources and a breach of this Agreement.

(c) Nothing in this Agreement makes Company a Market Participant under the PJM Governing Documents. **[Include the following if Company is not already a Market Participant:** If Company seeks to become a Market Participant, Company is solely responsible for satisfying all requirements as set forth for a Market Participant in the PJM Governing Documents to become a Market Participant.]

(d) PJM, in accordance with the PJM Governing Documents, will provide the Company commitment and dispatch instructions for participation in the PJM Interchange Energy Markets consistent with such instructions issued to other registered Capacity Resources. PJM and Native Balancing Authority will also provide data concerning its dispatch decisions for the Facility to each other solely for use for their operational planning analyses.

(e) Company shall design, construct, operate and maintain real-time and historical systems and communications equipment in accordance with the PJM Governing Documents, at Company's expense, in order to (1) receive PJM dispatch instructions, and (2) provide the Native Balancing Authority and the PJM Balancing Authority with the corresponding real-time Pseudo-Tie value. Company's systems shall provide this signal to the PJM Balancing Authority per the PJM Balancing Authority's Inter-Control Center Communications Protocol standards, and to the Native Balancing Authority in a manner mutually agreed to between the Native Balancing Authority and the Company.

(f) For generators pseudo-tying from a Native Balancing Authority that operates wholesale electricity markets, the real time Pseudo-Tie MW value will be equal to the real-time telemetered generator output received by PJM from the Company. For generators pseudo-tying from a Native Balancing Authority that

does not operate wholesale electricity markets, the real time Pseudo-Tie MW value will be equal to the telemetered output of the generator minus the losses on the Native Balancing Authority's or other transmission provider's transmission system. Losses shall be handled as indicated in Article 3 and Appendix 2 of this Agreement. The Company shall simultaneously provide this value to the Native Balancing Authority.

(g) The Native Balancing Authority and the PJM Balancing Authority will include the real time Pseudo-Tie value in their respective calculations of ANI and Area Control Error ("ACE"), as those terms are defined in the NERC Glossary of Terms, and hereby agree that the PJM Balancing Authority shall have operational control of the Facility while this Agreement is in effect.

(h) Company shall notify Parties of any real-time circumstances that affect the Company's obligation or ability to meet the PJM dispatch instructions or Native Balancing Authority instructions.

(i) The Native Balancing Authority and the PJM Balancing Authority shall integrate the real time Pseudo-Tie MW value on a five minute basis, or such other agreed upon interval, and maintain this information for balancing authority checkout, inadvertent energy flow calculations and payback purposes in accordance with the applicable NERC standards. It is the responsibility of the Native Balancing Authority to checkout these five minute or other agreed upon interval integrated values with the Company prior to the Native Balancing Authority's final daily check out with the PJM Balancing Authority.

(j) The technical characteristics of the Pseudo-Tie of the Facility are set forth in this Agreement, including Appendix 2 appended hereto.

(k) The Pseudo-Tie of the Facility is or will be registered in the NAESB (or successor) registry as of the effective date of this Agreement.

(l) The Native Balancing Authority, [native Reliability Coordinator, as that term is defined in the NERC Glossary of Terms,] [Native Reliability Coordinator], [native Transmission Operator, as that term is defined in the NERC Glossary of Terms,] [Native Transmission Operator], or combination thereof, shall have the right to direct that the amount of energy utilizing the Pseudo-Tie of the Facility be adjusted for local transmission reliability concerns, and shall be responsible for mitigating the transmission related congestion on the transmission system where the Facility is connected. All of the procedures associated with adjusting the energy output of the Facility for local transmission reliability concerns will conform to the direction of the [native Reliability Coordinator] [Native Reliability Coordinator].

(m) PJM, as the Reliability Coordinator for the PJM Balancing Authority, under normal operating conditions shall be responsible for the capacity, energy and dispatch of the MW dedicated to the Pseudo-Tie of the Facility that is the subject

of this Agreement.

(n) The Company shall obtain station service for the Facility in accordance with the rules of the Native Balancing Authority.

(o) The Pseudo-Tie of the Facility shall be implemented and operated consistent with all applicable NERC Standards, including but not limited to INT-004-3.1, IRO-001-4 and TOP-001-3 and their respective successors.

[Include the following when applicable:

For Pseudo-Tie of Facility's Output Above Threshold Value:

(p) If the Facility is comprised of only a portion of the MW of energy and ancillary service of the Company's _____ unit such that not all of the MW of energy and ancillary service dispatched from that unit will be electrically moved into the PJM Balancing Authority Area and be dedicated to the Pseudo-Tie of the Facility, and some of the MW of energy and ancillary service will remain within the Native Balancing Authority Area and not subject to the Pseudo-Tie of the Facility, the Company, Native Balancing Authority and PJM Balancing Authority agree that the first ___ MW dispatched from that unit shall remain with the Native Balancing Authority Area, and the remaining MW of energy and ancillary service shall be dedicated to the Pseudo-Tie of the Facility.]

OR

For Pseudo-Tie of Percent of Facility's Output:

(p) If the Facility is comprised of only a portion of the MW of energy and ancillary service of the Company's _____ unit such that not all of the MW of energy and ancillary service dispatched from that unit will be electrically moved into the PJM Balancing Authority Area and be dedicated to the Pseudo-Tie of the Facility, and some of the MW of energy and ancillary service will remain within the Native Balancing Authority Area and not subject to the Pseudo-Tie of the Facility, the Company, Native Balancing Authority and PJM Balancing Authority agree that ___ percent of the installed capacity of that unit shall be dedicated to the Pseudo-Tie of the Facility.]

3. Losses. Company will be responsible for loss compensation to deliver its energy to or receive its energy from the PJM Balancing Authority. Pseudo-tie value(s) will be calculated net of losses external to PJM. Losses within the PJM Balancing Authority attributable to the Company's participation in the PJM Interchange Energy Markets and capacity market shall be handled in the same manner as other PJM Interchange Energy Markets and capacity market transactions per the PJM Governing Documents.

4. Compensation. Unless otherwise agreed by Company and Native Balancing

Authority, Company will compensate the Native Balancing Authority for the reasonable implementation and operations related costs by the Native Balancing Authority as a result of this Agreement, if any.

5. Operating and Maintenance Costs. The Company shall be responsible for all of its costs incurred for the purpose of meeting its obligations under this Agreement.

6. Operation and Modeling Requirements. The use of this Pseudo-Tie of the Facility as between Native Balancing Authority and Company shall be modeled by the PJM Balancing Authority in accordance with established practices and requirements of all impacted Parties, as well as Good Utility Practice.

7. Congestion Management Requirements. In order to capture Facility impacts, no Party shall tag or request to tag the scheduled energy flows from a Generation Capacity Resource that utilize the Pseudo-Tie because 1) PJM operated Generation Capacity Resources that are Pseudo-Ties cannot be subject to NERC Interchange Distribution Calculator (“IDC”) tag curtailments per the PJM Reliability Assurance Agreement; and 2) information about the Pseudo-Tie of the Facility is included in a congestion management procedure via an alternate method as described in NERC Standard INT-004-3.1. PJM shall include the Facility impacts in its Market Flow calculation consistent with any applicable Federal Energy Regulatory Commission (“Commission”)-approved congestion management agreement to which PJM is a party. **[Include the following for any Pseudo-Tie for which Native Balancing Authority/Native Reliability Coordinator/Native Transmission Operator has not executed a congestion management agreement:** Because [Insert Party Name(s)] [is not a signatory] [are not signatories] to a congestion management agreement, [it] [they] hereby agree[s] and [is] [are] required to 1) waive the NERC tagging requirement for Generation Capacity Resources that utilize the Pseudo-Tie of the Facility, 2) agree to control Facility impacts via the NERC IDC re-dispatch process, 3) honor firm delivery transfer status via third party firm flow limit calculation procedures pursuant to the same congestion management procedure (“Congestion Management Process”) provisions included in the Joint Operating Agreement Between the Midcontinent Independent System Operator, Inc. and PJM Interconnection, L.L.C., and 4) recognize Facility impacts via Market Flow calculations described in the Congestion Management Process, which Market Flows will be reported to NERC IDC. PJM will utilize its Day-ahead Security Constrained Economic Dispatch (DA SCED) to establish firm flow limits.] Generator real power output of, and management thereof, for the Facility is considered within the PJM Balancing Authority Area for all purposes of application, implementation, and execution of NERC Reliability Standards requirements for the duration of this Agreement.

8. Establishment of Coordinated Flowgates. Coordinated Flowgates, as that term is defined in the applicable Commission-approved congestion management agreement to which PJM is a party, will be established based on the terms of that agreement. **[Include the following for any Pseudo-Tie for which Native Balancing Authority/Native Reliability Coordinator/Native Transmission Operator has not executed a congestion management agreement:** Because [Insert Party Name(s)] [is not a signatory] [are not signatories] to a congestion management agreement, [it’s] [their] coordinated flowgates will be established based on the Congestion Management Process Coordinated Flowgate criterion.]

9. Contingency Operational Requirements. If the Pseudo-Tie signal is lost or determined to be unacceptable, or the telemetry from the Facility is lost or determined to be unacceptable, pursuant to Native Balancing Authority's and PJM Balancing Authority's applicable tariff provisions and business rules and any applicable NERC Standard, operation of the Pseudo-Tie of the Facility will only continue under the following procedure:

- (a) Native Balancing Authority or PJM will notify Company of the failure.
- (b) Native Balancing Authority and PJM will hold the last known accurate Pseudo-Tie MW value on the Pseudo-Tie of the Facility until it is determined to be inaccurate or a more accurate value is provided by Company.
- (c) It is the responsibility of the Company to verbally communicate changes in the real-time Pseudo-Tie MW values to the other Parties.
- (d) Changes to the manually-updated Pseudo-Tie MW value cannot occur more frequently than once per hour unless otherwise mutually agreed upon by Company, PJM Balancing Authority and Native Balancing Authority.
- (e) To the extent possible, the Party maintaining the failed telemetry will provide a reasonable estimate of anticipated time of restoration.
- (f) If the primary data source is not restored within twenty-four (24) hours, Company, PJM Balancing Authority and Native Balancing Authority must agree on a plan to restore an acceptable data source for the Pseudo-Tie to continue operating.

In the event of a planned or unplanned outage of the Facility or local transmission system that would disrupt the Pseudo-Tie of the Facility, then Company shall notify PJM and Native Balancing Authority of the outage per their applicable tariff and business rules.

10. Other Obligations. Nothing in this Agreement is intended to modify or change any obligations or rights under any tariff (including the PJM Tariff, PJM Operating Agreement and RAA), any rate schedule, or any other contract. This Agreement does not establish any generation as a designated network resource under the Tariff; the requirements of the Tariff still must be satisfied. Nothing in this Agreement affects Company's rights or obligations as a Market Participant. The Parties will comply with, and be subject to, all applicable provisions of the PJM Governing Documents and any applicable Joint Operating Agreement between PJM and the Native Balancing Authority, to the extent applicable to that particular Party, which provisions shall be deemed to be incorporated herein. The intent of the Parties is that the use of the referenced Pseudo-Tie of the Facility will not negatively impact a Balancing Authority's reliability or performance expectations as defined by NERC.

11. Modification. Nothing in this Agreement is intended to modify or limit, nor shall be construed as affecting in any way, the right of PJM to submit to the Commission under Federal Power Act, section 205 or section 206 unilateral changes to this Agreement or make application for a change in rates, terms and conditions, charges, classification of service, rule or

regulation (both the form Agreement and any signed agreement), the right of any other Party to seek unilateral changes under this Agreement under Federal Power Act, section 206, or the authority of the Commission to accept any Federal Power Act, section 205 filing or to make changes under Federal Power Act, section 206 or to initiate proceedings under Federal Power Act, section 206. Nothing in this Agreement supersedes, modifies or changes any of the express provisions of the PJM Governing Documents, and in the event of any conflict, the provisions of the PJM Governing Documents shall control.

12. Auditing. Each Party reserves the right to audit records necessary to permit evaluation and verification of claims submitted, and the other Party's compliance with this Agreement. The Parties shall retain for a period of seven (7) years all information and records relating to the performance of this Agreement. Each Party may examine and copy such information and records at the other Party's premises during regular business hours and upon advance written notice given no less than fifteen (15) calendar days prior to such examination.

13. Disputes. Any disputes under this Agreement shall first be resolved pursuant to the PJM Dispute Resolution Procedures set forth in PJM Tariff, section 12. Any disputes that remain unresolved after completing the PJM Dispute Resolution Procedures may be brought to the Commission for resolution.

14. Breach. If any Party breaches the terms of this Agreement, then a non-breaching Party may seek to suspend this Agreement in accordance with section 17 below, terminate this Agreement in accordance with section 18 below, or pursue any relief it believes is appropriate at the Commission. A breach is considered a substantive violation of any term or condition of this Agreement. Prior to pursuing a remedy at the Commission for a breach, a non-breaching Party shall provide five (5) Business Days' written notice of the breach to the breaching Party. If the breaching Party does not eliminate the breach within five (5) Business Days after the notice is received by the breaching Party, then the non-breaching Party may pursue its remedies at the Commission; provided, however, that such cure period may be extended, if agreed to by all Parties, if the breaching party cannot eliminate the breach within five (5) Business Days despite its best efforts.

15. Commission Filing. If unchanged, a signed version of this form agreement shall not be filed with the Commission. PJM will report the existence of a signed agreement in its quarterly reports to the Commission. If the form agreement is substantively changed, then PJM shall file on behalf of itself, Company and Native Balancing Authority as a service schedule under the Tariff within thirty (30) days after execution by all Parties the revised form agreement with the Commission. The Parties shall be bound by the terms of this Agreement accepted or modified by the Commission.

16. Effective Date. The Agreement shall be effective upon execution by all Parties if it is not filed with the Commission. If the Agreement is filed with the Commission, then it shall be effective upon the later of the date of execution or the date specified by the Commission in its order accepting the Agreement for filing. This Agreement shall remain in full force and effect until terminated pursuant to section 18 below. If the Parties cannot agree on all the terms and

conditions of the Agreement, PJM shall file with the Commission, within thirty (30) days after the date the Company provides written notification directing PJM to file, an unexecuted Agreement containing terms and conditions deemed appropriate by PJM, including all agreed-upon non-conforming deviations.

17. Suspension. PJM reserves the right to suspend the Pseudo-Tie of the Facility if the Company no longer satisfies the PJM Governing Document requirements for Pseudo-Ties, criteria for participation in PJM's markets as an external resource, or other applicable regulatory, legal or reliability requirements, if Company commits a material default under this Agreement or has failed to cure any breach of this Agreement in accordance with section 14 above, or if PJM reasonably determines that the Pseudo-Tie of the Facility poses a risk to system reliability or risk of violation of established reliability criteria, by giving immediate notice of suspension. PJM also reserves the right to suspend the Pseudo-Tie of the Facility if the Company fails to provide real-time Pseudo-Tie MW values in a timely manner pursuant to applicable tariff or business rule requirements of the Native Balancing Authority and/or PJM Balancing Authority, upon mutual agreement of the Native Balancing Authority and PJM Balancing Authority, and upon giving immediate notice to Company and Native Balancing Authority. In the event of such suspension for failure to provide real-time Pseudo-Tie MW values in a timely manner, the Company shall provide a remedy for the cause of the failure, which PJM shall review in order to determine whether the Pseudo-Tie of the Facility will be permitted to resume operation. Two suspensions of the Pseudo-Tie of the Facility within a thirty (30) day period shall constitute a breach under section 14 of this Agreement. In the event of two suspensions within a thirty (30) day period, this Agreement may be terminated, in accordance with section 18 of this Agreement, by mutual agreement of the Native Balancing Authority and PJM Balancing Authority; provided, however, that the Party seeking to exercise this right to terminate must provide notice of such termination within one hundred eighty (180) days of the second suspension. Except as otherwise expressly permitted under the PJM Governing Documents, the suspension of the Pseudo-Tie of the Facility shall not relieve the Company of any of its obligations owed to PJM, specifically including but not limited to, any energy market or RPM must-offer requirements or any capacity obligations for which it has committed the Facility to PJM in an RPM Auction or FRR Capacity Plan. During any suspension period, the Facility shall remain under the operational control of the Attaining Balancing Authority and shall not be under the operational control of the Native Balancing Authority.

18. Termination. Any Party shall have the right to terminate this Agreement, in its sole discretion, upon forty-two (42) months' notice prior to the commencement of a Delivery Year, subject to receiving all necessary regulatory approvals for such termination, if any. In addition, PJM shall have the right to terminate this Agreement, upon sixty (60) days' notice to Company and Native Balancing Authority, and the filing of a notice of cancellation with the Commission if required, if PJM experiences an emergency or other unforeseen condition which may impair or degrade the reliability of the Transmission System, a transmission constraint that impairs the reliability of PJM's or another transmission provider's system, or any adverse condition(s) or if the emergency condition causes the Facility to become undeliverable or unable to be restored, such as a major long-term transmission outage for example, and as a result in each case reliability issues arise such that the referenced Pseudo-Tie of the Facility raises concerns with regional reliability coordinators or NERC, or if Company no longer satisfies the PJM

Governing Document requirements for Pseudo-Ties, criteria for participation in PJM's markets as an external resource, or other applicable regulatory, legal or reliability requirements, or Company commits a material default under this Agreement or has failed to cure any breach of this Agreement in accordance with section 14 above, upon acceptance of such notice of cancellation by the Commission if required. If PJM suspends this Agreement for failure of the Company to provide real-time Pseudo-Tie MW values in a timely manner two times within a thirty (30) day period, as addressed in section 17 above, upon mutual agreement, PJM and Native Balancing Authority shall have the right to terminate this Agreement, upon sixty (60) days' notice to each Party, and the filing of a notice of cancellation with, and acceptance by, the Commission if required; provided, however, that the Party seeking to exercise this right to terminate must provide notice of such termination within one hundred eighty (180) days of the second suspension. Except as otherwise expressly permitted under the PJM Governing Documents, the termination of this Agreement shall not relieve the Company of any of its obligations owed to PJM, specifically including but not limited to, any energy market or RPM must-offer requirements or any capacity obligations for which it has committed the Facility to PJM in an RPM Auction or FRR Capacity Plan.

19. Liability. In no event shall PJM or Native Balancing Authority be liable to any Party or any third party or other person under any provision of this Agreement for any claims, demands, losses, damages, costs, or expenses for any special, indirect, incidental, consequential, or punitive damages, including but not limited to loss of profit or revenue, loss of the use of equipment, cost of capital, cost of temporary equipment or services, whether based in whole or in part in contract, in tort, including negligence, strict liability, or any other theory of liability related to this Agreement, except to the extent the damages are direct damages that arise or result from or result from gross negligence or willful misconduct of PJM or Native Balancing Authority. Nothing in this Agreement, whether express or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any person or entity that is not a Party or a permitted successor or assign.

20. Indemnification and Consequential Damages. **[Include the following for any Company for which there is a law that prohibits that entity from indemnifying other parties:** To the extent permitted by applicable law, including but not limited to state law governing the activities of municipalities or political subdivisions,] Company shall at all times indemnify, defend, and save all other Parties to this Agreement harmless from any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demands, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from such Party's performance of its respective obligations under this Agreement, except in cases of gross negligence or intentional wrongdoing by the other Party.

21. Assignments. No Party may assign or transfer any of its rights and/or obligations under this Agreement without the written consent of the other Parties, which consent shall not be unreasonably withheld.

22. Waivers. Any waiver at any time by a Party of its rights with respect to any default under this Agreement, or with respect to any other matter arising in connection with this

Agreement, (1) must be in writing and executed by a duly authorized official of the waiving Party, and (2) shall not constitute or be deemed a waiver with respect to any subsequent default or other matter arising in connection with this Agreement.

23. Interpretation. In this Agreement:

- (a) the words “include,” “includes” and “including” shall mean “including without limitation;”
- (b) references to contracts, agreements and other documents and instruments shall be references to the same as amended, supplemented, restated or otherwise modified from time to time;
- (c) unless the context otherwise requires, references to laws or standards and to terms defined in, and other provisions of, laws or standards shall be references to the same (or a successor to the same) as amended, supplemented or otherwise modified from time to time;
- (d) references to a “Party” shall include its permitted successors and assigns, unless the context requires otherwise;
- (e) references to a section, article or schedule shall mean a section, article or schedule of this Agreement, as the case may be, unless the context otherwise requires; and
- (f) references to a person shall include any individual, partnership, firm, company, corporation, joint venture, trust, association, organization or other entity, and, in the case of a governmental or other authority (including PJM and NERC), any person succeeding to its functions and capacities, unless the context requires otherwise.

24. Severability. If any provision of this Agreement is held invalid, illegal or unenforceable in any jurisdiction by the Commission or a court having authority to make such a determination, then, the Parties agree, to the fullest extent permitted by law, that the validity, legality and enforceability of the remaining provisions hereof in such or any other jurisdiction and of such provision in any other jurisdiction shall not in any way be affected or impaired thereby and shall remain in full force and effect. With respect to the provision held invalid, illegal or unenforceable, the Parties will amend this Agreement as necessary to effectuate the original intent of the Parties as closely as possible.

25. Representations and Warranties. Each Party represents and warrants that the execution, delivery and performance of this Agreement by it has been duly authorized by all necessary corporate and/or governmental actions, to the extent authorized by law. Company represents and warrants that it is duly organized or formed, as applicable, validly existing and in good standing under the laws of its state of organization or formation, and is in good standing under the laws of the respective state(s) in which it is incorporated and operates.

26. Notices. Any notice or request made to or by either Party regarding this Agreement shall be made to the representatives as indicated below. A notice shall be effective only if in writing and delivered by hand; reputable overnight courier; electronic mail; or United States mail. Notice shall be deemed to have been given: (a) when delivered to the recipient by hand, overnight courier or electronic mail, or (b) if delivered by United States mail, on the postmark date.

PJM Balancing Authority
PJM Interconnection, L.L.C.
2750 Monroe Blvd.
Audubon, PA 19403
Attn: General Counsel
Email: _____@pjm.com

Native Balancing Authority
[Entity Name]
[Address]
Attn: _____
Email: _____

Company
[Entity Name]
[Address]
Attn: _____
Email: _____

[Include the following when applicable:

Native Transmission Operator
[Entity Name]
[Address]
Attn: _____
Email: _____

Native Reliability Coordinator
[Entity Name]
[Address]
Attn: _____
Email: _____

Third Party Reliability Coordinator
[Entity Name]
[Address]
Attn: _____
Email: _____

Additional Third Party Reliability Coordinator

[Entity Name]
[Address]
Attn: _____
Email: _____]

27. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be an original but all of which, taken together, shall constitute only one legal instrument. It shall not be necessary in making proof of this Agreement to produce or account for more than one counterpart. The delivery of an executed counterpart of this Agreement by facsimile shall be deemed to be valid delivery thereof.

28. Governing Law. This Agreement shall be deemed a contract made under, and the interpretation and performance of this Agreement and each of its provisions shall be governed and construed in accordance with, the applicable Federal and/or laws of the State of Delaware without regard to conflicts of laws provisions that would apply the laws of another jurisdiction. The Parties irrevocably consent (to the extent permitted by law) that any legal action or proceeding arising under or related to this Agreement to which the PJM Dispute Resolution Procedures do not apply shall be brought in any of the following forums, as appropriate – any court of the State of Delaware, any federal court of the United States of America located in the State of Delaware, or, where subject to its jurisdiction, before the Commission.

29. Entire Agreement; Amendments. This Agreement constitutes the entire agreement among the Parties with respect to the subject matter of this Agreement and supersedes other prior agreements and understandings, both written and oral, among the Parties with respect to the subject matter of this Agreement. This Agreement may be amended, supplemented or otherwise modified only by an instrument in writing signed by all Parties. Amendments that require Commission approval shall not take effect until the Commission has accepted such amendment. If the amendment does not require Commission approval, the amendment will not be filed with the Commission and shall become effective as of the date indicated in the written instrument signed by all Parties.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective authorized representatives on the dates reflected below.

Company: [Insert Name]

By: _____
[Insert Name]

Title: _____

Date: _____

Native Balancing Authority: [Insert Name]

By: _____
[Insert Name]

Title: _____

Date: _____

[Include the following when applicable:
Native Transmission Operator: [Insert Name]

By: _____
[Insert Name]

Title: _____

Date: _____

Native Reliability Coordinator: [Insert Name]

By: _____
[Insert Name]

Title: _____

Date: _____

Third Party Reliability Coordinator: [Insert Name]

By: _____
[Insert Name]

Title: _____

Date: _____

Additional Third Party Reliability Coordinator: [Insert Name]

By: _____
[Insert Name]

Title: _____

Date: _____

PJM Interconnection, L.L.C.

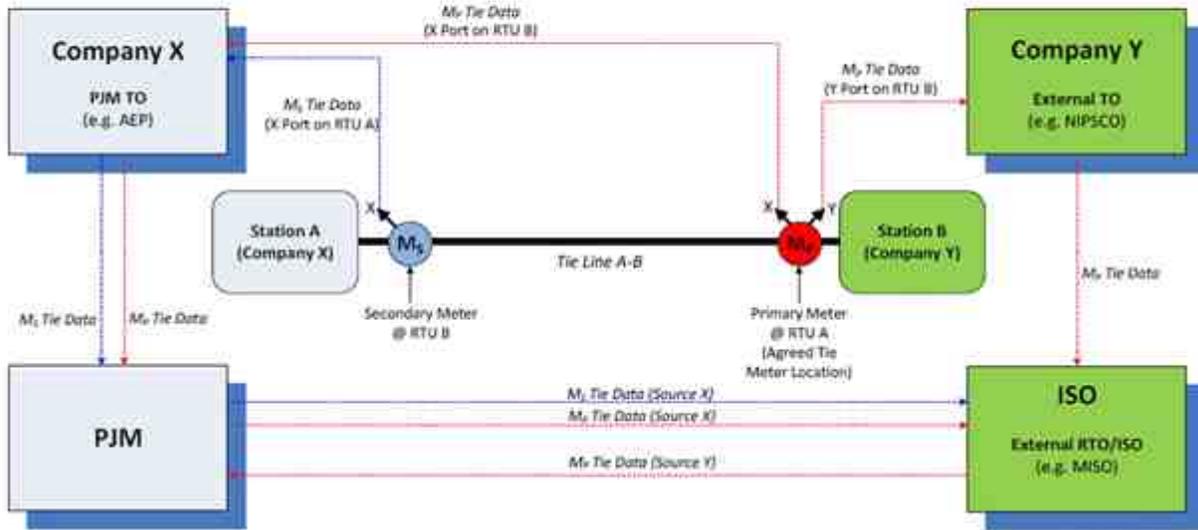
By: _____
[Insert Name]

Title: _____

Date: _____

APPENDIX 1 BLOCK DIAGRAM

External Tie Line Metering Primary Metering at External End of Tie Line



**APPENDIX 2
SPECIFICATIONS FOR
PSEUDO-TIE AGREEMENT**

**By and Among
PJM Interconnection, L.L.C.**

And

[Name of Company]

[Use as/when applicable:

And

[Name of Native Balancing Authority]

And

[Name of Native Transmission Operator]

And

[Name of Native Reliability Coordinator]

And

Name of Third Party Reliability Coordinator]

And

[Name of Additional Third Party Reliability Coordinator]

For Pseudo-Ties Into the PJM Region

To be completed by PJM
To be completed by Member

A. Request Information

Generator/Load(s) Name(s)	
Generator/Load(s) Location	
Requesting Member Name	
Native Balancing Authority Area	
Maximum Facility Output Capability of Generator	
MW Amount to be Transferred Into PJM	
Source Transmission Zone	
Request Type (Dynamic Schedule, Full Pseudo-Tie or Partial Pseudo-Tie)	
Pnode ID	
Point of Interconnection	
Pseudo-Tie Point	
Implementation Target Date and Time at which the Dynamic Transfer will begin	
Seeking Capacity Import Limit Exception?(Yes or No)	
First RPM Auction for which CIL Exception Applies	
RPM External Source Zone	

Transmission Service/OASIS ID	
Member Point of Contact Information	

B. Current Operation

Dynamically Transferring a Generator or a Load?	
PJM Generator or Load Name	
How is the Unit Currently Scheduled in PJM (e.g. Block Schedule, Dynamically Schedule, Real-Time, N/A)?	
How are losses handled (Financially or Physically)?	
Which ancillary services does the unit currently provide and in which Balancing Authority?	
Who is the Market Participant for the generator/load?	
Who is the Markets Operations Center (MOC)?	
Is any portion of the generator Behind the Meter generation?	
Is Net or Gross metering used? (if applicable)	
Notes	

C. Approach to Implement

Will the generator/load be pseudo tied, dynamically scheduled or block scheduled?	
How will losses be handled (Financially or Physically)?	
Which ancillary services will this unit provide and in which Balancing Authority?	
Settlement check out details (i.e. – check out contact, preferences, decimal precision)	
Who will be the Market Participant?	
Will this be modeled in PJM EMS?	
Is there intent for the generator(s) to participate in Native Balancing Authority's Capacity Market? Yes or No?	
If Yes, indicate the amount of MWs	
How will Behind-the-Meter generation be modeled (if applicable)?	
Will net or gross metering be used (if	

applicable)?	
Notes	

D. Transmission Service

Native Balancing Authority

Owner of Service	
Transmission Provider	
Path (POR/POD)	
Source	
Sink	
MW	
Start Date	
Stop Date	
Product Type	
NAESB Registry Complete	
Notes	

PJM Balancing Authority

Owner of Service	
Transmission Provider	
Path (POR/POD)	
Source	
Sink	
MW	
Start Date	
Stop Date	
Product Type	
NAESB Registry Completion Date	
Notes	

NERC Tagging Information

Tagging Required? (Yes/No)	
PJM Transmission Service and/or Tagging Rules	
Neighboring BA Transmission Service and/or Tagging Rules	

E. Energy Market Overview

Generator/Load ID/Name	
Pnode ID/Name	

Energy Market Account(s)	
Energy Market Owner(s)	
How should the generator/load be modeled in the Day-ahead Energy Market?	
How should the generator/load be modeled in the Real-time Energy Market?	
What will the PowerMeter modeling be?	
Will inSchedules be transacted?	
Notes	

F. Capacity Market Overview

eSuite Account where the capacity import and capacity commitment reside (Long name & short name)	[This is confidential info and will not be in the public version filed with the Commission]
Total amount of capacity import (ICAP MWs)	
Total amount of capacity commitments (UCAP MWs)	

G. Billing & Settlements

Spot Market	
Congestion (1215)	
Losses (1225)	
Regulation (yes or no)	
Day Ahead Scheduling Reserve	
Synch Reserve Market (yes or no)	
Operating Reserves	
RPM	
FTRs/FTR Auction	
Meter Correction	
Schedule 9-1 Control Area Admin (1301, 1308)	
Schedule 9-2 FTR Admin (1302, 1309)	
Schedule 9-3 Market Support (1303, 1307, 1310)	
Schedule 9-4 Reg Admin (1304, 1311)	
Schedule 9-5 RPM Admin (1305, 1312)	
Schedule 9-AC2 (1306)	

Schedule 9-FERC (1315)	
Schedule 9-OPSI (1316)	
Schedule 9-MMU (1314)	
Schedule 9 – PJM Settlements (1313)	
Schedule 9 – CAPS	
Schedule 10-NERC	
Schedule 10-RFC	
Schedule 1A TO Control Center (1320)	
Reactive (Schedule 2) (1330)	
Black Start (Schedule 6A) (1380)	
Network Service (load only)	
Point-to-Point Service (1130)	
RTO Startup Cost Recovery	
Expansion Cost Recovery	
Schedule 12 (Transmission Enhancement)	

Contact Information

Name	Company	Role	E-Mail Address	Phone

ATTACHMENT NN

**FORM OF PSEUDO-TIE AGREEMENT
FOR GENERATOR PSEUDO-TIES INTO THE PJM REGION
WHEN JOINT OPERATING AGREEMENT ADDRESSES PSEUDO-TIE OPERATION
AND IMPLEMENTATION**

**By and Among
PJM Interconnection, L.L.C.**

And

[Name of Company]

[Use as/when applicable:

And

[Name of Native Transmission Operator]

And

[Name of Native Reliability Coordinator]

And

[Name of Third Party Reliability Coordinator]

And

[Name of Additional Third Party Reliability Coordinator]

This Pseudo-Tie Agreement (“Agreement”) including the Specifications and Appendices attached hereto and incorporated herein, is entered into by and between PJM Interconnection, L.L.C., the Regional Transmission Organization, Reliability Coordinator, and Balancing Authority for the PJM Region (hereinafter “PJM” or “PJM Balancing Authority”), [_____] (“Native Transmission Operator”), [_____] (“Native Reliability Coordinator”), [_____] (“Third Party Reliability Coordinator”), [_____] (“Additional Third Party Reliability Coordinator”), and _____ (“Company” [OPTIONAL: or “[short name]”). [Use as/when applicable: This Agreement supersedes the _____ {insert details to identify the agreement being superseded, the effective date of the agreement, the service agreement number designation, and the FERC docket number, if applicable, for the agreement being superseded.}] Company[, Native Transmission Operator,] [Native Reliability Coordinator,] [Third Party Reliability Coordinator,] [Additional Third Party Reliability Coordinator,] and PJM are hereinafter referred to individually as a “Party” and collectively as the “Parties.”

WHEREAS, the Company owns, operates or has contractual authority to control the output of _____ megawatts (“MW”) of capacity, energy and/or ancillary services of [a] generating unit(s), known as [insert name of generating unit(s)], that generate[s] energy and ancillary services, which [is] [are] located outside of the physical and electrical boundaries of the PJM Balancing Authority Area at [insert address], and desires to Pseudo-Tie _____ MW of the energy and ancillary services of that generating unit (the “Facility”) into the PJM Balancing Authority Area and participate in the PJM Interchange Energy Markets and capacity market (either through the Reliability Pricing Model or Fixed Resource Requirement Alternative) as a Capacity Market Seller of the Facility;

WHEREAS, _____ is a North American Electric Reliability Corporation (“NERC”) certified and registered Balancing Authority, as that term is defined in the NERC Glossary of Terms, and is the Native Balancing Authority, as that term is defined in the NERC Glossary of Terms (“Native Balancing Authority”), responsible for balance and interconnection frequency support within its Balancing Authority Area, as that term is defined in the NERC Glossary of Terms;

WHEREAS, PJM is a NERC certified and registered Balancing Authority responsible for balance and interconnection frequency support within the PJM Balancing Authority Area;

[Include the following when applicable for each generating unit comprising the Facility:

[WHEREAS, the Facility is comprised of only a portion of the MW of energy and ancillary service of the **[insert name of generating unit]** such that the first ____ MW of energy and ancillary service dispatched from that unit shall remain with the Native Balancing Authority Area and not subject to the Pseudo-Tie of the Facility, and the remaining ____ MW of energy and ancillary service dispatched from the unit will be electrically moved into the PJM Balancing Authority Area and be dedicated to the Pseudo-Tie of the Facility;]

[WHEREAS, the Facility is comprised of only a portion of the installed capacity of the **[insert name of generating unit]** such that ____ percent of the installed capacity of that unit shall remain with the Native Balancing Authority Area and not subject to the Pseudo-Tie of the Facility, and the remaining ____ percent of the installed capacity of the unit will be electrically moved into the PJM Balancing Authority Area and be dedicated to the Pseudo-Tie of the Facility;]

WHEREAS, Company is a PJM Member and meets all of the PJM qualifications in order to operate the Facility in the PJM Region;

WHEREAS, Company represents the generator or load serving entity registered with the PJM Balancing Authority and meeting all of the qualifications of the PJM Balancing Authority in order to operate in the PJM Region and abiding by all applicable rules in the PJM Governing Documents (as defined below);

[Include the following when applicable:

WHEREAS, Native Transmission Operator is the entity that operates or directs operations for the reliability of the “local” transmission system where the Facility is physically located and electrically connected;

WHEREAS, Native Reliability Coordinator is the entity that is responsible for Reliable Operation of the Bulk Electric System, as those terms are defined in the NERC Glossary of Terms, where the Facility is physically located and electrically connected;

WHEREAS, Third Party Reliability Coordinator is the [first] affected entity impacted by flows resulting from the operation of the Facility sourcing from the Native Balancing

Authority before it reaches the PJM Balancing Authority;

WHEREAS, Additional Third Party Reliability Coordinator is the second affected entity impacted by flows resulting from operation of the Facility sourcing from the Native Balancing Authority before it reaches the PJM Balancing Authority;]

WHEREAS, Native Balancing Authority and PJM Balancing Authority have a joint operating agreement that includes mutually agreeable provisions concerning the operation and implementation of Pseudo-Ties as between their respective Balancing Authority Areas;

WHEREAS, by virtue of acknowledging the Pseudo-Tie of the Facility that is or will be registered in the North America Energy Standards Board (“NAESB”) registry as the effective date of this Agreement, and pursuant to the terms and conditions of its joint operating agreement with the PJM Balancing Authority, the Native Balancing Authority has agreed to facilitate the electrical transfer of generation, and balancing area oversight of the Facility from the Native Balancing Authority into the PJM Region by the Company to the PJM Balancing Authority as defined below;

[Include the following if Native Balancing Authority has not executed a congestion management agreement with PJM Balancing Authority:

WHEREAS, Native Balancing Authority has not executed an interregional coordination agreement with the PJM Balancing Authority incorporating mutually agreeable congestion management and coordination procedure provisions;]

[Include the following if Native Balancing Authority has executed a congestion management agreement with PJM Balancing Authority:

WHEREAS, Native Balancing Authority has executed an interregional coordination agreement with the PJM Balancing Authority incorporating mutually agreeable congestion management and coordination procedure provisions;]

WHEREAS, the PJM Balancing Authority has agreed to accept the electrical transfer of generation into the PJM Region by the Company from the Native Balancing Authority, and control area oversight from the Native Balancing Authority;

WHEREAS, in order to facilitate the foregoing, the Company desires to establish a new Pseudo-Tie electrical interconnection point for the electrical movement of some or all of the capacity, energy and ancillary services of the Facility from the Native Balancing Authority into the PJM Balancing Authority (the “Pseudo-Tie Point”) on the terms and conditions set forth in this Agreement;

WHEREAS, the Parties agree that the Facility is non-recallable to the extent it is pseudo-tied into PJM and is committed to PJM as a Generation Capacity Resource for a Delivery Year to ensure that the Facility will not be directed to serve load in the Native Balancing Authority Area at a time when the PJM Balancing Authority Area requires the output of the Facility, except

during a local transmission reliability emergency per NERC Standards IRO-001-4 and TOP-001-3 and their respective successors; and

WHEREAS, all capitalized terms that are not otherwise defined herein have the meaning as defined in the PJM Open Access Transmission Tariff (“PJM Tariff”), Amended and Restated Operating Agreement of PJM Interconnection, L.L.C. (“PJM Operating Agreement”), Reliability Assurance Agreement Among Load Serving Entities in the PJM Region (“RAA”), as may be amended from time to time, and in the PJM Manuals if not defined in the PJM Tariff, PJM Operating Agreement or RAA (collectively, “PJM Governing Documents”).

NOW THEREFORE, in consideration of the mutual covenants and agreements in this Agreement and of other good and valuable consideration, the sufficiency and adequacy of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

1. Creation of Pseudo-Tie Point. The physical location at which a Facility is electrically interconnected with the [Native Balancing Authority] [Native Transmission Operator] for the purpose of delivering up to ____ megawatts (“MW”) of capacity, energy and/or ancillary service, as applicable, between the Facility and the PJM Balancing Authority pursuant to this Agreement, shall be a Pseudo-Tie Point. From and after the effective date hereof, any energy delivered from or consumed by the Facility at the Pseudo-Tie Point shall, as among the Native Balancing Authority and PJM Balancing Authority, be included in the Balancing Authority Actual Net Interchange (“ANI”), as defined in the NERC Glossary of Terms, between the Native Balancing Authority and the PJM Balancing Authority whether or not, at the time of delivery or consumption of such energy, the metering, data processing, telemetry and other equipment associated with the Pseudo-Tie Point is properly functioning. Neither the PJM Balancing Authority nor the Native Balancing Authority will take title to any energy delivered from or consumed by the Facility at the Pseudo-Tie Point. As necessary the Parties will work cooperatively with Native Balancing Authority to cause any energy delivered from or consumed by the Facility at the Pseudo-Tie Point to be treated as a Balancing Authority ANI between the Native Balancing Authority and the PJM Balancing Authority.

2. Implementation. The Pseudo-Tie of the Facility established under this Agreement shall be implemented and operated in accordance with this Agreement and the applicable provisions of the PJM Governing Documents. Each Party shall design, construct, operate, implement and maintain the equipment according to NERC and NAESB standards for which it is responsible under this Agreement and otherwise, and shall take all other actions required of it, to create and have the Pseudo-Tie MW value recognized by the PJM Balancing Authority and Native Balancing Authority as an ANI between the Native Balancing Authority and the PJM Balancing Authority. Native Balancing Authority shall recognize the Pseudo-Tie Point as ANI between it and the PJM Balancing Authority for the purpose of allowing the Facility to be treated as having been electrically moved out of the Native Balancing Authority Area and into the PJM Balancing Authority Area. A basic block diagram of the communications equipment required for the Pseudo-Tie Point is set forth in Appendix 1. As among PJM and Company:

(a) This Agreement does not provide for the reservation or sale of

transmission service under the PJM Tariff or on any other transmission system or address rates, terms or conditions of transmission service or indicate in any way that transmission service is available or properly awarded. Company shall secure and pay for all cost associated with transmission service, across all transmission service providers necessary to deliver or consume power from the Facility to the interface with the PJM Balancing Authority or to the interface with the Native Balancing Authority.

(b) In order to Pseudo-Tie the Facility into the PJM Region, the Company shall secure long-term firm Point-to-Point Transmission Service or the equivalent thereof, as required by the PJM Governing Documents, from where it is physically located in the Native Balancing Authority Area through the path to the interface with the PJM Balancing Authority, and maintain such transmission service, sufficient to deliver ___ MW of capacity, ___ MW of energy and ___ MW of ancillary service for the term of this Agreement. PJM shall confirm that the appropriate transmission service reservations are in place and maintained prior to allowing the electrical movement of the Facility out of the Native Balancing Authority Area and into the PJM Balancing Authority Area. Failure to maintain the required transmission service shall constitute a violation of the PJM Governing Documents pertaining to Capacity Resources and a breach of this Agreement.

(c) Nothing in this Agreement makes Company a Market Participant under the PJM Governing Documents. **[Include the following if Company is not already a Market Participant:** If Company seeks to become a Market Participant, Company is solely responsible for satisfying all requirements as set forth for a Market Participant in the PJM Governing Documents to become a Market Participant.]

(d) PJM, in accordance with the PJM Governing Documents, will provide the Company commitment and dispatch instructions for participation in the PJM Interchange Energy Markets consistent with such instructions issued to other registered Capacity Resources. PJM and Native Balancing Authority will also provide data concerning its dispatch decisions for the Facility to each other solely for use for their operational planning analyses, pursuant to the terms of their joint operating agreement or applicable operating guide.

(e) Company shall design, construct, operate and maintain real-time and historical systems and communications equipment in accordance with the PJM Governing Documents, at Company's expense, in order to (1) receive PJM dispatch instructions, and (2) provide the Native Balancing Authority and the PJM Balancing Authority with the corresponding real-time Pseudo-Tie value. Company's systems shall provide this signal to the PJM Balancing Authority per the PJM Balancing Authority's Inter-Control Center Communications Protocol standards, and to the Native Balancing Authority in a manner mutually agreed to between the Native Balancing Authority and the Company.

(f) For generators pseudo-tying from a Native Balancing Authority that operates wholesale electricity markets, the real time Pseudo-Tie MW value will be equal to the real-time telemetered generator output received by PJM from the Company. For generators pseudo-tying from a Native Balancing Authority that does not operate wholesale electricity markets, the real time Pseudo-Tie MW value will be equal to the telemetered output of the generator minus the losses on the Native Balancing Authority's or other transmission provider's transmission system. Losses shall be handled as indicated in Article 3 and Appendix 2 of this Agreement. The Company shall simultaneously provide this value to the Native Balancing Authority.

(g) The Native Balancing Authority and the PJM Balancing Authority will include the real time Pseudo-Tie value in their respective calculations of ANI and Area Control Error ("ACE"), as those terms are defined in the NERC Glossary of Terms, and hereby agree that the PJM Balancing Authority shall have operational control of the Facility while this Agreement is in effect.

(h) Company shall notify Parties of any real-time circumstances that affect the Company's obligation or ability to meet the PJM dispatch instructions or Native Balancing Authority instructions.

(i) The Native Balancing Authority and the PJM Balancing Authority shall integrate the real time Pseudo-Tie MW value on a five minute basis, or such other agreed upon interval, and maintain this information for balancing authority checkout, inadvertent energy flow calculations and payback purposes in accordance with the applicable NERC standards, pursuant to the terms of their joint operating agreement. It is the responsibility of the Native Balancing Authority to checkout these five minute or other agreed upon interval integrated values with the Company prior to the Native Balancing Authority's final daily check out with the PJM Balancing Authority.

(j) The technical characteristics of the Pseudo-Tie of the Facility are set forth in this Agreement, including Appendix 2 appended hereto.

(k) The Pseudo-Tie of the Facility is or will be registered in the NAESB (or successor) registry as of the effective date of this Agreement.

(l) The Native Balancing Authority, [native Reliability Coordinator, as that term is defined in the NERC Glossary of Terms,] [Native Reliability Coordinator], [native Transmission Operator, as that term is defined in the NERC Glossary of Terms,] [Native Transmission Operator], or combination thereof, shall have the right to direct that the amount of energy utilizing the Pseudo-Tie of the Facility be adjusted for local transmission reliability concerns, and shall be responsible for mitigating the transmission related congestion on the transmission system where the Facility is connected. All of the procedures associated with adjusting the energy output of the Facility for local transmission reliability concerns will

conform to the direction of the [native Reliability Coordinator] [Native Reliability Coordinator].

(m) PJM, as the Reliability Coordinator for the PJM Balancing Authority, under normal operating conditions, shall be responsible for the capacity, energy and dispatch of the MW dedicated to the Pseudo-Tie of the Facility that is the subject of this Agreement.

(n) The Company shall obtain station service for the Facility in accordance with the rules of the Native Balancing Authority.

(o) The Pseudo-Tie of the Facility shall be implemented and operated consistent with all applicable NERC Standards, including but not limited to INT-004-3.1, IRO-001-4 and TOP-001-3 and their respective successors.

[Include the following when applicable:

For Pseudo-Tie of Facility's Output Above Threshold Value:

(p) If the Facility is comprised of only a portion of the MW of energy and ancillary service of the Company's _____ unit such that not all of the MW of energy and ancillary service dispatched from that unit will be electrically moved into the PJM Balancing Authority Area and be dedicated to the Pseudo-Tie of the Facility, and some of the MW of energy and ancillary service will remain within the Native Balancing Authority Area and not subject to the Pseudo-Tie of the Facility, the Company and PJM Balancing Authority agree that the first ___ MW dispatched from that unit shall remain with the Native Balancing Authority Area, and the remaining MW of energy and ancillary service shall be dedicated to the Pseudo-Tie of the Facility. The Company shall be required to obtain Native Balancing Authority's agreement for this partial Pseudo-Tie option before PJM will approve it or implement it.]

OR

For Pseudo-Tie of Percent of Facility's Output:

(p) If the Facility is comprised of only a portion of the MW of energy and ancillary service of the Company's _____ unit such that not all of the MW of energy and ancillary service dispatched from that unit will be electrically moved into the PJM Balancing Authority Area and be dedicated to the Pseudo-Tie of the Facility, and some of the MW of energy and ancillary service will remain within the Native Balancing Authority Area and not subject to the Pseudo-Tie of the Facility, the Company and PJM Balancing Authority agree that ___ percent of the installed capacity of that unit shall be dedicated to the Pseudo-Tie of the Facility. The Company shall be required to obtain Native Balancing Authority's agreement for this partial Pseudo-Tie option before PJM will approve it or

implement it.]

3. Losses. Company will be responsible for loss compensation to deliver its energy to or receive its energy from the PJM Balancing Authority. Pseudo-tie value(s) will be calculated net of losses external to PJM. Losses within the PJM Balancing Authority attributable to the Company's participation in the PJM Interchange Energy Markets and capacity market shall be handled in the same manner as other PJM Interchange Energy Markets and capacity market transactions per the PJM Governing Documents.

4. Compensation. Unless otherwise agreed by Company and Native Balancing Authority, Company will compensate the Native Balancing Authority for the reasonable implementation and operations related costs by the Native Balancing Authority as a result of this Agreement, if any.

5. Operating and Maintenance Costs. The Company shall be responsible for all of its costs incurred for the purpose of meeting its obligations under this Agreement.

6. Operation and Modeling Requirements. The use of this Pseudo-Tie of the Facility as between Native Balancing Authority and Company shall be modeled by the PJM Balancing Authority in accordance with established practices and requirements of all impacted Parties, as well as Good Utility Practice.

7. Congestion Management Requirements. In order to capture Facility impacts, neither the Native Balancing Authority or any Party shall tag or request to tag the scheduled energy flows from a Generation Capacity Resource that utilize the Pseudo-Tie because 1) PJM operated Generation Capacity Resources that are Pseudo-Ties cannot be subject to NERC Interchange Distribution Calculator ("IDC") tag curtailments per the PJM Reliability Assurance Agreement; and 2) information about the Pseudo-Tie of the Facility is included in a congestion management procedure via an alternate method as described in NERC Standard INT-004-3.1. PJM shall include the Facility impacts in its Market Flow calculation consistent with any applicable Federal Energy Regulatory Commission ("Commission")-approved congestion management agreement to which PJM is a party. **[Include the following for any Pseudo-Tie for which Native Balancing Authority/Native Reliability Coordinator/Native Transmission Operator has *not* executed a congestion management agreement:** Because [Insert Party Name(s)] [is not a signatory] [are not signatories] to a congestion management agreement, [it] [they] hereby agree[s] and [is] [are] required to 1) waive the NERC tagging requirement for Generation Capacity Resources that utilize the Pseudo-Tie of the Facility, 2) agree to control Facility impacts via the NERC IDC re-dispatch process, 3) honor firm delivery transfer status via third party firm flow limit calculation procedures pursuant to the same congestion management procedure ("Congestion Management Process") provisions included in the Joint Operating Agreement Between the Midcontinent Independent System Operator, Inc. and PJM Interconnection, L.L.C., and 4) recognize Facility impacts via Market Flow calculations described in the Congestion Management Process, which Market Flows will be reported to NERC IDC. PJM will utilize its Day-ahead Security Constrained Economic Dispatch (DA SCED) to establish firm flow limits.] Generator real power output of, and management thereof, for the Facility is considered within the PJM Balancing Authority Area for all purposes of

application, implementation, and execution of NERC Reliability Standards requirements for the duration of this Agreement.

8. Establishment of Coordinated Flowgates. Coordinated Flowgates, as that term is defined in the applicable Commission-approved congestion management agreement to which PJM is a party, will be established based on the terms of that agreement. **[Include the following for any Pseudo-Tie for which Native Balancing Authority/Native Reliability Coordinator/Native Transmission Operator has *not* executed a congestion management agreement:** Because [Insert Party Name(s)] [is not a signatory] [are not signatories] to a congestion management agreement, [it's] [their] coordinated flowgates will be established based on the Congestion Management Process Coordinated Flowgate criterion.]

9. Contingency Operational Requirements. If the Pseudo-Tie signal is lost or determined to be unacceptable, or the telemetry from the Facility is lost or determined to be unacceptable, pursuant to Native Balancing Authority's and PJM Balancing Authority's applicable tariff provisions and business rules and any applicable NERC Standard, operation of the Pseudo-Tie of the Facility will only continue under the following procedure:

- (a) Native Balancing Authority or PJM will notify Company of the failure, pursuant to the terms of their joint operating agreement or applicable operating guide.
- (b) Native Balancing Authority and PJM will hold the last known accurate Pseudo-Tie MW value on the Pseudo-Tie of the Facility until it is determined to be inaccurate or a more accurate value is provided by Company, pursuant to the terms of their joint operating agreement or applicable operating guide.
- (c) It is the responsibility of the Company to verbally communicate changes in the real-time Pseudo-Tie MW values to the other Parties and Native Balancing Authority.
- (d) Changes to the manually-updated Pseudo-Tie MW value cannot occur more frequently than once per hour unless otherwise mutually agreed upon by Company, PJM Balancing Authority and Native Balancing Authority.
- (e) To the extent possible, the Party maintaining the failed telemetry will provide a reasonable estimate of anticipated time of restoration. If the failed telemetry is being maintained by the Native Balancing Authority, Company shall be responsible to obtain the estimate of anticipated time of restoration from the Native Balancing Authority and provide that information to the other Parties.
- (f) If the primary data source is not restored within twenty-four (24) hours, Company, PJM Balancing Authority, and Native Balancing Authority must agree on a plan to restore an acceptable data source for the Pseudo-Tie to continue operating.

In the event of a planned or unplanned outage of the Facility or local transmission system that

would disrupt the Pseudo-Tie of the Facility, then Company shall notify PJM and Native Balancing Authority of the outage per their applicable tariff and business rules.

10. Other Obligations. Nothing in this Agreement is intended to modify or change any obligations or rights under any tariff (including the PJM Tariff, PJM Operating Agreement and RAA), any rate schedule, or any other contract. This Agreement does not establish any generation as a designated network resource under the Tariff; the requirements of the Tariff still must be satisfied. Nothing in this Agreement affects Company's rights or obligations as a Market Participant. The Parties will comply with, and be subject to, all applicable provisions of the PJM Governing Documents and any applicable Joint Operating Agreement between PJM and the Native Balancing Authority, to the extent applicable to that particular Party, which provisions shall be deemed to be incorporated herein. The intent of the Parties is that the use of the referenced Pseudo-Tie of the Facility will not negatively impact a Balancing Authority's reliability or performance expectations as defined by NERC.

11. Modification. Nothing in this Agreement is intended to modify or limit, nor shall be construed as affecting in any way, the right of PJM to submit to the Commission under Federal Power Act, section 205 or section 206 unilateral changes to this Agreement or make application for a change in rates, terms and conditions, charges, classification of service, rule or regulation (both the form Agreement and any signed agreement), the right of any other Party to seek unilateral changes under this Agreement under Federal Power Act, section 206, or the authority of the Commission to accept any Federal Power Act, section 205 filing or to make changes under Federal Power Act, section 206 or to initiate proceedings under Federal Power Act, section 206. Nothing in this Agreement supersedes, modifies or changes any of the express provisions of the PJM Governing Documents, and in the event of any conflict, the provisions of the PJM Governing Documents shall control.

12. Auditing. Each Party reserves the right to audit records necessary to permit evaluation and verification of claims submitted, and the other Party's compliance with this Agreement. The Parties shall retain for a period of seven (7) years all information and records relating to the performance of this Agreement. Each Party may examine and copy such information and records at the other Party's premises during regular business hours and upon advance written notice given no less than fifteen (15) calendar days prior to such examination.

13. Disputes. Any disputes under this Agreement shall first be resolved pursuant to the PJM Dispute Resolution Procedures set forth in PJM Tariff, section 12. Any disputes that remain unresolved after completing the PJM Dispute Resolution Procedures may be brought to the Commission for resolution.

14. Breach. If any Party breaches the terms of this Agreement, then a non-breaching Party may seek to suspend this Agreement in accordance with section 17 below, terminate this Agreement in accordance with section 18 below, or pursue any relief it believes is appropriate at the Commission. A breach is considered a substantive violation of any term or condition of this Agreement. Prior to pursuing a remedy at the Commission for a breach, a non-breaching Party shall provide five (5) Business Days' written notice of the breach to the breaching Party. If the breaching Party does not eliminate the breach within five (5) Business

Days after the notice is received by the breaching Party, then the non-breaching Party may pursue its remedies at the Commission; provided, however, that such cure period may be extended, if agreed to by all Parties, if the breaching party cannot eliminate the breach within five (5) Business Days despite its best efforts.

15. Commission Filing. If unchanged, a signed version of this form agreement shall not be filed with the Commission. PJM will report the existence of a signed agreement in its quarterly reports to the Commission. If the form agreement is substantively changed, then PJM shall file on behalf of itself, Company and Native Balancing Authority as a service schedule under the Tariff within thirty (30) days after execution by all Parties the revised form agreement with the Commission. The Parties shall be bound by the terms of this Agreement accepted or modified by the Commission.

16. Effective Date. The Agreement shall be effective upon execution by all Parties if it is not filed with the Commission. If the Agreement is filed with the Commission, then it shall be effective upon the later of the date of execution or the date specified by the Commission in its order accepting the Agreement for filing. This Agreement shall remain in full force and effect until terminated pursuant to section 18 below. If the Parties cannot agree on all the terms and conditions of the Agreement, PJM shall file with the Commission, within thirty (30) days after the date the Company provides written notification directing PJM to file, an unexecuted Agreement containing terms and conditions deemed appropriate by PJM, including all agreed-upon non-conforming deviations.

17. Suspension. PJM reserves the right to suspend the Pseudo-Tie of the Facility if the Company no longer satisfies the PJM Governing Document requirements for Pseudo-Ties, criteria for participation in PJM's markets as an external resource, or other applicable regulatory, legal or reliability requirements, if Company commits a material default under this Agreement or has failed to cure any breach of this Agreement in accordance with section 14 above, or if PJM reasonably determines that the Pseudo-Tie of the Facility poses a risk to system reliability or risk of violation of established reliability criteria, by giving immediate notice of suspension. PJM also reserves the right to suspend the Pseudo-Tie of the Facility if the Company fails to provide real-time Pseudo-Tie MW values in a timely manner pursuant to applicable tariff or business rule requirements of the Native Balancing Authority and/or PJM Balancing Authority, upon mutual agreement of the Native Balancing Authority and PJM Balancing Authority, and upon giving immediate notice to Company and Native Balancing Authority. In the event of such suspension for failure to provide real-time Pseudo-Tie MW values in a timely manner, the Company shall provide a remedy for the cause of the failure, which PJM shall review in order to determine whether the Pseudo-Tie of the Facility will be permitted to resume operation. Two suspensions of the Pseudo-Tie of the Facility within a thirty (30) day period shall constitute a breach under section 14 of this Agreement. In the event of two suspensions within a thirty (30) day period, this Agreement may be terminated, in accordance with section 18 of this Agreement, by mutual agreement of the Native Balancing Authority and PJM Balancing Authority; provided, however, that the Party seeking to exercise this right to terminate must provide notice of such termination within one hundred eighty (180) days of the second suspension. Except as otherwise expressly permitted under the PJM Governing Documents, the suspension of the Pseudo-Tie of the Facility shall not relieve the Company of any of its

obligations owed to PJM, specifically including but not limited to, any energy market or RPM must-offer requirements or any capacity obligations for which it has committed the Facility to PJM in an RPM Auction or FRR Capacity Plan. During any suspension period, the Facility shall remain under the operational control of the Attaining Balancing Authority and shall not be under the operational control of the Native Balancing Authority.

18. Termination. Any Party shall have the right to terminate this Agreement, in its sole discretion, upon forty-two (42) months' notice prior to the commencement of a Delivery Year, subject to receiving all necessary regulatory approvals for such termination, if any. In addition, PJM shall have the right to terminate this Agreement, upon sixty (60) days' notice to Company and Native Balancing Authority, and the filing of a notice of cancellation with the Commission if required, if PJM experiences an emergency or other unforeseen condition which may impair or degrade the reliability of the Transmission System, a transmission constraint that impairs the reliability of PJM's or another transmission provider's system, or any adverse condition(s) or if the emergency condition causes the Facility to become undeliverable or unable to be restored, such as a major long-term transmission outage for example, and as a result in each case reliability issues arise such that the referenced Pseudo-Tie of the Facility raises concerns with regional reliability coordinators or NERC, or if Company no longer satisfies the PJM Governing Document requirements for Pseudo-Ties, criteria for participation in PJM's markets as an external resource, or other applicable regulatory, legal or reliability requirements, or Company commits a material default under this Agreement or has failed to cure any breach of this Agreement in accordance with section 14 above, upon acceptance of such notice of cancellation by the Commission if required. If PJM suspends this Agreement for failure of the Company to provide real-time Pseudo-Tie MW values in a timely manner two times within a thirty (30) day period, as addressed in section 17 above, upon mutual agreement, PJM and Native Balancing Authority shall have the right to terminate this Agreement, upon sixty (60) days' notice to each Party, and the filing of a notice of cancellation with, and acceptance by, the Commission if required; provided, however, that the Party seeking to exercise this right to terminate must provide notice of such termination within one hundred eighty (180) days of the second suspension. Except as otherwise expressly permitted under the PJM Governing Documents, the termination of this Agreement shall not relieve the Company of any of its obligations owed to PJM, specifically including but not limited to, any energy market or RPM must-offer requirements or any capacity obligations for which it has committed the Facility to PJM in an RPM Auction or FRR Capacity Plan.

19. Liability. In no event shall PJM be liable to any Party or any third party or other person under any provision of this Agreement for any claims, demands, losses, damages, costs, or expenses for any special, indirect, incidental, consequential, or punitive damages, including but not limited to loss of profit or revenue, loss of the use of equipment, cost of capital, cost of temporary equipment or services, whether based in whole or in part in contract, in tort, including negligence, strict liability, or any other theory of liability related to this Agreement, except to the extent the damages are direct damages that arise or result from or result from gross negligence or willful misconduct of PJM. Nothing in this Agreement, whether express or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any person or entity that is not a Party or a permitted successor or assign.

20. Indemnification and Consequential Damages. **[Include the following for any Company for which there is a law that prohibits that entity from indemnifying other parties:** To the extent permitted by applicable law, including but not limited to state law governing the activities of municipalities or political subdivisions,] Company shall at all times indemnify, defend, and save all other Parties to this Agreement harmless from any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demands, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from such Party's performance of its respective obligations under this Agreement, except in cases of gross negligence or intentional wrongdoing by the other Party.

21. Assignments. No Party may assign or transfer any of its rights and/or obligations under this Agreement without the written consent of the other Parties, which consent shall not be unreasonably withheld.

22. Waivers. Any waiver at any time by a Party of its rights with respect to any default under this Agreement, or with respect to any other matter arising in connection with this Agreement, (1) must be in writing and executed by a duly authorized official of the waiving Party, and (2) shall not constitute or be deemed a waiver with respect to any subsequent default or other matter arising in connection with this Agreement.

23. Interpretation. In this Agreement:

(a) the words "include," "includes" and "including" shall mean "including without limitation;"

(b) references to contracts, agreements and other documents and instruments shall be references to the same as amended, supplemented, restated or otherwise modified from time to time;

(c) unless the context otherwise requires, references to laws or standards and to terms defined in, and other provisions of, laws or standards shall be references to the same (or a successor to the same) as amended, supplemented or otherwise modified from time to time;

(d) references to a "Party" shall include its permitted successors and assigns, unless the context requires otherwise;

(e) references to a section, article or schedule shall mean a section, article or schedule of this Agreement, as the case may be, unless the context otherwise requires; and

(f) references to a person shall include any individual, partnership, firm, company, corporation, joint venture, trust, association, organization or other entity, and, in the case of a governmental or other authority (including PJM and NERC), any person succeeding to its functions and capacities, unless the context requires otherwise.

24. Severability. If any provision of this Agreement is held invalid, illegal or unenforceable in any jurisdiction by the Commission or a court having authority to make such a determination, then, the Parties agree, to the fullest extent permitted by law, that the validity, legality and enforceability of the remaining provisions hereof in such or any other jurisdiction and of such provision in any other jurisdiction shall not in any way be affected or impaired thereby and shall remain in full force and effect. With respect to the provision held invalid, illegal or unenforceable, the Parties will amend this Agreement as necessary to effectuate the original intent of the Parties as closely as possible.

25. Representations and Warranties. Each Party represents and warrants that the execution, delivery and performance of this Agreement by it has been duly authorized by all necessary corporate and/or governmental actions, to the extent authorized by law. Company represents and warrants that it is duly organized or formed, as applicable, validly existing and in good standing under the laws of its state of organization or formation, and is in good standing under the laws of the respective state(s) in which it is incorporated and operates.

26. Notices. Any notice or request made to or by either Party regarding this Agreement shall be made to the representatives as indicated below. A notice shall be effective only if in writing and delivered by hand; reputable overnight courier; electronic mail; or United States mail. Notice shall be deemed to have been given: (a) when delivered to the recipient by hand, overnight courier or electronic mail, or (b) if delivered by United States mail, on the postmark date.

PJM Balancing Authority
PJM Interconnection, L.L.C.
2750 Monroe Blvd.
Audubon, PA 19403
Attn: General Counsel
Email: _____@pjm.com

Company
[Entity Name]
[Address]
Attn: _____
Email: _____

[Include the following when applicable:

Native Transmission Operator
[Entity Name]
[Address]
Attn: _____
Email: _____

Native Reliability Coordinator

[Entity Name]
[Address]
Attn: _____
Email: _____

Third Party Reliability Coordinator

[Entity Name]
[Address]
Attn: _____
Email: _____

Additional Third Party Reliability Coordinator

[Entity Name]
[Address]
Attn: _____
Email: _____]

27. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be an original but all of which, taken together, shall constitute only one legal instrument. It shall not be necessary in making proof of this Agreement to produce or account for more than one counterpart. The delivery of an executed counterpart of this Agreement by facsimile shall be deemed to be valid delivery thereof.

28. Governing Law. This Agreement shall be deemed a contract made under, and the interpretation and performance of this Agreement and each of its provisions shall be governed and construed in accordance with, the applicable Federal and/or laws of the State of Delaware without regard to conflicts of laws provisions that would apply the laws of another jurisdiction. The Parties irrevocably consent (to the extent permitted by law) that any legal action or proceeding arising under or related to this Agreement to which the PJM Dispute Resolution Procedures do not apply shall be brought in any of the following forums, as appropriate – any court of the State of Delaware, any federal court of the United States of America located in the State of Delaware, or, where subject to its jurisdiction, before the Commission.

29. Entire Agreement; Amendments. This Agreement constitutes the entire agreement among the Parties with respect to the subject matter of this Agreement and supersedes other prior agreements and understandings, both written and oral, among the Parties with respect to the subject matter of this Agreement. This Agreement may be amended, supplemented or otherwise modified only by an instrument in writing signed by all Parties. Amendments that require Commission approval shall not take effect until the Commission has accepted such amendment. If the amendment does not require Commission approval, the amendment will not be filed with the Commission and shall become effective as of the date indicated in the written instrument signed by all Parties.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective authorized representatives on the dates reflected below.

Company: [Insert Name]

By: _____
[Insert Name]

Title: _____

Date: _____

[Include the following when applicable:
Native Transmission Operator: [Insert Name]

By: _____
[Insert Name]

Title: _____

Date: _____

Native Reliability Coordinator: [Insert Name]

By: _____
[Insert Name]

Title: _____

Date: _____

Third Party Reliability Coordinator: [Insert Name]

By: _____
[Insert Name]

Title: _____

Date: _____

Additional Third Party Reliability Coordinator: [Insert Name]

By: _____
[Insert Name]

Title: _____

Date: _____

PJM Interconnection, L.L.C.

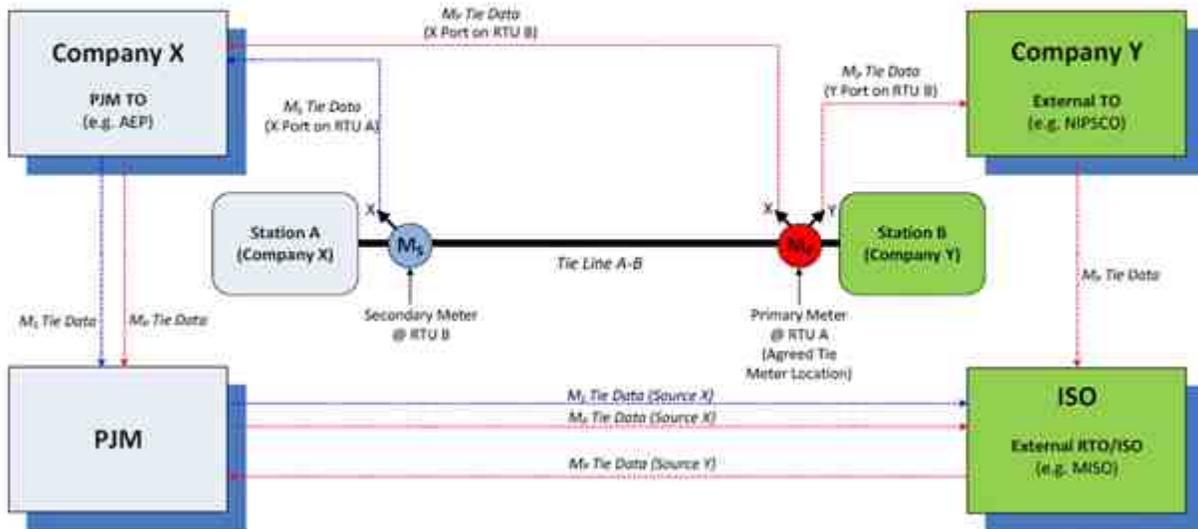
By: _____
[Insert Name]

Title: _____

Date: _____

APPENDIX 1 BLOCK DIAGRAM

External Tie Line Metering Primary Metering at External End of Tie Line



**APPENDIX 2
SPECIFICATIONS FOR
PSEUDO-TIE AGREEMENT**

**By and Among
PJM Interconnection, L.L.C.**

And

[Name of Company]

[Use as/when applicable:

And

[Name of Native Transmission Operator]

And

[Name of Native Reliability Coordinator]

And

Name of Third Party Reliability Coordinator]

And

[Name of Additional Third Party Reliability Coordinator]

For Pseudo-Ties Into the PJM Region

To be completed by PJM
To be completed by Member

A. Request Information

Generator/Load(s) Name(s)	
Generator/Load(s) Location	
Requesting Member Name	
Native Balancing Authority Area	
Maximum Facility Output Capability of Generator	
MW Amount to be Transferred Into PJM	
Source Transmission Zone	
Request Type (Dynamic Schedule, Full Pseudo-Tie or Partial Pseudo-Tie)	
Pnode ID	
Point of Interconnection	
Pseudo-Tie Point	
Implementation Target Date and Time at which the Dynamic Transfer will begin	
Seeking Capacity Import Limit Exception?(Yes or No)	
First RPM Auction for which CIL Exception Applies	
RPM External Source Zone	

Transmission Service/OASIS ID	
Member Point of Contact Information	

B. Current Operation

Dynamically Transferring a Generator or a Load?	
PJM Generator or Load Name	
How is the Unit Currently Scheduled in PJM (e.g. Block Schedule, Dynamically Schedule, Real-Time, N/A)?	
How are losses handled (Financially or Physically)?	
Which ancillary services does the unit currently provide and in which Balancing Authority?	
Who is the Market Participant for the generator/load?	
Who is the Markets Operations Center (MOC)?	
Is any portion of the generator Behind the Meter generation?	
Is Net or Gross metering used? (if applicable)	
Notes	

C. Approach to Implement

Will the generator/load be pseudo tied, dynamically scheduled or block scheduled?	
How will losses be handled (Financially or Physically)?	
Which ancillary services will this unit provide and in which Balancing Authority?	
Settlement check out details (i.e. – check out contact, preferences, decimal precision)	
Who will be the Market Participant?	
Will this be modeled in PJM EMS?	
Is there intent for the generator(s) to participate in Native Balancing	

Authority's Capacity Market? Yes or No?	
If Yes, indicate the amount of MWs	
How will Behind-the-Meter generation be modeled (if applicable)?	
Will net or gross metering be used (if applicable)?	
Notes	

D. Transmission Service

Native Balancing Authority

Owner of Service	
Transmission Provider	
Path (POR/POD)	
Source	
Sink	
MW	
Start Date	
Stop Date	
Product Type	
NAESB Registry Complete	
Notes	

PJM Balancing Authority

Owner of Service	
Transmission Provider	
Path (POR/POD)	
Source	
Sink	
MW	
Start Date	
Stop Date	
Product Type	
NAESB Registry Completion Date	
Notes	

NERC Tagging Information

Tagging Required? (Yes/No)	
PJM Transmission Service and/or Tagging Rules	
Neighboring BA Transmission	

Service and/or Tagging Rules	
-------------------------------------	--

E. Energy Market Overview

Generator/Load ID/Name	
Pnode ID/Name	
Energy Market Account(s)	
Energy Market Owner(s)	
How should the generator/load be modeled in the Day-ahead Energy Market?	
How should the generator/load be modeled in the Real-time Energy Market?	
What will the PowerMeter modeling be?	
Will inSchedules be transacted?	
Notes	

F. Capacity Market Overview

eSuite Account where the capacity import and capacity commitment reside (Long name & short name)	[This is confidential info and will not be in the public version filed with the Commission]
Total amount of capacity import(ICAP MWs)	
Total amount of capacity commitments (UCAP MWs)	

G. Billing & Settlements

Spot Market	
Congestion (1215)	
Losses (1225)	
Regulation (yes or no)	
Day Ahead Scheduling Reserve	
Synch Reserve Market (yes or no)	
Operating Reserves	
RPM	
FTRs/FTR Auction	
Meter Correction	

Schedule 9-1 Control Area Admin (1301, 1308)	
Schedule 9-2 FTR Admin (1302, 1309)	
Schedule 9-3 Market Support (1303, 1307, 1310)	
Schedule 9-4 Reg Admin (1304, 1311)	
Schedule 9-5 RPM Admin (1305, 1312)	
Schedule 9-AC2 (1306)	
Schedule 9-FERC (1315)	
Schedule 9-OPSI (1316)	
Schedule 9-MMU (1314)	
Schedule 9 – PJM Settlements (1313)	
Schedule 9 – CAPS	
Schedule 10-NERC	
Schedule 10-RFC	
Schedule 1A TO Control Center (1320)	
Reactive (Schedule 2) (1330)	
Black Start (Schedule 6A) (1380)	
Network Service (load only)	
Point-to-Point Service (1130)	
RTO Startup Cost Recovery	
Expansion Cost Recovery	
Schedule 12 (Transmission Enhancement)	

Contact Information

Name	Company	Role	E-Mail Address	Phone

Section(s) of the
PJM Operating Agreement
(Marked / Redline Format)

Definitions G - H

Generating Market Buyer:

“Generating Market Buyer” shall mean an Internal Market Buyer that is a Load Serving Entity that owns or has contractual rights to the output of generation resources capable of serving the Market Buyer’s load in the PJM Region, or of selling energy or related services in the PJM Interchange Energy Market or elsewhere.

Generation Capacity Resource:

“Generation Capacity Resource” shall have the meaning provided in the Reliability Assurance Agreement.

Generation Owner:

“Generation Owner” shall mean a Member that owns or leases, with right equivalent to ownership, or otherwise controls and operates one or more operating generation resources located in the PJM Region. The foregoing notwithstanding, for a planned generation resource to qualify a Member as a Generation Owner, such resource shall have cleared an RPM auction, and for Energy Resources, the resource shall have a FERC-jurisdictional interconnection agreement or wholesale market participation agreement within PJM. Purchasing all or a portion of the output of a generation resource shall not be sufficient to qualify a Member as a Generation Owner. For purposes of Members Committee sector classification a Member that is primarily a retail end-user of electricity that owns generation may qualify as a Generation Owner if: (1) the generation resource is the subject of a FERC-jurisdictional interconnection agreement or wholesale market participation agreement within PJM; (2) the average physical unforced capacity owned by the Member and its affiliates over the five Planning Periods immediately preceding the relevant Planning Period exceeds the average PJM capacity obligation of the Member and its affiliates over the same time period; and (3) the average energy produced by the Member and its affiliates within PJM over the five Planning Periods immediately preceding the relevant Planning Period exceeds the average energy consumed by the Member and its affiliates within PJM over the same time period.

Generation Resource Maximum Output:

“Generation Resource Maximum Output” shall mean, for Customer Facilities identified in an Interconnection Service Agreement or Wholesale Market Participation Agreement, the Generation Resource Maximum Output for a generating unit shall equal the unit’s pro rata share of the Maximum Facility Output, determined by the Economic Maximum values for the available units at the Customer Facility. For generating units not identified in an Interconnection Service Agreement or Wholesale Market Participation Agreement, the Generation Resource Maximum Output shall equal the generating unit’s Economic Maximum.

Generator Forced Outage:

“Generator Forced Outage” shall mean an immediate reduction in output or capacity or removal from service, in whole or in part, of a generating unit by reason of an Emergency or threatened Emergency, unanticipated failure, or other cause beyond the control of the owner or operator of the facility, as specified in the relevant portions of the PJM Manuals. A reduction in output or removal from service of a generating unit in response to changes in market conditions shall not constitute a Generator Forced Outage.

Generator Maintenance Outage:

“Generator Maintenance Outage” shall mean the scheduled removal from service, in whole or in part, of a generating unit in order to perform necessary repairs on specific components of the facility, if removal of the facility meets the guidelines specified in the PJM Manuals.

Generator Planned Outage:

“Generator Planned Outage” shall mean the scheduled removal from service, in whole or in part, of a generating unit for inspection, maintenance or repair with the approval of the Office of the Interconnection in accordance with the PJM Manuals.

Good Utility Practice:

“Good Utility Practice” shall mean any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather is intended to include acceptable practices, methods, or acts generally accepted in the region; including those practices required by Federal Power Act Section 215(a)(4).

Hot Weather Alert:

“Hot Weather Alert” shall mean the notice provided by PJM to PJM Members, Transmission Owners, resource owners and operators, customers, and regulators to prepare personnel and facilities for extreme hot and/or humid weather conditions which may cause capacity requirements and/or unit unavailability to be substantially higher than forecast are expected to persist for an extended period.

Definitions O - P

Offer Data:

“Offer Data” shall mean the scheduling, operations planning, dispatch, new resource, and other data and information necessary to schedule and dispatch generation resources and Demand Resource(s) for the provision of energy and other services and the maintenance of the reliability and security of the Transmission System in the PJM Region, and specified for submission to the PJM Interchange Energy Market for such purposes by the Office of the Interconnection.

Office of the Interconnection:

“Office of the Interconnection” shall mean the employees and agents of PJM Interconnection, L.L.C. subject to the supervision and oversight of the PJM Board, acting pursuant to the Operating Agreement.

Office of the Interconnection Control Center:

“Office of the Interconnection Control Center” shall mean the equipment, facilities and personnel used by the Office of the Interconnection to coordinate and direct the operation of the PJM Region and to administer the PJM Interchange Energy Market, including facilities and equipment used to communicate and coordinate with the Market Participants in connection with transactions in the PJM Interchange Energy Market or the operation of the PJM Region.

On-Site Generators:

“On-Site Generators” shall mean generation facilities (including Behind The Meter Generation) that (i) are not Capacity Resources, (ii) are not injecting into the grid, (iii) are either synchronized or non-synchronized to the Transmission System, and (iv) can be used to reduce demand for the purpose of participating in the PJM Interchange Energy Market.

Open Access Same-Time Information System (OASIS) or PJM Open Access Same-time Information System:

“Open Access Same-Time Information System,” “PJM Open Access Same-time Information System” or “OASIS” shall mean the electronic communication system and information system and standards of conduct contained in Part 37 and Part 38 of the Commission’s regulations and all additional requirements implemented by subsequent Commission orders dealing with OASIS for the collection and dissemination of information about transmission services in the PJM Region, established and operated by the Office of the Interconnection in accordance with FERC standards and requirements.

Operating Day:

“Operating Day” shall mean the daily 24 hour period beginning at midnight for which transactions on the PJM Interchange Energy Market are scheduled.

Operating Margin:

“Operating Margin” shall mean the incremental adjustments, measured in megawatts, required in PJM Region operations in order to accommodate, on a first contingency basis, an operating contingency in the PJM Region resulting from operations in an interconnected Control Area. Such adjustments may result in constraints causing Transmission Congestion Charges, or may result in Ancillary Services charges pursuant to the PJM Tariff.

Operating Margin Customer:

“Operating Margin Customer” shall mean a Control Area purchasing Operating Margin pursuant to an agreement between such other Control Area and the LLC.

Operating Reserve:

“Operating Reserve” shall mean the amount of generating capacity scheduled to be available for a specified period of an Operating Day to ensure the reliable operation of the PJM Region, as specified in the PJM Manuals.

Operator-initiated Commitment:

“Operator-initiated Commitment” shall mean a commitment after the Day-ahead Energy Market and Day-ahead Scheduling Reserves Market, whether manual or automated, for a reason other than minimizing the total production costs of serving load.

Original PJM Agreement:

“Original PJM Agreement” shall mean that certain agreement between certain of the Members, originally dated September 26, 1956, and as amended and supplemented up to and including December 31, 1996, relating to the coordinated operation of their electric supply systems and the interchange of electric capacity and energy among their systems.

Other Supplier:

“Other Supplier” shall mean a Member that: (i) is engaged in buying, selling or transmitting electric energy, capacity, ancillary services, financial transmission rights or other services available under PJM’s governing documents in or through the Interconnection or has a good faith intent to do so, and; (ii) does not qualify for the Generation Owner, Electric Distributor, Transmission Owner or End-Use Customer sectors.

PJM Board:

“PJM Board” shall mean the Board of Managers of the LLC, acting pursuant to the Operating Agreement, except when such term is being used in Tariff, Attachment M, in which case PJM Board shall mean the Board of Managers of PJM or its designated representative, exclusive of any members of PJM Management.

PJM Control Area:

“PJM Control Area” shall mean the Control Area recognized by NERC as the PJM Control Area.

PJM Dispute Resolution Procedures:

“PJM Dispute Resolution Procedures” shall mean the procedures for the resolution of disputes set forth in Operating Agreement, Schedule 5.

PJM Governing Agreements:

“PJM Governing Agreements” shall mean the PJM Open Access Transmission Tariff, the Operating Agreement, the Consolidated Transmission Owners Agreement, the Reliability Assurance Agreement, or any other applicable agreement approved by the FERC and intended to govern the relationship by and among PJM and any of its Members.

PJM Interchange:

“PJM Interchange” shall mean the following, as determined in accordance with the Operating Agreement and Tariff: (a) for a Market Participant that is a Network Service User, the amount by which its interval Equivalent Load exceeds, or is exceeded by, the sum of the interval outputs of its operating generating resources; or (b) for a Market Participant that is not a Network Service User, the amount of its Spot Market Backup; or (c) the interval scheduled deliveries of Spot Market Energy by a Market Seller from an External Resource; or (d) the interval net metered output of any other Market Seller; or (e) the interval scheduled deliveries of Spot Market Energy to an External Market Buyer; or (f) the interval scheduled deliveries to an Internal Market Buyer that is not a Network Service User.

PJM Interchange Energy Market:

“PJM Interchange Energy Market” shall mean the regional competitive market administered by the Office of the Interconnection for the purchase and sale of spot electric energy at wholesale in interstate commerce and related services established pursuant to Operating Agreement, Schedule 1, and the parallel provisions of Tariff, Attachment K-Appendix.

PJM Interchange Export:

“PJM Interchange Export” shall mean the following, as determined in accordance with the Operating Agreement and Tariff: (a) for a Market Participant that is a Network Service User, the amount by which its interval Equivalent Load is exceeded by the sum of the interval outputs of its operating generating resources; or (b) for a Market Participant that is not a Network Service User, the amount of its Spot Market Backup sales; or (c) the interval scheduled deliveries of Spot Market Energy by a Market Seller from an External Resource; or (d) the interval net metered output of any other Market Seller.

PJM Interchange Import:

“PJM Interchange Import” shall mean the following, as determined in accordance with the Operating Agreement and Tariff: (a) for a Market Participant that is a Network Service User, the amount by which its interval Equivalent Load exceeds the sum of the interval outputs of its operating generating resources; or (b) for a Market Participant that is not a Network Service User, the amount of its Spot Market Backup purchases; or (c) the interval scheduled deliveries of Spot Market Energy to an External Market Buyer; or (d) the interval scheduled deliveries to an Internal Market Buyer that is not a Network Service User.

PJM Manuals:

“PJM Manuals” shall mean the instructions, rules, procedures and guidelines established by the Office of the Interconnection for the operation, planning, and accounting requirements of the PJM Region and the PJM Interchange Energy Market.

PJM Mid-Atlantic Region:

“PJM Mid-Atlantic Region” shall mean the aggregate of the Transmission Facilities of Atlantic City Electric Company, Baltimore Gas and Electric Company, Delmarva Power and Light Company, Jersey Central Power and Light Company, Mid-Atlantic Interstate Transmission, LLC, PECO Energy Company, PPL Electric Utilities Corporation, Potomac Electric Power Company, Public Service Electric and Gas Company, and Rockland Electric Company.

PJM Region:

“PJM Region” shall mean the aggregate of the Zones within PJM as set forth in Tariff, Attachment J.

PJMSettlement:

“PJMSettlement” or “PJM Settlement, Inc.” shall mean PJM Settlement, Inc. (or its successor), established by PJM as set forth in Operating Agreement, section 3.3.

PJM South Region:

“PJM South Region” shall mean the Transmission Facilities of Virginia Electric and Power Company.

PJM Tariff, Tariff, O.A.T.T., OATT or PJM Open Access Transmission Tariff:

“PJM Tariff,” “Tariff,” “O.A.T.T.,” or “PJM Open Access Transmission Tariff” shall mean that certain “PJM Open Access Transmission Tariff”, including any schedules, appendices, or exhibits attached thereto, on file with FERC and as amended from time to time thereafter.

PJM West Region:

“PJM West Region” shall mean the Zones of Allegheny Power; Commonwealth Edison Company (including Commonwealth Edison Co. of Indiana); AEP East Affiliate Companies; The Dayton Power and Light Company; the Duquesne Light Company; American Transmission Systems, Incorporated; Duke Energy Ohio, Inc., Duke Energy Kentucky, Inc. and East Kentucky Power Cooperative, Inc.

Planning Period:

“Planning Period” shall ~~mean the 12 months beginning June 1 and extending through May 31 of the following year, or such other period approved by the Members Committee~~have the meaning specified in the Reliability Assurance Agreement.

Planning Period Balance:

“Planning Period Balance” shall mean the entire period of time remaining in the Planning Period following the month that a monthly auction is conducted.

Planning Period Quarter:

“Planning Period Quarter” shall mean any of the following three month periods in the Planning Period: June, July and August; September, October and November; December, January and February; or March, April and May.

Point-to-Point Transmission Service:

“Point-to-Point Transmission Service” shall mean the reservation and transmission of capacity and energy on either a firm or non-firm basis from the Point(s) of Delivery under Tariff, Part II.

PRD Curve:

“PRD Curve” shall have the meaning provided in the Reliability Assurance Agreement.

PRD Provider:

“PRD Provider” shall have the meaning provided in the Reliability Assurance Agreement.

PRD Reservation Price:

“PRD Reservation Price” shall have the meaning provided in the Reliability Assurance Agreement.

PRD Substation:

“PRD Substation” shall have the meaning provided in the Reliability Assurance Agreement.

Pre-Emergency Load Response Program:

“Pre-Emergency Load Response Program” shall be the program by which Curtailment Service Providers may be compensated by PJM for Demand Resources that will reduce load when dispatched by PJM during pre-emergency conditions, and is described in Operating Agreement, Schedule 1, section 8 and the parallel provisions of Tariff, Attachment K-appendix, section 8.

President:

“President” shall have the meaning specified in Operating Agreement, section 9.2.

Price Responsive Demand:

“Price Responsive Demand” shall have the meaning provided in the Reliability Assurance Agreement.

Primary Reserve:

“Primary Reserve” shall mean the total reserve capability of generation resources that can be converted fully into energy or Demand Resources whose demand can be reduced within ten minutes of a request from the Office of the Interconnection dispatcher, and is comprised of both Synchronized Reserve and Non-Synchronized Reserve.

Primary Reserve Alert:

“Primary Reserve Alert” shall mean a notification from PJM to alert Members of an anticipated shortage of Operating Reserve capacity for a future critical period.

Primary Reserve Requirement:

“Primary Reserve Requirement” shall mean the megawatts required to be maintained in a Reserve Zone or Reserve Sub-zone as Primary Reserve, absent any increase to account for additional reserves scheduled to address operational uncertainty. The Primary Reserve Requirement is calculated in accordance with the PJM Manuals.

Prohibited Securities:

“Prohibited Securities” shall mean the Securities of a Member, Eligible Customer, or Nonincumbent Developer, or their Affiliates, if:

(1) the primary business purpose of the Member or Eligible Customer, or their Affiliates, is to buy, sell or schedule energy, power, capacity, ancillary services or transmission services as indicated by an industry code within the “Electric Power Generation, Transmission, and Distribution” industry group under the North American Industry Classification System (“NAICS”) or otherwise determined by the Office of the Interconnection;

(2) the Nonincumbent Developer has been pre-qualified as eligible to be a Designated Entity pursuant to Operating Agreement, Schedule 6;

(3) the total (gross) financial settlements regarding the use of transmission capacity of the Transmission System and/or transactions in the centralized markets that the Office of the Interconnection administers under the Tariff and the Operating Agreement for all Members or Eligible Customers affiliated with the publicly traded company during its most recently completed fiscal year is equal to or greater than 0.5% of its gross revenues for the same time period; or

(4) the total (gross) financial settlements regarding the use of transmission capacity of the Transmission System and/or transactions in the centralized markets that the Office of the Interconnection administers under the Tariff and the Operating Agreement for all Members or Eligible Customers affiliated with the publicly traded company during the prior calendar year is equal to or greater than 3% of the total transactions for which PJMSettlement is a Counterparty pursuant to Operating Agreement, section 3.3 for the same time period.

The Office of the Interconnection shall compile and maintain a list of the Prohibited Securities publicly traded and post this list for all employees and distribute the list to the Board Members.

Proportional Multi-Driver Project:

“Proportional Multi-Driver Project” shall mean a Multi-Driver Project that is planned as described in Operating Agreement, Schedule 6, section 1.5.10(h).

Pseudo-Tie:

“Pseudo-Tie shall have the same meaning set forth in the NERC Glossary of Terms Used in NERC Reliability Standards.

Public Policy Objectives:

“Public Policy Objectives” shall refer to Public Policy Requirements, as well as public policy initiatives of state or federal entities that have not been codified into law or regulation but which nonetheless may have important impacts on long term planning considerations.

Public Policy Requirements:

“Public Policy Requirements” shall refer to policies pursued by: (a) state or federal entities, where such policies are reflected in duly enacted statutes or regulations, including but not limited to, state renewable portfolio standards and requirements under Environmental Protection Agency regulations; and (b) local governmental entities such as a municipal or county government, where such policies are reflected in duly enacted laws or regulations passed by the local governmental entity.

Definitions Q - R

Ramping Capability:

“Ramping Capability” shall mean the sustained rate of change of generator output, in megawatts per minute.

Real-time Congestion Price:

“Real-time Congestion Price” shall mean the Congestion Price resulting from the Office of the Interconnection’s dispatch of the PJM Interchange Energy Market in the Operating Day.

Real-time Loss Price:

“Real-time Loss Price” shall mean the Loss Price resulting from the Office of the Interconnection’s dispatch of the PJM Interchange Energy Market in the Operating Day.

Real-time Offer:

“Real-time Offer” shall mean a new offer or an update to a Market Seller’s existing cost-based or market-based offer for a clock hour, submitted for use after the close of the Day-ahead Energy Market.

Real-time Prices:

“Real-time Prices” shall mean the Locational Marginal Prices resulting from the Office of the Interconnection’s dispatch of the PJM Interchange Energy Market in the Operating Day.

Real-time Energy Market:

“Real-time Energy Market” shall mean the purchase or sale of energy and payment of Transmission Congestion Charges for quantity deviations from the Day-ahead Energy Market in the Operating Day.

Real-time Settlement Interval:

“Real-time Settlement Interval” shall mean the interval used by settlements, which shall be every five minutes.

Real-time System Energy Price:

“Real-time System Energy Price” shall mean the System Energy Price resulting from the Office of the Interconnection’s dispatch of the PJM Interchange Energy Market in the Operating Day.

Regional Entity:

“Regional Entity” shall mean an organization that NERC has delegated the authority to propose and enforce reliability standards pursuant to the Federal Power Act.

Regional RTEP Project:

“Regional RTEP Project” shall mean a transmission expansion or enhancement rated at 230 kV or above which is required for compliance with the following PJM criteria: system reliability, operational performance or economic criteria, pursuant to a determination by the Office of the Interconnection.

Registered Entity:

“Registered Entity” shall mean the entity registered under the NERC Functional Model and NERC Rules of Procedures for the purpose of compliance with NERC Reliability Standards and responsible for carrying out the tasks within a NERC function without regard to whether a task or tasks are performed by another entity pursuant to the terms of the PJM Governing Agreements.

Regulation:

“Regulation” shall mean the capability of a specific generation resource or Demand Resource with appropriate telecommunications, control and response capability to separately increase and decrease its output or adjust load in response to a regulating control signal, in accordance with the specifications in the PJM Manuals.

Regulation Zone:

“Regulation Zone” shall mean any of those one or more geographic areas, each consisting of a combination of one or more Control Zone(s) as designated by the Office of the Interconnection in the PJM Manuals, relevant to provision of, and requirements for, regulation service.

Related Parties:

“Related Parties” shall mean, solely for purposes of the governance provisions of the Operating Agreement: (i) any generation and transmission cooperative and one of its distribution cooperative members; and (ii) any joint municipal agency and one of its members. For purposes of the Operating Agreement, representatives of state or federal government agencies shall not be deemed Related Parties with respect to each other, and a public body's regulatory authority, if any, over a Member shall not be deemed to make it a Related Party with respect to that Member.

Relevant Electric Retail Regulatory Authority:

“Relevant Electric Retail Regulatory Authority” shall mean an entity that has jurisdiction over and establishes prices and policies for competition for providers of retail electric service to end-customers, such as the city council for a municipal utility, the governing board of a cooperative utility, the state public utility commission or any other such entity.

Reliability Assurance Agreement or PJM Reliability Assurance Agreement:

“Reliability Assurance Agreement” or “PJM Reliability Assurance Agreement” shall mean that certain Reliability Assurance Agreement Among Load-Serving Entities in the PJM Region, on file with FERC as PJM Interconnection, L.L.C. Rate Schedule FERC. No. 44, and as amended from time to time thereafter.

Reserve Penalty Factor:

“Reserve Penalty Factor” shall mean the cost, in \$/MWh, associated with being unable to meet a specific reserve requirement in a Reserve Zone or Reserve Sub-zone. A Reserve Penalty Factor will be defined for each reserve requirement in a Reserve Zone or Reserve Sub-zone.

Reserve Sub-zone:

“Reserve Sub-zone” shall mean any of those geographic areas wholly contained within a Reserve Zone, consisting of a combination of a portion of one or more Control Zone(s) as designated by the Office of the Interconnection in the PJM Manuals, relevant to provision of, and requirements for, reserve service.

Reserve Zone:

“Reserve Zone” shall mean any of those geographic areas consisting of a combination of one or more Control Zone(s) as designated by the Office of the Interconnection in the PJM Manuals, relevant to provision of, and requirements for, reserve service.

Residual Auction Revenue Rights:

“Residual Auction Revenue Rights” shall mean incremental stage 1 Auction Revenue Rights created within a Planning Period by an increase in transmission system capability, including the return to service of existing transmission capability, that was not modeled pursuant to Operating Agreement, Schedule 1, section 7.5, and the parallel provisions of Tariff, Attachment K-Appendix, section 7.5 in compliance with Operating Agreement, Schedule 1, section 7.4.2(h), and the parallel provisions of Tariff, Attachment K-Appendix, section 7.4.2(h), and, if modeled, would have increased the amount of stage 1 Auction Revenue Rights allocated pursuant to Operating Agreement, Schedule 1, section 7.4.2, and the parallel provisions of Attachment K-Appendix, section 7.4.2; provided that, the foregoing notwithstanding, Residual Auction Revenue Rights shall exclude: 1) Incremental Auction Revenue Rights allocated pursuant to Tariff, Part VI; and 2) Auction Revenue Rights allocated to entities that are assigned cost responsibility pursuant to Operating Agreement, Schedule 6 for transmission upgrades that create such rights.

Residual Metered Load:

“Residual Metered Load” shall mean all load remaining in an electric distribution company’s fully metered franchise area(s) or service territory(ies) after all nodally priced load of entities serving load in such area(s) or territory(ies) has been carved out.

Revenue Data for Settlements:

“Revenue Data for Settlements” shall mean energy quantities used in accounting and billing as determined pursuant to Tariff, Attachment K-Appendix and the corresponding provisions of Operating Agreement, Schedule 1.

2.4 Determination of Energy Offers Used in Calculating Real-time Prices.

(a) During the Operating Day, real-time Locational Marginal Prices derived in accordance with this ~~s~~Section shall be determined every five minutes.

(b) To determine the energy offers submitted to the PJM Interchange Energy Market that shall be used during the Operating Day to calculate the Real-time Prices, the Office of the Interconnection shall determine the applicable marginal energy offer of the resources being dispatched by the Office of the Interconnection. ~~A resource shall be included in the calculation of Real-time Prices if the applicable marginal energy offer of the resource being dispatched by the Office of the Interconnection is less than or equal to the Dispatch Rate for the area of the PJM Region in which the resource is located, provided that~~ Offers for resources dispatched by the Office of the Interconnection in excess of \$2,000/megawatt-hour will be capped at \$2,000/megawatt-hour for purposes of calculating Real-time Prices.

(c) In determining whether a resource satisfies the condition described in (b), the Office of the Interconnection will determine the applicable marginal energy offer by comparing the requested megawatt output of the resource with the Market Seller's offer price curve. The applicable marginal energy offer used in the calculation of Real-time Prices shall not exceed \$2,000/megawatt-hour. Units that must be run for local area protection shall not be considered in the calculation of Real-time Prices.

6.6 Minimum Generator Operating Parameters – Parameter Limited Schedules.

(a) Market Sellers submitting Offer Data for Generation Capacity Resources shall submit and be subject to pre-determined limits on cost-based offers, which are always parameter limited. Market Sellers submitting Offer Data for Generation Capacity Resources shall submit and be subject to pre-determined limits on market-based offers conforming to parameter limitations (“parameter limited schedules”) under the following circumstances:

- (i) The Market Seller fails the three pivotal supplier test. When this subsection applies, the parameter limited schedule shall be the less limiting, i.e. more flexible, of the defined parameter limited schedules or the submitted offer parameters.
- (ii) For the 2014/2015 through 2017/2018 Delivery Years, the Office of the Interconnection: (i) declares a Maximum Generation Emergency; (ii) issues a Maximum Generation Emergency Alert; or (iii) schedules units based on the anticipation of a Maximum Generation Emergency or a Maximum Generation Emergency Alert for all, or any part, of an Operating Day.
- (iii) For Capacity Performance Resources, the Office of the Interconnection: (i) declares a Maximum Generation Emergency; (ii) issues a Maximum Generation Emergency Alert, Hot Weather Alert, Cold Weather Alert; or (iii) schedules units based on the anticipation of a Maximum Generation Emergency, Maximum Generation Emergency Alert, Hot Weather Alert or Cold Weather Alert for all, or any part, of an Operating Day.
- (iv) For Base Capacity Resources, the Office of the Interconnection: (i) declares a Maximum Generation Emergency during hot weather operations during the period of June 1 through September 30; (ii) issues a Maximum Generation Emergency Alert or Hot Weather Alert during hot weather operations during the period of June 1 through September 30; or (iii) schedules units based on the anticipation of a Hot Weather Alert, or a Maximum Generation Emergency or Maximum Generation Emergency Alert during hot weather operations during the period of June 1 through September 30, for all, or any part, of an Operating Day.

(b) For the 2014/2015 through 2017/2018 Delivery Years for Generation Capacity Resources other than Capacity Performance Resources, and the 2016/2017 through 2019~~8~~/2020~~19~~ Delivery Years for Generation Capacity Resources identified and committed in an FRR Capacity Plan, parameter limited schedules shall be defined for the following parameters:

- (i) Turn Down Ratio;
- (ii) Minimum Down Time;

- (iii) Minimum Run Time;
- (iv) Maximum Daily Starts;
- (v) Maximum Weekly Starts.

For the 2018/2019 and 2019/2020 Delivery Years for Base Capacity Resources ~~during Hot Weather Alerts, Emergency Actions during hot weather operations, and when the unit is offer capped to maintain system reliability as a result of limits on transmission capability per Section 6.4 hereof~~, and for the 2016/2017 Delivery Year and subsequent Delivery Years for Capacity Performance Resources ~~during Hot Weather Alerts, Cold Weather Alerts, Emergency Actions, and when the unit is offer capped to maintain system reliability as a result of limits on transmission capability per Section 6.4 hereof~~, the Office of the Interconnection shall determine the unit-specific achievable operating parameters for each individual unit on the basis of its operating design characteristics and other constraints, recognizing that remedial and ongoing investment and maintenance may be required to perform on the basis of those characteristics, for the following parameters:

- (i) Turn Down Ratio;
- (ii) Minimum Down Time;
- (iii) Minimum Run Time;
- (iv) Maximum Daily Starts;
- (v) Maximum Weekly Starts;
- (vi) Maximum Run Time;
- (vii) Start-up Time; and
- (viii) Notification Time.

These unit-specific values shall apply for the generating unit unless it is operating pursuant to an exception from those values under subsection (h) hereof due to operational limitations that prevent the unit from meeting the minimum parameters. Throughout the analysis process, the Office of the Interconnection shall consult with the Market Monitoring Unit, and consider any input received from the Market Monitoring Unit, in its determination of a unit's unit-specific parameter limited schedule values.

In order to make its determination of the unit-specific parameter limited schedule values for a unit, the Office of the Interconnection may request that the Capacity Market Seller provide to it and the Market Monitoring Unit certain data and documentation as further detailed in the PJM Manuals. Once the Office of the Interconnection has made a determination of the unit-specific parameter limited schedule values for a unit, those values will remain applicable to the unit until

such time as the Office of the Interconnection determines that a change is needed based on changed operational capabilities of the unit.

A Capacity Market Seller that does not believe its generating unit can meet the unit-specific values determined by the Office of the Interconnection due to actual operating constraints, and who desires to establish adjusted unit-specific parameters for those units may request adjusted unit-specific parameter limitations. Any such request must be submitted to the Office of the Interconnection by no later than the February 28 immediately preceding the first Delivery Year for which the adjusted unit-specific parameters are requested to commence. Capacity Market Sellers shall supply, for each generating unit, technical information about the operational limits to support the requested parameters, as further detailed in the PJM Manuals. The Office of the Interconnection shall consult with the Market Monitoring Unit, and consider any input received from the Market Monitoring Unit, in its determination of a unit's request for adjusted unit-specific parameter limited schedule values. After it has completed its evaluation of the request, the Office of the Interconnection shall notify the Capacity Market Seller in writing, with a copy to the Market Monitoring Unit, whether the request is approved or denied, by no later than April 15. The effective date of the request, if approved by the Office of the Interconnection, shall be no earlier than June 1.

The operational limitations referenced in this section 6.6 shall be (a) physical operational limitations based on the operating design characteristics of the unit, or (b) other actual physical constraints, including those based on contractual limits, that are not based on the characteristics of the unit. In order for a contractual or other actual constraint to be deemed a physical constraint that can be reflected in its unit-specific parameter limits for a Generation Capacity Resource, the Capacity Market Seller must demonstrate that contractual or other actual constraint is not simply an economic decision but a physical restriction that could not be rectified among any commercial alternatives actually available to it.

(c) For the 2014/2015 through 2017/2018 Delivery Years, the following table specifies default parameter limited schedule values, by technology type, for generating units, no portion of which is committed as a Capacity Performance Resource:

Parameter Limited Schedule Matrix

Parameter	Minimum Down Time (Hrs)	Minimum Run Time (Hrs)	Maximum Daily Starts	Maximum Weekly Starts	Turn Down Ratio = Economic Maximum MW / Economic Minimum MW
Small Frame CT and Aero CT Units - Up to 29 MW ICAP	2.0 or Less	2.0 or Less	2 or More	14 or More	1.0 or More
Medium Frame CT and Aero CT Units - 30 MW to 65 MW ICAP	2.0 or Less	3.0 or Less	2 or More	14 or More	1.0 or More
Medium-Large Frame CT Units - 65 MW to 135 MW ICAP	3.0 or Less	5.0 or Less	2 or More	14 or More	1.0 or More
Large Frame CT Units - 135 MW to 180 MW ICAP	4.0 or Less	5.0 or Less	2 or More	14 or More	1.0 or More
Combined Cycle Units	4.0 or Less	6.0 or Less	2 or More	11 or More	1.5 or More
Petroleum and Natural Gas Steam Units - Pre-1985	7.0 or Less	8.0 or Less	1 or More	7 or More	3.0 or More
Petroleum and Natural Gas Steam Units - Post-1985	3.5 or Less	5.5 or Less	2 or More	11 or More	2.0 or More
Sub-Critical Coal Units	9.0 or Less	15.0 or Less	1 or More	5 or More	2.0 or More
Super-Critical Coal Units	84.0	24.0 or Less	1 or More	2 or More	1.5 or More

(d) For the 2014/2015 through 2017/2018 Delivery Years, upon receipt of proposed revised parameter limited schedule values from the Market Monitoring Unit, prepared in accordance with the procedures for periodic review included in [Tariff, Attachment M-Appendix](#), section

~~II.B.1 of Attachment M—Appendix~~, the Office of the Interconnection shall file to revise the Parameter Limited Schedule Matrix in section 6.6(c) above accordingly. In the event that the Office of the Interconnection disagrees with the values proposed for revising the matrix, the Office of the Interconnection shall file the values that it determines are appropriate.

(e) For the 2014/2015 through 2017/2018 Delivery Years, the Market Monitoring Unit shall calculate and provide to Market Sellers default values in accordance with ~~Tariff, Attachment M-Appendix~~, section II.B ~~of Attachment M—Appendix~~. The default values set forth in the table in subsection (c) above shall apply for the referenced technology types unless a generating unit is operating pursuant to an exception from the default values under subsection (h) due to physical operational limitations that prevent the unit from meeting the minimum parameters, or any megawatts of the unit are committed as a Capacity Performance Resource in which case the unit-specific or adjusted unit-specific values for the generating unit determined by the Office of the Interconnection shall apply to all megawatts of the generating unit offered into the PJM energy markets. For generating units having the ability to operate on multiple fuels, Market Sellers may submit a parameter limited schedule associated with each fuel type.

(f) For the 2016/2017 Delivery Year and subsequent Delivery Years, the following additional parameter limits shall apply for Capacity Performance Resources, other than Capacity Storage Resources, submitted in the Day-ahead Energy Market or rebidding period that occurs after the clearing of the Day-ahead Energy Market for the following Operating Day, and for the Real-time Energy Market for the same Operating Day, unless the Capacity Market Seller has requested for its Capacity Performance Resource, and the Office of the Interconnection has granted, an adjusted unit-specific start-up and/or notification time due to actual operating constraints pursuant to the process described in subsection (b) above:

- (i) The combined start-up and notification times shall not exceed 24 hours, except when a Hot Weather Alert or Cold Weather Alert has been issued;
- (ii) When a Hot Weather Alert or Cold Weather Alert has been issued, combined start-up and notification times shall not exceed 14 hours;
- (iii) When a Hot Weather Alert or Cold Weather Alert has been issued, notification time shall not exceed one hour; and,
- (iv) When a Hot Weather Alert or Cold Weather Alert has been issued, parameters shall be based on the actual operational limitations of the Capacity Performance Resource for both its market-based schedules and cost-based schedules.

Capacity Storage Resources that clear in a Reliability Pricing Model Auction shall, unless the Capacity Market Seller has requested for its Capacity Storage Resource, and the Office of the Interconnection has granted, an adjusted unit-specific start-up and notification time, and/or minimum down time, due to actual operating constraints pursuant to the process described in subsection (b) above:

- (i) Have combined start-up and notification times that shall not exceed one hour; and,
- (ii) Have a minimum down time that shall not exceed one hour.

(g) For the 2018/2019 and 2019/2020 Delivery Years, the following additional parameter limits for Base Capacity Resources submitted in the Day-ahead Energy Market or rebidding period that occurs after the clearing of the Day-ahead Energy Market for the following Operating Day, and for the Real-time Energy Market for the same Operating Day, unless the Capacity Market Seller has requested for its Base Capacity Resource, and the Office of the Interconnection has granted, an adjusted unit-specific start-up and/or notification time due to actual operating constraints pursuant to the process described in subsection (b) above:

- (i) Combined start-up and notification times shall not exceed 48 hours;
- (ii) When a Hot Weather Alert has been issued, notification time shall not exceed one hour; and,
- (iii) When a Hot Weather Alert has been issued, parameters shall be based on the actual operational limitations of the Base Capacity Resource for both its market-based schedules and cost-based schedules.

(h) If a generating unit is or will become unable to achieve the default or unit-specific values determined by the Office of the Interconnection due to actual operating constraints affecting the unit, the Capacity Market Seller of that unit may submit a written request for an exception to the application of those values. Exceptions to the parameter limited schedule default or unit-specific values shall be categorized as either a one-time temporary exception, lasting 30 days or less; a period exception, lasting at least 31 days and no more than one year; or a persistent exception, lasting for at least one year.

- (i) *Temporary Exceptions.* A temporary exception shall be deemed accepted without prior review by the Market Monitoring Unit or the Office of the Interconnection upon submission by the Market Seller of the generating unit of written notification to the Market Monitoring Unit and the Office of the Interconnection, at least one Business Day prior to the commencement of the exception, and shall automatically commence and terminate on the dates specified in such notification, which must be for a period of time lasting 30 days or less, unless the termination date is extended pending a request for a period exception or shortened due to a change in the physical conditions of the unit such that the temporary exception is no longer required. Such Market Seller shall provide to the Market Monitoring Unit and the Office of the Interconnection within three days following the commencement of the temporary exception its documentation explaining in detail the reasons for the temporary exception, and shall also respond to additional requests for information from the Market Monitoring Unit and the Office of the Interconnection within three Business Days after such request. Failure to provide a timely response to such request for additional

information shall cause the temporary exception to terminate the following day. The Market Seller shall notify the Office of the Interconnection and the Market Monitoring Unit in writing of an early termination of a temporary exception due to changed physical conditions by no later than one Business Day prior to the early termination date. A temporary exception may only be requested one-time for the same physical or actual constraint since an operational constraint that may occur more than once should be the subject of a period exception request rather than multiple temporary exception requests.

In addition, if a Market Seller is unaware of the need for a period exception prior to the February 28 deadline for submitting such requests, the Market Seller may utilize the temporary exception process and seek to modify that exception pursuant to the process described below.

Modification of Temporary Exceptions. If, prior to the scheduled termination date the Market Seller determines that the temporary exception must persist for more than 30 days and the Market Seller wants to extend the period for which the exception applies, or if a Market Seller is unaware of the need for a period or persistent exception prior to the February 28 deadline for submitting such requests and the Market Seller has submitted a temporary exception request, it must submit to the Market Monitoring Unit and the Office of the Interconnection a written request to modify the temporary exception to become a period exception or a persistent exception, and provide detailed documentation explaining the reasons for the requested modification of the temporary exception. Market Sellers shall supply for each generating unit the required historical unit operating data in support of the period or persistent exception request, and if the exception requested is based on new physical operating limits for the unit for which some or all historical operating data is unavailable, the Market Seller may also submit technical information about the physical operational limits of the unit to support the requested parameters. Such Market Seller shall respond to additional requests for information from the Market Monitoring Unit and the Office of the Interconnection within three Business Days after such request. Such request shall be reviewed by the Market Monitoring Unit and must be evaluated by the Office of the Interconnection using the same standard utilized to evaluate period exception and persistent exception requests. Per [Tariff, Attachment M-Appendix, sSection II.B](#) ~~of Attachment M-Appendix~~, the Market Monitoring Unit shall evaluate the modification request and provide its determination of whether the request raises market power concerns, and, if so, any modifications that would alleviate those concerns, to the Market Seller, with a copy to Office of the Interconnection, by no later than 15 Business Days from the date of the modification request. The Office of the Interconnection shall provide its determination whether the request complies with the Tariff and Manuals by no later than 20 Business Days from the date of the modification request. A temporary exception shall be extended and shall not terminate until the date on which the Office of the Interconnection issues its determination of the modification request.

(ii) *Period Exceptions and Persistent Exceptions.* Market Sellers must submit period exception and persistent exception requests to the Market Monitoring Unit and the Office of the Interconnection by no later than the February 28 immediately preceding the twelve month period from June 1 to May 31 during which the exception is requested to commence. Market Sellers shall supply for each generating unit the required historical unit operating data in support of the period exception or persistent exception request, and if the exception requested is based on new physical operational limits for the unit for which some or all historical operating data is unavailable, the generating unit may also submit technical information about the physical operational limits for exceptions of the unit to support the requested parameters. The Market Monitoring Unit shall evaluate such request in accordance with the process set forth in Tariff, Attachment M-Appendix, sSection II.B-of Attachment M—Appendix. A Market Seller (i) must submit a parameter limited schedule value consistent with an agreement with the Market Monitoring Unit under such process or (ii) if it has not agreed with the Market Monitoring Unit on the parameter limited schedule value, may submit its own value to the Office of the Interconnection and to the Market Monitoring Unit, by no later than April 8. Each exception request must indicate the expected duration of the requested exception including the termination date thereof. The proposed parameter limited schedule value submitted by the Market Seller is subject to approval of the Office of the Interconnection pursuant to the requirements of the Tariff and the PJM Manuals. The Office of the Interconnection may engage the services of a consultant with technical expertise to evaluate the exception request. After it has completed its evaluation of the exception request, the Office of the Interconnection shall notify the Market Seller in writing, with a copy to the Market Monitoring Unit, whether the exception request is approved or denied, by no later than April 15. The effective date of the exception, if approved by the Office of the Interconnection, shall be no earlier than June 1 of the applicable Delivery Year. The Office of the Interconnection's determination for an exception shall continue for the period requested and, if requested, for such longer period as the Office of the Interconnection may determine is supported by the data.

The Market Seller shall provide written notification to the Market Monitoring Unit and the Office of the Interconnection of a material change to the facts relied upon by the Market Monitoring Unit and/or the Office of the Interconnection in their evaluations of the Market Seller's request for a period or persistent exception. The Market Monitoring Unit shall provide written notification to the Office of the Interconnection and the Market Seller of any change to its determination regarding the exception request, based on the material change in facts, by no later than 15 Business Days after receipt of such notice. The Office of the Interconnection shall notify the Market Seller in writing, with a copy to the Market Monitoring Unit, of any change to its determination regarding the exception request, based on the material change in facts, by no later than 20 Business Days after receipt of the Market Seller's notice. If the Office of the

Interconnection determines that the exception no longer complies with the Tariff or Manuals, the following parameter values shall apply to all megawatts of the generating unit offered into the PJM energy markets:

(1) for generating units for which no megawatts of the unit are committed as Capacity Performance Resources the default values specified in the Parameter Limited Schedule Matrix shall apply for the 2016/2017 through 2017/2018 Delivery years,

(2) for generating units for which any megawatts of the unit are committed as a Base Capacity Resource and no megawatts are committed as a Capacity Performance Resource, and for which no adjusted unit-specific values have been approved by PJM, the Base Capacity Resource unit-specific values determined by PJM shall apply for the 2018/2019 and 2019/2020 Delivery Years,

(3) for generating units for which any megawatts of the unit are committed as a Capacity Performance Resource, but for which no adjusted unit-specific values have been approved by PJM, the Capacity Performance Resource unit-specific values determined by PJM shall apply for the 2016/2017 Delivery Year and subsequent Delivery Years,

(4) for generating units for which any megawatts of the unit are committed as a Base Capacity Resource and no megawatts are committed as a Capacity Performance Resource, and for which adjusted unit-specific values have been approved by PJM, the Base Capacity Resource adjusted unit-specific values shall apply for the 2018/2019 and 2019/2020 Delivery Years, and

(5) for generating units for which any megawatts of the unit are committed as a Capacity Performance Resource and for which adjusted unit-specific values have been approved by PJM, the Capacity Performance Resource adjusted unit-specific values shall apply for the 2016/2017 Delivery Year and subsequent Delivery Years.

(i) Notwithstanding the foregoing, the provisions of this ~~s~~Section 6.6 shall only pertain to the Offer Data a Market Seller must submit to the Office of the Interconnection for its offers into the Day-ahead Energy Market, rebidding period that occurs after the clearing of the Day-ahead Energy Market and Real-time Energy Market, and do not affect or change in any way a Generation Owner's obligation under NERC Reliability Standards to notify the Office of the Interconnection of its actual or expected actual physical operating conditions during the Operating Day.

(j) Notwithstanding anything contrary herein, the unit-specific parameters, adjusted unit-specific parameters or exception to parameter limited schedule values determined by the Office of the Interconnection for a generating unit shall be applicable to that generating unit regardless whether there is a change in the owner, operator or Market Seller of the unit because the parameter limited schedule values for the unit are determined based on the physical limitations of the unit, which should not change merely based on a change in owners, operator or Market Seller. Because parameter limited schedule values attach to the generating unit and are not

owned by a Market Seller of the unit, when there are multiple owners or Market Sellers for a generating unit, all owners and Market Sellers shall be bound by the unit-specific parameters, adjusted unit-specific parameters or exception to parameter limited schedule values determined by the Office of the Interconnection for the unit.

(k) The provisions of this section 6.6 only apply to Generation Capacity Resources, and not to Energy Resources.

8.4 Registration

1. Curtailment Service Providers must complete the applicable PJM Load Response Program Registration Form (“Registration Form”) that is posted on the PJM website (www.pjm.com) for each end-use customer, or aggregation of end-use customers, pursuant to the requirements set forth in the PJM Manuals. Because of the required electric distribution company ten Business Day review period, as described herein, Curtailment Service Providers ~~should~~ shall submit completed Registration Forms to the Office of the Interconnection no later than one day before the tenth Business Day preceding the relevant Delivery Year. All registrations that have not been approved on or before May 31st preceding the relevant Delivery Year shall be rejected by the Office of the Interconnection. To the extent that a completed Registration Form is submitted to the Office of the Interconnection prior to one day before the tenth Business Day preceding the relevant Delivery Year and such registration is rejected by the electric distribution company or the Office of the Interconnection because of incorrect data on the Registration Form, such registration may be resubmitted by the Curtailment Service Provider before May 31st preceding the relevant Delivery Year, but such registration will be rejected by the Office of the Interconnection unless the electric distribution company has verified the registration on or before May 31st preceding the relevant Delivery Year. Incomplete Registration Forms will be rejected by the Office of the Interconnection; Curtailment Service Providers may not resubmit registrations that were rejected for being incomplete unless they are able to do so no later than one day before the tenth Business Day preceding the relevant Delivery Year. The following general steps will be followed:

2. For end-use customers of an electric distribution company that distributed more than 4 million MWh in the previous fiscal year:

a. The Curtailment Service Provider completes the Registration Form located on the PJM website. PJM reviews the application and ensures that the qualifications are met, including verifying that the appropriate metering exists. After confirming that an entity has met all of the qualifications to be an Emergency Load Response or Pre-Emergency Load Response Program participant, PJM shall notify the appropriate electric distribution company of an Emergency Load Response and Pre-Emergency Load Response Program participant’s registration and request verification as to whether the load that may be reduced is subject to laws or regulations of the Relevant Electric Retail Regulatory Authority that prohibit or condition the end-use customer’s participation in PJM’s Emergency Load Response and Pre-Emergency Load Response Programs pursuant to the process described below. The electric distribution company has ten Business Days to respond. An electric distribution company which seeks to assert that the laws or regulations of the Relevant Electric Retail Regulatory Authority prohibit or condition (which condition the electric distribution company asserts has not been satisfied) an end-use customer’s participation in PJM’s Emergency Load Response and Pre-Emergency Load Response program shall provide to PJM, within the referenced ten Business Day review period, either: (a) an order, resolution or ordinance of the Relevant Electric Retail Regulatory Authority prohibiting or conditioning the end-use customer’s participation, (b) an opinion of the Relevant Electric Retail Regulatory Authority’s legal counsel attesting to the existence of a regulation or law prohibiting or conditioning the end-use customer’s participation, or (c) an opinion of the state Attorney General, on behalf of the Relevant Electric Retail Regulatory Authority, attesting

to the existence of a regulation or law prohibiting or conditioning the end-use customer's participation.

- i. If evidence provided by an electric distribution company to the Office of the Interconnection indicates that a Relevant Electric Retail Regulatory Authority law or regulation prohibits or conditions (which condition the electric distribution company asserts has not been satisfied) the end-use customer's participation and is received by the Office of the Interconnection on or after May 31st preceding the applicable Delivery Year, then the existing end-use customer's registration for Demand Resource (as defined in the Reliability Assurance Agreement) will remain in effect for the applicable Delivery Year. If evidence provided by an electric distribution company to the Office of the Interconnection indicates that a Relevant Electric Retail Regulatory Authority law or regulation prohibits or conditions (which condition the electric distribution company asserts has not been satisfied) the end-use customer's participation and is received by the Office of the Interconnection before May 31st preceding the applicable Delivery Year and the Curtailment Service Provider does not provide supporting documentation to the Office of the Interconnection on or before May 31st preceding the applicable Delivery Year demonstrating that the Curtailment Service Provider had an executed contract with the end-use customer for Demand Resource participation before the date the Demand Resource cleared the applicable Reliability Pricing Model Auction, and that the date that the Demand Resource cleared the applicable Reliability Pricing Model Auction was prior to the effective date of the Relevant Electric Retail Regulatory Authority law or regulation prohibiting or conditioning the end-use customer's participation, then, unless the below exception applies, the existing end-use customer's registration for Demand Resource participation shall be deemed to be terminated for the applicable Delivery Year, and the Curtailment Service Provider will be subject to the Reliability Pricing Model provisions, as specified in Attachment DD of the PJM Tariff.
 - b. In the absence of a response from the electric distribution company within the referenced ten Business Day review period, the Office of the Interconnection shall assume that the load to be reduced is not subject to laws or regulations of the Relevant Electric Retail Regulatory Authority that prohibit or condition the end-use customer's participation in PJM's Emergency Load Response and Pre-Emergency Load Response Programs, and the Office of the Interconnection shall accept the registration, provided it meets all other Emergency Load Response and Pre-Emergency Load Response Program requirements.
 - c. For those registrations terminated pursuant to this section, all Emergency Load Response and Pre-Emergency Load Response participant activity incurred prior to the termination date of the registration shall be settled by PJM in accordance with the terms and conditions contained in the PJM Tariff, PJM Operating Agreement and PJM Manuals.
3. For end-use customers of an electric distribution company that distributed 4 million MWh or less in the previous fiscal year:

a. The Curtailment Service Provider completes the Emergency Registration Form located on the PJM website. PJM reviews the application and ensures that the qualifications are met, including verifying that the appropriate metering exists. After confirming that an entity has met all of the qualifications to be an Emergency Load Response and Pre-Emergency Load Response participant, PJM shall notify the appropriate electric distribution company of an Emergency Load Response and Pre-Emergency Load Response participant's registration and request verification as to whether the load that may be reduced is permitted to participate by the Relevant Electric Retail Regulatory Authority pursuant to the process described below. The electric distribution company has ten Business Days to respond. If the electric distribution company verifies that the load that may be reduced is permitted or conditionally permitted (which condition the electric distribution company asserts has been satisfied) to participate in the Emergency Load Response Program and Pre-Emergency Load Response Program, then the electric distribution company must provide to the Office of the Interconnection within the referenced ten Business Day review period either: (a) an order, resolution or ordinance of the Relevant Electric Retail Regulatory Authority permitting or conditionally permitting the end-use customer's participation, (b) an opinion of the Relevant Electric Retail Regulatory Authority's legal counsel attesting to the existence of a regulation or law permitting or conditionally permitting the end-use customer's participation, or (c) an opinion of the state Attorney General, on behalf of the Relevant Electric Retail Regulatory Authority, attesting to the existence of a regulation or law permitting or conditionally permitting the end-use customer's participation.

i. If the electric distribution company denies the end-use customer's Demand Resource (as defined in the Reliability Assurance Agreement) registration on or before May 31st preceding the applicable Delivery Year and the Curtailment Service Provider does not provide the above referenced Relevant Electric Retail Regulatory Authority evidence to the Office of the Interconnection on or before May 31st preceding the applicable Delivery Year demonstrating that the Curtailment Service Provider had Relevant Electric Retail Regulatory Authority permission or conditional permission (which condition the electric distribution company asserts has been satisfied) for the end-use customer's participation and an executed contract with the end-use customer Demand Resource before the date the Demand Resource cleared the applicable Reliability Pricing Model Auction then, unless the below exception applies, the existing end-use customer's registration for Demand Resource participation shall be deemed to be terminated for the applicable Delivery Year and the Curtailment Service Provider will be subject to the Reliability Pricing Model provisions, as specified in Attachment DD of the PJM Tariff.

b. In the absence of a response from the electric distribution company within the referenced ten Business Day review period, the Office of the Interconnection shall reject the registration. If it is able to do so in compliance with all of the Emergency Load Response and Pre-Emergency Load Response Program requirements, including the registration section, the Emergency Load Response and Pre-Emergency Load Response participant may submit a new registration to the Office of the Interconnection for consideration if a prior registration has been rejected pursuant to the terms of the Emergency Load Response and Pre-Emergency Load Response Program provisions.

c. For those registrations terminated pursuant to this section, all Emergency Load Response and Pre-Emergency Load Response participant activity incurred prior to the termination date of the registration shall be settled by PJM Settlement in accordance with the terms and conditions contained in the PJM Tariff, PJM Operating Agreement and PJM Manuals.

4. PJM will inform the requesting Curtailment Service Provider of acceptance into the Emergency Load Response Program and Pre-Emergency Load Response Program and notify the appropriate electric distribution company of the requesting Curtailment Service Provider's acceptance into the program or notifies the requesting Curtailment Service Provider and appropriate electric distribution company of PJM's rejection of the requesting participant's registration.

5. Any end-use customer intending to run distributed generating units in support of local load for the purpose of participating in this program must represent in writing to PJM that it holds all applicable environmental and use permits for running those generators. Continuing participation in this program will be deemed as a continuing representation by the owner that each time its distributed generating unit is run in accordance with this program, it is being run in compliance with all applicable permits, including any emissions, run-time limit or other constraint on plant operations that may be imposed by such permits.

SCHEDULE 2 - COMPONENTS OF COST

1. GENERAL COST PROVISIONS

1.1 Permissible Components of Cost-based Offers of Energy.

(a) Each Market Participant obligated to sell energy on the PJM Interchange Energy Market at cost-based rates may include the following components or their equivalent in the determination of costs for energy supplied to or from the PJM Region:

For generating units powered by boilers

Firing-up cost

Peak-prepared-for maintenance cost

For generating units powered by machines

Starting cost from cold to synchronized operation

For all generating units

Incremental fuel cost

Incremental maintenance cost

No-load cost during period of operation

Incremental labor cost

Emission allowances/adders

Maintenance Adders

Ten percent adder

Other incremental operating costs

For a generating unit that is subject to operational limitations due to energy or environmental limitations imposed on the generating unit by Applicable Laws and Regulations, the Market Participant may include in the calculation of its “other incremental operating costs” an amount reflecting the unit-specific Energy Market Opportunity Costs expected to be incurred. Such unit-specific Energy Market Opportunity Costs are calculated by forecasting Locational Marginal Prices based on future contract prices for electricity using PJM Western Hub forward prices, taking into account historical variability and basis differentials for the bus at which the generating unit is located for the prior three year period immediately preceding the relevant compliance period, and subtract therefrom the forecasted costs to generate energy at the bus at which the generating unit is located, as specified in more detail in PJM Manual 15. If the difference between the forecasted Locational Marginal Prices and forecasted costs to generate energy is negative, the resulting Energy Market Opportunity Cost shall be zero. Notwithstanding the foregoing, a Market Participant may submit a request to PJM for consideration and approval of an alternative method of calculating its Energy Market Opportunity Cost if the standard methodology described herein does not accurately represent the Market Participant’s Energy Market Opportunity Cost.

For a generating unit that is subject to operational limitations because it only has a limited number of starts or available run hours resulting from (i) the physical equipment limitations of the unit, for up to one year, due to original equipment manufacturer recommendations or insurance carrier restrictions, or (ii) a fuel supply limitation, for up to one year, resulting from an event of Catastrophic Force Majeure, the Market Participant may include in the calculation of its “other incremental operating costs” an amount reflecting the unit-specific Non-Regulatory Opportunity Costs expected to be incurred. Such unit-specific Non-Regulatory Opportunity Costs are calculated by forecasting Locational Marginal Prices based on future contract prices for electricity using PJM Western Hub forward prices, taking into account historical variability and basis differentials for the bus at which the generating unit is located for the prior three year period immediately preceding the period of time in which the unit is bound by the referenced restrictions, and subtract therefrom the forecasted costs to generate energy at the bus at which the generating unit is located, as specified in more detail in PJM Manual 15. If the difference between the forecasted Locational Marginal Prices and forecasted costs to generate energy is negative, the resulting Non-Regulatory Opportunity Cost shall be zero.

(b) All fuel costs shall employ the marginal fuel price experienced by the Member.

1.2 Method of Determining Cost Components.

The PJM Board, upon consideration of the advice and recommendations of the Members Committee, shall from time to time define in detail the method of determining the costs entering into the said components, and the Members shall adhere to such definitions in the preparation of incremental costs used on the Interconnection.

2. FUEL COST POLICY

2.1 Approved Fuel Cost Policy Requirement for Non-Zero Cost-based Offer.

A Market Seller may only submit a non-zero cost-based offer into the PJM Interchange Energy Market for a generation resource if it has a PJM-approved Fuel Cost Policy consistent with each fuel type for such generation resource.

2.2 Fuel Cost Policy Approval Process.

(a) A Market Seller shall provide a Fuel Cost Policy to PJM and the Market Monitoring Unit for each generation resource that it intends to offer into the PJM Interchange Energy Market, for each fuel type utilized by the resource. The Market Seller shall submit its initial Fuel Cost Policy for a generation resource to PJM and the Market Monitoring Unit for review by no later than 45 days prior to the Market Seller’s expected initial submittal of a cost-based offer for the resource and shall update existing Fuel Cost Policies consistent with the annual update requirements set forth below in section 2.6. For each new generation resource for which the Market Seller does not have commercial operating data, the Market Seller shall submit a provisional Fuel Cost Policy, which describes the Market Seller’s methodology to procure and price fuel and includes all available operating data, to PJM and the Market Monitoring Unit for review and approval by no later than forty five (45) calendar days prior to the Market Seller’s

expected initial submittal of a cost-based offer for the resource. Within ninety (90) calendar days of the commercial operation date of the generation resource, the Market Seller shall submit to PJM and the Market Monitoring Unit for review an updated Fuel Cost Policy reflecting actual commercial operating data of the resource. The basis for the Market Monitoring Unit's review is described in the ~~PJM~~ Tariff, Attachment M-Appendix. PJM shall consult with the Market Monitoring Unit, and consider any input and advice timely received from the Market Monitoring Unit, in its determination of whether to approve a Market Seller's Fuel Cost Policy. After it has completed its evaluation of the submitted Fuel Cost Policy, PJM shall notify the Market Seller in writing, with a copy to the Market Monitoring Unit, whether the Fuel Cost Policy is approved or rejected. If PJM rejects a Market Seller's Fuel Cost Policy, PJM shall include an explanation for why the Fuel Cost Policy was rejected in its written notification.

(b) PJM and the Market Monitoring Unit will have an initial thirty (30) Business Days for review of a submitted policy. Market Sellers shall have five (5) Business Days or an alternative deadline agreed to by PJM, to provide additional documentation or information on any request from PJM or the Market Monitoring Unit. If the Market Seller does not believe it can provide the information within five (5) Business Days, it can request an alternative deadline for submission of the data from PJM no later than one (1) Business Day before the due date of the request for additional data, and if PJM consents to extend the deadline, PJM will advise the Market Seller and the Market Monitoring Unit of the new deadline. If the Market Monitoring Unit makes a request directly to the Market Seller, the Market Monitoring Unit shall, within one (1) Business Day, inform PJM of such request at the time it is made. Failure to meet a data request deadline may result in PJM's rejection of the policy. If additional documentation or information has been requested by PJM or the Market Monitoring Unit, PJM has five (5) Business Days after the deadline for the Market Seller's submittal of such additional information or documentation to notify the Market Seller and Market Monitoring Unit of its approval or rejection of the Fuel Cost Policy.

2.3 Standard of Review.

(a) PJM shall review and approve a Fuel Cost Policy if it meets the requirements set forth in subsections 2.3(a)(i) through (v) below. PJM shall reject Fuel Cost Policies that fail to meet such requirements and that do not accurately reflect the applicable costs, such as the fuel source, transportation cost, procurement process used, applicable adders, commodity cost, or provide sufficient information for PJM to verify the Market Seller's fuel cost at the time of the Market Seller's cost-based offer. If PJM rejects a Market Seller's Fuel Cost Policy, PJM shall include an explanation for why the Fuel Cost Policy was rejected in its written notification. A Fuel Cost Policy must:

(i) Provide information sufficient for the verification of the Market Seller's fuel procurement practices, as further described below and in PJM Manual 15, and how those practices are utilized to determine cost-based offers the Market Seller submits into the PJM Interchange Energy Market;

(ii) Reflect the Market Seller's applicable commodity and/or transportation contracts (to the extent it holds such contracts) and the Market Seller's method of calculating delivered

fossil fuel cost, limited to inventoried cost, replacement cost or a combination thereof, that reflect the way fuel is purchased or scheduled for purchase, and set forth all applicable indices as a measure that PJM can use to verify how anticipated spot market purchases are utilized in determining fuel costs;

(iii) Provide a detailed explanation of the basis for and reasonableness of any applicable adders included in determining fuel costs in accordance with PJM Manual 15;

(iv) Account for situations where applicable indices or other objective market measures are not sufficiently liquid by documenting the alternative means actually utilized by the Market Seller to price the applicable fuel used in the determination of its cost-based offers, such as documented quotes for the procurement of natural gas; and

(v) Adhere to all requirements of PJM Manual 15 applicable to the generation resource.

(b) To the extent a Market Seller proposes alternative measures to document its fuel costs in its Fuel Cost Policy for a generation resource, the Market Seller shall explain how such alternative measures are consistent with or superior to the standard specified in section 2.3(a) above, accounting for the unique circumstances associated with procurement of fuel to supply the generation resource.

(c) If PJM determines that a Fuel Cost Policy submitted for review does not contain adequate support for PJM to make a determination as to the acceptability of any portion of the proposed policy consistent with the standards set forth above, PJM shall reject the Fuel Cost Policy. If PJM rejects the Fuel Cost Policy, the Market Seller's previously PJM-approved Fuel Cost Policy shall apply to all of the Market Seller's cost-based offers until such time as, subject to the review process set forth below in section 2.6 [below](#), PJM approves a new Fuel Cost Policy for the Market Seller.

2.4 Revocation of Approved Fuel Cost Policies.

If, after having approved a Fuel Cost Policy, PJM determines, with input and advice timely received from the Market Monitoring Unit, that the Market Seller's procurement practices or the method for determining other components of cost-based offers is no longer consistent with the approved Fuel Cost Policy, this Schedule or PJM Manual 15, PJM may revoke its approval of the Fuel Cost Policy, and Market Seller shall be required to submit a new Fuel Cost Policy for approval pursuant to the process and deadlines set forth in PJM Manual 15. If PJM revokes a Market Seller's previously approved Fuel Cost Policy, PJM shall notify the Market Seller in writing, with a copy to the Market Monitoring Unit, and include an explanation for the revocation. Upon revocation of a Fuel Cost Policy, the penalty referenced in section 5(a) below shall apply beginning on the day after PJM issues the written notification of revocation to the Market Seller, with no additional requirement for PJM to provide any further notice to the Market Seller.

2.5 Information Required To Be Included In Fuel Cost Policies.

(a) Each Market Seller shall include in its Fuel Cost Policy the following information, as further described in the applicable provisions of PJM Manual 15:

(i) For all Fuel Cost Policies, regardless of fuel type, the Market Seller shall provide a detailed explanation of the Market Seller's established method of calculating fuel costs, indicating whether fuel purchases are subject to a contract price and/or spot pricing, and specifying how it is determined which of the contract prices and/or spot market prices to use. The Market Seller shall include its method for determining commodity, handling and transportation costs.

(ii) For Fuel Cost Policies applicable to generation resources using a fuel source other than natural gas, the Market Seller shall adhere to the following guidelines:

1. Fuel costs for solar, Energy Storage Resources and run-of-river hydro resources shall be zero.
2. Fuel costs for nuclear resources shall not include in-service interest charges whether related to fuel that is leased or capitalized.
3. For Pumped Storage Hydro resources, fuel cost shall be determined based on the amount of energy necessary to pump from the lower reservoir to the upper reservoir.
4. For wind resources, the Market Seller shall identify how it accounts for renewable energy credits and production tax credits.
5. For solid waste, bio-mass and landfill gas resources, the Market Seller shall include the costs of such fuels even when the cost is negative.

(iii) Market Sellers shall report, for all of the generation resource's operating modes, fuels, and at various operating temperatures, the incremental, no load and start heat requirements, the method of developing heat inputs, and the frequency of updating heat inputs.

(iv) A Fuel Cost Policy shall include any applicable unit specific performance factors, and the method used to determine them, which may be modified seasonally to reflect ambient conditions.

(v) A Fuel Cost Policy shall include the cost-based Start Cost calculation for the generation resource, and identify for each temperature state the starting fuel (MMBtu), station service (MWh), start Maintenance Adder, and any Start Additional Labor Cost.

(vi) A Fuel Cost Policy shall also include any other incremental operating costs included in a Market Seller's cost-based offer for a resource, including but not limited to the consumables used for operation and the marginal value of costs in terms of dollars per MWh or dollars per

unit of fuel, along with all applicable descriptions, calculation methodologies associated with such costs, and frequency of updating such costs.

2.6 Periodic Update and Review of Fuel Cost Policies.

On an annual basis, all Market Sellers will be required to either submit to PJM and the Market Monitoring Unit an updated Fuel Cost Policy that complies with this Schedule 2 and PJM Manual 15, or confirm that their currently effective and approved Fuel Cost Policy remains compliant, pursuant to the procedures and deadlines specified in PJM Manual 15. Market Sellers must submit such information by no later than June 15 of each year. PJM shall consult with the Market Monitoring Unit, and consider any input timely received from the Market Monitoring Unit, in its determination of whether to approve a Market Seller's updated Fuel Cost Policy. After it has completed its evaluation of the request, PJM shall notify the Market Seller in writing, with a copy to the Market Monitoring Unit, of its determination whether the updated Fuel Cost Policy is approved or rejected by no later than November 1. If PJM rejects a Market Seller's updated Fuel Cost Policy, in its written notification, PJM shall provide an explanation for why the Fuel Cost Policy was rejected. If a Market Seller desires to update its Fuel Cost Policy, or PJM determines either on its own or based on input received from the Market Monitoring Unit, that the Market Seller must update its Fuel Cost Policy outside of the annual review process, the Market Seller shall follow the applicable processes and deadlines specified in this Schedule 2 and the PJM Manual 15.

2.7 Market Monitoring Unit Review For Market Power Concerns.

Nothing in this Schedule 2 is intended to abrogate or in any way alter the responsibility of the Market Monitoring Unit to make determinations about market power pursuant to ~~PJM~~-Tariff, Attachment M and Tariff, Attachment M-Appendix.

3. EMISSION ALLOWANCES/ADDERS

3.1 Review of Emissions Allowances/Adders.

(a) For emissions costs, Market Sellers shall report the emissions rate of each generation resource, the method for determining the emissions allowance cost, and the frequency of updating emission rates. Such adders must be submitted and reviewed at least annually by PJM and be changed if they are no longer accurate.

(b) Market Sellers may submit emissions cost information to PJM and the Market Monitoring Unit as part of the information it submits during the annual Fuel Cost Policy review process, described in section 2.6 of this Schedule. The basis for the Market Monitoring Unit's review is described in ~~PJM~~-Tariff, Attachment M-Appendix, section II.A.2. PJM shall consult with the Market Monitoring Unit, and consider any input and advice timely received from the Market Monitoring Unit, in its determination of whether to approve emissions costs.

4. MAINTENANCE ADDERS

4.1 Review of Maintenance Adders.

- (a) Maintenance Adders must be submitted and reviewed at least annually by PJM and be changed if they are no longer accurate. Maintenance Adders cannot include any costs that are included in the generation resource's Avoidable Cost Rate.
- (b) Market Sellers may submit Maintenance Adder information to PJM and the Market Monitoring Unit as part of the information it submits during the annual Fuel Cost Policy review process, described in section 2.6 of this Schedule. The basis for the Market Monitoring Unit's review is described in **PJM**-Tariff, Attachment M-Appendix, section II.A.2. PJM shall consult with the Market Monitoring Unit, and consider any input and advice timely received from the Market Monitoring Unit, in its determination of whether to approve **emissions**maintenance costs.

5. PENALTY PROVISIONS

5.1 Penalties.

- (a) If upon review of a Market Seller's cost-based offer, PJM determines that the offer is not in compliance with the Market Seller's PJM-approved Fuel Cost Policy or this Schedule 2 and the Market Monitoring Unit agrees with that determination, or the Market Monitoring Unit determines that the offer is not in compliance with the Market Seller's PJM-approved Fuel Cost Policy and PJM agrees with the Market Monitoring Unit's determination, or the Market Seller does not have a PJM-approved Fuel Cost Policy, or PJM determines that any portion of the cost-based offer is not in compliance with this Schedule 2, the Market Seller shall be subject to the following penalty, *which shall be greater than or equal to \$0*, summed for each hour that the offer applied:

$$\sum \text{Penalty}_{dh} = \frac{\min(d, 15)}{20} \times \text{LMP}_h \times \text{MW}_h$$

where:

d is the greater of one and the number of days since PJM first notified the Market Seller of PJM's and the Market Monitoring Unit's agreement regarding applicability of the penalty. *If PJM notifies the Market Seller of its non-compliant cost-based offer after the Market Seller has ceased submitting non-compliant cost-based offers, d shall be equal to one (1).*

h is the applicable hour of the day for which the offer applies, *commencing on the Operating Day that the Market Seller receives notice of its non-compliant cost-based offer. If PJM notifies the Market Seller of its non-compliant cost-based offer after the Market Seller has ceased submitting non-compliant cost-based offers, h is the applicable hours of the last Operating Day for which a non-compliant cost-based offer was submitted.*

LMP_h is the real-time LMP at the applicable pricing location for the resource for the hour

MW_h is the available capacity of the resource for the hour

All charges collected pursuant to this provision shall be allocated to Market Participants based on each Market Participant's real-time load ratio share for each applicable hour, as determined based on the Market Participant's total hourly load (net of operating Behind The Meter Generation, but not to be less than zero) to the total hourly load of all Market Participants in the PJM Region.

(b) Market Sellers that are assessed a penalty for non-compliance with an approved Fuel Cost Policy or the cost-based offer is not in compliance with the Market Seller's PJM-approved Fuel Cost Policy or this Schedule 2 shall be assessed penalties until the day after PJM determines that the Market Seller's cost-based offers are in compliance with the Market Seller's approved Fuel Cost Policy or in compliance with this Schedule 2. Such penalties will be assessed for no less than one (1) Operating Day.

(c) Market Sellers that are assessed a penalty for not having an approved Fuel Cost Policy shall be assessed penalties until the day after PJM approves the Market Seller's submitted Fuel Cost Policy. Such penalties will be assessed for no less than one (1) Operating Day.

(d) If upon review of a Market Seller's cost-based offer PJM and the Market Monitoring Unit disagree about whether the offer is in compliance with the Market Seller's PJM-approved Fuel Cost Policy, PJM and/or the Market Monitoring Unit may confidentially refer the matter to FERC Office of Enforcement for resolution and determination whether the applicable penalties should be assessed.

5.2 Rebuttal Period To Challenge Revocation of Fuel Cost Policy.

Market Sellers who have a Fuel Cost Policy revoked by PJM will be provided a three (3) Business Day rebuttal period, starting from the date of revocation, to submit supporting documentation to PJM demonstrating that the revoked Fuel Cost Policy accurately reflects the fuel source, transportation cost, procurement process used, applicable adders, or commodity cost for such generation resource such that the Fuel Cost Policy accurately reflects the Market Seller's fuel procurement practices and methodology for pricing fuel. During the rebuttal period, if the Market Seller does not have a PJM-approved Fuel Cost Policy, it may not submit a non-zero cost-based offer. The penalty will still apply during the rebuttal period. However, if, upon review of the Market Seller's supporting documentation, PJM determines that the revoked policy accurately reflects the Market Seller's actual methodology used to develop the cost-based offer that was submitted at the time of revocation and that the Market Seller has not violated its Fuel Cost Policy, then PJM will refund to the Market Seller the penalty payments and make whole the Market Seller via uplift payments for the time period for which the applicable Fuel Cost Policy had been revoked and the generation resource was mitigated to its cost-based offer.

Schedule 13

Rates, Terms, and Conditions of Service for PJM Settlement, Inc.

In accordance with the order of the Commission, dated September 3, 2010, in Docket No. ER10-1196-000, this Schedule 13 establishes as a shared tariff the rates, terms, and conditions of PJMSettlement services as set forth below.

- a) Under the ~~PJM~~-Tariff and ~~this~~Operating Agreement, PJM administers the provision of transmission service and associated ancillary services to customers and operates and administers various centralized electric power and energy markets.
- b) Under the ~~PJM~~ Tariff and ~~this~~Operating Agreement, PJMSettlement is the entity that (i) contracts with customers and conducts financial settlements regarding the use of the transmission capacity of the Transmission System that PJM, as the Transmission Provider, administers under the PJM Tariff and this Agreement; (ii) is the Counterparty with respect to the agreements and “pool” transactions in the centralized markets that PJM, as the Transmission Provider, administers under the PJM Tariff and this Agreement; and (iii) is the Counterparty to Financial Transmission Rights and Auction Revenue Rights instruments held by a Market Participant.
- c) In accordance with Operating Agreement sSection 3.3~~-of this Agreement~~, unless otherwise expressly stated in the ~~PJM~~-Tariff or ~~this~~Operating Agreement, PJMSettlement is the Counterparty to the customers purchasing Transmission Service and Network Integration Transmission Service, and to the other transactions with customers and other entities under the PJM Tariff or this Agreement. Accordingly, all rates, terms, and conditions of Transmission Service, Network Integration Transmission Service, and other transactions with entities under this Agreement, set forth throughout this Agreement, shall constitute rates, terms, and conditions of PJMSettlement service.
- d) Each seller shall be deemed to warrant that it holds good title to the products that are the subject of transactions it undertakes with PJMSettlement as a buyer. In accordance with and consistent with this warranty, PJMSettlement in turn warrants that it holds good title to the products that are the subject of transactions it undertakes with each buyer. The warranties set forth in this paragraph are provided only in connection with the requirements established by the FERC for PJMSettlement to serve as a Counterparty. Accordingly, any enforcement of, or challenge to, the warranties set forth in this paragraph shall be heard exclusively before the FERC. This paragraph is not intended to create independent rights or obligations for any party under the Uniform Commercial Code or common law that might be enforceable in federal or state courts or in any forum other than FERC.
- e) In accordance with Operating Agreement, section 3.3~~-of this Agreement~~, PJMSettlement shall not be the contracting party to other non-transmission transactions that are (1) bilateral transactions between market participants reported to the Transmission Provider, and (2) self-supplied or self-scheduled transactions reported to the Transmission Provider.

f) In accordance with Operating Agreement, section 3.3 ~~of this Agreement~~, PJMSettlement shall not be the Counterparty with respect to agreements and transactions regarding the Transmission Provider's administration of Tariff, Parts IV and Tariff, Part VI, Tariff, Schedules 1, Tariff, Schedule 9 through Tariff, Schedule 9-MMU(excluding Schedule 9 PJMSettlement), Tariff, Schedule 10-NERC, Tariff, Schedule 10-RFC, Tariff, Schedule 14, Tariff, Schedule 16, Tariff, Schedule 16-A, and Tariff, Schedule 17 of the PJM Tariff.

g) The costs of services provided by PJMSettlement for the benefit of Market Participants and Transmission Customers shall be collected by PJMSettlement through the charge set forth in Tariff, Schedule 9-PJMSettlement of the PJM Tariff.

h) Billing and payment provisions applicable to PJMSettlement are set forth in Tariff, section 7 of the PJM Tariff and Operating Agreement, section 14, 14A, and 14B of this Agreement.

Attachment B

PJM Open Access Transmission Tariff and PJM Operating Agreement

(Clean Format)

Section(s) of the
PJM Open Access Transmission Tariff
(Clean Format)

Definitions – G - H

Generating Market Buyer:

“Generating Market Buyer” shall mean an Internal Market Buyer that is a Load Serving Entity that owns or has contractual rights to the output of generation resources capable of serving the Market Buyer’s load in the PJM Region, or of selling energy or related services in the PJM Interchange Energy Market or elsewhere.

Generation Capacity Resource:

“Generation Capacity Resource” shall have the meaning specified in the Reliability Assurance Agreement.

Generation Interconnection Customer:

“Generation Interconnection Customer” shall mean an entity that submits an Interconnection Request to interconnect a new generation facility or to increase the capacity of an existing generation facility interconnected with the Transmission System in the PJM Region.

Generation Interconnection Facilities Study:

“Generation Interconnection Facilities Study” shall mean a Facilities Study related to a Generation Interconnection Request.

Generation Interconnection Feasibility Study:

“Generation Interconnection Feasibility Study” shall mean a study conducted by the Transmission Provider (in coordination with the affected Transmission Owner(s)) in accordance with Tariff, Part IV, section 36.2.

Generation Interconnection Request:

“Generation Interconnection Request” shall mean a request by a Generation Interconnection Customer pursuant to Tariff, Part IV, subpart A, to interconnect a generating unit with the Transmission System or to increase the capacity of a generating unit interconnected with the Transmission System in the PJM Region.

Generation Owner:

“Generation Owner” shall mean a Member that owns, leases with rights equivalent to ownership, or otherwise controls and operates one or more operating generation resources located in the PJM Region. The foregoing notwithstanding, for a planned generation resource to qualify a Member as a Generation Owner, such resource shall have cleared an RPM auction, and for Energy Resources, the resource shall have a FERC-jurisdictional interconnection agreement or wholesale market participation agreement within PJM. Purchasing all or a portion of the output

of a generation resource shall not be sufficient to qualify a Member as a Generation Owner. For purposes of Members Committee sector classification, a Member that is primarily a retail end-user of electricity that owns generation may qualify as a Generation Owner if: (1) the generation resource is the subject of a FERC-jurisdictional interconnection agreement or wholesale market participation agreement within PJM; (2) the average physical unforced capacity owned by the Member and its affiliates over the five Planning Periods immediately preceding the relevant Planning Period exceeds the average PJM capacity obligation of the Member and its affiliates over the same time period; and (3) the average energy produced by the Member and its affiliates within PJM over the five Planning Periods immediately preceding the relevant Planning Period exceeds the average energy consumed by the Member and its affiliates within PJM over the same time period.

Generation Resource Maximum Output:

“Generation Resource Maximum Output” shall mean, for Customer Facilities identified in an Interconnection Service Agreement or Wholesale Market Participation Agreement, the Generation Resource Maximum Output for a generating unit shall equal the unit’s pro rata share of the Maximum Facility Output, determined by the Economic Maximum values for the available units at the Customer Facility. For generating units not identified in an Interconnection Service Agreement or Wholesale Market Participation Agreement, the Generation Resource Maximum Output shall equal the generating unit’s Economic Maximum.

Generator Forced Outage:

“Generator Forced Outage” shall mean an immediate reduction in output or capacity or removal from service, in whole or in part, of a generating unit by reason of an Emergency or threatened Emergency, unanticipated failure, or other cause beyond the control of the owner or operator of the facility, as specified in the relevant portions of the PJM Manuals. A reduction in output or removal from service of a generating unit in response to changes in market conditions shall not constitute a Generator Forced Outage.

Generator Maintenance Outage:

“Generator Maintenance Outage” shall mean the scheduled removal from service, in whole or in part, of a generating unit in order to perform necessary repairs on specific components of the facility, if removal of the facility meets the guidelines specified in the PJM Manuals.

Generator Planned Outage:

“Generator Planned Outage” shall mean the scheduled removal from service, in whole or in part, of a generating unit for inspection, maintenance or repair with the approval of the Office of the Interconnection in accordance with the PJM Manuals.

Good Utility Practice:

“Good Utility Practice” shall mean any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather is intended to include acceptable practices, methods, or acts generally accepted in the region; including those practices required by Federal Power Act Section 215(a)(4).

Governmental Authority:

“Governmental Authority” shall mean any federal, state, local or other governmental, regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, arbitrating body, or other governmental authority having jurisdiction over any Interconnection Party or Construction Party or regarding any matter relating to an Interconnection Service Agreement or Construction Service Agreement, as applicable.

Hazardous Substances:

“Hazardous Substance” shall mean any chemicals, materials or substances defined as or included in the definition of “hazardous substances,” “hazardous wastes,” “hazardous materials,” “hazardous constituents,” “restricted hazardous materials,” “extremely hazardous substances,” “toxic substances,” “radioactive substances,” “contaminants,” “pollutants,” “toxic pollutants” or words of similar meaning and regulatory effect under any applicable Environmental Law, or any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any applicable Environmental Law.

Hot Weather Alert:

“Hot Weather Alert” shall mean the notice provided by PJM to PJM Members, Transmission Owners, resource owners and operators, customers, and regulators to prepare personnel and facilities for extreme hot and/or humid weather conditions which may cause capacity requirements and/or unit unavailability to be substantially higher than forecast are expected to persist for an extended period.

Definitions – R - S

Ramping Capability:

“Ramping Capability” shall mean the sustained rate of change of generator output, in megawatts per minute.

Real-time Congestion Price:

“Real-time Congestion Price” shall mean the Congestion Price resulting from the Office of the Interconnection’s dispatch of the PJM Interchange Energy Market in the Operating Day.

Real-time Loss Price:

“Real-time Loss Price” shall mean the Loss Price resulting from the Office of the Interconnection’s dispatch of the PJM Interchange Energy Market in the Operating Day.

Real-time Energy Market:

“Real-time Energy Market” shall mean the purchase or sale of energy and payment of Transmission Congestion Charges for quantity deviations from the Day-ahead Energy Market in the Operating Day.

Real-time Offer:

“Real-time Offer” shall mean a new offer or an update to a Market Seller’s existing cost-based or market-based offer for a clock hour, submitted for use after the close of the Day-ahead Energy Market.

Real-time Prices:

“Real-time Prices” shall mean the Locational Marginal Prices resulting from the Office of the Interconnection’s dispatch of the PJM Interchange Energy Market in the Operating Day.

Real-time Settlement Interval:

“Real-time Settlement Interval” shall mean the interval used by settlements, which shall be every five minutes.

Real-time System Energy Price:

“Real-time System Energy Price” shall mean the System Energy Price resulting from the Office of the Interconnection’s dispatch of the PJM Interchange Energy Market in the Operating Day.

Reasonable Efforts:

“Reasonable Efforts” shall mean, with respect to any action required to be made, attempted, or taken by an Interconnection Party or by a Construction Party under Tariff, Part IV or Part VI, an Interconnection Service Agreement, or a Construction Service Agreement, such efforts as are timely and consistent with Good Utility Practice and with efforts that such party would undertake for the protection of its own interests.

Receiving Party:

“Receiving Party” shall mean the entity receiving the capacity and energy transmitted by the Transmission Provider to Point(s) of Delivery.

Referral:

“Referral” shall mean a formal report of the Market Monitoring Unit to the Commission for investigation of behavior of a Market Participant, of behavior of PJM, or of a market design flaw, pursuant to Tariff, Attachment M, section IV.I.

Reference Resource:

“Reference Resource” shall mean a combustion turbine generating station, configured with a *single* General Electric Frame 7HA turbine with *evaporative cooling*, Selective Catalytic Reduction technology all CONE Areas, dual fuel capability, and a heat rate of 9.134 Mmbtu/MWh.

Regional Entity:

“Regional Entity” shall have the same meaning specified in the Operating Agreement.

Regional Transmission Expansion Plan:

“Regional Transmission Expansion Plan” shall mean the plan prepared by the Office of the Interconnection pursuant to Operating Agreement, Schedule 6 for the enhancement and expansion of the Transmission System in order to meet the demands for firm transmission service in the PJM Region.

Regional Transmission Group (RTG):

“Regional Transmission Group” or “RTG” shall mean a voluntary organization of transmission owners, transmission users and other entities approved by the Commission to efficiently coordinate transmission planning (and expansion), operation and use on a regional (and interregional) basis.

Regulation:

“Regulation” shall mean the capability of a specific generation resource or Demand Resource with appropriate telecommunications, control and response capability to separately increase and

decrease its output or adjust load in response to a regulating control signal, in accordance with the specifications in the PJM Manuals.

Regulation Zone:

“Regulation Zone” shall mean any of those one or more geographic areas, each consisting of a combination of one or more Control Zone(s) as designated by the Office of the Interconnection in the PJM Manuals, relevant to provision of, and requirements for, regulation service.

Relevant Electric Retail Regulatory Authority:

“Relevant Electric Retail Regulatory Authority” shall mean an entity that has jurisdiction over and establishes prices and policies for competition for providers of retail electric service to end-customers, such as the city council for a municipal utility, the governing board of a cooperative utility, the state public utility commission or any other such entity.

Reliability Assurance Agreement or PJM Reliability Assurance Agreement:

“Reliability Assurance Agreement” or “PJM Reliability Assurance Agreement” shall mean that certain Reliability Assurance Agreement Among Load Serving Entities in the PJM Region, on file with FERC as PJM Interconnection L.L.C. Rate Schedule FERC No. 44, and as amended from time to time thereafter.

Reliability Pricing Model Auction:

“Reliability Pricing Model Auction” or “RPM Auction” shall mean the Base Residual Auction or any Incremental Auction, or, for the 2016/2017 and 2017/2018 Delivery Years, any Capacity Performance Transition Incremental Auction.

Required Transmission Enhancements:

“Regional Transmission Enhancements” shall mean enhancements and expansions of the Transmission System that (1) a Regional Transmission Expansion Plan developed pursuant to Operating Agreement, Schedule 6 or (2) any joint planning or coordination agreement between PJM and another region or transmission planning authority set forth in Tariff, Schedule 12-Appendix B (“Appendix B Agreement”) designates one or more of the Transmission Owner(s) to construct and own or finance. Required Transmission Enhancements shall also include enhancements and expansions of facilities in another region or planning authority that meet the definition of transmission facilities pursuant to FERC’s Uniform System of Accounts or have been classified as transmission facilities in a ruling by FERC addressing such facilities constructed pursuant to an Appendix B Agreement cost responsibility for which has been assigned at least in part to PJM pursuant to such Appendix B Agreement.

Reserved Capacity:

“Reserved Capacity” shall mean the maximum amount of capacity and energy that the Transmission Provider agrees to transmit for the Transmission Customer over the Transmission Provider’s Transmission System between the Point(s) of Receipt and the Point(s) of Delivery under Tariff, Part II. Reserved Capacity shall be expressed in terms of whole megawatts on a sixty (60) minute interval (commencing on the clock hour) basis.

Reserve Penalty Factor:

“Reserve Penalty Factor” shall mean the cost, in \$/MWh, associated with being unable to meet a specific reserve requirement in a Reserve Zone or Reserve Sub-zone. A Reserve Penalty Factor will be defined for each reserve requirement in a Reserve Zone or Reserve Sub-zone.

Reserve Sub-zone:

“Reserve Sub-zone” shall mean any of those geographic areas wholly contained within a Reserve Zone, consisting of a combination of a portion of one or more Control Zone(s) as designated by the Office of the Interconnection in the PJM Manuals, relevant to provision of, and requirements for, reserve service.

Reserve Zone:

“Reserve Zone” shall mean any of those geographic areas consisting of a combination of one or more Control Zone(s), as designated by the Office of the Interconnection in the PJM Manuals, relevant to provision of, and requirements for, reserve service.

Residual Auction Revenue Rights:

“Residual Auction Revenue Rights” shall mean incremental stage 1 Auction Revenue Rights created within a Planning Period by an increase in transmission system capability, including the return to service of existing transmission capability, that was not modeled pursuant to Operating Agreement, Schedule 1, section 7.5 and the parallel provisions of Tariff, Attachment K-Appendix, section 7.5 in compliance with Operating Agreement, Schedule 1, section 7.4.2 (h) and the parallel provisions of Tariff, Attachment K-Appendix, section 7.4.2(h), and, if modeled, would have increased the amount of stage 1 Auction Revenue Rights allocated pursuant to Operating Agreement, Schedule 1, section 7.4.2 and the parallel provisions of Tariff, Attachment K-Appendix, section 7.4.2; provided that, the foregoing notwithstanding, Residual Auction Revenue Rights shall exclude: 1) Incremental Auction Revenue Rights allocated pursuant to Tariff, Part VI; and 2) Auction Revenue Rights allocated to entities that are assigned cost responsibility pursuant to Operating Agreement, Schedule 6 for transmission upgrades that create such rights.

Residual Metered Load:

“Residual Metered Load” shall mean all load remaining in an electric distribution company’s fully metered franchise area(s) or service territory(ies) after all nodally priced load of entities serving load in such area(s) or territory(ies) has been carved out.

Resource Substitution Charge:

“Resource Substitution Charge” shall mean a charge assessed on Capacity Market Buyers in an Incremental Auction to recover the cost of replacement Capacity Resources.

Revenue Data for Settlements:

“Revenue Data for Settlements” shall mean energy quantities used in accounting and billing as determined pursuant to Tariff, Attachment K-Appendix and the corresponding provisions of Operating Agreement, Schedule 1.

RPM Seller Credit:

“RPM Seller Credit” shall mean an additional form of Unsecured Credit defined in Tariff, Attachment Q, section IV.

Scheduled Incremental Auctions:

“Scheduled Incremental Auctions” shall refer to the First, Second, or Third Incremental Auction.

Schedule of Work:

“Schedule of Work” shall mean that schedule attached to the Interconnection Construction Service Agreement setting forth the timing of work to be performed by the Constructing Entity pursuant to the Interconnection Construction Service Agreement, based upon the Facilities Study and subject to modification, as required, in accordance with Transmission Provider’s scope change process for interconnection projects set forth in the PJM Manuals.

Scope of Work:

“Scope of Work” shall mean that scope of the work attached as a schedule to the Interconnection Construction Service Agreement and to be performed by the Constructing Entity(ies) pursuant to the Interconnection Construction Service Agreement, provided that such Scope of Work may be modified, as required, in accordance with Transmission Provider’s scope change process for interconnection projects set forth in the PJM Manuals.

Seasonal Capacity Performance Resource:

“Seasonal Capacity Performance Resource” shall have the same meaning specified in Tariff, Attachment DD, section 5.5A.

Secondary Systems:

“Secondary Systems” shall mean control or power circuits that operate below 600 volts, AC or DC, including, but not limited to, any hardware, control or protective devices, cables,

conductors, electric raceways, secondary equipment panels, transducers, batteries, chargers, and voltage and current transformers.

Second Incremental Auction:

“Second Incremental Auction” shall mean an Incremental Auction conducted ten months before the Delivery Year to which it relates.

Security:

“Security” shall mean the security provided by the New Service Customer pursuant to Tariff, section 212.4 or Tariff, Part VI, section 213.4 to secure the New Service Customer’s responsibility for Costs under the Interconnection Service Agreement or Upgrade Construction Service Agreement and Tariff, Part VI, section 217.

Segment:

“Segment” shall have the same meaning as described in Operating Agreement, Schedule 1, section 3.2.3(e).

Self-Supply:

“Self-Supply” shall mean Capacity Resources secured by a Load-Serving Entity, by ownership or contract, outside a Reliability Pricing Model Auction, and used to meet obligations under this Attachment or the Reliability Assurance Agreement through submission in a Base Residual Auction or an Incremental Auction of a Sell Offer indicating such Market Seller’s intent that such Capacity Resource be Self-Supply. Self-Supply may be either committed regardless of clearing price or submitted as a Sell Offer with a price bid. A Load Serving Entity's Sell Offer with a price bid for an owned or contracted Capacity Resource shall not be deemed “Self-Supply,” unless it is designated as Self-Supply and used by the LSE to meet obligations under this Attachment or the Reliability Assurance Agreement.

Sell Offer:

“Sell Offer” shall mean an offer to sell Capacity Resources in a Base Residual Auction, Incremental Auction, or Reliability Backstop Auction.

Service Agreement:

“Service Agreement” shall mean the initial agreement and any amendments or supplements thereto entered into by the Transmission Customer and the Transmission Provider for service under the Tariff.

Service Commencement Date:

“Service Commencement Date” shall mean the date the Transmission Provider begins to provide service pursuant to the terms of an executed Service Agreement, or the date the Transmission

Provider begins to provide service in accordance with Tariff, Part II, section 15.3 or Tariff, Part III, section 29.1.

Short-Term Firm Point-To-Point Transmission Service:

“Short-Term Firm Point-To-Point Transmission Service” shall mean Firm Point-To-Point Transmission Service under Tariff, Part II with a term of less than one year.

Short-term Project:

“Short-term Project” shall have the same meaning provided in the Operating Agreement.

Short-Term Resource Procurement Target:

“Short-Term Resource Procurement Target” shall mean, for Delivery Years through May 31, 2018, as to the PJM Region, for purposes of the Base Residual Auction, 2.5% of the PJM Region Reliability Requirement determined for such Base Residual Auction, for purposes of the First Incremental Auction, 2% of the of the PJM Region Reliability Requirement as calculated at the time of the Base Residual Auction; and, for purposes of the Second Incremental Auction, 1.5% of the of the PJM Region Reliability Requirement as calculated at the time of the Base Residual Auction; and, as to any Zone, an allocation of the PJM Region Short-Term Resource Procurement Target based on the Preliminary Zonal Forecast Peak Load, reduced by the amount of load served under the FRR Alternative. For any LDA, the LDA Short-Term Resource Procurement Target shall be the sum of the Short-Term Resource Procurement Targets of all Zones in the LDA.

Short-Term Resource Procurement Target Applicable Share:

“Short-Term Resource Procurement Target Applicable Share” shall mean, for Delivery Years through May 31, 2018: (i) for the PJM Region, as to the First and Second Incremental Auctions, 0.2 times the Short-Term Resource Procurement Target used in the Base Residual Auction and, as to the Third Incremental Auction for the PJM Region, 0.6 times such target; and (ii) for an LDA, as to the First and Second Incremental Auctions, 0.2 times the Short-Term Resource Procurement Target used in the Base Residual Auction for such LDA and, as to the Third Incremental Auction, 0.6 times such target.

Site:

“Site” shall mean all of the real property, including but not limited to any leased real property and easements, on which the Customer Facility is situated and/or on which the Customer Interconnection Facilities are to be located.

Small Commercial Customer:

“Small Commercial Customer,” as used in RAA, Schedule 6 and Tariff, Attachment DD-1, shall mean a commercial retail electric end-use customer of an electric distribution company that

participates in a mass market demand response program under the jurisdiction of a RERRA and satisfies the definition of a “small commercial customer” under the terms of the applicable RERRA’s program, provided that the customer has an annual peak demand no greater than 100kW.

Small Generation Resource:

“Small Generation Resource” shall mean an Interconnection Customer’s device of 20 MW or less for the production and/or storage for later injection of electricity identified in an Interconnection Request, but shall not include the Interconnection Customer’s Interconnection Facilities. This term shall include Energy Storage Resources and/or other devices for storage for later injection of energy.

Small Inverter Facility:

“Small Inverter Facility” shall mean an Energy Resource that is a certified small inverter-based facility no larger than 10 kW.

Small Inverter ISA:

“Small Inverter ISA” shall mean an agreement among Transmission Provider, Interconnection Customer, and Interconnected Transmission Owner regarding interconnection of a Small Inverter Facility under Tariff, Part IV, section 112B.

Special Member:

“Special Member” shall mean an entity that satisfies the requirements of Operating Agreement, Schedule 1, section 1.5A.02, and the parallel provisions of Tariff, Attachment K-Appendix, section 1.5A.02, or the special membership provisions established under the Emergency Load Response and Pre-Emergency Load Response Programs.

Spot Market Backup:

“Spot Market Backup” shall mean the purchase of energy from, or the delivery of energy to, the PJM Interchange Energy Market in quantities sufficient to complete the delivery or receipt obligations of a bilateral contract that has been curtailed or interrupted for any reason.

Spot Market Energy:

“Spot Market Energy” shall mean energy bought or sold by Market Participants through the PJM Interchange Energy Market at System Energy Prices determined as specified in Operating Agreement, Schedule 1, section 2, and the parallel provisions of Tariff, Attachment K-Appendix, section 2.

Start Additional Labor Costs:

“Start Additional Labor Costs” shall mean additional labor costs for startup required above normal station manning levels.

Start-Up Costs:

“Start-Up Costs” shall mean the unit costs to bring the boiler, turbine and generator from shutdown conditions to the point after breaker closure which is typically indicated by telemetered or aggregated state estimator megawatts greater than zero and is determined based on the cost of start fuel, total fuel-related cost, performance factor, electrical costs (station service), start maintenance adder, and additional labor cost if required above normal station manning. Start-Up Costs can vary with the unit offline time being categorized in three unit temperature conditions: hot, intermediate and cold.

State:

“State” shall mean the District of Columbia and any State or Commonwealth of the United States.

State Commission:

“State Commission” shall mean any state regulatory agency having jurisdiction over retail electricity sales in any State in the PJM Region.

State Estimator:

“State Estimator” shall mean the computer model of power flows specified in Operating Agreement, Schedule 1, section 2.3 and the parallel provisions of Tariff, Attachment K-Appendix, section 2.3.

Station Power:

“Station Power” shall mean energy used for operating the electric equipment on the site of a generation facility located in the PJM Region or for the heating, lighting, air-conditioning and office equipment needs of buildings on the site of such a generation facility that are used in the operation, maintenance, or repair of the facility. Station Power does not include any energy (i) used to power synchronous condensers; (ii) used for pumping at a pumped storage facility; (iii) used for compressors at a compressed air energy storage facility; (iv) used for charging an Energy Storage Resource or a Capacity Storage Resource; or (v) used in association with restoration or black start service.

Sub-Annual Resource Constraint:

“Sub-Annual Resource Constraint” shall mean, for the 2017/2018 Delivery Year and for FRR Capacity Plans the 2017/2018 and 2018/2019 Delivery Years, for the PJM Region or for each LDA for which the Office of the Interconnection is required under Tariff, Attachment DD, section 5.10(a) to establish a separate VRR Curve for a Delivery Year, a limit on the total

amount of Unforced Capacity that can be committed as Limited Demand Resources and Extended Summer Demand Resources for the 2017/2018 Delivery Year in the PJM Region or in such LDA, calculated as the Sub-Annual Resource Reliability Target for the PJM Region or for such LDA, respectively, minus the Short-Term Resource Procurement Target for the PJM Region or for such LDA, respectively.

Sub-Annual Resource Price Decrement:

“Sub-Annual Resource Price Decrement” shall mean, for the 2017/2018 Delivery Year, a difference between the clearing price for Extended Summer Demand Resources and the clearing price for Annual Resources, representing the cost to procure additional Annual Resources out of merit order when the Sub-Annual Resource Constraint is binding.

Sub-Annual Resource Reliability Target:

“Sub-Annual Reliability Target” for the PJM Region or an LDA, shall mean the maximum amount of the combination of Extended Summer Demand Resources and Limited Demand Resources in Unforced Capacity determined by PJM to be consistent with the maintenance of reliability, stated in Unforced Capacity, that shall be used to calculate the Minimum Annual Resource Requirement for Delivery Years through May 31, 2017 and the Sub-Annual Resource Constraint for the 2017/2018 and 2018/2019 Delivery Years. As more fully set forth in the PJM Manuals, PJM calculates the Sub-Annual Resource Reliability Target, by first determining a reference annual loss of load expectation (“LOLE”) assuming no Demand Resources. The calculation for the unconstrained portion of the PJM Region uses a daily distribution of loads under a range of weather scenarios (based on the most recent load forecast and iteratively shifting the load distributions to result in the Installed Reserve Margin established for the Delivery Year in question) and a weekly capacity distribution (based on the cumulative capacity availability distributions developed for the Installed Reserve Margin study for the Delivery Year in question). The calculation for each relevant LDA uses a daily distribution of loads under a range of weather scenarios (based on the most recent load forecast for the Delivery Year in question) and a weekly capacity distribution (based on the cumulative capacity availability distributions developed for the Capacity Emergency Transfer Objective study for the Delivery Year in question). For the relevant LDA calculation, the weekly capacity distributions are adjusted to reflect the Capacity Emergency Transfer Limit for the Delivery Year in question.

For both the PJM Region and LDA analyses, PJM then models the commitment of varying amounts of DR (displacing otherwise committed generation) as interruptible from May 1 through October 31 and unavailable from November 1 through April 30 and calculates the LOLE at each DR level. The Extended Summer DR Reliability Target is the DR amount, stated as a percentage of the unrestricted peak load, that produces no more than a ten percent increase in the LOLE, compared to the reference value. The Sub-Annual Resource Reliability Target shall be expressed as a percentage of the forecasted peak load of the PJM Region or such LDA and is converted to Unforced Capacity by multiplying [the reliability target percentage] times [the Forecast Pool Requirement] times [the DR Factor] times [the forecasted peak load of the PJM Region or such LDA, reduced by the amount of load served under the FRR Alternative].

Sub-meter:

“Sub-meter” shall mean a metering point for electricity consumption that does not include all electricity consumption for the end-use customer as defined by the electric distribution company account number. PJM shall only accept sub-meter load data from end-use customers for measurement and verification of Regulation service as set forth in the Economic Load Response rules and PJM Manuals.

Summer-Period Capacity Performance Resource:

“Summer-Period Capacity Performance Resource” shall have the same meaning specified in Tariff, Attachment DD, section 5.5A.

Switching and Tagging Rules:

“Switching and Tagging Rules” shall mean the switching and tagging procedures of Interconnected Transmission Owners and Interconnection Customer as they may be amended from time to time.

Synchronized Reserve:

“Synchronized Reserve” shall mean the reserve capability of generation resources that can be converted fully into energy or Demand Resources whose demand can be reduced within ten minutes from the request of the Office of the Interconnection dispatcher, and is provided by equipment that is electrically synchronized to the Transmission System.

Synchronized Reserve Event:

“Synchronized Reserve Event” shall mean a request from the Office of the Interconnection to generation resources and/or Demand Resources able, assigned or self-scheduled to provide Synchronized Reserve in one or more specified Reserve Zones or Reserve Sub-zones, within ten minutes, to increase the energy output or reduce load by the amount of assigned or self-scheduled Synchronized Reserve capability.

Synchronized Reserve Requirement:

“Synchronized Reserve Requirement” shall mean the megawatts required to be maintained in a Reserve Zone or Reserve Sub-zone as Synchronized Reserve, absent any increase to account for additional reserves scheduled to address operational uncertainty. The Synchronized Reserve Requirement is calculated in accordance with the PJM Manuals.

System Condition:

“System Condition” shall mean a specified condition on the Transmission Provider’s system or on a neighboring system, such as a constrained transmission element or flowgate, that may trigger Curtailment of Long-Term Firm Point-to-Point Transmission Service using the

curtailment priority pursuant to Tariff, Part II, section 13.6. Such conditions must be identified in the Transmission Customer's Service Agreement.

System Energy Price:

“System Energy Price” shall mean the energy component of the Locational Marginal Price, which is the price at which the Market Seller has offered to supply an additional increment of energy from a resource, calculated as specified in Operating Agreement, Schedule 1, section 2 and the parallel provisions of Tariff, Attachment K-Appendix, section 2.

System Impact Study:

“System Impact Study” shall mean an assessment by the Transmission Provider of (i) the adequacy of the Transmission System to accommodate a Completed Application, an Interconnection Request or an Upgrade Request, (ii) whether any additional costs may be incurred in order to provide such transmission service or to accommodate an Interconnection Request, and (iii) with respect to an Interconnection Request, an estimated date that an Interconnection Customer's Customer Facility can be interconnected with the Transmission System and an estimate of the Interconnection Customer's cost responsibility for the interconnection; and (iv) with respect to an Upgrade Request, the estimated cost of the requested system upgrades or expansion, or of the cost of the system upgrades or expansion, necessary to provide the requested incremental rights.

System Protection Facilities:

“System Protection Facilities” shall refer to the equipment required to protect (i) the Transmission System, other delivery systems and/or other generating systems connected to the Transmission System from faults or other electrical disturbance occurring at or on the Customer Facility, and (ii) the Customer Facility from faults or other electrical system disturbance occurring on the Transmission System or on other delivery systems and/or other generating systems to which the Transmission System is directly or indirectly connected. System Protection Facilities shall include such protective and regulating devices as are identified in the Applicable Technical Requirements and Standards or that are required by Applicable Laws and Regulations or other Applicable Standards, or as are otherwise necessary to protect personnel and equipment and to minimize deleterious effects to the Transmission System arising from the Customer Facility.

Definitions – T – U - V

Tangible Net Worth:

“Tangible Net Worth” shall mean all assets (not including any intangible assets such as goodwill) less all liabilities. Any such calculation may be reduced by PJM Settlement upon review of the available financial information.

Target Allocation:

“Target Allocation” shall mean the allocation of Transmission Congestion Credits as set forth in Operating Agreement, Schedule 1, section 5.2.3, and the parallel provisions of Tariff, Attachment K-Appendix, section 5.2.3, or the allocation of Auction Revenue Rights Credits as set forth in Operating Agreement, Schedule 1, section 7.4.3, and the parallel provisions of Tariff, Attachment K-Appendix, section 7.4.3.

Third Incremental Auction:

“Third Incremental Auction” shall mean an Incremental Auction conducted three months before the Delivery Year to which it relates.

Third-Party Sale:

“Third-Party Sale” shall mean any sale for resale in interstate commerce to a Power Purchaser that is not designated as part of Network Load under the Network Integration Transmission Service but not including a sale of energy through the PJM Interchange Energy Market established under the PJM Operating Agreement.

Tie Line:

“Tie Line” shall mean a circuit connecting two balancing authority areas, Control Areas or fully metered electric system regions. Tie Lines may be classified as external or internal as set forth in the PJM Manuals.

Total Lost Opportunity Cost Offer:

“Total Lost Opportunity Cost Offer” shall mean the applicable offer used to calculate lost opportunity cost credits. For pool-scheduled resources specified in PJM Operating Agreement, Schedule 1, section 3.2.3(f-1), and the parallel provisions of Tariff, Attachment K-Appendix, section 3.2.3(f-1), the Total Lost Opportunity Cost Offer shall equal the Real-time Settlement Interval offer integrated under the applicable offer curve for the LOC Deviation, as determined by the greater of the Committed Offer or last Real-Time Offer submitted for the offer on which the resource was committed in the Day-ahead Energy Market for each hour in an Operating Day. For all other pool-scheduled resources, the Total Lost Opportunity Cost Offer shall equal the Real-time Settlement Interval offer integrated under the applicable offer curve for the LOC Deviation, as determined by the offer curve associated with the greater of the Committed Offer

or Final Offer for each hour in an Operating Day. For self-scheduled generation resources, the Total Lost Opportunity Cost Offer shall equal the Real-time Settlement Interval offer integrated under the applicable offer curve for the LOC Deviation, where for self-scheduled generation resources (a) operating pursuant to a cost-based offer, the applicable offer curve shall be the greater of the originally submitted cost-based offer or the cost-based offer that the resource was dispatched on in real-time; or (b) operating pursuant to a market-based offer, the applicable offer curve shall be determined in accordance with the following process: (1) select the greater of the cost-based day-ahead offer and updated cost-based Real-time Offer; (2) for resources with multiple cost-based offers, first, for each cost-based offer select the greater of the day-ahead offer and updated Real-time Offer, and then select the lesser of the resulting cost-based offers; and (3) compare the offer selected in (1), or for resources with multiple cost-based offers the offer selected in (2), with the market-based day-ahead offer and the market-based Real-time Offer and select the highest offer.

Total Net Obligation:

“Total Net Obligation” shall mean all unpaid billed Net Obligations plus any unbilled Net Obligation incurred to date, as determined by PJMSettlement on a daily basis, plus any other Obligations owed to PJMSettlement at the time.

Total Net Sell Position:

“Total Net Sell Position” shall mean all unpaid billed Net Sell Positions plus any unbilled Net Sell Positions accrued to date, as determined by PJMSettlement on a daily basis.

Total Operating Reserve Offer:

“Total Operating Reserve Offer” shall mean the applicable offer used to calculate Operating Reserve credits. The Total Operating Reserve Offer shall equal the sum of all individual Real-time Settlement Interval energy offers, inclusive of Start-Up Costs (shut-down costs for Demand Resources) and No-load Costs, for every Real-time Settlement Interval in a Segment, integrated under the applicable offer curve up to the applicable megawatt output as further described in the PJM Manuals. The applicable offer used to calculate day-ahead Operating Reserve credits shall be the Committed Offer, and the applicable offer used to calculate balancing Operating Reserve credits shall be lesser of the Committed Offer or Final Offer for each hour in an Operating Day.

Transmission Congestion Charge:

“Transmission Congestion Charge” shall mean a charge attributable to the increased cost of energy delivered at a given load bus when the transmission system serving that load bus is operating under constrained conditions, or as necessary to provide energy for third-party transmission losses which shall be calculated and allocated as specified in Operating Agreement, Schedule 1, section 5.1 and the parallel provisions of Tariff, Attachment K-Appendix, section 5.1.

Transmission Congestion Credit:

“Transmission Congestion Credit” shall mean the allocated share of total Transmission Congestion Charges credited to each FTR Holder, calculated and allocated as specified in Operating Agreement, Schedule 1, section 5.2, and the parallel provisions of Tariff, Attachment K-Appendix, section 5.2.

Transmission Constraint Penalty Factor:

“Transmission Constraint Penalty Factor” shall mean the maximum cost of the re-dispatch incurred to control the flows across a transmission constraint and establishes the maximum limit on the Marginal Value.

Transmission Customer:

“Transmission Customer” shall mean any Eligible Customer (or its Designated Agent) that (i) executes a Service Agreement, or (ii) requests in writing that the Transmission Provider file with the Commission a proposed unexecuted Service Agreement, to receive transmission service under Tariff, Part II. This term is used in Tariff, Part I and Part VI to include customers receiving transmission service under Tariff, Part II and Part III.

Where used in Tariff, Attachment K-Appendix and the parallel provisions of Operating Agreement, Schedule 1, Transmission Customer shall mean an entity using Point-to-Point Transmission Service.

Transmission Facilities:

“Transmission Facilities” shall have the meaning set forth in the Operating Agreement.

Transmission Forced Outage:

“Transmission Forced Outage” shall mean an immediate removal from service of a transmission facility by reason of an Emergency or threatened Emergency, unanticipated failure, or other cause beyond the control of the owner or operator of the transmission facility, as specified in the relevant portions of the PJM Manuals. A removal from service of a transmission facility at the request of the Office of the Interconnection to improve transmission capability shall not constitute a Forced Transmission Outage.

Transmission Injection Rights:

“Transmission Injection Rights” shall mean Capacity Transmission Injection Rights and Energy Transmission Injection Rights.

Transmission Interconnection Customer:

“Transmission Interconnection Customer” shall mean an entity that submits an Interconnection Request to interconnect or add Merchant Transmission Facilities to the Transmission System or

to increase the capacity of Merchant Transmission Facilities interconnected with the Transmission System in the PJM Region or an entity that submits an Upgrade Request for Merchant Network Upgrades (including accelerating the construction of any transmission enhancement or expansion, other than Merchant Transmission Facilities, that is included in the Regional Transmission Expansion Plan prepared pursuant to Operating Agreement, Schedule 6).

Transmission Interconnection Facilities Study:

“Transmission Interconnection Facilities Study” shall mean a Facilities Study related to a Transmission Interconnection Request.

Transmission Interconnection Feasibility Study:

“Transmission Interconnection Feasibility Study” shall mean a study conducted by the Transmission Provider in accordance with Tariff, Part IV, section 36.2.

Transmission Interconnection Request:

“Transmission Interconnection Request” shall mean a request by a Transmission Interconnection Customer pursuant to Tariff, Part IV to interconnect or add Merchant Transmission Facilities to the Transmission System or to increase the capacity of existing Merchant Transmission Facilities interconnected with the Transmission System in the PJM Region.

Transmission Loading Relief:

“Transmission Loading Relief” shall mean NERC’s procedures for preventing operating security limit violations, as implemented by PJM as the security coordinator responsible for maintaining transmission security for the PJM Region.

Transmission Loading Relief Customer:

“Transmission Loading Relief Customer” shall mean an entity that, in accordance with Operating Agreement, Schedule 1, section 1.10.6A and the parallel provisions of Tariff, Attachment K-Appendix, section 1.10.6A, has elected to pay Transmission Congestion Charges during Transmission Loading Relief in order to continue energy schedules over contract paths outside the PJM Region that are increasing the cost of energy in the PJM Region.

Transmission Loss Charge:

“Transmission Loss Charge” shall mean the charges to each Market Participant, Network Customer, or Transmission Customer for the cost of energy lost in the transmission of electricity from a generation resource to load as specified in Operating Agreement, Schedule 1, section 5, and the parallel provisions of Tariff, Attachment K-Appendix, section 5.

Transmission Owner:

“Transmission Owner” shall mean a Member that owns or leases with rights equivalent to ownership Transmission Facilities and is a signatory to the PJM Transmission Owners Agreement. Taking transmission service shall not be sufficient to qualify a Member as a Transmission Owner.

Transmission Owner Attachment Facilities:

“Transmission Owner Attachment Facilities” shall mean that portion of the Transmission Owner Interconnection Facilities comprised of all Attachment Facilities on the Interconnected Transmission Owner’s side of the Point of Interconnection.

Transmission Owner Interconnection Facilities:

“Transmission Owner Interconnection Facilities” shall mean all Interconnection Facilities that are not Customer Interconnection Facilities and that, after the transfer under Tariff, Attachment P, Appendix 2, section 5.5 to the Interconnected Transmission Owner of title to any Transmission Owner Interconnection Facilities that the Interconnection Customer constructed, are owned, controlled, operated and maintained by the Interconnected Transmission Owner on the Interconnected Transmission Owner’s side of the Point of Interconnection identified in appendices to the Interconnection Service Agreement and to the Interconnection Construction Service Agreement, including any modifications, additions or upgrades made to such facilities and equipment, that are necessary to physically and electrically interconnect the Customer Facility with the Transmission System or interconnected distribution facilities.

Transmission Owner Upgrade:

“Transmission Owner Upgrade” shall have the same meaning provided in the Operating Agreement.

Transmission Planned Outage:

“Transmission Planned Outage” shall mean any transmission outage scheduled in advance for a pre-determined duration and which meets the notification requirements for such outages specified in Operating Agreement, Schedule 1, and the parallel provisions of Tariff, Attachment K-Appendix or the PJM Manuals.

Transmission Provider:

The “Transmission Provider” shall be the Office of the Interconnection for all purposes, provided that the Transmission Owners will have the responsibility for the following specified activities:

- (a) The Office of the Interconnection shall direct the operation and coordinate the maintenance of the Transmission System, except that the Transmission Owners will continue to direct the operation and maintenance of those transmission facilities that are not listed in the PJM Designated Facilities List contained in the PJM Manual on Transmission Operations;

(b) Each Transmission Owner shall physically operate and maintain all of the facilities that it owns; and

(c) When studies conducted by the Office of the Interconnection indicate that enhancements or modifications to the Transmission System are necessary, the Transmission Owners shall have the responsibility, in accordance with the applicable terms of the Tariff, Operating Agreement and/or the Consolidated Transmission Owners Agreement to construct, own, and finance the needed facilities or enhancements or modifications to facilities.

Transmission Provider’s Monthly Transmission System Peak:

“Transmission Provider’s Monthly Transmission System Peak” shall mean the maximum firm usage of the Transmission Provider’s Transmission System in a calendar month.

Transmission Service:

“Transmission Service” shall mean Point-To-Point Transmission Service provided under Tariff, Part II on a firm and non-firm basis.

Transmission Service Request:

“Transmission Service Request” shall mean a request for Firm Point-To-Point Transmission Service or a request for Network Integration Transmission Service.

Transmission System:

“Transmission System” shall mean the facilities controlled or operated by the Transmission Provider within the PJM Region that are used to provide transmission service under Tariff, Part II and Part III.

Transmission Withdrawal Rights:

“Transmission Withdrawal Rights” shall mean Firm Transmission Withdrawal Rights and Non-Firm Transmission Withdrawal Rights.

Turn Down Ratio:

“Turn Down Ratio” shall mean the ratio of a generating unit’s economic maximum megawatts to its economic minimum megawatts.

Unconstrained LDA Group:

“Unconstrained LDA Group” shall mean a combined group of LDAs that form an electrically contiguous area and for which a separate Variable Resource Requirement Curve has not been established under Tariff, Attachment DD, section 5.10. Any LDA for which a separate Variable

Resource Requirement Curve has not been established under Tariff, Attachment DD, section 5.10 shall be combined with all other such LDAs that form an electrically contiguous area.

Unforced Capacity:

“Unforced Capacity” shall have the meaning specified in the Reliability Assurance Agreement.

Unsecured Credit:

“Unsecured Credit” shall mean any credit granted by PJMSettlement to a Participant that is not secured by Collateral.

Unsecured Credit Allowance:

“Unsecured Credit Allowance” shall mean Unsecured Credit extended by PJMSettlement in an amount determined by PJMSettlement’s evaluation of the creditworthiness of a Participant. This is also defined as the amount of credit that a Participant qualifies for based on the strength of its own financial condition without having to provide Collateral. See also: “Working Credit Limit.”

Updated VRR Curve:

“Updated VRR Curve” shall mean the Variable Resource Requirement Curve for use in the Base Residual Auction of the relevant Delivery Year, updated to reflect any change in the Reliability Requirement from the Base Residual Auction to such Incremental Auction, and for Delivery Years through May 31, 2018, the Short-term Resource Procurement Target applicable to the relevant Incremental Auction.

Updated VRR Curve Decrement:

“Updated VRR Curve Decrement” shall mean the portion of the Updated VRR Curve to the left of a vertical line at the level of Unforced Capacity on the x-axis of such curve equal to the net Unforced Capacity committed to the PJM Region as a result of all prior auctions conducted for such Delivery Year and adjusted, if applicable, by a change in Unforced Capacity commitments associated with the transition provision of Tariff, Attachment DD, section 5.14C, Tariff, Attachment DD, section 5.14D (as related to the 2016/2017 Delivery Year), Tariff, Attachment DD, section 5.14E, and Tariff, Attachment DD, section 5.5A(c)(i)(B), and RAA, Schedule 6, section L.9.

Updated VRR Curve Increment:

“Updated VRR Curve Increment” shall mean the portion of the Updated VRR Curve to the right of a vertical line at the level of Unforced Capacity on the x-axis of such curve equal to the net Unforced Capacity committed to the PJM Region as a result of all prior auctions conducted for such Delivery Year and adjusted, if applicable, by a change in Unforced Capacity commitments associated with the transition provision of Tariff, Attachment DD, section 5.14C, Tariff, Attachment DD, section 5.14D (as related to the 2016/2017 Delivery Year), Tariff, Attachment

DD, section 5.14E and Tariff, Attachment DD, section 5.5A(c)(i)(B), and RAA, Schedule 6, section L.9.

Upgrade Construction Service Agreement:

“Upgrade Construction Service Agreement” shall mean that agreement entered into by an Eligible Customer, Upgrade Customer or Interconnection Customer proposing Merchant Network Upgrades, a Transmission Owner, and the Transmission Provider, pursuant to Tariff, Part VI, Subpart B, and in the form set forth in Tariff, Attachment GG.

Upgrade Customer:

“Upgrade Customer” shall mean a customer that submits an Upgrade Request pursuant to Operating Agreement, Schedule 1, section 7.8.

Upgrade Feasibility Study:

“Upgrade Feasibility Study” shall mean a study conducted by the Transmission Provider in accordance with Tariff, section 36.3.

Upgrade-Related Rights:

“Upgrade-Related Rights” shall mean Incremental Auction Revenue Rights, Incremental Available Transfer Capability Revenue Rights, Incremental Deliverability Rights, and Incremental Capacity Transfer Rights.

Upgrade Request:

“Upgrade Request” shall mean a request submitted in the form prescribed in Tariff, Attachment EE, for evaluation by the Transmission Provider of the feasibility and estimated costs of (a) a Merchant Network Upgrade or (b) the Customer-Funded Upgrades that would be needed to provide Incremental Auction Revenue Rights specified in a request pursuant to Operating Agreement, Schedule 1, section 7.8.

Up-to Congestion Counterflow Transaction:

“Up-to Congestion Counterflow Transaction” shall mean an Up-to Congestion Transaction will be deemed an Up-to Congestion Counterflow Transaction if the following value is negative: (a) when bidding, the lower of the bid price and the prior Up-to Congestion Historical Month’s average real-time value for the transaction; or (b) for cleared Virtual Transactions, the cleared day-ahead price of the Virtual Transactions.

Up-to Congestion Historical Month:

“Up-to Congestion Historical Month” shall mean a consistently-defined historical period nominally one month long that is as close to a calendar month as PJM determines is practical.

Up-to Congestion Prevailing Flow Transaction:

An Up-to Congestion Transaction shall mean an “Up-to Congestion Prevailing Flow Transaction” if it is not an Up-to Congestion Counterflow Transaction.

Up-to Congestion Reference Price:

“Up-to Congestion Reference Price” for an Up-to Congestion Transaction, shall be the specified percentile price differential between source and sink (defined as sink price minus source price) for real-time prices experienced over the prior Up-to Congestion Historical Month, averaged with the same percentile value calculated for the second prior Up-to Congestion Historical Month. Up-to Congestion Reference Prices shall be calculated using the following historical percentiles:

- For Up-to Congestion Prevailing Flow Transactions: 30th percentile
- For Up-to Congestion Counterflow Transactions when bid: 20th percentile
- For Up-to Congestion Counterflow Transactions when cleared: 5th percentile

Up-to Congestion Transaction:

“Up-to Congestion Transaction” shall have the meaning specified in Operating Agreement, Schedule 1, section 1.10.1A, and the parallel provisions of Tariff, Attachment K-Appendix, section 1.10.1A.

Variable Loads:

“Variable Loads” shall have the meaning specified in Operating Agreement, Schedule 1, section 1.5A.6, and the parallel provisions of Tariff, Attachment K-Appendix, section 1.5A.6.

Variable Resource Requirement Curve:

“Variable Resource Requirement Curve” shall mean a series of maximum prices that can be cleared in a Base Residual Auction for Unforced Capacity, corresponding to a series of varying resource requirements based on varying installed reserve margins, as determined by the Office of the Interconnection for the PJM Region and for certain Locational Deliverability Areas in accordance with the methodology provided in Tariff, Attachment DD, section 5.

Virtual Credit Exposure:

“Virtual Credit Exposure” shall mean the amount of potential credit exposure created by a market participant’s bid submitted into the Day-ahead market, as defined in Tariff, Attachment Q.

Virtual Transaction:

“Virtual Transaction” shall mean a Decrement Bid, Increment Offer and/or Up-to Congestion Transaction.

Virtual Transaction Screening:

“Virtual Transaction Screening” shall be the process of reviewing the Virtual Credit Exposure of submitted Virtual Transactions against the Credit Available for Virtual Transactions. If the credit required is greater than credit available, then the Virtual Transactions will not be accepted.

Virtual Transactions Net Activity:

“Virtual Transactions Net Activity” shall mean the aggregate net total, resulting from Virtual Transactions, of (i) Spot Market Energy charges, (ii) Transmission Congestion Charges, and (iii) Transmission Loss Charges, calculated as set forth in Tariff, Attachment K-Appendix. Virtual Transactions Net Activity may be positive or negative.

Voltage Reduction Action:

“Voltage Reduction Action” shall mean a notification during capacity deficient conditions in which PJM notifies Members to reduce voltage on the distribution system in order to reduce demand and therefore provide a sufficient amount of reserves, maintain tie flow schedules and preserve limited energy sources.

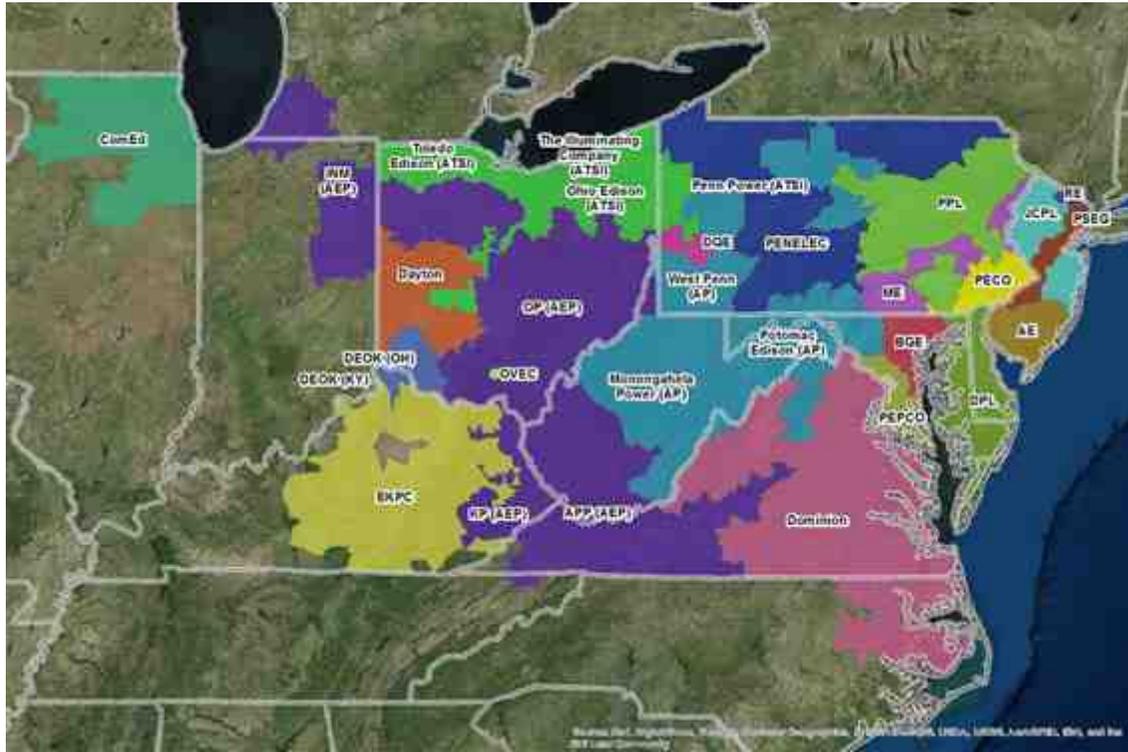
Voltage Reduction Alert:

“Voltage Reduction Alert” shall mean a notification from PJM to alert Members that a voltage reduction may be required during a future critical period.

Voltage Reduction Warning:

“Voltage Reduction Warning” shall mean a notification from PJM to warn Members that PJM’s available Synchronized Reserve is less than the Synchronized Reserve Requirement and that present operations have deteriorated such that a voltage reduction may be required.

ATTACHMENT J
PJM Transmission Zones



FULL NAME

Pennsylvania Electric Company
 Allegheny Power
 PPL Electric Utilities Corporation
 Metropolitan Edison Company
 Jersey Central Power and Light Company
 Public Service Electric and Gas Company
 Atlantic City Electric Company
 PECO Energy Company
 Baltimore Gas and Electric Company
 Delmarva Power and Light Company
 Potomac Electric Power Company
 Rockland Electric Company
 Commonwealth Edison Company
 AEP East Zone
 The Dayton Power and Light Company
 Duquesne Light Company
 Virginia Electric and Power Company
 American Transmission Systems, Incorporated
 Duke Energy Ohio, Inc. and Duke Energy Kentucky, Inc.
 East Kentucky Power Cooperative, Inc.
 Ohio Valley Electric Corporation

SHORT NAME

PENELEC
 APS
 PPL
 ME
 JCPL
 PSEG
 AEC
 PECO
 BGE
 DPL
 PEPCO
 RE
 ComEd
 AEP
 Dayton
 DL
 Dominion
 ATSI
 DEOK
 EKPC
 OVEC

2.4 Determination of Energy Offers Used in Calculating Real-time Prices.

(a) During the Operating Day, real-time Locational Marginal Prices derived in accordance with this section shall be determined every five minutes.

(b) To determine the energy offers submitted to the PJM Interchange Energy Market that shall be used during the Operating Day to calculate the Real-time Prices, the Office of the Interconnection shall determine the applicable marginal energy offer of the resources being dispatched by the Office of the Interconnection. Offers for resources dispatched by the Office of the Interconnection in excess of \$2,000/megawatt-hour will be capped at \$2,000/megawatt-hour for purposes of calculating Real-time Prices.

(c) In determining whether a resource satisfies the condition described in (b), the Office of the Interconnection will determine the applicable marginal energy offer by comparing the requested megawatt output of the resource with the Market Seller's offer price curve. The applicable marginal energy offer used in the calculation of Real-time Prices shall not exceed \$2,000/megawatt-hour. Units that must be run for local area protection shall not be considered in the calculation of Real-time Prices.

6.6 Minimum Generator Operating Parameters – Parameter Limited Schedules.

(a) Market Sellers submitting Offer Data for Generation Capacity Resources shall submit and be subject to pre-determined limits on cost-based offers, which are always parameter limited. Market Sellers submitting Offer Data for Generation Capacity Resources shall submit and be subject to pre-determined limits on market-based offers conforming to parameter limitations (“parameter limited schedules”) under the following circumstances:

(i) The Market Seller fails the three pivotal supplier test. When this subsection applies, the parameter limited schedule shall be the less limiting, i.e. more flexible, of the defined parameter limited schedules or the submitted offer parameters.

(ii) For the 2014/2015 through 2017/2018 Delivery Years, the Office of the Interconnection: (i) declares a Maximum Generation Emergency; (ii) issues a Maximum Generation Emergency Alert; or (iii) schedules units based on the anticipation of a Maximum Generation Emergency or a Maximum Generation Emergency Alert for all, or any part, of an Operating Day.

(iii) For Capacity Performance Resources, the Office of the Interconnection: (i) declares a Maximum Generation Emergency; (ii) issues a Maximum Generation Emergency Alert, Hot Weather Alert, Cold Weather Alert; or (iii) schedules units based on the anticipation of a Maximum Generation Emergency, Maximum Generation Emergency Alert, Hot Weather Alert or Cold Weather Alert for all, or any part, of an Operating Day.

(iv) For Base Capacity Resources, the Office of the Interconnection: (i) declares a Maximum Generation Emergency during hot weather operations during the period of June 1 through September 30; (ii) issues a Maximum Generation Emergency Alert or Hot Weather Alert during hot weather operations during the period of June 1 through September 30; or (iii) schedules units based on the anticipation of a Hot Weather Alert, or a Maximum Generation Emergency or Maximum Generation Emergency Alert during hot weather operations during the period of June 1 through September 30, for all, or any part, of an Operating Day.

(b) For the 2014/2015 through 2017/2018 Delivery Years for Generation Capacity Resources other than Capacity Performance Resources, and the 2016/2017 through 2018/2019 Delivery Years for Generation Capacity Resources identified and committed in an FRR Capacity Plan, parameter limited schedules shall be defined for the following parameters:

- (i) Turn Down Ratio;
- (ii) Minimum Down Time;
- (iii) Minimum Run Time;
- (iv) Maximum Daily Starts;
- (v) Maximum Weekly Starts.

For the 2018/2019 and 2019/2020 Delivery Years for Base Capacity Resources, and for the 2016/2017 Delivery Year and subsequent Delivery Years for Capacity Performance Resources, the Office of the Interconnection shall determine the unit-specific achievable operating parameters for each individual unit on the basis of its operating design characteristics and other constraints, recognizing that remedial and ongoing investment and maintenance may be required to perform on the basis of those characteristics, for the following parameters:

- (i) Turn Down Ratio;
- (ii) Minimum Down Time;
- (iii) Minimum Run Time;
- (iv) Maximum Daily Starts;
- (v) Maximum Weekly Starts;
- (vi) Maximum Run Time;
- (vii) Start-up Time; and
- (viii) Notification Time.

These unit-specific values shall apply for the generating unit unless it is operating pursuant to an exception from those values under subsection (h) hereof due to operational limitations that prevent the unit from meeting the minimum parameters. Throughout the analysis process, the Office of the Interconnection shall consult with the Market Monitoring Unit, and consider any input received from the Market Monitoring Unit, in its determination of a unit's unit-specific parameter limited schedule values.

In order to make its determination of the unit-specific parameter limited schedule values for a unit, the Office of the Interconnection may request that the Capacity Market Seller provide to it and the Market Monitoring Unit certain data and documentation as further detailed in the PJM Manuals. Once the Office of the Interconnection has made a determination of the unit-specific parameter limited schedule values for a unit, those values will remain applicable to the unit until such time as the Office of the Interconnection determines that a change is needed based on changed operational capabilities of the unit.

A Capacity Market Seller that does not believe its generating unit can meet the unit-specific values determined by the Office of the Interconnection due to actual operating constraints, and who desires to establish adjusted unit-specific parameters for those units may request adjusted unit-specific parameter limitations. Any such request must be submitted to the Office of the Interconnection by no later than the February 28 immediately preceding the first Delivery Year for which the adjusted unit-specific parameters are requested to commence. Capacity Market Sellers shall supply, for each generating unit, technical information about the operational limits

to support the requested parameters, as further detailed in the PJM Manuals. The Office of the Interconnection shall consult with the Market Monitoring Unit, and consider any input received from the Market Monitoring Unit, in its determination of a unit's request for adjusted unit-specific parameter limited schedule values. After it has completed its evaluation of the request, the Office of the Interconnection shall notify the Capacity Market Seller in writing, with a copy to the Market Monitoring Unit, whether the request is approved or denied, by no later than April 15. The effective date of the request, if approved by the Office of the Interconnection, shall be no earlier than June 1.

The operational limitations referenced in this section 6.6 shall be (a) physical operational limitations based on the operating design characteristics of the unit, or (b) other actual physical constraints, including those based on contractual limits, that are not based on the characteristics of the unit. In order for a contractual or other actual constraint to be deemed a physical constraint that can be reflected in its unit-specific parameter limits for a Generation Capacity Resource, the Capacity Market Seller must demonstrate that contractual or other actual constraint is not simply an economic decision but a physical restriction that could not be rectified among any commercial alternatives actually available to it.

(c) For the 2014/2015 through 2017/2018 Delivery Years, the following table specifies default parameter limited schedule values, by technology type, for generating units, no portion of which is committed as a Capacity Performance Resource:

Parameter Limited Schedule Matrix

Parameter	Minimum Down Time (Hrs)	Minimum Run Time (Hrs)	Maximum Daily Starts	Maximum Weekly Starts	Turn Down Ratio = Economic Maximum MW / Economic Minimum MW
Small Frame CT and Aero CT Units - Up to 29 MW ICAP	2.0 or Less	2.0 or Less	2 or More	14 or More	1.0 or More
Medium Frame CT and Aero CT Units - 30 MW to 65 MW ICAP	2.0 or Less	3.0 or Less	2 or More	14 or More	1.0 or More
Medium-Large Frame CT Units - 65 MW to 135 MW ICAP	3.0 or Less	5.0 or Less	2 or More	14 or More	1.0 or More
Large Frame CT Units - 135 MW to 180 MW ICAP	4.0 or Less	5.0 or Less	2 or More	14 or More	1.0 or More
Combined Cycle Units	4.0 or Less	6.0 or Less	2 or More	11 or More	1.5 or More
Petroleum and Natural Gas Steam Units - Pre-1985	7.0 or Less	8.0 or Less	1 or More	7 or More	3.0 or More
Petroleum and Natural Gas Steam Units - Post-1985	3.5 or Less	5.5 or Less	2 or More	11 or More	2.0 or More
Sub-Critical Coal Units	9.0 or Less	15.0 or Less	1 or More	5 or More	2.0 or More
Super-Critical Coal Units	84.0	24.0 or Less	1 or More	2 or More	1.5 or More

(d) For the 2014/2015 through 2017/2018 Delivery Years, upon receipt of proposed revised parameter limited schedule values from the Market Monitoring Unit, prepared in accordance with the procedures for periodic review included in Tariff, Attachment M-Appendix,

section II.B.1, the Office of the Interconnection shall file to revise the Parameter Limited Schedule Matrix in section 6.6(c) above accordingly. In the event that the Office of the Interconnection disagrees with the values proposed for revising the matrix, the Office of the Interconnection shall file the values that it determines are appropriate.

(e) For the 2014/2015 through 2017/2018 Delivery Years, the Market Monitoring Unit shall calculate and provide to Market Sellers default values in accordance with Tariff, Attachment M-Appendix, section II.B. The default values set forth in the table in subsection (c) above shall apply for the referenced technology types unless a generating unit is operating pursuant to an exception from the default values under subsection (h) due to physical operational limitations that prevent the unit from meeting the minimum parameters, or any megawatts of the unit are committed as a Capacity Performance Resource in which case the unit-specific or adjusted unit-specific values for the generating unit determined by the Office of the Interconnection shall apply to all megawatts of the generating unit offered into the PJM energy markets. For generating units having the ability to operate on multiple fuels, Market Sellers may submit a parameter limited schedule associated with each fuel type.

(f) For the 2016/2017 Delivery Year and subsequent Delivery Years, the following additional parameter limits shall apply for Capacity Performance Resources, other than Capacity Storage Resources, submitted in the Day-ahead Energy Market or rebidding period that occurs after the clearing of the Day-ahead Energy Market for the following Operating Day, and for the Real-time Energy Market for the same Operating Day, unless the Capacity Market Seller has requested for its Capacity Performance Resource, and the Office of the Interconnection has granted, an adjusted unit-specific start-up and/or notification time due to actual operating constraints pursuant to the process described in subsection (b) above:

- (i) The combined start-up and notification times shall not exceed 24 hours, except when a Hot Weather Alert or Cold Weather Alert has been issued;
- (ii) When a Hot Weather Alert or Cold Weather Alert has been issued, combined start-up and notification times shall not exceed 14 hours;
- (iii) When a Hot Weather Alert or Cold Weather Alert has been issued, notification time shall not exceed one hour; and,
- (iv) When a Hot Weather Alert or Cold Weather Alert has been issued, parameters shall be based on the actual operational limitations of the Capacity Performance Resource for both its market-based schedules and cost-based schedules.

Capacity Storage Resources that clear in a Reliability Pricing Model Auction shall, unless the Capacity Market Seller has requested for its Capacity Storage Resource, and the Office of the Interconnection has granted, an adjusted unit-specific start-up and notification time, and/or minimum down time, due to actual operating constraints pursuant to the process described in subsection (b) above:

- (i) Have combined start-up and notification times that shall not exceed one hour; and,
- (ii) Have a minimum down time that shall not exceed one hour.

(g) For the 2018/2019 and 2019/2020 Delivery Years, the following additional parameter limits for Base Capacity Resources submitted in the Day-ahead Energy Market or rebidding period that occurs after the clearing of the Day-ahead Energy Market for the following Operating Day, and for the Real-time Energy Market for the same Operating Day, unless the Capacity Market Seller has requested for its Base Capacity Resource, and the Office of the Interconnection has granted, an adjusted unit-specific start-up and/or notification time due to actual operating constraints pursuant to the process described in subsection (b) above:

- (i) Combined start-up and notification times shall not exceed 48 hours;
- (ii) When a Hot Weather Alert has been issued, notification time shall not exceed one hour; and,
- (iii) When a Hot Weather Alert has been issued, parameters shall be based on the actual operational limitations of the Base Capacity Resource for both its market-based schedules and cost-based schedules.

(h) If a generating unit is or will become unable to achieve the default or unit-specific values determined by the Office of the Interconnection due to actual operating constraints affecting the unit, the Capacity Market Seller of that unit may submit a written request for an exception to the application of those values. Exceptions to the parameter limited schedule default or unit-specific values shall be categorized as either a one-time temporary exception, lasting 30 days or less; a period exception, lasting at least 31 days and no more than one year; or a persistent exception, lasting for at least one year.

- (i) *Temporary Exceptions.* A temporary exception shall be deemed accepted without prior review by the Market Monitoring Unit or the Office of the Interconnection upon submission by the Market Seller of the generating unit of written notification to the Market Monitoring Unit and the Office of the Interconnection, at least one Business Day prior to the commencement of the exception, and shall automatically commence and terminate on the dates specified in such notification, which must be for a period of time lasting 30 days or less, unless the termination date is extended pending a request for a period exception or shortened due to a change in the physical conditions of the unit such that the temporary exception is no longer required. Such Market Seller shall provide to the Market Monitoring Unit and the Office of the Interconnection within three days following the commencement of the temporary exception its documentation explaining in detail the reasons for the temporary exception, and shall also respond to additional requests for information from the Market Monitoring Unit and the Office of the Interconnection within three Business Days after such request. Failure to provide a timely response to such request for additional

information shall cause the temporary exception to terminate the following day. The Market Seller shall notify the Office of the Interconnection and the Market Monitoring Unit in writing of an early termination of a temporary exception due to changed physical conditions by no later than one Business Day prior to the early termination date. A temporary exception may only be requested one-time for the same physical or actual constraint since an operational constraint that may occur more than once should be the subject of a period exception request rather than multiple temporary exception requests.

In addition, if a Market Seller is unaware of the need for a period exception prior to the February 28 deadline for submitting such requests, the Market Seller may utilize the temporary exception process and seek to modify that exception pursuant to the process described below.

Modification of Temporary Exceptions. If, prior to the scheduled termination date the Market Seller determines that the temporary exception must persist for more than 30 days and the Market Seller wants to extend the period for which the exception applies, or if a Market Seller is unaware of the need for a period or persistent exception prior to the February 28 deadline for submitting such requests and the Market Seller has submitted a temporary exception request, it must submit to the Market Monitoring Unit and the Office of the Interconnection a written request to modify the temporary exception to become a period exception or a persistent exception, and provide detailed documentation explaining the reasons for the requested modification of the temporary exception. Market Sellers shall supply for each generating unit the required historical unit operating data in support of the period or persistent exception request, and if the exception requested is based on new physical operating limits for the unit for which some or all historical operating data is unavailable, the Market Seller may also submit technical information about the physical operational limits of the unit to support the requested parameters. Such Market Seller shall respond to additional requests for information from the Market Monitoring Unit and the Office of the Interconnection within three Business Days after such request. Such request shall be reviewed by the Market Monitoring Unit and must be evaluated by the Office of the Interconnection using the same standard utilized to evaluate period exception and persistent exception requests. Per Tariff, Attachment M-Appendix, section II.B, the Market Monitoring Unit shall evaluate the modification request and provide its determination of whether the request raises market power concerns, and, if so, any modifications that would alleviate those concerns, to the Market Seller, with a copy to Office of the Interconnection, by no later than 15 Business Days from the date of the modification request. The Office of the Interconnection shall provide its determination whether the request complies with the Tariff and Manuals by no later than 20 Business Days from the date of the modification request. A temporary exception shall be extended and shall not terminate until the date on which the Office of the Interconnection issues its determination of the modification request.

(ii) *Period Exceptions and Persistent Exceptions.* Market Sellers must submit period exception and persistent exception requests to the Market Monitoring Unit and the Office of the Interconnection by no later than the February 28 immediately preceding the twelve month period from June 1 to May 31 during which the exception is requested to commence. Market Sellers shall supply for each generating unit the required historical unit operating data in support of the period exception or persistent exception request, and if the exception requested is based on new physical operational limits for the unit for which some or all historical operating data is unavailable, the generating unit may also submit technical information about the physical operational limits for exceptions of the unit to support the requested parameters. The Market Monitoring Unit shall evaluate such request in accordance with the process set forth in Tariff, Attachment M-Appendix, section II.B. A Market Seller (i) must submit a parameter limited schedule value consistent with an agreement with the Market Monitoring Unit under such process or (ii) if it has not agreed with the Market Monitoring Unit on the parameter limited schedule value, may submit its own value to the Office of the Interconnection and to the Market Monitoring Unit, by no later than April 8. Each exception request must indicate the expected duration of the requested exception including the termination date thereof. The proposed parameter limited schedule value submitted by the Market Seller is subject to approval of the Office of the Interconnection pursuant to the requirements of the Tariff and the PJM Manuals. The Office of the Interconnection may engage the services of a consultant with technical expertise to evaluate the exception request. After it has completed its evaluation of the exception request, the Office of the Interconnection shall notify the Market Seller in writing, with a copy to the Market Monitoring Unit, whether the exception request is approved or denied, by no later than April 15. The effective date of the exception, if approved by the Office of the Interconnection, shall be no earlier than June 1 of the applicable Delivery Year. The Office of the Interconnection's determination for an exception shall continue for the period requested and, if requested, for such longer period as the Office of the Interconnection may determine is supported by the data.

The Market Seller shall provide written notification to the Market Monitoring Unit and the Office of the Interconnection of a material change to the facts relied upon by the Market Monitoring Unit and/or the Office of the Interconnection in their evaluations of the Market Seller's request for a period or persistent exception. The Market Monitoring Unit shall provide written notification to the Office of the Interconnection and the Market Seller of any change to its determination regarding the exception request, based on the material change in facts, by no later than 15 Business Days after receipt of such notice. The Office of the Interconnection shall notify the Market Seller in writing, with a copy to the Market Monitoring Unit, of any change to its determination regarding the exception request, based on the material change in facts, by no later than 20 Business Days after receipt of the Market Seller's notice. If the Office of the Interconnection determines that the exception no longer complies with the Tariff

or Manuals, the following parameter values shall apply to all megawatts of the generating unit offered into the PJM energy markets:

- (1) for generating units for which no megawatts of the unit are committed as Capacity Performance Resources the default values specified in the Parameter Limited Schedule Matrix shall apply for the 2016/2017 through 2017/2018 Delivery years,
- (2) for generating units for which any megawatts of the unit are committed as a Base Capacity Resource and no megawatts are committed as a Capacity Performance Resource, and for which no adjusted unit-specific values have been approved by PJM, the Base Capacity Resource unit-specific values determined by PJM shall apply for the 2018/2019 and 2019/2020 Delivery Years,
- (3) for generating units for which any megawatts of the unit are committed as a Capacity Performance Resource, but for which no adjusted unit-specific values have been approved by PJM, the Capacity Performance Resource unit-specific values determined by PJM shall apply for the 2016/2017 Delivery Year and subsequent Delivery Years,
- (4) for generating units for which any megawatts of the unit are committed as a Base Capacity Resource and no megawatts are committed as a Capacity Performance Resource, and for which adjusted unit-specific values have been approved by PJM, the Base Capacity Resource adjusted unit-specific values shall apply for the 2018/2019 and 2019/2020 Delivery Years, and
- (5) for generating units for which any megawatts of the unit are committed as a Capacity Performance Resource and for which adjusted unit-specific values have been approved by PJM, the Capacity Performance Resource adjusted unit-specific values shall apply for the 2016/2017 Delivery Year and subsequent Delivery Years.
 - (i) Notwithstanding the foregoing, the provisions of this section 6.6 shall only pertain to the Offer Data a Market Seller must submit to the Office of the Interconnection for its offers into the Day-ahead Energy Market, rebidding period that occurs after the clearing of the Day-ahead Energy Market and Real-time Energy Market, and do not affect or change in any way a Generation Owner's obligation under NERC Reliability Standards to notify the Office of the Interconnection of its actual or expected actual physical operating conditions during the Operating Day.
 - (j) Notwithstanding anything contrary herein, the unit-specific parameters, adjusted unit-specific parameters or exception to parameter limited schedule values determined by the Office of the Interconnection for a generating unit shall be applicable to that generating unit regardless whether there is a change in the owner, operator or Market Seller of the unit because the parameter limited schedule values for the unit are determined based on the physical limitations of the unit, which should not change merely based on a change in owners, operator or Market Seller. Because parameter limited schedule values attach to the generating unit and are not owned by a Market Seller of the unit, when there are multiple owners or Market Sellers for a generating unit, all owners and Market Sellers shall be bound by the unit-specific parameters,

adjusted unit-specific parameters or exception to parameter limited schedule values determined by the Office of the Interconnection for the unit.

(k) The provisions of this section 6.6 only apply to Generation Capacity Resources, and not to Energy Resources.

8.4 Registration

1. Curtailment Service Providers must complete the applicable PJM Load Response Program Registration Form (“Registration Form”) that is posted on the PJM website (www.pjm.com) for each end-use customer, or aggregation of end-use customers, pursuant to the requirements set forth in the PJM Manuals. Because of the required electric distribution company ten Business Day review period, as described herein, Curtailment Service Providers shall submit completed Registration Forms to the Office of the Interconnection no later than one day before the tenth Business Day preceding the relevant Delivery Year. All registrations that have not been approved on or before May 31st preceding the relevant Delivery Year shall be rejected by the Office of the Interconnection. To the extent that a completed Registration Form is submitted to the Office of the Interconnection prior to one day before the tenth Business Day preceding the relevant Delivery Year and such registration is rejected by the electric distribution company or the Office of the Interconnection because of incorrect data on the Registration Form, such registration may be resubmitted by the Curtailment Service Provider before May 31st preceding the relevant Delivery Year, but such registration will be rejected by the Office of the Interconnection unless the electric distribution company has verified the registration on or before May 31st preceding the relevant Delivery Year. Incomplete Registration Forms will be rejected by the Office of the Interconnection; Curtailment Service Providers may not resubmit registrations that were rejected for being incomplete unless they are able to do so no later than one day before the tenth Business Day preceding the relevant Delivery Year. The following general steps will be followed:

2. For end-use customers of an electric distribution company that distributed more than 4 million MWh in the previous fiscal year:

a. The Curtailment Service Provider completes the Registration Form located on the PJM website. PJM reviews the application and ensures that the qualifications are met, including verifying that the appropriate metering exists. After confirming that an entity has met all of the qualifications to be an Emergency Load Response or Pre-Emergency Load Response Program participant, PJM shall notify the appropriate electric distribution company of an Emergency Load Response and Pre-Emergency Load Response Program participant’s registration and request verification as to whether the load that may be reduced is subject to laws or regulations of the Relevant Electric Retail Regulatory Authority that prohibit or condition the end-use customer’s participation in PJM’s Emergency Load Response and Pre-Emergency Load Response Programs pursuant to the process described below. The electric distribution company has ten Business Days to respond. An electric distribution company which seeks to assert that the laws or regulations of the Relevant Electric Retail Regulatory Authority prohibit or condition (which condition the electric distribution company asserts has not been satisfied) an end-use customer’s participation in PJM’s Emergency Load Response and Pre-Emergency Load Response program shall provide to PJM, within the referenced ten Business Day review period, either: (a) an order, resolution or ordinance of the Relevant Electric Retail Regulatory Authority prohibiting or conditioning the end-use customer’s participation, (b) an opinion of the Relevant Electric Retail Regulatory Authority’s legal counsel attesting to the existence of a regulation or law prohibiting or conditioning the end-use customer’s participation, or (c) an opinion of the state Attorney General, on behalf of the Relevant Electric Retail Regulatory Authority, attesting

to the existence of a regulation or law prohibiting or conditioning the end-use customer's participation.

- i. If evidence provided by an electric distribution company to the Office of the Interconnection indicates that a Relevant Electric Retail Regulatory Authority law or regulation prohibits or conditions (which condition the electric distribution company asserts has not been satisfied) the end-use customer's participation and is received by the Office of the Interconnection on or after May 31st preceding the applicable Delivery Year, then the existing end-use customer's registration for Demand Resource (as defined in the Reliability Assurance Agreement) will remain in effect for the applicable Delivery Year. If evidence provided by an electric distribution company to the Office of the Interconnection indicates that a Relevant Electric Retail Regulatory Authority law or regulation prohibits or conditions (which condition the electric distribution company asserts has not been satisfied) the end-use customer's participation and is received by the Office of the Interconnection before May 31st preceding the applicable Delivery Year and the Curtailment Service Provider does not provide supporting documentation to the Office of the Interconnection on or before May 31st preceding the applicable Delivery Year demonstrating that the Curtailment Service Provider had an executed contract with the end-use customer for Demand Resource participation before the date the Demand Resource cleared the applicable Reliability Pricing Model Auction, and that the date that the Demand Resource cleared the applicable Reliability Pricing Model Auction was prior to the effective date of the Relevant Electric Retail Regulatory Authority law or regulation prohibiting or conditioning the end-use customer's participation, then, unless the below exception applies, the existing end-use customer's registration for Demand Resource participation shall be deemed to be terminated for the applicable Delivery Year, and the Curtailment Service Provider will be subject to the Reliability Pricing Model provisions, as specified in Attachment DD of the PJM Tariff.

b. In the absence of a response from the electric distribution company within the referenced ten Business Day review period, the Office of the Interconnection shall assume that the load to be reduced is not subject to laws or regulations of the Relevant Electric Retail Regulatory Authority that prohibit or condition the end-use customer's participation in PJM's Emergency Load Response and Pre-Emergency Load Response Programs, and the Office of the Interconnection shall accept the registration, provided it meets all other Emergency Load Response and Pre-Emergency Load Response Program requirements.

c. For those registrations terminated pursuant to this section, all Emergency Load Response and Pre-Emergency Load Response participant activity incurred prior to the termination date of the registration shall be settled by PJM in accordance with the terms and conditions contained in the PJM Tariff, PJM Operating Agreement and PJM Manuals.

3. For end-use customers of an electric distribution company that distributed 4 million MWh or less in the previous fiscal year:

a. The Curtailment Service Provider completes the Emergency Registration Form located on the PJM website. PJM reviews the application and ensures that the qualifications are met, including verifying that the appropriate metering exists. After confirming that an entity has met all of the qualifications to be an Emergency Load Response and Pre-Emergency Load Response participant, PJM shall notify the appropriate electric distribution company of an Emergency Load Response and Pre-Emergency Load Response participant's registration and request verification as to whether the load that may be reduced is permitted to participate by the Relevant Electric Retail Regulatory Authority pursuant to the process described below. The electric distribution company has ten Business Days to respond. If the electric distribution company verifies that the load that may be reduced is permitted or conditionally permitted (which condition the electric distribution company asserts has been satisfied) to participate in the Emergency Load Response Program and Pre-Emergency Load Response Program, then the electric distribution company must provide to the Office of the Interconnection within the referenced ten Business Day review period either: (a) an order, resolution or ordinance of the Relevant Electric Retail Regulatory Authority permitting or conditionally permitting the end-use customer's participation, (b) an opinion of the Relevant Electric Retail Regulatory Authority's legal counsel attesting to the existence of a regulation or law permitting or conditionally permitting the end-use customer's participation, or (c) an opinion of the state Attorney General, on behalf of the Relevant Electric Retail Regulatory Authority, attesting to the existence of a regulation or law permitting or conditionally permitting the end-use customer's participation.

i. If the electric distribution company denies the end-use customer's Demand Resource (as defined in the Reliability Assurance Agreement) registration on or before May 31st preceding the applicable Delivery Year and the Curtailment Service Provider does not provide the above referenced Relevant Electric Retail Regulatory Authority evidence to the Office of the Interconnection on or before May 31st preceding the applicable Delivery Year demonstrating that the Curtailment Service Provider had Relevant Electric Retail Regulatory Authority permission or conditional permission (which condition the electric distribution company asserts has been satisfied) for the end-use customer's participation and an executed contract with the end-use customer Demand Resource before the date the Demand Resource cleared the applicable Reliability Pricing Model Auction then, unless the below exception applies, the existing end-use customer's registration for Demand Resource participation shall be deemed to be terminated for the applicable Delivery Year and the Curtailment Service Provider will be subject to the Reliability Pricing Model provisions, as specified in Attachment DD of the PJM Tariff.

b. In the absence of a response from the electric distribution company within the referenced ten Business Day review period, the Office of the Interconnection shall reject the registration. If it is able to do so in compliance with all of the Emergency Load Response and Pre-Emergency Load Response Program requirements, including the registration section, the Emergency Load Response and Pre-Emergency Load Response participant may submit a new

registration to the Office of the Interconnection for consideration if a prior registration has been rejected pursuant to the terms of the Emergency Load Response and Pre-Emergency Load Response Program provisions.

c. For those registrations terminated pursuant to this section, all Emergency Load Response and Pre-Emergency Load Response participant activity incurred prior to the termination date of the registration shall be settled by PJMSettlement in accordance with the terms and conditions contained in the PJM Tariff, PJM Operating Agreement and PJM Manuals.

4. PJM will inform the requesting Curtailment Service Provider of acceptance into the Emergency Load Response Program and Pre-Emergency Load Response Program and notify the appropriate electric distribution company of the requesting Curtailment Service Provider's acceptance into the program, or notifies the requesting Curtailment Service Provider and appropriate electric distribution company of PJM's rejection of the requesting participant's registration.

5. Any end-use customer intending to run distributed generating units in support of local load for the purpose of participating in this program must represent in writing to PJM that it holds all applicable environmental and use permits for running those generators. Continuing participation in this program will be deemed as a continuing representation by the owner that each time its distributed generating unit is run in accordance with this program, it is being run in compliance with all applicable permits, including any emissions, run-time limit or other constraint on plant operations that may be imposed by such permits.

**FORM OF
INTERCONNECTION SERVICE AGREEMENT**

**By and Among
PJM Interconnection, L.L.C.**

**And
[Name of Interconnection Customer]**

**And
[Name of Interconnected Transmission Owner]
(PJM Queue Position #__)**

- 1.0 Parties. This Interconnection Service Agreement (“ISA”) including the Specifications, Schedules and Appendices attached hereto and incorporated herein, is entered into by and between PJM Interconnection, L.L.C., the Regional Transmission Organization for the PJM Region (hereinafter “Transmission Provider” or “PJM”), _____ (“Interconnection Customer” [OPTIONAL: or “[short name]”]) and _____ (“Interconnected Transmission Owner” [OPTIONAL: or “[short name]”]). All capitalized terms herein shall have the meanings set forth in the appended definitions of such terms as stated in Part I of the PJM Open Access Transmission Tariff (“Tariff”). [Use as/when applicable: This ISA supersedes the _____ {insert details to identify the agreement being superseded, such as whether it is an Interim Interconnection Service Agreement, Interconnection Service Agreement, or Interconnection Agreement, the effective date of the agreement, the service agreement number designation, and the FERC docket number, if applicable, for the agreement being superseded.}]]
- 2.0 Authority. This ISA is entered into pursuant to Part VI of the Tariff. Interconnection Customer has requested an Interconnection Service Agreement under the Tariff, and Transmission Provider has determined that Interconnection Customer is eligible under the Tariff to obtain this ISA. The standard terms and conditions for interconnection as set forth in Appendix 2 to this ISA are hereby specifically incorporated as provisions of this ISA. Transmission Provider, Interconnected Transmission Owner and Interconnection Customer agree to and assume all of the rights and obligations of the Transmission Provider, Interconnected Transmission Owner and Interconnection Customer, respectively, as set forth in Appendix 2 to this ISA.
- 3.0 Customer Facility Specifications. Attached are Specifications for the Customer Facility that Interconnection Customer proposes to interconnect with the Transmission System. Interconnection Customer represents and warrants that, upon completion of construction of such facilities, it will own or control the Customer Facility identified in section 1.0 of the Specifications attached hereto and made a part hereof. In the event that Interconnection Customer will not own the Customer Facility, Interconnection Customer represents and warrants that it is authorized by the owner(s) thereof to enter into this ISA and to represent such control.
- 4.0 Effective Date. Subject to any necessary regulatory acceptance, this ISA shall become effective on the date it is executed by all Interconnection Parties, or, if the agreement is

filed with FERC unexecuted, upon the date specified by FERC. This ISA shall terminate on such date as mutually agreed upon by the parties, unless earlier terminated in accordance with the terms set forth in Appendix 2 to this ISA. The term of the ISA shall be as provided in Section 1.3 of Appendix 2 to this ISA. Interconnection Service shall commence as provided in Section 1.2 of Appendix 2 to this ISA.

- 5.0 Security. In accord with Section 212.4 of the Tariff, Interconnection Customer shall provide the Transmission Provider (for the benefit of the Interconnected Transmission Owner) with a letter of credit from an agreed provider or other form of security reasonably acceptable to the Transmission Provider and that names the Transmission Provider as beneficiary (“Security”) in the amount of \$_____. This amount represents the sum of the estimated Costs, determined in accordance with Sections 212 and 217 of the Tariff, for which the Interconnection Customer will be responsible, less any Costs already paid by Interconnection Customer. Interconnection Customer acknowledges that its ultimate cost responsibility in accordance with Section 217 of the Tariff will be based upon the actual Costs of the facilities described in the Specifications, whether greater or lesser than the amount of the payment security provided under this section.

[Include the following if Interconnection Customer requests deferral of the security as provided for in Section 212.4(c) of the Tariff:

For any portion of the security that may be deferred in accordance with Section 212.4(c) of the Tariff, and as requested by Interconnection Customer, Interconnection Customer shall provide the security specified in this Section 5.0 within 120 days after the Interconnection Customer executes this ISA, provided that Interconnection Customer shall pay a deposit of at least \$200,000 or 125% of the estimated costs that will be incurred during the 120-day period, whichever is greater, to fund continued design work and/or procurement activities, with \$100,000 of such deposit being non-refundable.]

Should Interconnection Customer fail to provide security at the time the Interconnection Customer executes this ISA, or, if deferred, by the end of the 120-day period, this ISA shall be terminated.

- 6.0 Project Specific Milestones. In addition to the milestones stated in Section 212.5 of the Tariff, as applicable, during the term of this ISA, Interconnection Customer shall ensure that it meets each of the following development milestones:

[Specify Project Specific Milestones]

[As appropriate include the following standard Milestones, with any revisions necessary for the project at hand:

- 6.1 Substantial Site work completed. On or before _____ Interconnection Customer must demonstrate completion of at least 20% of project site construction. At this time, Interconnection Customer must submit to Interconnected Transmission Owner and Transmission Provider initial drawings, certified by a professional engineer, of the Customer Interconnection Facilities.
- 6.2 Delivery of major electrical equipment. On or before _____, Interconnection Customer must demonstrate that ___ generating units have been delivered to Interconnection Customer's project site.
- 6.3 Commercial Operation. (i) On or before _____, Interconnection Customer must demonstrate commercial operation of ___ generating units; (ii) On or before _____, Interconnection Customer must demonstrate commercial operation of ___ additional generating units. Demonstrating commercial operation includes achieving Initial Operation in accordance with Section 1.4 of Appendix 2 to this ISA and making commercial sales or use of energy, as well as, if applicable, obtaining capacity qualification in accordance with the requirements of the Reliability Assurance Agreement Among Load Serving Entities in the PJM Region.

[if a specific situation requires a CSA by a certain date then use the following: Interconnection Construction Service Agreement. On or before _____, Interconnection Customer must have either (a) executed an Interconnection Construction Service Agreement for Interconnection Facilities for which Interconnection Customer has cost responsibility; (b) requested dispute resolution under Section 12 of the PJM Tariff, or if concerning the Regional Transmission Expansion Plan, consistent with Schedule 5 of the Operating Agreement; or (c) requested that the Transmission Provider file the Interconnection Construction Service Agreement unexecuted with the Commission.]

- 6.4 Within one (1) month following commercial operation of generating unit(s), Interconnection Customer must provide certified documentation demonstrating that "as-built" Customer Facility and Customer Interconnection Facilities are in accordance with applicable PJM studies and agreements. Interconnection Customer must also provide PJM with "as-built" electrical modeling data or confirm that previously submitted data remains valid.

[Add Additional Project Specific Milestones as appropriate]

Interconnection Customer shall demonstrate the occurrence of each of the foregoing milestones to Transmission Provider's reasonable satisfaction. Transmission Provider may reasonably extend any such milestone dates, in the event of delays that Interconnection Customer (i) did not cause and (ii) could not have remedied through the exercise of due diligence. The milestone dates stated in this ISA shall be deemed to be extended coextensively with any suspension of work initiated by Interconnection Customer in accordance with the Interconnection Construction Service Agreement.

- 7.0 Provision of Interconnection Service. Transmission Provider and Interconnected Transmission Owner agree to provide for the interconnection to the Transmission System in the PJM Region of Interconnection Customer's Customer Facility identified in the Specifications in accordance with Part IV and Part VI of the Tariff, the Operating Agreement of PJM Interconnection, L.L.C. ("Operating Agreement"), and this ISA, as they may be amended from time to time.
- 8.0 Assumption of Tariff Obligations. Interconnection Customer agrees to abide by all rules and procedures pertaining to generation and transmission in the PJM Region, including but not limited to the rules and procedures concerning the dispatch of generation or scheduling transmission set forth in the Tariff, the Operating Agreement and the PJM Manuals.
- 9.0 Facilities Study. In analyzing and preparing the [Facilities Study] [System Impact Study {if a Facilities Study was not required}], and in designing and constructing the Attachment Facilities, Local Upgrades and/or Network Upgrades described in the Specifications attached to this ISA, Transmission Provider, the Interconnected Transmission Owner(s), and any other subcontractors employed by Transmission Provider have had to, and shall have to, rely on information provided by Interconnection Customer and possibly by third parties and may not have control over the accuracy of such information. Accordingly, NEITHER TRANSMISSION PROVIDER, THE INTERCONNECTED TRANSMISSION OWNER(S), NOR ANY OTHER SUBCONTRACTORS EMPLOYED BY TRANSMISSION PROVIDER OR INTERCONNECTED TRANSMISSION OWNER MAKES ANY WARRANTIES, EXPRESS OR IMPLIED, WHETHER ARISING BY OPERATION OF LAW, COURSE OF PERFORMANCE OR DEALING, CUSTOM, USAGE IN THE TRADE OR PROFESSION, OR OTHERWISE, INCLUDING WITHOUT LIMITATION IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, WITH REGARD TO THE ACCURACY, CONTENT, OR CONCLUSIONS OF THE FACILITIES STUDY OR THE SYSTEM IMPACT STUDY IF A FACILITIES STUDY WAS NOT REQUIRED OR OF THE ATTACHMENT FACILITIES, THE LOCAL UPGRADES AND/OR THE NETWORK UPGRADES, PROVIDED, HOWEVER, that Transmission Provider warrants that the Transmission Owner Interconnection Facilities and any Merchant Transmission Upgrades described in the Specifications will be designed and constructed (to the extent that Interconnected Transmission Owner is responsible for design and construction thereof) and operated in accordance with Good Utility Practice, as such term is defined in the Operating Agreement. Interconnection Customer acknowledges that it has not relied on any representations or warranties not specifically set forth herein and that no such representations or warranties have formed the basis of its bargain hereunder.
- 10.0 Construction of Transmission Owner Interconnection Facilities
- 10.1. Cost Responsibility. Interconnection Customer shall be responsible for and shall pay upon demand all Costs associated with the interconnection of the Customer Facility as specified in the Tariff. These Costs may include, but are not limited to,

an Attachment Facilities charge, a Local Upgrades charge, a Network Upgrades charge and other charges. A description of the facilities required and an estimate of the Costs of these facilities are included in Sections 3.0 and 4.0 of the Specifications to this ISA.

- 10.2. Billing and Payments. Transmission Provider shall bill the Interconnection Customer for the Costs associated with the facilities contemplated by this ISA, estimates of which are set forth in the Specifications to this ISA, and the Interconnection Customer shall pay such Costs, in accordance with Section 11 of Appendix 2 to this ISA and the applicable Interconnection Construction Service Agreement. Upon receipt of each of Interconnection Customer's payments of such bills, Transmission Provider shall reimburse the applicable Interconnected Transmission Owner. Pursuant to Section 212.4 of the Tariff, Interconnection Customer requests that Transmission Provider provide a quarterly cost reconciliation:

_____ Yes

_____ No

- 10.3. Contract Option. In the event that the Interconnection Customer and Interconnected Transmission Owner agree to utilize the Negotiated Contract Option provided by the Interconnection Construction Service Agreement to establish, subject to FERC acceptance, non-standard terms regarding cost responsibility, payment, billing and/or financing, the terms of Sections 10.1 and/or 10.2 of this Section 10.0 shall be superseded to the extent required to conform to such negotiated terms, as stated in a schedule attached to the parties' Interconnection Construction Service Agreement relating to interconnection of the Customer Facility.

- 10.4 In the event that the Interconnection Customer elects to construct some or all of the Transmission Owner Interconnection Facilities under the Option to Build of the Interconnection Construction Service Agreement, billing and payment for the Costs associated with the facilities contemplated by this ISA shall relate only to such portion of the Interconnection Facilities as the Interconnected Transmission Owner is responsible for building.

11.0 Interconnection Specifications

- 11.1 Point of Interconnection. The Point of Interconnection shall be as identified on the one-line diagram attached as Schedule B to this ISA.
- 11.2 List and Ownership of Interconnection Facilities. The Interconnection Facilities to be constructed and ownership of the components thereof are identified in Section 3.0 of the Specifications attached to this ISA.

11.3 Ownership and Location of Metering Equipment. The Metering Equipment to be constructed, the capability of the Metering Equipment to be constructed, and the ownership thereof, are identified on the attached Schedule C to this ISA.

11.4 Applicable Technical Standards. The Applicable Technical Requirements and Standards that apply to the Customer Facility and the Interconnection Facilities are identified in Schedule D to this ISA.

12.0 Power Factor Requirement.

Consistent with Section 4.7 of Appendix 2 to this ISA, the power factor requirement is as follows:

[For Generation Interconnection Customers]

{The following language should be included for new large and small synchronous generation facilities that will have the Tariff specified power factor. This section does not apply if the Interconnection Request is for an incremental increase in generating capability.}

The Interconnection Customer shall design its Customer Facility with the ability to maintain a power factor of at least 0.95 leading to 0.90 lagging measured at the [generator's terminals] [Point of Interconnection].

{For all wind or non-synchronous generation facilities which have entered the New Services Queue prior to May 1, 2015, include the appropriate alternative from the language below. This section does not apply if the Interconnection Request is for an incremental increase in generating capability.}

The result of the System Impact Study indicated that, for the safety and reliability of the Transmission System, no power factor requirement is required for the [wind-powered] [non-synchronous] Customer Facility.

{or}

The results of the System Impact Study require that, for the safety or reliability of the Transmission System, the Generation Interconnection Customer shall design its [wind-powered] [non-synchronous] Customer Facility with the ability to maintain a power factor of at least 0.95 leading to 0.95 lagging measured at the Point of Interconnection.

{include the following language if the Interconnection Request is for an incremental increase in capacity or energy output to a synchronized generation facility}

The existing __ MW portion of the Customer Facility shall retain its existing ability to maintain a power factor of at least 0.95 leading to 0.90 lagging measured at the [generator's terminals] [Point of Interconnection].

The increase of ___ MW to the Customer Facility associated with this ISA shall be designed with the ability to maintain a power factor of at least 1.0 (unity) to 0.90 lagging measured at the [generator's terminals] [Point of Interconnection].

{For new wind or non-synchronous generation facilities which have entered the New Service Queue on or after May 1, 2015, and before November 1, 2016, the following applies:}

The Generation Interconnection Customer shall design its [wind-powered] [non-synchronous] Customer Facility with the ability to maintain a power factor of at least 0.95 leading to 0.95 lagging measured at the generator's terminals.

{For new wind or non-synchronous generation facilities which have entered the New Service Queue after November 1, 2016, the following applies:}

The Generation Interconnection Customer shall design its [wind-powered] [non-synchronous] Customer Facility with the ability to maintain a power factor of at least 0.95 leading to 0.95 lagging measured at the high-side of the facility substation transformers.

{For all wind or non-synchronous generation facilities that have entered the New Services Queue prior to May 1, 2015, include the appropriate alternative from the language below for Interconnection Requests for an incremental increase in capacity or energy output to all wind or non-synchronized generation facility.}

The results of the System Impact Study indicate that, for the safety or reliability of the Transmission System, no power factor requirement is necessary for the [existing ___ MW or the increase of ___ MW associated with this ISA] [increase of ___ MW associated with this ISA, but that the existing ___ MW of the Customer Facility must retain its ability to retain a power factor of at least 0.95 leading to 0.95 lagging measured at the Point of Interconnection] [existing ___ MW of the Customer Facility but that the increase of ___ MW associated with this ISA must be designed with the ability to maintain a power factor requirement of 1.0 (unity) to 0.90 lagging measured at the Point of Interconnection].

{or}

The results of the System Impact Study indicate that, for the safety or reliability of the Transmission System, (i) the existing ___ MW portion of the Customer Facility shall retain its existing ability to maintain a power factor of at least 0.95 leading to 0.95 lagging measured at the Point of Interconnection and (ii) the increase of ___ MW to the Customer Facility associated with this ISA shall be designed with the ability to maintain a power factor of at least 1.0 (unity) to 0.95 lagging measured at the Point of Interconnection.

{For all wind or non-synchronous generation facilities requesting an incremental increase in capacity or energy output which have entered the New Services Queue on or after May 1, 2015, and before November 1, 2016, include the following requirements: }

{NOTE: This section does not apply to requests for an incremental increase in capacity or energy output for wind or non-synchronous generation facilities which were commercially operable or had entered the New Services Queue prior to May 1, 2015. }

The existing [wind-powered] [non-synchronous] __ MW portion of the Customer Facility shall retain the ability to maintain a power factor of at least 0.95 leading to 0.95 lagging measured at the generator's terminals.

The increase of __ MW to the [wind-powered] [non-synchronous] Customer Facility associated with this ISA shall be designed with the ability to maintain a power factor of at least 0.95 leading to 0.95 lagging measured at the generator's terminals.

{For all wind or non-synchronous generation facilities requesting an incremental increase in capacity or energy output which have entered the New Services Queue after November 1, 2016, and were not commercially operable prior to November 1, 2016 include the following requirements: }

The existing [wind-powered] [non-synchronous] __ MW portion of the Customer Facility shall retain the ability to maintain a power factor of at least 0.95 leading to 0.95 lagging measured at the high-side of the facility substation transformers.

The increase of __ MW to the [wind-powered] [non-synchronous] Customer Facility associated with this ISA shall be designed with the ability to maintain a power factor of at least 0.95 leading to 0.95 lagging measured at the high-side of the facility substation transformers.

{For all wind or non-synchronous generation facilities requesting an incremental increase in capacity or energy output which have entered the New Services Queue on or after November 1, 2016, and were commercially operable prior to November 1, 2016, include the following requirements: }

The result of the System Impact Study indicated that, for the safety and reliability of the Transmission System, no power factor requirement is required for the [wind-powered] [non-synchronous] Customer Facility.

{or }

The results of the System Impact Study require that, for the safety or reliability of the Transmission System, the Generation Interconnection Customer shall design its [wind-powered] [non-synchronous] Customer Facility with the ability to maintain a power

factor of at least 0.95 leading to 0.95 lagging measured at the high-side of the facility substation transformers.

[For Transmission Interconnection Customers]

{The following language should be included only for new Merchant Transmission Facilities }

Transmission Interconnection Customer shall design its Merchant D.C. Transmission Facilities and/ or Controllable A.C. Merchant Transmission Facilities, to maintain a power factor at the Point of Interconnection of at least 0.95 leading and 0.95 lagging, when such Customer Facility is operating at any level within its approved operating range.

[Include section 12A.0 only when applicable, i.e., only for a facility for which Transmission Provider and Interconnected Transmission Owner deem an RTU (or equivalent) to be unnecessary]

- 12A.0 RTU. In accordance with Section 8.5.2 of Appendix 2 to this ISA, that provision's requirement for installation of a remote terminal unit or equivalent data collection and transfer equipment is hereby waived for purposes of this ISA.
- 13.0 Charges. In accordance with Sections 10 and 11 of Appendix 2 to this ISA, the Interconnection Customer shall pay to the Transmission Provider the charges applicable after Initial Operation, as set forth in Schedule E to this ISA. Promptly after receipt of such payments, the Transmission Provider shall forward such payments to the appropriate Interconnected Transmission Owner.
- 14.0 Third Party Beneficiaries. No third party beneficiary rights are created under this ISA, except, however, that, subject to modification of the payment terms stated in Section 10 of this ISA pursuant to the Negotiated Contract Option, payment obligations imposed on Interconnection Customer under this ISA are agreed and acknowledged to be for the benefit of the Interconnected Transmission Owner(s). Interconnection Customer expressly agrees that the Interconnected Transmission Owner(s) shall be entitled to take such legal recourse as it deems appropriate against Interconnection Customer for the payment of any Costs or charges authorized under this ISA or the Tariff with respect to Interconnection Service for which Interconnection Customer fails, in whole or in part, to pay as provided in this ISA, the Tariff and/or the Operating Agreement.
- 15.0 Waiver. No waiver by either party of one or more defaults by the other in performance of any of the provisions of this ISA shall operate or be construed as a waiver of any other or further default or defaults, whether of a like or different character.
- 16.0 Amendment. This ISA or any part thereof, may not be amended, modified, or waived other than by a written document signed by all parties hereto.

- 17.0 Construction With Other Parts Of The Tariff. This ISA shall not be construed as an application for service under Part II or Part III of the Tariff.
- 18.0 Notices. Any notice or request made by either party regarding this ISA shall be made, in accordance with the terms of Appendix 2 to this ISA, to the representatives of the other party and as applicable, to the Interconnected Transmission Owner(s), as indicated below:

Transmission Provider:

PJM Interconnection, L.L.C.
2750 Monroe Blvd.
Audubon, PA 19403

Interconnection Customer:

Interconnected Transmission Owner:

- 19.0 Incorporation Of Other Documents. All portions of the Tariff and the Operating Agreement pertinent to the subject matter of this ISA and not otherwise made a part hereof are hereby incorporated herein and made a part hereof.
- 20.0 Addendum of Non-Standard Terms and Conditions for Interconnection Service. Subject to FERC approval, the parties agree that the terms and conditions set forth in Schedule F hereto are hereby incorporated herein by reference and be made a part of this ISA. In the event of any conflict between a provision of Schedule F that FERC has accepted and any provision of Appendix 2 to this ISA that relates to the same subject matter, the pertinent provision of Schedule F shall control.
- 21.0 Addendum of Interconnection Customer's Agreement to Conform with IRS Safe Harbor Provisions for Non-Taxable Status. To the extent required, in accordance with Section 24.1 of Appendix 2 to this ISA, Schedule G to this ISA shall set forth the Interconnection Customer's agreement to conform with the IRS safe harbor provisions for non-taxable status.
- 22.0 Addendum of Interconnection Requirements for all Wind or Non-synchronous Generation Facilities. To the extent required, Schedule H to this ISA sets forth interconnection requirements for a wind or non-synchronous generation facilities and is hereby incorporated by reference and made a part of this ISA.

23.0 All interconnection parties agree to comply with all infrastructure security requirements of the North American Electric Reliability Corporation.

IN WITNESS WHEREOF, Transmission Provider, Interconnection Customer and Interconnected Transmission Owner have caused this ISA to be executed by their respective authorized officials.

(PJM Queue Position #____)

Transmission Provider: **PJM Interconnection, L.L.C.**

By: _____
Name Title Date

Printed name of signer: _____

Interconnection Customer: **[Name of Party]**

By: _____
Name Title Date

Printed name of signer: _____

Interconnected Transmission Owner: **[Name of Party]**

By: _____
Name Title Date

Printed name of signer: _____

**SPECIFICATIONS FOR
INTERCONNECTION SERVICE AGREEMENT**

**By and Among
PJM INTERCONNECTION, L.L.C.**

And

[Name of Interconnection Customer]

And

[Name of Interconnected Transmission Owner]

(PJM Queue Position # ____)

1.0 Description of [generating unit(s)] [Merchant Transmission Facilities] (the Customer Facility) to be interconnected with the Transmission System in the PJM Region:

a. Name of Customer Facility:

b. Location of Customer Facility:

c. Size in megawatts of Customer Facility:

{The following language should be included only for generating units

For Generation Interconnection Customer:

Maximum Facility Output of _____MW }

{The following language applies when a Generation Interconnection Request involves an increase of the capacity of an existing generating facility:

The stated size of the generating unit includes an increase in the Maximum Facility Output of the generating unit of __ MW over Interconnection Customer's previous interconnection. This increase is a result of the Interconnection Request associated with this Interconnection Service Agreement. }

{The following language should be included only for Merchant Transmission Facilities

For Transmission Interconnection Customer:

Nominal Rated Capability: _____MW}

d. Description of the equipment configuration:

2.0 Rights

[for Generation Interconnection Customers]

2.1 Capacity Interconnection Rights: {Instructions: this section will not apply if the Customer Facility is exclusively an Energy Resource and thus is granted no CIRs; see alternate section 2.1 below }

Pursuant to and subject to the applicable terms of the Tariff, the Interconnection Customer shall have Capacity Interconnection Rights at the Point(s) of Interconnection specified in this Interconnection Service Agreement in the amount of ___ MW. {Instructions: this number is the total of the Capacity Interconnection Rights that are granted as a result of the Interconnection Request, plus any prior Capacity Interconnection Rights }

{OR: Instructions: include the following language when the projected Initial Operation is in advance of the study year used for the System Impact Study and Capacity Interconnection Rights are only interim until the study year: }

Pursuant to and subject to the applicable terms of the Tariff, the Interconnection Customer shall have Capacity Interconnection Rights at the Point(s) of Interconnection specified in this Interconnection Service Agreement in the amount of ___MW commencing _____. During the time period from the effective date of this ISA until _____ (the “interim time period”), the Interconnection Customer may be awarded interim Capacity Interconnection Rights in the amount not to exceed ____MW. The availability and amount of such interim Capacity Interconnection Rights shall be dependent upon completion and the results of an interim deliverability study. Any interim Capacity Interconnection Rights awarded during the interim time period shall terminate on _____.

{OR: Instructions: include the following language to the extent applicable for interconnection of additional generation at an existing generating facility: }

The amount of Capacity Interconnection Rights specified above (____ MW) includes ____ MW of Capacity Interconnection Rights that the Interconnection Customer had at the same Point(s) of Interconnection prior to its Interconnection Request associated with this Interconnection Service Agreement, and ____MW of Capacity Interconnection Rights granted as a result of such Interconnection Request.

{OR: Instructions: include the following language when the CIRs are only interim and have a termination date or event:}

Interconnection Customer shall have ____ MW of Capacity Interconnection Rights for the time period from ____ to _____. These Capacity Interconnection Rights are interim and will terminate upon {Instructions: explain circumstances -- e.g. interim agreement; completion of another facility, etc.}

2.1a To the extent that any portion of the Customer Facility described in section 1.0 is not a Capacity Resource with Capacity Interconnection Rights, such portion of the Customer Facility shall be an Energy Resource. PJM reserves the right to limit total injections to the Maximum Facility Output in the event reliability would be affected by output greater than such quantity.

{Instructions: this version of section 2.1 will be used in lieu of section 2.1 above when a generating facility will be an Energy Resource and therefore will not be granted any CIRs:}

[2.1 The generating unit(s) described in section 1.0 shall be an Energy Resource. Pursuant to this Interconnection Service Agreement, the generating unit will be permitted to inject ____ MW (nominal) into the system. PJM reserves the right to limit injections to this quantity in the event reliability would be affected by output greater than such quantity.]

[for Transmission Interconnection Customers]

2.1 Transmission Injection Rights: [applicable only to Merchant D.C. Transmission Facilities and/or Controllable A.C. Merchant Transmission Facilities that interconnect with a control area outside PJM]

Pursuant to Section 232 of the Tariff, Interconnection Customer shall have Transmission Injection Rights at each indicated Point of Interconnection in the following quantity(ies):

2.2 Transmission Withdrawal Rights: [applicable only to Merchant D.C. Transmission Facilities and/or Controllable A.C. Merchant Transmission Facilities that interconnect with a control area outside PJM]

Pursuant to Section 232 of the Tariff, Interconnection Customer shall have Transmission Withdrawal Rights at each indicated Point of Interconnection in the following quantity(ies):

[Include Section 2.2A only if customer is interconnecting Controllable A.C. Merchant Transmission Facilities]

2.2A Interconnection Customer is interconnecting Controllable A.C. Merchant Transmission Facilities as defined in the appended Section 1.6B of the Tariff, and has elected, pursuant to the appended Section 41.1 of the Tariff, to receive Transmission Injection Rights and Transmission Withdrawal Rights in lieu of the other applicable rights for which it may be eligible under Subpart C of Part VI of the Tariff. Accordingly, Interconnection Customer hereby agrees that the Transmission Injection Rights and Transmission Withdrawal Rights awarded to it pursuant to the Tariff and this ISA are, and throughout the duration of this ISA shall be, conditioned on Interconnection Customer's continuous operation of its Controllable A.C. Merchant Transmission Facilities in a controllable manner, i.e., in a manner effectively the same as operation of D.C. transmission facilities.

2.3 Incremental Deliverability Rights:

Pursuant to Section 235 of the Tariff, Interconnection Customer shall have Incremental Deliverability Rights at each indicated Point of Interconnection in the following quantity(ies):

2.4 Incremental Available Transfer Capability Revenue Rights:

Pursuant to Section 233 of the Tariff, Interconnection Customer shall have Incremental Available Transfer Capability Revenue Rights at each indicated Point of Interconnection in the following quantities:

2.5 Incremental Auction Revenue Rights:

Pursuant to Section 231 of the Tariff, Interconnection Customer shall have Incremental Auction Revenue Rights in the following quantities:

2.6 Incremental Capacity Transfer Rights:

Pursuant to Section 234 of the Tariff, Interconnection Customer shall have Incremental Capacity Transfer Rights between the following associated source(s) and sink(s) in the indicated quantities:

3.0 Construction Responsibility and Ownership of Interconnection Facilities

a. Interconnection Customer.

(1) Interconnection Customer shall construct and, unless otherwise indicated, shall own, the following Interconnection Facilities:

[Specify Facilities To Be Constructed]

(2) In the event that, in accordance with the Interconnection Construction Service Agreement, Interconnection Customer has exercised the Option to Build, it is hereby permitted to build in accordance with and subject to the conditions and limitations set forth in that Section, the following portions of the Transmission Owner Interconnection Facilities which constitute or are part of the Customer Facility:

[Specify Facilities To Be Constructed]

Ownership of the facilities built by Interconnection Customer pursuant to the Option to Build shall be as provided in the Interconnection Construction Service Agreement.

- b. Interconnected Transmission Owner {or Name of Interconnected Transmission Owner if more than one Interconnected Transmission Owner}

[Specify Facilities To Be Constructed and Owned]

- c. [if applicable, include the following][Name of any additional Transmission Owner constructing facilities with which Interconnection Customer and Transmission Provider will also execute an Interconnection Construction Service Agreement]

[Specify Facilities To Be Constructed and Owned]

4.0 Subject to modification pursuant to the Negotiated Contract Option and/or the Option to Build under the Interconnection Construction Service Agreement, Interconnection Customer shall be subject to the estimated charges detailed below, which shall be billed and paid in accordance with Appendix 2, Section 11 of this ISA and the applicable Interconnection Construction Service Agreement.

4.1 Attachment Facilities Charge: \$_____

[Optional: Provide Charge and Identify Interconnected Transmission Owner]

4.2 Network Upgrades Charge: \$_____

[Optional: Provide Breakdown of Charge Based on Interconnected Transmission Owner responsibilities]

4.3 Local Upgrades Charge: \$_____

[Optional: Provide Breakdown of Charge Based on Interconnected Transmission Owner responsibilities]

4.4 Other Charges: \$_____

[Optional: Provide Breakdown of Charge Based on Interconnected Transmission Owner responsibilities]

4.5 Cost breakdown:

\$ Direct Labor
\$ Direct Material
\$ Indirect Labor
\$ Indirect Material

[Additional items for breakdown as necessary]

\$ Total

4.6 Security Amount Breakdown:

\$ Estimated Cost of Non-Direct Connection Local Upgrades and/or Non-Direct Connection Network Upgrades

plus \$ Estimated cost of the work (for the first three months after construction commences in earnest) on the required Attachment Facilities, Direct Connection Local Upgrades, and Direct Connection Network Upgrades

plus \$ Option to Build Security for Attachment Facilities, Direct Connection Local Upgrades, and Direct Connection Network Upgrades (including Cancellation Costs)

{Use if Interconnected Transmission Owner work will be completed in the first quarter:

\$ Costs included for three-month work completion estimate Security x 0.25}

\$ Total Security required with ISA (Instructions: this value should be in Section 5.0 of this ISA)

less \$ Costs already paid by Interconnection Customer

\$ Total Security {Instructions: **if the resultant is negative, use:** reduction with this ISA; **if the resultant is zero or positive use:** required with this ISA }

APPENDICES:

- **APPENDIX 1 - DEFINITIONS**
- **APPENDIX 2 - STANDARD TERMS AND CONDITIONS FOR INTERCONNECTIONS**

SCHEDULES:

- **SCHEDULE A - CUSTOMER FACILITY LOCATION/SITE PLAN**
- **SCHEDULE B - SINGLE-LINE DIAGRAM**
- **SCHEDULE C - LIST OF METERING EQUIPMENT**
- **SCHEDULE D - APPLICABLE TECHNICAL REQUIREMENTS AND STANDARDS**
- **SCHEDULE E - SCHEDULE OF CHARGES**
- **SCHEDULE F - SCHEDULE OF NON-STANDARD TERMS & CONDITIONS**
- **SCHEDULE G - INTERCONNECTION CUSTOMER'S AGREEMENT TO CONFORM WITH IRS SAFE HARBOR PROVISIONS FOR NON-TAXABLE STATUS**
- **SCHEDULE H - INTERCONNECTION REQUIREMENTS FOR A WIND GENERATION FACILITY**
- **SCHEDULE I – INTERCONNECTION SPECIFICATIONS FOR AN ENERGY STORAGE RESOURCE**

24.1 Safe Harbor Provisions:

This Section 24.1 is applicable only to Generation Interconnection Customers. Provided that Interconnection Customer agrees to conform to all requirements of the Internal Revenue Service (“IRS”) (e.g., the “safe harbor” provisions of IRS Notice 2016-36, 2016-25 I.R.B. (6/20/2016)) that would confer nontaxable status on some or all of the transfer of property, including money, by Interconnection Customer to the Interconnected Transmission Owner for payment of the Costs of construction of the Transmission Owner Interconnection Facilities, the Interconnected Transmission Owner, based on such agreement and on current law, shall treat such transfer of property to it as nontaxable income and, except as provided in Section 24.4.2 below, shall not include income taxes in the Costs of Transmission Owner Interconnection Facilities that are payable by Interconnection Customer under the Interconnection Service Agreement or the Interconnection Construction Service Agreement. Interconnection Customer shall document its agreement to conform to IRS requirements for such non-taxable status in the Interconnection Service Agreement, the Interconnection Construction Service Agreement, and/or the Interim Interconnection Service Agreement.

SCHEDULE G

INTERCONNECTION CUSTOMER’S AGREEMENT TO CONFORM WITH IRS SAFE HARBOR PROVISIONS FOR NON-TAXABLE STATUS

{Include the appropriate language from the alternatives below: }

{Include the following language if not required: }

Not Required.

[OR]

{Include the following language if applicable to Interconnection Customer: }

As provided in Section 24.1 of Appendix 2 to this ISA and subject to the requirements thereof, Interconnection Customer represents that it meets all qualifications and requirements as set forth in Section 118(a) and 118(b) of the Internal Revenue Code of 1986, as amended and interpreted by Notice 2016-36, 2016-25 I.R.B. (6/20/2016) (the “IRS Notice”). Interconnection Customer agrees to conform with all requirements of the safe harbor provisions specified in the IRS Notice, as they may be amended, as required to confer non-taxable status on some or all of the transfer of property, including money, by Interconnection Customer to Interconnected Transmission Owner with respect to the payment of the Costs of construction and installation of the Transmission Owner Interconnection Facilities specified in this ISA.

Nothing in Interconnection Customer’s agreement pursuant to this Schedule G shall change Interconnection Customer’s indemnification obligations under Section 24.2 of Appendix 2 to this ISA.

ATTACHMENT O-1

**FORM OF
INTERIM INTERCONNECTION SERVICE AGREEMENT**

**By and Among
PJM Interconnection, L.L.C.
and**

and

(PJM Queue Position #____)

- 1.0 This Interim Interconnection Service Agreement (“Interim ISA”), including the Specifications attached hereto and incorporated herein, is entered into by and among PJM Interconnection, L.L.C. (“Transmission Provider” or “PJM”), [_____] (“Interconnection Customer” [OPTIONAL: or [“short name”]]), and [_____] (“Interconnected Transmission Owner” [OPTIONAL: or [“short name”]]). [Use as/when applicable: This Interim ISA supersedes the _____ {insert details to identify the agreement being superseded, such as whether it is an Interim Interconnection Service Agreement, Interconnection Service Agreement, or Interconnection Agreement, the effective date of the agreement, the service agreement number designation, and the FERC docket number, if applicable, for the agreement being superseded.}]]
- 2.0 Attached are Specifications for the Customer Facility that Interconnection Customer proposes to interconnect to the Transmission Provider’s Transmission System. Interconnection Customer represents and warrants that, upon completion of their construction, it will own or control the facilities identified in the Specifications attached hereto and made a part hereof. In the event that Interconnection Customer will not own the facilities, Interconnection Customer represents and warrants that it is authorized by the owners of such facilities to enter into this Interim ISA and to represent such control.
- 3.0 In order to advance the completion of its interconnection under the PJM Open Access Transmission Tariff (“Tariff”), Interconnection Customer has requested an Interim ISA and Transmission Provider has determined that Interconnection Customer is eligible under the Tariff to obtain this Interim ISA.
- 4.0 (a) In accord with Section 211 of the Tariff, Interconnection Customer, on or before the effective date of this Interim ISA, shall provide Transmission Provider (for the benefit of the Interconnected Transmission Owner) with a letter of credit from an agreed provider or other form of security reasonably acceptable to Transmission Provider in the amount of \$ _____, which amount equals the estimated costs, determined in

accordance with Section 217 of the Tariff, of acquiring, designing, constructing and/or installing the facilities described in section 3.0 of the Attached Specifications. Should Interconnection Customer fail to provide such security in the amount or form required, this Interim ISA shall be terminated. Interconnection Customer acknowledges (1) that it will be responsible for the actual costs of the facilities described in the Specifications, whether greater or lesser than the amount of the payment security provided under this section, and (2) that the payment security under this section does not include any additional amounts that it will owe in the event that it executes a final Interconnection Service Agreement, as described in section 7.0(a) below.

(b) Interconnection Customer acknowledges (1) that the purpose of this Interim ISA is to expedite, at Interconnection Customer's request, the acquisition, design, construction and/or installation of certain materials and equipment, as described in the Specifications, necessary to interconnect its proposed facilities with Transmission Provider's Transmission System; and (2) that Transmission Provider's Interconnection Studies related to such facilities have not been completed, but that the [identify completed feasibility and/or system impact study(ies)], dated [_____], that included Interconnection Customer's project sufficiently demonstrated, in Interconnection Customer's sole opinion, the necessity of facilities additions to the Transmission System to accommodate Interconnection Customer's project to warrant, in Interconnection Customer's sole judgment, its request that the Interconnected Transmission Owner acquire, design, construct and/or install the equipment indicated in the Specifications for use in interconnecting Interconnection Customer's project with the Transmission System.

5.0 This Interim ISA shall be effective on the date it is executed by all Interconnection Parties and shall terminate upon the execution and delivery by Interconnection Customer and Transmission Provider of the final Interconnection Service Agreement described in section 7.0(a) below, or on such other date as mutually agreed upon by the parties, unless earlier terminated in accordance with the Tariff.

6.0 In addition to the milestones stated in Section 212.5 of the Tariff, during the term of this Interim ISA, Interconnection Customer shall ensure that its generation project meets each of the following development milestones:

[SPECIFY MILESTONES]

OR

[NOT APPLICABLE FOR THIS INTERIM ISA]

OR

[MILESTONE REQUIREMENTS WILL BE SPECIFIED IN THE FURTHER INTERCONNECTION SERVICE AGREEMENT DESCRIBED IN SECTION 7.0(a)]

7.0 (a) Transmission Provider and the Interconnected Transmission Owner agree to provide for the acquisition, design, construction and/or installation of the facilities identified, and to the extent described, in Section 3.0 of the Specifications in accordance with Part IV of the Tariff, as amended from time to time, and this Interim ISA. Except to the extent for which the Specifications provide for interim interconnection rights for the Interconnection Customer, the parties agree that (1) this Interim ISA shall not provide for or authorize Interconnection Service for the Interconnection Customer, and (2) Interconnection Service will commence only after Interconnection Customer has entered into a final Interconnection Service Agreement with Transmission Provider and the Interconnection Transmission Owner (or, alternatively, has exercised its right to initiate dispute resolution or to have the final Interconnection Service Agreement filed with the FERC unexecuted) after completion of the Facilities Study related to Interconnection Customer's Interconnection Request and otherwise in accordance with the Tariff. The final Interconnection Service Agreement may further provide for construction of, and payment for, transmission facilities additional to those identified in the attached Specifications. Should Interconnection Customer fail to enter into such final Interconnection Service Agreement (or, alternatively, to initiate dispute resolution or request that the agreement be filed with the FERC unexecuted) within the time prescribed by the Tariff, Transmission Provider shall have the right, upon providing written notice to Interconnection Customer, to terminate this Interim ISA.

(b) In the event that Interconnection Customer decides not to interconnect its proposed facilities, as described in Section 1.0 of the Specifications to the Transmission System, it shall immediately give Transmission Provider written notice of its determination. Interconnection Customer shall be responsible for the Costs incurred pursuant to this Interim ISA by Transmission Provider and/or by the Interconnected Transmission Owner (1) on or before the date of such notice, and (2) after the date of such notice, if the costs could not reasonably be avoided despite, or were incurred by reason of, Interconnection Customer's determination not to interconnect. Interconnection Customer's liability under the preceding sentence shall include all Cancellation Costs in connection with the acquisition, design, construction and/or installation of the facilities described in section 3.0 of the Specifications. In the event the Interconnected Transmission Owner incurs Cancellation Costs, it shall provide the Transmission Provider, with a copy to the Interconnection Customer, with a written demand for payment and with reasonable documentation of such Cancellation Costs. Within 60 days after the date of Interconnection Customer's notice, Transmission Provider shall provide an accounting of, and the appropriate party shall make any payment to the other that is necessary to resolve, any difference between (i) Interconnection Customer's cost responsibility under this Interim ISA and the Tariff for Costs, including Cancellation Costs, of the facilities described in section 3.0 of the Specifications and (ii) Interconnection Customer's previous payments under this Interim ISA. Notwithstanding the foregoing, however, Transmission Provider shall not be obligated to make any payment that the preceding sentence requires it to make unless and until the Interconnected Transmission Owner has returned to it the portion of Interconnection Customer's previous payments that Transmission Provider must pay under that sentence.

This Interim ISA shall be deemed to be terminated upon completion of all payments required under this paragraph (b).

(c) Disposition of the facilities related to this Interim ISA after receipt of Interconnection Customer's notice of its determination not to interconnect shall be decided in accordance with Section 211.1 of the Tariff.

- 8.0 Interconnection Customer agrees to abide by all rules and procedures pertaining to generation in the PJM Region, including but not limited to the rules and procedures concerning the dispatch of generation set forth in the Operating Agreement and the PJM Manuals.
- 9.0 In analyzing and preparing the Facilities Study or the System Impact Study if no Facilities Study is required, and in designing and constructing the Attachment Facilities, Local Upgrades and/or Network Upgrades described in the Specifications attached to this Interim ISA, Transmission Provider, the Interconnected Transmission Owner(s), and any other subcontractors employed by Transmission Provider have had to, and shall have to, rely on information provided by Interconnection Customer and possibly by third parties and may not have control over the accuracy of such information. Accordingly, NEITHER TRANSMISSION PROVIDER, THE INTERCONNECTED TRANSMISSION OWNER(S), NOR ANY OTHER SUBCONTRACTORS EMPLOYED BY TRANSMISSION PROVIDER OR INTERCONNECTED TRANSMISSION OWNER MAKES ANY WARRANTIES, EXPRESS OR IMPLIED, WHETHER ARISING BY OPERATION OF LAW, COURSE OF PERFORMANCE OR DEALING, CUSTOM, USAGE IN THE TRADE OR PROFESSION, OR OTHERWISE, INCLUDING WITHOUT LIMITATION IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, WITH REGARD TO THE ACCURACY, CONTENT, OR CONCLUSIONS OF THE FACILITIES STUDY OR THE SYSTEM IMPACT STUDY IF NO FACILITIES STUDY IS REQUIRED OR OF THE ATTACHMENT FACILITIES, LOCAL UPGRADES AND/OR NETWORK UPGRADES, PROVIDED, HOWEVER, that Transmission Provider warrants that the transmission facilities described in Section 3.0 of the Specifications will be designed, constructed and operated in accordance with Good Utility Practice, as such term is defined in the Operating Agreement. Interconnection Customer acknowledges that it has not relied on any representations or warranties not specifically set forth herein and that no such representations or warranties have formed the basis of its bargain hereunder.
- 10.0 Within 120 days after the Interconnected Transmission Owner completes acquisition, design, construction and/or installation of the facilities described in Section 3.0 of the Specifications, Transmission Provider shall provide Interconnection Customer with an accounting of, and the appropriate party shall make any payment to the other that is necessary to resolve, any difference between (a) Interconnection Customer's responsibility under this Interim ISA and the Tariff for the actual cost of such equipment, and (b) Interconnection Customer's previous aggregate payments to Transmission Provider and the Interconnected Transmission Owner hereunder. Notwithstanding the

foregoing, however, Transmission Provider shall not be obligated to make any payment that the preceding sentence requires it to make unless and until the Interconnected Transmission Owner has returned to it the portion of Interconnection Customer's previous payments that Transmission Provider must pay under that sentence.

- 11.0 No third party beneficiary rights are created under this Interim ISA, provided, however, that payment obligations imposed on Interconnection Customer hereunder are agreed and acknowledged to be for the benefit of the Interconnected Transmission Owner actually performing the services associated with the interconnection of the generating facilities and any associated upgrades of other facilities.
- 12.0 No waiver by either party of one or more defaults by the other in performance of any of the provisions of this Interim ISA shall operate or be construed as a waiver of any other or further default or defaults, whether of a like or different character.
- 13.0 This Interim ISA or any part thereof, may not be amended, modified, assigned, or waived other than by a writing signed by all parties hereto.
- 14.0 This Interim ISA shall be binding upon the parties hereto, their heirs, executors, administrators, successors, and assigns.
- 15.0 This Interim ISA shall not be construed as an application for service under Part II or Part III of the Tariff.
- 16.0 Any notice or request made to or by either Party regarding this Interim ISA shall be made to the representative of the other Party as indicated below.

Transmission Provider

PJM Interconnection, L.L.C.
2750 Monroe Blvd.
Audubon, PA 19403

Interconnection Customer

[CONTACT NAME/ADDRESS]

Interconnected Transmission Owner

[CONTACT NAME/ADDRESS]

- 17.0 All portions of the Tariff and the Operating Agreement pertinent to the subject of this Interim ISA are incorporated herein and made a part hereof.
- 18.0 This Interim ISA is entered into pursuant to Part IV of the Tariff.

19.0 Neither party shall be liable for consequential, incidental, special, punitive, exemplary or indirect damages, lost profits or other business interruption damages, by statute, in tort or contract, under any indemnity provision or otherwise with respect to any claim, controversy or dispute arising under this Interim ISA.

20.0 Addendum of Interconnection Customer's Agreement to Conform with IRS Safe Harbor Provisions for Non-Taxable Status. To the extent required, in accordance with Section 20.1, Schedule A to this Interim ISA shall set forth the Interconnection Customer's agreement to conform with the IRS safe harbor provisions for non-taxable status.

20.1 Tax Liability

20.1.1 Safe Harbor Provisions:

This Section 20.1.1 is applicable only to Generation Interconnection Customers. Provided that Interconnection Customer agrees to conform to all requirements of the Internal Revenue Service ("IRS") (e.g., the "safe harbor" provisions of IRS Notices 2001-82 and 88-129) that would confer nontaxable status on some or all of the transfer of property, including money, by Interconnection Customer to the Interconnected Transmission Owner for payment of the Costs of construction of the Transmission Owner Interconnection Facilities, the Interconnected Transmission Owner, based on such agreement and on current law, shall treat such transfer of property to it as nontaxable income and, except as provided in Section 20.1.2 below, shall not include income taxes in the Costs of Transmission Owner Interconnection Facilities that are payable by Interconnection Customer under the Interim Interconnection Service Agreement, the Interconnection Service Agreement or the Interconnection Construction Service Agreement. Interconnection Customer shall document its agreement to conform to IRS requirements for such non-taxable status in the Interconnection Service Agreement, the Interconnection Construction Service Agreement, and/or the Interim Interconnection Service Agreement.

20.1.2 Tax Indemnity:

Interconnection Customer shall indemnify the Interconnected Transmission Owner for any costs that Interconnected Transmission Owner incurs in the event that the IRS and/or a state department of revenue (State) determines that the property, including money, transferred by Interconnection Customer to the Interconnected Transmission Owner with respect to the construction of the Transmission Owner Interconnection Facilities is taxable income to the Interconnected Transmission Owner. Interconnection Customer shall pay to the Interconnected Transmission Owner, on demand, the amount of any income taxes that the IRS or a State assesses to the Interconnected Transmission Owner in connection with such transfer of property and/or money, plus any applicable interest and/or penalty charged to the Interconnected Transmission Owner. In the event that the Interconnected Transmission Owner chooses to contest such assessment, either at the request of Interconnection Customer or on its own behalf, and prevails in reducing or eliminating the tax, interest and/or penalty assessed against it, the Interconnected

Transmission Owner shall refund to Interconnection Customer the excess of its demand payment made to the Interconnected Transmission Owner over the amount of the tax, interest and penalty for which the Interconnected Transmission Owner is finally determined to be liable. Interconnection Customer's tax indemnification obligation under this section shall survive any termination of the Interim Interconnection Service Agreement or Interconnection Construction Service Agreement.

20.1.3 Taxes Other Than Income Taxes:

Upon the timely request by Interconnection Customer, and at Interconnection Customer's sole expense, the Interconnected Transmission Owner shall appeal, protest, seek abatement of, or otherwise contest any tax (other than federal or state income tax) asserted or assessed against the Interconnected Transmission Owner for which Interconnection Customer may be required to reimburse Transmission Provider under the terms of this Interim Interconnection Service Agreement or Part VI of the Tariff. Interconnection Customer shall pay to the Interconnected Transmission Owner on a periodic basis, as invoiced by the Interconnected Transmission Owner, the Interconnected Transmission Owner's documented reasonable costs of prosecuting such appeal, protest, abatement, or other contest. Interconnection Customer and the Interconnected Transmission Owner shall cooperate in good faith with respect to any such contest. Unless the payment of such taxes is a prerequisite to an appeal or abatement or cannot be deferred, no amount shall be payable by Interconnection Customer to the Interconnected Transmission Owner for such contested taxes until they are assessed by a final, non-appealable order by any court or agency of competent jurisdiction. In the event that a tax payment is withheld and ultimately due and payable after appeal, Interconnection Customer will be responsible for all taxes, interest and penalties, other than penalties attributable to any delay caused by the Interconnected Transmission Owner.

20.1.4 Income Tax Gross-Up

20.1.4.1 Additional Security:

In the event that Interconnection Customer does not provide the safe harbor documentation required under Section 20.1.1 prior to execution of this Interim Interconnection Service Agreement, within 15 days after such execution, Transmission Provider shall notify Interconnection Customer in writing of the amount of additional Security that Interconnection Customer must provide. The amount of Security that a Transmission Interconnection Customer must provide initially pursuant to this Interim Interconnection Service Agreement shall include any amounts described as additional Security under this Section 20.1.4 regarding income tax gross-up.

20.1.4.2 Amount:

The required additional Security shall be in an amount equal to the amount necessary to gross up fully for currently applicable federal and state income taxes the estimated Costs of Local Upgrades and Network Upgrades for which Interconnection Customer previously provided Security. Accordingly, the additional Security shall equal the amount necessary to increase the

total Security provided to the amount that would be sufficient to permit the Interconnected Transmission Owner to receive and retain, after the payment of all applicable income taxes ("Current Taxes") and taking into account the present value of future tax deductions for depreciation that would be available as a result of the anticipated payments or property transfers (the "Present Value Depreciation Amount"), an amount equal to the estimated Costs of Local Upgrades and Network Upgrades for which Interconnection Customer is responsible under the Interconnection Service Agreement. For this purpose, Current Taxes shall be computed based on the composite federal and state income tax rates applicable to the Interconnected Transmission Owner at the time the additional Security is received, determined using the highest marginal rates in effect at that time (the "Current Tax Rate"), and (ii) the Present Value Depreciation Amount shall be computed by discounting the Interconnected Transmission Owner's anticipated tax depreciation deductions associated with such payments or property transfers by its current weighted average cost of capital.

20.1.4.3 Time for Payment:

Interconnection Customer must provide the additional Security, in a form and with terms as required by Sections 212.4 of the Tariff, within 15 days after its receipt of Transmission Provider's notice under this section. The requirement for additional Security under this section shall be treated as a milestone included in the Interconnection Service Agreement pursuant to Section 212.5 of the Tariff.

20.1.5 Tax Status:

Each Party shall cooperate with the other to maintain the other Party's tax status. Nothing in this Interim Interconnection Service Agreement or the Tariff is intended to adversely affect any Interconnected Transmission Owner's tax exempt status with respect to the issuance of bonds including, but not limited to, local furnishing bonds.

21.0 Addendum of Interconnection Requirement for all Wind or Non-synchronous Generation Facilities. To the extent required, Schedule B to this Interim ISA sets forth interconnection requirements for all wind or non-synchronous generation facilities and is hereby incorporated by reference and made a part of this Interim ISA.

22.0 Infrastructure security of electric system equipment and operations and control hardware and software is essential to ensure day-to-day reliability and operational security. All Transmission Providers, Interconnected Transmission Owners, market participants, and Interconnection Customers interconnected with electric systems are to comply with the recommendations offered by the President's Critical Infrastructure Protection Board and best practice recommendations from the electric reliability authority. All public utilities are expected to meet basic standards for electric system infrastructure and operational security, including physical, operational, and cyber-security practices.

IN WITNESS WHEREOF, Transmission Provider, Interconnection Customer and Interconnected Transmission Owner have caused this Interim ISA to be executed by their respective authorized officials.

(PJM Queue Position #___)

Transmission Provider: PJM Interconnection, L.L.C.

By: _____
Name Title Date

Printed name of signer: _____

Interconnection Customer: [Name of Party]

By: _____
Name Title Date

Printed name of signer: _____

Interconnected Transmission Owner: [Name of Party]

By: _____
Name Title Date

Printed name of signer: _____

**SPECIFICATIONS FOR
INTERIM INTERCONNECTION SERVICE AGREEMENT**

**By and Among
PJM INTERCONNECTION, L.L.C.**

And

And

(PJM Queue Position #___)

1.0 Description of Customer Facility to be interconnected with the Transmission System in the PJM Region:

a. Name of Customer Facility:

b. Location of Customer Facility:

c. Size in megawatts of Customer Facility:

{The following language should be included only for generating units

For Generation Interconnection Customer:

Maximum Facility Output of _____MW}

{The following language applies when a Generation Interconnection Request involves an increase of the capacity of an existing generating facility: The stated size of the generating unit includes an increase in the Maximum Facility Output of the generating unit of __ MW over Interconnection Customer's previous interconnection. This increase is a result of the Interconnection Request associated with this Interim Interconnection Service Agreement.}

{The following language should be included only for Merchant Transmission Facilities for Transmission Interconnection Customer:

Nominal Rated Capability: _____MW}

2.0 Interconnection Rights: Interconnection Customer shall obtain Capacity Interconnection Rights in accordance with Subpart C of Part VI of the Tariff at the location specified in section 1.0b upon its execution of the final Interconnection Service Agreement described in section 7.0(a) of this Interim ISA. **[if applicable, add:** , provided, however, that pending execution of the final Interconnection Service Agreement, Interconnection Customer shall be entitled to the following interim rights:

Pursuant to and subject to the applicable terms of the Tariff, Interconnection Customer shall have Capacity Interconnection Rights as a Capacity Resource at the Point of Interconnection specified in this Interim ISA in the amount of __ MW, for the time period of _____ to _____. To the extent that the Customer Facility described in section 1.0 is not a Capacity Resource with Capacity Interconnection Rights, such Customer Facility shall be an Energy Resource. Pursuant to this Interim ISA, the Customer Facility will be permitted to inject __ MW (nominal) into the system. PJM reserves the right to limit injections to this quantity in the event reliability would be affected by output greater than such quantity.]

3.0.A Facilities to be acquired, designed, constructed and/or installed by the Interconnected Transmission Owner under this Interim ISA:

3.0.B Facilities to be acquired, designed, constructed and/or installed by the Interconnection Customer under this Interim ISA:

4.0 Interconnection Customer shall be subject to the charges detailed below:

4.1 Attachment Facilities Charge:

4.2 Local Upgrades Charge:

4.3 Network Upgrades Charge:

4.4 Cost Breakdown:

\$	Direct Labor
\$	Direct Material
\$	Indirect Labor
\$	Indirect Material
\$	Total

SCHEDULES: {Note: Schedules A and B are required, others are optional; add if applicable and desirable for clarity.}

SCHEDULE A – INTERCONNECTION CUSTOMER’S AGREEMENT TO CONFORM WITH IRS SAFE HARBOR PROVISIONS FOR NON-TAXABLE STATUS

SCHEDULE B - INTERCONNECTION REQUIREMENTS FOR A WIND GENERATION FACILITY

SCHEDULE ___ - CUSTOMER FACILITY LOCATION/SITE PLAN

SCHEDULE ___ - SINGLE-LINE DIAGRAM

SCHEDULE A

INTERCONNECTION CUSTOMER’S AGREEMENT TO CONFORM WITH IRS SAFE HARBOR PROVISIONS FOR NON-TAXABLE STATUS

{Include the appropriate language from the alternatives below: }

{Include the following language if not required:}
Not Required.

[OR]

{Include the following language if applicable to Interconnection Customer: }

As provided in Section 20.1 of this Interim ISA and subject to the requirements thereof, Interconnection Customer represents that it meets all qualifications and requirements as set forth in Section 118(a) and 118(b) of the Internal Revenue Code of 1986, as amended and interpreted by Notice 2016-36, 2016-25 I.R.B. (6/20/2016) (the “IRS Notice”). Interconnection Customer agrees to conform with all requirements of the safe harbor provisions specified in the IRS Notice, as they may be amended, as required to confer non-taxable status on some or all of the transfer of property, including money, by Interconnection Customer to Interconnected Transmission Owner with respect to the payment of the Costs of construction and installation of the Transmission Owner Interconnection Facilities specified in this Interim ISA.

Nothing in Interconnection Customer’s agreement pursuant to this Schedule A shall change Interconnection Customer’s indemnification obligations under Section 20.1 of this Interim ISA.

{Include the following Schedule B, as applicable, for New Service Requests received before May 1, 2015}

SCHEDULE B

INTERCONNECTION REQUIREMENTS FOR A

WIND GENERATION FACILITY

{Include the appropriate language from the alternatives below}

{Include the following language if the Customer Facility is not a wind generation facility}

Not Required

[OR]

{Include the following language when the Customer Facility is a wind generation facility}

Schedule B sets forth requirements and provisions specific to the interconnection of a wind generation facility that is greater than 20 MW. All other requirements pertaining to the interconnection of generation facilities above 20 MW set forth in Part IV of the Tariff continue to apply to wind generation facility interconnections.

A. Technical Standards Applicable to a Wind Generation Facility

i. Low Voltage Ride-Through (LVRT) Capability

A wind generation facility shall be able to remain online during voltage disturbances up to the time periods and associated voltage levels set forth in the standard below. The Schedule B LVRT standard provides for a transition period standard and a post-transition period standard.

Transition Period LVRT Standard

The transition period standard applies to wind generation facilities subject to Commission Order No. 661 that have either: (i) Interconnection Service Agreements signed and filed with the Commission, filed with the Commission in unexecuted form, or filed with the Commission as non-conforming agreements between January 1, 2006 and December 31, 2006, with a scheduled in-service date no later than December 31, 2007, or (ii) wind generation turbines subject to a wind turbine procurement contract executed prior to December 31, 2005, for delivery through 2007.

1. Wind generation facilities are required to remain in-service during three-phase faults with normal clearing (which is a time period of approximately 4 – 9 cycles) and single line to ground faults with delayed clearing, and subsequent post-fault voltage recovery to prefault voltage

unless clearing the fault effectively disconnects the generator from the system. The clearing time requirement for a three-phase fault will be specific to the wind generation facility substation location, as determined by and documented by the transmission provider. The maximum clearing time the wind generation facility shall be required to withstand for a three-phase fault shall be 9 cycles at a voltage as low as 0.15 p.u., as measured at the high side of the wind generation facility step-up transformer (i.e. the transformer that steps the voltage up to the transmission interconnection voltage or “GSU”), after which, if the fault remains following the location-specific normal clearing time for three-phase faults, the wind generation facility may disconnect from the transmission system.

2. This requirement does not apply to faults that would occur between the wind generator terminals and the high side of the GSU or to faults that would result in a voltage lower than 0.15 per unit on the high side of the GSU serving the facility.

3. Wind generation facilities may be tripped after the fault period if this action is intended as part of a special protection system.

4. Wind generation facilities may meet the LVRT requirements of this standard by the performance of the generators or by installing additional equipment (e.g., Static VAR Compensator, etc.) within the wind generation facility or by a combination of generator performance and additional equipment.

5. Existing individual generator units that are, or have been, interconnected to the network at the same location at the initial effective date of the Schedule B LVRT standard are exempt from meeting the Schedule B LVRT standard for the remaining life of the existing generation equipment. Existing individual generator units that are replaced are required to meet the Schedule B LVRT standard.

Post-transition Period LVRT Standard

All wind generation facilities subject to Commission Order No. 661 and not covered by the transition period described above must meet the following requirements:

1. Wind generation facilities are required to remain in-service during three-phase faults with normal clearing (which is a time period of approximately 4 – 9 cycles) and single line to ground faults with delayed clearing, and subsequent post-fault voltage recovery to prefault voltage unless clearing the fault effectively disconnects the generator from the system. The clearing time requirement for a three-phase fault will be specific to the wind generation facility substation location, as determined by and documented by the transmission provider. The maximum clearing time the wind generation facility shall be required to withstand for a three-phase fault shall be 9 cycles after which, if the fault remains following the location-specific normal clearing time for three-phase faults, the wind generation facility may disconnect from the transmission system. A wind generation facility shall remain interconnected during such a fault on the transmission system for a voltage level as low as zero volts, as measured at the high voltage side of the wind GSU.

2. This requirement does not apply to faults that would occur between the wind generator terminals and the high side of the GSU.
3. Wind generation facilities may be tripped after the fault period if this action is intended as part of a special protection system.
4. Wind generation facilities may meet the LVRT requirements of this standard by the performance of the generators or by installing additional equipment (e.g., Static VAR Compensator) within the wind generation facility or by a combination of generator performance and additional equipment.
5. Existing individual generator units that are, or have been, interconnected to the network at the same location at the initial effective date of the Schedule B LVRT standard are exempt from meeting the Schedule B LVRT Standard for the remaining life of the existing generation equipment. Existing individual generator units that are replaced are required to meet the Schedule B LVRT Standard.

ii. Power Factor Design Criteria (Reactive Power)

The power factor requirements for wind generation facilities set forth in section 4.7.1 of Appendix 2 to Attachment O of the Tariff can be met by using, for example, power electronic devices designed to supply this level of reactive capability (taking into account any limitations due to voltage level, real power output, etc.) or fixed and switched capacitors if agreed to by the Transmission Provider, or a combination of the two. The Interconnection Customer shall not disable power factor equipment while the wind generation facility is in operation. Wind generation facilities shall also be able to provide sufficient dynamic voltage support in lieu of the power system stabilizer and automatic voltage regulation at the generator excitation system if the System Impact Study shows this to be required for system safety or reliability.

iii. Supervisory Control and Data Acquisition (SCADA) Capability

The wind generation facility shall provide SCADA capability to transmit data and receive instructions from the Transmission Provider to protect system reliability. The Transmission Provider and the wind generation facility Interconnection Customer shall determine what SCADA information is essential for the proposed wind generation facility, taking into account the size of the facility and its characteristics, location, and importance in maintaining generation resource adequacy and transmission system reliability in its area.

iv. Meteorological Data Reporting Requirement

The wind generation facility shall, at a minimum, be required to provide the Transmission Provider with site-specific meteorological data including:

- Temperature (degrees Fahrenheit)
- Wind speed (meters/second)
- Wind direction (degrees from True North)

- Atmospheric pressure (hectopascals)
- Forced outage data (wind turbine and MW unavailability)

The Transmission Provider and Interconnection Customer may mutually agree to any additional meteorological data that are required for the development and deployment of a power production forecast. All requirements for meteorological and forced outage data must be commensurate with the power production forecasting employed by the Transmission Provider. Such additional mutually agreed upon requirements for meteorological and forced outage data are set forth below:

[SPECIFICY AGREED UPON METEOROLOGICAL AND FORCED OUTAGE DATA REQUIREMENTS]

OR

[NOT APPLICABLE FOR THIS INTERIM ISA]

{Include the following Schedule B, as applicable, for New Service Requests received on or after May 1, 2015 }

SCHEDULE B

INTERCONNECTION REQUIREMENTS FOR ALL WIND AND NON-SYNCHRONOUS GENERATION FACILITIES

{Include the appropriate language from the alternatives below }

{Include the following language if the Customer Facility is not a wind or non-synchronous generation facility }

Not Required

[OR]

{Include the following language when the Customer Facility is a wind or non-synchronous generation facility }

A. Voltage Ride Through Requirements

The Customer Facility shall be designed to remain in service (not trip) for voltages and times as specified for the Eastern Interconnection in Attachment 1 of NERC Reliability Standard PRC-024-1, and successor Reliability Standards, for both high and low voltage conditions, irrespective of generator size, subject to the permissive trip exceptions established in PRC-024-1 (and successor Reliability Standards).

B. Frequency Ride Through Requirements

The Customer Facility shall be designed to remain in service (not trip) for frequencies and times as specified in Attachment 2 of NERC Reliability Standard PRC-024-1, and successor Reliability Standards, for both high and low frequency condition, irrespective of generator size, subject to the permissive trip exceptions established in PRC-024-1 (and successor Reliability Standards).

C. Supervisory Control and Data Acquisition (SCADA) Capability

The wind or non-synchronous generation facility shall provide SCADA capability to transmit data and receive instructions from the Transmission Provider to protect system reliability. The Transmission Provider and the wind or non-synchronous generation facility Interconnection Customer shall determine what SCADA information is essential for the proposed wind or non-synchronous generation facility, taking into account the size of the facility and its characteristics, location, and importance in maintaining generation resource adequacy and transmission system reliability in its area.

D. Meteorological Data Reporting Requirement (Applicable to wind generation facilities only)

The wind generation facility shall, at a minimum, be required to provide the Transmission Provider with site-specific meteorological data including:

- Temperature (degrees Fahrenheit)
- Wind speed (meters/second)
- Wind direction (degrees from True North)
- Atmosphere pressure (hectopascals)
- Forced outage data (wind turbine and MW unavailability)

The Transmission Provider and Interconnection Customer may mutually agree to any additional meteorological data that are required for the development and deployment of a power production forecast. All requirements for meteorological and forced outage data must be commensurate with the power production forecasting employed by the Transmission Provider. Such additional mutually agreed upon requirements for meteorological and forced outage data are set forth below:

[SPECIFY AGREED UPON METEOROLOGICAL AND FORCED OUTAGE DATA REQUIREMENTS]

[OR]

[NOT APPLICABLE FOR THIS INTERIM ISA]

SCHEDULE L

**INTERCONNECTION CUSTOMER’S AGREEMENT TO CONFORM WITH
IRS SAFE HARBOR PROVISIONS FOR NON-TAXABLE STATUS**

{ Include the appropriate language from the alternatives below: }

{ Include the following language if not required: }

Not Required.

[OR]

{ Include the following language if applicable to Interconnection Customer: }

As provided in Section 2.4.1 of Appendix 2 to this CSA and subject to the requirements thereof, Interconnection Customer represents that it meets all qualifications and requirements as set forth in Section 118(a) and 118(b) of the Internal Revenue Code of 1986, as amended and interpreted by Notice 2016-36, 2016-25 I.R.B. (6/20/2016) (the “IRS Notice”). Interconnection Customer agrees to conform with all requirements of the safe harbor provisions specified in the IRS Notice, as they may be amended, as required to confer non-taxable status on some or all of the transfer of property, including money, by Interconnection Customer to Interconnected Transmission Owner with respect to the payment of the Costs of construction and installation of the Transmission Owner Interconnection Facilities specified in this CSA.

Nothing in Interconnection Customer’s agreement pursuant to this Schedule L shall change Interconnection Customer’s indemnification obligations under Section 2.4.2 of Appendix 2 to the CSA.

{Include the following Schedule N, as applicable, for New Service Requests received before May 1, 2015}

SCHEDULE N

**INTERCONNECTION REQUIREMENTS FOR A
WIND GENERATION OR A SOLAR GENERATION FACILITY**

{Include the appropriate language from the alternatives below}

{Include the following language if the Customer Facility is not a wind generation or a solar generation facility}

Not Required

[OR]

{Include the following language when the Customer Facility is a wind generation or solar generation facility}

Schedule N sets forth requirements and provisions specific to the interconnection of a wind generation or a solar generation facility that is greater than 20 MW. All other requirements pertaining to the interconnection of generation facilities above 20 MW set forth in Part IV of the Tariff continue to apply to wind generation or solar generation facility interconnections.

A. Technical Standards Applicable to a Wind Generation or a Solar Generation Facility

i. Low Voltage Ride-Through (LVRT) Capability

A wind generation or a solar generation facility shall be able to remain online during voltage disturbances up to the time periods and associated voltage levels set forth in the standard below. The Schedule N LVRT standard provides for a transition period standard and a post-transition period standard.

Transition Period LVRT Standard

The transition period standard applies to wind generation or solar generation facilities subject to Commission Order No. 661 that have either: (i) Interconnection Service Agreements signed and filed with the Commission, filed with the Commission in unexecuted form, or filed with the Commission as non-conforming agreements between January 1, 2006 and December 31, 2006, with a scheduled in-service date no later than December 31, 2007, or (ii) wind generation turbines or solar generation subject to a wind turbine or solar generation procurement contract executed prior to December 31, 2005, for delivery through 2007.

1. Wind generation or solar generation facilities are required to remain in-service during three-phase faults with normal clearing (which is a time period of approximately 4 – 9 cycles) and single line to ground faults with delayed clearing, and subsequent post-fault voltage recovery to prefault voltage unless clearing the fault effectively disconnects the generator from the system. The clearing time requirement for a three-phase fault will be specific to the wind generation or solar generation facility substation location, as determined by and documented by the transmission provider. The maximum clearing time the wind generation or solar generation facility shall be required to withstand for a three-phase fault shall be 9 cycles at a voltage as low as 0.15 p.u., as measured at the high side of the wind generation or solar generation facility step-up transformer (i.e. the transformer that steps the voltage up to the transmission interconnection voltage or “GSU”), after which, if the fault remains following the location-specific normal clearing time for three-phase faults, the wind generation or solar generation facility may disconnect from the transmission system.
2. This requirement does not apply to faults that would occur between the wind generator or solar generator terminals and the high side of the GSU or to faults that would result in a voltage lower than 0.15 per unit on the high side of the GSU serving the facility.
3. Wind generation or solar generation facilities may be tripped after the fault period if this action is intended as part of a remedial action scheme.
4. Wind generation or solar generation facilities may meet the LVRT requirements of this standard by the performance of the generators or by installing additional equipment (e.g., Static VAr Compensator, etc.) within the wind generation or solar generation facility or by a combination of generator performance and additional equipment.
5. Existing individual generator units that are, or have been, interconnected to the network at the same location at the initial effective date of the Schedule N LVRT standard are exempt from meeting the Schedule N LVRT standard for the remaining life of the existing generation equipment. Existing individual generator units that are replaced are required to meet the Schedule N LVRT standard.

Post-transition Period LVRT Standard

All wind generation or solar generation facilities subject to Commission Order No. 661 and not covered by the transition period described above must meet the following requirements:

1. Wind generation or solar generation facilities are required to remain in-service during three-phase faults with normal clearing (which is a time period of approximately 4 – 9 cycles) and single line to ground faults with delayed clearing, and subsequent post-fault voltage recovery to prefault voltage unless clearing the fault effectively disconnects the generator from the system. The clearing time requirement for a three-phase fault will be specific to the wind generation or solar generation facility substation location, as determined by and documented by the transmission provider. The maximum clearing time the wind generation or solar generation facility shall be required to withstand for a three-phase fault shall be 9 cycles after which, if the fault remains following the location-specific normal clearing time for three-phase faults, the

wind generation or solar generation facility may disconnect from the transmission system. A wind generation or solar generation facility shall remain interconnected during such a fault on the transmission system for a voltage level as low as zero volts, as measured at the high voltage side of the wind and solar GSU.

2. This requirement does not apply to faults that would occur between the wind generator or solar generator terminals and the high side of the GSU.

3. Wind generation or solar generation facilities may be tripped after the fault period if this action is intended as part of a remedial action scheme.

4. Wind generation or solar generation facilities may meet the LVRT requirements of this standard by the performance of the generators or by installing additional equipment (e.g., Static VAR Compensator) within the wind generation or solar generation facility or by a combination of generator performance and additional equipment.

5. Existing individual generator units that are, or have been, interconnected to the network at the same location at the initial effective date of the Schedule N LVRT standard are exempt from meeting the Schedule N LVRT Standard for the remaining life of the existing generation equipment. Existing individual generator units that are replaced are required to meet the Schedule N LVRT Standard.

ii. Power Factor Design Criteria (Reactive Power)

The power factor requirements for wind generation or solar generation facilities set forth in section 4.7 of Appendix 2 to Attachment O of the Tariff can be met by using, for example, power electronic devices designed to supply this level of reactive capability (taking into account any limitations due to voltage level, real power output, etc.) or fixed and switched capacitors, if agreed to by the Transmission Provider, or a combination of the two. The Interconnection Customer shall not disable power factor equipment while the wind generation or solar generation facility is in operation. Wind generation or solar generation facilities shall also be able to provide sufficient dynamic voltage support in lieu of the power system stabilizer and automatic voltage regulation at the generator excitation system if the System Impact Study shows this to be required for system safety or reliability.

iii. Supervisory Control and Data Acquisition (SCADA) Capability

The wind generation or solar generation facility shall provide SCADA capability to transmit data and receive instructions from the Transmission Provider to protect system reliability. The Transmission Provider and the wind generation or solar generation facility Interconnection Customer shall determine what SCADA information is essential for the proposed wind generation or solar generation facility, taking into account the size of the facility and its characteristics, location, and importance in maintaining generation resource adequacy and transmission system reliability in its area.

iv. Meteorological Data Reporting Requirement (Applicable to wind generation facilities only)

The wind generation facility shall, at a minimum, be required to provide the Transmission Provider with site-specific meteorological data including:

- Temperature (degrees Fahrenheit)
- Wind speed (meters/second)
- Wind direction (degrees from True North)
- Atmospheric pressure (hectopascals)
- Forced outage data (wind turbine and MW unavailability)

v. **Meteorological Data Reporting Requirement (Applicable to solar generation facilities only)**

The solar generation facility shall, at a minimum, be required to provide the Transmission Provider with site-specific meteorological data including:

- Temperature (degrees Fahrenheit)
- Irradiance
- Forced outage data

The Transmission Provider and Interconnection Customer may mutually agree to any additional meteorological data that are required for the development and deployment of a power production forecast. All requirements for meteorological and forced outage data must be commensurate with the power production forecasting employed by the Transmission Provider. Such additional mutually agreed upon requirements for meteorological and forced outage data are set forth below:

[SPECIFICY AGREED UPON METEOROLOGICAL AND FORCED OUTAGE DATA REQUIREMENTS]

OR

[NOT APPLICABLE FOR THIS CSA]

{Include the following Schedule N, as applicable, for New Service Requests received on or after May 1, 2015 }

SCHEDULE N

INTERCONNECTION REQUIREMENTS FOR ALL WIND, SOLAR AND NON-SYNCHRONOUS GENERATION FACILITIES

{Include the appropriate language from the alternatives below }

{Include the following language if the Customer Facility is not a wind, solar or non-synchronous generation facility }

Not Required

[OR]

{Include the following language when the Customer Facility is a wind, solar or non-synchronous generation facility }

A. Voltage Ride Through Requirements

The Customer Facility shall be designed to remain in service (not trip) for voltages and times as specified for the Eastern Interconnection in Attachment 1 of NERC Reliability Standard PRC-024-1, and successor Reliability Standards, for both high and low voltage conditions, irrespective of generator size, subject to the permissive trip exceptions established in PRC-024-1 (and successor Reliability Standards).

B. Frequency Ride Through Requirements

The Customer Facility shall be designed to remain in service (not trip) for frequencies and times as specified in Attachment 2 of NERC Reliability Standard PRC-024-1, and successor Reliability Standards, for both high and low frequency condition, irrespective of generator size, subject to the permissive trip exceptions established in PRC-024-1 (and successor Reliability Standards).

C. Supervisory Control and Data Acquisition (SCADA) Capability

The wind, solar or non-synchronous generation facility shall provide SCADA capability to transmit data and receive instructions from the Transmission Provider to protect system reliability. The Transmission Provider and the wind, solar or non-synchronous generation facility Interconnection Customer shall determine what SCADA information is essential for the proposed wind, solar or non-synchronous generation facility, taking into account the size of the facility and its characteristics, location, and importance in maintaining generation resource adequacy and transmission system reliability in its area.

D. Meteorological Data Reporting Requirement (Applicable to wind generation facilities only)

The wind generation facility shall, at a minimum, be required to provide the Transmission Provider with site-specific meteorological data including:

- Temperature (degrees Fahrenheit)
- Wind speed (meters/second)
- Wind direction (degrees from True North)
- Atmosphere pressure (hectopascals)
- Forced outage data (wind turbine and MW unavailability)

E. Meteorological Data Reporting Requirement (Applicable to solar generation facilities only)

The solar generation facility shall, at a minimum, be required to provide the Transmission Provider with site-specific meteorological data including:

- Temperature (degrees Fahrenheit)
- Irradiance
- Forced outage data

The Transmission Provider and Interconnection Customer may mutually agree to any additional meteorological data that are required for the development and deployment of a power production forecast. All requirements for meteorological and forced outage data must be commensurate with the power production forecasting employed by the Transmission Provider. Such additional mutually agreed upon requirements for meteorological and forced outage data are set forth below:

[SPECIFY AGREED UPON METEOROLOGICAL AND FORCED OUTAGE DATA REQUIREMENTS]

[OR]

[NOT APPLICABLE FOR THIS CSA]

ATTACHMENT U

INDEPENDENT TRANSMISSION COMPANIES

References to section numbers in this Attachment U refer to sections of this Attachment U, unless otherwise specified.

This Attachment U sets forth a general framework for the development and operation of independent transmission companies (“ITCs”) as to certain of the transmission facilities for which the Transmission Provider, PJM Interconnection, L.L.C. (“PJM”), is otherwise responsible. The provisions of this Attachment U shall govern in the event of any conflict between this Attachment and the other provisions of the Tariff, except as to Tariff, Attachment M. If there is a conflict between the provisions of this Attachment U and Tariff, Attachment M, the provisions of Tariff, Attachment M shall govern. Under this Attachment U, certain responsibilities may be assigned to an ITC, if the ITC enters into an ITC Agreement in the form set forth in this Tariff and if FERC acceptance of the independence of the ITC and FERC approval or acceptance of the assignment is obtained as provided herein.

This Attachment U sets forth the standard terms and conditions, and the standard division of rights, responsibilities, and functions, in conformance with FERC policy and precedent, for any ITC that operates under PJM. Any entity or entities submitting a proposal to become an ITC (“ITC Sponsor”) shall enter into an ITC Agreement in the form set forth in Tariff, Attachment V, which is subject to and incorporates the standard terms and conditions of this Attachment U and identifies the ITC Transmission Facilities (as defined herein).

It is recognized that PJM shall be responsible for administering any wholesale energy market (and providing all functions integral to such market administration) within the PJM region.

1. FERC APPROVAL

1.1 FERC Acceptance As A Prerequisite. Before receiving the rights and responsibilities provided for under this Attachment U, the ITC Sponsor shall apply for and receive a FERC order accepting the ITC proposal to be implemented and finding that the proposed ITC satisfies FERC’s independence criteria and that such entity may be treated as an ITC under this Attachment U.

1.2 Effect of FERC Acceptance. Once FERC issues an order accepting the filing and providing the finding required under section 1.1 above, then the ITC, subject to satisfaction of the other requirements of this section 1, may operate under PJM consistent with the rights, responsibilities, and functions that have been accepted or approved by FERC.

1.3 Any entity or entities submitting a proposal to become an ITC (“ITC Sponsor”) shall submit a filing with FERC detailing each of the rights, responsibilities, and functions the ITC proposes to assume, which may consist of some or all of the rights, responsibilities, and functions set forth in this Attachment U, together with specifics on implementing any of these assigned rights, responsibilities, and functions. An ITC Sponsor must have, or demonstrate to

FERC that it shall have prior to implementation, ownership of, or the authority to direct the operation of, transmission facilities that are within the PJM region, or that are to be added to the PJM region as a result of the establishment of the ITC (such facilities referred to herein as the “ITC Transmission Facilities”).

1.4 Following the FERC approvals specified in section 1.1 above, the ITC shall assume the rights and responsibilities described herein on the first day of the calendar month (“ITC Commencement Date”) following the date on which the ITC provides written notice to Transmission Provider that the ITC is prepared to assume its responsibilities hereunder in accordance with section 15 below. PJM shall coordinate with the ITC prior to the ITC Commencement Date to ensure that PJM is capable as of the ITC Commencement Date of providing the responsibilities reserved to PJM hereunder as to the ITC Transmission Facilities and related bulk power facilities.

1.5 Prior to the ITC Commencement Date, the ITC and each owner of transmission facilities participating in such ITC shall execute, with respect to the transmission facilities over which it has the authority to direct the operation: (a) the Consolidated Transmission Owners Agreement; and (b) the Operating Agreement. In the event of any conflict between the ITC Agreement and the Operating Agreement that affects the PJM Region other than the ITC Transmission Facilities, the provisions of the Operating Agreement shall control pending dispute resolution, with final approval of the dispute’s resolution by FERC. In the event of any other express conflict between the ITC Agreement and the Operating Agreement or the transmission owners agreement executed by ITC, neither the transmission owners agreement nor the Operating Agreement shall be interpreted to limit the rights and responsibilities assigned to ITC in its role as an ITC pursuant to the ITC Agreement.

2. SECURITY COORDINATION

2.1 Regional Reliability Authority. PJM shall be the regional Reliability Authority under NERC standards for all PJM transmission facilities, including any ITC Transmission Facilities. As the Reliability Authority, PJM is responsible for monitoring and directing corrective action for reliability for all areas in the PJM region.

2.2 ITC Actions to Preserve System Security. An ITC may monitor and analyze the security of the ITC Transmission Facilities and may take actions to protect the ITC Transmission Facilities from physical damage or prevent injury or damage to persons or property in accordance with good utility practice and the PJM Operating Manuals, as they may be modified pursuant to section 16 of this Attachment U, before requesting assistance from PJM. At the earliest possible time, the ITC shall inform PJM of any such actions taken and coordinate further actions with PJM.

2.3 Ultimate Authority. Notwithstanding any other provision in this Attachment U, PJM may intercede and direct appropriate actions in its role as the regional Reliability Authority. The ITC shall be responsible for implementing such corrective actions directed by PJM. If such PJM action or direction is disputed, PJM’s position shall control pending resolution of the dispute.

3. BASE TRANSMISSION RATES

3.1 Right to File Rate Changes. The ITC shall possess the unilateral right, subject to consultation with PJM, to file at FERC and to place into effect pursuant to FPA section 205 the rates for transmission services for delivery to the zone or zones comprising the ITC Transmission Facilities (including incentive rate structures, but excluding ancillary services, except as permitted by section 17 below, and excluding the congestion pricing methodology for the PJM region), and for additional services, if any, solely involving the ITC Transmission Facilities, and the revenue requirement for such zones for use in developing rates for other transmission services provided by PJM. Such rate or rate structure changes shall be included in discrete schedules or portions of the Tariff (hereafter, such the "ITC Rate Schedule"). The ITC shall consult with PJM prior to making a section 205 rate filing to ensure that PJM has adequate opportunity to determine whether the proposal results in adverse impacts outside the zone or zones comprising the ITC Transmission Facilities.

3.2 Limitations. The ITC may not implement transmission rates in accordance with section 3.1 above that violate the terms of the Consolidated Transmission Owners Agreement.

3.3 No Rate Pancaking. Notwithstanding its rights under section 3.1 above, the ITC shall not implement rates or a rate structure that results in a Transmission Customer paying more than one base transmission charge for use of the Transmission System for any one transaction.

4. REVENUE DISTRIBUTION

4.1 ITC Receipt of Transmission Revenues. The ITC shall receive and/or retain revenues resulting from the provision of transmission service under the Tariff in accordance with the applicable revenue distribution procedures of the Consolidated Transmission Owners Agreement. The ITC may take no unilateral action that interferes with or affects the revenue distribution provided for in such agreements or that interferes with the collection by PJM of the revenues due it for services it provides or arranges.

4.2 Redistribution of Revenues. The ITC may distribute the revenues due it in accordance with section 4.1 above in any manner it wishes subject to receiving any necessary regulatory approvals, without involvement of PJM.

5. MANAGEMENT OF CONGESTION PRICING METHODOLOGY

5.1 Subject to FERC approval, PJM shall determine the congestion pricing methodology for the PJM region, administer the dispatch of the generation and transmission facilities in the PJM region in accordance with the approved methodology, calculate the resulting congestion prices, and conduct all related billing and settlement.

6. ACTIONS TO ENHANCE TRANSMISSION PERFORMANCE

6.1 The ITC may take actions with respect to the system comprised of the ITC Transmission Facilities that can be accommodated within the framework of the approved congestion pricing

methodology referenced in section 5.1 above. It may do this through targeted transmission system investment, outage management, the determination of transmission device settings, establishing contractual arrangements (e.g., with generators and LSE's), changes in technology, and other operating actions affecting the ITC Transmission Facilities. Before it first implements such actions, the ITC shall consult with PJM to develop procedures for inclusion in the PJM Operating Manuals for each class of such action that the ITC may thereafter implement. In such consultation, PJM shall consider whether the type of action can be accommodated within the framework of the approved congestion pricing methodology and whether the type of action would result in violations of regional reliability criteria applied in the PJM region. Following inclusion of procedures for each such type of action in the Manuals, the ITC may implement such actions in coordination with PJM in the manner set forth in the manuals. In addition, the ITC and PJM shall cooperate with one another in solving operational issues outside the ITC region that affect the ITC Transmission Facilities, or inside the ITC region that affect facilities outside such region.

6.2 Incentive Mechanisms. The ITC shall possess the unilateral right to file with FERC incentive mechanisms relating to the system comprised of the ITC Transmission Facilities in a manner that can be accommodated within the framework of the approved methodology referenced in section 5.1 above. The ITC shall consult with PJM prior to filing any such mechanism to allow PJM to consider whether any such proposed mechanism can be so accommodated and whether it would result in violations of regional reliability criteria applied in the PJM region. In addition, prior to the implementation of any such incentive mechanism, the ITC and PJM shall coordinate the operation of any such mechanism. PJM shall modify the PJM Operating Manuals as necessary to allow for the implementation of any FERC-approved incentive mechanism.

7. TARIFF ADMINISTRATION

7.1 Service under the Tariff. PJM is the Transmission Provider and remains responsible for administering the Tariff, which shall be amended to include the ITC Transmission Facilities and any provisions specific to the ITC Transmission Facilities that the ITC may propose pursuant to this Attachment U. Transmission Customers on the ITC Transmission Facilities will receive transmission service under the Tariff. PJM shall execute the agreements with customers for service under the Tariff, except that the ITC and PJM shall both execute agreements with customers for interconnection services. For transmission services for delivery to the zone or zones comprising the ITC Transmission Facilities, to the extent rate discounting is authorized as to such transmission services, the ITC shall make all decisions on rate discounts.

7.2 OASIS. PJM shall maintain the OASIS specified in Tariff, section 4. Customers shall apply for service on the PJM OASIS. PJM shall have responsibility for granting or denying all transmission service requests, but shall coordinate as necessary with ITC in developing its response to transmission service requests, including any necessary studies. The ITC shall be entitled to have and maintain a site page within the PJM OASIS for any additional services provided by such ITC.

7.3 Studies. PJM shall administer the contracts with the customers and shall provide the notices and make filings under this Tariff. If a system impact, facilities, or other study is required to address a connection to, or a constraint or other impact on, the ITC Transmission Facilities, then the ITC shall assume responsibility for the study subject to oversight by, and coordination with, PJM, and satisfaction of PJM criteria for such studies as set forth in the joint planning protocol developed pursuant to section 10.3 below. The study agreement shall be executed by PJM; provided however, that nothing herein shall preclude the ITC from entering into additional agreements with customers regarding studies.

7.4 ATC. PJM shall calculate Available Transfer Capability (“ATC”), in accordance with Tariff, Attachment C, for all facilities, including the ITC Transmission Facilities, provided that the ITC shall possess the unilateral right to provide, pursuant to section 9.1 of this Attachment U, the ratings, transfer limits, inputs, assumptions, and corresponding operating guides with respect to the ITC Transmission Facilities to be used in calculating ATC. If PJM disagrees with these ratings, transfer limits, calculations, inputs, assumptions, or corresponding operating guides, the ITC’s position shall prevail pending dispute resolution, unless PJM determines that ITC’s position would violate system reliability criteria, in which case PJM’s position shall prevail pending dispute resolution.

7.5 Scheduling. Customers will schedule through the processes established by PJM.

8. CURTAILMENTS

8.1 PJM shall be responsible for directing all curtailments consistent with the Tariff and the Operating Agreement. The ITC and PJM shall develop protocols to implement any curtailments ordered by PJM with respect to the ITC Transmission Facilities.

8.2 The ITC may propose to PJM operating methods to avoid and/or limit the need for curtailments, and may implement such measures involving operation of the ITC Transmission Facilities, in coordination with PJM; provided, however, that if PJM determines that a measure proposed by the ITC would exacerbate an existing violation of a system reliability criterion, or cause a violation of such criterion elsewhere on the system, or of another system reliability criterion, then that measure shall not be implemented, pending dispute resolution.

9. OPERATIONS

9.1 Ratings and Rating Procedures. The ITC is responsible for the establishment of ratings, transfer limits, and rating procedures for the ITC Transmission Facilities. The ITC shall provide notice to PJM of all changes in ratings, transfer limits, and rating procedures, along with the related information called for by Operating Agreement, Schedule 1, section 1.9.8, in accordance with the deadlines set forth in such section 1.9.8 and in accordance with the PJM Manuals, as they may be modified pursuant to section 16 below; provided that nothing in section 1.9.8 shall preclude the ITC from instituting ratings changes (including, but not limited to, dynamic ratings changes) in accordance with applicable PJM Operating Manuals, as they may be revised pursuant to section 16 of this Attachment U. Notwithstanding Operating Agreement, Schedule 1,

section 1.9.8 or Operating Agreement, Schedule 1, section 1.9.9(e), should PJM dispute the application of a rating, then the ITC's position shall prevail pending dispute resolution.

9.2 Transmission Maintenance. The ITC shall be responsible for developing its own coordinated transmission maintenance and outage schedules for the ITC Transmission Facilities and shall advise PJM of all such maintenance and outage schedules, for all ITC Transmission Facilities, in accordance with Operating Agreement, Schedule 1, section 1.9.2. PJM shall have the authority to disapprove transmission maintenance outages on the ITC Transmission Facilities if ITC fails to comply with the notice requirements of Operating Agreement, Schedule 1, section 1.9.2 to the Operating Agreement, or if PJM determines that such outages would create a violation of system reliability criteria. PJM shall have the authority to revoke its previously granted approval of transmission maintenance outages on the ITC Transmission System if forced transmission outages or emergency circumstances occur such that proceeding with the approved outage would create a violation of system reliability criteria; provided that, where time permits, PJM will consult with the ITC to determine whether steps can be taken that would enable the maintenance outage to go forward as scheduled. PJM shall notify the ITC of the decision to reschedule or revoke approval of the transmission maintenance outage as soon as possible after the circumstances arise that create the need for the rescheduling or revocation. Within a reasonable time after it requires a transmission maintenance outage to be rescheduled or revokes its approval of such an outage, PJM shall consult with the ITC to explain the reasons for its decisions and to consider measures that the parties may adopt to avoid the need for further rescheduling or revocation of outages.

9.3 Generation Maintenance. In accordance with the Operating Agreement and with procedures in the PJM Manuals, as they may be modified pursuant to section 16 below, the ITC shall promptly provide PJM with any advance notice of scheduled outages it receives from generators, and PJM shall promptly provide the ITC with any advance notice it receives of scheduled generator outages that affect the ITC Transmission Facilities, to permit the ITC to schedule transmission outages on the ITC Transmission Facilities and perform its other functions hereunder, and to permit PJM to exercise its responsibilities under the PJM Operating Agreement with respect to generator outages. The ITC may agree to coordinate with generators to modify its planned transmission outage schedules in coordination with generator outage schedules.

9.4 Scheduling and Dispatch. PJM shall be responsible for administering day-ahead and real-time wholesale energy markets, including transmission security monitoring and constrained economic dispatch, for all facilities, including the ITC Transmission Facilities. The ITC shall manage the configuration and topology of the ITC Transmission Facilities, including acting as the primary interface for all switching, maintenance, ratings, transfer limits, and monitoring, subject to the direction of PJM as the regional Reliability Authority, and in accordance with the PJM Manuals, as they may be revised pursuant to section 16 of this Attachment U.

9.5 Operations. The ITC shall have the authority and responsibility, in accordance with its agreements with the owners of the ITC Transmission Facilities, the terms of the Consolidated Transmission Owners Agreement, NERC and Applicable Regional Entity standards and guidelines, and the PJM Operating Manuals, as such manuals may be revised pursuant to section 16 of this Attachment U, to operate those facilities in a safe, economical, and reliable manner.

PJM shall have the authority and responsibility to issue operating instructions to the ITC as they relate to the ITC Transmission Facilities in accordance with the PJM Manuals, as they may be revised pursuant to section 16 of this Attachment U, provided that nothing herein shall be construed to require a change in the physical control of the ITC Transmission Facilities using the ITC's control center facilities and equipment. The ITC and PJM shall seek agreement (where time limitations allow) on real-time operational decisions affecting the ITC Transmission Facilities not otherwise specified in the PJM Manuals. In the absence of such agreement, or if time limitations do not permit reaching agreement, PJM shall exercise its authority to direct operations, subject to any actions the ITC may take in accordance with section 2.2 of this Attachment U.

10. PLANNING

10.1 PJM has the ultimate authority for developing a Regional Transmission Expansion Plan for its entire region, including the ITC Transmission Facilities, and may direct expansions as required in accordance with Operating Agreement, Schedule 6, or successor provisions, as they may be amended. In the event of disputes between PJM and ITC concerning the contents of such Regional Transmission Expansion Plan, the position of PJM, as the ultimate authority for planning in the region, shall prevail. Pursuant to the joint planning protocol developed under section 10.3 below, PJM shall be responsible for setting appropriate planning criteria and the ITC shall be responsible for studying the need for modifications, enhancements, or additions to the ITC Transmission Facilities and for proposing a plan of modifications, enhancements, or additions to the ITC Transmission Facilities. Each component of a timely plan proposed by the ITC shall be incorporated without PJM approval in the Regional Transmission Expansion Plan if PJM determines that such component does not materially adversely affect the Transmission System other than the ITC Transmission Facilities. The ITC also may suggest, in accordance with any established stakeholder procedures under Schedule 6 of the PJM Operating Agreement, potential modifications, enhancements, or additions to transmission facilities in the PJM region other than the ITC Transmission Facilities. Subject to any necessary FERC approval, the ITC may adopt any procedures it deems necessary with respect to the ITC's development of a plan of enhancements or expansions, so long as such procedures do not adversely affect PJM's ability to prepare the Regional Transmission Expansion Plan in a timely and efficient manner. Nothing in this Attachment U impairs the rights of affected parties to participate in the PJM planning process in accordance with Commission-approved procedures. During the planning process the ITC shall adhere to all Applicable Regional Entity, NERC and PJM Planning criteria. The ITC shall participate with PJM in the development of the system needs analysis, any system impact studies and the transmission expansion plans as necessary to promote fully coordinated and efficient solutions.

10.2 Interconnection Requests. Customer requests for interconnection, including requests for interconnection with the ITC Transmission Facilities, will be coordinated by PJM in accordance with the Tariff and the PJM Manuals, as they may be modified pursuant to section 16 of this Attachment U. The ITC shall assume primary responsibility for interconnection projects on the ITC Transmission Facilities. PJM shall be responsible for setting interconnection standards, receiving interconnection requests, administering the queue, coordinating the analysis of requests for interconnection with ITC Transmission Facilities with requests for interconnection with non-

ITC Transmission Facilities, and ensuring that proposed interconnections to the ITC Transmission Facilities will not materially adversely affect the Transmission System other than the ITC Transmission Facilities. PJM as the Transmission Provider under this Tariff also shall retain primary responsibility for all service-related matters under the Tariff, including issuance and administration of interconnection rights. ITC shall regularly and frequently update PJM on the status and results of all interconnect studies performed by or for the ITC, in accordance with the joint planning protocol developed pursuant to section 10.3 below. The results of any ITC studies prepared in response to interconnection requests shall be reflected in the Regional Transmission Expansion Plan.

10.3 Joint Planning Protocol. PJM and ITC shall develop a joint planning protocol to facilitate the seamless and efficient integration of all ITC transmission planning, study and analysis efforts, and all ITC proposals for transmission enhancements, modifications, and additions into the Regional Transmission Expansion Plan under Operating Agreement, Schedule 6 and the regional generation interconnection queuing, study, and cost allocation process under Tariff, Part IV. Such protocols shall be designed to facilitate the preparation of the Regional Transmission Expansion Plan, and shall reflect and accommodate the procedures, timelines, and study cycles employed for the regional transmission planning and generation interconnection process. PJM and ITC shall each implement the provisions of the joint planning protocol. PJM and ITC shall consult regularly concerning the extent to which changes to the joint planning protocol may be required to achieve the foregoing purposes in light of experience and, as applicable, the coordination of planning activities among PJM and all ITCs in the PJM region.

10.4 Material Adverse Effect. As used in this Attachment, a material adverse effect on the Transmission System other than the ITC Transmission Facilities shall not be present only if all of the following statements are true:

1. The proposed facility or requested service does not result in any non-ITC facilities in the PJM Region exceeding thermal, voltage, or stability limits, consistent with all applicable reliability criteria; and
2. The proposed facility or requested service does not result in any circuit breaker on non-ITC facilities in the PJM Region exceeding its interrupting capability.

11. BILLING AND REMITTANCE

11.1 PJM Responsibilities. PJM shall be responsible for all billing, settlement, and revenue distribution, except as provided in section 11.2 below.

11.2 ITC Responsibilities. The ITC may elect to perform billing, settlement, and revenue distribution for the additional services, if any, provided by the ITC as referenced in section 3.1 of this Attachment U. The ITC may elect to contract for the provision of those functions by PJM or another third party.

12. MONITORING

12.1 The Market Monitoring Unit established under Tariff, Attachment M shall monitor the services provided by the ITC, and the ITC-PJM relationship, to detect any problems that may inhibit a robust and competitive market. Transactions utilizing the ITC Transmission Facilities shall be subject to the authority of the Market Monitoring Unit on the same basis as transactions involving any other Market Participant using other portions of the Transmission System. This provision is also found in Tariff, Attachment M, Article IV, section C-1.

13. LIABILITY AND INDEMNITY

13.1 The ITC shall execute the Operating Agreement as a Member of PJM and the liability and indemnity provisions as set forth in Operating Agreement, section 16 shall apply to acts or omissions resulting from, arising out of, or in any way connected with this Attachment or the ITC Agreement.

14. DISPUTE RESOLUTION

14.1 Dispute resolution as used herein refers to the dispute resolution procedures in Tariff, section 12, as it may be amended.

15. NOTIFICATION OF ASSUMPTION OF RESPONSIBILITIES

15.1 The ITC shall provide adequate notice to PJM of its intent to assume the responsibilities described in this Attachment U.

16. OPERATING PROCEDURES AND PROTOCOLS

16.1 Operating Guides, Manuals and Procedures. As provided in section 9.5 of this Attachment U, the ITC shall operate the ITC Transmission Facilities in accordance with the PJM Operating Manuals. Prior to start-up, and from time to time after the ITC commences operations, the ITC shall review such manuals and shall timely notify PJM of any changes or additions desired by the ITC to address specific conditions or operating procedures on the ITC Transmission Facilities. Subject to PJM's agreement, the PJM Manuals shall be revised or supplemented accordingly. PJM shall apprise ITC of subsequent changes to the PJM manuals through its established procedures for stakeholder notification of such changes. Any dispute between the ITC and PJM concerning changes to the PJM Manuals shall be resolved in accordance with section 14.1 above. Nothing herein precludes the ITC from maintaining more detailed operating guides, manuals, and procedures specific to the ITC Transmission Facilities that are consistent with and subject to the operating guides and procedures in the PJM Manuals.

16.2 ITC Start-Up Procedures and Protocols. The ITC and PJM shall cooperate and use their best efforts to develop the necessary procedures and protocols to allow timely start-up of the ITC pursuant to this Attachment U.

17. ANCILLARY SERVICES

17.1 ITC System Control and Administrative Services. ITC shall recover its costs of providing system control and other administrative services through an appropriate schedule to the Tariff, as filed and made effective by ITC, subject to FERC acceptance.

17.2 System Restoration and Black Start Generation. PJM and the ITC shall coordinate in the preparation of a workable system restoration plan for the ITC Transmission Facilities in accordance with approved PJM Tariff requirements. PJM and the ITC shall be responsible for implementing their respective assigned duties under such system restoration plan.

17.3 Reactive Support. PJM shall be responsible for purchases of reactive support from generators under the PJM Tariff. If desired by ITC and approved by FERC, PJM shall designate ITC as a supplier of reactive support in accordance with an ITC Rate Schedule to be included in the PJM Tariff.

18. INFORMATION SHARING

18.1 Subject to FERC approval of any necessary changes to the PJM Operating Agreement, PJM shall share with the ITC information within the possession of PJM that is necessary for the ITC to perform those rights, responsibilities and functions that FERC authorizes the ITC to perform and the ITC shall share with PJM information within the possession of the ITC that is necessary for PJM to perform those rights, responsibilities and functions that FERC authorizes PJM to perform. If such data are immediately available, it is expected that the parties will establish communication links for data transfer as appropriate and necessary. Data requiring manipulation shall be made available within a reasonable time. In all cases, all data designated as confidential shall be handled as provided in section 18.2 of this Attachment U.

18.2 Confidentiality. To the extent ITC obtains from PJM or any Member of PJM any documents, data, or other information that has been designated by PJM or a Member as confidential, ITC shall treat such information in the same manner and subject to the same procedures, restrictions, and obligations as set forth in Operating Agreement, section 18.17. To the extent PJM obtains from ITC any documents, data, or other information that has been designated by ITC as confidential, PJM shall treat such information in accordance with the procedures, restrictions, and obligations as set forth in Operating Agreement, section 18.17.

19. INTERREGIONAL COORDINATION

19.1 PJM is responsible for coordination with all neighboring regions, including those adjacent to the ITC (or operated by the ITC in adjacent regions).

19.2 To the extent that an ITC (or its affiliates) is operating in PJM and a neighboring region, the ITC may, in coordination with PJM, undertake efforts to facilitate interregional coordination between PJM and the neighboring region. The ITC shall consult with PJM prior to implementing any such efforts to allow PJM to consider whether the actions could be accommodated within the framework of PJM's approved congestion pricing methodology and other rules and whether the actions would result in violations of regional reliability criteria applied in the PJM region.

20. REVISION OF ITC FUNCTIONS

20.1 The division of functions and responsibilities between PJM and ITC shall be as set forth in this Attachment U and the ITC Agreement and may be modified from time to time to reflect the functionality permitted for independent transmission companies in accordance with FERC policy as pronounced in proceedings concerning Standard Market Design or otherwise, and to reflect the experience of the parties in the actual performance of their functions hereunder. PJM and ITC from time to time will review the allocation of functions and responsibilities and address appropriate changes, if any, to the division of functions between ITC and PJM consistent with such FERC policy, and any such changes shall be subject to any required regulatory approvals.

ATTACHMENT V

FORM OF ITC AGREEMENT

1.0 This ITC Agreement, dated as of _____, is entered into, by and between PJM Interconnection, L.L.C. (“PJM”) and _____ (“Independent Transmission Company” or “ITC”).

2.0 ITC has, or shall have, prior to commencement of service as an ITC, ownership of, or functional control of, the transmission facilities for which it wishes to become the ITC (“ITC Transmission Facilities”). ITC desires to become an independent transmission company within the PJM region, in accordance with Tariff, Attachment S.

3.0 This ITC Agreement is subject to and expressly incorporates by this reference the provisions of Tariff, Attachment U, as it may be modified from time to time, which sets forth the standard division of responsibilities, and associated terms and conditions, for any ITC that operates in the PJM region.

4.0 Any responsibility or function of PJM not expressly assigned or transferred herein to ITC shall remain with PJM. Any responsibility or function of ITC under any agreement between ITC and any owner of transmission facilities not expressly assigned or transferred herein to PJM shall remain with ITC. Capitalized terms used herein that are not otherwise defined herein shall have the meaning given to such term in the Tariff.

5.0 PJM and ITC agree to assume, with respect to the ITC Transmission Facilities, the respective rights and responsibilities set forth in Tariff, Attachment U.

6.0 The ITC Transmission Facilities that are the subject of this agreement are specifically identified in Schedule 1 to this ITC Agreement.

6.1 In the event ITC acquires or otherwise operates transmission facilities not identified in Schedule 1 to this Agreement that are outside the PJM region, such facilities shall not be deemed ITC Transmission Facilities unless ITC so chooses to designate or assign such facilities, subject to PJM’s agreement and FERC’s approval. If ITC acquires or otherwise operates transmission facilities not identified in Schedule 1 of this Agreement that are within the PJM region, such facilities shall be deemed ITC Transmission Facilities.

7.0 Following ITC’s satisfaction of the prerequisites specified in Tariff, Attachment S, including FERC approvals, the ITC shall assume the rights and responsibilities described herein on the first day of the calendar month (“ITC Commencement Date”) following the date on which the ITC provides written certification to Transmission Provider that the ITC has in place the capability, including, without limitation, the approvals, licenses, assignments, trained and qualified personnel, systems, and facilities necessary to undertake its responsibilities hereunder. PJM shall coordinate with the ITC prior to the ITC Commencement Date to ensure that PJM is capable as of the ITC Commencement Date of providing the responsibilities reserved to PJM hereunder as to the ITC Transmission Facilities and related bulk power facilities.

8.0 This Agreement shall remain in effect until the effective date of ITC's withdrawal from this Agreement. ITC may withdraw from this Agreement upon ninety (90) days advance written notice to PJM, provided that such withdrawal shall not be effective until ITC with respect to the ITC Transmission Facilities has (1) satisfied all applicable NERC and Applicable Regional Entity requirements for operating a control area or being included within an existing control area; (2) put in place alternative arrangements for satisfaction of FERC's requirements with respect to comparable transmission services and, if required, participation in an RTO or Independent Transmission Provider; (3) transferred all of its functions and obligations as an ITC to one or more other entities to the satisfaction of FERC, and (4) received FERC approval or acceptance without suspension or hearing.

8.1 If ITC withdraws, it shall remain liable for any and all obligations incurred hereunder by ITC prior to the effective date of ITC's withdrawal.

8.2 If ITC becomes aware of any event that will cause ITC to relinquish functional control of any ITC Transmission Facilities, ITC shall notify PJM in writing as soon as practicable after becoming aware of such event.

9.0 This Agreement shall not be interpreted or construed to create any association, joint venture, or partnership between or among PJM and ITC or to impose any partnership obligation liability upon any either party. No party shall have the right, power or authority under this Agreement to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, any other party.

10.0 This Agreement is intended solely for the benefit of the parties and their respective successors and permitted assigns and is not intended to and shall not confer any rights or benefits on, any third party (other than the parties' successors and permitted assigns) that is not a signatory hereto.

11.0 This ITC Agreement shall inure to the benefit of and be binding upon the parties and their respective successors and assigns permitted herein, but shall not be assigned except to a successor in the operation of a party's Transmission Facilities by reason of a merger, consolidation, reorganization, sale, spin-off, or foreclosure, as a result of which substantially all such Transmission Facilities are acquired by such a successor, and such successor expressly is made a party to this Agreement, provided that any successor to either party shall procure all necessary regulatory approvals to exercise its rights and responsibilities in accordance with this Agreement.

12.0 This Agreement shall be interpreted, construed and governed by the laws of the state of Delaware.

13.0 Whether expressly so stated or not, all notices, demands, requests and other communications required or permitted by or provided for in this Agreement ("Notice") shall be given in writing to a party at the address set forth below, or at such other address as a party shall designate for itself in writing in accordance with this section, and shall be delivered by hand or overnight courier:

For all Notices:

PJM Interconnection, L.L.C.
2750 Monroe Blvd.
Audubon, PA 19403

ITC

ITC represents and warrants to PJM that ITC has obtained, and at all times shall retain ownership of, or the authority to direct the operation of, the ITC Transmission Facilities; provided, however, that if a transmission owner participating in the ITC withdraws from the ITC, the description of the ITC Transmission Facilities in Schedule 1 shall be revised accordingly.

IN WITNESS WHEREOF, PJM and ITC have caused this ITC Agreement to be executed by their duly authorized representatives.

[signature blocks]

Attachment HH

Rates, Terms, and Conditions of Service for PJM Settlement, Inc.

In accordance with the order of the Commission, dated September 3, 2010, in Docket No. ER10-1196-000, this Attachment HH establishes as a shared tariff the rates, terms, and conditions of PJMSettlement services as set forth below.

- a) Under the Tariff and Operating Agreement, PJM administers the provision of transmission service and associated ancillary services to customers and operates and administers various centralized electric power and energy markets.
- b) Under the Tariff and Operating Agreement, PJMSettlement is the entity that (i) contracts with customers and conducts financial settlements regarding the use of the transmission capacity of the Transmission System that PJM, as the Transmission Provider, administers under the Tariff and Operating Agreement; (ii) is the Counterparty with respect to the agreements and “pool” transactions in the centralized markets that PJM, as the Transmission Provider, administers under the Tariff and Operating Agreement; and (iii) is the Counterparty to Financial Transmission Rights and Auction Revenue Rights instruments held by a Market Participant.
- c) In accordance with Tariff, section 6A, unless otherwise expressly stated in the Tariff or the Operating Agreement, PJMSettlement is the Counterparty to the customers purchasing Transmission Service and Network Integration Transmission Service, and to the other transactions with customers and other entities under the Tariff. Accordingly, all rates, terms, and conditions of Transmission Service, Network Integration Transmission Service, and other transactions with entities under the Tariff, set forth throughout the Tariff, shall constitute rates, terms, and conditions of PJMSettlement service.
- d) Each seller shall be deemed to warrant that it holds good title to the products that are the subject of transactions it undertakes with PJMSettlement as a buyer. In accordance with and consistent with this warranty, PJMSettlement in turn warrants that it holds good title to the products that are the subject of transactions it undertakes with each buyer. The warranties set forth in this paragraph are provided only in connection with the requirements established by the FERC for PJMSettlement to serve as a Counterparty. Accordingly, any enforcement of, or challenge to, the warranties set forth in this paragraph shall be heard exclusively before the FERC. This paragraph is not intended to create independent rights or obligations for any party under the Uniform Commercial Code or common law that might be enforceable in federal or state courts or in any forum other than FERC.
- e) In accordance with Tariff, section 6A, PJMSettlement shall not be the contracting party to other non-transmission transactions that are (1) bilateral transactions between market participants reported to the Transmission Provider, and (2) self-supplied or self-scheduled transactions reported to the Transmission Provider.

f) In accordance with Tariff, section 6A, PJMSettlement shall not be the Counterparty with respect to agreements and transactions regarding the Transmission Provider's administration of Tariff, Part IV, Tariff, Part VI, Tariff, Schedule 1, Tariff, Schedule 9 through Tariff, Schedule 9-MMU, Tariff, Schedule 10-NERC, Tariff, Schedule 10-RFC, Tariff, Schedule 14, Tariff, Schedule 16, Tariff, Schedule16-A, and Tariff, Schedule 17.

g) The costs of services provided by PJMSettlement for the benefit of Market Participants and Transmission Customers shall be collected by PJMSettlement through the charge set forth in Tariff, Schedule 9-PJMSettlement.

h) Billing and payment provisions applicable to PJMSettlement are set forth in Tariff, section 7 and Operating Agreement, section 14, 14A and 14B.

ATTACHMENT MM

**FORM OF PSEUDO-TIE AGREEMENT
FOR GENERATOR PSEUDO-TIES INTO THE PJM REGION
WHEN NO JOINT OPERATING AGREEMENT ADDRESSES PSEUDO-TIE
OPERATION AND IMPLEMENTATION**

**By and Among
PJM Interconnection, L.L.C.
And
[Name of Native Balancing Authority]
And
[Name of Company]
[Use as/when applicable:
And
[Name of Native Transmission Operator]
And
[Name of Native Reliability Coordinator]
And
[Name of Third Party Reliability Coordinator]
And
[Name of Additional Third Party Reliability Coordinator]**

This Pseudo-Tie Agreement (“Agreement”) including the Specifications and Appendices attached hereto and incorporated herein, is entered into by and between PJM Interconnection, L.L.C., the Regional Transmission Organization, Reliability Coordinator and Balancing Authority for the PJM Region (hereinafter “PJM” or “PJM Balancing Authority”), _____ (“Native Balancing Authority” [OPTIONAL: or “[short name”]]), [_____ (“Native Transmission Operator”),] [_____ (“Native Reliability Coordinator”),] [_____ (“Third Party Reliability Coordinator”),] [_____ (“Additional Third Party Reliability Coordinator”),] and _____ (“Company” [OPTIONAL: or “[short name”]]). [Use as/when applicable: This Agreement supersedes the _____ {insert details to identify the agreement being superseded, the effective date of the agreement, the service agreement number designation, and the FERC docket number, if applicable, for the agreement being superseded.}] Company, Native Balancing Authority, [Native Transmission Operator,] [Native Reliability Coordinator,] [Third Party Reliability Coordinator,] [Additional Third Party Reliability Coordinator,] and PJM are hereinafter referred to individually as a “Party” and collectively as the “Parties.”

WHEREAS, the Company owns, operates or has contractual authority to control the output of _____ megawatts (“MW”) of capacity, energy and/or ancillary services of [a] generating unit(s), known as [insert name of generating unit(s)], that generate[s] energy and ancillary services, which [is] [are] located outside of the physical and electrical boundaries of the PJM Balancing Authority Area at [insert address], and desires to Pseudo-

Tie ____ MW of the energy and ancillary services of that generating unit (the “Facility”) into the PJM Balancing Authority Area and participate in the PJM Interchange Energy Markets and capacity market (either through the Reliability Pricing Model or Fixed Resource Requirement Alternative) as a Capacity Market Seller of the Facility;

WHEREAS, the Native Balancing Authority is a North American Electric Reliability Corporation (“NERC”) certified and registered Balancing Authority, as that term is defined in the NERC Glossary of Terms, responsible for balance and interconnection frequency support within its Balancing Authority Area, as that term is defined in the NERC Glossary of Terms;

WHEREAS, PJM is a NERC certified and registered Balancing Authority responsible for balance and interconnection frequency support within the PJM Balancing Authority Area;

[Include the following when applicable for each generating unit comprising the Facility:

[WHEREAS, the Facility is comprised of only a portion of the MW of energy and ancillary service of the **[insert name of generating unit]** such that the first ____ MW of energy and ancillary service dispatched from that unit shall remain with the Native Balancing Authority Area and not subject to the Pseudo-Tie of the Facility, and the remaining ____ MW of energy and ancillary service dispatched from the unit will be electrically moved into the PJM Balancing Authority Area and be dedicated to the Pseudo-Tie of the Facility;]

[WHEREAS, the Facility is comprised of only a portion of the installed capacity of the **[insert name of generating unit]** such that ____ percent of the installed capacity of that unit shall remain with the Native Balancing Authority Area and not subject to the Pseudo-Tie of the Facility, and the remaining ____ percent of the installed capacity of the unit will be electrically moved into the PJM Balancing Authority Area and be dedicated to the Pseudo-Tie of the Facility;]

WHEREAS, Company is a PJM Member and meets all of the PJM qualifications in order to operate the Facility in the PJM Region;

WHEREAS, Company represents the generator or load serving entity registered with the PJM Balancing Authority and meeting all of the qualifications of the PJM Balancing Authority in order to operate in the PJM Region and abiding by all applicable rules in the PJM Governing Documents (as defined below);

[Include the following when applicable:

WHEREAS, Native Transmission Operator is the entity that operates or directs operations for the reliability of the “local” transmission system where the Facility is physically located and electrically connected;

WHEREAS, Native Reliability Coordinator is the entity that is responsible for Reliable Operation of the Bulk Electric System, as those terms are defined in the NERC Glossary of Terms, where the Facility is physically located and electrically connected;

WHEREAS, Third Party Reliability Coordinator is the [first] affected entity impacted by flows resulting from the operation of the Facility sourcing from the Native Balancing Authority before it reaches the PJM Balancing Authority;

WHEREAS, Additional Third Party Reliability Coordinator is the second affected entity impacted by flows resulting from operation of the Facility sourcing from the Native Balancing Authority before it reaches the PJM Balancing Authority;]

WHEREAS, the Native Balancing Authority has agreed to facilitate the electrical transfer of generation, and balancing area oversight of the Facility from the Native Balancing Authority into the PJM Region by the Company to the PJM Balancing Authority as defined below;

WHEREAS, Native Balancing Authority and PJM Balancing Authority do not have a joint operating agreement that addresses the operation and implementation of Pseudo-Ties as between their respective Balancing Authority Areas;

[Include the following if Native Balancing Authority has not executed a congestion management agreement with PJM Balancing Authority:

WHEREAS, Native Balancing Authority has not executed an interregional coordination agreement with the PJM Balancing Authority incorporating mutually agreeable congestion management and coordination procedure provisions;]

[Include the following if Native Balancing Authority has executed a congestion management agreement with PJM Balancing Authority:

WHEREAS, Native Balancing Authority has executed an interregional coordination agreement with the PJM Balancing Authority incorporating mutually agreeable congestion management and coordination procedure provisions;]

WHEREAS, the PJM Balancing Authority has agreed to accept the electrical transfer of generation into the PJM Region by the Company from the Native Balancing Authority, and control area oversight from the Native Balancing Authority;

WHEREAS, in order to facilitate the foregoing, the Company desires to establish a new Pseudo-Tie electrical interconnection point for the electrical movement of some or all of the capacity, energy and ancillary services of the Facility from the Native Balancing Authority into the PJM Balancing Authority (the “Pseudo-Tie Point”) on the terms and conditions set forth in this Agreement;

WHEREAS, the Parties agree that the Facility is non-recallable to the extent it is pseudo-tied into PJM and is committed to PJM as a Generation Capacity Resource for a Delivery Year to ensure that the Facility will not be directed to serve load in the Native Balancing Authority Area at a time when the PJM Balancing Authority Area requires the output of the Facility, except during a local transmission reliability emergency per NERC Standards IRO-001-4 and TOP-001-

3 and their respective successors; and

WHEREAS, all capitalized terms that are not otherwise defined herein have the meaning as defined in the PJM Open Access Transmission Tariff (“PJM Tariff”), Amended and Restated Operating Agreement of PJM Interconnection, L.L.C. (“PJM Operating Agreement”), Reliability Assurance Agreement Among Load Serving Entities in the PJM Region (“RAA”), as may be amended from time to time, and in the PJM Manuals if not defined in the PJM Tariff, PJM Operating Agreement or RAA (collectively, “PJM Governing Documents”).

NOW THEREFORE, in consideration of the mutual covenants and agreements in this Agreement and of other good and valuable consideration, the sufficiency and adequacy of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

1. Creation of Pseudo-Tie Point. The physical location at which a Facility is electrically interconnected with the [Native Balancing Authority] [Native Transmission Operator] for the purpose of delivering up to ____ megawatts (“MW”) of capacity, energy and/or ancillary service, as applicable, between the Facility and the PJM Balancing Authority pursuant to this Agreement, shall be a Pseudo-Tie Point. From and after the effective date hereof, any energy delivered from or consumed by the Facility at the Pseudo-Tie Point shall, as among the Native Balancing Authority and PJM Balancing Authority, be included in the Balancing Authority Actual Net Interchange (“ANI”), as defined in the NERC Glossary of Terms, between the Native Balancing Authority and the PJM Balancing Authority whether or not, at the time of delivery or consumption of such energy, the metering, data processing, telemetry and other equipment associated with the Pseudo-Tie Point is properly functioning. Neither the PJM Balancing Authority nor the Native Balancing Authority will take title to any energy delivered from or consumed by the Facility at the Pseudo-Tie Point. As necessary the Parties will work cooperatively with Native Balancing Authority to cause any energy delivered from or consumed by the Facility at the Pseudo-Tie Point to be treated as a Balancing Authority ANI between the Native Balancing Authority and the PJM Balancing Authority.

2. Implementation. The Pseudo-Tie of the Facility established under this Agreement shall be implemented and operated in accordance with this Agreement and the applicable provisions of the PJM Governing Documents. Each Party shall design, construct, operate, implement and maintain the equipment according to NERC and North America Energy Standards Board (“NAESB”) standards for which it is responsible under this Agreement and otherwise, and shall take all other actions required of it, to create and have the Pseudo-Tie MW value recognized by the PJM Balancing Authority and Native Balancing Authority as an ANI between the Native Balancing Authority and the PJM Balancing Authority. Native Balancing Authority shall recognize the Pseudo-Tie Point as ANI between it and the PJM Balancing Authority for the purpose of allowing the Facility to be treated as having been electrically moved out of the Native Balancing Authority Area and into the PJM Balancing Authority Area. A basic block diagram of the communications equipment required for the Pseudo-Tie Point is set forth in Appendix 1. As among the Parties:

- (a) This Agreement does not provide for the reservation or sale of transmission service under the PJM Tariff or on any other transmission system or address rates, terms or conditions of transmission service or indicate in any way

that transmission service is available or properly awarded. Company shall secure and pay for all cost associated with transmission service, across all transmission service providers necessary to deliver or consume power from the Facility to the interface with the PJM Balancing Authority or to the interface with the Native Balancing Authority.

(b) In order to Pseudo-Tie the Facility into the PJM Region, the Company shall secure long-term firm Point-to-Point Transmission Service or the equivalent thereof, as required by the PJM Governing Documents, from where it is physically located in the Native Balancing Authority Area through the path to the interface with the PJM Balancing Authority, and maintain such transmission service, sufficient to deliver ___ MW of capacity, ___ MW of energy and ___ MW of ancillary service for the term of this Agreement. PJM shall confirm that the appropriate transmission service reservations are in place and maintained prior to allowing the electrical movement of the Facility out of the Native Balancing Authority Area and into the PJM Balancing Authority Area. Failure to maintain the required transmission service shall constitute a violation of the PJM Governing Documents pertaining to Capacity Resources and a breach of this Agreement.

(c) Nothing in this Agreement makes Company a Market Participant under the PJM Governing Documents. **[Include the following if Company is not already a Market Participant:** If Company seeks to become a Market Participant, Company is solely responsible for satisfying all requirements as set forth for a Market Participant in the PJM Governing Documents to become a Market Participant.]

(d) PJM, in accordance with the PJM Governing Documents, will provide the Company commitment and dispatch instructions for participation in the PJM Interchange Energy Markets consistent with such instructions issued to other registered Capacity Resources. PJM and Native Balancing Authority will also provide data concerning its dispatch decisions for the Facility to each other solely for use for their operational planning analyses.

(e) Company shall design, construct, operate and maintain real-time and historical systems and communications equipment in accordance with the PJM Governing Documents, at Company's expense, in order to (1) receive PJM dispatch instructions, and (2) provide the Native Balancing Authority and the PJM Balancing Authority with the corresponding real-time Pseudo-Tie value. Company's systems shall provide this signal to the PJM Balancing Authority per the PJM Balancing Authority's Inter-Control Center Communications Protocol standards, and to the Native Balancing Authority in a manner mutually agreed to between the Native Balancing Authority and the Company.

(f) For generators pseudo-tying from a Native Balancing Authority that operates wholesale electricity markets, the real time Pseudo-Tie MW value will be equal to the real-time telemetered generator output received by PJM from the Company. For generators pseudo-tying from a Native Balancing Authority that

does not operate wholesale electricity markets, the real time Pseudo-Tie MW value will be equal to the telemetered output of the generator minus the losses on the Native Balancing Authority's or other transmission provider's transmission system. Losses shall be handled as indicated in Article 3 and Appendix 2 of this Agreement. The Company shall simultaneously provide this value to the Native Balancing Authority.

(g) The Native Balancing Authority and the PJM Balancing Authority will include the real time Pseudo-Tie value in their respective calculations of ANI and Area Control Error ("ACE"), as those terms are defined in the NERC Glossary of Terms, and hereby agree that the PJM Balancing Authority shall have operational control of the Facility while this Agreement is in effect.

(h) Company shall notify Parties of any real-time circumstances that affect the Company's obligation or ability to meet the PJM dispatch instructions or Native Balancing Authority instructions.

(i) The Native Balancing Authority and the PJM Balancing Authority shall integrate the real time Pseudo-Tie MW value on a five minute basis, or such other agreed upon interval, and maintain this information for balancing authority checkout, inadvertent energy flow calculations and payback purposes in accordance with the applicable NERC standards. It is the responsibility of the Native Balancing Authority to checkout these five minute or other agreed upon interval integrated values with the Company prior to the Native Balancing Authority's final daily check out with the PJM Balancing Authority.

(j) The technical characteristics of the Pseudo-Tie of the Facility are set forth in this Agreement, including Appendix 2 appended hereto.

(k) The Pseudo-Tie of the Facility is or will be registered in the NAESB (or successor) registry as of the effective date of this Agreement.

(l) The Native Balancing Authority, [native Reliability Coordinator, as that term is defined in the NERC Glossary of Terms,] [Native Reliability Coordinator], [native Transmission Operator, as that term is defined in the NERC Glossary of Terms,] [Native Transmission Operator], or combination thereof, shall have the right to direct that the amount of energy utilizing the Pseudo-Tie of the Facility be adjusted for local transmission reliability concerns, and shall be responsible for mitigating the transmission related congestion on the transmission system where the Facility is connected. All of the procedures associated with adjusting the energy output of the Facility for local transmission reliability concerns will conform to the direction of the [native Reliability Coordinator] [Native Reliability Coordinator].

(m) PJM, as the Reliability Coordinator for the PJM Balancing Authority, under normal operating conditions shall be responsible for the capacity, energy and dispatch of the MW dedicated to the Pseudo-Tie of the Facility that is the subject

of this Agreement.

(n) The Company shall obtain station service for the Facility in accordance with the rules of the Native Balancing Authority.

(o) The Pseudo-Tie of the Facility shall be implemented and operated consistent with all applicable NERC Standards, including but not limited to INT-004-3.1, IRO-001-4 and TOP-001-3 and their respective successors.

[Include the following when applicable:

For Pseudo-Tie of Facility's Output Above Threshold Value:

(p) If the Facility is comprised of only a portion of the MW of energy and ancillary service of the Company's _____ unit such that not all of the MW of energy and ancillary service dispatched from that unit will be electrically moved into the PJM Balancing Authority Area and be dedicated to the Pseudo-Tie of the Facility, and some of the MW of energy and ancillary service will remain within the Native Balancing Authority Area and not subject to the Pseudo-Tie of the Facility, the Company, Native Balancing Authority and PJM Balancing Authority agree that the first ___ MW dispatched from that unit shall remain with the Native Balancing Authority Area, and the remaining MW of energy and ancillary service shall be dedicated to the Pseudo-Tie of the Facility.]

OR

For Pseudo-Tie of Percent of Facility's Output:

(p) If the Facility is comprised of only a portion of the MW of energy and ancillary service of the Company's _____ unit such that not all of the MW of energy and ancillary service dispatched from that unit will be electrically moved into the PJM Balancing Authority Area and be dedicated to the Pseudo-Tie of the Facility, and some of the MW of energy and ancillary service will remain within the Native Balancing Authority Area and not subject to the Pseudo-Tie of the Facility, the Company, Native Balancing Authority and PJM Balancing Authority agree that ___ percent of the installed capacity of that unit shall be dedicated to the Pseudo-Tie of the Facility.]

3. Losses. Company will be responsible for loss compensation to deliver its energy to or receive its energy from the PJM Balancing Authority. Pseudo-tie value(s) will be calculated net of losses external to PJM. Losses within the PJM Balancing Authority attributable to the Company's participation in the PJM Interchange Energy Markets and capacity market shall be handled in the same manner as other PJM Interchange Energy Markets and capacity market transactions per the PJM Governing Documents.

4. Compensation. Unless otherwise agreed by Company and Native Balancing

Authority, Company will compensate the Native Balancing Authority for the reasonable implementation and operations related costs by the Native Balancing Authority as a result of this Agreement, if any.

5. Operating and Maintenance Costs. The Company shall be responsible for all of its costs incurred for the purpose of meeting its obligations under this Agreement.

6. Operation and Modeling Requirements. The use of this Pseudo-Tie of the Facility as between Native Balancing Authority and Company shall be modeled by the PJM Balancing Authority in accordance with established practices and requirements of all impacted Parties, as well as Good Utility Practice.

7. Congestion Management Requirements. In order to capture Facility impacts, no Party shall tag or request to tag the scheduled energy flows from a Generation Capacity Resource that utilize the Pseudo-Tie because 1) PJM operated Generation Capacity Resources that are Pseudo-Ties cannot be subject to NERC Interchange Distribution Calculator (“IDC”) tag curtailments per the PJM Reliability Assurance Agreement; and 2) information about the Pseudo-Tie of the Facility is included in a congestion management procedure via an alternate method as described in NERC Standard INT-004-3.1. PJM shall include the Facility impacts in its Market Flow calculation consistent with any applicable Federal Energy Regulatory Commission (“Commission”)-approved congestion management agreement to which PJM is a party. **[Include the following for any Pseudo-Tie for which Native Balancing Authority/Native Reliability Coordinator/Native Transmission Operator has not executed a congestion management agreement:** Because [Insert Party Name(s)] [is not a signatory] [are not signatories] to a congestion management agreement, [it] [they] hereby agree[s] and [is] [are] required to 1) waive the NERC tagging requirement for Generation Capacity Resources that utilize the Pseudo-Tie of the Facility, 2) agree to control Facility impacts via the NERC IDC re-dispatch process, 3) honor firm delivery transfer status via third party firm flow limit calculation procedures pursuant to the same congestion management procedure (“Congestion Management Process”) provisions included in the Joint Operating Agreement Between the Midcontinent Independent System Operator, Inc. and PJM Interconnection, L.L.C., and 4) recognize Facility impacts via Market Flow calculations described in the Congestion Management Process, which Market Flows will be reported to NERC IDC. PJM will utilize its Day-ahead Security Constrained Economic Dispatch (DA SCED) to establish firm flow limits.] Generator real power output of, and management thereof, for the Facility is considered within the PJM Balancing Authority Area for all purposes of application, implementation, and execution of NERC Reliability Standards requirements for the duration of this Agreement.

8. Establishment of Coordinated Flowgates. Coordinated Flowgates, as that term is defined in the applicable Commission-approved congestion management agreement to which PJM is a party, will be established based on the terms of that agreement. **[Include the following for any Pseudo-Tie for which Native Balancing Authority/Native Reliability Coordinator/Native Transmission Operator has not executed a congestion management agreement:** Because [Insert Party Name(s)] [is not a signatory] [are not signatories] to a congestion management agreement, [it’s] [their] coordinated flowgates will be established based on the Congestion Management Process Coordinated Flowgate criterion.]

9. Contingency Operational Requirements. If the Pseudo-Tie signal is lost or determined to be unacceptable, or the telemetry from the Facility is lost or determined to be unacceptable, pursuant to Native Balancing Authority's and PJM Balancing Authority's applicable tariff provisions and business rules and any applicable NERC Standard, operation of the Pseudo-Tie of the Facility will only continue under the following procedure:

- (a) Native Balancing Authority or PJM will notify Company of the failure.
- (b) Native Balancing Authority and PJM will hold the last known accurate Pseudo-Tie MW value on the Pseudo-Tie of the Facility until it is determined to be inaccurate or a more accurate value is provided by Company.
- (c) It is the responsibility of the Company to verbally communicate changes in the real-time Pseudo-Tie MW values to the other Parties.
- (d) Changes to the manually-updated Pseudo-Tie MW value cannot occur more frequently than once per hour unless otherwise mutually agreed upon by Company, PJM Balancing Authority and Native Balancing Authority.
- (e) To the extent possible, the Party maintaining the failed telemetry will provide a reasonable estimate of anticipated time of restoration.
- (f) If the primary data source is not restored within twenty-four (24) hours, Company, PJM Balancing Authority and Native Balancing Authority must agree on a plan to restore an acceptable data source for the Pseudo-Tie to continue operating.

In the event of a planned or unplanned outage of the Facility or local transmission system that would disrupt the Pseudo-Tie of the Facility, then Company shall notify PJM and Native Balancing Authority of the outage per their applicable tariff and business rules.

10. Other Obligations. Nothing in this Agreement is intended to modify or change any obligations or rights under any tariff (including the PJM Tariff, PJM Operating Agreement and RAA), any rate schedule, or any other contract. This Agreement does not establish any generation as a designated network resource under the Tariff; the requirements of the Tariff still must be satisfied. Nothing in this Agreement affects Company's rights or obligations as a Market Participant. The Parties will comply with, and be subject to, all applicable provisions of the PJM Governing Documents and any applicable Joint Operating Agreement between PJM and the Native Balancing Authority, to the extent applicable to that particular Party, which provisions shall be deemed to be incorporated herein. The intent of the Parties is that the use of the referenced Pseudo-Tie of the Facility will not negatively impact a Balancing Authority's reliability or performance expectations as defined by NERC.

11. Modification. Nothing in this Agreement is intended to modify or limit, nor shall be construed as affecting in any way, the right of PJM to submit to the Commission under Federal Power Act, section 205 or section 206 unilateral changes to this Agreement or make application for a change in rates, terms and conditions, charges, classification of service, rule or

regulation (both the form Agreement and any signed agreement), the right of any other Party to seek unilateral changes under this Agreement under Federal Power Act, section 206, or the authority of the Commission to accept any Federal Power Act, section 205 filing or to make changes under Federal Power Act, section 206 or to initiate proceedings under Federal Power Act, section 206. Nothing in this Agreement supersedes, modifies or changes any of the express provisions of the PJM Governing Documents, and in the event of any conflict, the provisions of the PJM Governing Documents shall control.

12. Auditing. Each Party reserves the right to audit records necessary to permit evaluation and verification of claims submitted, and the other Party's compliance with this Agreement. The Parties shall retain for a period of seven (7) years all information and records relating to the performance of this Agreement. Each Party may examine and copy such information and records at the other Party's premises during regular business hours and upon advance written notice given no less than fifteen (15) calendar days prior to such examination.

13. Disputes. Any disputes under this Agreement shall first be resolved pursuant to the PJM Dispute Resolution Procedures set forth in PJM Tariff, section 12. Any disputes that remain unresolved after completing the PJM Dispute Resolution Procedures may be brought to the Commission for resolution.

14. Breach. If any Party breaches the terms of this Agreement, then a non-breaching Party may seek to suspend this Agreement in accordance with section 17 below, terminate this Agreement in accordance with section 18 below, or pursue any relief it believes is appropriate at the Commission. A breach is considered a substantive violation of any term or condition of this Agreement. Prior to pursuing a remedy at the Commission for a breach, a non-breaching Party shall provide five (5) Business Days' written notice of the breach to the breaching Party. If the breaching Party does not eliminate the breach within five (5) Business Days after the notice is received by the breaching Party, then the non-breaching Party may pursue its remedies at the Commission; provided, however, that such cure period may be extended, if agreed to by all Parties, if the breaching party cannot eliminate the breach within five (5) Business Days despite its best efforts.

15. Commission Filing. If unchanged, a signed version of this form agreement shall not be filed with the Commission. PJM will report the existence of a signed agreement in its quarterly reports to the Commission. If the form agreement is substantively changed, then PJM shall file on behalf of itself, Company and Native Balancing Authority as a service schedule under the Tariff within thirty (30) days after execution by all Parties the revised form agreement with the Commission. The Parties shall be bound by the terms of this Agreement accepted or modified by the Commission.

16. Effective Date. The Agreement shall be effective upon execution by all Parties if it is not filed with the Commission. If the Agreement is filed with the Commission, then it shall be effective upon the later of the date of execution or the date specified by the Commission in its order accepting the Agreement for filing. This Agreement shall remain in full force and effect until terminated pursuant to section 18 below. If the Parties cannot agree on all the terms and

conditions of the Agreement, PJM shall file with the Commission, within thirty (30) days after the date the Company provides written notification directing PJM to file, an unexecuted Agreement containing terms and conditions deemed appropriate by PJM, including all agreed-upon non-conforming deviations.

17. Suspension. PJM reserves the right to suspend the Pseudo-Tie of the Facility if the Company no longer satisfies the PJM Governing Document requirements for Pseudo-Ties, criteria for participation in PJM's markets as an external resource, or other applicable regulatory, legal or reliability requirements, if Company commits a material default under this Agreement or has failed to cure any breach of this Agreement in accordance with section 14 above, or if PJM reasonably determines that the Pseudo-Tie of the Facility poses a risk to system reliability or risk of violation of established reliability criteria, by giving immediate notice of suspension. PJM also reserves the right to suspend the Pseudo-Tie of the Facility if the Company fails to provide real-time Pseudo-Tie MW values in a timely manner pursuant to applicable tariff or business rule requirements of the Native Balancing Authority and/or PJM Balancing Authority, upon mutual agreement of the Native Balancing Authority and PJM Balancing Authority, and upon giving immediate notice to Company and Native Balancing Authority. In the event of such suspension for failure to provide real-time Pseudo-Tie MW values in a timely manner, the Company shall provide a remedy for the cause of the failure, which PJM shall review in order to determine whether the Pseudo-Tie of the Facility will be permitted to resume operation. Two suspensions of the Pseudo-Tie of the Facility within a thirty (30) day period shall constitute a breach under section 14 of this Agreement. In the event of two suspensions within a thirty (30) day period, this Agreement may be terminated, in accordance with section 18 of this Agreement, by mutual agreement of the Native Balancing Authority and PJM Balancing Authority; provided, however, that the Party seeking to exercise this right to terminate must provide notice of such termination within one hundred eighty (180) days of the second suspension. Except as otherwise expressly permitted under the PJM Governing Documents, the suspension of the Pseudo-Tie of the Facility shall not relieve the Company of any of its obligations owed to PJM, specifically including but not limited to, any energy market or RPM must-offer requirements or any capacity obligations for which it has committed the Facility to PJM in an RPM Auction or FRR Capacity Plan. During any suspension period, the Facility shall remain under the operational control of the Attaining Balancing Authority and shall not be under the operational control of the Native Balancing Authority.

18. Termination. Any Party shall have the right to terminate this Agreement, in its sole discretion, upon forty-two (42) months' notice prior to the commencement of a Delivery Year, subject to receiving all necessary regulatory approvals for such termination, if any. In addition, PJM shall have the right to terminate this Agreement, upon sixty (60) days' notice to Company and Native Balancing Authority, and the filing of a notice of cancellation with the Commission if required, if PJM experiences an emergency or other unforeseen condition which may impair or degrade the reliability of the Transmission System, a transmission constraint that impairs the reliability of PJM's or another transmission provider's system, or any adverse condition(s) or if the emergency condition causes the Facility to become undeliverable or unable to be restored, such as a major long-term transmission outage for example, and as a result in each case reliability issues arise such that the referenced Pseudo-Tie of the Facility raises concerns with regional reliability coordinators or NERC, or if Company no longer satisfies the PJM

Governing Document requirements for Pseudo-Ties, criteria for participation in PJM's markets as an external resource, or other applicable regulatory, legal or reliability requirements, or Company commits a material default under this Agreement or has failed to cure any breach of this Agreement in accordance with section 14 above, upon acceptance of such notice of cancellation by the Commission if required. If PJM suspends this Agreement for failure of the Company to provide real-time Pseudo-Tie MW values in a timely manner two times within a thirty (30) day period, as addressed in section 17 above, upon mutual agreement, PJM and Native Balancing Authority shall have the right to terminate this Agreement, upon sixty (60) days' notice to each Party, and the filing of a notice of cancellation with, and acceptance by, the Commission if required; provided, however, that the Party seeking to exercise this right to terminate must provide notice of such termination within one hundred eighty (180) days of the second suspension. Except as otherwise expressly permitted under the PJM Governing Documents, the termination of this Agreement shall not relieve the Company of any of its obligations owed to PJM, specifically including but not limited to, any energy market or RPM must-offer requirements or any capacity obligations for which it has committed the Facility to PJM in an RPM Auction or FRR Capacity Plan.

19. Liability. In no event shall PJM or Native Balancing Authority be liable to any Party or any third party or other person under any provision of this Agreement for any claims, demands, losses, damages, costs, or expenses for any special, indirect, incidental, consequential, or punitive damages, including but not limited to loss of profit or revenue, loss of the use of equipment, cost of capital, cost of temporary equipment or services, whether based in whole or in part in contract, in tort, including negligence, strict liability, or any other theory of liability related to this Agreement, except to the extent the damages are direct damages that arise or result from or result from gross negligence or willful misconduct of PJM or Native Balancing Authority. Nothing in this Agreement, whether express or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any person or entity that is not a Party or a permitted successor or assign.

20. Indemnification and Consequential Damages. **[Include the following for any Company for which there is a law that prohibits that entity from indemnifying other parties:** To the extent permitted by applicable law, including but not limited to state law governing the activities of municipalities or political subdivisions,] Company shall at all times indemnify, defend, and save all other Parties to this Agreement harmless from any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demands, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from such Party's performance of its respective obligations under this Agreement, except in cases of gross negligence or intentional wrongdoing by the other Party.

21. Assignments. No Party may assign or transfer any of its rights and/or obligations under this Agreement without the written consent of the other Parties, which consent shall not be unreasonably withheld.

22. Waivers. Any waiver at any time by a Party of its rights with respect to any default under this Agreement, or with respect to any other matter arising in connection with this

Agreement, (1) must be in writing and executed by a duly authorized official of the waiving Party, and (2) shall not constitute or be deemed a waiver with respect to any subsequent default or other matter arising in connection with this Agreement.

23. Interpretation. In this Agreement:

- (a) the words “include,” “includes” and “including” shall mean “including without limitation;”
- (b) references to contracts, agreements and other documents and instruments shall be references to the same as amended, supplemented, restated or otherwise modified from time to time;
- (c) unless the context otherwise requires, references to laws or standards and to terms defined in, and other provisions of, laws or standards shall be references to the same (or a successor to the same) as amended, supplemented or otherwise modified from time to time;
- (d) references to a “Party” shall include its permitted successors and assigns, unless the context requires otherwise;
- (e) references to a section, article or schedule shall mean a section, article or schedule of this Agreement, as the case may be, unless the context otherwise requires; and
- (f) references to a person shall include any individual, partnership, firm, company, corporation, joint venture, trust, association, organization or other entity, and, in the case of a governmental or other authority (including PJM and NERC), any person succeeding to its functions and capacities, unless the context requires otherwise.

24. Severability. If any provision of this Agreement is held invalid, illegal or unenforceable in any jurisdiction by the Commission or a court having authority to make such a determination, then, the Parties agree, to the fullest extent permitted by law, that the validity, legality and enforceability of the remaining provisions hereof in such or any other jurisdiction and of such provision in any other jurisdiction shall not in any way be affected or impaired thereby and shall remain in full force and effect. With respect to the provision held invalid, illegal or unenforceable, the Parties will amend this Agreement as necessary to effectuate the original intent of the Parties as closely as possible.

25. Representations and Warranties. Each Party represents and warrants that the execution, delivery and performance of this Agreement by it has been duly authorized by all necessary corporate and/or governmental actions, to the extent authorized by law. Company represents and warrants that it is duly organized or formed, as applicable, validly existing and in good standing under the laws of its state of organization or formation, and is in good standing under the laws of the respective state(s) in which it is incorporated and operates.

26. Notices. Any notice or request made to or by either Party regarding this Agreement shall be made to the representatives as indicated below. A notice shall be effective only if in writing and delivered by hand; reputable overnight courier; electronic mail; or United States mail. Notice shall be deemed to have been given: (a) when delivered to the recipient by hand, overnight courier or electronic mail, or (b) if delivered by United States mail, on the postmark date.

PJM Balancing Authority
PJM Interconnection, L.L.C.
2750 Monroe Blvd.
Audubon, PA 19403
Attn: General Counsel
Email: _____@pjm.com

Native Balancing Authority
[Entity Name]
[Address]
Attn: _____
Email: _____

Company
[Entity Name]
[Address]
Attn: _____
Email: _____

[Include the following when applicable:

Native Transmission Operator
[Entity Name]
[Address]
Attn: _____
Email: _____

Native Reliability Coordinator
[Entity Name]
[Address]
Attn: _____
Email: _____

Third Party Reliability Coordinator
[Entity Name]
[Address]
Attn: _____
Email: _____

Additional Third Party Reliability Coordinator

[Entity Name]
[Address]
Attn: _____
Email: _____]

27. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be an original but all of which, taken together, shall constitute only one legal instrument. It shall not be necessary in making proof of this Agreement to produce or account for more than one counterpart. The delivery of an executed counterpart of this Agreement by facsimile shall be deemed to be valid delivery thereof.

28. Governing Law. This Agreement shall be deemed a contract made under, and the interpretation and performance of this Agreement and each of its provisions shall be governed and construed in accordance with, the applicable Federal and/or laws of the State of Delaware without regard to conflicts of laws provisions that would apply the laws of another jurisdiction. The Parties irrevocably consent (to the extent permitted by law) that any legal action or proceeding arising under or related to this Agreement to which the PJM Dispute Resolution Procedures do not apply shall be brought in any of the following forums, as appropriate – any court of the State of Delaware, any federal court of the United States of America located in the State of Delaware, or, where subject to its jurisdiction, before the Commission.

29. Entire Agreement; Amendments. This Agreement constitutes the entire agreement among the Parties with respect to the subject matter of this Agreement and supersedes other prior agreements and understandings, both written and oral, among the Parties with respect to the subject matter of this Agreement. This Agreement may be amended, supplemented or otherwise modified only by an instrument in writing signed by all Parties. Amendments that require Commission approval shall not take effect until the Commission has accepted such amendment. If the amendment does not require Commission approval, the amendment will not be filed with the Commission and shall become effective as of the date indicated in the written instrument signed by all Parties.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective authorized representatives on the dates reflected below.

Company: [Insert Name]

By: _____
[Insert Name]

Title: _____

Date: _____

Native Balancing Authority: [Insert Name]

By: _____
[Insert Name]

Title: _____

Date: _____

[Include the following when applicable:
Native Transmission Operator: [Insert Name]

By: _____
[Insert Name]

Title: _____

Date: _____

Native Reliability Coordinator: [Insert Name]

By: _____
[Insert Name]

Title: _____

Date: _____

Third Party Reliability Coordinator: [Insert Name]

By: _____
[Insert Name]

Title: _____

Date: _____

Additional Third Party Reliability Coordinator: [Insert Name]

By: _____
[Insert Name]

Title: _____

Date: _____

PJM Interconnection, L.L.C.

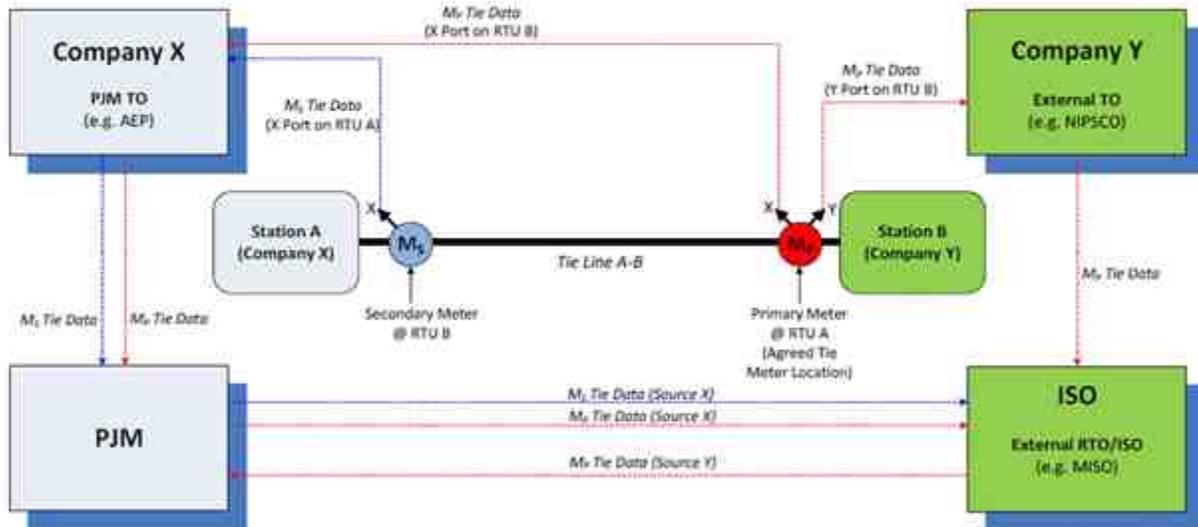
By: _____
[Insert Name]

Title: _____

Date: _____

APPENDIX 1 BLOCK DIAGRAM

External Tie Line Metering Primary Metering at External End of Tie Line



**APPENDIX 2
SPECIFICATIONS FOR
PSEUDO-TIE AGREEMENT**

**By and Among
PJM Interconnection, L.L.C.**

And

[Name of Company]

[Use as/when applicable:

And

[Name of Native Balancing Authority]

And

[Name of Native Transmission Operator]

And

[Name of Native Reliability Coordinator]

And

Name of Third Party Reliability Coordinator]

And

[Name of Additional Third Party Reliability Coordinator]

For Pseudo-Ties Into the PJM Region

To be completed by PJM
To be completed by Member

A. Request Information

Generator/Load(s) Name(s)	
Generator/Load(s) Location	
Requesting Member Name	
Native Balancing Authority Area	
Maximum Facility Output Capability of Generator	
MW Amount to be Transferred Into PJM	
Source Transmission Zone	
Request Type (Dynamic Schedule, Full Pseudo-Tie or Partial Pseudo-Tie)	
Pnode ID	
Point of Interconnection	
Pseudo-Tie Point	
Implementation Target Date and Time at which the Dynamic Transfer will begin	
Seeking Capacity Import Limit Exception?(Yes or No)	
First RPM Auction for which CIL Exception Applies	
RPM External Source Zone	

Transmission Service/OASIS ID	
Member Point of Contact Information	

B. Current Operation

Dynamically Transferring a Generator or a Load?	
PJM Generator or Load Name	
How is the Unit Currently Scheduled in PJM (e.g. Block Schedule, Dynamically Schedule, Real-Time, N/A)?	
How are losses handled (Financially or Physically)?	
Which ancillary services does the unit currently provide and in which Balancing Authority?	
Who is the Market Participant for the generator/load?	
Who is the Markets Operations Center (MOC)?	
Is any portion of the generator Behind the Meter generation?	
Is Net or Gross metering used? (if applicable)	
Notes	

C. Approach to Implement

Will the generator/load be pseudo tied, dynamically scheduled or block scheduled?	
How will losses be handled (Financially or Physically)?	
Which ancillary services will this unit provide and in which Balancing Authority?	
Settlement check out details (i.e. – check out contact, preferences, decimal precision)	
Who will be the Market Participant?	
Will this be modeled in PJM EMS?	
Is there intent for the generator(s) to participate in Native Balancing Authority's Capacity Market? Yes or No?	
If Yes, indicate the amount of MWs	
How will Behind-the-Meter generation be modeled (if applicable)?	
Will net or gross metering be used (if	

applicable)?	
Notes	

D. Transmission Service

Native Balancing Authority

Owner of Service	
Transmission Provider	
Path (POR/POD)	
Source	
Sink	
MW	
Start Date	
Stop Date	
Product Type	
NAESB Registry Complete	
Notes	

PJM Balancing Authority

Owner of Service	
Transmission Provider	
Path (POR/POD)	
Source	
Sink	
MW	
Start Date	
Stop Date	
Product Type	
NAESB Registry Completion Date	
Notes	

NERC Tagging Information

Tagging Required? (Yes/No)	
PJM Transmission Service and/or Tagging Rules	
Neighboring BA Transmission Service and/or Tagging Rules	

E. Energy Market Overview

Generator/Load ID/Name	
Pnode ID/Name	

Energy Market Account(s)	
Energy Market Owner(s)	
How should the generator/load be modeled in the Day-ahead Energy Market?	
How should the generator/load be modeled in the Real-time Energy Market?	
What will the PowerMeter modeling be?	
Will inSchedules be transacted?	
Notes	

F. Capacity Market Overview

eSuite Account where the capacity import and capacity commitment reside (Long name & short name)	[This is confidential info and will not be in the public version filed with the Commission]
Total amount of capacity import (ICAP MWs)	
Total amount of capacity commitments (UCAP MWs)	

G. Billing & Settlements

Spot Market	
Congestion (1215)	
Losses (1225)	
Regulation (yes or no)	
Day Ahead Scheduling Reserve	
Synch Reserve Market (yes or no)	
Operating Reserves	
RPM	
FTRs/FTR Auction	
Meter Correction	
Schedule 9-1 Control Area Admin (1301, 1308)	
Schedule 9-2 FTR Admin (1302, 1309)	
Schedule 9-3 Market Support (1303, 1307, 1310)	
Schedule 9-4 Reg Admin (1304, 1311)	
Schedule 9-5 RPM Admin (1305, 1312)	
Schedule 9-AC2 (1306)	

Schedule 9-FERC (1315)	
Schedule 9-OPSI (1316)	
Schedule 9-MMU (1314)	
Schedule 9 – PJM Settlements (1313)	
Schedule 9 – CAPS	
Schedule 10-NERC	
Schedule 10-RFC	
Schedule 1A TO Control Center (1320)	
Reactive (Schedule 2) (1330)	
Black Start (Schedule 6A) (1380)	
Network Service (load only)	
Point-to-Point Service (1130)	
RTO Startup Cost Recovery	
Expansion Cost Recovery	
Schedule 12 (Transmission Enhancement)	

Contact Information

Name	Company	Role	E-Mail Address	Phone

ATTACHMENT NN

**FORM OF PSEUDO-TIE AGREEMENT
FOR GENERATOR PSEUDO-TIES INTO THE PJM REGION
WHEN JOINT OPERATING AGREEMENT ADDRESSES PSEUDO-TIE OPERATION
AND IMPLEMENTATION**

**By and Among
PJM Interconnection, L.L.C.**

And

[Name of Company]

[Use as/when applicable:

And

[Name of Native Transmission Operator]

And

[Name of Native Reliability Coordinator]

And

[Name of Third Party Reliability Coordinator]

And

[Name of Additional Third Party Reliability Coordinator]

This Pseudo-Tie Agreement (“Agreement”) including the Specifications and Appendices attached hereto and incorporated herein, is entered into by and between PJM Interconnection, L.L.C., the Regional Transmission Organization, Reliability Coordinator, and Balancing Authority for the PJM Region (hereinafter “PJM” or “PJM Balancing Authority”), [_____] (“Native Transmission Operator”), [_____] (“Native Reliability Coordinator”), [_____] (“Third Party Reliability Coordinator”), [_____] (“Additional Third Party Reliability Coordinator”), and _____ (“Company” [OPTIONAL: or “[short name]”). [Use as/when applicable: This Agreement supersedes the _____ {insert details to identify the agreement being superseded, the effective date of the agreement, the service agreement number designation, and the FERC docket number, if applicable, for the agreement being superseded.}] Company[, Native Transmission Operator,] [Native Reliability Coordinator,] [Third Party Reliability Coordinator,] [Additional Third Party Reliability Coordinator,] and PJM are hereinafter referred to individually as a “Party” and collectively as the “Parties.”

WHEREAS, the Company owns, operates or has contractual authority to control the output of _____ megawatts (“MW”) of capacity, energy and/or ancillary services of [a] generating unit(s), known as [insert name of generating unit(s)], that generate[s] energy and ancillary services, which [is] [are] located outside of the physical and electrical boundaries of the PJM Balancing Authority Area at [insert address], and desires to Pseudo-Tie _____ MW of the energy and ancillary services of that generating unit (the “Facility”) into the PJM Balancing Authority Area and participate in the PJM Interchange Energy Markets and capacity market (either through the Reliability Pricing Model or Fixed Resource Requirement Alternative) as a Capacity Market Seller of the Facility;

WHEREAS, _____ is a North American Electric Reliability Corporation (“NERC”) certified and registered Balancing Authority, as that term is defined in the NERC Glossary of Terms, and is the Native Balancing Authority, as that term is defined in the NERC Glossary of Terms (“Native Balancing Authority”), responsible for balance and interconnection frequency support within its Balancing Authority Area, as that term is defined in the NERC Glossary of Terms;

WHEREAS, PJM is a NERC certified and registered Balancing Authority responsible for balance and interconnection frequency support within the PJM Balancing Authority Area;

[Include the following when applicable for each generating unit comprising the Facility:

[WHEREAS, the Facility is comprised of only a portion of the MW of energy and ancillary service of the **[insert name of generating unit]** such that the first ____ MW of energy and ancillary service dispatched from that unit shall remain with the Native Balancing Authority Area and not subject to the Pseudo-Tie of the Facility, and the remaining ____ MW of energy and ancillary service dispatched from the unit will be electrically moved into the PJM Balancing Authority Area and be dedicated to the Pseudo-Tie of the Facility;]

[WHEREAS, the Facility is comprised of only a portion of the installed capacity of the **[insert name of generating unit]** such that ____ percent of the installed capacity of that unit shall remain with the Native Balancing Authority Area and not subject to the Pseudo-Tie of the Facility, and the remaining ____ percent of the installed capacity of the unit will be electrically moved into the PJM Balancing Authority Area and be dedicated to the Pseudo-Tie of the Facility;]

WHEREAS, Company is a PJM Member and meets all of the PJM qualifications in order to operate the Facility in the PJM Region;

WHEREAS, Company represents the generator or load serving entity registered with the PJM Balancing Authority and meeting all of the qualifications of the PJM Balancing Authority in order to operate in the PJM Region and abiding by all applicable rules in the PJM Governing Documents (as defined below);

[Include the following when applicable:

WHEREAS, Native Transmission Operator is the entity that operates or directs operations for the reliability of the “local” transmission system where the Facility is physically located and electrically connected;

WHEREAS, Native Reliability Coordinator is the entity that is responsible for Reliable Operation of the Bulk Electric System, as those terms are defined in the NERC Glossary of Terms, where the Facility is physically located and electrically connected;

WHEREAS, Third Party Reliability Coordinator is the [first] affected entity impacted by flows resulting from the operation of the Facility sourcing from the Native Balancing

Authority before it reaches the PJM Balancing Authority;

WHEREAS, Additional Third Party Reliability Coordinator is the second affected entity impacted by flows resulting from operation of the Facility sourcing from the Native Balancing Authority before it reaches the PJM Balancing Authority;]

WHEREAS, Native Balancing Authority and PJM Balancing Authority have a joint operating agreement that includes mutually agreeable provisions concerning the operation and implementation of Pseudo-Ties as between their respective Balancing Authority Areas;

WHEREAS, by virtue of acknowledging the Pseudo-Tie of the Facility that is or will be registered in the North America Energy Standards Board (“NAESB”) registry as the effective date of this Agreement, and pursuant to the terms and conditions of its joint operating agreement with the PJM Balancing Authority, the Native Balancing Authority has agreed to facilitate the electrical transfer of generation, and balancing area oversight of the Facility from the Native Balancing Authority into the PJM Region by the Company to the PJM Balancing Authority as defined below;

[Include the following if Native Balancing Authority has not executed a congestion management agreement with PJM Balancing Authority:

WHEREAS, Native Balancing Authority has not executed an interregional coordination agreement with the PJM Balancing Authority incorporating mutually agreeable congestion management and coordination procedure provisions;]

[Include the following if Native Balancing Authority has executed a congestion management agreement with PJM Balancing Authority:

WHEREAS, Native Balancing Authority has executed an interregional coordination agreement with the PJM Balancing Authority incorporating mutually agreeable congestion management and coordination procedure provisions;]

WHEREAS, the PJM Balancing Authority has agreed to accept the electrical transfer of generation into the PJM Region by the Company from the Native Balancing Authority, and control area oversight from the Native Balancing Authority;

WHEREAS, in order to facilitate the foregoing, the Company desires to establish a new Pseudo-Tie electrical interconnection point for the electrical movement of some or all of the capacity, energy and ancillary services of the Facility from the Native Balancing Authority into the PJM Balancing Authority (the “Pseudo-Tie Point”) on the terms and conditions set forth in this Agreement;

WHEREAS, the Parties agree that the Facility is non-recallable to the extent it is pseudo-tied into PJM and is committed to PJM as a Generation Capacity Resource for a Delivery Year to ensure that the Facility will not be directed to serve load in the Native Balancing Authority Area at a time when the PJM Balancing Authority Area requires the output of the Facility, except

during a local transmission reliability emergency per NERC Standards IRO-001-4 and TOP-001-3 and their respective successors; and

WHEREAS, all capitalized terms that are not otherwise defined herein have the meaning as defined in the PJM Open Access Transmission Tariff (“PJM Tariff”), Amended and Restated Operating Agreement of PJM Interconnection, L.L.C. (“PJM Operating Agreement”), Reliability Assurance Agreement Among Load Serving Entities in the PJM Region (“RAA”), as may be amended from time to time, and in the PJM Manuals if not defined in the PJM Tariff, PJM Operating Agreement or RAA (collectively, “PJM Governing Documents”).

NOW THEREFORE, in consideration of the mutual covenants and agreements in this Agreement and of other good and valuable consideration, the sufficiency and adequacy of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

1. Creation of Pseudo-Tie Point. The physical location at which a Facility is electrically interconnected with the [Native Balancing Authority] [Native Transmission Operator] for the purpose of delivering up to ____ megawatts (“MW”) of capacity, energy and/or ancillary service, as applicable, between the Facility and the PJM Balancing Authority pursuant to this Agreement, shall be a Pseudo-Tie Point. From and after the effective date hereof, any energy delivered from or consumed by the Facility at the Pseudo-Tie Point shall, as among the Native Balancing Authority and PJM Balancing Authority, be included in the Balancing Authority Actual Net Interchange (“ANI”), as defined in the NERC Glossary of Terms, between the Native Balancing Authority and the PJM Balancing Authority whether or not, at the time of delivery or consumption of such energy, the metering, data processing, telemetry and other equipment associated with the Pseudo-Tie Point is properly functioning. Neither the PJM Balancing Authority nor the Native Balancing Authority will take title to any energy delivered from or consumed by the Facility at the Pseudo-Tie Point. As necessary the Parties will work cooperatively with Native Balancing Authority to cause any energy delivered from or consumed by the Facility at the Pseudo-Tie Point to be treated as a Balancing Authority ANI between the Native Balancing Authority and the PJM Balancing Authority.

2. Implementation. The Pseudo-Tie of the Facility established under this Agreement shall be implemented and operated in accordance with this Agreement and the applicable provisions of the PJM Governing Documents. Each Party shall design, construct, operate, implement and maintain the equipment according to NERC and NAESB standards for which it is responsible under this Agreement and otherwise, and shall take all other actions required of it, to create and have the Pseudo-Tie MW value recognized by the PJM Balancing Authority and Native Balancing Authority as an ANI between the Native Balancing Authority and the PJM Balancing Authority. Native Balancing Authority shall recognize the Pseudo-Tie Point as ANI between it and the PJM Balancing Authority for the purpose of allowing the Facility to be treated as having been electrically moved out of the Native Balancing Authority Area and into the PJM Balancing Authority Area. A basic block diagram of the communications equipment required for the Pseudo-Tie Point is set forth in Appendix 1. As among PJM and Company:

- (a) This Agreement does not provide for the reservation or sale of

transmission service under the PJM Tariff or on any other transmission system or address rates, terms or conditions of transmission service or indicate in any way that transmission service is available or properly awarded. Company shall secure and pay for all cost associated with transmission service, across all transmission service providers necessary to deliver or consume power from the Facility to the interface with the PJM Balancing Authority or to the interface with the Native Balancing Authority.

(b) In order to Pseudo-Tie the Facility into the PJM Region, the Company shall secure long-term firm Point-to-Point Transmission Service or the equivalent thereof, as required by the PJM Governing Documents, from where it is physically located in the Native Balancing Authority Area through the path to the interface with the PJM Balancing Authority, and maintain such transmission service, sufficient to deliver ___ MW of capacity, ___ MW of energy and ___ MW of ancillary service for the term of this Agreement. PJM shall confirm that the appropriate transmission service reservations are in place and maintained prior to allowing the electrical movement of the Facility out of the Native Balancing Authority Area and into the PJM Balancing Authority Area. Failure to maintain the required transmission service shall constitute a violation of the PJM Governing Documents pertaining to Capacity Resources and a breach of this Agreement.

(c) Nothing in this Agreement makes Company a Market Participant under the PJM Governing Documents. **[Include the following if Company is not already a Market Participant:** If Company seeks to become a Market Participant, Company is solely responsible for satisfying all requirements as set forth for a Market Participant in the PJM Governing Documents to become a Market Participant.]

(d) PJM, in accordance with the PJM Governing Documents, will provide the Company commitment and dispatch instructions for participation in the PJM Interchange Energy Markets consistent with such instructions issued to other registered Capacity Resources. PJM and Native Balancing Authority will also provide data concerning its dispatch decisions for the Facility to each other solely for use for their operational planning analyses, pursuant to the terms of their joint operating agreement or applicable operating guide.

(e) Company shall design, construct, operate and maintain real-time and historical systems and communications equipment in accordance with the PJM Governing Documents, at Company's expense, in order to (1) receive PJM dispatch instructions, and (2) provide the Native Balancing Authority and the PJM Balancing Authority with the corresponding real-time Pseudo-Tie value. Company's systems shall provide this signal to the PJM Balancing Authority per the PJM Balancing Authority's Inter-Control Center Communications Protocol standards, and to the Native Balancing Authority in a manner mutually agreed to between the Native Balancing Authority and the Company.

(f) For generators pseudo-tying from a Native Balancing Authority that operates wholesale electricity markets, the real time Pseudo-Tie MW value will be equal to the real-time telemetered generator output received by PJM from the Company. For generators pseudo-tying from a Native Balancing Authority that does not operate wholesale electricity markets, the real time Pseudo-Tie MW value will be equal to the telemetered output of the generator minus the losses on the Native Balancing Authority's or other transmission provider's transmission system. Losses shall be handled as indicated in Article 3 and Appendix 2 of this Agreement. The Company shall simultaneously provide this value to the Native Balancing Authority.

(g) The Native Balancing Authority and the PJM Balancing Authority will include the real time Pseudo-Tie value in their respective calculations of ANI and Area Control Error ("ACE"), as those terms are defined in the NERC Glossary of Terms, and hereby agree that the PJM Balancing Authority shall have operational control of the Facility while this Agreement is in effect.

(h) Company shall notify Parties of any real-time circumstances that affect the Company's obligation or ability to meet the PJM dispatch instructions or Native Balancing Authority instructions.

(i) The Native Balancing Authority and the PJM Balancing Authority shall integrate the real time Pseudo-Tie MW value on a five minute basis, or such other agreed upon interval, and maintain this information for balancing authority checkout, inadvertent energy flow calculations and payback purposes in accordance with the applicable NERC standards, pursuant to the terms of their joint operating agreement. It is the responsibility of the Native Balancing Authority to checkout these five minute or other agreed upon interval integrated values with the Company prior to the Native Balancing Authority's final daily check out with the PJM Balancing Authority.

(j) The technical characteristics of the Pseudo-Tie of the Facility are set forth in this Agreement, including Appendix 2 appended hereto.

(k) The Pseudo-Tie of the Facility is or will be registered in the NAESB (or successor) registry as of the effective date of this Agreement.

(l) The Native Balancing Authority, [native Reliability Coordinator, as that term is defined in the NERC Glossary of Terms,] [Native Reliability Coordinator], [native Transmission Operator, as that term is defined in the NERC Glossary of Terms,] [Native Transmission Operator], or combination thereof, shall have the right to direct that the amount of energy utilizing the Pseudo-Tie of the Facility be adjusted for local transmission reliability concerns, and shall be responsible for mitigating the transmission related congestion on the transmission system where the Facility is connected. All of the procedures associated with adjusting the energy output of the Facility for local transmission reliability concerns will

conform to the direction of the [native Reliability Coordinator] [Native Reliability Coordinator].

(m) PJM, as the Reliability Coordinator for the PJM Balancing Authority, under normal operating conditions, shall be responsible for the capacity, energy and dispatch of the MW dedicated to the Pseudo-Tie of the Facility that is the subject of this Agreement.

(n) The Company shall obtain station service for the Facility in accordance with the rules of the Native Balancing Authority.

(o) The Pseudo-Tie of the Facility shall be implemented and operated consistent with all applicable NERC Standards, including but not limited to INT-004-3.1, IRO-001-4 and TOP-001-3 and their respective successors.

[Include the following when applicable:

For Pseudo-Tie of Facility's Output Above Threshold Value:

(p) If the Facility is comprised of only a portion of the MW of energy and ancillary service of the Company's _____ unit such that not all of the MW of energy and ancillary service dispatched from that unit will be electrically moved into the PJM Balancing Authority Area and be dedicated to the Pseudo-Tie of the Facility, and some of the MW of energy and ancillary service will remain within the Native Balancing Authority Area and not subject to the Pseudo-Tie of the Facility, the Company and PJM Balancing Authority agree that the first ___ MW dispatched from that unit shall remain with the Native Balancing Authority Area, and the remaining MW of energy and ancillary service shall be dedicated to the Pseudo-Tie of the Facility. The Company shall be required to obtain Native Balancing Authority's agreement for this partial Pseudo-Tie option before PJM will approve it or implement it.]

OR

For Pseudo-Tie of Percent of Facility's Output:

(p) If the Facility is comprised of only a portion of the MW of energy and ancillary service of the Company's _____ unit such that not all of the MW of energy and ancillary service dispatched from that unit will be electrically moved into the PJM Balancing Authority Area and be dedicated to the Pseudo-Tie of the Facility, and some of the MW of energy and ancillary service will remain within the Native Balancing Authority Area and not subject to the Pseudo-Tie of the Facility, the Company and PJM Balancing Authority agree that ___ percent of the installed capacity of that unit shall be dedicated to the Pseudo-Tie of the Facility. The Company shall be required to obtain Native Balancing Authority's agreement for this partial Pseudo-Tie option before PJM will approve it or

implement it.]

3. Losses. Company will be responsible for loss compensation to deliver its energy to or receive its energy from the PJM Balancing Authority. Pseudo-tie value(s) will be calculated net of losses external to PJM. Losses within the PJM Balancing Authority attributable to the Company's participation in the PJM Interchange Energy Markets and capacity market shall be handled in the same manner as other PJM Interchange Energy Markets and capacity market transactions per the PJM Governing Documents.

4. Compensation. Unless otherwise agreed by Company and Native Balancing Authority, Company will compensate the Native Balancing Authority for the reasonable implementation and operations related costs by the Native Balancing Authority as a result of this Agreement, if any.

5. Operating and Maintenance Costs. The Company shall be responsible for all of its costs incurred for the purpose of meeting its obligations under this Agreement.

6. Operation and Modeling Requirements. The use of this Pseudo-Tie of the Facility as between Native Balancing Authority and Company shall be modeled by the PJM Balancing Authority in accordance with established practices and requirements of all impacted Parties, as well as Good Utility Practice.

7. Congestion Management Requirements. In order to capture Facility impacts, neither the Native Balancing Authority or any Party shall tag or request to tag the scheduled energy flows from a Generation Capacity Resource that utilize the Pseudo-Tie because 1) PJM operated Generation Capacity Resources that are Pseudo-Ties cannot be subject to NERC Interchange Distribution Calculator ("IDC") tag curtailments per the PJM Reliability Assurance Agreement; and 2) information about the Pseudo-Tie of the Facility is included in a congestion management procedure via an alternate method as described in NERC Standard INT-004-3.1. PJM shall include the Facility impacts in its Market Flow calculation consistent with any applicable Federal Energy Regulatory Commission ("Commission")-approved congestion management agreement to which PJM is a party. **[Include the following for any Pseudo-Tie for which Native Balancing Authority/Native Reliability Coordinator/Native Transmission Operator has *not* executed a congestion management agreement:** Because [Insert Party Name(s)] [is not a signatory] [are not signatories] to a congestion management agreement, [it] [they] hereby agree[s] and [is] [are] required to 1) waive the NERC tagging requirement for Generation Capacity Resources that utilize the Pseudo-Tie of the Facility, 2) agree to control Facility impacts via the NERC IDC re-dispatch process, 3) honor firm delivery transfer status via third party firm flow limit calculation procedures pursuant to the same congestion management procedure ("Congestion Management Process") provisions included in the Joint Operating Agreement Between the Midcontinent Independent System Operator, Inc. and PJM Interconnection, L.L.C., and 4) recognize Facility impacts via Market Flow calculations described in the Congestion Management Process, which Market Flows will be reported to NERC IDC. PJM will utilize its Day-ahead Security Constrained Economic Dispatch (DA SCED) to establish firm flow limits.] Generator real power output of, and management thereof, for the Facility is considered within the PJM Balancing Authority Area for all purposes of

application, implementation, and execution of NERC Reliability Standards requirements for the duration of this Agreement.

8. Establishment of Coordinated Flowgates. Coordinated Flowgates, as that term is defined in the applicable Commission-approved congestion management agreement to which PJM is a party, will be established based on the terms of that agreement. **[Include the following for any Pseudo-Tie for which Native Balancing Authority/Native Reliability Coordinator/Native Transmission Operator has *not* executed a congestion management agreement:** Because [Insert Party Name(s)] [is not a signatory] [are not signatories] to a congestion management agreement, [it's] [their] coordinated flowgates will be established based on the Congestion Management Process Coordinated Flowgate criterion.]

9. Contingency Operational Requirements. If the Pseudo-Tie signal is lost or determined to be unacceptable, or the telemetry from the Facility is lost or determined to be unacceptable, pursuant to Native Balancing Authority's and PJM Balancing Authority's applicable tariff provisions and business rules and any applicable NERC Standard, operation of the Pseudo-Tie of the Facility will only continue under the following procedure:

- (a) Native Balancing Authority or PJM will notify Company of the failure, pursuant to the terms of their joint operating agreement or applicable operating guide.
- (b) Native Balancing Authority and PJM will hold the last known accurate Pseudo-Tie MW value on the Pseudo-Tie of the Facility until it is determined to be inaccurate or a more accurate value is provided by Company, pursuant to the terms of their joint operating agreement or applicable operating guide.
- (c) It is the responsibility of the Company to verbally communicate changes in the real-time Pseudo-Tie MW values to the other Parties and Native Balancing Authority.
- (d) Changes to the manually-updated Pseudo-Tie MW value cannot occur more frequently than once per hour unless otherwise mutually agreed upon by Company, PJM Balancing Authority and Native Balancing Authority.
- (e) To the extent possible, the Party maintaining the failed telemetry will provide a reasonable estimate of anticipated time of restoration. If the failed telemetry is being maintained by the Native Balancing Authority, Company shall be responsible to obtain the estimate of anticipated time of restoration from the Native Balancing Authority and provide that information to the other Parties.
- (f) If the primary data source is not restored within twenty-four (24) hours, Company, PJM Balancing Authority, and Native Balancing Authority must agree on a plan to restore an acceptable data source for the Pseudo-Tie to continue operating.

In the event of a planned or unplanned outage of the Facility or local transmission system that

would disrupt the Pseudo-Tie of the Facility, then Company shall notify PJM and Native Balancing Authority of the outage per their applicable tariff and business rules.

10. Other Obligations. Nothing in this Agreement is intended to modify or change any obligations or rights under any tariff (including the PJM Tariff, PJM Operating Agreement and RAA), any rate schedule, or any other contract. This Agreement does not establish any generation as a designated network resource under the Tariff; the requirements of the Tariff still must be satisfied. Nothing in this Agreement affects Company's rights or obligations as a Market Participant. The Parties will comply with, and be subject to, all applicable provisions of the PJM Governing Documents and any applicable Joint Operating Agreement between PJM and the Native Balancing Authority, to the extent applicable to that particular Party, which provisions shall be deemed to be incorporated herein. The intent of the Parties is that the use of the referenced Pseudo-Tie of the Facility will not negatively impact a Balancing Authority's reliability or performance expectations as defined by NERC.

11. Modification. Nothing in this Agreement is intended to modify or limit, nor shall be construed as affecting in any way, the right of PJM to submit to the Commission under Federal Power Act, section 205 or section 206 unilateral changes to this Agreement or make application for a change in rates, terms and conditions, charges, classification of service, rule or regulation (both the form Agreement and any signed agreement), the right of any other Party to seek unilateral changes under this Agreement under Federal Power Act, section 206, or the authority of the Commission to accept any Federal Power Act, section 205 filing or to make changes under Federal Power Act, section 206 or to initiate proceedings under Federal Power Act, section 206. Nothing in this Agreement supersedes, modifies or changes any of the express provisions of the PJM Governing Documents, and in the event of any conflict, the provisions of the PJM Governing Documents shall control.

12. Auditing. Each Party reserves the right to audit records necessary to permit evaluation and verification of claims submitted, and the other Party's compliance with this Agreement. The Parties shall retain for a period of seven (7) years all information and records relating to the performance of this Agreement. Each Party may examine and copy such information and records at the other Party's premises during regular business hours and upon advance written notice given no less than fifteen (15) calendar days prior to such examination.

13. Disputes. Any disputes under this Agreement shall first be resolved pursuant to the PJM Dispute Resolution Procedures set forth in PJM Tariff, section 12. Any disputes that remain unresolved after completing the PJM Dispute Resolution Procedures may be brought to the Commission for resolution.

14. Breach. If any Party breaches the terms of this Agreement, then a non-breaching Party may seek to suspend this Agreement in accordance with section 17 below, terminate this Agreement in accordance with section 18 below, or pursue any relief it believes is appropriate at the Commission. A breach is considered a substantive violation of any term or condition of this Agreement. Prior to pursuing a remedy at the Commission for a breach, a non-breaching Party shall provide five (5) Business Days' written notice of the breach to the breaching Party. If the breaching Party does not eliminate the breach within five (5) Business

Days after the notice is received by the breaching Party, then the non-breaching Party may pursue its remedies at the Commission; provided, however, that such cure period may be extended, if agreed to by all Parties, if the breaching party cannot eliminate the breach within five (5) Business Days despite its best efforts.

15. Commission Filing. If unchanged, a signed version of this form agreement shall not be filed with the Commission. PJM will report the existence of a signed agreement in its quarterly reports to the Commission. If the form agreement is substantively changed, then PJM shall file on behalf of itself, Company and Native Balancing Authority as a service schedule under the Tariff within thirty (30) days after execution by all Parties the revised form agreement with the Commission. The Parties shall be bound by the terms of this Agreement accepted or modified by the Commission.

16. Effective Date. The Agreement shall be effective upon execution by all Parties if it is not filed with the Commission. If the Agreement is filed with the Commission, then it shall be effective upon the later of the date of execution or the date specified by the Commission in its order accepting the Agreement for filing. This Agreement shall remain in full force and effect until terminated pursuant to section 18 below. If the Parties cannot agree on all the terms and conditions of the Agreement, PJM shall file with the Commission, within thirty (30) days after the date the Company provides written notification directing PJM to file, an unexecuted Agreement containing terms and conditions deemed appropriate by PJM, including all agreed-upon non-conforming deviations.

17. Suspension. PJM reserves the right to suspend the Pseudo-Tie of the Facility if the Company no longer satisfies the PJM Governing Document requirements for Pseudo-Ties, criteria for participation in PJM's markets as an external resource, or other applicable regulatory, legal or reliability requirements, if Company commits a material default under this Agreement or has failed to cure any breach of this Agreement in accordance with section 14 above, or if PJM reasonably determines that the Pseudo-Tie of the Facility poses a risk to system reliability or risk of violation of established reliability criteria, by giving immediate notice of suspension. PJM also reserves the right to suspend the Pseudo-Tie of the Facility if the Company fails to provide real-time Pseudo-Tie MW values in a timely manner pursuant to applicable tariff or business rule requirements of the Native Balancing Authority and/or PJM Balancing Authority, upon mutual agreement of the Native Balancing Authority and PJM Balancing Authority, and upon giving immediate notice to Company and Native Balancing Authority. In the event of such suspension for failure to provide real-time Pseudo-Tie MW values in a timely manner, the Company shall provide a remedy for the cause of the failure, which PJM shall review in order to determine whether the Pseudo-Tie of the Facility will be permitted to resume operation. Two suspensions of the Pseudo-Tie of the Facility within a thirty (30) day period shall constitute a breach under section 14 of this Agreement. In the event of two suspensions within a thirty (30) day period, this Agreement may be terminated, in accordance with section 18 of this Agreement, by mutual agreement of the Native Balancing Authority and PJM Balancing Authority; provided, however, that the Party seeking to exercise this right to terminate must provide notice of such termination within one hundred eighty (180) days of the second suspension. Except as otherwise expressly permitted under the PJM Governing Documents, the suspension of the Pseudo-Tie of the Facility shall not relieve the Company of any of its

obligations owed to PJM, specifically including but not limited to, any energy market or RPM must-offer requirements or any capacity obligations for which it has committed the Facility to PJM in an RPM Auction or FRR Capacity Plan. During any suspension period, the Facility shall remain under the operational control of the Attaining Balancing Authority and shall not be under the operational control of the Native Balancing Authority.

18. Termination. Any Party shall have the right to terminate this Agreement, in its sole discretion, upon forty-two (42) months' notice prior to the commencement of a Delivery Year, subject to receiving all necessary regulatory approvals for such termination, if any. In addition, PJM shall have the right to terminate this Agreement, upon sixty (60) days' notice to Company and Native Balancing Authority, and the filing of a notice of cancellation with the Commission if required, if PJM experiences an emergency or other unforeseen condition which may impair or degrade the reliability of the Transmission System, a transmission constraint that impairs the reliability of PJM's or another transmission provider's system, or any adverse condition(s) or if the emergency condition causes the Facility to become undeliverable or unable to be restored, such as a major long-term transmission outage for example, and as a result in each case reliability issues arise such that the referenced Pseudo-Tie of the Facility raises concerns with regional reliability coordinators or NERC, or if Company no longer satisfies the PJM Governing Document requirements for Pseudo-Ties, criteria for participation in PJM's markets as an external resource, or other applicable regulatory, legal or reliability requirements, or Company commits a material default under this Agreement or has failed to cure any breach of this Agreement in accordance with section 14 above, upon acceptance of such notice of cancellation by the Commission if required. If PJM suspends this Agreement for failure of the Company to provide real-time Pseudo-Tie MW values in a timely manner two times within a thirty (30) day period, as addressed in section 17 above, upon mutual agreement, PJM and Native Balancing Authority shall have the right to terminate this Agreement, upon sixty (60) days' notice to each Party, and the filing of a notice of cancellation with, and acceptance by, the Commission if required; provided, however, that the Party seeking to exercise this right to terminate must provide notice of such termination within one hundred eighty (180) days of the second suspension. Except as otherwise expressly permitted under the PJM Governing Documents, the termination of this Agreement shall not relieve the Company of any of its obligations owed to PJM, specifically including but not limited to, any energy market or RPM must-offer requirements or any capacity obligations for which it has committed the Facility to PJM in an RPM Auction or FRR Capacity Plan.

19. Liability. In no event shall PJM be liable to any Party or any third party or other person under any provision of this Agreement for any claims, demands, losses, damages, costs, or expenses for any special, indirect, incidental, consequential, or punitive damages, including but not limited to loss of profit or revenue, loss of the use of equipment, cost of capital, cost of temporary equipment or services, whether based in whole or in part in contract, in tort, including negligence, strict liability, or any other theory of liability related to this Agreement, except to the extent the damages are direct damages that arise or result from or result from gross negligence or willful misconduct of PJM. Nothing in this Agreement, whether express or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any person or entity that is not a Party or a permitted successor or assign.

20. Indemnification and Consequential Damages. **[Include the following for any Company for which there is a law that prohibits that entity from indemnifying other parties:** To the extent permitted by applicable law, including but not limited to state law governing the activities of municipalities or political subdivisions,] Company shall at all times indemnify, defend, and save all other Parties to this Agreement harmless from any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demands, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from such Party's performance of its respective obligations under this Agreement, except in cases of gross negligence or intentional wrongdoing by the other Party.

21. Assignments. No Party may assign or transfer any of its rights and/or obligations under this Agreement without the written consent of the other Parties, which consent shall not be unreasonably withheld.

22. Waivers. Any waiver at any time by a Party of its rights with respect to any default under this Agreement, or with respect to any other matter arising in connection with this Agreement, (1) must be in writing and executed by a duly authorized official of the waiving Party, and (2) shall not constitute or be deemed a waiver with respect to any subsequent default or other matter arising in connection with this Agreement.

23. Interpretation. In this Agreement:

(a) the words "include," "includes" and "including" shall mean "including without limitation;"

(b) references to contracts, agreements and other documents and instruments shall be references to the same as amended, supplemented, restated or otherwise modified from time to time;

(c) unless the context otherwise requires, references to laws or standards and to terms defined in, and other provisions of, laws or standards shall be references to the same (or a successor to the same) as amended, supplemented or otherwise modified from time to time;

(d) references to a "Party" shall include its permitted successors and assigns, unless the context requires otherwise;

(e) references to a section, article or schedule shall mean a section, article or schedule of this Agreement, as the case may be, unless the context otherwise requires; and

(f) references to a person shall include any individual, partnership, firm, company, corporation, joint venture, trust, association, organization or other entity, and, in the case of a governmental or other authority (including PJM and NERC), any person succeeding to its functions and capacities, unless the context requires otherwise.

24. Severability. If any provision of this Agreement is held invalid, illegal or unenforceable in any jurisdiction by the Commission or a court having authority to make such a determination, then, the Parties agree, to the fullest extent permitted by law, that the validity, legality and enforceability of the remaining provisions hereof in such or any other jurisdiction and of such provision in any other jurisdiction shall not in any way be affected or impaired thereby and shall remain in full force and effect. With respect to the provision held invalid, illegal or unenforceable, the Parties will amend this Agreement as necessary to effectuate the original intent of the Parties as closely as possible.

25. Representations and Warranties. Each Party represents and warrants that the execution, delivery and performance of this Agreement by it has been duly authorized by all necessary corporate and/or governmental actions, to the extent authorized by law. Company represents and warrants that it is duly organized or formed, as applicable, validly existing and in good standing under the laws of its state of organization or formation, and is in good standing under the laws of the respective state(s) in which it is incorporated and operates.

26. Notices. Any notice or request made to or by either Party regarding this Agreement shall be made to the representatives as indicated below. A notice shall be effective only if in writing and delivered by hand; reputable overnight courier; electronic mail; or United States mail. Notice shall be deemed to have been given: (a) when delivered to the recipient by hand, overnight courier or electronic mail, or (b) if delivered by United States mail, on the postmark date.

PJM Balancing Authority
PJM Interconnection, L.L.C.
2750 Monroe Blvd.
Audubon, PA 19403
Attn: General Counsel
Email: _____@pjm.com

Company
[Entity Name]
[Address]
Attn: _____
Email: _____

[Include the following when applicable:

Native Transmission Operator
[Entity Name]
[Address]
Attn: _____
Email: _____

Native Reliability Coordinator

[Entity Name]
[Address]
Attn: _____
Email: _____

Third Party Reliability Coordinator

[Entity Name]
[Address]
Attn: _____
Email: _____

Additional Third Party Reliability Coordinator

[Entity Name]
[Address]
Attn: _____
Email: _____]

27. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be an original but all of which, taken together, shall constitute only one legal instrument. It shall not be necessary in making proof of this Agreement to produce or account for more than one counterpart. The delivery of an executed counterpart of this Agreement by facsimile shall be deemed to be valid delivery thereof.

28. Governing Law. This Agreement shall be deemed a contract made under, and the interpretation and performance of this Agreement and each of its provisions shall be governed and construed in accordance with, the applicable Federal and/or laws of the State of Delaware without regard to conflicts of laws provisions that would apply the laws of another jurisdiction. The Parties irrevocably consent (to the extent permitted by law) that any legal action or proceeding arising under or related to this Agreement to which the PJM Dispute Resolution Procedures do not apply shall be brought in any of the following forums, as appropriate – any court of the State of Delaware, any federal court of the United States of America located in the State of Delaware, or, where subject to its jurisdiction, before the Commission.

29. Entire Agreement; Amendments. This Agreement constitutes the entire agreement among the Parties with respect to the subject matter of this Agreement and supersedes other prior agreements and understandings, both written and oral, among the Parties with respect to the subject matter of this Agreement. This Agreement may be amended, supplemented or otherwise modified only by an instrument in writing signed by all Parties. Amendments that require Commission approval shall not take effect until the Commission has accepted such amendment. If the amendment does not require Commission approval, the amendment will not be filed with the Commission and shall become effective as of the date indicated in the written instrument signed by all Parties.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective authorized representatives on the dates reflected below.

Company: [Insert Name]

By: _____
[Insert Name]

Title: _____

Date: _____

[Include the following when applicable:
Native Transmission Operator: [Insert Name]

By: _____
[Insert Name]

Title: _____

Date: _____

Native Reliability Coordinator: [Insert Name]

By: _____
[Insert Name]

Title: _____

Date: _____

Third Party Reliability Coordinator: [Insert Name]

By: _____
[Insert Name]

Title: _____

Date: _____

Additional Third Party Reliability Coordinator: [Insert Name]

By: _____
[Insert Name]

Title: _____

Date: _____

PJM Interconnection, L.L.C.

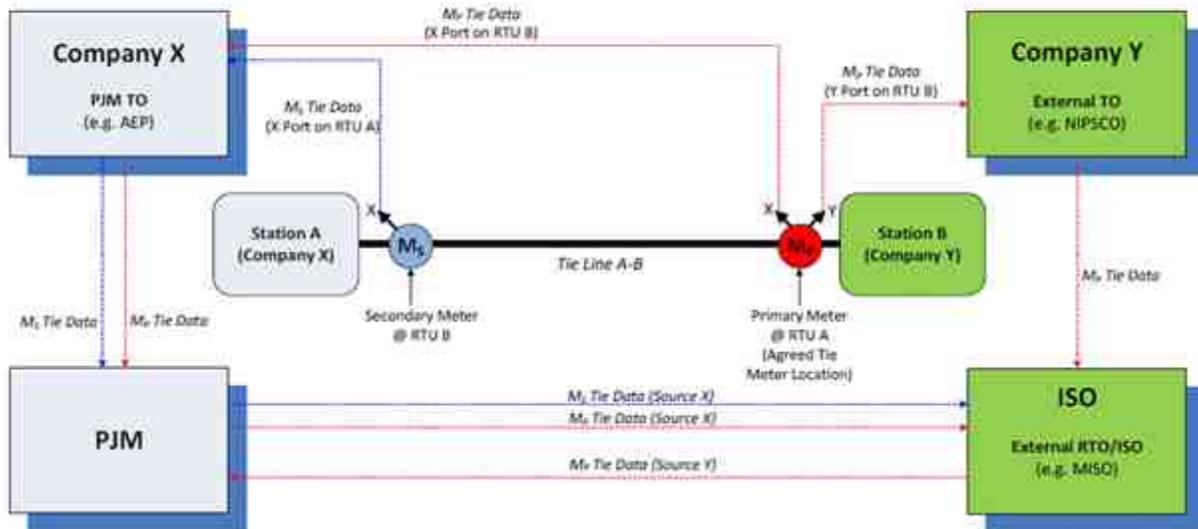
By: _____
[Insert Name]

Title: _____

Date: _____

APPENDIX 1 BLOCK DIAGRAM

External Tie Line Metering Primary Metering at External End of Tie Line



**APPENDIX 2
SPECIFICATIONS FOR
PSEUDO-TIE AGREEMENT**

**By and Among
PJM Interconnection, L.L.C.**

And

[Name of Company]

[Use as/when applicable:

And

[Name of Native Transmission Operator]

And

[Name of Native Reliability Coordinator]

And

Name of Third Party Reliability Coordinator]

And

[Name of Additional Third Party Reliability Coordinator]

For Pseudo-Ties Into the PJM Region

To be completed by PJM
To be completed by Member

A. Request Information

Generator/Load(s) Name(s)	
Generator/Load(s) Location	
Requesting Member Name	
Native Balancing Authority Area	
Maximum Facility Output Capability of Generator	
MW Amount to be Transferred Into PJM	
Source Transmission Zone	
Request Type (Dynamic Schedule, Full Pseudo-Tie or Partial Pseudo-Tie)	
Pnode ID	
Point of Interconnection	
Pseudo-Tie Point	
Implementation Target Date and Time at which the Dynamic Transfer will begin	
Seeking Capacity Import Limit Exception?(Yes or No)	
First RPM Auction for which CIL Exception Applies	
RPM External Source Zone	

Transmission Service/OASIS ID	
Member Point of Contact Information	

B. Current Operation

Dynamically Transferring a Generator or a Load?	
PJM Generator or Load Name	
How is the Unit Currently Scheduled in PJM (e.g. Block Schedule, Dynamically Schedule, Real-Time, N/A)?	
How are losses handled (Financially or Physically)?	
Which ancillary services does the unit currently provide and in which Balancing Authority?	
Who is the Market Participant for the generator/load?	
Who is the Markets Operations Center (MOC)?	
Is any portion of the generator Behind the Meter generation?	
Is Net or Gross metering used? (if applicable)	
Notes	

C. Approach to Implement

Will the generator/load be pseudo tied, dynamically scheduled or block scheduled?	
How will losses be handled (Financially or Physically)?	
Which ancillary services will this unit provide and in which Balancing Authority?	
Settlement check out details (i.e. – check out contact, preferences, decimal precision)	
Who will be the Market Participant?	
Will this be modeled in PJM EMS?	
Is there intent for the generator(s) to participate in Native Balancing	

Authority's Capacity Market? Yes or No?	
If Yes, indicate the amount of MWs	
How will Behind-the-Meter generation be modeled (if applicable)?	
Will net or gross metering be used (if applicable)?	
Notes	

D. Transmission Service

Native Balancing Authority

Owner of Service	
Transmission Provider	
Path (POR/POD)	
Source	
Sink	
MW	
Start Date	
Stop Date	
Product Type	
NAESB Registry Complete	
Notes	

PJM Balancing Authority

Owner of Service	
Transmission Provider	
Path (POR/POD)	
Source	
Sink	
MW	
Start Date	
Stop Date	
Product Type	
NAESB Registry Completion Date	
Notes	

NERC Tagging Information

Tagging Required? (Yes/No)	
PJM Transmission Service and/or Tagging Rules	
Neighboring BA Transmission	

Service and/or Tagging Rules	
-------------------------------------	--

E. Energy Market Overview

Generator/Load ID/Name	
Pnode ID/Name	
Energy Market Account(s)	
Energy Market Owner(s)	
How should the generator/load be modeled in the Day-ahead Energy Market?	
How should the generator/load be modeled in the Real-time Energy Market?	
What will the PowerMeter modeling be?	
Will inSchedules be transacted?	
Notes	

F. Capacity Market Overview

eSuite Account where the capacity import and capacity commitment reside (Long name & short name)	[This is confidential info and will not be in the public version filed with the Commission]
Total amount of capacity import(ICAP MWs)	
Total amount of capacity commitments (UCAP MWs)	

G. Billing & Settlements

Spot Market	
Congestion (1215)	
Losses (1225)	
Regulation (yes or no)	
Day Ahead Scheduling Reserve	
Synch Reserve Market (yes or no)	
Operating Reserves	
RPM	
FTRs/FTR Auction	
Meter Correction	

Schedule 9-1 Control Area Admin (1301, 1308)	
Schedule 9-2 FTR Admin (1302, 1309)	
Schedule 9-3 Market Support (1303, 1307, 1310)	
Schedule 9-4 Reg Admin (1304, 1311)	
Schedule 9-5 RPM Admin (1305, 1312)	
Schedule 9-AC2 (1306)	
Schedule 9-FERC (1315)	
Schedule 9-OPSI (1316)	
Schedule 9-MMU (1314)	
Schedule 9 – PJM Settlements (1313)	
Schedule 9 – CAPS	
Schedule 10-NERC	
Schedule 10-RFC	
Schedule 1A TO Control Center (1320)	
Reactive (Schedule 2) (1330)	
Black Start (Schedule 6A) (1380)	
Network Service (load only)	
Point-to-Point Service (1130)	
RTO Startup Cost Recovery	
Expansion Cost Recovery	
Schedule 12 (Transmission Enhancement)	

Contact Information

Name	Company	Role	E-Mail Address	Phone

Section(s) of the
PJM Operating Agreement
(Clean Format)

Definitions G - H

Generating Market Buyer:

“Generating Market Buyer” shall mean an Internal Market Buyer that is a Load Serving Entity that owns or has contractual rights to the output of generation resources capable of serving the Market Buyer’s load in the PJM Region, or of selling energy or related services in the PJM Interchange Energy Market or elsewhere.

Generation Capacity Resource:

“Generation Capacity Resource” shall have the meaning provided in the Reliability Assurance Agreement.

Generation Owner:

“Generation Owner” shall mean a Member that owns or leases, with right equivalent to ownership, or otherwise controls and operates one or more operating generation resources located in the PJM Region. The foregoing notwithstanding, for a planned generation resource to qualify a Member as a Generation Owner, such resource shall have cleared an RPM auction, and for Energy Resources, the resource shall have a FERC-jurisdictional interconnection agreement or wholesale market participation agreement within PJM. Purchasing all or a portion of the output of a generation resource shall not be sufficient to qualify a Member as a Generation Owner. For purposes of Members Committee sector classification a Member that is primarily a retail end-user of electricity that owns generation may qualify as a Generation Owner if: (1) the generation resource is the subject of a FERC-jurisdictional interconnection agreement or wholesale market participation agreement within PJM; (2) the average physical unforced capacity owned by the Member and its affiliates over the five Planning Periods immediately preceding the relevant Planning Period exceeds the average PJM capacity obligation of the Member and its affiliates over the same time period; and (3) the average energy produced by the Member and its affiliates within PJM over the five Planning Periods immediately preceding the relevant Planning Period exceeds the average energy consumed by the Member and its affiliates within PJM over the same time period.

Generation Resource Maximum Output:

“Generation Resource Maximum Output” shall mean, for Customer Facilities identified in an Interconnection Service Agreement or Wholesale Market Participation Agreement, the Generation Resource Maximum Output for a generating unit shall equal the unit’s pro rata share of the Maximum Facility Output, determined by the Economic Maximum values for the available units at the Customer Facility. For generating units not identified in an Interconnection Service Agreement or Wholesale Market Participation Agreement, the Generation Resource Maximum Output shall equal the generating unit’s Economic Maximum.

Generator Forced Outage:

“Generator Forced Outage” shall mean an immediate reduction in output or capacity or removal from service, in whole or in part, of a generating unit by reason of an Emergency or threatened Emergency, unanticipated failure, or other cause beyond the control of the owner or operator of the facility, as specified in the relevant portions of the PJM Manuals. A reduction in output or removal from service of a generating unit in response to changes in market conditions shall not constitute a Generator Forced Outage.

Generator Maintenance Outage:

“Generator Maintenance Outage” shall mean the scheduled removal from service, in whole or in part, of a generating unit in order to perform necessary repairs on specific components of the facility, if removal of the facility meets the guidelines specified in the PJM Manuals.

Generator Planned Outage:

“Generator Planned Outage” shall mean the scheduled removal from service, in whole or in part, of a generating unit for inspection, maintenance or repair with the approval of the Office of the Interconnection in accordance with the PJM Manuals.

Good Utility Practice:

“Good Utility Practice” shall mean any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather is intended to include acceptable practices, methods, or acts generally accepted in the region; including those practices required by Federal Power Act Section 215(a)(4).

Hot Weather Alert:

“Hot Weather Alert” shall mean the notice provided by PJM to PJM Members, Transmission Owners, resource owners and operators, customers, and regulators to prepare personnel and facilities for extreme hot and/or humid weather conditions which may cause capacity requirements and/or unit unavailability to be substantially higher than forecast are expected to persist for an extended period.

Definitions O - P

Offer Data:

“Offer Data” shall mean the scheduling, operations planning, dispatch, new resource, and other data and information necessary to schedule and dispatch generation resources and Demand Resource(s) for the provision of energy and other services and the maintenance of the reliability and security of the Transmission System in the PJM Region, and specified for submission to the PJM Interchange Energy Market for such purposes by the Office of the Interconnection.

Office of the Interconnection:

“Office of the Interconnection” shall mean the employees and agents of PJM Interconnection, L.L.C. subject to the supervision and oversight of the PJM Board, acting pursuant to the Operating Agreement.

Office of the Interconnection Control Center:

“Office of the Interconnection Control Center” shall mean the equipment, facilities and personnel used by the Office of the Interconnection to coordinate and direct the operation of the PJM Region and to administer the PJM Interchange Energy Market, including facilities and equipment used to communicate and coordinate with the Market Participants in connection with transactions in the PJM Interchange Energy Market or the operation of the PJM Region.

On-Site Generators:

“On-Site Generators” shall mean generation facilities (including Behind The Meter Generation) that (i) are not Capacity Resources, (ii) are not injecting into the grid, (iii) are either synchronized or non-synchronized to the Transmission System, and (iv) can be used to reduce demand for the purpose of participating in the PJM Interchange Energy Market.

Open Access Same-Time Information System (OASIS) or PJM Open Access Same-time Information System:

“Open Access Same-Time Information System,” “PJM Open Access Same-time Information System” or “OASIS” shall mean the electronic communication system and information system and standards of conduct contained in Part 37 and Part 38 of the Commission’s regulations and all additional requirements implemented by subsequent Commission orders dealing with OASIS for the collection and dissemination of information about transmission services in the PJM Region, established and operated by the Office of the Interconnection in accordance with FERC standards and requirements.

Operating Day:

“Operating Day” shall mean the daily 24 hour period beginning at midnight for which transactions on the PJM Interchange Energy Market are scheduled.

Operating Margin:

“Operating Margin” shall mean the incremental adjustments, measured in megawatts, required in PJM Region operations in order to accommodate, on a first contingency basis, an operating contingency in the PJM Region resulting from operations in an interconnected Control Area. Such adjustments may result in constraints causing Transmission Congestion Charges, or may result in Ancillary Services charges pursuant to the PJM Tariff.

Operating Margin Customer:

“Operating Margin Customer” shall mean a Control Area purchasing Operating Margin pursuant to an agreement between such other Control Area and the LLC.

Operating Reserve:

“Operating Reserve” shall mean the amount of generating capacity scheduled to be available for a specified period of an Operating Day to ensure the reliable operation of the PJM Region, as specified in the PJM Manuals.

Operator-initiated Commitment:

“Operator-initiated Commitment” shall mean a commitment after the Day-ahead Energy Market and Day-ahead Scheduling Reserves Market, whether manual or automated, for a reason other than minimizing the total production costs of serving load.

Original PJM Agreement:

“Original PJM Agreement” shall mean that certain agreement between certain of the Members, originally dated September 26, 1956, and as amended and supplemented up to and including December 31, 1996, relating to the coordinated operation of their electric supply systems and the interchange of electric capacity and energy among their systems.

Other Supplier:

“Other Supplier” shall mean a Member that: (i) is engaged in buying, selling or transmitting electric energy, capacity, ancillary services, financial transmission rights or other services available under PJM’s governing documents in or through the Interconnection or has a good faith intent to do so, and; (ii) does not qualify for the Generation Owner, Electric Distributor, Transmission Owner or End-Use Customer sectors.

PJM Board:

“PJM Board” shall mean the Board of Managers of the LLC, acting pursuant to the Operating Agreement, except when such term is being used in Tariff, Attachment M, in which case PJM Board shall mean the Board of Managers of PJM or its designated representative, exclusive of any members of PJM Management.

PJM Control Area:

“PJM Control Area” shall mean the Control Area recognized by NERC as the PJM Control Area.

PJM Dispute Resolution Procedures:

“PJM Dispute Resolution Procedures” shall mean the procedures for the resolution of disputes set forth in Operating Agreement, Schedule 5.

PJM Governing Agreements:

“PJM Governing Agreements” shall mean the PJM Open Access Transmission Tariff, the Operating Agreement, the Consolidated Transmission Owners Agreement, the Reliability Assurance Agreement, or any other applicable agreement approved by the FERC and intended to govern the relationship by and among PJM and any of its Members.

PJM Interchange:

“PJM Interchange” shall mean the following, as determined in accordance with the Operating Agreement and Tariff: (a) for a Market Participant that is a Network Service User, the amount by which its interval Equivalent Load exceeds, or is exceeded by, the sum of the interval outputs of its operating generating resources; or (b) for a Market Participant that is not a Network Service User, the amount of its Spot Market Backup; or (c) the interval scheduled deliveries of Spot Market Energy by a Market Seller from an External Resource; or (d) the interval net metered output of any other Market Seller; or (e) the interval scheduled deliveries of Spot Market Energy to an External Market Buyer; or (f) the interval scheduled deliveries to an Internal Market Buyer that is not a Network Service User.

PJM Interchange Energy Market:

“PJM Interchange Energy Market” shall mean the regional competitive market administered by the Office of the Interconnection for the purchase and sale of spot electric energy at wholesale in interstate commerce and related services established pursuant to Operating Agreement, Schedule 1, and the parallel provisions of Tariff, Attachment K-Appendix.

PJM Interchange Export:

“PJM Interchange Export” shall mean the following, as determined in accordance with the Operating Agreement and Tariff: (a) for a Market Participant that is a Network Service User, the amount by which its interval Equivalent Load is exceeded by the sum of the interval outputs of its operating generating resources; or (b) for a Market Participant that is not a Network Service User, the amount of its Spot Market Backup sales; or (c) the interval scheduled deliveries of Spot Market Energy by a Market Seller from an External Resource; or (d) the interval net metered output of any other Market Seller.

PJM Interchange Import:

“PJM Interchange Import” shall mean the following, as determined in accordance with the Operating Agreement and Tariff: (a) for a Market Participant that is a Network Service User, the amount by which its interval Equivalent Load exceeds the sum of the interval outputs of its operating generating resources; or (b) for a Market Participant that is not a Network Service User, the amount of its Spot Market Backup purchases; or (c) the interval scheduled deliveries of Spot Market Energy to an External Market Buyer; or (d) the interval scheduled deliveries to an Internal Market Buyer that is not a Network Service User.

PJM Manuals:

“PJM Manuals” shall mean the instructions, rules, procedures and guidelines established by the Office of the Interconnection for the operation, planning, and accounting requirements of the PJM Region and the PJM Interchange Energy Market.

PJM Mid-Atlantic Region:

“PJM Mid-Atlantic Region” shall mean the aggregate of the Transmission Facilities of Atlantic City Electric Company, Baltimore Gas and Electric Company, Delmarva Power and Light Company, Jersey Central Power and Light Company, Mid-Atlantic Interstate Transmission, LLC, PECO Energy Company, PPL Electric Utilities Corporation, Potomac Electric Power Company, Public Service Electric and Gas Company, and Rockland Electric Company.

PJM Region:

“PJM Region” shall mean the aggregate of the Zones within PJM as set forth in Tariff, Attachment J.

PJMSettlement:

“PJMSettlement” or “PJM Settlement, Inc.” shall mean PJM Settlement, Inc. (or its successor), established by PJM as set forth in Operating Agreement, section 3.3.

PJM South Region:

“PJM South Region” shall mean the Transmission Facilities of Virginia Electric and Power Company.

PJM Tariff, Tariff, O.A.T.T., OATT or PJM Open Access Transmission Tariff:

“PJM Tariff,” “Tariff,” “O.A.T.T.,” or “PJM Open Access Transmission Tariff” shall mean that certain “PJM Open Access Transmission Tariff”, including any schedules, appendices, or exhibits attached thereto, on file with FERC and as amended from time to time thereafter.

PJM West Region:

“PJM West Region” shall mean the Zones of Allegheny Power; Commonwealth Edison Company (including Commonwealth Edison Co. of Indiana); AEP East Affiliate Companies; The Dayton Power and Light Company; the Duquesne Light Company; American Transmission Systems, Incorporated; Duke Energy Ohio, Inc., Duke Energy Kentucky, Inc. and East Kentucky Power Cooperative, Inc.

Planning Period:

“Planning Period” shall have the meaning specified in the Reliability Assurance Agreement.

Planning Period Balance:

“Planning Period Balance” shall mean the entire period of time remaining in the Planning Period following the month that a monthly auction is conducted.

Planning Period Quarter:

“Planning Period Quarter” shall mean any of the following three month periods in the Planning Period: June, July and August; September, October and November; December, January and February; or March, April and May.

Point-to-Point Transmission Service:

“Point-to-Point Transmission Service” shall mean the reservation and transmission of capacity and energy on either a firm or non-firm basis from the Point(s) of Delivery under Tariff, Part II.

PRD Curve:

“PRD Curve” shall have the meaning provided in the Reliability Assurance Agreement.

PRD Provider:

“PRD Provider” shall have the meaning provided in the Reliability Assurance Agreement.

PRD Reservation Price:

“PRD Reservation Price” shall have the meaning provided in the Reliability Assurance Agreement.

PRD Substation:

“PRD Substation” shall have the meaning provided in the Reliability Assurance Agreement.

Pre-Emergency Load Response Program:

“Pre-Emergency Load Response Program” shall be the program by which Curtailment Service Providers may be compensated by PJM for Demand Resources that will reduce load when dispatched by PJM during pre-emergency conditions, and is described in Operating Agreement, Schedule 1, section 8 and the parallel provisions of Tariff, Attachment K-appendix, section 8.

President:

“President” shall have the meaning specified in Operating Agreement, section 9.2.

Price Responsive Demand:

“Price Responsive Demand” shall have the meaning provided in the Reliability Assurance Agreement.

Primary Reserve:

“Primary Reserve” shall mean the total reserve capability of generation resources that can be converted fully into energy or Demand Resources whose demand can be reduced within ten minutes of a request from the Office of the Interconnection dispatcher, and is comprised of both Synchronized Reserve and Non-Synchronized Reserve.

Primary Reserve Alert:

“Primary Reserve Alert” shall mean a notification from PJM to alert Members of an anticipated shortage of Operating Reserve capacity for a future critical period.

Primary Reserve Requirement:

“Primary Reserve Requirement” shall mean the megawatts required to be maintained in a Reserve Zone or Reserve Sub-zone as Primary Reserve, absent any increase to account for additional reserves scheduled to address operational uncertainty. The Primary Reserve Requirement is calculated in accordance with the PJM Manuals.

Prohibited Securities:

“Prohibited Securities” shall mean the Securities of a Member, Eligible Customer, or Nonincumbent Developer, or their Affiliates, if:

(1) the primary business purpose of the Member or Eligible Customer, or their Affiliates, is to buy, sell or schedule energy, power, capacity, ancillary services or transmission services as indicated by an industry code within the “Electric Power Generation, Transmission, and Distribution” industry group under the North American Industry Classification System (“NAICS”) or otherwise determined by the Office of the Interconnection;

(2) the Nonincumbent Developer has been pre-qualified as eligible to be a Designated Entity pursuant to Operating Agreement, Schedule 6;

(3) the total (gross) financial settlements regarding the use of transmission capacity of the Transmission System and/or transactions in the centralized markets that the Office of the Interconnection administers under the Tariff and the Operating Agreement for all Members or Eligible Customers affiliated with the publicly traded company during its most recently completed fiscal year is equal to or greater than 0.5% of its gross revenues for the same time period; or

(4) the total (gross) financial settlements regarding the use of transmission capacity of the Transmission System and/or transactions in the centralized markets that the Office of the Interconnection administers under the Tariff and the Operating Agreement for all Members or Eligible Customers affiliated with the publicly traded company during the prior calendar year is equal to or greater than 3% of the total transactions for which PJMSettlement is a Counterparty pursuant to Operating Agreement, section 3.3 for the same time period.

The Office of the Interconnection shall compile and maintain a list of the Prohibited Securities publicly traded and post this list for all employees and distribute the list to the Board Members.

Proportional Multi-Driver Project:

“Proportional Multi-Driver Project” shall mean a Multi-Driver Project that is planned as described in Operating Agreement, Schedule 6, section 1.5.10(h).

Pseudo-Tie:

“Pseudo-Tie shall have the same meaning set forth in the NERC Glossary of Terms Used in NERC Reliability Standards.

Public Policy Objectives:

“Public Policy Objectives” shall refer to Public Policy Requirements, as well as public policy initiatives of state or federal entities that have not been codified into law or regulation but which nonetheless may have important impacts on long term planning considerations.

Public Policy Requirements:

“Public Policy Requirements” shall refer to policies pursued by: (a) state or federal entities, where such policies are reflected in duly enacted statutes or regulations, including but not limited to, state renewable portfolio standards and requirements under Environmental Protection Agency regulations; and (b) local governmental entities such as a municipal or county government, where such policies are reflected in duly enacted laws or regulations passed by the local governmental entity.

Definitions Q - R

Ramping Capability:

“Ramping Capability” shall mean the sustained rate of change of generator output, in megawatts per minute.

Real-time Congestion Price:

“Real-time Congestion Price” shall mean the Congestion Price resulting from the Office of the Interconnection’s dispatch of the PJM Interchange Energy Market in the Operating Day.

Real-time Loss Price:

“Real-time Loss Price” shall mean the Loss Price resulting from the Office of the Interconnection’s dispatch of the PJM Interchange Energy Market in the Operating Day.

Real-time Offer:

“Real-time Offer” shall mean a new offer or an update to a Market Seller’s existing cost-based or market-based offer for a clock hour, submitted for use after the close of the Day-ahead Energy Market.

Real-time Prices:

“Real-time Prices” shall mean the Locational Marginal Prices resulting from the Office of the Interconnection’s dispatch of the PJM Interchange Energy Market in the Operating Day.

Real-time Energy Market:

“Real-time Energy Market” shall mean the purchase or sale of energy and payment of Transmission Congestion Charges for quantity deviations from the Day-ahead Energy Market in the Operating Day.

Real-time Settlement Interval:

“Real-time Settlement Interval” shall mean the interval used by settlements, which shall be every five minutes.

Real-time System Energy Price:

“Real-time System Energy Price” shall mean the System Energy Price resulting from the Office of the Interconnection’s dispatch of the PJM Interchange Energy Market in the Operating Day.

Regional Entity:

“Regional Entity” shall mean an organization that NERC has delegated the authority to propose and enforce reliability standards pursuant to the Federal Power Act.

Regional RTEP Project:

“Regional RTEP Project” shall mean a transmission expansion or enhancement rated at 230 kV or above which is required for compliance with the following PJM criteria: system reliability, operational performance or economic criteria, pursuant to a determination by the Office of the Interconnection.

Registered Entity:

“Registered Entity” shall mean the entity registered under the NERC Functional Model and NERC Rules of Procedures for the purpose of compliance with NERC Reliability Standards and responsible for carrying out the tasks within a NERC function without regard to whether a task or tasks are performed by another entity pursuant to the terms of the PJM Governing Agreements.

Regulation:

“Regulation” shall mean the capability of a specific generation resource or Demand Resource with appropriate telecommunications, control and response capability to separately increase and decrease its output or adjust load in response to a regulating control signal, in accordance with the specifications in the PJM Manuals.

Regulation Zone:

“Regulation Zone” shall mean any of those one or more geographic areas, each consisting of a combination of one or more Control Zone(s) as designated by the Office of the Interconnection in the PJM Manuals, relevant to provision of, and requirements for, regulation service.

Related Parties:

“Related Parties” shall mean, solely for purposes of the governance provisions of the Operating Agreement: (i) any generation and transmission cooperative and one of its distribution cooperative members; and (ii) any joint municipal agency and one of its members. For purposes of the Operating Agreement, representatives of state or federal government agencies shall not be deemed Related Parties with respect to each other, and a public body's regulatory authority, if any, over a Member shall not be deemed to make it a Related Party with respect to that Member.

Relevant Electric Retail Regulatory Authority:

“Relevant Electric Retail Regulatory Authority” shall mean an entity that has jurisdiction over and establishes prices and policies for competition for providers of retail electric service to end-customers, such as the city council for a municipal utility, the governing board of a cooperative utility, the state public utility commission or any other such entity.

Reliability Assurance Agreement or PJM Reliability Assurance Agreement:

“Reliability Assurance Agreement” or “PJM Reliability Assurance Agreement” shall mean that certain Reliability Assurance Agreement Among Load-Serving Entities in the PJM Region, on file with FERC as PJM Interconnection, L.L.C. Rate Schedule FERC. No. 44, and as amended from time to time thereafter.

Reserve Penalty Factor:

“Reserve Penalty Factor” shall mean the cost, in \$/MWh, associated with being unable to meet a specific reserve requirement in a Reserve Zone or Reserve Sub-zone. A Reserve Penalty Factor will be defined for each reserve requirement in a Reserve Zone or Reserve Sub-zone.

Reserve Sub-zone:

“Reserve Sub-zone” shall mean any of those geographic areas wholly contained within a Reserve Zone, consisting of a combination of a portion of one or more Control Zone(s) as designated by the Office of the Interconnection in the PJM Manuals, relevant to provision of, and requirements for, reserve service.

Reserve Zone:

“Reserve Zone” shall mean any of those geographic areas consisting of a combination of one or more Control Zone(s) as designated by the Office of the Interconnection in the PJM Manuals, relevant to provision of, and requirements for, reserve service.

Residual Auction Revenue Rights:

“Residual Auction Revenue Rights” shall mean incremental stage 1 Auction Revenue Rights created within a Planning Period by an increase in transmission system capability, including the return to service of existing transmission capability, that was not modeled pursuant to Operating Agreement, Schedule 1, section 7.5, and the parallel provisions of Tariff, Attachment K-Appendix, section 7.5 in compliance with Operating Agreement, Schedule 1, section 7.4.2(h), and the parallel provisions of Tariff, Attachment K-Appendix, section 7.4.2(h), and, if modeled, would have increased the amount of stage 1 Auction Revenue Rights allocated pursuant to Operating Agreement, Schedule 1, section 7.4.2, and the parallel provisions of Attachment K-Appendix, section 7.4.2; provided that, the foregoing notwithstanding, Residual Auction Revenue Rights shall exclude: 1) Incremental Auction Revenue Rights allocated pursuant to Tariff, Part VI; and 2) Auction Revenue Rights allocated to entities that are assigned cost responsibility pursuant to Operating Agreement, Schedule 6 for transmission upgrades that create such rights.

Residual Metered Load:

“Residual Metered Load” shall mean all load remaining in an electric distribution company’s fully metered franchise area(s) or service territory(ies) after all nodally priced load of entities serving load in such area(s) or territory(ies) has been carved out.

Revenue Data for Settlements:

“Revenue Data for Settlements” shall mean energy quantities used in accounting and billing as determined pursuant to Tariff, Attachment K-Appendix and the corresponding provisions of Operating Agreement, Schedule 1.

2.4 Determination of Energy Offers Used in Calculating Real-time Prices.

- (a) During the Operating Day, real-time Locational Marginal Prices derived in accordance with this section shall be determined every five minutes.

- (b) To determine the energy offers submitted to the PJM Interchange Energy Market that shall be used during the Operating Day to calculate the Real-time Prices, the Office of the Interconnection shall determine the applicable marginal energy offer of the resources being dispatched by the Office of the Interconnection. Offers for resources dispatched by the Office of the Interconnection in excess of \$2,000/megawatt-hour will be capped at \$2,000/megawatt-hour for purposes of calculating Real-time Prices.

- (c) In determining whether a resource satisfies the condition described in (b), the Office of the Interconnection will determine the applicable marginal energy offer by comparing the requested megawatt output of the resource with the Market Seller's offer price curve. The applicable marginal energy offer used in the calculation of Real-time Prices shall not exceed \$2,000/megawatt-hour. Units that must be run for local area protection shall not be considered in the calculation of Real-time Prices.

6.6 Minimum Generator Operating Parameters – Parameter Limited Schedules.

(a) Market Sellers submitting Offer Data for Generation Capacity Resources shall submit and be subject to pre-determined limits on cost-based offers, which are always parameter limited. Market Sellers submitting Offer Data for Generation Capacity Resources shall submit and be subject to pre-determined limits on market-based offers conforming to parameter limitations (“parameter limited schedules”) under the following circumstances:

- (i) The Market Seller fails the three pivotal supplier test. When this subsection applies, the parameter limited schedule shall be the less limiting, i.e. more flexible, of the defined parameter limited schedules or the submitted offer parameters.
- (ii) For the 2014/2015 through 2017/2018 Delivery Years, the Office of the Interconnection: (i) declares a Maximum Generation Emergency; (ii) issues a Maximum Generation Emergency Alert; or (iii) schedules units based on the anticipation of a Maximum Generation Emergency or a Maximum Generation Emergency Alert for all, or any part, of an Operating Day.
- (iii) For Capacity Performance Resources, the Office of the Interconnection: (i) declares a Maximum Generation Emergency; (ii) issues a Maximum Generation Emergency Alert, Hot Weather Alert, Cold Weather Alert; or (iii) schedules units based on the anticipation of a Maximum Generation Emergency, Maximum Generation Emergency Alert, Hot Weather Alert or Cold Weather Alert for all, or any part, of an Operating Day.
- (iv) For Base Capacity Resources, the Office of the Interconnection: (i) declares a Maximum Generation Emergency during hot weather operations during the period of June 1 through September 30; (ii) issues a Maximum Generation Emergency Alert or Hot Weather Alert during hot weather operations during the period of June 1 through September 30; or (iii) schedules units based on the anticipation of a Hot Weather Alert, or a Maximum Generation Emergency or Maximum Generation Emergency Alert during hot weather operations during the period of June 1 through September 30, for all, or any part, of an Operating Day.

(b) For the 2014/2015 through 2017/2018 Delivery Years for Generation Capacity Resources other than Capacity Performance Resources, and the 2016/2017 through 2018/2019 Delivery Years for Generation Capacity Resources identified and committed in an FRR Capacity Plan, parameter limited schedules shall be defined for the following parameters:

- (i) Turn Down Ratio;
- (ii) Minimum Down Time;

- (iii) Minimum Run Time;
- (iv) Maximum Daily Starts;
- (v) Maximum Weekly Starts.

For the 2018/2019 and 2019/2020 Delivery Years for Base Capacity Resources, and for the 2016/2017 Delivery Year and subsequent Delivery Years for Capacity Performance Resources, the Office of the Interconnection shall determine the unit-specific achievable operating parameters for each individual unit on the basis of its operating design characteristics and other constraints, recognizing that remedial and ongoing investment and maintenance may be required to perform on the basis of those characteristics, for the following parameters:

- (i) Turn Down Ratio;
- (ii) Minimum Down Time;
- (iii) Minimum Run Time;
- (iv) Maximum Daily Starts;
- (v) Maximum Weekly Starts;
- (vi) Maximum Run Time;
- (vii) Start-up Time; and
- (viii) Notification Time.

These unit-specific values shall apply for the generating unit unless it is operating pursuant to an exception from those values under subsection (h) hereof due to operational limitations that prevent the unit from meeting the minimum parameters. Throughout the analysis process, the Office of the Interconnection shall consult with the Market Monitoring Unit, and consider any input received from the Market Monitoring Unit, in its determination of a unit's unit-specific parameter limited schedule values.

In order to make its determination of the unit-specific parameter limited schedule values for a unit, the Office of the Interconnection may request that the Capacity Market Seller provide to it and the Market Monitoring Unit certain data and documentation as further detailed in the PJM Manuals. Once the Office of the Interconnection has made a determination of the unit-specific parameter limited schedule values for a unit, those values will remain applicable to the unit until such time as the Office of the Interconnection determines that a change is needed based on changed operational capabilities of the unit.

A Capacity Market Seller that does not believe its generating unit can meet the unit-specific values determined by the Office of the Interconnection due to actual operating constraints, and

who desires to establish adjusted unit-specific parameters for those units may request adjusted unit-specific parameter limitations. Any such request must be submitted to the Office of the Interconnection by no later than the February 28 immediately preceding the first Delivery Year for which the adjusted unit-specific parameters are requested to commence. Capacity Market Sellers shall supply, for each generating unit, technical information about the operational limits to support the requested parameters, as further detailed in the PJM Manuals. The Office of the Interconnection shall consult with the Market Monitoring Unit, and consider any input received from the Market Monitoring Unit, in its determination of a unit's request for adjusted unit-specific parameter limited schedule values. After it has completed its evaluation of the request, the Office of the Interconnection shall notify the Capacity Market Seller in writing, with a copy to the Market Monitoring Unit, whether the request is approved or denied, by no later than April 15. The effective date of the request, if approved by the Office of the Interconnection, shall be no earlier than June 1.

The operational limitations referenced in this section 6.6 shall be (a) physical operational limitations based on the operating design characteristics of the unit, or (b) other actual physical constraints, including those based on contractual limits, that are not based on the characteristics of the unit. In order for a contractual or other actual constraint to be deemed a physical constraint that can be reflected in its unit-specific parameter limits for a Generation Capacity Resource, the Capacity Market Seller must demonstrate that contractual or other actual constraint is not simply an economic decision but a physical restriction that could not be rectified among any commercial alternatives actually available to it.

(c) For the 2014/2015 through 2017/2018 Delivery Years, the following table specifies default parameter limited schedule values, by technology type, for generating units, no portion of which is committed as a Capacity Performance Resource:

Parameter Limited Schedule Matrix

Parameter	Minimum Down Time (Hrs)	Minimum Run Time (Hrs)	Maximum Daily Starts	Maximum Weekly Starts	Turn Down Ratio = Economic Maximum MW / Economic Minimum MW
Small Frame CT and Aero CT Units - Up to 29 MW ICAP	2.0 or Less	2.0 or Less	2 or More	14 or More	1.0 or More
Medium Frame CT and Aero CT Units - 30 MW to 65 MW ICAP	2.0 or Less	3.0 or Less	2 or More	14 or More	1.0 or More
Medium-Large Frame CT Units - 65 MW to 135 MW ICAP	3.0 or Less	5.0 or Less	2 or More	14 or More	1.0 or More
Large Frame CT Units - 135 MW to 180 MW ICAP	4.0 or Less	5.0 or Less	2 or More	14 or More	1.0 or More
Combined Cycle Units	4.0 or Less	6.0 or Less	2 or More	11 or More	1.5 or More
Petroleum and Natural Gas Steam Units - Pre-1985	7.0 or Less	8.0 or Less	1 or More	7 or More	3.0 or More
Petroleum and Natural Gas Steam Units - Post-1985	3.5 or Less	5.5 or Less	2 or More	11 or More	2.0 or More
Sub-Critical Coal Units	9.0 or Less	15.0 or Less	1 or More	5 or More	2.0 or More
Super-Critical Coal Units	84.0	24.0 or Less	1 or More	2 or More	1.5 or More

(d) For the 2014/2015 through 2017/2018 Delivery Years, upon receipt of proposed revised parameter limited schedule values from the Market Monitoring Unit, prepared in accordance with the procedures for periodic review included in Tariff, Attachment M-Appendix, section

II.B.1, the Office of the Interconnection shall file to revise the Parameter Limited Schedule Matrix in section 6.6(c) above accordingly. In the event that the Office of the Interconnection disagrees with the values proposed for revising the matrix, the Office of the Interconnection shall file the values that it determines are appropriate.

(e) For the 2014/2015 through 2017/2018 Delivery Years, the Market Monitoring Unit shall calculate and provide to Market Sellers default values in accordance with Tariff, Attachment M-Appendix, section II.B. The default values set forth in the table in subsection (c) above shall apply for the referenced technology types unless a generating unit is operating pursuant to an exception from the default values under subsection (h) due to physical operational limitations that prevent the unit from meeting the minimum parameters, or any megawatts of the unit are committed as a Capacity Performance Resource in which case the unit-specific or adjusted unit-specific values for the generating unit determined by the Office of the Interconnection shall apply to all megawatts of the generating unit offered into the PJM energy markets. For generating units having the ability to operate on multiple fuels, Market Sellers may submit a parameter limited schedule associated with each fuel type.

(f) For the 2016/2017 Delivery Year and subsequent Delivery Years, the following additional parameter limits shall apply for Capacity Performance Resources, other than Capacity Storage Resources, submitted in the Day-ahead Energy Market or rebidding period that occurs after the clearing of the Day-ahead Energy Market for the following Operating Day, and for the Real-time Energy Market for the same Operating Day, unless the Capacity Market Seller has requested for its Capacity Performance Resource, and the Office of the Interconnection has granted, an adjusted unit-specific start-up and/or notification time due to actual operating constraints pursuant to the process described in subsection (b) above:

- (i) The combined start-up and notification times shall not exceed 24 hours, except when a Hot Weather Alert or Cold Weather Alert has been issued;
- (ii) When a Hot Weather Alert or Cold Weather Alert has been issued, combined start-up and notification times shall not exceed 14 hours;
- (iii) When a Hot Weather Alert or Cold Weather Alert has been issued, notification time shall not exceed one hour; and,
- (iv) When a Hot Weather Alert or Cold Weather Alert has been issued, parameters shall be based on the actual operational limitations of the Capacity Performance Resource for both its market-based schedules and cost-based schedules.

Capacity Storage Resources that clear in a Reliability Pricing Model Auction shall, unless the Capacity Market Seller has requested for its Capacity Storage Resource, and the Office of the Interconnection has granted, an adjusted unit-specific start-up and notification time, and/or minimum down time, due to actual operating constraints pursuant to the process described in subsection (b) above:

- (i) Have combined start-up and notification times that shall not exceed one hour; and,
- (ii) Have a minimum down time that shall not exceed one hour.

(g) For the 2018/2019 and 2019/2020 Delivery Years, the following additional parameter limits for Base Capacity Resources submitted in the Day-ahead Energy Market or rebidding period that occurs after the clearing of the Day-ahead Energy Market for the following Operating Day, and for the Real-time Energy Market for the same Operating Day, unless the Capacity Market Seller has requested for its Base Capacity Resource, and the Office of the Interconnection has granted, an adjusted unit-specific start-up and/or notification time due to actual operating constraints pursuant to the process described in subsection (b) above:

- (i) Combined start-up and notification times shall not exceed 48 hours;
- (ii) When a Hot Weather Alert has been issued, notification time shall not exceed one hour; and,
- (iii) When a Hot Weather Alert has been issued, parameters shall be based on the actual operational limitations of the Base Capacity Resource for both its market-based schedules and cost-based schedules.

(h) If a generating unit is or will become unable to achieve the default or unit-specific values determined by the Office of the Interconnection due to actual operating constraints affecting the unit, the Capacity Market Seller of that unit may submit a written request for an exception to the application of those values. Exceptions to the parameter limited schedule default or unit-specific values shall be categorized as either a one-time temporary exception, lasting 30 days or less; a period exception, lasting at least 31 days and no more than one year; or a persistent exception, lasting for at least one year.

- (i) *Temporary Exceptions.* A temporary exception shall be deemed accepted without prior review by the Market Monitoring Unit or the Office of the Interconnection upon submission by the Market Seller of the generating unit of written notification to the Market Monitoring Unit and the Office of the Interconnection, at least one Business Day prior to the commencement of the exception, and shall automatically commence and terminate on the dates specified in such notification, which must be for a period of time lasting 30 days or less, unless the termination date is extended pending a request for a period exception or shortened due to a change in the physical conditions of the unit such that the temporary exception is no longer required. Such Market Seller shall provide to the Market Monitoring Unit and the Office of the Interconnection within three days following the commencement of the temporary exception its documentation explaining in detail the reasons for the temporary exception, and shall also respond to additional requests for information from the Market Monitoring Unit and the Office of the Interconnection within three Business Days after such request. Failure to provide a timely response to such request for additional

information shall cause the temporary exception to terminate the following day. The Market Seller shall notify the Office of the Interconnection and the Market Monitoring Unit in writing of an early termination of a temporary exception due to changed physical conditions by no later than one Business Day prior to the early termination date. A temporary exception may only be requested one-time for the same physical or actual constraint since an operational constraint that may occur more than once should be the subject of a period exception request rather than multiple temporary exception requests.

In addition, if a Market Seller is unaware of the need for a period exception prior to the February 28 deadline for submitting such requests, the Market Seller may utilize the temporary exception process and seek to modify that exception pursuant to the process described below.

Modification of Temporary Exceptions. If, prior to the scheduled termination date the Market Seller determines that the temporary exception must persist for more than 30 days and the Market Seller wants to extend the period for which the exception applies, or if a Market Seller is unaware of the need for a period or persistent exception prior to the February 28 deadline for submitting such requests and the Market Seller has submitted a temporary exception request, it must submit to the Market Monitoring Unit and the Office of the Interconnection a written request to modify the temporary exception to become a period exception or a persistent exception, and provide detailed documentation explaining the reasons for the requested modification of the temporary exception. Market Sellers shall supply for each generating unit the required historical unit operating data in support of the period or persistent exception request, and if the exception requested is based on new physical operating limits for the unit for which some or all historical operating data is unavailable, the Market Seller may also submit technical information about the physical operational limits of the unit to support the requested parameters. Such Market Seller shall respond to additional requests for information from the Market Monitoring Unit and the Office of the Interconnection within three Business Days after such request. Such request shall be reviewed by the Market Monitoring Unit and must be evaluated by the Office of the Interconnection using the same standard utilized to evaluate period exception and persistent exception requests. Per Tariff, Attachment M-Appendix, section II.B, the Market Monitoring Unit shall evaluate the modification request and provide its determination of whether the request raises market power concerns, and, if so, any modifications that would alleviate those concerns, to the Market Seller, with a copy to Office of the Interconnection, by no later than 15 Business Days from the date of the modification request. The Office of the Interconnection shall provide its determination whether the request complies with the Tariff and Manuals by no later than 20 Business Days from the date of the modification request. A temporary exception shall be extended and shall not terminate until the date on which the Office of the Interconnection issues its determination of the modification request.

(ii) *Period Exceptions and Persistent Exceptions.* Market Sellers must submit period exception and persistent exception requests to the Market Monitoring Unit and the Office of the Interconnection by no later than the February 28 immediately preceding the twelve month period from June 1 to May 31 during which the exception is requested to commence. Market Sellers shall supply for each generating unit the required historical unit operating data in support of the period exception or persistent exception request, and if the exception requested is based on new physical operational limits for the unit for which some or all historical operating data is unavailable, the generating unit may also submit technical information about the physical operational limits for exceptions of the unit to support the requested parameters. The Market Monitoring Unit shall evaluate such request in accordance with the process set forth in Tariff, Attachment M-Appendix, section II.B. A Market Seller (i) must submit a parameter limited schedule value consistent with an agreement with the Market Monitoring Unit under such process or (ii) if it has not agreed with the Market Monitoring Unit on the parameter limited schedule value, may submit its own value to the Office of the Interconnection and to the Market Monitoring Unit, by no later than April 8. Each exception request must indicate the expected duration of the requested exception including the termination date thereof. The proposed parameter limited schedule value submitted by the Market Seller is subject to approval of the Office of the Interconnection pursuant to the requirements of the Tariff and the PJM Manuals. The Office of the Interconnection may engage the services of a consultant with technical expertise to evaluate the exception request. After it has completed its evaluation of the exception request, the Office of the Interconnection shall notify the Market Seller in writing, with a copy to the Market Monitoring Unit, whether the exception request is approved or denied, by no later than April 15. The effective date of the exception, if approved by the Office of the Interconnection, shall be no earlier than June 1 of the applicable Delivery Year. The Office of the Interconnection's determination for an exception shall continue for the period requested and, if requested, for such longer period as the Office of the Interconnection may determine is supported by the data.

The Market Seller shall provide written notification to the Market Monitoring Unit and the Office of the Interconnection of a material change to the facts relied upon by the Market Monitoring Unit and/or the Office of the Interconnection in their evaluations of the Market Seller's request for a period or persistent exception. The Market Monitoring Unit shall provide written notification to the Office of the Interconnection and the Market Seller of any change to its determination regarding the exception request, based on the material change in facts, by no later than 15 Business Days after receipt of such notice. The Office of the Interconnection shall notify the Market Seller in writing, with a copy to the Market Monitoring Unit, of any change to its determination regarding the exception request, based on the material change in facts, by no later than 20 Business Days after receipt of the Market Seller's notice. If the Office of the Interconnection determines that the exception no longer complies with the Tariff

or Manuals, the following parameter values shall apply to all megawatts of the generating unit offered into the PJM energy markets:

(1) for generating units for which no megawatts of the unit are committed as Capacity Performance Resources the default values specified in the Parameter Limited Schedule Matrix shall apply for the 2016/2017 through 2017/2018 Delivery years,

(2) for generating units for which any megawatts of the unit are committed as a Base Capacity Resource and no megawatts are committed as a Capacity Performance Resource, and for which no adjusted unit-specific values have been approved by PJM, the Base Capacity Resource unit-specific values determined by PJM shall apply for the 2018/2019 and 2019/2020 Delivery Years,

(3) for generating units for which any megawatts of the unit are committed as a Capacity Performance Resource, but for which no adjusted unit-specific values have been approved by PJM, the Capacity Performance Resource unit-specific values determined by PJM shall apply for the 2016/2017 Delivery Year and subsequent Delivery Years,

(4) for generating units for which any megawatts of the unit are committed as a Base Capacity Resource and no megawatts are committed as a Capacity Performance Resource, and for which adjusted unit-specific values have been approved by PJM, the Base Capacity Resource adjusted unit-specific values shall apply for the 2018/2019 and 2019/2020 Delivery Years, and

(5) for generating units for which any megawatts of the unit are committed as a Capacity Performance Resource and for which adjusted unit-specific values have been approved by PJM, the Capacity Performance Resource adjusted unit-specific values shall apply for the 2016/2017 Delivery Year and subsequent Delivery Years.

(i) Notwithstanding the foregoing, the provisions of this section 6.6 shall only pertain to the Offer Data a Market Seller must submit to the Office of the Interconnection for its offers into the Day-ahead Energy Market, rebidding period that occurs after the clearing of the Day-ahead Energy Market and Real-time Energy Market, and do not affect or change in any way a Generation Owner's obligation under NERC Reliability Standards to notify the Office of the Interconnection of its actual or expected actual physical operating conditions during the Operating Day.

(j) Notwithstanding anything contrary herein, the unit-specific parameters, adjusted unit-specific parameters or exception to parameter limited schedule values determined by the Office of the Interconnection for a generating unit shall be applicable to that generating unit regardless whether there is a change in the owner, operator or Market Seller of the unit because the parameter limited schedule values for the unit are determined based on the physical limitations of the unit, which should not change merely based on a change in owners, operator or Market Seller. Because parameter limited schedule values attach to the generating unit and are not owned by a Market Seller of the unit, when there are multiple owners or Market Sellers for a

generating unit, all owners and Market Sellers shall be bound by the unit-specific parameters, adjusted unit-specific parameters or exception to parameter limited schedule values determined by the Office of the Interconnection for the unit.

(k) The provisions of this section 6.6 only apply to Generation Capacity Resources, and not to Energy Resources.

8.4 Registration

1. Curtailment Service Providers must complete the applicable PJM Load Response Program Registration Form (“Registration Form”) that is posted on the PJM website (www.pjm.com) for each end-use customer, or aggregation of end-use customers, pursuant to the requirements set forth in the PJM Manuals. Because of the required electric distribution company ten Business Day review period, as described herein, Curtailment Service Providers shall submit completed Registration Forms to the Office of the Interconnection no later than one day before the tenth Business Day preceding the relevant Delivery Year. All registrations that have not been approved on or before May 31st preceding the relevant Delivery Year shall be rejected by the Office of the Interconnection. To the extent that a completed Registration Form is submitted to the Office of the Interconnection prior to one day before the tenth Business Day preceding the relevant Delivery Year and such registration is rejected by the electric distribution company or the Office of the Interconnection because of incorrect data on the Registration Form, such registration may be resubmitted by the Curtailment Service Provider before May 31st preceding the relevant Delivery Year, but such registration will be rejected by the Office of the Interconnection unless the electric distribution company has verified the registration on or before May 31st preceding the relevant Delivery Year. Incomplete Registration Forms will be rejected by the Office of the Interconnection; Curtailment Service Providers may not resubmit registrations that were rejected for being incomplete unless they are able to do so no later than one day before the tenth Business Day preceding the relevant Delivery Year. The following general steps will be followed:

2. For end-use customers of an electric distribution company that distributed more than 4 million MWh in the previous fiscal year:

a. The Curtailment Service Provider completes the Registration Form located on the PJM website. PJM reviews the application and ensures that the qualifications are met, including verifying that the appropriate metering exists. After confirming that an entity has met all of the qualifications to be an Emergency Load Response or Pre-Emergency Load Response Program participant, PJM shall notify the appropriate electric distribution company of an Emergency Load Response and Pre-Emergency Load Response Program participant’s registration and request verification as to whether the load that may be reduced is subject to laws or regulations of the Relevant Electric Retail Regulatory Authority that prohibit or condition the end-use customer’s participation in PJM’s Emergency Load Response and Pre-Emergency Load Response Programs pursuant to the process described below. The electric distribution company has ten Business Days to respond. An electric distribution company which seeks to assert that the laws or regulations of the Relevant Electric Retail Regulatory Authority prohibit or condition (which condition the electric distribution company asserts has not been satisfied) an end-use customer’s participation in PJM’s Emergency Load Response and Pre-Emergency Load Response program shall provide to PJM, within the referenced ten Business Day review period, either: (a) an order, resolution or ordinance of the Relevant Electric Retail Regulatory Authority prohibiting or conditioning the end-use customer’s participation, (b) an opinion of the Relevant Electric Retail Regulatory Authority’s legal counsel attesting to the existence of a regulation or law prohibiting or conditioning the end-use customer’s participation, or (c) an opinion of the state Attorney General, on behalf of the Relevant Electric Retail Regulatory Authority, attesting

to the existence of a regulation or law prohibiting or conditioning the end-use customer's participation.

- i. If evidence provided by an electric distribution company to the Office of the Interconnection indicates that a Relevant Electric Retail Regulatory Authority law or regulation prohibits or conditions (which condition the electric distribution company asserts has not been satisfied) the end-use customer's participation and is received by the Office of the Interconnection on or after May 31st preceding the applicable Delivery Year, then the existing end-use customer's registration for Demand Resource (as defined in the Reliability Assurance Agreement) will remain in effect for the applicable Delivery Year. If evidence provided by an electric distribution company to the Office of the Interconnection indicates that a Relevant Electric Retail Regulatory Authority law or regulation prohibits or conditions (which condition the electric distribution company asserts has not been satisfied) the end-use customer's participation and is received by the Office of the Interconnection before May 31st preceding the applicable Delivery Year and the Curtailment Service Provider does not provide supporting documentation to the Office of the Interconnection on or before May 31st preceding the applicable Delivery Year demonstrating that the Curtailment Service Provider had an executed contract with the end-use customer for Demand Resource participation before the date the Demand Resource cleared the applicable Reliability Pricing Model Auction, and that the date that the Demand Resource cleared the applicable Reliability Pricing Model Auction was prior to the effective date of the Relevant Electric Retail Regulatory Authority law or regulation prohibiting or conditioning the end-use customer's participation, then, unless the below exception applies, the existing end-use customer's registration for Demand Resource participation shall be deemed to be terminated for the applicable Delivery Year, and the Curtailment Service Provider will be subject to the Reliability Pricing Model provisions, as specified in Attachment DD of the PJM Tariff.
 - b. In the absence of a response from the electric distribution company within the referenced ten Business Day review period, the Office of the Interconnection shall assume that the load to be reduced is not subject to laws or regulations of the Relevant Electric Retail Regulatory Authority that prohibit or condition the end-use customer's participation in PJM's Emergency Load Response and Pre-Emergency Load Response Programs, and the Office of the Interconnection shall accept the registration, provided it meets all other Emergency Load Response and Pre-Emergency Load Response Program requirements.
 - c. For those registrations terminated pursuant to this section, all Emergency Load Response and Pre-Emergency Load Response participant activity incurred prior to the termination date of the registration shall be settled by PJM in accordance with the terms and conditions contained in the PJM Tariff, PJM Operating Agreement and PJM Manuals.
3. For end-use customers of an electric distribution company that distributed 4 million MWh or less in the previous fiscal year:

a. The Curtailment Service Provider completes the Emergency Registration Form located on the PJM website. PJM reviews the application and ensures that the qualifications are met, including verifying that the appropriate metering exists. After confirming that an entity has met all of the qualifications to be an Emergency Load Response and Pre-Emergency Load Response participant, PJM shall notify the appropriate electric distribution company of an Emergency Load Response and Pre-Emergency Load Response participant's registration and request verification as to whether the load that may be reduced is permitted to participate by the Relevant Electric Retail Regulatory Authority pursuant to the process described below. The electric distribution company has ten Business Days to respond. If the electric distribution company verifies that the load that may be reduced is permitted or conditionally permitted (which condition the electric distribution company asserts has been satisfied) to participate in the Emergency Load Response Program and Pre-Emergency Load Response Program, then the electric distribution company must provide to the Office of the Interconnection within the referenced ten Business Day review period either: (a) an order, resolution or ordinance of the Relevant Electric Retail Regulatory Authority permitting or conditionally permitting the end-use customer's participation, (b) an opinion of the Relevant Electric Retail Regulatory Authority's legal counsel attesting to the existence of a regulation or law permitting or conditionally permitting the end-use customer's participation, or (c) an opinion of the state Attorney General, on behalf of the Relevant Electric Retail Regulatory Authority, attesting to the existence of a regulation or law permitting or conditionally permitting the end-use customer's participation.

i. If the electric distribution company denies the end-use customer's Demand Resource (as defined in the Reliability Assurance Agreement) registration on or before May 31st preceding the applicable Delivery Year and the Curtailment Service Provider does not provide the above referenced Relevant Electric Retail Regulatory Authority evidence to the Office of the Interconnection on or before May 31st preceding the applicable Delivery Year demonstrating that the Curtailment Service Provider had Relevant Electric Retail Regulatory Authority permission or conditional permission (which condition the electric distribution company asserts has been satisfied) for the end-use customer's participation and an executed contract with the end-use customer Demand Resource before the date the Demand Resource cleared the applicable Reliability Pricing Model Auction then, unless the below exception applies, the existing end-use customer's registration for Demand Resource participation shall be deemed to be terminated for the applicable Delivery Year and the Curtailment Service Provider will be subject to the Reliability Pricing Model provisions, as specified in Attachment DD of the PJM Tariff.

b. In the absence of a response from the electric distribution company within the referenced ten Business Day review period, the Office of the Interconnection shall reject the registration. If it is able to do so in compliance with all of the Emergency Load Response and Pre-Emergency Load Response Program requirements, including the registration section, the Emergency Load Response and Pre-Emergency Load Response participant may submit a new registration to the Office of the Interconnection for consideration if a prior registration has been rejected pursuant to the terms of the Emergency Load Response and Pre-Emergency Load Response Program provisions.

c. For those registrations terminated pursuant to this section, all Emergency Load Response and Pre-Emergency Load Response participant activity incurred prior to the termination date of the registration shall be settled by PJM Settlement in accordance with the terms and conditions contained in the PJM Tariff, PJM Operating Agreement and PJM Manuals.

4. PJM will inform the requesting Curtailment Service Provider of acceptance into the Emergency Load Response Program and Pre-Emergency Load Response Program and notify the appropriate electric distribution company of the requesting Curtailment Service Provider's acceptance into the program or notifies the requesting Curtailment Service Provider and appropriate electric distribution company of PJM's rejection of the requesting participant's registration.

5. Any end-use customer intending to run distributed generating units in support of local load for the purpose of participating in this program must represent in writing to PJM that it holds all applicable environmental and use permits for running those generators. Continuing participation in this program will be deemed as a continuing representation by the owner that each time its distributed generating unit is run in accordance with this program, it is being run in compliance with all applicable permits, including any emissions, run-time limit or other constraint on plant operations that may be imposed by such permits.

SCHEDULE 2 - COMPONENTS OF COST

1. GENERAL COST PROVISIONS

1.1 Permissible Components of Cost-based Offers of Energy.

(a) Each Market Participant obligated to sell energy on the PJM Interchange Energy Market at cost-based rates may include the following components or their equivalent in the determination of costs for energy supplied to or from the PJM Region:

For generating units powered by boilers

Firing-up cost

Peak-prepared-for maintenance cost

For generating units powered by machines

Starting cost from cold to synchronized operation

For all generating units

Incremental fuel cost

Incremental maintenance cost

No-load cost during period of operation

Incremental labor cost

Emission allowances/adders

Maintenance Adders

Ten percent adder

Other incremental operating costs

For a generating unit that is subject to operational limitations due to energy or environmental limitations imposed on the generating unit by Applicable Laws and Regulations, the Market Participant may include in the calculation of its “other incremental operating costs” an amount reflecting the unit-specific Energy Market Opportunity Costs expected to be incurred. Such unit-specific Energy Market Opportunity Costs are calculated by forecasting Locational Marginal Prices based on future contract prices for electricity using PJM Western Hub forward prices, taking into account historical variability and basis differentials for the bus at which the generating unit is located for the prior three year period immediately preceding the relevant compliance period, and subtract therefrom the forecasted costs to generate energy at the bus at which the generating unit is located, as specified in more detail in PJM Manual 15. If the difference between the forecasted Locational Marginal Prices and forecasted costs to generate energy is negative, the resulting Energy Market Opportunity Cost shall be zero. Notwithstanding the foregoing, a Market Participant may submit a request to PJM for consideration and approval of an alternative method of calculating its Energy Market Opportunity Cost if the standard methodology described herein does not accurately represent the Market Participant’s Energy Market Opportunity Cost.

For a generating unit that is subject to operational limitations because it only has a limited number of starts or available run hours resulting from (i) the physical equipment limitations of the unit, for up to one year, due to original equipment manufacturer recommendations or insurance carrier restrictions, or (ii) a fuel supply limitation, for up to one year, resulting from an event of Catastrophic Force Majeure, the Market Participant may include in the calculation of its “other incremental operating costs” an amount reflecting the unit-specific Non-Regulatory Opportunity Costs expected to be incurred. Such unit-specific Non-Regulatory Opportunity Costs are calculated by forecasting Locational Marginal Prices based on future contract prices for electricity using PJM Western Hub forward prices, taking into account historical variability and basis differentials for the bus at which the generating unit is located for the prior three year period immediately preceding the period of time in which the unit is bound by the referenced restrictions, and subtract therefrom the forecasted costs to generate energy at the bus at which the generating unit is located, as specified in more detail in PJM Manual 15. If the difference between the forecasted Locational Marginal Prices and forecasted costs to generate energy is negative, the resulting Non-Regulatory Opportunity Cost shall be zero.

(b) All fuel costs shall employ the marginal fuel price experienced by the Member.

1.2 Method of Determining Cost Components.

The PJM Board, upon consideration of the advice and recommendations of the Members Committee, shall from time to time define in detail the method of determining the costs entering into the said components, and the Members shall adhere to such definitions in the preparation of incremental costs used on the Interconnection.

2. FUEL COST POLICY

2.1 Approved Fuel Cost Policy Requirement for Non-Zero Cost-based Offer.

A Market Seller may only submit a non-zero cost-based offer into the PJM Interchange Energy Market for a generation resource if it has a PJM-approved Fuel Cost Policy consistent with each fuel type for such generation resource.

2.2 Fuel Cost Policy Approval Process.

(a) A Market Seller shall provide a Fuel Cost Policy to PJM and the Market Monitoring Unit for each generation resource that it intends to offer into the PJM Interchange Energy Market, for each fuel type utilized by the resource. The Market Seller shall submit its initial Fuel Cost Policy for a generation resource to PJM and the Market Monitoring Unit for review by no later than 45 days prior to the Market Seller’s expected initial submittal of a cost-based offer for the resource and shall update existing Fuel Cost Policies consistent with the annual update requirements set forth below in section 2.6. For each new generation resource for which the Market Seller does not have commercial operating data, the Market Seller shall submit a provisional Fuel Cost Policy, which describes the Market Seller’s methodology to procure and price fuel and includes all available operating data, to PJM and the Market Monitoring Unit for review and approval by no later than forty five (45) calendar days prior to the Market Seller’s

expected initial submittal of a cost-based offer for the resource. Within ninety (90) calendar days of the commercial operation date of the generation resource, the Market Seller shall submit to PJM and the Market Monitoring Unit for review an updated Fuel Cost Policy reflecting actual commercial operating data of the resource. The basis for the Market Monitoring Unit's review is described in the Tariff, Attachment M-Appendix. PJM shall consult with the Market Monitoring Unit, and consider any input and advice timely received from the Market Monitoring Unit, in its determination of whether to approve a Market Seller's Fuel Cost Policy. After it has completed its evaluation of the submitted Fuel Cost Policy, PJM shall notify the Market Seller in writing, with a copy to the Market Monitoring Unit, whether the Fuel Cost Policy is approved or rejected. If PJM rejects a Market Seller's Fuel Cost Policy, PJM shall include an explanation for why the Fuel Cost Policy was rejected in its written notification.

(b) PJM and the Market Monitoring Unit will have an initial thirty (30) Business Days for review of a submitted policy. Market Sellers shall have five (5) Business Days or an alternative deadline agreed to by PJM, to provide additional documentation or information on any request from PJM or the Market Monitoring Unit. If the Market Seller does not believe it can provide the information within five (5) Business Days, it can request an alternative deadline for submission of the data from PJM no later than one (1) Business Day before the due date of the request for additional data, and if PJM consents to extend the deadline, PJM will advise the Market Seller and the Market Monitoring Unit of the new deadline. If the Market Monitoring Unit makes a request directly to the Market Seller, the Market Monitoring Unit shall, within one (1) Business Day, inform PJM of such request at the time it is made. Failure to meet a data request deadline may result in PJM's rejection of the policy. If additional documentation or information has been requested by PJM or the Market Monitoring Unit, PJM has five (5) Business Days after the deadline for the Market Seller's submittal of such additional information or documentation to notify the Market Seller and Market Monitoring Unit of its approval or rejection of the Fuel Cost Policy.

2.3 Standard of Review.

(a) PJM shall review and approve a Fuel Cost Policy if it meets the requirements set forth in subsections 2.3(a)(i) through (v) below. PJM shall reject Fuel Cost Policies that fail to meet such requirements and that do not accurately reflect the applicable costs, such as the fuel source, transportation cost, procurement process used, applicable adders, commodity cost, or provide sufficient information for PJM to verify the Market Seller's fuel cost at the time of the Market Seller's cost-based offer. If PJM rejects a Market Seller's Fuel Cost Policy, PJM shall include an explanation for why the Fuel Cost Policy was rejected in its written notification. A Fuel Cost Policy must:

(i) Provide information sufficient for the verification of the Market Seller's fuel procurement practices, as further described below and in PJM Manual 15, and how those practices are utilized to determine cost-based offers the Market Seller submits into the PJM Interchange Energy Market;

(ii) Reflect the Market Seller's applicable commodity and/or transportation contracts (to the extent it holds such contracts) and the Market Seller's method of calculating delivered

fossil fuel cost, limited to inventoried cost, replacement cost or a combination thereof, that reflect the way fuel is purchased or scheduled for purchase, and set forth all applicable indices as a measure that PJM can use to verify how anticipated spot market purchases are utilized in determining fuel costs;

(iii) Provide a detailed explanation of the basis for and reasonableness of any applicable adders included in determining fuel costs in accordance with PJM Manual 15;

(iv) Account for situations where applicable indices or other objective market measures are not sufficiently liquid by documenting the alternative means actually utilized by the Market Seller to price the applicable fuel used in the determination of its cost-based offers, such as documented quotes for the procurement of natural gas; and

(v) Adhere to all requirements of PJM Manual 15 applicable to the generation resource.

(b) To the extent a Market Seller proposes alternative measures to document its fuel costs in its Fuel Cost Policy for a generation resource, the Market Seller shall explain how such alternative measures are consistent with or superior to the standard specified in section 2.3(a) above, accounting for the unique circumstances associated with procurement of fuel to supply the generation resource.

(c) If PJM determines that a Fuel Cost Policy submitted for review does not contain adequate support for PJM to make a determination as to the acceptability of any portion of the proposed policy consistent with the standards set forth above, PJM shall reject the Fuel Cost Policy. If PJM rejects the Fuel Cost Policy, the Market Seller's previously PJM-approved Fuel Cost Policy shall apply to all of the Market Seller's cost-based offers until such time as, subject to the review process set forth below in section 2.6 below, PJM approves a new Fuel Cost Policy for the Market Seller.

2.4 Revocation of Approved Fuel Cost Policies.

If, after having approved a Fuel Cost Policy, PJM determines, with input and advice timely received from the Market Monitoring Unit, that the Market Seller's procurement practices or the method for determining other components of cost-based offers is no longer consistent with the approved Fuel Cost Policy, this Schedule or PJM Manual 15, PJM may revoke its approval of the Fuel Cost Policy, and Market Seller shall be required to submit a new Fuel Cost Policy for approval pursuant to the process and deadlines set forth in PJM Manual 15. If PJM revokes a Market Seller's previously approved Fuel Cost Policy, PJM shall notify the Market Seller in writing, with a copy to the Market Monitoring Unit, and include an explanation for the revocation. Upon revocation of a Fuel Cost Policy, the penalty referenced in section 5(a) below shall apply beginning on the day after PJM issues the written notification of revocation to the Market Seller, with no additional requirement for PJM to provide any further notice to the Market Seller.

2.5 Information Required To Be Included In Fuel Cost Policies.

(a) Each Market Seller shall include in its Fuel Cost Policy the following information, as further described in the applicable provisions of PJM Manual 15:

(i) For all Fuel Cost Policies, regardless of fuel type, the Market Seller shall provide a detailed explanation of the Market Seller's established method of calculating fuel costs, indicating whether fuel purchases are subject to a contract price and/or spot pricing, and specifying how it is determined which of the contract prices and/or spot market prices to use. The Market Seller shall include its method for determining commodity, handling and transportation costs.

(ii) For Fuel Cost Policies applicable to generation resources using a fuel source other than natural gas, the Market Seller shall adhere to the following guidelines:

1. Fuel costs for solar, Energy Storage Resources and run-of-river hydro resources shall be zero.
2. Fuel costs for nuclear resources shall not include in-service interest charges whether related to fuel that is leased or capitalized.
3. For Pumped Storage Hydro resources, fuel cost shall be determined based on the amount of energy necessary to pump from the lower reservoir to the upper reservoir.
4. For wind resources, the Market Seller shall identify how it accounts for renewable energy credits and production tax credits.
5. For solid waste, bio-mass and landfill gas resources, the Market Seller shall include the costs of such fuels even when the cost is negative.

(iii) Market Sellers shall report, for all of the generation resource's operating modes, fuels, and at various operating temperatures, the incremental, no load and start heat requirements, the method of developing heat inputs, and the frequency of updating heat inputs.

(iv) A Fuel Cost Policy shall include any applicable unit specific performance factors, and the method used to determine them, which may be modified seasonally to reflect ambient conditions.

(v) A Fuel Cost Policy shall include the cost-based Start Cost calculation for the generation resource, and identify for each temperature state the starting fuel (MMBtu), station service (MWh), start Maintenance Adder, and any Start Additional Labor Cost.

(vi) A Fuel Cost Policy shall also include any other incremental operating costs included in a Market Seller's cost-based offer for a resource, including but not limited to the consumables used for operation and the marginal value of costs in terms of dollars per MWh or dollars per

unit of fuel, along with all applicable descriptions, calculation methodologies associated with such costs, and frequency of updating such costs.

2.6 Periodic Update and Review of Fuel Cost Policies.

On an annual basis, all Market Sellers will be required to either submit to PJM and the Market Monitoring Unit an updated Fuel Cost Policy that complies with this Schedule 2 and PJM Manual 15, or confirm that their currently effective and approved Fuel Cost Policy remains compliant, pursuant to the procedures and deadlines specified in PJM Manual 15. Market Sellers must submit such information by no later than June 15 of each year. PJM shall consult with the Market Monitoring Unit, and consider any input timely received from the Market Monitoring Unit, in its determination of whether to approve a Market Seller's updated Fuel Cost Policy. After it has completed its evaluation of the request, PJM shall notify the Market Seller in writing, with a copy to the Market Monitoring Unit, of its determination whether the updated Fuel Cost Policy is approved or rejected by no later than November 1. If PJM rejects a Market Seller's updated Fuel Cost Policy, in its written notification, PJM shall provide an explanation for why the Fuel Cost Policy was rejected. If a Market Seller desires to update its Fuel Cost Policy, or PJM determines either on its own or based on input received from the Market Monitoring Unit, that the Market Seller must update its Fuel Cost Policy outside of the annual review process, the Market Seller shall follow the applicable processes and deadlines specified in this Schedule 2 and the PJM Manual 15.

2.7 Market Monitoring Unit Review For Market Power Concerns.

Nothing in this Schedule 2 is intended to abrogate or in any way alter the responsibility of the Market Monitoring Unit to make determinations about market power pursuant to Tariff, Attachment M and Tariff, Attachment M-Appendix.

3. EMISSION ALLOWANCES/ADDERS

3.1 Review of Emissions Allowances/Adders.

(a) For emissions costs, Market Sellers shall report the emissions rate of each generation resource, the method for determining the emissions allowance cost, and the frequency of updating emission rates. Such adders must be submitted and reviewed at least annually by PJM and be changed if they are no longer accurate.

(b) Market Sellers may submit emissions cost information to PJM and the Market Monitoring Unit as part of the information it submits during the annual Fuel Cost Policy review process, described in section 2.6 of this Schedule. The basis for the Market Monitoring Unit's review is described in Tariff, Attachment M-Appendix, section II.A.2. PJM shall consult with the Market Monitoring Unit, and consider any input and advice timely received from the Market Monitoring Unit, in its determination of whether to approve emissions costs.

4. MAINTENANCE ADDERS

4.1 Review of Maintenance Adders.

- (a) Maintenance Adders must be submitted and reviewed at least annually by PJM and be changed if they are no longer accurate. Maintenance Adders cannot include any costs that are included in the generation resource's Avoidable Cost Rate.
- (b) Market Sellers may submit Maintenance Adder information to PJM and the Market Monitoring Unit as part of the information it submits during the annual Fuel Cost Policy review process, described in section 2.6 of this Schedule. The basis for the Market Monitoring Unit's review is described in Tariff, Attachment M-Appendix, section II.A.2. PJM shall consult with the Market Monitoring Unit, and consider any input and advice timely received from the Market Monitoring Unit, in its determination of whether to approve maintenance costs.

5. PENALTY PROVISIONS

5.1 Penalties.

- (a) If upon review of a Market Seller's cost-based offer, PJM determines that the offer is not in compliance with the Market Seller's PJM-approved Fuel Cost Policy or this Schedule 2 and the Market Monitoring Unit agrees with that determination, or the Market Monitoring Unit determines that the offer is not in compliance with the Market Seller's PJM-approved Fuel Cost Policy and PJM agrees with the Market Monitoring Unit's determination, or the Market Seller does not have a PJM-approved Fuel Cost Policy, or PJM determines that any portion of the cost-based offer is not in compliance with this Schedule 2, the Market Seller shall be subject to the following penalty, *which shall be greater than or equal to \$0*, summed for each hour that the offer applied:

$$\sum \text{Penalty}_{dh} = \frac{\min(d, 15)}{20} \times \text{LMP}_h \times \text{MW}_h$$

where:

d is the greater of one and the number of days since PJM first notified the Market Seller of PJM's and the Market Monitoring Unit's agreement regarding applicability of the penalty. *If PJM notifies the Market Seller of its non-compliant cost-based offer after the Market Seller has ceased submitting non-compliant cost-based offers, d shall be equal to one (1).*

h is the applicable hour of the day for which the offer applies, *commencing on the Operating Day that the Market Seller receives notice of its non-compliant cost-based offer. If PJM notifies the Market Seller of its non-compliant cost-based offer after the Market Seller has ceased submitting non-compliant cost-based offers, h is the applicable hours of the last Operating Day for which a non-compliant cost-based offer was submitted.*

LMP_h is the real-time LMP at the applicable pricing location for the resource for the hour

MW_h is the available capacity of the resource for the hour

All charges collected pursuant to this provision shall be allocated to Market Participants based on each Market Participant's real-time load ratio share for each applicable hour, as determined based on the Market Participant's total hourly load (net of operating Behind The Meter Generation, but not to be less than zero) to the total hourly load of all Market Participants in the PJM Region.

(b) Market Sellers that are assessed a penalty for non-compliance with an approved Fuel Cost Policy or the cost-based offer is not in compliance with the Market Seller's PJM-approved Fuel Cost Policy or this Schedule 2 shall be assessed penalties until the day after PJM determines that the Market Seller's cost-based offers are in compliance with the Market Seller's approved Fuel Cost Policy or in compliance with this Schedule 2. Such penalties will be assessed for no less than one (1) Operating Day.

(c) Market Sellers that are assessed a penalty for not having an approved Fuel Cost Policy shall be assessed penalties until the day after PJM approves the Market Seller's submitted Fuel Cost Policy. Such penalties will be assessed for no less than one (1) Operating Day.

(d) If upon review of a Market Seller's cost-based offer PJM and the Market Monitoring Unit disagree about whether the offer is in compliance with the Market Seller's PJM-approved Fuel Cost Policy, PJM and/or the Market Monitoring Unit may confidentially refer the matter to FERC Office of Enforcement for resolution and determination whether the applicable penalties should be assessed.

5.2 Rebuttal Period To Challenge Revocation of Fuel Cost Policy.

Market Sellers who have a Fuel Cost Policy revoked by PJM will be provided a three (3) Business Day rebuttal period, starting from the date of revocation, to submit supporting documentation to PJM demonstrating that the revoked Fuel Cost Policy accurately reflects the fuel source, transportation cost, procurement process used, applicable adders, or commodity cost for such generation resource such that the Fuel Cost Policy accurately reflects the Market Seller's fuel procurement practices and methodology for pricing fuel. During the rebuttal period, if the Market Seller does not have a PJM-approved Fuel Cost Policy, it may not submit a non-zero cost-based offer. The penalty will still apply during the rebuttal period. However, if, upon review of the Market Seller's supporting documentation, PJM determines that the revoked policy accurately reflects the Market Seller's actual methodology used to develop the cost-based offer that was submitted at the time of revocation and that the Market Seller has not violated its Fuel Cost Policy, then PJM will refund to the Market Seller the penalty payments and make whole the Market Seller via uplift payments for the time period for which the applicable Fuel Cost Policy had been revoked and the generation resource was mitigated to its cost-based offer.

Schedule 13

Rates, Terms, and Conditions of Service for PJM Settlement, Inc.

In accordance with the order of the Commission, dated September 3, 2010, in Docket No. ER10-1196-000, this Schedule 13 establishes as a shared tariff the rates, terms, and conditions of PJMSettlement services as set forth below.

- a) Under the Tariff and Operating Agreement, PJM administers the provision of transmission service and associated ancillary services to customers and operates and administers various centralized electric power and energy markets.
- b) Under the Tariff and Operating Agreement, PJMSettlement is the entity that (i) contracts with customers and conducts financial settlements regarding the use of the transmission capacity of the Transmission System that PJM, as the Transmission Provider, administers under the PJM Tariff and this Agreement; (ii) is the Counterparty with respect to the agreements and “pool” transactions in the centralized markets that PJM, as the Transmission Provider, administers under the PJM Tariff and this Agreement; and (iii) is the Counterparty to Financial Transmission Rights and Auction Revenue Rights instruments held by a Market Participant.
- c) In accordance with Operating Agreement section 3.3, unless otherwise expressly stated in the Tariff or Operating Agreement, PJMSettlement is the Counterparty to the customers purchasing Transmission Service and Network Integration Transmission Service, and to the other transactions with customers and other entities under the PJM Tariff or this Agreement. Accordingly, all rates, terms, and conditions of Transmission Service, Network Integration Transmission Service, and other transactions with entities under this Agreement, set forth throughout this Agreement, shall constitute rates, terms, and conditions of PJMSettlement service.
- d) Each seller shall be deemed to warrant that it holds good title to the products that are the subject of transactions it undertakes with PJMSettlement as a buyer. In accordance with and consistent with this warranty, PJMSettlement in turn warrants that it holds good title to the products that are the subject of transactions it undertakes with each buyer. The warranties set forth in this paragraph are provided only in connection with the requirements established by the FERC for PJMSettlement to serve as a Counterparty. Accordingly, any enforcement of, or challenge to, the warranties set forth in this paragraph shall be heard exclusively before the FERC. This paragraph is not intended to create independent rights or obligations for any party under the Uniform Commercial Code or common law that might be enforceable in federal or state courts or in any forum other than FERC.
- e) In accordance with Operating Agreement, section 3.3, PJMSettlement shall not be the contracting party to other non-transmission transactions that are (1) bilateral transactions between market participants reported to the Transmission Provider, and (2) self-supplied or self-scheduled transactions reported to the Transmission Provider.

f) In accordance with Operating Agreement, section 3.3, PJMSettlement shall not be the Counterparty with respect to agreements and transactions regarding the Transmission Provider's administration of Tariff, Part IV Tariff, Part VI, Tariff, Schedule 1, Tariff, Schedule 9 through Tariff, Schedule 9-MMU, Tariff, Schedule 10-NERC, Tariff, Schedule 10-RFC, Tariff, Schedule 14, Tariff, Schedule 16, Tariff, Schedule 16-A, and Tariff, Schedule 17.

g) The costs of services provided by PJMSettlement for the benefit of Market Participants and Transmission Customers shall be collected by PJMSettlement through the charge set forth in Tariff, Schedule 9-PJMSettlement.

h) Billing and payment provisions applicable to PJMSettlement are set forth in Tariff, section 7 and Operating Agreement, section 14, 14A, and 14B.

Attachment C

Chart – Proposed Tariff and Operating Agreement Revisions

Attachment C
GDECS Phase 4 – Proposed Revisions:
Clean-Up, Clarification and Corrections to Governing Documents

	Agreement, Attachment, Section, Title	Current Language	Proposed Revisions	Rationale
1.	Attachment P, Schedule N	<p>{Include the following Schedule N, as applicable, for New Service Requests received on or after May 1, 2015}</p> <p style="text-align: center;">SCHEDULE N</p> <p>The Transmission Provider and Interconnection Customer may mutually agree to any additional meteorological data that are required for the development and deployment of a power production forecast. All requirements for meteorological and forced outage data must be commensurate with the power production forecasting employed by the Transmission Provider. Such additional mutually agreed upon requirements for meteorological and forced outage data are set forth below:</p> <p>E. Meteorological Data Reporting Requirement (Applicable to solar generation facilities only)</p> <p>The solar generation facility shall, at a minimum, be required to provide the Transmission Provider with site-specific meteorological data including:</p> <ul style="list-style-type: none"> • Temperature (degrees Fahrenheit) • Irradiance • Forced outage data 	<p>{Include the following Schedule N, as applicable, for New Service Requests received on or after May 1, 2015}</p> <p style="text-align: center;">SCHEDULE N</p> <p><u>E. Meteorological Data Reporting Requirement (Applicable to solar generation facilities only)</u></p> <p><u>The solar generation facility shall, at a minimum, be required to provide the Transmission Provider with site-specific meteorological data including:</u></p> <ul style="list-style-type: none"> • <u>Temperature (degrees Fahrenheit)</u> • <u>Irradiance</u> • <u>Forced outage data</u> <p>The Transmission Provider and Interconnection Customer may mutually agree to any additional meteorological data that are required for the development and deployment of a power production forecast. All requirements for meteorological and forced outage data must be commensurate with the power production forecasting employed by the Transmission Provider.</p>	<p>Correcting the provision to match the same provisions in Attachment P, Schedule N, as applicable, for New Service Requests received on or before May 1, 2018, and Attachment O, Schedule H as it applies to the Meteorological Data Reporting Requirements. In Docket No. ER17-2200, new section E was inadvertently inserted after the final paragraph causing a mismatch with the other parallel provisions. The paragraph addressing the ability of the Transmission Provider and Interconnection Customer to mutually agree to any additional meteorological data that are required for the development and deployment of a power production forecast should have been located after new section E because the intent is to apply this provision to all the meteorological data reporting requirements in the schedule including new section E.</p>

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			<p>Such additional mutually agreed upon requirements for meteorological and forced outage data are set forth below:</p> <p>E. Meteorological Data Reporting Requirement (Applicable to solar generation facilities only)</p> <p>The solar generation facility shall, at a minimum, be required to provide the Transmission Provider with site specific meteorological data including:</p> <ul style="list-style-type: none"> • Temperature (degrees Fahrenheit) • Irradiance • Forced outage data 	
2.	<p>OATT, Attachment O, ISA, Appendix 2, section 24.1</p> <p>OATT Attachment O - ISA, Schedule G</p> <p>OATT Attachment O-1, Form of</p>	<p>INTERCONNECTION CUSTOMER'S AGREEMENT TO CONFORM WITH IRS SAFE HARBOR PROVISIONS FOR NON-TAXABLE STATUS</p> <p>As provided in Section 24.1 of Appendix 2 to this ISA and subject to the requirements thereof, Interconnection Customer represents that it meets all qualifications and requirements as set forth in Section 118(a) and 118(b) of the Internal Revenue Code of 1986, as amended and interpreted by Notice 88-129, 1988-2 C.B. 541, and as amplified and modified in Notices 90-60, 1990-2 C.B. 345, and 2001-82, 2001-2 C.B.</p>	<p>INTERCONNECTION CUSTOMER'S AGREEMENT TO CONFORM WITH IRS SAFE HARBOR PROVISIONS FOR NON-TAXABLE STATUS</p> <p>As provided in Section 24.1 of Appendix 2 to this ISA and subject to the requirements thereof, Interconnection Customer represents that it meets all qualifications and requirements as set forth in Section 118(a) and 118(b) of the Internal Revenue Code of 1986, as amended and interpreted by Notice 88-129, 1988-2 C.B. 541, and as amplified and modified in Notices 90-60, 1990-2 C.B. 345, and 2001-82, 2001-2 C.B.</p>	<p>ISA, Appendix 2, section 24.1, ISA, Schedule G, Interim ISA, Schedule A and the CSA, Schedule L cite to an outdated IRS Notice.</p> <p>Updating applicable sections with IRS Notice 2016-36, 2016-25 I.R.B. (6/20/2016)</p>

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	Interim ISA, Schedule A OATT, Attachment P, CSA, Schedule L	619 (the "IRS Notices"). Interconnection Customer agrees to conform with all requirements of the safe harbor provisions specified in the IRS Notices, as they may be amended, as required to confer non-taxable status on some or all of the transfer of property, including money, by Interconnection Customer to Interconnected Transmission Owner with respect to the payment of the Costs of construction and installation of the Transmission Owner Interconnection Facilities specified in this ISA. Nothing in Interconnection Customer's agreement pursuant to this Schedule G shall change Interconnection Customer's indemnification obligations under Section 24.2 of Appendix 2 to this ISA.	619 <u>Notice 2016-36, 2016-25 I.R.B. (6/20/2016)</u> (the "IRS Notices"). Interconnection Customer agrees to conform with all requirements of the safe harbor provisions specified in the IRS Notices, as they may be amended, as required to confer non-taxable status on some or all of the transfer of property, including money, by Interconnection Customer to Interconnected Transmission Owner with respect to the payment of the Costs of construction and installation of the Transmission Owner Interconnection Facilities specified in this ISA. Nothing in Interconnection Customer's agreement pursuant to this Schedule G shall change Interconnection Customer's indemnification obligations under Section 24.2 of Appendix 2 to this ISA.	
3.	OATT, Definitions, R-S	Regulation: "Regulation" shall mean the capability of a specific generation resource or Demand Resource with appropriate telecommunications, control and response capability to separately increase and decrease its output or adjust load in response to a regulating control signal, in accordance with the specifications in the PJM Manuals.	Regulation: "Regulation" shall mean the capability of a specific generation resource or Demand Resource with appropriate telecommunications, control and response capability to seperately <u>separately</u> increase and decrease its output or adjust load in response to a regulating control signal, in accordance with the specifications in the PJM Manuals.	Mis-spelled words
4.	OATT, Definitions, T-U-V	Total Lost Opportunity Cost Offer: "Total Lost Opportunity Cost Offer" shall mean the applicable offer used	Total Lost Opportunity Cost Offer: "Total Lost Opportunity Cost Offer" shall mean the applicable offer used	Mis-spelled words

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		<p>to calculate lost opportunity cost credits. For pool-scheduled resources specified in PJM Operating Agreement, Schedule 1, section 3.2.3(f-1), and the parallel provisions of Tariff, Attachment K-Appendix, section 3.2.3(f-1), the Total Lost Opportunity Cost Offer shall equal the Real-time Settlement Interval offer integrated under the applicable offer curve for the LOC Deviation, as determined by the greater of the Committed Offer or last Real-Time Offer submitted for the offer on which the resource was committed in the Day-ahead Energy Market for each hour in an Operating Day. For all other pool-scheduled resources, the Total Lost Opportunity Cost Offer shall equal the Real-time Settlement Interval offer integrated under the applicable offer curve for the LOC Deviation, as determined by the offer curve associated with the greater of the Committed Offer or Final Offer for each hour in an Operating Day. For self-scheduled generation resources, the Total Lost Opportunity Cost Offer shall equal the Real-time Settlement Interval offer integrated under the applicable offer curve for the LOC Deviation, where for self-scheduled generation resources (a) operating pursuant to a cost-based offer, the applicable offer curve shall be the greater of the originally submitted cost-based offer or the cost-based offer that the resource was dispatched on in real-time; or (b) operating pursuant to a market-based offer, the applicable offer curve shall be determined in accordance with the following process: (1) select the greater of the cost-based day-ahead offer and updated costbased Real-time Offer; (2) for resources with</p>	<p>to calculate lost opportunity cost credits. For pool-scheduled resources specified in PJM Operating Agreement, Schedule 1, section 3.2.3(f-1), and the parallel provisions of Tariff, Attachment K-Appendix, section 3.2.3(f-1), the Total Lost Opportunity Cost Offer shall equal the Real-time Settlement Interval offer integrated under the applicable offer curve for the LOC Deviation, as determined by the greater of the Committed Offer or last Real-Time Offer submitted for the offer on which the resource was committed in the Day-ahead Energy Market for each hour in an Operating Day. For all other pool-scheduled resources, the Total Lost Opportunity Cost Offer shall equal the Real-time Settlement Interval offer integrated under the applicable offer curve for the LOC Deviation, as determined by the offer curve associated with the greater of the Committed Offer or Final Offer for each hour in an Operating Day. For self-scheduled generation resources, the Total Lost Opportunity Cost Offer shall equal the Real-time Settlement Interval offer integrated under the applicable offer curve for the LOC Deviation, where for self-scheduled generation resources (a) operating pursuant to a cost-based offer, the applicable offer curve shall be the greater of the originally submitted cost-based offer or the cost-based offer that the resource was dispatched on in real-time; or (b) operating pursuant to a market-based offer, the applicable offer curve shall be determined in accordance with the following process: (1) select the greater of the cost-based day-ahead offer and updated costbased <u>cost-based</u> Real-time Offer; (2) for</p>	

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		multiple cost-based offers, first, for each cost-based offer select the greater of the day-ahead offer and updated Real-time Offer, and then select the lesser of the resulting cost-based offers; and (3) compare the offer selected in (1), or for resources with multiple cost-based offers the offer selected in (2), with the market-based day-ahead offer and the market-based Real-time Offer and select the highest offer.	resources with multiple cost-based offers, first, for each cost-based offer select the greater of the day-ahead offer and updated Real-time Offer, and then select the lesser of the resulting cost-based offers; and (3) compare the offer selected in (1), or for resources with multiple cost-based offers the offer selected in (2), with the market-based day-ahead offer and the market-based Real-time Offer and select the highest offer.	
5.	OATT, Attachment O, Form of Interconnection Service Agreement, Specifications, section 2.1.	{include the following language when the projected Initial Operation is in advance of the study year used for the System Impact Study and Capacity Interconnection Rights are only interim until the study year;} Pursuant to and subject to the applicable terms of the Tariff, the Interconnection Customer shall have Capacity Interconnection Rights at the Point(s) of Interconnection specified in this Interconnection Service Agreement in the amount of ___MW commencing _____. During the time period from the effective date of this ISA until _____ (the "interim time period"), the Interconnection Customer may be awarded interim Capacity Interconnection Rights in the amount not to exceed ____MW. The availability and amount of such interim Capacity Interconnection Rights shall be dependent upon completion and the results of an interim deliverability study. Any interim Capacity Interconnection Rights awarded during the interim time period shall terminate on _____.	2.1 Capacity Interconnection Rights: <u>{Instructions:}</u> this section will not apply if the Customer Facility is exclusively an Energy Resource and thus is granted no CIRs; see alternate section 2.1 below} Pursuant to and subject to the applicable terms of the Tariff, the Interconnection Customer shall have Capacity Interconnection Rights at the Point(s) of Interconnection specified in this Interconnection Service Agreement in the amount of ___ MW. {Instructions: this number is the total of the Capacity Interconnection Rights that are granted as a result of the Interconnection Request, plus any prior Capacity Interconnection Rights} <u>{OR: Instructions:}</u> include the following language when the projected Initial Operation is in advance of the study year used for the System Impact Study and Capacity Interconnection Rights are only interim until the study year;} Pursuant to and subject to the applicable terms of the Tariff, the Interconnection Customer shall have Capacity Interconnection Rights at the Point(s) of Interconnection specified in this Interconnection Service	This provision permits an Interconnection Customer to receive interim capacity interconnection rights depending upon the results of an interim deliverability study. The requested changes intend to make clear that each section is standalone depending on the CIR allocation status and should not be combined, that the language in parentheses is instructional and not operative and also corrects two mis-spelled words.

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			<p>Agreement in the amount of ___MW commencing _____.</p> <p>During the time period from the effective date of this ISA until _____ (the “interim time period”), the Interconnection Customer may be awarded interim Capacity Interconnection Rights in the amount not to exceed ___MW. The availability and amount of such interim Capacity Interconnection Rights shall be dependent upon completion and the results of an interim deliverability study. Any interim Capacity Interconnection Rights awarded during the interim time period shall terminate on _____.</p> <p>{OR: Instructions: include the following language to the extent applicable for interconnection of additional generation at an existing generating facility:}</p> <p>The amount of Capacity Interconnection Rights specified above (___ MW) includes ___ MW of Capacity Interconnection Rights that the Interconnection Customer had at the same Point(s) of Interconnection prior to its Interconnection Request associated with this Interconnection Service Agreement, and ___MW of Capacity Interconnection Rights granted as a result of such Interconnection Request.</p> <p>{OR: Instructions: include the following language when the CIRs are only interim and have a termination date or event:}</p> <p>Interconnection Customer shall have __ MW of Capacity Interconnection Rights for the time period from ___ to _____. These Capacity Interconnection Rights are interim and will terminate upon {Instructions: explain circumstances -- e.g. interim agreement; completion of another</p>	

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			<p>facility, etc.}</p> <p>2.1a To the extent that any portion of the Customer Facility described in section 1.0 is not a Capacity Resource with Capacity Interconnection Rights, such portion of the Customer Facility shall be an Energy Resource. PJM reserves the right to limit total injections to the Maximum Facility Output in the event reliability would be affected by output greater than such quantity.</p> <p>{<u>Instructions</u>: this version of section 2.1 will be used in lieu of section 2.1 above when a generating facility will be an Energy Resource and therefore will not be granted any CIRs:}</p>	
6.	OA, Definitions, G-H and OATT, Definitions G-H	1.3.6A Generation Resource Maximum Output: “Generation Resource Maximun Output” shall mean, for Customer Facilities identified in an Interconnection Service Agreement or Wholesale Market Participation Agreement, the Generation Resource Maximum Output for a generating unit shall equal the unit’s pro rata share of the Maximum Facility Output, determined by the Economic Maximum values for the available units at the Customer Facility. For generating units not identified in an Interconnection Service Agreement or Wholesale Market Participation Agreement, the Generation Resource Maximum Output shall equal the generating units Economic Maximum.	1.3.6A Generation Resource Maximum Output: “Generation Resource Maximun <u>Maximum</u> Output” shall mean, for Customer Facilities identified in an Interconnection Service Agreement or Wholesale Market Participation Agreement, the Generation Resource Maximum Output for a generating unit shall equal the unit’ s pro rata share of the Maximum Facility Output, determined by the Economic Maximum values for the available units at the Customer Facility. For generating units not identified in an Interconnection Service Agreement or Wholesale Market Participation Agreement, the Generation Resource Maximum Output shall equal the generating units Economic Maximum.	Mis-spelled word.
7.	OATT, Attachment O,	\$ Total Security required with ISA (this value should be in Section	\$ Total Security required with ISA { <u>Instructions</u> : this value should be in Section 5.0 of this ISA}	Adding language to clarify that the language in parentheses is instructional and not

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	Form of Interconnection Service Agreement, Specifications, section 4.6	5.0 of this ISA)	\$ Total Security { <u>Instructions</u> : if the resultant is negative, use: reduction with this ISA; if the resultant is zero or positive use: required with this ISA}	operative.
8.	OATT, Attachment U Independent Transmission Companies	<p>ATTACHMENT U INDEPENDENT TRANSMISSION COMPANIES</p> <p>References to section numbers in this Attachment U refer to sections of this Attachment U, unless otherwise specified.</p> <p>This Attachment U sets forth a general framework for the development and operation of independent transmission companies (“ITCs”) as to certain of the transmission facilities for which the Transmission Provider, PJM Interconnection, L.L.C. (“PJM”), is otherwise responsible. The provisions of this Attachment U shall govern in the event of any conflict between this Attachment and the other provisions of the Tariff, except as to Attachment M of the Tariff. If there is a conflict between the provisions of Attachment U and Attachment M, the provisions of Attachment M shall govern. Under this Attachment U, certain responsibilities may be assigned to an ITC, if the ITC enters into an ITC Agreement in the form set forth in this Tariff and if FERC acceptance of the independence of the ITC and FERC approval or acceptance of the assignment is obtained as provided herein.</p>	<p>ATTACHMENT U INDEPENDENT TRANSMISSION COMPANIES</p> <p>References to section numbers in this Attachment U refer to sections of this Attachment U, unless otherwise specified.</p> <p>This Attachment U sets forth a general framework for the development and operation of independent transmission companies (“ITCs”) as to certain of the transmission facilities for which the Transmission Provider, PJM Interconnection, L.L.C. (“PJM”), is otherwise responsible. The provisions of this Attachment U shall govern in the event of any conflict between this Attachment and the other provisions of the Tariff, except as to <u>Tariff</u>, Attachment M of the Tariff. If there is a conflict between the provisions of <u>this</u> Attachment U and <u>Tariff</u>, Attachment M, the provisions of <u>Tariff</u>, Attachment M shall govern. Under this Attachment U, certain responsibilities may be assigned to an ITC, if the ITC enters into an ITC Agreement in the form set forth in this Tariff and if FERC acceptance of the independence of the ITC and FERC approval or acceptance of the assignment is obtained as provided herein.</p>	Revisions are proposed to conform the sections of the OATT to utilize PJM’s standard format for referencing its governing agreements and provisions.

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		<p>This Attachment U sets forth the standard terms and conditions, and the standard division of rights, responsibilities, and functions, in conformance with FERC policy and precedent, for any ITC that operates under PJM. Any entity or entities submitting a proposal to become an ITC (“ITC Sponsor”) shall enter into an ITC Agreement in the form set forth in Attachment V to the Tariff, which is subject to and incorporates the standard terms and conditions of this Attachment U and identifies the ITC Transmission Facilities (as defined herein).</p> <p>...</p> <p>1.2 Effect of FERC Acceptance. Once FERC issues an order accepting the filing and providing the finding required under Section 1.1, then the ITC, subject to satisfaction of the other requirements of this section 1, may operate under PJM consistent with the rights, responsibilities, and functions that have been accepted or approved by FERC.</p> <p>...</p> <p>2.2 ITC Actions to Preserve System Security. An ITC may monitor and analyze the security of the ITC Transmission Facilities and may take actions to protect the ITC Transmission Facilities from physical damage or prevent injury or damage to persons or property in accordance with good utility practice and the PJM Operating Manuals, as they may be modified pursuant to Section 16 of this Attachment U, before requesting assistance from PJM. At the earliest possible time, the ITC shall inform PJM of any such actions taken and coordinate further actions with PJM.</p>	<p>This Attachment U sets forth the standard terms and conditions, and the standard division of rights, responsibilities, and functions, in conformance with FERC policy and precedent, for any ITC that operates under PJM. Any entity or entities submitting a proposal to become an ITC (“ITC Sponsor”) shall enter into an ITC Agreement in the form set forth in Tariff, Attachment V to the Tariff, which is subject to and incorporates the standard terms and conditions of this Attachment U and identifies the ITC Transmission Facilities (as defined herein).</p> <p>...</p> <p>1.2 Effect of FERC Acceptance. Once FERC issues an order accepting the filing and providing the finding required under sSection 1.1 above, then the ITC, subject to satisfaction of the other requirements of this section 1, may operate under PJM consistent with the rights, responsibilities, and functions that have been accepted or approved by FERC.</p> <p>...</p> <p>2.2 ITC Actions to Preserve System Security. An ITC may monitor and analyze the security of the ITC Transmission Facilities and may take actions to protect the ITC Transmission Facilities from physical damage or prevent injury or damage to persons or property in accordance with good utility practice and the PJM Operating Manuals, as they may be modified pursuant to sSection 16 of this Attachment U, before requesting assistance from PJM. At the earliest possible time, the ITC</p>	

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		<p>...</p> <p>3.1 Right to File Rate Changes. The ITC shall possess the unilateral right, subject to consultation with PJM, to file at FERC and to place into effect pursuant to FPA Section 205 the rates for transmission services for delivery to the zone or zones comprising the ITC Transmission Facilities (including incentive rate structures, but excluding ancillary services, except as permitted by section 17, and excluding the congestion pricing methodology for the PJM region), and for additional services, if any, solely involving the ITC Transmission Facilities, and the revenue requirement for such zones for use in developing rates for other transmission services provided by PJM. Such rate or rate structure changes shall be included in discrete schedules or portions of the Tariff (hereafter, such the "ITC Rate Schedule"). The ITC shall consult with PJM prior to making a section 205 rate filing to ensure that PJM has adequate opportunity to determine whether the proposal results in adverse impacts outside the zone or zones comprising the ITC Transmission Facilities.</p> <p>3.2 Limitations. The ITC may not implement transmission rates in accordance with Section 3.1 that violate the terms of the Consolidated Transmission Owners Agreement.</p> <p>3.3 No Rate Pancaking. Notwithstanding its rights under Section 3.1, the ITC shall not implement rates or a rate structure that results in a</p>	<p>shall inform PJM of any such actions taken and coordinate further actions with PJM.</p> <p>...</p> <p>3.1 Right to File Rate Changes. The ITC shall possess the unilateral right, subject to consultation with PJM, to file at FERC and to place into effect pursuant to FPA, sSection 205 the rates for transmission services for delivery to the zone or zones comprising the ITC Transmission Facilities (including incentive rate structures, but excluding ancillary services, except as permitted by section 17 below, and excluding the congestion pricing methodology for the PJM region), and for additional services, if any, solely involving the ITC Transmission Facilities, and the revenue requirement for such zones for use in developing rates for other transmission services provided by PJM. Such rate or rate structure changes shall be included in discrete schedules or portions of the Tariff (hereafter, such the "ITC Rate Schedule"). The ITC shall consult with PJM prior to making a section 205 rate filing to ensure that PJM has adequate opportunity to determine whether the proposal results in adverse impacts outside the zone or zones comprising the ITC Transmission Facilities.</p> <p>3.2 Limitations. The ITC may not implement transmission rates in accordance with sSection 3.1 above that violate the terms of the Consolidated Transmission Owners Agreement.</p>	

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		<p>Transmission Customer paying more than one base transmission charge for use of the Transmission System for any one transaction.</p> <p>...</p> <p>6.1 The ITC may take actions with respect to the system comprised of the ITC Transmission Facilities that can be accommodated within the framework of the approved congestion pricing methodology referenced in Section 5.1 above.</p> <p>...</p> <p>6.2 Incentive Mechanisms. The ITC shall possess the unilateral right to file with FERC incentive mechanisms relating to the system comprised of the ITC Transmission Facilities in a manner that can be accommodated within the framework of the approved methodology referenced in Section 5.1 above.</p> <p>...</p> <p>7.2 OASIS. PJM shall maintain the OASIS specified in section 4 of the Tariff. Customers shall apply for service on the PJM OASIS. PJM shall have responsibility for granting or denying all transmission service requests, but shall coordinate as necessary with ITC in developing its response to transmission service requests, including any necessary studies. The ITC shall be entitled to have and maintain a site page within</p>	<p>3.3 No Rate Pancaking. Notwithstanding its rights under sSection 3.1 above, the ITC shall not implement rates or a rate structure that results in a Transmission Customer paying more than one base transmission charge for use of the Transmission System for any one transaction.</p> <p>...</p> <p>6.1 The ITC may take actions with respect to the system comprised of the ITC Transmission Facilities that can be accommodated within the framework of the approved congestion pricing methodology referenced in sSection 5.1 above.</p> <p>...</p> <p>6.2 Incentive Mechanisms. The ITC shall possess the unilateral right to file with FERC incentive mechanisms relating to the system comprised of the ITC Transmission Facilities in a manner that can be accommodated within the framework of the approved methodology referenced in sSection 5.1 above.</p> <p>...</p> <p>7.2 OASIS. PJM shall maintain the OASIS specified in Tariff, section 4 of the Tariff. Customers shall apply for service on the PJM OASIS. PJM shall have responsibility for granting or denying all transmission service requests, but shall coordinate as necessary with ITC in developing its</p>	

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		<p>the PJM OASIS for any additional services provided by such ITC.</p> <p>7.3 Studies. PJM shall administer the contracts with the customers and shall provide the notices and make filings under this Tariff. If a system impact, facilities, or other study is required to address a connection to, or a constraint or other impact on, the ITC Transmission Facilities, then the ITC shall assume responsibility for the study subject to oversight by, and coordination with, PJM, and satisfaction of PJM criteria for such studies as set forth in the joint planning protocol developed pursuant to Section 10.3. The study agreement shall be executed by PJM; provided however, that nothing herein shall preclude the ITC from entering into additional agreements with customers regarding studies.</p> <p>7.4 ATC. PJM shall calculate Available Transfer Capability ("ATC"), in accordance with Attachment C to the Tariff, for all facilities, including the ITC Transmission Facilities, provided that the ITC shall possess the unilateral right to provide, pursuant to section 9.1 of this Attachment U, the ratings, transfer limits, inputs, assumptions, and corresponding operating guides with respect to the ITC Transmission Facilities to be used in calculating ATC. If PJM disagrees with these ratings, transfer limits, calculations, inputs, assumptions, or corresponding operating guides, the ITC's position shall prevail pending dispute resolution, unless PJM determines that ITC's position would violate system reliability criteria, in which case PJM's position shall prevail pending dispute resolution.</p>	<p>response to transmission service requests, including any necessary studies. The ITC shall be entitled to have and maintain a site page within the PJM OASIS for any additional services provided by such ITC.</p> <p>7.3 Studies. PJM shall administer the contracts with the customers and shall provide the notices and make filings under this Tariff. If a system impact, facilities, or other study is required to address a connection to, or a constraint or other impact on, the ITC Transmission Facilities, then the ITC shall assume responsibility for the study subject to oversight by, and coordination with, PJM, and satisfaction of PJM criteria for such studies as set forth in the joint planning protocol developed pursuant to sSection 10.3 <u>below</u>. The study agreement shall be executed by PJM; provided however, that nothing herein shall preclude the ITC from entering into additional agreements with customers regarding studies.</p> <p>7.4 ATC. PJM shall calculate Available Transfer Capability ("ATC"), in accordance with <u>Tariff, Attachment C</u> to the Tariff, for all facilities, including the ITC Transmission Facilities, provided that the ITC shall possess the unilateral right to provide, pursuant to section 9.1 of this Attachment U, the ratings, transfer limits, inputs, assumptions, and corresponding operating guides with respect to the ITC Transmission Facilities to be used in calculating ATC. If PJM disagrees with these ratings, transfer limits, calculations, inputs, assumptions, or corresponding operating guides, the ITC's position shall prevail pending dispute resolution, unless PJM determines that ITC's position would violate system reliability criteria, in which case PJM's position shall</p>	

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		<p>...</p> <p>9.1 Ratings and Rating Procedures. The ITC is responsible for the establishment of ratings, transfer limits, and rating procedures for the ITC Transmission Facilities. The ITC shall provide notice to PJM of all changes in ratings, transfer limits, and rating procedures, along with the related information called for by section 1.9.8 of Schedule 1 to the PJM Operating Agreement, in accordance with the deadlines set forth in such section 1.9.8 and in accordance with the PJM Manuals, as they may be modified pursuant to Section 16; provided that nothing in section 1.9.8 shall preclude the ITC from instituting ratings changes (including, but not limited to, dynamic ratings changes) in accordance with applicable PJM Operating Manuals, as they may be revised pursuant to section 16 of this Attachment U. Notwithstanding sections 1.9.8 or 1.9.9(e) of Schedule 1 to the Operating Agreement, should PJM dispute the application of a rating, then the ITC's position shall prevail pending dispute resolution.</p> <p>9.2 Transmission Maintenance. The ITC shall be responsible for developing its own coordinated transmission maintenance and outage schedules for the ITC Transmission Facilities and shall advise PJM of all such maintenance and outage schedules, for all ITC Transmission Facilities, in accordance with section 1.9.2 of Schedule 1 to the Operating Agreement. PJM shall have the authority to disapprove transmission maintenance outages on the ITC Transmission Facilities if ITC fails to comply with the notice requirements of section 1.9.2 of</p>	<p>prevail pending dispute resolution.</p> <p>...</p> <p>9.1 Ratings and Rating Procedures. The ITC is responsible for the establishment of ratings, transfer limits, and rating procedures for the ITC Transmission Facilities. The ITC shall provide notice to PJM of all changes in ratings, transfer limits, and rating procedures, along with the related information called for by <u>Operating Agreement, Schedule 1, section 1.9.8 of Schedule 1 to the PJM Operating Agreement</u>, in accordance with the deadlines set forth in such section 1.9.8 and in accordance with the PJM Manuals, as they may be modified pursuant to <u>sSection 16 below</u>; provided that nothing in section 1.9.8 shall preclude the ITC from instituting ratings changes (including, but not limited to, dynamic ratings changes) in accordance with applicable PJM Operating Manuals, as they may be revised pursuant to section 16 of this Attachment U. Notwithstanding <u>Operating Agreement, Schedule 1, sections 1.9.8 or Operating Agreement, Schedule 1, section 1.9.9(e) of Schedule 1 to the Operating Agreement</u>, should PJM dispute the application of a rating, then the ITC's position shall prevail pending dispute resolution.</p> <p>9.2 Transmission Maintenance. The ITC shall be responsible for developing its own coordinated transmission maintenance and outage schedules for the ITC Transmission Facilities and shall advise PJM of all such maintenance and outage schedules, for all ITC Transmission</p>	

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		<p>Schedule 1 to the Operating Agreement, or if PJM determines that such outages would create a violation of system reliability criteria.</p> <p>...</p> <p>9.3 Generation Maintenance. In accordance with the Operating Agreement and with procedures in the PJM Manuals, as they may be modified pursuant to Section 16, the ITC shall promptly provide PJM with any advance notice of scheduled outages it receives from generators, and PJM shall promptly provide the ITC with any advance notice it receives of scheduled generator outages that affect the ITC Transmission Facilities, to permit the ITC to schedule transmission outages on the ITC Transmission Facilities and perform its other functions hereunder, and to permit PJM to exercise its responsibilities under the PJM Operating Agreement with respect to generator outages. The ITC may agree to coordinate with generators to modify its planned transmission outage schedules in coordination with generator outage schedules.</p> <p>...</p> <p>9.4 Scheduling and Dispatch. PJM shall be responsible for administering day-ahead and real-time wholesale energy markets, including transmission security monitoring and constrained economic dispatch, for all facilities, including the ITC Transmission Facilities. The ITC shall manage the configuration and topology of the ITC Transmission</p>	<p>Facilities, in accordance with <u>Operating Agreement, Schedule 1</u>, section 1.9.2 of Schedule 1 to the Operating Agreement. PJM shall have the authority to disapprove transmission maintenance outages on the ITC Transmission Facilities if ITC fails to comply with the notice requirements of <u>Operating Agreement, Schedule 1</u>, section 1.9.2 of Schedule 1 to the Operating Agreement, or if PJM determines that such outages would create a violation of system reliability criteria.</p> <p>...</p> <p>9.3 Generation Maintenance. In accordance with the Operating Agreement and with procedures in the PJM Manuals, as they may be modified pursuant to sSection 16 <u>below</u>, the ITC shall promptly provide PJM with any advance notice of scheduled outages it receives from generators, and PJM shall promptly provide the ITC with any advance notice it receives of scheduled generator outages that affect the ITC Transmission Facilities, to permit the ITC to schedule transmission outages on the ITC Transmission Facilities and perform its other functions hereunder, and to permit PJM to exercise its responsibilities under the PJM Operating Agreement with respect to generator outages. The ITC may agree to coordinate with generators to modify its planned transmission outage schedules in coordination with generator outage schedules.</p> <p>...</p>	

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		<p>Facilities, including acting as the primary interface for all switching, maintenance, ratings, transfer limits, and monitoring, subject to the direction of PJM as the regional Reliability Authority, and in accordance with the PJM Operating Manuals, as they may be revised pursuant to Section 16 of this Attachment U.</p> <p>9.5 Operations. The ITC shall have the authority and responsibility, in accordance with its agreements with the owners of the ITC Transmission Facilities, the terms of the Consolidated Transmission Owners Agreement, NERC and Applicable Regional Entity standards and guidelines, and the PJM Operating Manuals, as such manuals may be revised pursuant to section 16 of this Attachment U, to operate those facilities in a safe, economical, and reliable manner. PJM shall have the authority and responsibility to issue operating instructions to the ITC as they relate to the ITC Transmission Facilities in accordance with the PJM Manuals, as they may be revised pursuant to Section 16 of this Attachment U, provided that nothing herein shall be construed to require a change in the physical control of the ITC Transmission Facilities using the ITC's control center facilities and equipment. The ITC and PJM shall seek agreement (where time limitations allow) on real-time operational decisions affecting the ITC Transmission Facilities not otherwise specified in the PJM Operating Manuals. In the absence of such agreement, or if time limitations do not permit reaching agreement, PJM shall exercise its authority to direct operations, subject to any actions the ITC may take in accordance with section 2.2 of this Attachment U.</p>	<p>9.4 Scheduling and Dispatch. PJM shall be responsible for administering day-ahead and real-time wholesale energy markets, including transmission security monitoring and constrained economic dispatch, for all facilities, including the ITC Transmission Facilities. The ITC shall manage the configuration and topology of the ITC Transmission Facilities, including acting as the primary interface for all switching, maintenance, ratings, transfer limits, and monitoring, subject to the direction of PJM as the regional Reliability Authority, and in accordance with the PJM Operating Manuals, as they may be revised pursuant to sSection 16 of this Attachment U.</p> <p>9.5 Operations. The ITC shall have the authority and responsibility, in accordance with its agreements with the owners of the ITC Transmission Facilities, the terms of the Consolidated Transmission Owners Agreement, NERC and Applicable Regional Entity standards and guidelines, and the PJM Operating Manuals, as such manuals may be revised pursuant to section 16 of this Attachment U, to operate those facilities in a safe, economical, and reliable manner. PJM shall have the authority and responsibility to issue operating instructions to the ITC as they relate to the ITC Transmission Facilities in accordance with the PJM Manuals, as they may be revised pursuant to sSection 16 of this Attachment U, provided that nothing herein shall be construed to require a change in the physical control of the ITC Transmission Facilities using the ITC's control center facilities and equipment. The ITC and PJM shall seek agreement (where time limitations allow) on real-time operational decisions affecting the ITC Transmission Facilities not otherwise</p>	

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		<p>...</p> <p>10.1 PJM has the ultimate authority for developing a Regional Transmission Expansion Plan for its entire region, including the ITC Transmission Facilities, and may direct expansions as required in accordance with Schedule 6 to the PJM Operating Agreement, or successor provisions, as they may be amended. In the event of disputes between PJM and ITC concerning the contents of such Regional Transmission Expansion Plan, the position of PJM, as the ultimate authority for planning in the region, shall prevail. Pursuant to the joint planning protocol developed under Section 10.3 below, PJM shall be responsible for setting appropriate planning criteria and the ITC shall be responsible for studying the need for modifications, enhancements, or additions to the ITC Transmission Facilities and for proposing a plan of modifications, enhancements, or additions to the ITC Transmission Facilities. Each component of a timely plan proposed by the ITC shall be incorporated without PJM approval in the Regional Transmission Expansion Plan if PJM determines that such component does not materially adversely affect the Transmission System other than the ITC Transmission Facilities. The ITC also may suggest, in accordance with any established stakeholder procedures under Schedule 6 of the PJM Operating Agreement, potential modifications, enhancements, or additions to transmission facilities in the PJM region other than the ITC Transmission Facilities. Subject to any necessary FERC approval, the ITC may adopt any procedures it deems necessary with respect to the ITC's development of a plan of enhancements or expansions, so long as</p>	<p>specified in the PJM Operating Manuals. In the absence of such agreement, or if time limitations do not permit reaching agreement, PJM shall exercise its authority to direct operations, subject to any actions the ITC may take in accordance with section 2.2 of this Attachment U.</p> <p>...</p> <p>10.1 PJM has the ultimate authority for developing a Regional Transmission Expansion Plan for its entire region, including the ITC Transmission Facilities, and may direct expansions as required in accordance with <u>Operating Agreement</u>, Schedule 6 to the PJM Operating Agreement, or successor provisions, as they may be amended. In the event of disputes between PJM and ITC concerning the contents of such Regional Transmission Expansion Plan, the position of PJM, as the ultimate authority for planning in the region, shall prevail. Pursuant to the joint planning protocol developed under sSection 10.3 below, PJM shall be responsible for setting appropriate planning criteria and the ITC shall be responsible for studying the need for modifications, enhancements, or additions to the ITC Transmission Facilities and for proposing a plan of modifications, enhancements, or additions to the ITC Transmission Facilities. Each component of a timely plan proposed by the ITC shall be incorporated without PJM approval in the Regional Transmission Expansion Plan if PJM determines that such component does not materially adversely affect the Transmission System other than the ITC Transmission Facilities. The ITC also may suggest, in accordance with any established stakeholder procedures under</p>	

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		<p>such procedures do not adversely affect PJM's ability to prepare the Regional Transmission Expansion Plan in a timely and efficient manner. Nothing in this Attachment U impairs the rights of affected parties to participate in the PJM planning process in accordance with Commission-approved procedures. During the planning process the ITC shall adhere to all Applicable Regional Entity, NERC and PJM Planning criteria. The ITC shall participate with PJM in the development of the system needs analysis, any system impact studies and the transmission expansion plans as necessary to promote fully coordinated and efficient solutions.</p> <p>10.2 Interconnection Requests. Customer requests for interconnection, including requests for interconnection with the ITC Transmission Facilities, will be coordinated by PJM in accordance with the Tariff and the PJM Manuals, as they may be modified pursuant to Section 16 of this Attachment U. The ITC shall assume primary responsibility for interconnection projects on the ITC Transmission Facilities. PJM shall be responsible for setting interconnection standards, receiving interconnection requests, administering the queue, coordinating the analysis of requests for interconnection with ITC Transmission Facilities with requests for interconnection with non- ITC Transmission Facilities, and ensuring that proposed interconnections to the ITC Transmission Facilities will not materially adversely affect the Transmission System other than the ITC Transmission Facilities. PJM as the Transmission Provider under this Tariff also shall retain primary responsibility for all service-related matters under the Tariff, including issuance and administration of interconnection rights. ITC shall regularly and</p>	<p>Schedule 6 of the PJM Operating Agreement, potential modifications, enhancements, or additions to transmission facilities in the PJM region other than the ITC Transmission Facilities. Subject to any necessary FERC approval, the ITC may adopt any procedures it deems necessary with respect to the ITC's development of a plan of enhancements or expansions, so long as such procedures do not adversely affect PJM's ability to prepare the Regional Transmission Expansion Plan in a timely and efficient manner. Nothing in this Attachment U impairs the rights of affected parties to participate in the PJM planning process in accordance with Commission-approved procedures. During the planning process the ITC shall adhere to all Applicable Regional Entity, NERC and PJM Planning criteria. The ITC shall participate with PJM in the development of the system needs analysis, any system impact studies and the transmission expansion plans as necessary to promote fully coordinated and efficient solutions.</p> <p>10.2 Interconnection Requests. Customer requests for interconnection, including requests for interconnection with the ITC Transmission Facilities, will be coordinated by PJM in accordance with the Tariff and the PJM Manuals, as they may be modified pursuant to sSection 16 of this Attachment U. The ITC shall assume primary responsibility for interconnection projects on the ITC Transmission Facilities. PJM shall be responsible for setting interconnection standards, receiving interconnection requests, administering the queue, coordinating the analysis of requests for interconnection with ITC Transmission Facilities with requests for interconnection with non- ITC Transmission Facilities,</p>	

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		<p>frequently update PJM on the status and results of all interconnect studies performed by or for the ITC, in accordance with the joint planning protocol developed pursuant to Section 10.3. The results of any ITC studies prepared in response to interconnection requests shall be reflected in the Regional Transmission Expansion Plan.</p> <p>10.3 Joint Planning Protocol. PJM and ITC shall develop a joint planning protocol to facilitate the seamless and efficient integration of all ITC transmission planning, study and analysis efforts, and all ITC proposals for transmission enhancements, modifications, and additions into the Regional Transmission Expansion Plan under Schedule 6 to the Operating Agreement and the regional generation interconnection queuing, study, and cost allocation process under Part IV of the Tariff. Such protocols shall be designed to facilitate the preparation of the Regional Transmission Expansion Plan, and shall reflect and accommodate the procedures, timelines, and study cycles employed for the regional transmission planning and generation interconnection process. PJM and ITC shall each implement the provisions of the joint planning protocol. PJM and ITC shall consult regularly concerning the extent to which changes to the joint planning protocol may be required to achieve the foregoing purposes in light of experience and, as applicable, the coordination of planning activities among PJM and all ITCs in the PJM region.</p> <p>...</p>	<p>and ensuring that proposed interconnections to the ITC Transmission Facilities will not materially adversely affect the Transmission System other than the ITC Transmission Facilities. PJM as the Transmission Provider under this Tariff also shall retain primary responsibility for all service-related matters under the Tariff, including issuance and administration of interconnection rights. ITC shall regularly and frequently update PJM on the status and results of all interconnect studies performed by or for the ITC, in accordance with the joint planning protocol developed pursuant to sSection 10.3 below. The results of any ITC studies prepared in response to interconnection requests shall be reflected in the Regional Transmission Expansion Plan.</p> <p>10.3 Joint Planning Protocol. PJM and ITC shall develop a joint planning protocol to facilitate the seamless and efficient integration of all ITC transmission planning, study and analysis efforts, and all ITC proposals for transmission enhancements, modifications, and additions into the Regional Transmission Expansion Plan under Operating Agreement, Schedule 6 to the Operating Agreement and the regional generation interconnection queuing, study, and cost allocation process under Tariff, Part IV of the Tariff. Such protocols shall be designed to facilitate the preparation of the Regional Transmission Expansion Plan, and shall reflect and accommodate the procedures, timelines, and study cycles employed for the regional transmission planning and generation interconnection process. PJM and ITC shall each implement the provisions of the joint planning protocol. PJM and ITC shall consult</p>	

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		<p>11.1 PJM Responsibilities. PJM shall be responsible for all billing, settlement, and revenue distribution, except as provided in Section 11.2 below.</p> <p>...</p> <p>12.1 The Market Monitoring Unit established under Attachment M of this Tariff shall monitor the services provided by the ITC, and the ITC-PJM relationship, to detect any problems that may inhibit a robust and competitive market. Transactions utilizing the ITC Transmission Facilities shall be subject to the authority of the Market Monitoring Unit on the same basis as transactions involving any other Market Participant using other portions of the Transmission System. This provision is also found in Article IV, Section C-1 of Attachment M of the Tariff.</p> <p>13. LIABILITY AND INDEMNITY</p> <p>13.1 The ITC shall execute the Operating Agreement as a Member of PJM and the liability and indemnity provisions as set forth in section 16 of the Operating Agreement shall apply to acts or omissions resulting from, arising out of, or in any way connected with this Attachment or the ITC Agreement.</p> <p>14. DISPUTE RESOLUTION</p> <p>14.1 Dispute resolution as used herein refers to the dispute resolution procedures in section 12 of the Tariff, as it may be amended.</p>	<p>regularly concerning the extent to which changes to the joint planning protocol may be required to achieve the foregoing purposes in light of experience and, as applicable, the coordination of planning activities among PJM and all ITCs in the PJM region.</p> <p>...</p> <p>11.1 PJM Responsibilities. PJM shall be responsible for all billing, settlement, and revenue distribution, except as provided in <u>s</u>Section 11.2 below.</p> <p>...</p> <p>12.1 The Market Monitoring Unit established under <u>Tariff</u>, Attachment M <u>of this Tariff</u> shall monitor the services provided by the ITC, and the ITC-PJM relationship, to detect any problems that may inhibit a robust and competitive market. Transactions utilizing the ITC Transmission Facilities shall be subject to the authority of the Market Monitoring Unit on the same basis as transactions involving any other Market Participant using other portions of the Transmission System. This provision is also found in <u>Tariff, Attachment M</u>, Article IV, <u>s</u>Section C-1 <u>of Attachment M of the Tariff</u>.</p> <p>13. LIABILITY AND INDEMNITY</p> <p>13.1 The ITC shall execute the Operating Agreement as a Member of PJM and the liability and indemnity provisions as set forth in <u>Operating</u></p>	

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		<p>...</p> <p>16.1 Operating Guides, Manuals and Procedures. As provided in section 9.5 of this Attachment U, the ITC shall operate the ITC Transmission Facilities in accordance with the PJM Operating Manuals. Prior to start-up, and from time to time after the ITC commences operations, the ITC shall review such manuals and shall timely notify PJM of any changes or additions desired by the ITC to address specific conditions or operating procedures on the ITC Transmission Facilities. Subject to PJM's agreement, the PJM Manuals shall be revised or supplemented accordingly. PJM shall apprise ITC of subsequent changes to the PJM manuals through its established procedures for stakeholder notification of such changes. Any dispute between the ITC and PJM concerning changes to the PJM Manuals shall be resolved in accordance with Section 14.1, above. Nothing herein precludes the ITC from maintaining more detailed operating guides, manuals, and procedures specific to the ITC Transmission Facilities that are consistent with and subject to the operating guides and procedures in the PJM Manuals.</p> <p>...</p> <p>18.2 Confidentiality. To the extent ITC obtains from PJM or any Member of PJM any documents, data, or other information that has been designated by PJM or a Member as confidential, ITC shall treat such information in the same manner and subject to the same procedures,</p>	<p>Agreement, section 16 of the Operating Agreement shall apply to acts or omissions resulting from, arising out of, or in any way connected with this Attachment or the ITC Agreement.</p> <p>14. DISPUTE RESOLUTION</p> <p>14.1 Dispute resolution as used herein refers to the dispute resolution procedures in <u>Tariff</u>, section 12 of the Tariff, as it may be amended.</p> <p>...</p> <p>16.1 Operating Guides, Manuals and Procedures. As provided in section 9.5 of this Attachment U, the ITC shall operate the ITC Transmission Facilities in accordance with the PJM Operating Manuals. Prior to start-up, and from time to time after the ITC commences operations, the ITC shall review such manuals and shall timely notify PJM of any changes or additions desired by the ITC to address specific conditions or operating procedures on the ITC Transmission Facilities. Subject to PJM's agreement, the PJM Manuals shall be revised or supplemented accordingly. PJM shall apprise ITC of subsequent changes to the PJM manuals through its established procedures for stakeholder notification of such changes. Any dispute between the ITC and PJM concerning changes to the PJM Manuals shall be resolved in accordance with sSection 14.1-above. Nothing herein precludes the ITC from maintaining more detailed operating guides, manuals, and procedures specific to the ITC Transmission Facilities that are consistent with and subject to the operating guides and procedures in the PJM</p>	

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		<p>restrictions, and obligations as set forth in section 18.17 of the Operating Agreement. To the extent PJM obtains from ITC any documents, data, or other information that has been designated by ITC as confidential, PJM shall treat such information in accordance with the procedures, restrictions, and obligations as set forth in section 18.17 of the Operating Agreement.</p> <p>...</p>	<p>Manuals.</p> <p>...</p> <p>18.2 Confidentiality. To the extent ITC obtains from PJM or any Member of PJM any documents, data, or other information that has been designated by PJM or a Member as confidential, ITC shall treat such information in the same manner and subject to the same procedures, restrictions, and obligations as set forth in <u>Operating Agreement</u>, section 18.17 of the Operating Agreement. To the extent PJM obtains from ITC any documents, data, or other information that has been designated by ITC as confidential, PJM shall treat such information in accordance with the procedures, restrictions, and obligations as set forth in <u>Operating Agreement</u>, section 18.17 of the Operating Agreement.</p> <p>...</p>	
17	OATT, Attachment V, Form of ITC Agreement	2.0 ITC has, or shall have, prior to commencement of service as an ITC, ownership of, or functional control of, the transmission facilities for which it wishes to become the ITC ("ITC Transmission Facilities"). ITC desires to become an independent transmission company within the PJM region, in accordance with Attachment S to the PJM Open Access Transmission Tariff ("Tariff").	2.0 ITC has, or shall have, prior to commencement of service as an ITC, ownership of, or functional control of, the transmission facilities for which it wishes to become the ITC ("ITC Transmission Facilities"). ITC desires to become an independent transmission company within the PJM region, in accordance with <u>Tariff</u> , Attachment S to the PJM Open Access Transmission Tariff ("Tariff") .	Revisions are proposed to conform the sections of the OATT to utilize PJM's standard format for referencing its governing agreements and provisions.

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		<p>3.0 This ITC Agreement is subject to and expressly incorporates by this reference the provisions of Attachment U to this Tariff, as it may be modified from time to time, which sets forth the standard division of responsibilities, and associated terms and conditions, for any ITC that operates in the PJM region.</p> <p>...</p> <p>5.0 PJM and ITC agree to assume, with respect to the ITC Transmission Facilities, the respective rights and responsibilities set forth in Attachment U to the Tariff.</p> <p>6.0 The ITC Transmission Facilities that are the subject of this agreement are specifically identified in Schedule 1 to this ITC Agreement.</p> <p>6.1 In the event ITC acquires or otherwise operates transmission facilities not identified in Schedule 1 to this Agreement that are outside the PJM region, such facilities shall not be deemed ITC Transmission Facilities unless ITC so chooses to designate or assign such facilities, subject to PJM's agreement and FERC's approval. If ITC acquires or otherwise operates transmission facilities not identified in Schedule 1 of this Agreement that are within the PJM region, such facilities shall be deemed ITC Transmission Facilities.</p> <p>7.0 Following ITC's satisfaction of the prerequisites specified in</p>	<p>3.0 This ITC Agreement is subject to and expressly incorporates by this reference the provisions of <u>Tariff</u>, Attachment U to this Tariff, as it may be modified from time to time, which sets forth the standard division of responsibilities, and associated terms and conditions, for any ITC that operates in the PJM region.</p> <p>...</p> <p>5.0 PJM and ITC agree to assume, with respect to the ITC Transmission Facilities, the respective rights and responsibilities set forth in <u>Tariff</u>, Attachment U to the Tariff.</p> <p>6.0 The ITC Transmission Facilities that are the subject of this agreement are specifically identified in Schedule 1 to this ITC Agreement.</p> <p>6.1 In the event ITC acquires or otherwise operates transmission facilities not identified in Schedule 1 to this Agreement that are outside the PJM region, such facilities shall not be deemed ITC Transmission Facilities unless ITC so chooses to designate or assign such facilities, subject to PJM's agreement and FERC's approval. If ITC acquires or otherwise operates transmission facilities not identified in Schedule 1 of this Agreement that are within the PJM region, such facilities shall be deemed ITC Transmission Facilities.</p> <p>7.0 Following ITC's satisfaction of the prerequisites specified in <u>Tariff</u>,</p>	

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		<p>Attachment S, including FERC approvals, the ITC shall assume the rights and responsibilities described herein on the first day of the calendar month (“ITC Commencement Date”) following the date on which the ITC provides written certification to Transmission Provider that the ITC has in place the capability, including, without limitation, the approvals, licenses, assignments, trained and qualified personnel, systems, and facilities necessary to undertake its responsibilities hereunder.</p> <p>...</p> <p>ITC represents and warrants to PJM that ITC has obtained, and at all times shall retain ownership of, or the authority to direct the operation of, the ITC Transmission Facilities; provided, however, that if a transmission owner participating in the ITC withdraws from the ITC, the description of the ITC Transmission Facilities in Schedule 1 shall be revised accordingly.</p>	<p>Attachment S, including FERC approvals, the ITC shall assume the rights and responsibilities described herein on the first day of the calendar month (“ITC Commencement Date”) following the date on which the ITC provides written certification to Transmission Provider that the ITC has in place the capability, including, without limitation, the approvals, licenses, assignments, trained and qualified personnel, systems, and facilities necessary to undertake its responsibilities hereunder.</p> <p>...</p> <p>ITC represents and warrants to PJM that ITC has obtained, and at all times shall retain ownership of, or the authority to direct the operation of, the ITC Transmission Facilities; provided, however, that if a transmission owner participating in the ITC withdraws from the ITC, the description of the ITC Transmission Facilities in Schedule 1 shall be revised accordingly.</p>	
18	OATT Attachment HH - Rates Terms and Conditions and OA, Schedule 13	c) In accordance with Section 6A of the Tariff, unless otherwise expressly stated in the Tariff or the Operating Agreement, PJMSettlement is the Counterparty to the customers purchasing Transmission Service and Network Integration Transmission Service, and to the other transactions with customers and other entities under the Tariff. Accordingly, all rates, terms, and conditions of Transmission Service, Network Integration Transmission Service, and other	c) In accordance with <u>Tariff, s</u> Section 6A of the Tariff , unless otherwise expressly stated in the Tariff or the Operating Agreement, PJMSettlement is the Counterparty to the customers purchasing Transmission Service and Network Integration Transmission Service, and to the other transactions with customers and other entities under the Tariff. Accordingly, all rates, terms, and conditions of Transmission Service, Network Integration Transmission Service, and other	Revisions are proposed to conform the sections of the OATT to utilize PJM's standard format for referencing its governing agreements and provisions.

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		<p>transactions with entities under the Tariff, set forth throughout the Tariff, shall constitute rates, terms, and conditions of PJMSettlement service.</p> <p>f) In accordance with section 6A of the Tariff, PJMSettlement shall not be the Counterparty with respect to agreements and transactions regarding the Transmission Provider's administration of Parts IV and VI, Schedules 1, 9 (excluding Schedule 9-PJMSettlement), 10-NERC, 10-RFC, 14, 16, 16-A, and 17 of the PJM Tariff.</p> <p>g) The costs of services provided by PJMSettlement for the benefit of Market Participants and Transmission Customers shall be collected by PJMSettlement through the charge set forth in Schedule 9-PJMSettlement.</p> <p>h) Billing and payment provisions applicable to PJMSettlement are set forth in section 7 of the Tariff and section 14 and 14B of the Operating Agreement.</p>	<p>transactions with entities under the Tariff, set forth throughout the Tariff, shall constitute rates, terms, and conditions of PJMSettlement service.</p> <p>f) In accordance with <u>Tariff</u>, section 6A of the Tariff, PJMSettlement shall not be the Counterparty with respect to agreements and transactions regarding the Transmission Provider's administration of <u>Tariff, Parts IV, Tariff, Part and VI, Tariff, Schedules 1, Tariff, Schedule 9 through Tariff, Schedule 9-MMU (excluding Schedule 9-PJMSettlement), Tariff, Schedule 10-NERC, Tariff, Schedule 10-RFC, Tariff, Schedule 14, Tariff, Schedule 16, Tariff, Schedule 16-A, and Tariff, Schedule 17 of the PJM Tariff.</u></p> <p>g) The costs of services provided by PJMSettlement for the benefit of Market Participants and Transmission Customers shall be collected by PJMSettlement through the charge set forth in <u>Tariff</u>, Schedule 9-PJMSettlement.</p> <p>h) Billing and payment provisions applicable to PJMSettlement are set forth in <u>Tariff</u>, section 7 of the Tariff and <u>Operating Agreement</u>, section 14, <u>14A</u> and 14B of the Operating Agreement.</p>	
19	OATT Attachment MM - Form of Pseudo-Tie Agreement with	11. Modification. Nothing in this Agreement is intended to modify or limit, nor shall be construed as affecting in any way, the right of PJM to submit to the Commission under Federal Power Act section 205 or section 206 unilateral change to this Agreement or make application for a change in rates, terms and conditions, charges, classification of service, rule or	11. Modification. Nothing in this Agreement is intended to modify or limit, nor shall be construed as affecting in any way, the right of PJM to submit to the Commission under Federal Power Act, section 205 or section 206 unilateral changes to this Agreement or make application for a change in rates, terms and conditions, charges, classification of service, rule or	Revisions are proposed to conform the sections of the OATT to utilize PJM's standard format for referencing its governing agreements and provisions.

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	Native BA as Party	<p>regulation (both the form Agreement and any signed agreement), the right of any other Party to seek unilateral changes under this Agreement under Federal Power Act section 206, or the authority of the Commission to accept any Federal Power Act section 205 filing or to make changes under Federal Power Act section 206 or to initiate proceedings under Federal Power Act section 206. Nothing in this Agreement supersedes, modifies or changes any of the express provisions of the PJM Governing Documents, and in the event of any conflict, the provisions of the PJM Governing Documents shall control.</p> <p>14. Breach. If any Party breaches the terms of this Agreement, then a non-breaching Party may seek to suspend this Agreement in accordance with section 17, terminate this Agreement in accordance with section 18, or pursue any relief it believes is appropriate at the Commission. A breach is considered a substantive violation of any term or condition of this Agreement. Prior to pursuing a remedy at the Commission for a breach, a non-breaching Party shall provide five (5) Business Days' written notice of the breach to the breaching Party. If the breaching Party does not eliminate the breach within five (5) Business Days after the notice is received by the breaching Party, then the non-breaching Party may pursue its remedies at the Commission; provided, however, that such cure period may be extended, if agreed to by all Parties, if the breaching party cannot eliminate the breach within five (5) Business Days despite its best efforts.</p> <p>17. Suspension. PJM reserves the right to suspend the Pseudo-Tie of</p>	<p>regulation (both the form Agreement and any signed agreement), the right of any other Party to seek unilateral changes under this Agreement under Federal Power Act, section 206, or the authority of the Commission to accept any Federal Power Act, section 205 filing or to make changes under Federal Power Act, section 206 or to initiate proceedings under Federal Power Act, section 206. Nothing in this Agreement supersedes, modifies or changes any of the express provisions of the PJM Governing Documents, and in the event of any conflict, the provisions of the PJM Governing Documents shall control.</p> <p>14. Breach. If any Party breaches the terms of this Agreement, then a non-breaching Party may seek to suspend this Agreement in accordance with section 17 below, terminate this Agreement in accordance with section 18 below, or pursue any relief it believes is appropriate at the Commission. A breach is considered a substantive violation of any term or condition of this Agreement. Prior to pursuing a remedy at the Commission for a breach, a non-breaching Party shall provide five (5) Business Days' written notice of the breach to the breaching Party. If the breaching Party does not eliminate the breach within five (5) Business Days after the notice is received by the breaching Party, then the non-breaching Party may pursue its remedies at the Commission; provided, however, that such cure period may be extended, if agreed to by all Parties, if the breaching party cannot eliminate the breach within five (5) Business Days despite its best efforts.</p>	

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		<p>the Facility if the Company no longer satisfies the PJM Governing Document requirements for Pseudo-Ties, criteria for participation in PJM's markets as an external resource, or other applicable regulatory, legal or reliability requirements, if Company commits a material default under this Agreement or has failed to cure any breach of this Agreement in accordance with section 14, or if PJM reasonably determines that the Pseudo-Tie of the Facility poses a risk to system reliability or risk of violation of established reliability criteria, by giving immediate notice of suspension. . . . In the event of such suspension for failure to provide real-time Pseudo-Tie MW values in a timely manner, the Company shall provide a remedy for the cause of the failure, which PJM shall review in order to determine whether the Pseudo-Tie of the Facility will be permitted to resume operation. Two suspensions of the Pseudo-Tie of the Facility within a thirty (30) day period shall constitute a breach under section 14 of this Agreement.</p>	<p>17. Suspension. PJM reserves the right to suspend the Pseudo-Tie of the Facility if the Company no longer satisfies the PJM Governing Document requirements for Pseudo-Ties, criteria for participation in PJM's markets as an external resource, or other applicable regulatory, legal or reliability requirements, if Company commits a material default under this Agreement or has failed to cure any breach of this Agreement in accordance with section 14 <u>above</u>, or if PJM reasonably determines that the Pseudo-Tie of the Facility poses a risk to system reliability or risk of violation of established reliability criteria, by giving immediate notice of suspension. . . . In the event of such suspension for failure to provide real-time Pseudo-Tie MW values in a timely manner, the Company shall provide a remedy for the cause of the failure, which PJM shall review in order to determine whether the Pseudo-Tie of the Facility will be permitted to resume operation. Two suspensions of the Pseudo-Tie of the Facility within a thirty (30) day period shall constitute a breach under section 14 of this Agreement.</p>	
20	OATT Attachment NN - Form of Pseudo-Tie Agreement without Native BA as Party	<p>11. Modification. Nothing in this Agreement is intended to modify or limit, nor shall be construed as affecting in any way, the right of PJM to submit to the Commission under Federal Power Act section 205 or section 206 unilateral changes to this Agreement or make application for a change in rates, terms and conditions, charges, classification of service, rule or regulation (both the form Agreement and any signed agreement), the right of any other Party to seek unilateral changes under this Agreement under Federal Power Act section 206, or the authority of the Commission to accept any Federal Power Act section 205 filing or to</p>	<p>11. Modification. Nothing in this Agreement is intended to modify or limit, nor shall be construed as affecting in any way, the right of PJM to submit to the Commission under Federal Power Act, <u>section</u> 205 or section 206 unilateral changes to this Agreement or make application for a change in rates, terms and conditions, charges, classification of service, rule or regulation (both the form Agreement and any signed agreement), the right of any other Party to seek unilateral changes under this Agreement under Federal Power Act, <u>section</u> 206, or the authority of the Commission to accept any Federal Power Act, <u>section</u> 205 filing or</p>	<p>Revisions are proposed to conform the sections of the OATT to utilize PJM's standard format for referencing its governing agreements and provisions.</p>

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		<p>make changes under Federal Power Act section 206 or to initiate proceedings under Federal Power Act section 206.</p> <p>14. Breach. If any Party breaches the terms of this Agreement, then a non-breaching Party may seek to suspend this Agreement in accordance with section 17, terminate this Agreement in accordance with section 18, or pursue any relief it believes is appropriate at the Commission.</p> <p>17. Suspension. PJM reserves the right to suspend the Pseudo-Tie of the Facility if the Company no longer satisfies the PJM Governing Document requirements for Pseudo-Ties, criteria for participation in PJM's markets as an external resource, or other applicable regulatory, legal or reliability requirements, if Company commits a material default under this Agreement or has failed to cure any breach of this Agreement in accordance with section 14, or if PJM reasonably determines that the Pseudo-Tie of the Facility poses a risk to system reliability or risk of violation of established reliability criteria, by giving immediate notice of suspension. PJM also reserves the right to suspend the Pseudo-Tie of the Facility if the Company fails to provide real-time Pseudo-Tie MWvalues in a timely manner pursuant to applicable tariff or business rule requirements of the Native Balancing Authority and/or PJM Balancing Authority, upon mutual agreement of the Native Balancing Authority and PJM Balancing Authority, and upon giving immediate notice to Company and Native Balancing Authority.</p>	<p>to make changes under Federal Power Act, section 206 or to initiate proceedings under Federal Power Act, section 206.</p> <p>14. Breach. If any Party breaches the terms of this Agreement, then a non-breaching Party may seek to suspend this Agreement in accordance with section 17 <u>below</u>, terminate this Agreement in accordance with section 18 <u>below</u>, or pursue any relief it believes is appropriate at the Commission.</p> <p>17. Suspension. PJM reserves the right to suspend the Pseudo-Tie of the Facility if the Company no longer satisfies the PJM Governing Document requirements for Pseudo-Ties, criteria for participation in PJM's markets as an external resource, or other applicable regulatory, legal or reliability requirements, if Company commits a material default under this Agreement or has failed to cure any breach of this Agreement in accordance with section 14 <u>above</u>, or if PJM reasonably determines that the Pseudo-Tie of the Facility poses a risk to system reliability or risk of violation of established reliability criteria, by giving immediate notice of suspension. PJM also reserves the right to suspend the Pseudo-Tie of the Facility if the Company fails to provide real-time Pseudo-Tie MWvalues in a timely manner pursuant to applicable tariff or business rule requirements of the Native Balancing Authority and/or PJM Balancing Authority, upon mutual agreement of the Native Balancing Authority and PJM Balancing Authority, and upon giving immediate notice to Company and Native Balancing Authority.</p>	
21	OATT, Att. K-	OATT, Att. K-App., section 8.4 (Registration)	OATT, Att. K-App., section 8.4 (Registration)	Clarifying that submission of completed

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	<p>App., section 8.4 (Registration)</p> <p>OA, Schedule 1, section 8.4 (Registration)</p>	<p>1. Curtailment Service Providers must complete the applicable PJM Load Response Program Registration Form (“Registration Form”) that is posted on the PJM website (www.pjm.com) for each end-use customer, or aggregation of end-use customers, pursuant to the requirements set forth in the PJM Manuals. Because of the required electric distribution company ten Business Day review period, as described herein, Curtailment Service Providers should submit completed Registration Forms to the Office of the Interconnection no later than one day before the tenth Business Day preceding the relevant Delivery Year. All registrations that have not been approved on or before May 31st preceding the relevant Delivery Year shall be rejected by the Office of the Interconnection. To the extent that a completed Registration Form is submitted to the Office of the Interconnection prior to one day before the tenth Business Day preceding the relevant Delivery Year and such registration is rejected by the electric distribution company or the Office of the Interconnection because of incorrect data on the Registration Form, such registration may be resubmitted by the Curtailment Service Provider before May 31st preceding the relevant Delivery Year, but such registration will be rejected by the Office of the Interconnection unless the electric distribution company has verified the registration on or before May 31st preceding the relevant Delivery Year. Incomplete Registration Forms will be rejected by the Office of the Interconnection; Curtailment Service Providers may not resubmit registrations that were rejected for being incomplete unless they are able to do so no later than one day before the tenth Business Day preceding the relevant Delivery</p>	<p>1. Curtailment Service Providers must complete the applicable PJM Load Response Program Registration Form (“Registration Form”) that is posted on the PJM website (www.pjm.com) for each end-use customer, or aggregation of end-use customers, pursuant to the requirements set forth in the PJM Manuals. Because of the required electric distribution company ten Business Day review period, as described herein, Curtailment Service Providers should <u>shall</u> submit completed Registration Forms to the Office of the Interconnection no later than one day before the tenth Business Day preceding the relevant Delivery Year. All registrations that have not been approved on or before May 31st preceding the relevant Delivery Year shall be rejected by the Office of the Interconnection. To the extent that a completed Registration Form is submitted to the Office of the Interconnection prior to one day before the tenth Business Day preceding the relevant Delivery Year and such registration is rejected by the electric distribution company or the Office of the Interconnection because of incorrect data on the Registration Form, such registration may be resubmitted by the Curtailment Service Provider before May 31st preceding the relevant Delivery Year, but such registration will be rejected by the Office of the Interconnection unless the electric distribution company has verified the registration on or before May 31st preceding the relevant Delivery Year. Incomplete Registration Forms will be rejected by the Office of the Interconnection; Curtailment Service Providers may not resubmit registrations that were rejected for being incomplete unless they are able to do so no later than one day before the tenth Business Day preceding the relevant Delivery</p>	<p>registration forms no later than the tenth Business Day preceding the relevant Delivery Year is required and not simply voluntary. This is consistent with how this rule has been implemented over the past nearly ten years it has been in place.</p>

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		<p>Year. The following general steps will be followed:</p> <p>OA, Schedule 1, section 8.4 (Registration):</p> <p>1. Curtailment Service Providers must complete the applicable PJM Load Response Program Registration Form (“Registration Form”) that is posted on the PJM website (www.pjm.com) for each end-use customer, or aggregation of end-use customers, pursuant to the requirements set forth in the PJM Manuals. Because of the required electric distribution company ten Business Day review period, as described herein, Curtailment Service Providers should submit completed Registration Forms to the Office of the Interconnection no later than one day before the tenth Business Day preceding the relevant Delivery Year. All registrations that have not been approved on or before May 31st preceding the relevant Delivery Year shall be rejected by the Office of the Interconnection. To the extent that a completed Registration Form is submitted to the Office of the Interconnection prior to one day before the tenth Business Day preceding the relevant Delivery Year and such registration is rejected by the electric distribution company or the Office of the Interconnection because of incorrect data on the Registration Form, such registration may be resubmitted by the Curtailment Service Provider before May 31st preceding the relevant Delivery Year, but such registration will be rejected by the Office of the Interconnection unless the electric distribution company has verified the registration on or before May 31st preceding the relevant Delivery Year. Incomplete Registration Forms will be rejected by the Office of the Interconnection;</p>	<p>Year. The following general steps will be followed:</p> <p>OA, Schedule 1, section 8.4 (Registration):</p> <p>1. Curtailment Service Providers must complete the applicable PJM Load Response Program Registration Form (“Registration Form”) that is posted on the PJM website (www.pjm.com) for each end-use customer, or aggregation of end-use customers, pursuant to the requirements set forth in the PJM Manuals. Because of the required electric distribution company ten Business Day review period, as described herein, Curtailment Service Providers should <u>shall</u> submit completed Registration Forms to the Office of the Interconnection no later than one day before the tenth Business Day preceding the relevant Delivery Year. All registrations that have not been approved on or before May 31st preceding the relevant Delivery Year shall be rejected by the Office of the Interconnection. To the extent that a completed Registration Form is submitted to the Office of the Interconnection prior to one day before the tenth Business Day preceding the relevant Delivery Year and such registration is rejected by the electric distribution company or the Office of the Interconnection because of incorrect data on the Registration Form, such registration may be resubmitted by the Curtailment Service Provider before May 31st preceding the relevant Delivery Year, but such registration will be rejected by the Office of the Interconnection unless the electric distribution company has verified the registration on or before May 31st preceding the relevant Delivery Year. Incomplete Registration Forms will be rejected by the Office of the Interconnection;</p>	

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		Curtailment Service Providers may not resubmit registrations that were rejected for being incomplete unless they are able to do so no later than one day before the tenth Business Day preceding the relevant Delivery Year. The following general steps will be followed:	Curtailment Service Providers may not resubmit registrations that were rejected for being incomplete unless they are able to do so no later than one day before the tenth Business Day preceding the relevant Delivery Year. The following general steps will be followed:	
22	OA, Schedule 2, section 1.1 (Permissible Components of Cost-based Offers)	<p>1.1 Permissible Components of Cost-based Offers.</p> <p>(a) Each Market Participant obligated to sell energy on the PJM Interchange Energy Market at cost-based rates may include the following components or their equivalent in the determination of costs for energy supplied to or from the PJM Region:</p>	<p>1.1 Permissible Components of Cost-based Offers <u>of Energy.</u></p> <p>(a) Each Market Participant obligated to sell energy on the PJM Interchange Energy Market at cost-based rates may include the following components or their equivalent in the determination of costs for energy supplied to or from the PJM Region:</p>	Modification to clarify that Schedule 2 only applies to cost-based offers of energy (and not also Ancillary Services). The language as written, which refers to the Interchange Energy Market which includes both energy and ancillary services, could lead one to believe that Schedule 2 applies to both energy and ancillary services.
23	OA, Schedule 2, section 4.1(b) (Maintenance Adder)	(b) Market Sellers may submit Maintenance Adder information to PJM and the Market Monitoring Unit as part of the information it submits during the annual Fuel Cost Policy review process, described in section 2.6 of this Schedule. The basis for the Market Monitoring Unit's review is described in PJM Tariff, Attachment M-Appendix, section II.A.2. PJM shall consult with the Market Monitoring Unit, and consider any input and advice timely received from the Market Monitoring Unit, in its determination of whether to approve emissions costs.	(b) Market Sellers may submit Maintenance Adder information to PJM and the Market Monitoring Unit as part of the information it submits during the annual Fuel Cost Policy review process, described in section 2.6 of this Schedule. The basis for the Market Monitoring Unit's review is described in PJM Tariff, Attachment M-Appendix, section II.A.2. PJM shall consult with the Market Monitoring Unit, and consider any input and advice timely received from the Market Monitoring Unit, in its determination of whether to approve <u>emissions maintenance</u> costs.	This term, emissions, does not belong in this section about the Maintenance Adder. It was inadvertently incorporated when copying identical language about the Emission Adder from OA, Schedule 2, section 3.1(b).
24	OA, Definitions	<p>Planning Period:</p> <p>"Planning Period" shall initially mean the 12 months beginning June 1 and extending through May 31 of the following year, or such other period established under the procedures of, as applicable, the Reliability Assurance Agreement.</p>	<p>Planning Period:</p> <p>"Planning Period" shall initially mean the 12 months beginning June 1 and extending through May 31 of the following year, or such other period established under the procedures of, as applicable, the Reliability Assurance Agreement <u>have the meaning specified in the Reliability</u></p>	<p>This term is fully defined in the RAA. The Tariff simply refers to the RAA. This revision is to conform the OA consistent with the Tariff.</p> <p>For reference, the RAA definition is:</p>

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			<u>Assurance Agreement.</u>	"Planning Period" shall mean the 12 months beginning June 1 and extending through May 31 of the following year, or such other period approved by the Members Committee.
25	OA, Schedule 1, section 6.6(a)(iv) (Parameter Limited Schedules) OATT, Att. K-App., section 6.6(a)(iv)	OA, Schedule 1, section 6.6(a)(iv) (iv) For Base Capacity Resources, the Office of the Interconnection: (i) declares a Maximum Generation Emergency during hot weather operations; (ii) issues a Maximum Generation Emergency Alert or Hot Weather Alert during hot weather operations; or (iii) schedules units based on the anticipation of a Hot Weather Alert, or a Maximum Generation Emergency or Maximum Generation Emergency Alert during hot weather operations, for all, or any part, of an Operating Day. OATT, Att. K-App., section 6.6(a)(iv) (iv) For Base Capacity Resources, the Office of the Interconnection: (i) declares a Maximum Generation Emergency during hot weather operations; (ii) issues a Maximum Generation Emergency Alert or Hot Weather Alert during hot weather operations; or (iii) schedules units based on the anticipation of a Hot Weather Alert, or a Maximum Generation Emergency or Maximum Generation Emergency Alert during hot weather operations, for all, or any part, of an Operating Day.	OA, Schedule 1, section 6.6(a)(iv) (iv) For Base Capacity Resources, the Office of the Interconnection: (i) declares a Maximum Generation Emergency during hot weather operations <u>during the period of June 1 through September 30</u> ; (ii) issues a Maximum Generation Emergency Alert or Hot Weather Alert during hot weather operations <u>during the period of June 1 through September 30</u> ; or (iii) schedules units based on the anticipation of a Hot Weather Alert, or a Maximum Generation Emergency or Maximum Generation Emergency Alert during hot weather operations <u>during the period of June 1 through September 30</u> , for all, or any part, of an Operating Day. OATT, Att. K-App., section 6.6(a)(iv) (iv) For Base Capacity Resources, the Office of the Interconnection: (i) declares a Maximum Generation Emergency during hot weather operations <u>during the period of June 1 through September 30</u> ; (ii) issues a Maximum Generation Emergency Alert or Hot Weather Alert during hot weather operations <u>during the period of June 1 through September 30</u> ; or (iii) schedules units based on the anticipation of a Hot Weather Alert, or a Maximum Generation Emergency or Maximum Generation	This change is to clarify the time period for hot weather operations is June 1 through September 30.

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			Emergency Alert during hot weather operations <u>during the period of June 1 through September 30</u> , for all, or any part, of an Operating Day.	
26	OA, Schedule 1, section 6.6(b) (Parameter Limited Schedules) OATT, Att. K-App., section 6.6(b) (Parameter Limited Schedules)	OA, Schedule 1, section 6.6(b): (b)For the 2014/2015 through 2017/2018 Delivery Years for Generation Capacity Resources other than Capacity Performance Resources, and the 2016/2017 through 2019/2020 Delivery Years for Generation Capacity Resources identified and committed in an FRR Capacity Plan, parameter limited schedules shall be defined for the following parameters: (i) Turn Down Ratio; (ii) Minimum Down Time; (iii) Minimum Run Time; (iv) Maximum Daily Starts; (v) Maximum Weekly Starts. For the 2018/2019 and 2019/2020 Delivery Years for Base Capacity Resources during Hot Weather Alerts, Emergency Actions during hot weather operations, and when the unit is offer capped to maintain system reliability as a result of limits on transmission capability per Section 6.4 hereof, and for the 2016/2017 Delivery Year and subsequent Delivery Years for Capacity Performance Resources during Hot Weather Alerts, Cold Weather Alerts, Emergency Actions, and when the unit is offer capped to maintain system reliability as a result of limits on	OA, Schedule 1, section 6.6(b): (b)For the 2014/2015 through 2017/2018 Delivery Years for Generation Capacity Resources other than Capacity Performance Resources, and the 2016/2017 through 20 <u>19</u> 18/20 <u>20</u> 19 Delivery Years for Generation Capacity Resources identified and committed in an FRR Capacity Plan, parameter limited schedules shall be defined for the following parameters: (i) Turn Down Ratio; (ii) Minimum Down Time; (iii) Minimum Run Time; (iv) Maximum Daily Starts; (v) Maximum Weekly Starts. For the 2018/2019 and 2019/2020 Delivery Years for Base Capacity Resources during Hot Weather Alerts, Emergency Actions during hot weather operations, and when the unit is offer capped to maintain system reliability as a result of limits on transmission capability per Section 6.4 hereof , and for the 2016/2017 Delivery Year and subsequent Delivery Years for Capacity Performance Resources during Hot Weather Alerts, Cold Weather Alerts, Emergency Actions, and when the unit is offer capped to maintain system reliability as a result of limits on	The change to the first paragraph is to accurately reflect the transition period FERC granted for FRR Entities. They were granted one additional year before having to move to CP – that is, through the 18/19 DY. When we made the change in the compliance filing, we inadvertently used the wrong date. The change to the second paragraph is to make the preamble paragraph for the second set of parameters parallel the preamble for the first set of parameters listed in this section. The triggering emergency actions are properly listed in subsection 6.6(a).

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		<p>transmission capability per Section 6.4 hereof, the Office of the Interconnection shall determine the unit-specific achievable operating parameters for each individual unit on the basis of its operating design characteristics and other constraints, recognizing that remedial and ongoing investment and maintenance may be required to perform on the basis of those characteristics, for the following parameters:</p> <p>(i) Turn Down Ratio; (ii) Minimum Down Time; (iii) Minimum Run Time; (iv) Maximum Daily Starts; (v) Maximum Weekly Starts; (vi) Maximum Run Time; (vii) Start-up Time; and (viii) Notification Time.</p> <p>OATT, Att. K-App., section 6.6(b):</p> <p>(b)For the 2014/2015 through 2017/2018 Delivery Years <i>for Generation Capacity Resources other than Capacity Performance Resources, and the 2016/2017 through 2019/2020 Delivery Years for Generation Capacity Resources identified and committed in an FRR Capacity Plan</i>, parameter limited schedules shall be defined for the following parameters:</p>	<p>transmission capability per Section 6.4 hereof, the Office of the Interconnection shall determine the unit-specific achievable operating parameters for each individual unit on the basis of its operating design characteristics and other constraints, recognizing that remedial and ongoing investment and maintenance may be required to perform on the basis of those characteristics, for the following parameters:</p> <p>(i) Turn Down Ratio; (ii) Minimum Down Time; (iii) Minimum Run Time; (iv) Maximum Daily Starts; (v) Maximum Weekly Starts; (vi) Maximum Run Time; (vii) Start-up Time; and (viii) Notification Time.</p> <p>OATT, Att. K-Appendix, section 6.6(b):</p> <p>(b)For the 2014/2015 through 2017/2018 Delivery Years <i>for Generation Capacity Resources other than Capacity Performance Resources, and the 2016/2017 through 2019/2020 Delivery Years for Generation Capacity Resources identified and committed in an FRR Capacity Plan</i>, parameter limited schedules shall be defined for the following parameters:</p>	

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		<p>(i) Turn Down Ratio; (ii) Minimum Down Time; (iii) Minimum Run Time; (iv) Maximum Daily Starts; (v) Maximum Weekly Starts.</p> <p>For the 2018/2019 and 2019/2020 Delivery Years for Base Capacity Resources during Hot Weather Alerts, Emergency Actions during hot weather operations, and when the unit is offer capped to maintain system reliability as a result of limits on transmission capability per Section 6.4 hereof, and for the 2016/2017 Delivery Year and subsequent Delivery Years for Capacity Performance Resources during Hot Weather Alerts, Cold Weather Alerts, Emergency Actions, and when the unit is offer capped to maintain system reliability as a result of limits on transmission capability per Section 6.4 hereof, the Office of the Interconnection shall determine the unit-specific achievable operating parameters for each individual unit on the basis of its operating design characteristics and other constraints, recognizing that remedial and ongoing investment and maintenance may be required to perform on the basis of those characteristics, for the following parameters:</p> <p>(i) Turn Down Ratio; (ii) Minimum Down Time; (iii) Minimum Run Time; (iv) Maximum Daily Starts; (v) Maximum Weekly Starts;</p>	<p>(i) Turn Down Ratio; (ii) Minimum Down Time; (iii) Minimum Run Time; (iv) Maximum Daily Starts; (v) Maximum Weekly Starts.</p> <p>For the 2018/2019 and 2019/2020 Delivery Years for Base Capacity Resources during Hot Weather Alerts, Emergency Actions during hot weather operations, and when the unit is offer capped to maintain system reliability as a result of limits on transmission capability per Section 6.4 hereof, and for the 2016/2017 Delivery Year and subsequent Delivery Years for Capacity Performance Resources during Hot Weather Alerts, Cold Weather Alerts, Emergency Actions, and when the unit is offer capped to maintain system reliability as a result of limits on transmission capability per Section 6.4 hereof, the Office of the Interconnection shall determine the unit-specific achievable operating parameters for each individual unit on the basis of its operating design characteristics and other constraints, recognizing that remedial and ongoing investment and maintenance may be required to perform on the basis of those characteristics, for the following parameters:</p> <p>(i) Turn Down Ratio; (ii) Minimum Down Time; (iii) Minimum Run Time; (iv) Maximum Daily Starts; (v) Maximum Weekly Starts;</p>	

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		(vi) Maximum Run Time; (vii) Start-up Time; and (viii) Notification Time.	(vi) Maximum Run Time; (vii) Start-up Time; and (viii) Notification Time.	
27	OA, Schedule 1, section 2.4(b) (b) (Determination of Energy Offers Used in Calculating Real-time Prices.) OATT, Att. K-App., section 2.4(b) (Determination of Energy Offers Used in Calculating Real-time Prices.)	OA, Schedule 1, section 2.4(b) (b)To determine the energy offers submitted to the PJM Interchange Energy Market that shall be used during the Operating Day to calculate the Real-time Prices, the Office of the Interconnection shall determine the applicable marginal energy offer of the resources being dispatched by the Office of the Interconnection. A resource shall be included in the calculation of Real-time Prices if the applicable marginal energy offer of the resource being dispatched by the Office of the Interconnection is less than or equal to the Dispatch Rate for the area of the PJM Region in which the resource is located, provided that offers for resources dispatched by the Office of the Interconnection in excess of \$2,000/megawatt-hour will be capped at \$2,000/megawatt-hour for purposes of calculating Real-time Prices. OATT, Att. K-App., section 2.4(b) (b)To determine the energy offers submitted to the PJM Interchange Energy Market that shall be used during the Operating Day to calculate the Real-time Prices, the Office of the Interconnection shall determine the applicable marginal energy offer of the resources being dispatched	OA, Schedule 1, section 2.4(b) (b)To determine the energy offers submitted to the PJM Interchange Energy Market that shall be used during the Operating Day to calculate the Real-time Prices, the Office of the Interconnection shall determine the applicable marginal energy offer of the resources being dispatched by the Office of the Interconnection. A resource shall be included in the calculation of Real-time Prices if the applicable marginal energy offer of the resource being dispatched by the Office of the Interconnection is less than or equal to the Dispatch Rate for the area of the PJM Region in which the resource is located, provided that. Offers for resources dispatched by the Office of the Interconnection in excess of \$2,000/megawatt-hour will be capped at \$2,000/megawatt-hour for purposes of calculating Real-time Prices. OATT, Att. K-App., section 2.4(b) (b)To determine the energy offers submitted to the PJM Interchange Energy Market that shall be used during the Operating Day to calculate the Real-time Prices, the Office of the Interconnection shall determine the applicable marginal energy offer of the resources being dispatched	Since implementing shortage pricing in October, 2012, PJM moved to ex-ante price calculations and, therefore, this language is no longer necessary or correct. It was inadvertently retained at the time we moved to shortage pricing.

Attachment C
GDECS Phase 4 – Proposed Revisions:
Clean-Up, Clarification and Corrections to Governing Documents

	Agreement, Attachment, Section, Title	Current Language	Proposed Revisions	Rationale
		by the Office of the Interconnection. A resource shall be included in the calculation of Real-time Prices if the applicable marginal energy offer of the resource being dispatched by the Office of the Interconnection is less than or equal to the Dispatch Rate for the area of the PJM Region in which the resource is located, provided that offers for resources dispatched by the Office of the Interconnection in excess of \$2,000/megawatt-hour will be capped at \$2,000/megawatt-hour for purposes of calculating Real-time Prices.	by the Office of the Interconnection. A resource shall be included in the calculation of Real-time Prices if the applicable marginal energy offer of the resource being dispatched by the Office of the Interconnection is less than or equal to the Dispatch Rate for the area of the PJM Region in which the resource is located, provided that. Offers for resources dispatched by the Office of the Interconnection in excess of \$2,000/megawatt-hour will be capped at \$2,000/megawatt-hour for purposes of calculating Real-time Prices.	
28	OA, Definitions, Q-R OATT, Definitions, R-S	<p>OA Definitions</p> <p>Real-time Offer:</p> <p>“Real-time Offer” shall mean a new offer or an update to a Market Seller’s existing cost-based or market-based offer for a clock hour, submitted after the close of the Day-ahead Energy Market.</p> <p>OATT, Definitions</p> <p>Real-time Offer:</p> <p>“Real-time Offer” shall mean a new offer or an update to a Market Seller’s existing cost-based or market-based offer for a clock hour, submitted after the close of the Day-ahead Energy Market.</p>	<p>OA Definitions</p> <p>Real-time Offer:</p> <p>“Real-time Offer” shall mean a new offer or an update to a Market Seller’s existing cost-based or market-based offer for a clock hour, submitted <u>for use</u> after the close of the Day-ahead Energy Market.</p> <p>OATT, Definitions</p> <p>Real-time Offer:</p> <p>“Real-time Offer” shall mean a new offer or an update to a Market Seller’s existing cost-based or market-based offer for a clock hour, submitted <u>for use</u> after the close of the Day-ahead Energy Market.</p>	

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	Agreement, Attachment, Section, Title	Current Language	Proposed Revisions	Rationale
29	OATT, Attachment J, PJM Transmission Zones	Picture at the top of the sections showing the PJM Transmission Zones.	Correction to the map at the top of the section. The map was revised to add the Zone for Ohio Valley Electric Corporation (OVEC).	The map was inadvertently missed when Attachment J was revised to add the OVEC Zone in ER18-459, effective December 1, 2018.