

# Large Filing Separator Sheet

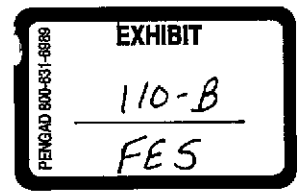
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**PJM OPEN ACCESS  
TRANSMISSION TARIFF**

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## TABLE OF CONTENTS

### **I. COMMON SERVICE PROVISIONS**

- 1 Definitions**
  - OATT Definitions – A – B**
  - OATT Definitions – C – D**
  - OATT Definitions – E – F**
  - OATT Definitions – G – H**
  - OATT Definitions – I – J – K**
  - OATT Definitions – L – M – N**
  - OATT Definitions – O – P – Q**
  - OATT Definitions – R – S**
  - OATT Definitions – T – U – V**
  - OATT Definitions – W – X – Y – Z**
- 2 Initial Allocation and Renewal Procedures**
- 3 Ancillary Services**
- 3B PJM Administrative Service**
- 3C Mid-Atlantic Area Council Charge**
- 3D Transitional Market Expansion Charge**
- 3E Transmission Enhancement Charges**
- 3F Transmission Losses**
- 4 Open Access Same-Time Information System (OASIS)**
- 5 Local Furnishing Bonds**
- 6 Reciprocity**
- 6A Counterparty**
- 7 Billing and Payment**
- 8 Accounting for a Transmission Owner's Use of the Tariff**
- 9 Regulatory Filings**
- 10 Force Majeure and Indemnification**
- 11 Creditworthiness**
- 12 Dispute Resolution Procedures**

### **II. POINT-TO-POINT TRANSMISSION SERVICE**

- Preamble**
- 13 Nature of Firm Point-To-Point Transmission Service**
- 14 Nature of Non-Firm Point-To-Point Transmission Service**
- 15 Service Availability**
- 16 Transmission Customer Responsibilities**
- 17 Procedures for Arranging Firm Point-To-Point Transmission Service**
- 18 Procedures for Arranging Non-Firm Point-To-Point Transmission Service**
- 19 Initial Study Procedures For Long-Term Firm Point-To-Point Transmission Service Requests**
- 20 [Reserved]**

- 21 [Reserved]
- 22 Changes in Service Specifications
- 23 Sale or Assignment of Transmission Service
- 24 Metering and Power Factor Correction at Receipt and Delivery Points(s)
- 25 Compensation for Transmission Service
- 26 Stranded Cost Recovery
- 27 Compensation for New Facilities and Redispatch Costs
- 27A Distribution of Revenues from Non-Firm Point-to-Point Transmission Service

### **III. NETWORK INTEGRATION TRANSMISSION SERVICE**

#### **Preamble**

- 28 Nature of Network Integration Transmission Service
- 29 Initiating Service
- 30 Network Resources
- 31 Designation of Network Load
- 32 Initial Study Procedures For Network Integration Transmission Service Requests
- 33 Load Shedding and Curtailments
- 34 Rates and Charges
- 35 Operating Arrangements

### **IV. INTERCONNECTIONS WITH THE TRANSMISSION SYSTEM**

#### **Preamble**

#### **Subpart A –INTERCONNECTION PROCEDURES**

- 36 Interconnection Requests
- 37 Additional Procedures
- 38 Service on Merchant Transmission Facilities
- 39 Local Furnishing Bonds

40-109 [Reserved]

Subpart B – [Reserved]

Subpart C – [Reserved]

Subpart D – [Reserved]

Subpart E – [Reserved]

Subpart F – [Reserved]

#### **Subpart G – SMALL GENERATION INTERCONNECTION PROCEDURE**

#### **Preamble**

- 110 Permanent Capacity Resource Additions Of 20 MW Or Less
- 111 Permanent Energy Resource Additions Of 20 MW Or Less
- 112 Temporary Energy Resource Additions Of 20 MW Or Less But Greater Than 2 MW
- 112A Screens Process for Permanent or Temporary Energy Resources of 2 MW or less
- 112B Certified Inverter-Based Small Generating Facilities No Larger than 10 kW

**V. GENERATION DEACTIVATION**

**Preamble**

- 113 Notices**
- 114 Deactivation Avoidable Cost Credit**
- 115 Deactivation Avoidable Cost Rate**
- 116 Filing and Updating of Deactivation Avoidable Cost Rate**
  - 117 Excess Project Investment Required**
  - 118 Refund of Project Investment Reimbursement**
  - 118A Recovery of Project Investment**
  - 119 Cost of Service Recovery Rate**
  - 120 Cost Allocation**
  - 121 Performance Standards**
  - 122 Black Start Units**
  - 123-199 [Reserved]**

**VI. ADMINISTRATION AND STUDY OF NEW SERVICE REQUESTS; RIGHTS ASSOCIATED WITH CUSTOMER-FUNDED UPGRADES**

**Preamble**

- 200 Applicability**
- 201 Queue Position**
  - Subpart A – SYSTEM IMPACT STUDIES AND FACILITIES STUDIES FOR NEW SERVICE REQUESTS**
  - 202 Coordination with Affected Systems**
  - 203 System Impact Study Agreement**
  - 204 Tender of System Impact Study Agreement**
  - 205 System Impact Study Procedures**
  - 206 Facilities Study Agreement**
  - 207 Facilities Study Procedures**
  - 208 Expedited Procedures for Part II Requests**
  - 209 Optional Interconnection Studies**
  - 210 Responsibilities of the Transmission Provider and Transmission Owners**
    - Subpart B– AGREEMENTS AND COST REPONSIBILITY FOR CUSTOMER- FUNDED UPGRADES**
    - 211 Interim Interconnection Service Agreement**
    - 212 Interconnection Service Agreement**
    - 213 Upgrade Construction Service Agreement**
    - 214 Filing/Reporting of Agreement**
    - 215 Transmission Service Agreements**
    - 216 Interconnection Requests Designated as Market Solutions**
    - 217 Cost Responsibility for Necessary Facilities and Upgrades**
    - 218 New Service Requests Involving Affected Systems**
    - 219 Inter-queue Allocation of Costs of Transmission Upgrades**
    - 220 Advance Construction of Certain Network Upgrades**
    - 221 Transmission Owner Construction Obligation for Necessary Facilities And Upgrades**

- 222 Confidentiality
- 223 Confidential Information
- 224 – 229 [Reserved]
- Subpart C – RIGHTS RELATED TO CUSTOMER-FUNDED UPGRADES
- 230 Capacity Interconnection Rights
- 231 Incremental Auction Revenue Rights
- 232 Transmission Injection Rights and Transmission Withdrawal Rights
- 233 Incremental Available Transfer Capability Revenue Rights
- 234 Incremental Capacity Transfer Rights
- 235 Incremental Deliverability Rights
- 236 Interconnection Rights for Certain Transmission Interconnections
- 237 IDR Transfer Agreements

**SCHEDULE 1**

Scheduling, System Control and Dispatch Service

**SCHEDULE 1A**

Transmission Owner Scheduling, System Control and Dispatch Service

**SCHEDULE 2**

Reactive Supply and Voltage Control from Generation Sources Service

**SCHEDULE 3**

Regulation and Frequency Response Service

**SCHEDULE 4**

Energy Imbalance Service

**SCHEDULE 5**

Operating Reserve – Synchronized Reserve Service

**SCHEDULE 6**

Operating Reserve - Supplemental Reserve Service

**SCHEDULE 6A**

Black Start Service

**SCHEDULE 7**

Long-Term Firm and Short-Term Firm Point-To-Point Transmission Service

**SCHEDULE 8**

Non-Firm Point-To-Point Transmission Service

**SCHEDULE 9**

PJM Interconnection L.L.C. Administrative Services

**SCHEDULE 9-1**

Control Area Administration Service

**SCHEDULE 9-2**

Financial Transmission Rights Administration Service

**SCHEDULE 9-3**

Market Support Service

**SCHEDULE 9-4**

Regulation and Frequency Response Administration Service

**SCHEDULE 9-5**

Capacity Resource and Obligation Management Service

**SCHEDULE 9-6**  
     **Management Service Cost**  
**SCHEDULE 9-FERC**  
     **FERC Annual Charge Recovery**  
**SCHEDULE 9-OPSI**  
     **OPSI Funding**  
**SCHEDULE 9-FINCON**  
     **Finance Committee Retained Outside Consultant**  
**SCHEDULE 9-MMU**  
     **MMU Funding**  
**SCHEDULE 9 – PJM SETTLEMENT**  
**SCHEDULE 10 - [Reserved]**  
**SCHEDULE 10-NERC**  
     **North American Electric Reliability Corporation Charge**  
**SCHEDULE 10-RFC**  
     **Reliability First Corporation Charge**  
**SCHEDULE 11**  
     **Transitional Market Expansion Charge**  
**SCHEDULE 12**  
     **Transmission Enhancement Charges**  
**SCHEDULE 12 APPENDIX**  
**SCHEDULE 12-A**  
**SCHEDULE 13**  
     **Expansion Cost Recovery Change (ECRC)**  
**SCHEDULE 14**  
     **Transmission Service on the Neptune Line**  
**SCHEDULE 14 - Exhibit A**  
**SCHEDULE 15**  
     **Non-Retail Behind The Meter Generation Maximum Generation Emergency Obligations**  
**SCHEDULE 16**  
     **Transmission Service on the Linden VFT Facility**  
**SCHEDULE 16 Exhibit A**  
**SCHEDULE 16 – A**  
     **Transmission Service for Imports on the Linden VFT Facility**  
**ATTACHMENT A**  
     **Form of Service Agreement For Firm Point-To-Point Transmission Service**  
**ATTACHMENT A-1**  
     **Form of Service Agreement For The Resale, Reassignment or Transfer of Point-to-Point Transmission Service**  
**ATTACHMENT B**  
     **Form of Service Agreement For Non-Firm Point-To-Point Transmission Service**  
**ATTACHMENT C**  
     **Methodology To Assess Available Transfer Capability**  
**ATTACHMENT C-1**  
     **Conversion of Service in the Dominion and Duquesne Zones**

**ATTACHMENT C-2**  
Conversion of Service in the Duke Energy Ohio, Inc. and Duke Energy Kentucky, Inc, ("DEOK") Zone

**ATTACHMENT D**  
Methodology for Completing a System Impact Study

**ATTACHMENT E**  
Index of Point-To-Point Transmission Service Customers

**ATTACHMENT F**  
Service Agreement For Network Integration Transmission Service

**ATTACHMENT F-1**  
Form of Umbrella Service Agreement for Network Integration Transmission Service Under State Required Retail Access Programs

**ATTACHMENT G**  
Network Operating Agreement

**ATTACHMENT H-1**  
Annual Transmission Rates -- Atlantic City Electric Company for Network Integration Transmission Service

**ATTACHMENT H-1A**  
Atlantic City Electric Company Formula Rate Appendix A

**ATTACHMENT H-1B**  
Atlantic City Electric Company Formula Rate Implementation Protocols

**ATTACHMENT H-2**  
Annual Transmission Rates -- Baltimore Gas and Electric Company for Network Integration Transmission Service

**ATTACHMENT H-2A**  
Baltimore Gas and Electric Company Formula Rate

**ATTACHMENT H-2B**  
Baltimore Gas and Electric Company Formula Rate Implementation Protocols

**ATTACHMENT H-3**  
Annual Transmission Rates -- Delmarva Power & Light Company for Network Integration Transmission Service

**ATTACHMENT H-3A**  
Delmarva Power & Light Company Load Power Factor Charge Applicable to Service the Interconnection Points

**ATTACHMENT H-3B**  
Delmarva Power & Light Company Load Power Factor Charge Applicable to Service the Interconnection Points

**ATTACHMENT H-3C**  
Delmarva Power & Light Company Under-Frequency Load Shedding Charge

**ATTACHMENT H-3D**  
Delmarva Power & Light Company Formula Rate -- Appendix A

**ATTACHMENT H-3E**  
Delmarva Power & Light Company Formula Rate Implementation Protocols

**ATTACHMENT H-3F**  
Old Dominion Electric Cooperative Formula Rate -- Appendix A

**ATTACHMENT H-3G**



**Old Dominion Electric Cooperative Formula Rate Implementation Protocols**  
**ATTACHMENT H-4**  
**Annual Transmission Rates -- Jersey Central Power & Light Company for Network Integration Transmission Service**  
**ATTACHMENT H-5**  
**Annual Transmission Rates -- Metropolitan Edison Company for Network Integration Transmission Service**  
**ATTACHMENT H-5A**  
**Other Supporting Facilities -- Metropolitan Edison Company**  
**ATTACHMENT H-6**  
**Annual Transmission Rates -- Pennsylvania Electric Company for Network Integration Transmission Service**  
**ATTACHMENT H-6A**  
**Other Supporting Facilities Charges -- Pennsylvania Electric Company**  
**ATTACHMENT H-7**  
**Annual Transmission Rates -- PECO Energy Company for Network Integration Transmission Service**  
**ATTACHMENT H-8**  
**Annual Transmission Rates -- PPL Group for Network Integration Transmission Service**  
**ATTACHMENT H-8A**  
**Other Supporting Facilities Charges -- PPL Electric Utilities Corporation**  
**ATTACHMENT 8C**  
**UGI Utilities, Inc. Formula Rate -- Appendix A**  
**ATTACHMENT 8D**  
**UGI Utilities, Inc. Formula Rate Implementation Protocols**  
**ATTACHMENT 8E**  
**UGI Utilities, Inc. Formula Rate -- Appendix A**  
**ATTACHMENT H-8G**  
**Annual Transmission Rates -- PPL Electric Utilities Corp.**  
**ATTACHMENT H-8H**  
**Formula Rate Implementation Protocols -- PPL Electric Utilities Corp.**  
**ATTACHMENT H-9**  
**Annual Transmission Rates -- Potomac Electric Power Company for Network Integration Transmission Service**  
**ATTACHMENT H-9A**  
**Potomac Electric Power Company Formula Rate -- Appendix A**  
**ATTACHMENT H-9B**  
**Potomac Electric Power Company Formula Rate Implementation Protocols**  
**ATTACHMENT H-10**  
**Annual Transmission Rates -- Public Service Electric and Gas Company for Network Integration Transmission Service**  
**ATTACHMENT H-10A**  
**Formula Rate -- Public Service Electric and Gas Company**  
**ATTACHMENT H-10B**

Formula Rate Implementation Protocols – Public Service Electric and Gas Company

**ATTACHMENT H-11**  
Annual Transmission Rates -- Allegheny Power for Network Integration Transmission Service

**ATTACHMENT H-11A**  
Other Supporting Facilities Charges - Allegheny Power

**ATTACHMENT H-12**  
Annual Transmission Rates -- Rockland Electric Company for Network Integration Transmission Service

**ATTACHMENT H-13**  
Annual Transmission Rates – Commonwealth Edison Company for Network Integration Transmission Service

**ATTACHMENT H-13A**  
Commonwealth Edison Company Formula Rate – Appendix A

**ATTACHMENT H-13B**  
Commonwealth Edison Company Formula Rate Implementation Protocols

**ATTACHMENT H-14**  
Annual Transmission Rates – AEP East Operating Companies for Network Integration Transmission Service

**ATTACHMENT H-14A**  
AEP East Operating Companies Formula Rate Implementation Protocols

**ATTACHMENT H-14B Part 1**

**ATTACHMENT H-14B Part 2**

**ATTACHMENT H-15**  
Annual Transmission Rates -- The Dayton Power and Light Company for Network Integration Transmission Service

**ATTACHMENT H-16**  
Annual Transmission Rates -- Virginia Electric and Power Company for Network Integration Transmission Service

**ATTACHMENT H-16A**  
Formula Rate - Virginia Electric and Power Company

**ATTACHMENT H-16B**  
Formula Rate Implementation Protocols - Virginia Electric and Power Company

**ATTACHMENT H-16C**  
Virginia Retail Administrative Fee Credit for Virginia Retail Load Serving Entities in the Dominion Zone

**ATTACHMENT H-16D – [Reserved]**

**ATTACHMENT H-16E – [Reserved]**

**ATTACHMENT H-17**  
Annual Transmission Rates -- Duquesne Light Company for Network Integration Transmission Service

**ATTACHMENT H-17A**  
Duquesne Light Company Formula Rate – Appendix A

**ATTACHMENT H-17B**  
Duquesne Light Company Formula Rate Implementation Protocols

**ATTACHMENT H-18**

**Annual Transmission Rates – Trans-Allegheny Interstate Line Company**

**ATTACHMENT H-18A**

**Trans-Allegheny Interstate Line Company Formula Rate – Appendix A**

**ATTACHMENT H-18B**

**Trans-Allegheny Interstate Line Company Formula Rate Implementation Protocols**

**ATTACHMENT H-19**

**Annual Transmission Rates – Potomac-Appalachian Transmission Highline, L.L.C.**

**ATTACHMENT H-19A**

**Potomac-Appalachian Transmission Highline, L.L.C. Summary**

**ATTACHMENT H-19B**

**Potomac-Appalachian Transmission Highline, L.L.C. Formula Rate  
Implementation Protocols**

**ATTACHMENT H-20**

**Annual Transmission Rates – AEP Transmission Companies (AEPTCo) in the AEP  
Zone**

**ATTACHMENT H-20A**

**AEP Transmission Companies (AEPTCo) in the AEP Zone - Formula Rate  
Implementation Protocols**

**ATTACHMENT H-20B**

**AEP Transmission Companies (AEPTCo) in the AEP Zone – Blank Formula Rate  
Template**

**ATTACHMENT H-21**

**Annual Transmission Rates – American Transmission Systems, Inc. for Network  
Integration Transmission Service**

**ATTACHMENT H-21A - ATSI**

**ATTACHMENT H-21A Appendix A - ATSI**

**ATTACHMENT H-21A Appendix B - ATSI**

**ATTACHMENT H-21A Appendix C - ATSI**

**ATTACHMENT H-21A Appendix C - ATSI [Reserved]**

**ATTACHMENT H-21A Appendix D – ATSI**

**ATTACHMENT H-21A Appendix E - ATSI**

**ATTACHMENT H-21A Appendix F – ATSI [Reserved]**

**ATTACHMENT H-21A Appendix G - ATSI**

**ATTACHMENT H-21A Appendix G – ATSI (Credit Adj)**

**ATTACHMENT H-21B ATSI Protocol**

**ATTACHMENT H-22**

**Annual Transmission Rates – DEOK for Network Integration Transmission Service  
and Point-to-Point Transmission Service**

**ATTACHMENT H-22A**

**Duke Energy Ohio and Duke Energy Kentucky (DEOK) Formula Rate Template**

**ATTACHMENT H-22B**

**DEOK Formula Rate Implementation Protocols**

**ATTACHMENT H-A**

**Annual Transmission Rates -- Non-Zone Network Load for Network Integration  
Transmission Service**

**ATTACHMENT I**

**Index of Network Integration Transmission Service Customers**

**ATTACHMENT J**

**PJM Transmission Zones**

**ATTACHMENT K**

**Transmission Congestion Charges and Credits**

**Preface**

**ATTACHMENT K -- APPENDIX**

**Preface**

**1. MARKET OPERATIONS**

- 1.1 Introduction
- 1.2 Cost-Based Offers
- 1.2A Transmission Losses
- 1.3 Definitions
- 1.4 Market Buyers
- 1.5 Market Sellers
- 1.5A Economic Load Response Participant
- 1.6 Office of the Interconnection
- 1.6A PJM Settlement
- 1.7 General
- 1.8 Selection, Scheduling and Dispatch Procedure Adjustment Process
- 1.9 Prescheduling
- 1.10 Scheduling
- 1.11 Dispatch
- 1.12 Dynamic Scheduling

**2. CALCULATION OF LOCATIONAL MARGINAL PRICES**

- 2.1 Introduction
- 2.2 General
- 2.3 Determination of System Conditions Using the State
- 2.4 Determination of Energy Offers Used in Calculating
- 2.5 Calculation of real-time Prices
- 2.6 Calculation of Day-ahead Pricing
- 2.6A Interface Prices
- 2.7 Performance Evaluation

**3. ACCOUNTING AND BILLING**

- 3.1 Introduction
- 3.2 Market Buyers
- 3.3 Market Sellers
  - 3.3A Economic Load Response Participants
- 3.4 Transmission Customers
- 3.5 Other Control Areas
- 3.6 Metering Reconciliation
- 3.7 Inadvertent Interchange

**4. [Reserved For Future Use]**

**5. CALCULATION OF CHARGES AND CREDITS FOR TRANSMISSION CONGESTION AND LOSSES**

- 5.1 Transmission Congestion Charge Calculation

- 5.2 Transmission Congestion Credit Calculation
- 5.3 Unscheduled Transmission Service (Loop Flow)
- 5.4 Transmission Loss Charge Calculation
- 5.5 *Distribution of Total Transmission Loss Charges*
- 6. **"MUST-RUN" FOR RELIABILITY GENERATION**
  - 6.1 Introduction
  - 6.2 Identification of Facility Outages
  - 6.3 Dispatch for Local Reliability
  - 6.4 Offer Price Caps
  - 6.5 [Reserved]
  - 6.6 Minimum Generator Operating Parameters –  
Parameter-Limited Schedules
- 6A. **SCARCITY PRICING**
  - 6A.1 Scarcity Conditions
  - 6A.2 Scarcity Pricing Regions
  - 6A.3 Scarcity Pricing
- 7. **FINANCIAL TRANSMISSION RIGHTS AUCTIONS**
  - 7.1 Auctions of Financial Transmission Rights
    - 7.1A Long-Term Financial Transmission Rights Auctions
  - 7.2 *Financial Transmission Rights Characteristics*
  - 7.3 Auction Procedures
  - 7.4 Allocation of Auction Revenues
  - 7.5 Simultaneous Feasibility
  - 7.6 New Stage 1 Resources
  - 7.7 Alternate Stage 1 Resources
  - 7.8 Elective Upgrade Auction Revenue Rights
  - 7.9 Residual Auction Revenue Rights
  - 7.10 Financial Settlement
  - 7.11 PJM Settlement as Counterparty
- 8. **INTERREGIONAL TRANSMISSION CONGESTION MANAGEMENT  
PILOT PROGRAM**
  - 8.1 Introduction
  - 8.2 Identification of Transmission Constraints
  - 8.3 Redispatch Procedures
  - 8.4 Locational Marginal Price
  - 8.5 Generator Compensation
  - 8.6 Settlements
  - 8.7 Effective Date
- 9. **[Reserved]**
- 10. **[Reserved]**
- PJM EMERGENCY LOAD RESPONSE PROGRAM**
- ATTACHMENT L**
  - List of Transmission Owners**
- ATTACHMENT M**
  - PJM Market Monitoring Plan**
- ATTACHMENT M – APPENDIX**

<b>PJM Market Monitor Plan Attachment M Appendix</b>	
I	Confidentiality of Data and Information
II	Development of Inputs for Prospective Mitigation
III	Black Start Service
IV	Deactivation Rates
V	Opportunity Cost Calculation
VI	FTR Forfeiture Rule
VII	Forced Outage Rule
VIII	Data Collection and Verification
<b>ATTACHMENT M-1 (FirstEnergy)</b>	
	Energy Procedure Manual for Determining Supplier Total Hourly Energy Obligation
<b>ATTACHMENT M-2 (First Energy)</b>	
	Energy Procedure Manual for Determining Supplier Peak Load Share Procedures for Load Determination
<b>ATTACHMENT M-2 (ComEd)</b>	
	Determination of Capacity Peak Load Contributions and Network Service Peak Load Contributions
<b>ATTACHMENT M-2 (PSE&amp;G)</b>	
	Procedures for Determination of Peak Load Contributions and Hourly Load Obligations for Retail Customers
<b>ATTACHMENT M-2 (Atlantic City Electric Company)</b>	
	Procedures for Determination of Peak Load Contributions and Hourly Load Obligations for Retail Customers
<b>ATTACHMENT M-2 (Delmarva Power &amp; Light Company)</b>	
	Procedures for Determination of Peak Load Contributions and Hourly Load Obligations for Retail Customers
<b>ATTACHMENT M-2 (Delmarva Power &amp; Light Company)</b>	
	Procedures for Determination of Peak Load Contributions and Hourly Load Obligations for Retail Customers
<b>ATTACHMENT N</b>	
	Form of Generation Interconnection Feasibility Study Agreement
<b>ATTACHMENT N-1</b>	
	Form of System Impact Study Agreement
<b>ATTACHMENT N-2</b>	
	Form of Facilities Study Agreement
<b>ATTACHMENT N-3</b>	
	Form of Optional Interconnection Study Agreement
<b>ATTACHMENT O</b>	
	Form of Interconnection Service Agreement
1.0	Parties
2.0	Authority
3.0	Customer Facility Specifications
4.0	Effective Date
5.0	Security
6.0	Project Specific Milestones

- 7.0 Provision of Interconnection Service
- 8.0 Assumption of Tariff Obligations
- 9.0 Facilities Study
- 10.0 Construction of Transmission Owner Interconnection Facilities
- 11.0 Interconnection Specifications
- 12.0 Power Factor Requirement
- 12.0A RTU
- 13.0 Charges
- 14.0 Third Party Benefits
- 15.0 Waiver
- 16.0 Amendment
- 17.0 Construction With Other Parts Of The Tariff
- 18.0 Notices
- 19.0 Incorporation Of Other Documents
- 20.0 Addendum of Non-Standard Terms and Conditions for Interconnection Service
- 21.0 Addendum of Interconnection Customer's Agreement  
to Conform with IRS Safe Harbor Provisions for Non-Taxable Status
- 22.0 Addendum of Interconnection Requirements for a Wind Generation Facility
- 23.0

**Specifications for Interconnection Service Agreement**

- 1.0
- 2.0 Rights
- 3.0 Construction Responsibility and Ownership of Interconnection Facilities
- 4.0
- 4.1 Attachment Facilities Charge
- 4.2 Network Upgrades Charge
- 4.3 Local Upgrades Charge
- 4.4 Other Charges
- 4.5 Cost of Merchant Network Upgrades
- 4.6 Cost breakdown
- 4.7 Security Amount Breakdown

**ATTACHMENT O APPENDIX 1: Definitions**

**ATTACHMENT O APPENDIX 2: Standard Terms and Conditions for Interconnections**

- 1 Commencement, Term of and Conditions Precedent to Interconnection Service**
  - 1.1 Commencement Date
  - 1.2 Conditions Precedent
  - 1.3 Term
  - 1.4 Initial Operation
  - 1.4A Limited Operation
  - 1.5 Survival
- 2 Interconnection Service**
  - 2.1 Scope of Service
  - 2.2 Non-Standard Terms
  - 2.3 No Transmission Services
  - 2.4 Use of Distribution Facilities

- 2.5 Election by Behind The Meter Generation
- 3 **Modification Of Facilities**
  - 3.1 General
  - 3.2 Interconnection Request
  - 3.3 Standards
  - 3.4 Modification Costs
- 4 **Operations**
  - 4.1 General
  - 4.2 Operation of Merchant Network Upgrades
  - 4.3 Interconnection Customer Obligations
  - 4.4 [Reserved.]
  - 4.5 Permits and Rights-of-Way
  - 4.6 No Ancillary Services
  - 4.7 Reactive Power
  - 4.8 Under- and Over-Frequency Conditions
  - 4.9 Protection and System Quality
  - 4.10 Access Rights
  - 4.11 Switching and Tagging Rules
  - 4.12 Communications and Data Protocol
  - 4.13 Nuclear Generating Facilities
- 5 **Maintenance**
  - 5.1 General
  - 5.2 Maintenance of Merchant Network Upgrades
  - 5.3 Outage Authority and Coordination
  - 5.4 Inspections and Testing
  - 5.5 Right to Observe Testing
  - 5.6 Secondary Systems
  - 5.7 Access Rights
  - 5.8 Observation of Deficiencies
- 6 **Emergency Operations**
  - 6.1 Obligations
  - 6.2 Notice
  - 6.3 Immediate Action
  - 6.4 Record-Keeping Obligations
- 7 **Safety**
  - 7.1 General
  - 7.2 Environmental Releases
- 8 **Metering**
  - 8.1 General
  - 8.2 Standards
  - 8.3 Testing of Metering Equipment
  - 8.4 Metering Data
  - 8.5 Communications
- 9 **Force Majeure**
  - 9.1 Notice
  - 9.2 Duration of Force Majeure



- 9.3 Obligation to Make Payments
- 10 Charges**
  - 10.1 Specified Charges
  - 10.2 FERC Filings
- 11 Security, Billing And Payments**
  - 11.1 Recurring Charges Pursuant to Section 10
  - 11.2 Costs for Transmission Owner Interconnection Facilities and/or Merchant Network Upgrades
  - 11.3 No Waiver
  - 11.4 Interest
- 12 Assignment**
  - 12.1 Assignment with Prior Consent
  - 12.2 Assignment Without Prior Consent
  - 12.3 Successors and Assigns
- 13 Insurance**
  - 13.1 Required Coverages for Generation Resources Of More Than 20 Megawatts and Merchant Transmission Facilities
  - 13.1A Required Coverages for Generation Resources Of 20 Megawatts Or Less
  - 13.2 Additional Insureds
  - 13.3 Other Required Terms
  - 13.3A No Limitation of Liability
  - 13.4 Self-Insurance
  - 13.5 Notices; Certificates of Insurance
  - 13.6 Subcontractor Insurance
  - 13.7 Reporting Incidents
- 14 Indemnity**
  - 14.1 Indemnity
  - 14.2 Indemnity Procedures
  - 14.3 Indemnified Person
  - 14.4 Amount Owing
  - 14.5 Limitation on Damages
  - 14.6 Limitation of Liability in Event of Breach
  - 14.7 Limited Liability in Emergency Conditions
- 15 Breach, Cure And Default**
  - 15.1 Breach
  - 15.2 Continued Operation
  - 15.3 Notice of Breach
  - 15.4 Cure and Default
  - 15.5 Right to Compel Performance
  - 15.6 Remedies Cumulative
- 16 Termination**
  - 16.1 Termination
  - 16.2 Disposition of Facilities Upon Termination
  - 16.3 FERC Approval
  - 16.4 Survival of Rights

- 17 Confidentiality**
  - 17.1 Term
  - 17.2 Scope
  - 17.3 Release of Confidential Information
  - 17.4 Rights
  - 17.5 No Warranties
  - 17.6 Standard of Care
  - 17.7 Order of Disclosure
  - 17.8 Termination of Interconnection Service Agreement
  - 17.9 Remedies
  - 17.10 Disclosure to FERC or its Staff
  - 17.11
  - 17.12
  - 17.13 Return or Destruction of Confidential Information
- 18 Subcontractors**
  - 18.1 Use of Subcontractors
  - 18.2 Responsibility of Principal
  - 18.3 Indemnification by Subcontractors
  - 18.4 Subcontractors Not Beneficiaries
- 19 Information Access And Audit Rights**
  - 19.1 Information Access
  - 19.2 Reporting of Non-Force Majeure Events
  - 19.3 Audit Rights
- 20 Disputes**
  - 20.1 Submission
  - 20.2 Rights Under The Federal Power Act
  - 20.3 Equitable Remedies
- 21 Notices**
  - 21.1 General
  - 21.2 Emergency Notices
  - 21.3 Operational Contacts
- 22 Miscellaneous**
  - 22.1 Regulatory Filing
  - 22.2 Waiver
  - 22.3 Amendments and Rights Under the Federal Power Act
  - 22.4 Binding Effect
  - 22.5 Regulatory Requirements
- 23 Representations And Warranties**
  - 23.1 General
- 24 Tax Liability**
  - 24.1 Safe Harbor Provisions
  - 24.2 Tax Indemnity
  - 24.3 Taxes Other Than Income Taxes
  - 24.4 Income Tax Gross-Up
  - 24.5 Tax Status

**ATTACHMENT O - SCHEDULE A**

	Customer Facility Location/Site Plan
ATTACHMENT O - SCHEDULE B	Single-Line Diagram
ATTACHMENT O - SCHEDULE C	List of Metering Equipment
ATTACHMENT O - SCHEDULE D	Applicable Technical Requirements and Standards
ATTACHMENT O - SCHEDULE E	Schedule of Charges
ATTACHMENT O - SCHEDULE F	Schedule of Non-Standard Terms & Conditions
ATTACHMENT O - SCHEDULE G	Interconnection Customer's Agreement to Conform with IRS Safe Harbor Provisions for Non-Taxable Status
ATTACHMENT O - SCHEDULE H	Interconnection Requirements for a Wind Generation Facility
ATTACHMENT O-1	Form of Interim Interconnection Service Agreement
ATTACHMENT P	Form of Interconnection Construction Service Agreement
1.0	Parties
2.0	Authority
3.0	Customer Facility
4.0	Effective Date and Term
4.1	Effective Date
4.2	Term
4.3	Survival
5.0	Construction Responsibility
6.0	[Reserved.]
7.0	Scope of Work
8.0	Schedule of Work
9.0	[Reserved.]
10.0	Notices
11.0	Waiver
12.0	Amendment
13.0	Incorporation Of Other Documents
14.0	Addendum of Interconnection Customer's Agreement to Conform with IRS Safe Harbor Provisions for Non-Taxable Status
15.0	Addendum of Non-Standard Terms and Conditions for Interconnection Service
16.0	Addendum of Interconnection Requirements for a Wind Generation Facility
17.0	
ATTACHMENT P - APPENDIX 1 – DEFINITIONS	
ATTACHMENT P - APPENDIX 2 – STANDARD CONSTRUCTION TERMS AND CONDITIONS	
Preamble	
1	Facilitation by Transmission Provider

- 2     **Construction Obligations**
  - 2.1     Interconnection Customer Obligations
  - 2.2     Transmission Owner Interconnection Facilities and Merchant Network Upgrades
  - 2.2A    Scope of Applicable Technical Requirements and Standards
  - 2.3     Construction By Interconnection Customer
  - 2.4     Tax Liability
  - 2.5     Safety
  - 2.6     Construction-Related Access Rights
  - 2.7     Coordination Among Constructing Parties
- 3     **Schedule of Work**
  - 3.1     Construction by Interconnection Customer
  - 3.2     Construction by Interconnected Transmission Owner
    - 3.2.1    Standard Option
    - 3.2.2    Negotiated Contract Option
    - 3.2.3    Option to Build
  - 3.3     Revisions to Schedule of Work
  - 3.4     Suspension
    - 3.4.1    Costs
    - 3.4.2    Duration of Suspension
  - 3.5     Right to Complete Transmission Owner Interconnection Facilities
  - 3.6     Suspension of Work Upon Default
  - 3.7     Construction Reports
  - 3.8     Inspection and Testing of Completed Facilities
  - 3.9     Energization of Completed Facilities
  - 3.10    Interconnected Transmission Owner's Acceptance of Facilities Constructed by Interconnection Customer
- 4     **Transmission Outages**
  - 4.1     Outages; Coordination
- 5     **Land Rights; Transfer of Title**
  - 5.1     Grant of Easements and Other Land Rights
  - 5.2     Construction of Facilities on Interconnection Customer Property
  - 5.3     Third Parties
  - 5.4     Documentation
  - 5.5     Transfer of Title to Certain Facilities Constructed By Interconnection Customer
  - 5.6     Liens
- 6     **Warranties**
  - 6.1     Interconnection Customer Warranty
  - 6.2     Manufacturer Warranties
- 7     **[Reserved.]**
- 8     **[Reserved.]**
- 9     **Security, Billing And Payments**
  - 9.1     Adjustments to Security
  - 9.2     Invoice

- 9.3 Final Invoice
- 9.4 Disputes
- 9.5 Interest
- 9.6 No Waiver
- 10 Assignment**
  - 10.1 Assignment with Prior Consent
  - 10.2 Assignment Without Prior Consent
  - 10.3 Successors and Assigns
- 11 Insurance**
  - 11.1 Required Coverages For Generation Resources Of More Than 20 Megawatts and Merchant Transmission Facilities
    - 11.1A Required Coverages For Generation Resources of 20 Megawatts Or Less
  - 11.2 Additional Insureds
  - 11.3 Other Required Terms
    - 11.3A No Limitation of Liability
  - 11.4 Self-Insurance
  - 11.5 Notices; Certificates of Insurance
  - 11.6 Subcontractor Insurance
  - 11.7 Reporting Incidents
- 12 Indemnity**
  - 12.1 Indemnity
  - 12.2 Indemnity Procedures
  - 12.3 Indemnified Person
  - 12.4 Amount Owing
  - 12.5 Limitation on Damages
  - 12.6 Limitation of Liability in Event of Breach
  - 12.7 Limited Liability in Emergency Conditions
- 13 Breach, Cure And Default**
  - 13.1 Breach
  - 13.2 Notice of Breach
  - 13.3 Cure and Default
    - 13.3.1 Cure of Breach
  - 13.4 Right to Compel Performance
  - 13.5 Remedies Cumulative
- 14 Termination**
  - 14.1 Termination
  - 14.2 [Reserved.]
  - 14.3 Cancellation By Interconnection Customer
  - 14.4 Survival of Rights
- 15 Force Majeure**
  - 15.1 Notice
  - 15.2 Duration of Force Majeure
  - 15.3 Obligation to Make Payments
- 16 Subcontractors**
  - 16.1 Use of Subcontractors

- 16.2 Responsibility of Principal
- 16.3 Indemnification by Subcontractors
- 16.4 Subcontractors Not Beneficiaries
- 17 Confidentiality**
  - 17.1 Term
  - 17.2 Scope
  - 17.3 Release of Confidential Information
  - 17.4 Rights
  - 17.5 No Warranties
  - 17.6 Standard of Care
  - 17.7 Order of Disclosure
  - 17.8 Termination of Construction Service Agreement
  - 17.9 Remedies
  - 17.10 Disclosure to FERC or its Staff
  - 17.11
  - 17.12
  - 17.13 Return or Destruction of Confidential Information
- 18 Information Access And Audit Rights**
  - 18.1 Information Access
  - 18.2 Reporting of Non-Force Majeure Events
  - 18.3 Audit Rights
- 19 Disputes**
  - 19.1 Submission
  - 19.2 Rights Under The Federal Power Act
  - 19.3 Equitable Remedies
- 20 Notices**
  - 20.1 General
  - 20.2 Operational Contacts
- 21 Miscellaneous**
  - 21.1 Regulatory Filing
  - 21.2 Waiver
  - 21.3 Amendments and Rights under the Federal Power Act
  - 21.4 Binding Effect
  - 21.5 Regulatory Requirements
- 22 Representations and Warranties**
  - 22.1 General

**ATTACHMENT P - SCHEDULE A**

**Site Plan**

**ATTACHMENT P - SCHEDULE B**

**Single-Line Diagram of Interconnection Facilities**

**ATTACHMENT P - SCHEDULE C**

**Transmission Owner Interconnection Facilities to be Built by Interconnected  
Transmission Owner**

**ATTACHMENT P - SCHEDULE D**

**Transmission Owner Interconnection Facilities to be Built by Interconnection  
Customer Pursuant to Option to Build**

**ATTACHMENT P - SCHEDULE E**  
**Merchant Network Upgrades to be Built by Interconnected Transmission Owner**

**ATTACHMENT P - SCHEDULE F**  
**Merchant Network Upgrades to be Built by Interconnection Customer**  
**Pursuant to Option to Build**

**ATTACHMENT P - SCHEDULE G**  
**Customer Interconnection Facilities**

**ATTACHMENT P - SCHEDULE H**  
**Negotiated Contract Option Terms**

**ATTACHMENT P - SCHEDULE I**  
**Scope of Work**

**ATTACHMENT P - SCHEDULE J**  
**Schedule of Work**

**ATTACHMENT P - SCHEDULE K**  
**Applicable Technical Requirements and Standards**

**ATTACHMENT P - SCHEDULE L**  
**Interconnection Customer's Agreement to Confirm with IRS Safe Harbor**  
**Provisions For Non-Taxable Status**

**ATTACHMENT P - SCHEDULE M**  
**Schedule of Non-Standard Terms and Conditions**

**ATTACHMENT P - SCHEDULE N**  
**Interconnection Requirements for a Wind Generation Facility**

**ATTACHMENT Q**  
**PJM Credit Policy**

**ATTACHMENT R**  
**Lost Revenues Of PJM Transmission Owners And Distribution of Revenues**  
**Remitted By MISO, SECA Rates to Collect PJM Transmission Owner Lost**  
**Revenues Under Attachment X, And Revenues From PJM Existing Transactions**

**ATTACHMENT S**  
**Form of Transmission Interconnection Feasibility Study Agreement**

**ATTACHMENT T**  
**Identification of Merchant Transmission Facilities**

**ATTACHMENT U**  
**Independent Transmission Companies**

**ATTACHMENT V**  
**Form of ITC Agreement**

**ATTACHMENT W**  
**COMMONWEALTH EDISON COMPANY**

**ATTACHMENT X**  
**Seams Elimination Cost Assignment Charges**

**NOTICE OF ADOPTION OF NERC TRANSMISSION LOADING RELIEF**  
**PROCEDURES**

**NOTICE OF ADOPTION OF LOCAL TRANSMISSION LOADING RELIEF**  
**PROCEDURES**

**SCHEDULE OF PARTIES ADOPTING LOCAL TRANSMISSION LOADING**  
**RELIEF PROCEDURES**

**ATTACHMENT Y**

**Forms of Screens Process Interconnection Request (For Generation Facilities of 2 MW or less)**

**ATTACHMENT Z**

**Certification Codes and Standards**

**ATTACHMENT AA**

**Certification of Small Generator Equipment Packages**

**ATTACHMENT BB**

**Form of Certified Inverter-Based Generating Facility No Larger Than 10 kW  
Interconnection Service Agreement**

**ATTACHMENT CC**

**Form of Certificate of Completion  
(Small Generating Inverter Facility No Larger Than 10 kW)**

**ATTACHMENT DD**

**Reliability Pricing Model**

**ATTACHMENT EE**

**Form of Upgrade Request**

**ATTACHMENT FF**

**Form of Initial Study Agreement**

**ATTACHMENT GG**

**Form of Upgrade Construction Service Agreement**

**Article 1 – Definitions And Other Documents**

1.0 Defined Terms

1.1 Incorporation of Other Documents

**Article 2 – Responsibility for Direct Assignment Facilities or Customer-Funded Upgrades**

2.0 New Service Customer Financial Responsibilities

2.1 Obligation to Provide Security

2.2 Failure to Provide Security

2.3 Costs

2.4 Transmission Owner Responsibilities

**Article 3 – Rights To Transmission Service**

3.0 No Transmission Service

**Article 4 – Early Termination**

4.0 Termination by New Service Customer

**Article 5 – Rights**

5.0 Rights

5.1 Amount of Rights Granted

5.2 Availability of Rights Granted

5.3 Credits

**Article 6 – Miscellaneous**

6.0 Notices

6.1 Waiver

6.2 Amendment

6.3 No Partnership

6.4 Counterparts



**ATTACHMENT GG - APPENDIX I –  
SCOPE AND SCHEDULE OF WORK FOR DIRECT ASSIGNMENT  
FACILITIES OR CUSTOMER-FUNDED UPGRADES TO BE BUILT BY  
TRANSMISSION OWNER**

**ATTACHMENT GG - APPENDIX II - DEFINITIONS**

- I Definitions
  - 1.1 Affiliate
  - 1.2 Applicable Laws and Regulations
  - 1.3 Applicable Regional Reliability Council
  - 1.4 Applicable Standards
  - 1.5 Breach
  - 1.6 Breaching Party
  - 1.7 Cancellation Costs
  - 1.8 Commission
  - 1.9 Confidential Information
  - 1.10 Constructing Entity
  - 1.11 Control Area
  - 1.12 Costs
  - 1.13 Default
  - 1.14 Delivering Party
  - 1.15 Emergency Condition
  - 1.16 Environmental Laws
  - 1.17 Facilities Study
  - 1.18 Federal Power Act
  - 1.19 FERC
  - 1.20 Firm Point-To-Point
  - 1.21 Force Majeure
  - 1.22 Good Utility Practice
  - 1.23 Governmental Authority
  - 1.24 Hazardous Substances
  - 1.25 Incidental Expenses
  - 1.26 Local Upgrades
  - 1.27 Long-Term Firm Point-To-Point Transmission Service
  - 1.28 MAAC
  - 1.29 MAAC Control Zone
  - 1.30 NERC
  - 1.31 Network Upgrades
  - 1.32 Office of the Interconnection
  - 1.33 Operating Agreement of the PJM Interconnection, L.L.C. or Operating Agreement
  - 1.34 Part I
  - 1.35 Part II
  - 1.36 Part III
  - 1.37 Part IV
  - 1.38 Part VI
  - 1.39 PJM Interchange Energy Market

- 1.40 PJM Manuals
- 1.41 PJM Region
- 1.42 PJM West Region
- 1.43 Point(s) of Delivery
- 1.44 Point(s) of Receipt
- 1.45 Project Financing
- 1.46 Project Finance Entity
- 1.47 Reasonable Efforts
- 1.48 Receiving Party
- 1.49 Regional Transmission Expansion Plan
- 1.50 Schedule and Scope of Work
- 1.51 Security
- 1.52 Service Agreement
- 1.53 State
- 1.54 Transmission System
- 1.55 VACAR

#### **ATTACHMENT GG - APPENDIX III – GENERAL TERMS AND CONDITIONS**

- 1.0 Effective Date and Term
  - 1.1 Effective Date
  - 1.2 Term
  - 1.3 Survival
- 2.0 Facilitation by Transmission Provider
- 3.0 Construction Obligations
  - 3.1 Direct Assignment Facilities or Customer-Funded Upgrades
  - 3.2 Scope of Applicable Technical Requirements and Standards
- 4.0 Tax Liability
  - 4.1 New Service Customer Payments Taxable
  - 4.2 Income Tax Gross-Up
  - 4.3 Private Letter Ruling
  - 4.4 Refund
  - 4.5 Contests
  - 4.6 Taxes Other Than Income Taxes
  - 4.7 Tax Status
- 5.0 Safety
  - 5.1 General
  - 5.2 Environmental Releases
- 6.0 Schedule Of Work
  - 6.1 Standard Option
  - 6.2 Option to Build
  - 6.3 Revisions to Schedule and Scope of Work
  - 6.4 Suspension
- 7.0 Suspension of Work Upon Default
  - 7.1 Notification and Correction of Defects
- 8.0 Transmission Outages
  - 8.1 Outages; Coordination
- 9.0 Security, Billing and Payments

- 9.1 Adjustments to Security
  - 9.2 Invoice
  - 9.3 Final Invoice
  - 9.4 Disputes
  - 9.5 Interest
  - 9.6 No Waiver
- 10.0 Assignment
  - 10.1 Assignment with Prior Consent
  - 10.2 Assignment Without Prior Consent
  - 10.3 Successors and Assigns
- 11.0 Insurance
  - 11.1 Required Coverages
  - 11.2 Additional Insureds
  - 11.3 Other Required Terms
  - 11.4 No Limitation of Liability
  - 11.5 Self-Insurance
  - 11.6 Notices: Certificates of Insurance
  - 11.7 Subcontractor Insurance
  - 11.8 Reporting Incidents
- 12.0 Indemnity
  - 12.1 Indemnity
  - 12.2 Indemnity Procedures
  - 12.3 Indemnified Person
  - 12.4 Amount Owing
  - 12.5 Limitation on Damages
  - 12.6 Limitation of Liability in Event of Breach
  - 12.7 Limited Liability in Emergency Conditions
- 13.0 Breach, Cure And Default
  - 13.1 Breach
  - 13.2 Notice of Breach
  - 13.3 Cure and Default
  - 13.4 Right to Compel Performance
  - 13.5 Remedies Cumulative
- 14.0 Termination
  - 14.1 Termination
  - 14.2 Cancellation By New Service Customer
  - 14.3 Survival of Rights
  - 14.4 Filing at FERC
- 15.0 Force Majeure
  - 15.1 Notice
  - 15.2 Duration of Force Majeure
  - 15.3 Obligation to Make Payments
- 16.0 Confidentiality
  - 16.1 Term
  - 16.2 Scope
  - 16.3 Release of Confidential Information

- 16.4 Rights
- 16.5 No Warranties
- 16.6 Standard of Care
- 16.7 Order of Disclosure
- 16.8 Termination of Upgrade Construction Service Agreement
- 16.9 Remedies
- 16.10 Disclosure to FERC or its Staff
- 16.11
- 16.12
- 16.13 Return or Destruction of Confidential Information
- 17.0 Information Access And Audit Rights
  - 17.1 Information Access
  - 17.2 Reporting of Non-Force Majeure Events
  - 17.3 Audit Rights
  - 17.4 Waiver
  - 17.5 Amendments and Rights under the Federal Power Act
  - 17.6 Regulatory Requirements
- 18.0 Representation and Warranties
  - 18.1 General
- 19.0 Inspection and Testing of Completed Facilities
  - 19.1 Coordination
  - 19.2 Inspection and Testing
  - 19.3 Review of Inspection and Testing by Transmission Owner
  - 19.4 Notification and Correction of Defects
  - 19.5 Notification of Results
- 20.0 Energization of Completed Facilities
- 21.0 Transmission Owner's Acceptance of Facilities Constructed by New Service Customer
- 22.0 Transfer of Title to Certain Facilities Constructed By New Service Customer
- 23.0 Liens

**ATTACHMENT HH – RATES, TERMS, AND CONDITIONS OF SERVICE FOR PJMSETTLEMENT, INC.**

**ATTACHMENT II – MTEP PROJECT COST RECOVERY FOR ATSI ZONE**

**ATTACHMENT JJ – MTEP PROJECT COST RECOVERY FOR DEOK ZONE**

Effective Date: 1/1/2012 - Docket #: ER12-91-000

## **I. COMMON SERVICE PROVISIONS**

References to section numbers in this Part I refer to sections of this Part I, unless otherwise specified.

Effective Date: 9/17/2010 - Docket #: ER10-2710-000

**1. Definitions**

Effective Date: 9/17/2010 - Docket #: ER10-2710-000

## **Definitions – A - B**

### **1.01 Abnormal Condition:**

Any condition on the Interconnection Facilities which, determined in accordance with Good Utility Practice, is: (i) outside normal operating parameters such that facilities are operating outside their normal ratings or that reasonable operating limits have been exceeded; and (ii) could reasonably be expected to materially and adversely affect the safe and reliable operation of the Interconnection Facilities; but which, in any case, could reasonably be expected to result in an Emergency Condition. Any condition or situation that results from lack of sufficient generating capacity to meet load requirements or that results solely from economic conditions shall not, standing alone, constitute an Abnormal Condition.

### **1.0A Affected System:**

An electric system other than the Transmission Provider's Transmission System that may be affected by a proposed interconnection or on which a proposed interconnection or addition of facilities or upgrades may require modifications or upgrades to the Transmission System.

#### **1.0A.01 Affiliate:**

With respect to a corporation, partnership or other entity, each such other corporation, partnership or other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such corporation, partnership or other entity.

### **1.0B Affected System Operator:**

An entity that operates an Affected System or, if the Affected System is under the operational control of an independent system operator or a regional transmission organization, such independent entity.

### **1.1 Ancillary Services:**

Those services that are necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of the Transmission Provider's Transmission System in accordance with Good Utility Practice.

### **1.2 Annual Transmission Costs:**

The total annual cost of the Transmission System for purposes of Network Integration Transmission Service shall be the amount specified in Attachment H for each Zone until amended by the applicable Transmission Owner or modified by the Commission.

#### **1.2.01 Applicable Laws and Regulations:**

All duly promulgated applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority having jurisdiction over the relevant parties, their respective facilities, and/or the respective services they provide.

#### **1.2A Applicable Regional Reliability Council:**

The reliability council for the region in which a Network Customer, Transmission Customer, Interconnection Customer, or Transmission Owner operates.

#### **1.2B Applicable Standards:**

The requirements and guidelines of NERC, the Applicable Regional Reliability Council and the Control Area in which the Customer Facility is electrically located, the PJM Manuals and Applicable Technical Requirements and Standards.

#### **1.2C Applicable Technical Requirements and Standards:**

Those certain technical requirements and standards applicable to interconnections of generation and/or transmission facilities with the facilities of an Interconnected Transmission Owner or, as the case may be and to the extent applicable, of an Electric Distributor (as defined in Section 1.8 of the Operating Agreement), as published by Transmission Provider in a PJM Manual provided, however, that, with respect to any generation facilities with maximum generating capacity of 2 MW or less for which the Interconnection Customer executes a Construction Service Agreement or Interconnection Service Agreement on or after March 19, 2005, "Applicable Technical Requirements and Standards" shall refer to the "PJM Small Generator Interconnection Applicable Technical Requirements and Standards." All Applicable Technical Requirements and Standards shall be publicly available through postings on Transmission Provider's internet website.

#### **1.3 Application:**

A request by an Eligible Customer for transmission service pursuant to the provisions of the Tariff.

#### **1.3A Attachment Facilities:**

The facilities necessary to physically connect a Customer Facility to the Transmission System or interconnected distribution facilities.

#### **1.3AA Attachment H**

Attachment H shall refer collectively to the Attachments to the PJM Tariff with the prefix "H-" that set forth, among other things, the Annual Transmission Rates for Network Integration Transmission Service in the PJM Zones.



### **1.3B Behind The Meter Generation:**

Behind The Meter Generation refers to a generation unit that delivers energy to load without using the Transmission System or any distribution facilities (unless the entity that owns or leases the distribution facilities has consented to such use of the distribution facilities and such consent has been demonstrated to the satisfaction of the Office of the Interconnection); provided, however, that *Behind The Meter Generation does not include (i) at any time, any portion of such generating unit's capacity that is designated as a Generation Capacity Resource; or (ii) in an hour, any portion of the output of such generating unit[s] that is sold to another entity for consumption at another electrical location or into the PJM Interchange Energy Market.*

### **1.3BB Black Start Service:**

Black Start Service is the capability of generating units to start without an outside electrical supply or the demonstrated ability of a generating unit with a high operating factor (subject to Transmission Provider concurrence) to automatically remain operating at reduced levels when disconnected from the grid.

### **1.3BB.01 Breach:**

The failure of a party to perform or observe any material term or condition of Part IV or Part VI of the Tariff, or any agreement entered into thereunder as described in the relevant provisions of such agreement.

### **1.3BB.02 Breaching Party:**

A party that is in Breach of Part IV or Part VI and/or an agreement entered into thereunder.

Effective Date: 11/19/2011 - Docket #: ER11-4576-000

## **Definitions – C-D**

### **1.3BB.03 Cancellation Costs:**

The Costs and liabilities incurred in connection with: (a) cancellation of supplier and contractor written orders and agreements entered into to design, construct and install Attachment Facilities, Direct Assignment Facilities and/or Customer-Funded Upgrades, and/or (b) completion of some or all of the required Attachment Facilities, Direct Assignment Facilities and/or Customer-Funded Upgrades, or specific unfinished portions and/or removal of any or all of such facilities which have been installed, to the extent required for the Transmission Provider and/or Transmission Owner(s) to perform their respective obligations under Part IV and/or Part VI of the Tariff.

### **1.3C Capacity Interconnection Rights:**

The rights to input generation as a Generation Capacity Resource into the Transmission System at the *Point of Interconnection* where the generating facilities connect to the Transmission System.

### **1.3D Capacity Resource:**

Shall have the meaning provided in the Reliability Assurance Agreement.

### **1.3E Capacity Transmission Injection Rights:**

The rights to schedule energy and capacity deliveries at a Point of Interconnection (as defined in Section 1.33A) of a Merchant Transmission Facility with the Transmission System. Capacity Transmission Injection Rights may be awarded only to a Merchant D.C. Transmission Facility and/or Controllable A.C. Merchant Transmission Facilities that connects the Transmission System to another control area. Deliveries scheduled using Capacity Transmission Injection Rights have rights similar to those under Firm Point-to-Point Transmission Service or, if coupled with a generating unit external to the PJM Region that satisfies all applicable criteria specified in the PJM Manuals, similar to Capacity Interconnection Rights.

### **1.3F Commencement Date:**

The date on which Interconnection Service commences in accordance with an Interconnection Service Agreement.

### **1.4 Commission:**

The Federal Energy Regulatory Commission.

### **1.5 Completed Application:**

An Application that satisfies all of the information and other requirements of the Tariff, including any required deposit.

**1.5.01 Confidential Information:**

Any confidential, proprietary, or trade secret information of a plan, specification, pattern, procedure, design, device, list, concept, policy, or compilation relating to the present or planned business of a New Service Customer, Transmission Owner, or other Interconnection Party or Construction Party, which is designated as confidential by the party supplying the information, whether conveyed verbally, electronically, in writing, through inspection, or otherwise, and shall include, without limitation, all information relating to the producing party's technology, research and development, business affairs and pricing, and any information supplied by any New Service Customer, Transmission Owner, or other Interconnection Party or Construction Party to another such party prior to the execution of an Interconnection Service Agreement or a Construction Service Agreement.

**1.5A Consolidated Transmission Owners Agreement:**

The certain Consolidated Transmission Owners Agreement dated as of December 15, 2005, by and among the Transmission Owners and by and between the Transmission Owners and PJM Interconnection, L.L.C.

**1.5B Constructing Entity:**

Either the Transmission Owner or the New Services Customer, depending on which entity has the construction responsibility pursuant to Part VI and the applicable Construction Service Agreement; this term shall also be used to refer to an Interconnection Customer with respect to the construction of the Customer Interconnection Facilities.

**1.5C Construction Party:**

A party to a Construction Service Agreement. "Construction Parties" shall mean all of the Parties to a Construction Service Agreement.

**1.5D Construction Service Agreement:**

Either an Interconnection Construction Service Agreement or an Upgrade Construction Service Agreement.

**1.6 Control Area:**

An electric power system or combination of electric power systems to which a common automatic generation control scheme is applied in order to:

(1) match, at all times, the power output of the generators within the electric power system(s) and capacity and energy purchased from entities outside the electric power system(s), with the load within the electric power system(s);

(2) maintain scheduled interchange with other Control Areas, within the limits of Good Utility Practice;

(3) maintain the frequency of the electric power system(s) within reasonable limits in accordance with Good Utility Practice; and

(4) provide sufficient generating capacity to maintain operating reserves in accordance with Good Utility Practice.

**1.6A Control Zone:**

Shall have the meaning given in the Operating Agreement.

**1.6B Controllable A.C. Merchant Transmission Facilities:**

Transmission facilities that (1) employ technology which Transmission Provider reviews and verifies will permit control of the amount and/or direction of power flow on such facilities to such extent as to effectively enable the controllable facilities to be operated as if they were direct current transmission facilities, and (2) that are interconnected with the Transmission System pursuant to Part IV and Part VI of the Tariff.

**1.6C Costs:**

As used in Part IV, Part VI and related attachments to the Tariff, costs and expenses, as estimated or calculated, as applicable, including, but not limited to, capital expenditures, if applicable, and overhead, return, and the costs of financing and taxes and any Incidental Expenses.

**1.6D Counterparty:**

PJMSettlement as the contracting party, in its name and own right and not as an agent, to an agreement or transaction with a market participant or other customer.

**1.7 Curtailment:**

A reduction in firm or non-firm transmission service in response to a transfer capability shortage as a result of system reliability conditions.

**1.7A Customer Facility:**

Generation facilities or Merchant Transmission Facilities interconnected with or added to the Transmission System pursuant to an Interconnection Request under Subparts A of Part IV of the Tariff.

**1.7A.01 Customer-Funded Upgrade:**

Any Network Upgrade, Local Upgrade, or Merchant Network Upgrade for which cost responsibility (i) is imposed on an Interconnection Customer or an Eligible Customer pursuant to Section 217 of the Tariff, or (ii) is voluntarily undertaken by a market participant in fulfillment of an Upgrade Request pursuant to Section 7.8 of Schedule 1 of the Operating Agreement. No Network Upgrade, Local Upgrade or Merchant Network Upgrade or other transmission expansion or enhancement shall be a Customer-Funded Upgrade if and to the extent that the costs thereof are included in the rate base of a public utility on which a regulated return is earned.

**1.7A.02 Customer Interconnection Facilities:**

All facilities and equipment owned and/or controlled, operated and maintained by Interconnection Customer on Interconnection Customer's side of the Point of Interconnection identified in the appropriate 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.

**1.7B Daily Capacity Deficiency Rate**

Daily Capacity Deficiency Rate is as defined in Schedule 11 of the Reliability Assurance Agreement.

**1.7C Deactivation:**

The retirement or mothballing of a generating unit governed by Part V of this Tariff.

**1.7D Deactivation Avoidable Cost Credit:**

The credit paid to Generation Owners pursuant to section 114 of this Tariff.

**1.7E Deactivation Avoidable Cost Rate:**

The formula rate established pursuant to section 115 of this Tariff.

**1.7F Deactivation Date:**

The date a generating unit within the PJM Region is either retired or mothballed and ceases to operate.

**1.7G Default:**

As used in the Interconnection Service Agreement and Construction Service Agreement, the failure of a Breaching Party to cure its Breach in accordance with the applicable provisions of an Interconnection Service Agreement or Construction Service Agreement.

**1.8 Delivering Party:**

The entity supplying capacity and energy to be transmitted at Point(s) of Receipt.

**1.9 Designated Agent:**

Any entity that performs actions or functions on behalf of the Transmission Provider, a Transmission Owner, an Eligible Customer, or the Transmission Customer required under the Tariff.

**1.10 Direct Assignment Facilities:**

Facilities or portions of facilities that are constructed for the sole use/benefit of a particular Transmission Customer requesting service under the Tariff. Direct Assignment Facilities shall be specified in the Service Agreement that governs service to the Transmission Customer and shall be subject to Commission approval.

Effective Date: 1/1/2011 - Docket #: ER11-2527-000

## **Definitions – E - F**

### **1.10A ECAR:**

East Central Area Reliability Council Agreement, a regional reliability council of NERC, or its successor.

### **1.10B Economic Minimum:**

The lowest incremental MW output level a unit can achieve while following economic dispatch.

### **1.11 Eligible Customer:**

(i) Any electric utility (including any Transmission Owner and any power marketer), Federal power marketing agency, or any person generating electric energy for sale for resale is an *Eligible Customer under the Tariff*. *Electric energy sold or produced by such entity may be electric energy produced in the United States, Canada or Mexico.* However, with respect to transmission service that the Commission is prohibited from ordering by Section 212(h) of the Federal Power Act, such entity is eligible only if the service is provided pursuant to a state requirement that the Transmission Provider or Transmission Owner offer the unbundled transmission service, or pursuant to a voluntary offer of such service by a Transmission Owner.

(ii) Any retail customer taking unbundled transmission service pursuant to a state requirement that the Transmission Provider or a Transmission Owner offer the transmission service, or pursuant to a voluntary offer of such service by a Transmission Owner, is an Eligible Customer under the Tariff. As used in Part VI, Eligible Customer shall mean only those Eligible Customers that have submitted a Completed Application.

#### **1.11.01 Emergency Condition:**

A condition or situation (i) that in the judgment of any Interconnection Party is imminently likely to endanger life or property; or (ii) that in the judgment of the Interconnected Transmission Owner or Transmission Provider is *imminently likely (as determined in a non-discriminatory manner)* to cause a material adverse effect on the security of, or damage to, the Transmission System, the Interconnection Facilities, or the transmission systems or distribution systems to which the Transmission System is directly or indirectly connected; or (iii) that in the judgment of Interconnection Customer is imminently likely (as determined in a non-discriminatory manner) to cause damage to the Customer Facility or to the Customer Interconnection Facilities. System restoration and black start shall be considered Emergency Conditions, provided that a Generation Interconnection Customer is not obligated by an Interconnection Service Agreement to possess black start capability. Any condition or situation that results from lack of sufficient generating capacity to meet load requirements or that results solely from economic conditions shall not constitute an Emergency Condition, unless one or more of the enumerated conditions or situations identified in this definition also exists.

**1.11A Energy Resource:**

A generating facility that is not a Capacity Resource.

**1.11A.01 Energy Settlement Area:**

The bus or distribution of busses that represents the physical location of Network Load and by which the obligations of the Network Customer to PJM are settled.

**1.11B Energy Transmission Injection Rights:**

The rights to schedule energy deliveries at a specified point on the Transmission System. Energy Transmission Injection Rights may be awarded only to a Merchant D.C. Transmission Facility that connects the Transmission System to another control area. Deliveries scheduled using Energy Transmission Injection Rights have rights similar to those under Non-Firm Point-to-Point Transmission Service.

**1.11C Environmental Laws:**

Applicable Laws or Regulations relating to pollution or protection of the environment, natural resources or human health and safety.

**1.12 Facilities Study:**

An engineering study conducted by the Transmission Provider (in coordination with the affected Transmission Owner(s)) to determine the required modifications to the Transmission Provider's Transmission System, including the cost and scheduled completion date for such modifications, that will be required to provide the requested transmission service or to accommodate an Interconnection Request or Upgrade Request. As used in the Interconnection Service Agreement or Construction Service Agreement, Facilities Study shall mean that certain Facilities Study conducted by Transmission Provider (or at its direction) to determine the design and specification of the Interconnection Facilities necessary to accommodate the New Service Customer's New Service Request in accordance with Section 207 of Part VI of the Tariff.

**1.12A Federal Power Act:**

The Federal Power Act, as amended, 16 U.S.C. §§ 791a, et seq.

**1.12B FERC:**

The Federal Energy Regulatory Commission or its successor.

**1.13 Firm Point-To-Point Transmission Service:**

Transmission Service under this Tariff that is reserved and/or scheduled between specified Points of Receipt and Delivery pursuant to Part II of this Tariff.



### **1.13A Firm Transmission Withdrawal Rights:**

The rights to schedule energy and capacity withdrawals from a Point of Interconnection (as defined in Section 1.33A) of a Merchant Transmission Facility with the Transmission System. Firm Transmission Withdrawal Rights may be awarded only to a Merchant D.C. Transmission Facility that connects the Transmission System with another control area. Withdrawals scheduled using Firm Transmission Withdrawal Rights have rights similar to those under Firm Point-to-Point Transmission Service.

#### **1.13A.01 Force Majeure:**

Any cause beyond the control of the affected Interconnection Party or Construction Party, including but not restricted to, acts of God, flood, drought, earthquake, storm, fire, lightning, epidemic, war, riot, civil disturbance or disobedience, labor dispute, labor or material shortage, sabotage, acts of public enemy, explosions, orders, regulations or restrictions imposed by governmental, military, or lawfully established civilian authorities, which, in any of the foregoing cases, by exercise of due diligence such party could not reasonably have been expected to avoid, and which, by the exercise of due diligence, it has been unable to overcome. Force Majeure does not include (i) a failure of performance that is due to an affected party's own negligence or intentional wrongdoing; (ii) any removable or remediable causes (other than settlement of a strike or labor dispute) which an affected party fails to remove or remedy within a reasonable time; or (iii) economic hardship of an affected party.

Effective Date: 9/17/2010 - Docket #: ER11-0087-001

## **Definitions – G - H**

### **1.13A.02 Generation Capacity Resource:**

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

### **1.13B Generation Interconnection Customer:**

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.

### **1.13C Generation Interconnection Facilities Study:**

A Facilities Study related to a Generation Interconnection Request.

### **1.13D Generation Interconnection Feasibility Study:**

A study conducted by the Transmission Provider (in coordination with the affected Transmission Owner(s)) in accordance with Section 36.2 of this Tariff.

### **1.13E Generation Interconnection Request:**

A request by a Generation Interconnection Customer pursuant to Subpart A of Part IV of the Tariff 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.

### **1.13F Generation Owner:**

An entity that owns or otherwise controls and operates one or more operating generating units in the PJM Region.

## **1.14 Good Utility Practice:**

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 to be acceptable practices, methods, or acts generally accepted in the region; including those practices required by Federal Power Act Section 215(a)(4).

### **1.14.01 Governmental Authority:**

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.

#### **1.14.02 Hazardous Substances:**

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.

Effective Date: 9/17/2010 - Docket #: ER10-2710-000

## **Definitions – I – J - K**

### **1.14A IDR Transfer Agreement:**

An agreement to transfer, subject to the terms of Section 49B of the Tariff, Incremental Deliverability Rights to a party for the purpose of eliminating or reducing the need for Local or Network Upgrades that would otherwise have been the responsibility of the party receiving such rights.

#### **1.14A.01 Incidental Expenses:**

Shall mean those expenses incidental to the performance of construction pursuant to an Interconnection Construction Service Agreement, including, but not limited to, the expense of temporary construction power, telecommunications charges, Interconnected Transmission Owner expenses associated with, but not limited to, document preparation, design review, installation, monitoring, and construction-related operations and maintenance for the Customer Facility and for the Interconnection Facilities.

### **1.14B Incremental Auction Revenue Rights:**

The additional Auction Revenue Rights (as defined in Section 1.3.1A of Schedule 1 of the Operating Agreement), not previously feasible, created by the addition of Incremental Rights-Eligible Required Transmission Enhancements, Merchant Transmission Facilities, or of one or more Customer-Funded Upgrades.

#### **1.14B.01 Incremental Rights-Eligible Required Transmission Enhancements:**

Regional Facilities and Necessary Lower Voltage Facilities or Lower Voltage Facilities (as defined in Schedule 12 of the Tariff) and meet one of the following criteria: (1) cost responsibility is assigned to non-contiguous Zones that are not directly electrically connected; or (2) cost responsibility is assigned to Merchant Transmission Providers that are Responsible Customers.

### **1.14C Incremental Available Transfer Capability Revenue Rights:**

The rights to revenues that are derived from incremental Available Transfer Capability created by the addition of Merchant Transmission Facilities or of one of more Customer-Funded Upgrades.

### **1.14D Incremental Deliverability Rights (IDRs):**

The rights to the incremental ability, resulting from the addition of Merchant Transmission Facilities, to inject energy and capacity at a point on the Transmission System, such that the injection satisfies the deliverability requirements of a Capacity Resource. Incremental Deliverability Rights may be obtained by a generator or a Generation Interconnection Customer,

pursuant to an IDR Transfer Agreement, to satisfy, in part, the deliverability requirements necessary to obtain Capacity Interconnection Rights.

**1.14Da Initial Operation:**

The commencement of operation of the Customer Facility and Customer Interconnection Facilities after satisfaction of the conditions of Section 1.4 of Appendix 2 of an Interconnection Service Agreement.

**1.14Db Initial Study:**

A study of a Completed Application conducted by the Transmission Provider (in coordination with the affected Transmission Owner(s)) in accordance with Section 19 or Section 32 of the Tariff.

**1.14Dc Interconnected Entity:**

Either the Interconnection Customer or the Interconnected Transmission Owner; Interconnected Entities shall mean both of them.

**1.14D.01 Interconnected Transmission Owner:**

The Transmission Owner to whose transmission facilities or distribution facilities Customer Interconnection Facilities are, or as the case may be, a Customer Facility is, being directly connected. When used in an Interconnection Construction Service Agreement, the term may refer to a Transmission Owner whose facilities must be upgraded pursuant to the Facilities Study, but whose facilities are not directly interconnected with those of the Interconnection Customer.

**1.14D.02 Interconnection Construction Service Agreement:**

The agreement entered into by an Interconnection Customer, Interconnected Transmission Owner and the Transmission Provider pursuant to Subpart B of Part VI of the Tariff and in the form set forth in Attachment P of the Tariff, relating to construction of Attachment Facilities, Network Upgrades, and/or Local Upgrades and coordination of the construction and interconnection of an associated Customer Facility. A separate Interconnection Construction Service Agreement will be executed with each Transmission Owner that is responsible for construction of any Attachment Facilities, Network Upgrades, or Local Upgrades associated with interconnection of a Customer Facility.

**1.14E Interconnection Customer:**

A Generation Interconnection Customer and/or a Transmission Interconnection Customer.

**1.14F Interconnection Facilities:**

The Transmission Owner Interconnection Facilities and the Customer Interconnection Facilities.

**1.14G Interconnection Feasibility Study:**

Either a Generation Interconnection Feasibility Study or Transmission Interconnection Feasibility Study.

**1.14G.01 Interconnection Party:**

Transmission Provider, Interconnection Customer, or the Interconnected Transmission Owner. Interconnection Parties shall mean all of them.

**1.14H Interconnection Request:**

A Generation Interconnection Request, a Transmission Interconnection Request and/or an IDR Transfer Agreement.

**1.14H.01 Interconnection Service:**

The physical and electrical interconnection of the Customer Facility with the Transmission System pursuant to the terms of Part IV and Part VI and the Interconnection Service Agreement entered into pursuant thereto by Interconnection Customer, the Interconnected Transmission Owner and Transmission Provider.

**1.14I Interconnection Service Agreement:**

An agreement among the Transmission Provider, an Interconnection Customer and an Interconnected Transmission Owner regarding interconnection under Part IV and Part VI of the Tariff.

**1.14J Interconnection Studies:**

The Interconnection Feasibility Study, the System Impact Study, and the Facilities Study described in Part IV and Part VI of the Tariff.

**1.15 Interruption:**

*A reduction in non-firm transmission service due to economic reasons pursuant to Section 14.7.*

Effective Date: 9/17/2010 - Docket #: ER10-2710-000

## **Definitions – L – M - N**

### **1.15A List of Approved Contractors:**

A list developed by each Transmission Owner and published in a PJM Manual of (a) contractors that the Transmission Owner considers to be qualified to install or construct new facilities and/or upgrades or modifications to existing facilities on the Transmission Owner's system, provided that such contractors may include, but need not be limited to, contractors that, in addition to providing construction services, also provide design and/or other construction-related services, and (b) manufacturers or vendors of major transmission-related equipment (e.g., high-voltage transformers, transmission line, circuit breakers) whose products the Transmission Owner considers acceptable for installation and use on its system.

### **1.16 Load Ratio Share:**

Ratio of a Transmission Customer's Network Load to the Transmission Provider's total load.

### **1.17 Load Shedding:**

The systematic reduction of system demand by temporarily decreasing load in response to transmission system or area capacity shortages, system instability, or voltage control considerations under Part II or Part III of the Tariff.

### **1.17A Local Upgrades:**

Modifications or additions of facilities to abate any local thermal loading, voltage, short circuit, stability or similar engineering problem caused by the interconnection and delivery of generation to the Transmission System. Local Upgrades shall include:

(i) Direct Connection Local Upgrades which are Local Upgrades that only serve the Customer Interconnection Facility and have no impact or potential impact on the Transmission System until the final tie-in is complete; and

(ii) Non-Direct Connection Local Upgrades which are parallel flow Local Upgrades that are not Direct Connection Local Upgrades.

### **1.18 Long-Term Firm Point-To-Point Transmission Service:**

Firm Point-To-Point Transmission Service under Part II of the Tariff with a term of one year or more.

### **1.18A MAAC:**

The Mid-Atlantic Area Council, a reliability council under section 202 of the Federal Power Act, established pursuant to the MAAC Agreement dated 1 August 1994, or any successor thereto.

#### **1.18A.01 MAAC Control Zone:**

The aggregate of the zones of Atlantic City Electric Company, Baltimore Gas and Electric Company, Delmarva Power and Light Company, Jersey Central Power and Light Company, Metropolitan Edison Company, PECO Energy Company, Pennsylvania Electric Company, Pennsylvania Power & Light Group, Potomac Electric Power Company, Public Service Electric and Gas Company and Rockland Electric Company.

#### **1.18A.02 Material Modification:**

Any modification to an Interconnection Request that has a material adverse effect on the cost or timing of Interconnection Studies related to, or any Network Upgrades or Local Upgrades needed to accommodate, any Interconnection Request with a later Queue Position.

#### **1.18A.03 Maximum Facility Output:**

The maximum (not nominal) net electrical power output in megawatts, specified in the Interconnection Service Agreement, after supply of any parasitic or host facility loads, that a Generation Interconnection Customer's Customer Facility is expected to produce, provided that the specified Maximum Facility Output shall not exceed the output of the proposed Customer Facility that Transmission Provider utilized in the System Impact Study.

#### **1.18B Merchant A.C. Transmission Facilities:**

Merchant Transmission Facilities that are alternating current (A.C.) transmission facilities, other than those that are Controllable A.C. Merchant Transmission Facilities.

#### **1.18C Merchant D.C. Transmission Facilities:**

Direct current (D.C.) transmission facilities that are interconnected with the Transmission System pursuant to Part IV and Part VI of the Tariff.

#### **1.18D Merchant Network Upgrades:**

Merchant A.C. Transmission Facilities that are additions to, or modifications or replacements of, physical facilities of the Interconnected Transmission Owner that, on the date of the pertinent Transmission Interconnection Customer's Interconnection Request, are part of the Transmission System or are included in the Regional Transmission Expansion Plan.

#### **1.18E Merchant Transmission Facilities:**

A.C. or D.C. transmission facilities that are interconnected with or added to the Transmission System pursuant to Part IV and Part VI of the Tariff and that are so identified on Attachment T to the Tariff, provided, however, that Merchant Transmission Facilities shall not include (i) any Customer Interconnection Facilities, (ii) any physical facilities of the Transmission System that were in existence on or before March 20, 2003 ; (iii) any expansions or enhancements of the



Transmission System that are not identified as Merchant Transmission Facilities in the Regional Transmission Expansion Plan and Attachment T to the Tariff, or (iv) any transmission facilities that are included in the rate base of a public utility and on which a regulated return is earned.

**1.18F Merchant Transmission Provider:**

An Interconnection Customer that (1) owns, controls, or controls the rights to use the transmission capability of, Merchant D.C. Transmission Facilities and/or Controllable A.C. Merchant Transmission Facilities that connect the Transmission System with another control area, (2) has elected to receive Transmission Injection Rights and Transmission Withdrawal Rights associated with such facility pursuant to Section 36 of the Tariff, and (3) makes (or will make) the transmission capability of such facilities available for use by third parties under terms and conditions approved by the Commission and stated in the Tariff, consistent with Section 38 below.

**1.18G Metering Equipment:**

All metering equipment installed at the metering points designated in the appropriate appendix to an Interconnection Service Agreement.

**1.19 Native Load Customers:**

The wholesale and retail power customers of a Transmission Owner on whose behalf the Transmission Owner, by statute, franchise, regulatory requirement, or contract, has undertaken an obligation to construct and operate the Transmission Owner's system to meet the reliable electric needs of such customers.

**1.19A NERC:**

The North American Electric Reliability Council or any successor thereto.

**1.19B Neutral Party**

Shall have the meaning provided in Section 9.3(v).

**1.20 Network Customer:**

An entity receiving transmission service pursuant to the terms of the Transmission Provider's Network Integration Transmission Service under Part III of the Tariff.

**1.21 Network Integration Transmission Service:**

The transmission service provided under Part III of the Tariff.

**1.22 Network Load:**

The load that a Network Customer designates for Network Integration Transmission Service under Part III of the Tariff. The Network Customer's Network Load shall include all load (including losses) served by the output of any Network Resources designated by the Network Customer. A Network Customer may elect to designate less than its total load as Network Load but may not designate only part of the load at a discrete Point of Delivery. Where an Eligible Customer has elected not to designate a particular load at discrete points of delivery as Network Load, the Eligible Customer is responsible for making separate arrangements under Part II of the Tariff for any Point-To-Point Transmission Service that may be necessary for such non-designated load.

#### **1.23 Network Operating Agreement:**

An executed agreement that contains the terms and conditions under which the Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of Network Integration Transmission Service under Part III of the Tariff.

#### **1.24 Network Operating Committee:**

A group made up of representatives from the Network Customer(s) and the Transmission Provider established to coordinate operating criteria and other technical considerations required for implementation of Network Integration Transmission Service under Part III of this Tariff.

#### **1.25 Network Resource:**

Any designated generating resource owned, purchased, or leased by a Network Customer under the Network Integration Transmission Service Tariff. Network Resources do not include any resource, or any portion thereof, that is committed for sale to third parties or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis, except for purposes of fulfilling obligations under a reserve sharing program.

#### **1.26 Network Upgrades:**

Modifications or additions to transmission-related facilities that are integrated with and support the Transmission Provider's overall Transmission System for the general benefit of all users of such Transmission System. Network Upgrades shall include:

(i) **Direct Connection Network Upgrades** which are Network Upgrades that only serve the Customer Interconnection Facility and have no impact or potential impact on the Transmission System until the final tie-in is complete; and

(ii) **Non-Direct Connection Network Upgrades** which are parallel flow Network Upgrades that are not Direct Connection Network Upgrades.

#### **1.26A New PJM Zone(s):**

The Zone included in this Tariff, along with applicable Schedules and Attachments, for Commonwealth Edison Company, The Dayton Power and Light Company and the AEP East Operating Companies (Appalachian Power Company, Columbus Southern Power Company, Indiana Michigan Power Company, Kentucky Power Company, Kingsport Power Company, Ohio Power Company and Wheeling Power Company).

**1.26B New Service Customers:**

All customers that submit an Interconnection Request, a Completed Application, or an Upgrade Request that is pending in the New Services Queue.

**1.26C New Service Request:**

An Interconnection Request, a Completed Application, or an Upgrade Request.

**1.26D New Services Queue:**

All Interconnection Requests, Completed Applications, and Upgrade Requests that are received within each three-month period ending on January 31, April 30, July 31, and October 31 of each year shall collectively comprise a New Services Queue.

**1.26E New Services Queue Closing Date:**

Each January 31, April 30, July 31, and October 31 shall be the Queue Closing Date for the New Services Queue comprised of Interconnection Requests, Completed Applications, and Upgrade Requests received during the three-month period ending on such date.

**1.26F Nominal Rated Capability:**

The nominal maximum rated capability in megawatts of a Transmission Interconnection Customer's Customer Facility or the nominal increase in transmission capability in megawatts of the Transmission System resulting from the interconnection or addition of a Transmission Interconnection Customer's Customer Facility, as determined in accordance with pertinent Applicable Standards and specified in the Interconnection Service Agreement.

**1.27 Non-Firm Point-To-Point Transmission Service:**

Point-To-Point Transmission Service under the Tariff that is reserved and scheduled on an as-available basis and is subject to Curtailment or Interruption as set forth in Section 14.7 under Part II of this Tariff. Non-Firm Point-To-Point Transmission Service is available on a stand-alone basis for periods ranging from one hour to one month.

**1.27.01 Non-Firm Sale:**

An energy sale for which receipt or delivery may be interrupted for any reason or no reason, without liability on the part of either the buyer or seller.

**1.27A Non-Firm Transmission Withdrawal Rights:**

The rights to schedule energy withdrawals from a specified point on the Transmission System. Non-Firm Transmission Withdrawal Rights may be awarded only to a Merchant D.C. Transmission Facility that connects the Transmission System to another control area. Withdrawals scheduled using Non-Firm Transmission Withdrawal Rights have rights similar to those under Non-Firm Point-to-Point Transmission Service.

**1.27AA Non-Retail Behind The Meter Generation:**

Behind the Meter Generation that is used by municipal electric systems, electric cooperatives, or electric distribution companies to serve load.

**1.27B Non-Zone Network Load:**

Network Load that is located outside of the PJM Region.

Effective Date: 11/19/2011 - Docket #: ER11-4576-000

## **Definitions – O – P - Q**

### **1.27C Office of the Interconnection:**

Office of the Interconnection shall have the meaning set forth in the Operating Agreement.

### **1.28 Open Access Same-Time Information System (OASIS):**

The 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.

### **1.28A Operating Agreement of the PJM Interconnection, L.L.C. or Operating Agreement:**

That agreement dated as of April 1, 1997 and as amended and restated as of June 2, 1997 and as amended from time to time thereafter, among the members of the PJM Interconnection, L.L.C.

#### **1.28A.01 Option to Build:**

The option of the New Service Customer to build certain Customer-Funded Upgrades, as set forth in, and subject to the terms of, the Construction Service Agreement.

### **1.28B Optional Interconnection Study:**

A sensitivity analysis of an Interconnection Request based on assumptions specified by the Interconnection Customer in the Optional Interconnection Study Agreement.

### **1.28C Optional Interconnection Study Agreement:**

The form of agreement for preparation of an Optional Interconnection Study, as set forth in Attachment N-3 of the Tariff.

### **1.29 Part I:**

Tariff Definitions and Common Service Provisions contained in Sections 2 through 12.

### **1.30 Part II:**

Tariff Sections 13 through 27 pertaining to Point-To-Point Transmission Service in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.

### **1.31 Part III:**

Tariff Sections 28 through 35 pertaining to Network Integration Transmission Service in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.

**1.31A Part IV:**

Tariff Sections 36 through 112 pertaining to generation or merchant transmission interconnection to the Transmission System in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.

**1.31B Part V:**

Tariff Sections 113 through 122 pertaining to the deactivation of generating units in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.

**1.31C Part VI:**

Tariff Sections 200 through 237 pertaining to the queuing, study, and agreements relating to New Service Requests, and the rights associated with Customer-Funded Upgrades in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.

**1.32 Parties:**

The Transmission Provider, as administrator of the Tariff, and the Transmission Customer receiving service under the Tariff. PJMSettlement shall be the Counterparty to Transmission Customers.

**1.32.01 PJM:**

PJM Interconnection, L.L.C.

**1.32A PJM Administrative Service:**

The services provided by PJM pursuant to Schedule 9 of this Tariff.

**1.32B PJM Control Area:**

The Control Area that is recognized by NERC as the PJM Control Area.

**1.32C PJM Interchange Energy Market:**

The regional competitive market administered by the Transmission Provider for the purchase and sale of spot electric energy at wholesale interstate commerce and related services, as more fully set forth in Attachment K – Appendix to the Tariff and Schedule 1 to the Operating Agreement.

**1.32D PJM Manuals:**

The instructions, rules, procedures and guidelines established by the Transmission Provider for the operation, planning, and accounting requirements of the PJM Region and the PJM Interchange Energy Market.

**1.32E PJM Region:**

Shall mean the aggregate of the PJM West Region, the VACAR Control Zone, and the MAAC Control Zone.

**1.32F PJM South Region:**

The VACAR Control Zone.

**1.32.F.01 PJMSettlement:**

PJM Settlement, Inc. (or its successor).

**1.32G PJM West Region:**

The PJM West Region shall include the Zones of Allegheny Power; Commonwealth Edison Company (including Commonwealth Edison Co. of Indiana); AEP East Operating Companies; The Dayton Power and Light Company; the Duquesne Light Company, American Transmission Systems, Incorporated, and Duke Energy Ohio, Inc. and Duke Energy Kentucky, Inc.

**1.33 Point(s) of Delivery:**

Point(s) on the Transmission Provider's Transmission System where capacity and energy transmitted by the Transmission Provider will be made available to the Receiving Party under Part II of the Tariff. The Point(s) of Delivery shall be specified in the Service Agreement for Long-Term Firm Point-To-Point Transmission Service.

**1.33A Point of Interconnection:**

The point or points, shown in the appropriate appendix to the Interconnection Service Agreement and the Interconnection Construction Service Agreement, where the Customer Interconnection Facilities interconnect with the Transmission Owner Interconnection Facilities or the Transmission System.

**1.34 Point(s) of Receipt:**

Point(s) of interconnection on the Transmission Provider's Transmission System where capacity and energy will be made available to the Transmission Provider by the Delivering Party under Part II of the Tariff. The Point(s) of Receipt shall be specified in the Service Agreement for Long-Term Firm Point-To-Point Transmission Service.

### **1.35 Point-To-Point Transmission Service:**

The reservation and transmission of capacity and energy on either a firm or non-firm basis from the Point(s) of Receipt to the Point(s) of Delivery under Part II of the Tariff.

### **1.36 Power Purchaser:**

The entity that is purchasing the capacity and energy to be transmitted under the Tariff.

#### **1.36.01 Pre-Confirmed Application:**

An Application that commits the Eligible Customer to execute a Service Agreement upon receipt of notification that the Transmission Provider can provide the requested Transmission Service.

#### **1.36A Pre-Expansion PJM Zones:**

Zones included in this Tariff, along with applicable Schedules and Attachments, for certain Transmission Owners – Atlantic City Electric Company, Baltimore Gas and Electric Company, Delmarva Power and Light Company, Jersey Central Power and Light Company, Metropolitan Edison Company, PECO Energy Company, Pennsylvania Electric Company, Pennsylvania Power & Light Group, Potomac Electric Power Company, Public Service Electric and Gas Company, Allegheny Power, and Rockland Electric Company.

##### **1.36A.01 Project Financing:**

Shall mean: (a) one or more loans, leases, equity and/or debt financings, together with all modifications, renewals, supplements, substitutions and replacements thereof, the proceeds of which are used to finance or refinance the costs of the Customer Facility, any alteration, expansion or improvement to the Customer Facility, the purchase and sale of the Customer Facility or the operation of the Customer Facility; (b) a power purchase agreement pursuant to which Interconnection Customer's obligations are secured by a mortgage or other lien on the Customer Facility; or (c) loans and/or debt issues secured by the Customer Facility.

##### **1.36A.02 Project Finance Entity:**

Shall mean: (a) a holder, trustee or agent for holders, of any component of Project Financing; or (b) any purchaser of capacity and/or energy produced by the Customer Facility to which Interconnection Customer has granted a mortgage or other lien as security for some or all of Interconnection Customer's obligations under the corresponding power purchase agreement.

#### **1.36B Queue Position:**

The priority assigned to an Interconnection Request, a Completed Application, or an Upgrade Request pursuant to applicable provisions of Part VI.

Effective Date: 1/1/2012 - Docket #: ER12-91-000



## **Definitions – R - S**

### **1.36C Reasonable Efforts:**

With respect to any action required to be made, attempted, or taken by an Interconnection Party or by a Construction Party under Part IV or Part VI of the Tariff, 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.

### **1.37 Receiving Party:**

The entity receiving the capacity and energy transmitted by the Transmission Provider to Point(s) of Delivery.

### **1.37A Regional Transmission Expansion Plan:**

The plan prepared by the Office of the Interconnection pursuant to Schedule 6 of the Operating Agreement for the enhancement and expansion of the Transmission System in order to meet the demands for firm transmission service in the PJM Region.

### **1.38 Regional Transmission Group (RTG):**

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.

#### **1.38.01 Regulation Zone:**

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.

#### **1.38.01A Relevant Electric Retail Regulatory Authority:**

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.

### **1.38A Reliability Assurance Agreement:**

The Reliability Assurance Agreement Among Load Serving Entities in the PJM Region, Rate Schedule No. 44, dated as of May 28, 2009, and as amended from time to time thereafter.

### **1.38B [RESERVED]**

### **1.38C Required Transmission Enhancements:**

Enhancements and expansions of the Transmission System that (1) a Regional Transmission Expansion Plan developed pursuant to Schedule 6 of the Operating Agreement or (2) the Coordinated System Plan periodically developed pursuant to the Joint Operating Agreement Between the Midwest Independent Transmission System Operator, Inc. and PJM Interconnection, L.L.C. designates one or more of the Transmission Owner(s) or the transmission owners within the Midwest Independent System Operator to construct and own or finance.

### **1.39 Reserved Capacity:**

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 Part II of the Tariff. Reserved Capacity shall be expressed in terms of whole megawatts on a sixty (60) minute interval (commencing on the clock hour) basis.

#### **1.39A 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.

#### **1.39B 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.

#### **1.39C Secondary Systems:**

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.

#### **1.39D Security:**

The security provided by the New Service Customer pursuant to Section 212.4 or Section 213.4 of the Tariff to secure the New Service Customer's responsibility for Costs under the Interconnection Service Agreement or Upgrade Construction Service Agreement and Section 217 of the Tariff.

**1.40 Service Agreement:**

The initial agreement and any amendments or supplements thereto entered into by the Transmission Customer and the Transmission Provider for service under the Tariff.

**1.41 Service Commencement Date:**

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 Section 15.3 or Section 29.1 under the Tariff.

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

Firm Point-To-Point Transmission Service under Part II of the Tariff with a term of less than one year.

**1.42a Site:**

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.

**1.42.01 Small Inverter Facility:**

An Energy Resource that is a certified small inverter-based facility no larger than 10 kW.

**1.42.02 Small Inverter ISA:**

An agreement among Transmission Provider, Interconnection Customer, and Interconnected Transmission Owner regarding interconnection of a Small Inverter Facility under section 112B of Part IV of the Tariff.

**1.42A [RESERVED]**

**1.42B [RESERVED]**

**1.42C [RESERVED]**

**1.42D State:**

The term “state” shall mean a state of the United States or the District of Columbia.

**1.42D.01 Switching and Tagging Rules:**

The switching and tagging procedures of Interconnected Transmission Owners and Interconnection Customer as they may be amended from time to time.

**1.42E Synchronized Reserve Zone:**

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

**1.42F System Condition:**

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 Section 13.6. Such conditions must be identified in the Transmission Customer's Service Agreement.

**1.43 System Impact Study:**

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.

**1.43.01 System Protection Facilities:**

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.

Effective Date: 9/17/2010 - Docket #: ER10-2710-000

## **Definitions – T – U - V**

### **1.43A Tariff:**

This document, the “PJM Open Access Transmission Tariff.”

### **1.44 Third-Party Sale:**

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.

### **1.45 Transmission Customer:**

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 Part II of the Tariff. This term is used in the Part I Common Service Provisions and in Part VI to include customers receiving transmission service under Part II and Part III of this Tariff.

### **1.45A Transmission Injection Rights:**

Capacity Transmission Injection Rights and Energy Transmission Injection Rights.

### **1.45B Transmission Interconnection Customer:**

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.

### **1.45C Transmission Interconnection Facilities Study:**

A Facilities Study related to a Transmission Interconnection Request.

### **1.45D Transmission Interconnection Feasibility Study:**

A study conducted by the Transmission Provider in accordance with Section 36.2 of the Tariff.

### **1.45E Transmission Interconnection Request:**

A request by a Transmission Interconnection Customer pursuant to Part IV of the Tariff 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.

**1.45F Transmission Owner:**

Each entity that owns, leases or otherwise has a possessory interest in facilities used for the transmission of electric energy in interstate commerce under the Tariff. The Transmission Owners are listed in Attachment L.

**1.45G Transmission Owner Attachment Facilities:**

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.

**1.45H Transmission Owner Interconnection Facilities:**

All Interconnection Facilities that are not Customer Interconnection Facilities and that, after the transfer under Section 5.5 of Appendix 2 to Attachment P of the PJM Tariff 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.

**1.46 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.

**1.47 Transmission Provider's Monthly Transmission System Peak:**

The maximum firm usage of the Transmission Provider's Transmission System in a calendar month.

**1.48 Transmission Service:**

Point-To-Point Transmission Service provided under Part II of the Tariff on a firm and non-firm basis.

**1.48A Transmission Service Request:**

A request for Firm Point-To-Point Transmission Service or a request for Network Integration Transmission Service.

**1.49 Transmission System:**

The facilities controlled or operated by the Transmission Provider within the PJM Region that are used to provide transmission service under Part II and Part III of the Tariff.

**1.49A Transmission Withdrawal Rights:**

Firm Transmission Withdrawal Rights and Non-Firm Transmission Withdrawal Rights.

**1.49A.01 Upgrade Construction Service Agreement:**

That agreement entered into by a New Service Customer (other than an Interconnection Customer whose project includes generation capability or Merchant Transmission Facilities other than Merchant Network Upgrades), a Transmission Owner, and the Transmission Provider, pursuant to Subpart B of Part VI of the Tariff, and in the form set forth in Attachment GG of the Tariff.

**1.49A.02 Upgrade Customer:**

A customer that submits an Upgrade Request.

**1.49A.03 Upgrade-Related Rights:**

Incremental Auction Revenue Rights, Incremental Available Transfer Capability Revenue Rights, Incremental Deliverability Rights, and Incremental Capacity Transfer Rights (as defined in Section 2.35 of Attachment DD of the Tariff).

**1.49A.04 Upgrade Request:**

A request pursuant to Section 7.8 of Schedule 1 of the Operating Agreement, submitted in the form prescribed in Attachment EE of the Tariff, for evaluation by the Transmission Provider of the feasibility and estimated costs of, (a) a particular proposed Customer-Funded Upgrade or (b)

the Customer-Funded Upgrades that would be needed to provide the Incremented Auction Revenue Rights specified in the request.

**1.49B VACAR:**

The group of five companies, consisting of Duke Energy, Carolina Power and Light, South Carolina Public Service Authority, South Carolina Electric and Gas, and Virginia Electric and Power Company.

**1.49C VACAR Control Zone:**

The Transmission Facilities of Virginia Electric and Power Company.

**1.49D [RESERVED]**

**1.49E [RESERVED]**

**1.49F [RESERVED]**

Effective Date: 9/17/2010 - Docket #: ER10-2710-000



**Definitions – W – X – Y - Z**

**1.49G Wholesale Transaction:**

As used in Part IV, means any transaction involving the transmission or sale for resale of electricity in interstate commerce that utilizes any portion of the Transmission System.

**1.49H Zone:**

An area within the PJM Region, as set forth in Attachment J.

**1.50 Zone Network Load:**

Network Load that is located inside of the area comprised of the PJM Region.

Effective Date: 9/17/2010 - Docket #: ER10-2710-000

## **2 Initial Allocation and Renewal Procedures**

Effective Date: 9/17/2010 - Docket #: ER10-2710-000

## **2.1 Initial Allocation of Available Transfer Capability:**

For purposes of determining whether existing capability on the Transmission Provider's Transmission System is adequate to accommodate a request for firm service under this Tariff, all Completed Applications for new firm transmission service received during the initial sixty (60) day period commencing with the effective date of the Tariff will be deemed to have been filed simultaneously. A lottery system conducted by an independent party, which shall be the Office of the Interconnection, shall be used to assign priorities for Completed Applications filed simultaneously. All Completed Applications for firm transmission service received after the initial sixty (60) day period shall be assigned a priority pursuant to Section 13.2.

Effective Date: 9/17/2010 - Docket #: ER10-2710-000

## **2.2 Reservation Priority For Existing Firm Service Customers:**

Existing firm service customers of any Transmission Owner (wholesale requirements and transmission-only, with a contract term of five-years or more), have the right to continue to take transmission service from the Transmission Provider when the contract expires, rolls over or is renewed. This transmission reservation priority is independent of whether the existing customer continues to purchase capacity and energy from the Transmission Owner or elects to purchase capacity and energy from another supplier. If at the end of the contract term, the Transmission Provider's Transmission System cannot accommodate all of the requests for transmission service the existing firm service customer must agree to accept a contract term at least equal to a competing request by any new Eligible Customer and to pay the current just and reasonable rate, as approved by the Commission, for such service, provided that, the firm service customer shall have a right of first refusal at the end of such service only if the new contract is for five years or more. This transmission reservation priority for existing firm service customers is an ongoing right that may be exercised at the end of all firm contract terms of five years or longer. Service Agreements subject to the right of first refusal entered into prior to June 16, 2008 or associated with a transmission service request received prior to July 13, 2007, unless terminated, will become subject to the five-year/one-year requirement on the first rollover date after June 16, 2008; provided that, the one-year notice requirement shall apply to such service agreements with five years or more left in their terms as of June 16, 2008.

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### **2.3 Procedures For Exercising Transmission Reservation Priority Rights:**

(a) If, at any time, the Transmission Provider receives a request from an Eligible Customer for new firm transmission service that the Transmission Provider determines it could not provide without performing a System Impact Study if an existing customer were to exercise its transmission reservation priority pursuant to Section 2.2, the Transmission Provider shall promptly notify the existing customer of the new request. Within thirty (30) days of such notification, the existing customer must inform the Transmission Provider whether it exercises its reservation priority pursuant to Section 2.2 and agrees to accept a contract term at least equal to the new request. In the event an existing customer does not exercise its reservation priority or fails to respond within thirty (30) days of such notification, the existing firm service customer shall forfeit its reservation priority.

(b) In the event an existing firm service customer does not receive a notification pursuant to Section 2.3(a), then the existing customer must notify Transmission Provider no later than one year prior to the end of the term of its firm transmission contract that it is exercising its transmission reservation priority and will take transmission service for an additional term of five years or longer; otherwise it shall forfeit the transmission reservation priority associated with the contract.

Effective Date: 9/17/2010 - Docket #: ER10-2710-000

#### **2.4 Reservation Priority For State Required Retail Access Program Load:**

When a retail customer's power supply arrangements expire, roll-over, are renewed, or otherwise terminate, a Transmission Customer that will serve that retail power customer pursuant to a state required retail access program shall have the right to take transmission service from the Transmission Provider pursuant to the same priority accorded the Transmission Customer which previously served the retail customer. This transmission reservation priority is independent of whether the retail customer continues to purchase capacity and energy from its then-existing supplier or purchases capacity and energy from another supplier.

Effective Date: 9/17/2010 - Docket #: ER10-2710-000

### **3 Ancillary Services**

Ancillary Services are needed with transmission service to maintain reliability within and among the Control Areas affected by the transmission service. The Transmission Provider is required to provide (or offer to arrange with the local Control Area operator as discussed below), and the Transmission Customer is required to purchase, the following Ancillary Services (i) Scheduling, System Control and Dispatch, and (ii) Reactive Supply and Voltage Control from Generation or Other Sources.

The Transmission Provider is required to offer to provide (or offer to arrange with the local Control Area operator as discussed below) the following Ancillary Services only to the Transmission Customer serving load within the Transmission Provider's Control Area (i) Regulation and Frequency Response, (ii) Energy Imbalance, (iii) Operating Reserve - Synchronized, and (iv) Operating Reserve - Supplemental. Subject to the provisions of Schedules 1 through 6, the Transmission Customer serving load within the Transmission Provider's Control Area is required to acquire these Ancillary Services, whether from the Transmission Provider, from a third party, or by self-supply. The Transmission Provider shall administer the purchases by Transmission Customers of these Ancillary Services. PJMSettlement shall be the Counterparty to the Ancillary Services provided to the Transmission Customer; provided, however, that PJMSettlement shall not be the contracting party to bilateral transactions between market participants or with respect to a self-schedule or self-supply relating to Ancillary Services. The Transmission Customer may not decline the Transmission Provider's offer of Ancillary Services unless it demonstrates that it has acquired the Ancillary Services from another source. The Transmission Customer must list in its Application which Ancillary Services it will purchase from the Transmission Provider. A Transmission Customer that exceeds its firm reserved capacity at any Point of Receipt or Point of Delivery or an Eligible Customer that uses Transmission Service at a Point of Receipt or Point of Delivery that it has not reserved is required to pay for all of the Ancillary Services identified in this section that were provided by the Transmission Provider associated with the unreserved service. The Transmission Customer or Eligible Customer will pay for Ancillary Services based on the amount of transmission service it used but did not reserve.

If the Transmission Provider is a public utility providing transmission service but is not a Control Area operator, it may be unable to provide some or all of the Ancillary Services. In this case, the Transmission Provider can fulfill its obligation to provide Ancillary Services by acting as the Transmission Customer's agent to secure these Ancillary Services from the Control Area operator. The Transmission Customer may elect to (i) have the Transmission Provider act as its agent, (ii) secure the Ancillary Services directly from the Control Area operator, or (iii) secure the Ancillary Services (discussed in Schedules 3, 4, 5 and 6) from a third party or by self-supply when technically feasible. The Transmission Provider shall specify the rate treatment and all related terms and conditions in the event of an unauthorized use of Ancillary Services by the Transmission Customer.

The specific Ancillary Services, prices and/or compensation methods are described on the Schedules that are attached to and made a part of the Tariff. Three principal requirements apply to discounts for Ancillary Service provided by the Transmission Provider in conjunction with its

provision of transmission services as follows: (1) any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an Affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. A discount agreed upon for an Ancillary Service must be offered for the same period to all Eligible Customers on the Transmission Provider's system. Sections 3.1 through 3.6 below list the six Ancillary Services.

Effective Date: 7/14/2011 - Docket #: ER11-4040-000



### **3.1 Scheduling, System Control and Dispatch Services:**

The rates and/or methodology are described in Schedule 1 and Schedule 1A.

Effective Date: 7/14/2011 - Docket #: ER11-4040-000

### **3.2 Reactive Supply and Voltage Control from Generation or Other Sources Service:**

The rates and/or methodology are described in Schedule 2.

Effective Date: 7/14/2011 - Docket #: ER11-4040-000

### **3.3 Regulation and Frequency Response Service:**

Where applicable the rates and/or methodology are described in Schedule 3.

Effective Date: 7/14/2011 - Docket #: ER11-4040-000

#### **3.4 Energy Imbalance Service:**

Where applicable the rates and/or methodology are described in Schedule 4.

Effective Date: 7/14/2011 - Docket #: ER11-4040-000

### **3.5 Operating Reserve - Synchronized Reserve Service:**

Where applicable the rates and/or methodology are described in Schedule 5.

Effective Date: 7/14/2011 - Docket #: ER11-4040-000

### **3.6 Operating Reserve - Supplemental Reserve Service:**

Where applicable the rates and/or methodology are described in Schedule 6.

Effective Date: 7/14/2011 - Docket #: ER11-4040-000

### **3B PJM Administrative Service**

The Transmission Provider shall recover the costs of the operation of PJM Interconnection, L.L.C. and the Office of the Interconnection from Transmission Customers, and from other users of the various PJM services, under Schedule 9 "PJM Interconnection, L.L.C. Administrative Services," which is attached to and made part of this Tariff.

Effective Date: 9/17/2010 - Docket #: ER10-2710-000

### **3C Mid-Atlantic Area Council Charge**

The Transmission Provider shall recover the costs of MAAC from Transmission Customers delivering energy to load in the MAAC Control Zone under Schedule 10, "Mid-Atlantic Area Council Charge," which is attached to and made part of this Tariff.

Effective Date: 9/17/2010 - Docket #: ER10-2710-000



**3D    {Reserved}**

Effective Date: 7/14/2011 - Docket #: ER11-4040-000

### **3E Transmission Enhancement Charges**

The Transmission Provider shall collect from designated customers using Point-to-Point Transmission Service and Network Integration Transmission Service the charges of Transmission Owners related to the costs of Required Transmission Enhancements under Schedule 12, "Transmission Enhancement Charges," which is attached to and made part of this Tariff.

Effective Date: 9/17/2010 - Docket #: ER10-2710-000

### **3F Transmission Losses**

#### **3F.1 Description of Transmission Losses.**

Transmission losses refer to the loss of energy in the transmission of electricity from generation resources to load, which is dissipated as heat through transformers, transmission lines and other transmission facilities.

#### **3F.2 Inclusion of State Estimator Transmission Losses.**

Whenever in this Tariff transmission losses are included in the determination of a charge, credit, load (including deviations), or demand reduction, it is explicitly so stated and such included losses shall be those losses incurred on facilities included in the PJM network model and determined by, and reflected in, the PJM State Estimator. Absent such explicit statement, such losses are not included in the determination.

#### **3F.3 Other Losses.**

Losses incurred on facilities not included in the PJM network model and therefore not reflected in the PJM State Estimator may be included in the determination of charges, credits, load (including real-time deviations), or demand reductions, as determined by electric distribution companies, unless this Tariff explicitly excludes such losses.

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**4 Open Access Same-Time Information System (OASIS)**

Effective Date: 9/17/2010 - Docket #: ER10-2710-000

#### 4.1

Terms and conditions regarding Open Access Same-Time Information System (OASIS) and standards of conduct are set forth in 18 CFR § 37 of the Commission's regulations (Open Access Same-Time Information System and Standards of Conduct for Public Utilities) and 18 CFR § 38 of the Commission's regulations (Business Practice Standards and Communication Protocols for Public Utilities). For purposes of the Standards of Conduct, a marketing affiliate of any party to the Operating Agreement is deemed to be a marketing affiliate of the Transmission Provider. In the event available transfer capability as posted on the OASIS is insufficient to accommodate a request for firm transmission service, additional studies may be required as provided by this Tariff pursuant to Sections 19 and 32.

The Transmission Provider shall post on OASIS and its public website an electronic link to all rules, standards and practices that (i) relate to the terms and conditions of transmission service, (ii) are not subject to a North American Energy Standards Board (NAESB) copyright restriction, and (iii) are not otherwise included in this Tariff. The Transmission Provider shall post on OASIS and on its public website an electronic link to the NAESB website where any rules, standards and practices that are protected by copyright may be obtained. The Transmission Provider shall also post on OASIS and its public website an electronic link to a statement of the process by which the Transmission Provider shall add, delete or otherwise modify the rules, standards and practices that are not included in this tariff. Such process shall set forth the means by which the Transmission Provider shall provide reasonable advance notice to Transmission Customers and Eligible Customers of any such additions, deletions or modifications, the associated effective date, and any additional implementation procedures that the Transmission Provider deems appropriate.

Effective Date: 9/17/2010 - Docket #: ER10-2710-000

## 4.2

Pursuant to the Commission's November 24, 2009 Final Rule, Order No. 676-E (129 FERC ¶ 61,162) amending its regulations under the Federal Power Act, Transmission Provider hereby incorporates by reference the following standards promulgated by the WEQ of the NAESB:

- Open Access Same-Time Information System (OASIS), Version 1.5 (WEQ-001, Version 002.1, March 11, 2009, with minor corrections applied May 29, 2009 and September 8, 2009), with the exception of Standards 001-0.1, 001-0.9 through 001-0.13, 001-1.0, 001-9.7, 001-14.1.3, and 001-15.1.2;
- Open Access Same-Time Information Systems (OASIS) Standards & Communications Protocols, Version 1.5 (WEQ-002, Version 002.1, March 11, 2009, with minor corrections applied May 29, 2009 and September 8, 2009);
- Open Access Same-Time Information Systems (OASIS) Data Dictionary, Version 1.5 (WEQ-003, Version 002.1, March 11, 2009, with minor corrections applied May 29, 2009 and September 8, 2009);
- Coordinate Interchange (WEQ-004, Version 002.1, March 11, 2009, with minor corrections applied May 29, 2009 and September 8, 2009);
- Area Control Error (ACE) Equation Special Cases (WEQ-005, Version 002.1, March 11, 2009, with minor corrections applied May 29, 2009 and September 8, 2009);
- Manual Time Error Correction (WEQ-006, Version 001, Oct. 31, 2007, with minor corrections applied on Nov. 16, 2007);
- Inadvertent Interchange Payback (WEQ-007, Version 002.1, March 11, 2009, with minor corrections applied May 29, 2009 and September 8, 2009);
- Transmission Loading Relief – Eastern Interconnection (WEQ-008, Version 002.1, March 11, 2009, with minor corrections applied May 29, 2009 and September 8, 2009);
- Gas/Electric Coordination (WEQ-011, Version 002.1, March 11, 2009, with minor corrections applied May 29, 2009 and September 8, 2009);
- Public Key Infrastructure (PKI) (WEQ-012, Version 002.1, March 11, 2009, with minor corrections applied May 29, 2009 and September 8, 2009);
- Open Access Same-Time Information Systems (OASIS) Implementation Guide, Version 1.5 (WEQ-013, Version 002.1, March 11, 2009, with minor corrections applied May 29, 2009 and September 8, 2009); and

- Measurement and Verification of Wholesale Electricity Demand Response (WEQ-015, 2008 Annual Plan Item 5(a), March 16, 2009).

Effective Date: 4/1/2011 - Docket #: ER11-2460-001

**5      Local Furnishing Bonds**

Effective Date: 9/17/2010 - Docket #: ER10-2710-000



### **5.1 Transmission Owners That Own Facilities Financed by Local Furnishing Bonds:**

This provision is applicable only to Transmission Owners that have financed facilities for the local furnishing of electric energy with tax-exempt bonds, as described in Section 142(f) of the Internal Revenue Code ("local furnishing bonds"). Notwithstanding any other provision of this Tariff, the Transmission Provider shall not be required to provide transmission service to any Eligible Customer pursuant to this Tariff if the provision of such transmission service would jeopardize the tax-exempt status of any local furnishing bond(s) used to finance the Transmission Owner's facilities that would be used in providing such transmission service.

Effective Date: 9/17/2010 - Docket #: ER10-2710-000

## **5.2 Alternative Procedures for Requesting Transmission Service:**

(i) If the Transmission Owner determines that the provision of transmission service requested by an Eligible Customer would jeopardize the tax-exempt status of any local furnishing bond(s) used to finance its facilities that would be used in providing such transmission service, it shall advise the Transmission Provider and the Eligible Customer within thirty (30) days of the Transmission Provider's receipt of the Completed Application.

(ii) If the Eligible Customer thereafter renews its request for the same transmission service referred to in (i) by tendering an application under Section 211 of the Federal Power Act, the Transmission Owner, within ten (10) days of the Transmission Provider or the Transmission Owner receiving a copy of the Section 211 application, will waive its rights to a request for service under Section 213(a) of the Federal Power Act, and to the issuance of a proposed order under Section 212(c). The Commission, upon receipt of a Transmission Owner's waiver of its rights to a request for service under Section 213(a) and to the issuance of a proposed order under Section 212(c) of the Federal Power Act, shall issue an order under Section 211 of the Federal Power Act. Upon issuance of the order under Section 211 of the Federal Power Act, the Transmission Provider shall be required to provide the requested transmission service in accordance with the terms and conditions of this Tariff.

Effective Date: 9/17/2010 - Docket #: ER10-2710-000

## **6 Reciprocity**

A Transmission Customer receiving transmission service under this Tariff agrees to provide comparable transmission service that it is capable of providing to each Transmission Owner on similar terms and conditions over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer and over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer's corporate Affiliates. A Transmission Customer that is a member of or takes transmission service from, a power pool, Regional Transmission Group, Regional Transmission Organization (RTO), Independent System Operator (ISO) or other transmission organization approved by the Commission for the operation of transmission facilities also agrees to provide comparable transmission service to the transmission owning members of such power pool and Regional Transmission Group RTO, ISO, or other transmission organization on similar terms and conditions over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer and over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer's corporate Affiliates.

This reciprocity requirement applies not only to the Transmission Customer that obtains transmission service under the Tariff, but also to all parties to a transaction that involves the use of transmission service under the Tariff, including the power seller, buyer and any intermediary, such as a power marketer. This reciprocity requirement also applies to any Eligible Customer that owns, controls or operates transmission facilities that uses an intermediary, such as a power marketer, to request transmission service under the Tariff. If the Transmission Customer does not own, control or operate transmission facilities, it must include in its Application a sworn statement of one of its duly authorized officers or other representatives that the purpose of its Application is not to assist an Eligible Customer to avoid the requirements of this provision.

Effective Date: 9/17/2010 - Docket #: ER10-2710-000

## **6A Counterparty**

- 6A.1** PJM administers the Tariff and the Operating Agreement. 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. In obtaining transmission service and in these centralized markets, customers conduct transactions with PJMSettlement as a counterparty. Market participants also may conduct bilateral transactions with other market participants and they may self-supply power and energy to the electric loads they serve. Such bilateral and self-supply arrangements are not transactions with PJMSettlement.
- 6A.2** For purposes of contracting with customers and conducting financial settlements regarding the use of the transmission capacity of the Transmission System, PJM has established PJMSettlement. PJM also has established PJMSettlement as the entity that is the Counterparty with respect to the agreements and transactions in the centralized markets that the Transmission Provider administers under the Tariff and the Operating Agreement (i.e., the agreements and transactions that are not bilateral arrangements between market participants or self-supply). PJMSettlement will serve as the Counterparty to Financial Transmission Rights and Auction Revenue Rights instruments held by a Market Participant. Any subsequent bilateral transfer of these instruments by the Market Participant to another Market Participant shall require the consent of PJM, but shall not implicate PJMSettlement as a contracting party with respect to such subsequent bilateral transfer.
- 6A.3** As a party to the Consolidated Transmission Owners Agreement, PJM has acquired the right to use the transmission capacity of the Transmission System that is required to provide service under this Tariff and the authorization to resell transmission service using such capacity on the Transmission System. Under the Consolidated Transmission Owners Agreement, PJM compensates the Transmission Owners for the use of their transmission capacity by distributing certain revenues to the Transmission Owners as set forth in the Tariff and the Consolidated Transmission Owners Agreement. PJM has assigned its right to use the transmission capacity of the Transmission System to PJMSettlement. Accordingly, PJMSettlement shall compensate the Transmission Owners for the use of the transmission capacity required to provide service under this Tariff.
- 6A.4** Unless otherwise expressly stated in the Tariff or the Operating Agreement, PJMSettlement shall be 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.
- 6A.5** PJMSettlement shall not be a contracting party to other non-transmission transactions that are (i) bilateral transactions between market participants reported

to the Transmission Provider, and (ii) self-supplied or self-scheduled transactions reported to the Transmission Provider.

- 6A.6** Notwithstanding the foregoing, 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, and 16 of the PJM Tariff.
- 6A.7 Confidentiality.** PJMSettlement shall be bound by the same confidentiality requirements as the Transmission Provider.
- 6A.8 PJMSettlement Costs.** All costs of services provided by PJMSettlement for the benefit of Market Participants and Transmission Customers shall be included in the Administrative Services set forth in Schedule 9-PJMSettlement.
- 6A.9 Amendment of Previously Effective Arrangements.**
- (a) **Transmission Service Agreements.** Transmission Service Agreements in effect at the time this Section 6A becomes effective shall be deemed to be revised to include PJMSettlement as a Counterparty to the Transmission Service Agreement in the same manner and to the same extent as agreements entered after the effective date of this Section 6A.
  - (b) **Reliability Pricing Model.** PJMSettlement shall be the Counterparty to the transactions arising from the cleared Based Residual Auctions and Incremental Auctions that occurred prior to the effective date of this Section 6A and for which delivery will occur after the effective date of this Section 6A in the same manner and to the same extent as transactions arising from auctions cleared after the effective date of this Section 6A.
  - (c) **Auction Revenue Rights and Financial Transmission Rights.** PJMSettlement shall be the Counterparty with respect to the rights and obligations arising from Auction Revenue Rights and Financial Transmission Rights acquired in an auction or assigned by PJM prior to the effective date of this Section 6A to the same extent as with respect to rights and obligations arising from auctions or assignments of Auction Revenue Rights and Financial Transmission Rights after the effective date of this Section 6A.

Effective Date: 1/1/2011 - Docket #: ER11-1988-001

**7      Billing and Payment**

*PJMSettlement shall issue bills and billing statements pursuant to the provisions in this section 7 in its own name and as agent for Transmission Provider, as applicable. Payment of bills pursuant to this section 7 shall be made for the benefit of PJMSettlement and Transmission Provider, as applicable.*

Effective Date: 7/14/2011 - Docket #: ER11-4040-000

## **7.1 Billing Procedure:**

### **(a) Monthly Bills.**

By the fifth business day of each month, PJMSettlement, in its own name and as agent for Transmission Provider, as applicable, shall issue a bill to Transmission Customers and other entities for monthly activity and detailing the charges and credits for all services furnished under the Tariff during the preceding month ("billing month"), excluding amounts billed pursuant to weekly bills for activity during the preceding month.

### **(b) Weekly Bills.**

By 5:00 p.m. Eastern Prevailing Time each Tuesday (or Wednesday in the event that a Tuesday is a holiday), PJMSettlement, in its own name and as agent for Transmission Provider, as applicable, will issue a weekly bill to Members and other entities for all activity for certain services furnished under the Tariff for the days of the billing month during the week ending the prior Wednesday. The services for which such weekly bills shall be issued are set forth in PJM Manual 29.

### **(c) Billing Statement.**

PJMSettlement, in its own name and as agent for Transmission Provider, as applicable, shall provide Transmission Customers and other entities with billing statements at the time of issuance of the monthly and weekly bills, reflecting, in the form and manner set forth in PJM Manuals, the Transmission Customer's or other entity's activity during the billing month and amounts due, net of activity previously billed.

Effective Date: 7/14/2011 - Docket #: ER11-4040-000

## **7.1A Payments:**

### **(a) Monthly Bills.**

Net amounts due to PJMSettlement, in its own name or as agent for Transmission Provider, as applicable, pursuant to a monthly bill shall be due and payable by the Transmission Customer or other entity no later than noon Eastern Prevailing Time on the due date of the first weekly bill issued for activity in the month that the monthly bill is issued. It is possible, due to the timing of holidays, that the billing and payment cycle for monthly bills stated here would call for payment of a monthly bill on a Friday that occurs less than three business days after issuance of the bill by PJM. Where this occurs, the payment period of the monthly bill will be extended such that payment will be due when payment for the second weekly bill is due.

### **(b) Weekly Bills.**

Net amounts due to PJMSettlement, in its own name or as agent for Transmission Provider, as applicable, pursuant to a weekly bill shall be due and payable by the Transmission Customer or other entity no later than noon Eastern Prevailing Time on the third business day following the issuance of the weekly bill. Weekly bills issued after 5:00 p.m. Eastern Prevailing Time shall be considered to be issued the following business day

#### **(i) Municipal Electric Systems.**

Recognizing that municipal electric systems may, at times, face unique circumstances that could temporarily prevent their ability to make payments on a weekly bill issued pursuant to Section 7.1(b) when due, the Transmission Provider may allow a municipal electric system to make arrangement with PJM whereby PJM would extend trade credit to the municipal electric system sufficient to enable it to make payment on a weekly bill provided that the following conditions are met:

(a) the Transmission Provider determines, in its sole discretion, that it has sufficient excess working capital available to complete financial settlement with other market participants;

(b) the municipal electric system reimburses PJM for the actual cost of such working capital;

(c) the municipal electric system provides PJM with a binding representation that it has all legal right and authority to enter into the arrangement with PJM;

(d) PJMSettlement will continue to issue weekly bills to the municipal electric system in accordance with Section 7.1(b) above and the municipal electric system will make payment as due under the weekly bills using the proceeds it obtains



under its arrangement with PJM. Reimbursement of these amounts, including PJM's actual costs of working capital, shall be due from the municipal electric system at the time payment is due for the invoice issued under Section 7.1A(a);

(e) the aggregate of all financed amounts and accrued obligations shall not exceed the Working Credit Limit available to the municipal electric system;

(f) the municipal electric system provides the Transmission Provider with at least one week of notice (though PJM may waive this provision), and;

(g) the accumulated duration of such postponed payments shall not exceed three months in a rolling twelve-month period.

PJM may terminate this payment option at any time it determines its excess working capital is no longer sufficient to allow further or continued extension financing. In such cases, PJM shall attempt to give five business days, but not less than three business days notice to the affected municipal electric system, and may call for immediate reimbursement of any outstanding amounts owed by the municipal electric system.

**(c) Form of Payments.**

All payments tendered in satisfaction of a Transmission Customer's or other entity's obligations to PJMSettlement or Transmission Provider shall be in the form of immediately available funds payable to PJMSettlement, or by wire transfer to a bank named by PJMSettlement.

**(d) Payments by PJMSettlement.**

Unless delayed by unforeseen events, payments made by PJMSettlement, in its own name or as agent for Transmission Provider, for amounts due to Transmission Customers and other entities shall be paid no later than 5:00 p.m. Eastern Prevailing Time on the business day following the payment due date for net amounts owed to PJMSettlement, in its own name or as agent for the Transmission Provider, as specified above.

**(e) Payment Calendar.**

A comprehensive billing and settlement calendar will be posted on Transmission Provider's website prior to March 31 for the upcoming June – May annual period to communicate the schedule of holidays for settlement and billing purposes.

**(f) Late Payments.**

In the event that a Transmission Customer, or other entity, is delinquent in paying the amount set forth in its weekly or monthly bill two or more times within any rolling twelve (12) month period, PJMSettlement, in its own name or as agent for Transmission Provider, may assess, in addition to the interest on each late payment as provided for in

Section 7.2 of this Tariff, a late payment charge for a second and any subsequent failure to pay on time during such twelve (12) month period (a "Late Payment Charge"). The applicable Late Payment Charge will be assessed in an amount equal to the greater of: (i) two percent (2%) of the total amount set forth in the monthly or weekly bill that the Transmission Customer or other entity has been late in paying, or (ii) \$1,000; up to a maximum of \$100,000 per late bill payment. For the sole purpose of application of this Section 7.1A(f), weekly and monthly bills that are due on the same date shall be considered to be one bill; moreover, the term "on time" shall mean payment received on the date due; and "delinquent" shall mean any payment received on a day subsequent to the date due.

Late Payment Charges that are collected pursuant to this Section 7.1A(f) shall be credited to PJMSettlement administrative costs and will be included in any applicable stated rate refund calculations as contemplated under Schedule 9 of this Tariff.

Effective Date: 7/14/2011 - Docket #: ER11-4040-000

## **7.2 Interest on Unpaid Balances:**

Interest on any unpaid amounts shall be calculated in accordance with the methodology specified for interest on refunds in the Commission's regulations at 18 C.F.R. § 35.19a(a)(2)(iii). Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment. When payments are made by mail, bills shall be considered as having been paid on the date of receipt by PJMSettlement.

Effective Date: 7/14/2011 - Docket #: ER11-4040-000

### **7.3 Customer Default:**

In the event the Transmission Customer or other entity (a) fails, for any reason, to make payment to PJMSettlement, for the benefit of PJMSettlement or the Transmission Provider, on or before the due date as described above, or (b) fails at any time to meet the Transmission Provider's creditworthiness requirements, and such failure is not corrected within two business days after the Transmission Provider notifies the Transmission Customer or other entity to cure such failure, a default by the Transmission Customer or other entity shall be deemed to exist. Upon the occurrence of a default, the Transmission Provider may initiate a proceeding with the Commission to terminate service but shall not terminate service until the Commission so approves any such request; provided however, that (i) in the event that a state required retail access program provides for continuation of retail service to affected end-use customers by another supplier that is a Transmission Customer, then the Transmission Provider may, upon default by a Transmission Customer, immediately terminate Transmission Service to the defaulting Transmission Customer for the load of such end-use customers, and (ii) in the event that a Transmission Customer is taking service under Part II to serve load outside of the PJM Region, then the Transmission Provider may, upon default by a Transmission Customer, immediately terminate Transmission Service to the defaulting Transmission Customer. Billing disputes between the Transmission Provider and the Transmission Customer or other entity shall be addressed through the Transmission Provider's dispute resolution procedures, and shall not relieve the Transmission Customer or other entity of the obligation to make payment of all amounts due hereunder.

If the Transmission Customer fails to meet these requirements for continuation of service, then the Transmission Provider may provide notice to the Transmission Customer of its intention to suspend service in sixty (60) days, in accordance with Commission policy, or, in the case of a state required retail access program that provides for continuation of retail service to affected end-use customers by another supplier that is a Transmission Customer, immediately terminate Transmission Service as provided above.

Effective Date: 7/14/2011 - Docket #: ER11-4040-000

**8 Accounting for a Transmission Owner's Use of the Tariff**

Each Transmission Owner shall record the following amounts, as outlined below.

Effective Date: 9/17/2010 - Docket #: ER10-2710-000

**8.1 Transmission Revenues:**

Include in a separate operating revenue account or subaccount the revenues it receives from Transmission Service when making Third-Party Sales under Part II of the Tariff.

Effective Date: 9/17/2010 - Docket #: ER10-2710-000

## **8.2 Study Costs and Revenues:**

Include in a separate transmission operating expense account or subaccount, costs properly chargeable to expense that are incurred to perform any System Impact Studies or Facilities Studies which the Transmission Owner conducts to determine if it must construct new transmission facilities or upgrades necessary for its own uses, including making Third-Party Sales under the Tariff; and include in a separate operating revenue account or subaccount the revenues received for System Impact Studies or Facilities Studies performed when such amounts are separately stated and identified in the Transmission Customer's billing under the Tariff.

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### **8.3 Generation Interconnection Costs:**

Include in a separate transmission account or subaccount, costs of Attachment Facilities, Local Upgrades, and Network Upgrades that are incurred by the Transmission Owner with respect to its own Interconnection Requests under Part IV of the Tariff that are directly assigned to the Transmission Owner to accommodate its Interconnection Requests in accordance with Schedule 6A of the Operating Agreement.

Effective Date: 9/17/2010 - Docket #: ER10-2710-000



## **9 Regulatory Filings**

Nothing contained in the Tariff, any Service Agreement or any Network Operating Agreement shall be construed as affecting in any way the right of the Transmission Provider, or any Transmission Owner with respect to a change in its revenue requirement, to unilaterally make application to the Commission for a change in rates, terms and conditions, charges, classification of service, Service Agreement, Network Operating Agreement, rule or regulation under Section 205 of the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder.

Nothing contained in the Tariff, any Service Agreement or any Network Operating Agreement shall be construed as affecting in any way the ability of any Party receiving service under the Tariff to exercise its rights under the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder.

Effective Date: 9/17/2010 - Docket #: ER10-2710-000

## **9.1 Rights of the Transmission Owners:**

(a) The Transmission Owners shall have the exclusive and unilateral rights to file pursuant to Section 205 of the Federal Power Act and the FERC's rules and regulations thereunder for any changes in or relating to the establishment and recovery of the Transmission Owners' transmission revenue requirements or the transmission rate design under the PJM Tariff, and such filing rights shall also encompass any provisions of the PJM Tariff governing the recovery of transmission-related costs incurred by the Transmission Owners. Nothing herein is intended to limit or change the right of individual Transmission Owners under Section 2.2.1 of the PJM Tariff to make their own Section 205 filings to change the transmission revenue requirement within their own zones, including the right of individual Transmission Owners to file for zonal transmission revenue requirements based on incentive or performance factors. The Transmission Owners may only file under Section 205 to change the transmission rate design for the PJM Region pursuant to a filing approved in accordance with Section 8.5.1 of the Consolidated Transmission Owners Agreement.

(b) If the Transmission Owners agree upon a change in accordance with Section 9.1(a), the Transmission Owners shall make such filing jointly pursuant to Section 205 of the Federal Power Act. For purposes of administrative convenience, at the request of the Transmission Owners, the Office of Interconnection may, but shall not be required to, make the Section 205 filing with the FERC on behalf of the Transmission Owners; provided that any such filing by the Office of Interconnection shall be deemed for all purposes under the Federal Power Act to be a filing of the Transmission Owners. The Transmission Owners shall consult with PJM and the PJM Members Committee beginning no less than thirty (30) days prior to any Section 205 filing hereunder, but neither PJM (except as provided for in Section 9.3) nor the PJM Members Committee shall have any rights to veto or delay the Transmission Owners' Section 205 filing hereunder; provided that the Transmission Owners may file with less than a full 30 day advance consultation in circumstances where imminent harm to system reliability or imminent severe economic harm to electric consumers requires a prompt Section 205 filing; provided further that the Transmission Owners shall provide as much advance notice and consultation with PJM and the PJM Members Committee as is practicable in such circumstances and no such filing shall be made with less than 24 hours' advance notice.

(c) Nothing herein is intended to limit the rights of the Transmission Owners, PJM or any other person to oppose such a Section 205 filing pursuant to Section 206 or any other applicable provision of the Federal Power Act.

(d) In accordance with Section 9.1(a), the following provisions of the PJM Tariff and any successors thereto shall be within the Transmission Owners' exclusive and unilateral rights to make Section 205 filings: Section 34; Schedule 1A; Schedule 7 (except as to transmission congestion charges under Attachment K to the PJM Tariff or any successor thereto); Schedule 8 (except as to transmission congestion charges under Attachment K to the PJM Tariff or any successor thereto); Schedule 11; Schedule 12; Attachment H-A; Attachment J; and Attachment R, provided, however, that if a filing pursuant to Section 205 is required to effect a change in any of the foregoing provisions of the PJM Tariff solely by reason of a filing by an individual Transmission Owner pursuant to Section 9.1(e), PJM may make such filing if, (i) five business

days prior to making such filing, PJM provides the Transmission Owners with each proposed change including an explanation thereof and (ii) no Transmission Owner notifies PJM that it objects to PJM making such filing.

(e) In accordance with Section 9.1(a), the following provisions of the PJM Tariff and any successors thereto shall be within the exclusive and unilateral rights to make Section 205 filings of the individual Transmission Owner to which the provisions apply: (i) Attachment H (other than Attachment H-A) (except as to transmission congestion charges under Attachment K to the PJM Tariff or any successor thereto); (ii) Attachment M-1 (First Energy); (iii) Attachment M-2 (First Energy); (iv) Procedures for Load Determination (PSE&G); (v) Procedures for Determination of Peak Load Contributions and Hourly Load Obligations for Retail Customers (Atlantic City); and (vi) Procedures for Determination of Peak Load Contributions and Hourly Load Obligations for Retail Customers (Delmarva).

(f) The listing of provisions in Sections (d) and (e) above is not exclusive, and the failure to specify a provision of the PJM Tariff in Section 9.1(d) or (e) shall not be deemed to be an admission or agreement by the Transmission Owners that such provision or any change thereto does not relate to the establishment and recovery of the Transmission Owners' transmission revenue requirements or the transmission rate design under the PJM Tariff, or encompass any provisions of the PJM Tariff governing the recovery of transmission-related costs incurred by the Transmission Owners. The Transmission Owners reserve their rights to assert that other provisions of the PJM OATT should be included within their Section 205 rights, and PJM reserves its rights to contest such assertions.

(g) The Transmission Owners' Section 205 rights shall include the unilateral right to file for incentive and performance based rates that affect or relate to the establishment or recovery of transmission revenue requirements, transmission rate design, or any performance or incentive based rates in which the incentives to the Transmission Owners may be measured by savings or efficiencies in the power or ancillary services markets resulting from the construction, operation or maintenance of transmission facilities. Nothing in this Tariff is intended to limit PJM's right to make Section 205 filings to establish incentive or performance based rates applicable to market participants, provided that PJM must obtain the prior approval of the Transmission Owners (pursuant to Section 8.5.1 of the Consolidated Transmission Owners Agreement) for any portion of such a filing that reasonably could be expected to affect the establishment and recovery of the Transmission Owners' transmission revenue requirements, transmission rate design or recovery of transmission-related costs by the Transmission Owners.

(h) Nothing contained in the Tariff, any Service Agreement or any Network Operating Agreement shall be construed as affecting in any way the exclusive and unilateral right of the Transmission Owners to make application to the Federal Energy Regulatory Commission for any change in accordance with this Section 9.1 under Section 205 of the Federal Power Act and pursuant to the Commission's Rules and Regulations promulgated thereunder.

Effective Date: 11/19/2011 - Docket #: ER11-4576-000

## **9.2 Rights of the Transmission Provider:**

(a) PJM shall have the exclusive and unilateral right to file pursuant to Section 205 of the Federal Power Act and the FERC's rules and regulations thereunder to make changes in or relating to the terms and conditions of the PJM Tariff (including but not limited to provisions relating to creditworthiness, billing, and defaults) as well as all charges for recovery of PJM costs. PJM shall not have any Section 205 filing rights with respect to the subject matters described in the first sentence of Section 9.1(a) of this Tariff. PJM shall not have any Section 205 filing rights with respect to the provisions of the PJM Tariff listed in Section 9.1(d) and (e). Notwithstanding the foregoing, PJM shall have Section 205 filing rights to make changes in the PJM Tariff in order to address the Behind The Meter Generation netting rules in accordance with the settlement in FERC Docket No EL05-127-000 approved by the FERC on December 16, 2005, 113 FERC ¶ 61,279.

(b) PJM shall consult with the Transmission Owners and the PJM Members Committee beginning no less than seven (7) days in advance of any Section 205 filing under Section 9.2(a), but neither the Transmission Owners, except as provided for in Section 9.3, nor the PJM Members Committee shall have any right to veto or delay any such Section 205 filing. PJM may file with less than a full 7 day advance consultation in circumstances where imminent harm to system reliability or imminent severe economic harm to electric consumers requires a prompt Section 205 filing; provided that PJM shall provide as much advance notice and consultation with the Transmission Owners and the PJM Members Committee as is practicable in such circumstances, and no such emergency filing shall be made with less than 24 hours advance notice.

(c) Nothing herein is intended to limit the rights of any Party or other person to oppose such a Section 205 filing pursuant to Section 206 or any other applicable provision of the Federal Power Act or to limit the right of any Party or other person to make filings under Section 206 of the Federal Power Act.

(d) To the extent that PJM desires to add a provision to this Tariff, or to change an existing provision hereof, in accordance with its rights under Section 9.2(a), the Transmission Owners shall have unilateral and exclusive rights to make Section 205 filings with respect to any matters covered by such new or changed provisions relating to the establishment and recovery of the Transmission Owners' transmission revenue requirements, transmission rate design under the PJM Tariff, or any provisions governing the recovery of transmission-related costs incurred by the Transmission Owners. Prior to making any Section 205 filing covered by Section 9.2(a) that also relates to or affects the establishment and recovery of the Transmission Owners' transmission revenue requirements, the transmission rate design under the PJM Tariff, or any provisions governing the recovery of transmission-related costs incurred by the Transmission Owners, PJM shall provide no less than 45 days notice to the Transmission Owners of the intended filing in sufficient detail to provide them a reasonable opportunity to include appropriate provisions in the PJM Tariff governing these subjects, either through a Section 205 filing by the Transmission Owners pursuant to Section 9.1(a) or approval by the Transmission Owners of the PJM proposal pursuant to Section 8.5.1 of the Consolidated Transmission Owners Agreement.

(e) PJM shall be required to maintain in effect at all times provisions relating to the creditworthiness of all customers under this Tariff that are designed to provide reasonable assurances to the Transmission Owners, consistent with FERC orders and policies applicable to open access transmission services, that such customers will be able to pay for transmission services purchased hereunder. If at any time PJM intends to make a Section 205 filing to change the creditworthiness provisions of this Tariff, it shall provide no less than 30 days advance notice to, and consult with, the Transmission Owners and the PJM Members Committee. In the case of an emergency requiring immediate action, PJM shall not be required to provide 30 days advance notice but shall provide as much advance notice as is practicable in the circumstances, and in no circumstances may PJM make an emergency Section 205 filing without providing at least 24 hours advance notice to the Transmission Owners. PJM shall further maintain at all times in the tariffs under which it recovers its costs comparable provisions, if any, for sharing among PJM members and/or transmission customers any shortfalls in the recovery of its own and the Transmission Owners' costs due to defaults.

Effective Date: 9/17/2010 - Docket #: ER10-2710-000

### **9.3 Disputes Regarding Filing Rights:**

If at the time that a proposal to change or amend any part of the PJM Tariff, or to add any new provision, is submitted to PJM or the Transmission Owners for consultation pursuant to Section 9.1(b) or 9.2(b), a dispute arises as to which Party has Section 205 rights to make such filing, the following procedures shall apply:

- (i) The Consolidated Transmission Owners Agreement Administrative Committee and PJM shall meet promptly prior to the filing in order to resolve the dispute. Such resolution may include a joint Section 205 filing by the Transmission Owners and PJM.
- (ii) If the Transmission Owners propose to make the Section 205 filing, they shall defer such filing beyond the thirty (30) day notice and consultation period provided for in Section 9.1(b) for up to ten (10) additional days at the request of PJM to allow the dispute to be resolved.
- (iii) If PJM proposes to make the Section 205 filing it shall defer any filing beyond the seven (7) day notice and consultation period provided for in Section 9.2(b) for up to ten (10) additional days to allow the dispute to be resolved;
- (iv) In order to resolve a dispute, the agreement of the Transmission Owners must be obtained by vote in accordance with Section 8.5.1 of the Consolidated Transmission Owners Agreement;
- (v) If the Parties are unable to reach agreement among themselves, the matter shall be presented to and resolved by a Neutral Party chosen as follows and, except as provided in this Section 9.3(v), such resolution shall be binding on the Parties: The Chairman of the Consolidated Transmission Owners Agreement Administrative Committee (or his/her designee) and an executive of PJM chosen by the President shall choose the Neutral Party and shall have authority to enter into an agreement that will make the Neutral Party available on a prompt basis to resolve disputes hereunder, and any costs associated with the Neutral Party shall be shared equally between the Transmission Owners and PJM. The Chairman of the Consolidated Transmission Owners Agreement Administrative Committee (or his/her designee) and an executive of PJM chosen by the President may replace the Neutral Party at any time they mutually deem such action to be appropriate or necessary. The decision of the Neutral Party as to which Parties have Section 205 rights hereunder shall be made within the period provided for consultation between the Transmission Owners and PJM as set forth in Sections 9.3(ii) or 9.2(iii), as applicable. Interested parties (including the Parties) may file a complaint seeking review by the FERC of the Neutral Party's decision, and the FERC's authority to interpret which Parties have Section 205 rights shall not be limited by the Neutral Party's decision as it relates to these disputes.
- (vi) Nothing in this Section 9.3 is intended to limit the Parties' rights to make filings pursuant to Section 206 of the Federal Power Act prior to resolution of such dispute.

Effective Date: 11/19/2011 - Docket #: ER11-4576-000

#### **9.4 Mobile Sierra:**

Sections 9.1 through 9.4 of this Tariff shall be subject to change solely by written amendment executed by PJM and the Transmission Owners, with the Transmission Owners acting by vote in accordance with Section 8.5.1 of the Consolidated Transmission Owners Agreement. It is the intent of this Section 9.4 that the FERC's right to change Sections 9.1 through 9.4 shall be limited to the maximum extent permissible by law and that any such change shall be in accordance with the Mobile-Sierra public interest standard applicable to fixed rate agreements.

Effective Date: 9/17/2010 - Docket #: ER10-2710-000

**10      Force Majeure and Indemnification**

Effective Date: 9/17/2010 - Docket #: ER10-2710-000



## **10.1 Force Majeure:**

An event of Force Majeure means any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any Curtailment, order, regulation or restriction imposed by governmental military or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure event does not include an act of negligence or intentional wrongdoing. Neither the Transmission Provider, the Transmission Owners, PJMSettlement nor the Transmission Customer will be considered in default as to any obligation under this Tariff if prevented from fulfilling the obligation due to an event of Force Majeure. However, a Party whose performance under this Tariff is hindered by an event of Force Majeure shall make all reasonable efforts to perform its obligations under this Tariff.

Effective Date: 1/1/2011 - Docket #: ER11-2527-000

## **10.2 Liability:**

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

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

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### **10.3 Indemnification:**

The Transmission Customer shall at all times indemnify, defend, and save each Transmission Owner, the Transmission Provider, PJMSettlement, and each Generation Owner acting in good faith to implement or comply with the directives of the Transmission Provider, and their directors, managers, members, shareholders, officers and employees 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 the Transmission Provider's, PJMSettlement's, a Transmission Owner's, or a Generation Owner's (acting in good faith to implement or comply with the directives of the Transmission Provider) performance of its obligations under this Tariff on behalf of the Transmission Customer, except in cases of negligence or intentional wrongdoing by such Transmission Owner, the Transmission Provider, or such Generation Owner acting in good faith to implement or comply with the directives of the Transmission Provider.

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**10.4            Limitation on Claims:**

- (a)    No claim seeking an adjustment in the billing for any service, transaction, or charge under the Tariff may be asserted with respect to a month, if more than two years has elapsed since the first date upon which the billing for that month occurred. The Transmission Provider and PJMSettlement may make no adjustment to billing with respect to a month for any service, transaction, or charge under this Tariff, if more than two years has elapsed since the first date upon which the billing for that month occurred, unless a claim seeking such adjustment had been received by the Transmission Provider prior thereto.
- (b)    For claims that arose prior to the effective date of Section 10.4 of the Tariff, the claimant shall have two years from the effective date to assert such claims.

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## **11 Creditworthiness**

The Transmission Provider will specify its creditworthiness procedure in Attachment Q.

Effective Date: 9/17/2010 - Docket #: ER10-2710-000

## **12      Dispute Resolution Procedures**

Effective Date: 9/17/2010 - Docket #: ER10-2710-000

## **12.1 Internal Dispute Resolution Procedures:**

Any dispute between a Transmission Customer, an affected Transmission Owner, or the Transmission Provider involving transmission service under the Tariff (excluding applications for rate changes or other changes to the Tariff, or to any Service Agreement entered into under the Tariff, which shall be presented directly to the Commission for resolution) shall be referred to a designated senior representative of each of the parties to the dispute for resolution on an informal basis as promptly as practicable. In the event the designated representatives are unable to resolve the dispute within thirty (30) days (or such other period as the parties to the dispute may agree upon) by mutual agreement, such dispute may be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below.

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## **12.2 External Arbitration Procedures:**

Any arbitration initiated under the Tariff shall be conducted before a single neutral arbitrator appointed by the parties to the dispute. If the parties to the dispute fail to agree upon a single arbitrator within ten (10) days of the referral of the dispute to arbitration, the party or parties to the dispute demanding arbitration shall choose one arbitrator and the party or parties responding to the demand for arbitration shall choose another arbitrator, each of whom shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within twenty (20) days select a third arbitrator to chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the parties to the dispute an opportunity to be heard and, except as otherwise provided herein, shall generally conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association and any applicable Commission regulations.

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### **12.3 Arbitration Decisions:**

Unless otherwise agreed, the arbitrator(s) shall render a decision within ninety (90) days of appointment and shall notify the parties to the dispute in writing of such decision and the reasons therefor. The arbitrator(s) shall be authorized only to interpret and apply the provisions of the Tariff and any Service Agreement entered into under the Tariff and shall have no power to modify or change any of the above in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act and/or the Administrative Dispute Resolution Act. The final decision of the arbitrator must also be filed with the Commission if it affects jurisdictional rates, terms and conditions of service or facilities.

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#### **12.4 Costs:**

Each party to the dispute shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable:

- (A) the cost of the arbitrator chosen by the parties to the dispute to sit on the three member panel and a proportionate share of the cost of the third arbitrator chosen;
- (B) a proportionate share of the cost of the single arbitrator jointly chosen by the parties to the dispute; or
- (C) a proportionate share of the cost incurred by the Office of the Interconnection related to a dispute not involving the Office of the Interconnection.

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**12.5 Rights Under The Federal Power Act:**

Nothing in this section shall restrict the rights of any party to file a Complaint with the Commission under relevant provisions of the Federal Power Act.

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## **II. POINT-TO-POINT TRANSMISSION SERVICE**

References to section numbers in this Part II refer to sections of this Part II, unless otherwise specified.

### **Preamble**

The Transmission Provider will provide Firm and Non-Firm Point-To-Point Transmission Service pursuant to the applicable terms and conditions of this Tariff. Point-To-Point Transmission Service is for the receipt of capacity and energy at designated Point(s) of Receipt and the transfer of such capacity and energy to designated Point(s) of Delivery. PJM Settlement shall be the Counterparty to the Point-To-Point Transmission Service transactions under this Tariff. As set forth in Attachment K, Section D, Point-To-Point Transmission Service transactions may give rise to several component charges and credits, which may offset one another, and such component charges and credits are not separate transactions from Transmission Service transactions.

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**13 Nature of Firm Point-To-Point Transmission Service**

Effective Date: 9/17/2010 - Docket #: ER10-2710-000

**13.1 Term:**

The minimum term of Long-Term Firm Point-To-Point Transmission Service shall be one year and the maximum term shall be specified in the Service Agreement. The term of Short-Term Firm Point-To-Point Transmission Service shall be one day, one week, or one month.

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### **13.2 Reservation Priority:**

Except as provided in Section 17.8 and 17.9,

(i) Firm Point-To-Point Transmission Service shall be available on a first-come, first-served basis, i.e., in the chronological sequence in which each Transmission Customer has requested service according to the provisions of Section 17. However, Pre-Confirmed Applications for Short-Term Point-to-Point Transmission Service will receive priority over earlier-submitted requests that are not Pre-Confirmed and that have equal or shorter duration.

(ii) If the Transmission System becomes oversubscribed, requests for Long-Term Firm Point-To-Point Transmission Service or Network Integration Transmission Service may preempt requests for monthly transmission service up to two months before the commencement of monthly service. Otherwise, requests for longer term service will not preempt requests for shorter term service. Preemption of monthly service, if any, shall take place sequentially beginning with preemption of the most recent request for monthly service. Monthly requests with equal reservation priority will be preempted on a pro-rata basis. The Transmission Provider shall promptly notify an Eligible Customer with a reservation for monthly service if the reservation is preempted. Such customer shall not have any right of first refusal to match the request for Long-Term Firm Point-To-Point Transmission Service or Network Integration Transmission Service in order to avoid losing its reservation priority. Except in the event of preemption of monthly service as stated in this section, after the Transmission Customer confirms a reservation, service will commence pursuant to the terms of Part II of the Tariff.

(iii) Firm Point-To-Point Transmission Service will always have a reservation priority over Non-Firm Point-To-Point Transmission Service under the Tariff. All Long-Term Firm Point-To-Point Transmission Service will have equal reservation priority with Native Load Customers and Network Customers. Reservation priorities for existing firm service customers are provided in Section 2.2.

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### **13.3 Use of Firm Transmission Service by a Transmission Owner:**

Each Transmission Owner will be subject to the rates, terms and conditions of Part II of the Tariff when making Third-Party Sales under (i) agreements executed on or after March 1, 1997 or (ii) agreements executed prior to the aforementioned date that the Commission requires to be unbundled, by the date specified by the Commission. Each Transmission Owner will maintain separate accounting, pursuant to Section 8, for any use of the Point-To-Point Transmission Service to make Third-Party Sales.

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#### **13.4 Service Agreements:**

The Transmission Provider shall offer a standard form Firm Point-To-Point Transmission Service Agreement (Attachment A) to an Eligible Customer when it submits a Completed Application for Long-Term Firm Point-To-Point Transmission Service. The Transmission Provider shall offer a standard form Firm Point-To-Point Transmission Service Agreement (Attachment A) to an Eligible Customer when it first submits a Completed Application for Short-Term Firm Point-To-Point Transmission Service pursuant to the Tariff. Executed Service Agreements that contain the information required under the Tariff shall be filed with the Commission in compliance with applicable Commission regulations. An Eligible Customer that uses Transmission Service at a Point of Receipt or Point of Delivery that it has not reserved and that has not executed a Service Agreement will be deemed, for purposes of assessing any appropriate charges and penalties, to have executed the appropriate Service Agreement.

Effective Date: 9/17/2010 - Docket #: ER10-2710-000

### **13.5 Transmission Customer Obligations for Facility Additions or Redispatch Costs:**

In cases where the Transmission Provider determines that the Transmission System is not capable of providing Long-Term Firm Point-To-Point Transmission Service without (1) degrading or impairing the reliability of service to Native Load Customers, Network Customers and other Transmission Customers taking Firm Point-To-Point Transmission Service, or (2) interfering with the Transmission Provider's ability to meet prior firm contractual commitments to others, the Transmission Owner(s) will be obligated to expand or upgrade the Transmission System pursuant to the terms of Section 15.4. The Transmission Customer must agree to compensate the Transmission Provider for any necessary transmission facility additions pursuant to the terms of Section 27. To the extent the Transmission Provider can relieve any system constraint by redispatching resources available to the PJM Region, it shall do so, provided that the Eligible Customer agrees to compensate the Transmission Provider pursuant to the terms of Section 27 and agrees to compensate the Transmission Owner for any necessary transmission facility additions. Any redispatch, Network Upgrade or Direct Assignment Facilities costs to be charged to the Transmission Customer on an incremental basis under the Tariff will be specified in the Service Agreement prior to initiating service.

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### **13.6 Curtailment of Firm Transmission Service:**

In the event that a Curtailment on the Transmission Provider's Transmission System, or a portion thereof, is required to maintain reliable operation of such system and the systems directly and indirectly interconnected with Transmission Provider's Transmission System. Curtailments will be made on a non-discriminatory basis to the transaction(s) that effectively relieve the constraint. Transmission Provider may elect to implement such Curtailments pursuant to the Transmission Loading Relief procedures. If multiple transactions require Curtailment, to the extent practicable and consistent with Good Utility Practice, Curtailments will be proportionally allocated among Native Load Customers, Network Customers, and Transmission Customers taking Firm Point-To-Point Transmission Service. All Curtailments will be made on a non-discriminatory basis, however, Non-Firm Point-To-Point Transmission Service shall be subordinate to Firm Transmission Service and Non-Firm Point-To-Point Transmission Service for which redispatch costs will not be paid shall be subordinate to Non-Firm Point-To-Point Transmission Service for which redispatch costs will be paid. When the Transmission Provider determines that an electrical emergency exists on the Transmission System and implements emergency procedures to Curtail Firm Transmission Service, the Transmission Customer shall make the required reductions upon request of the Transmission Provider. However, the Transmission Provider reserves the right to Curtail, in whole or in part, any Firm Transmission Service provided under the Tariff when, in the Transmission Provider's sole discretion, an emergency or other unforeseen condition impairs or degrades the reliability of the Transmission System. The Transmission Provider will notify all affected Transmission Customers in a timely manner of any scheduled Curtailments.

Effective Date: 9/17/2010 - Docket #: ER10-2710-000

**13.6A Load Shedding:**

To the extent that a system contingency exists on the Transmission Provider's Transmission System and the Transmission Provider determines that it is necessary for the Transmission Owners and the Transmission Customer to shed load, the Transmission Customer and the Transmission Owners shall shed load in accordance with previously established procedures under the Operating Agreement.

Effective Date: 9/17/2010 - Docket #: ER10-2710-000

### 13.7

#### **Classification of Firm Transmission Service:**

(a) The Transmission Customer taking Firm Point-To-Point Transmission Service may (1) change its Receipt and Delivery Points to obtain service on a non-firm basis consistent with the terms of Section 22.1 or (2) request a modification of the Points of Receipt or Delivery on a firm basis pursuant to the terms of Section 22.2.

(b) The Transmission Customer may purchase transmission service to make sales of capacity and energy from multiple generating units that are on the Transmission Provider's Transmission System. For such a purchase of transmission service, the resources will be designated as multiple Points of Receipt, unless the multiple generating units are at the same generating plant in which case the units would be treated as a single Point of Receipt.

(c) The Transmission Provider shall provide firm deliveries of capacity and energy from the Point(s) of Receipt to the Point(s) of Delivery. Each Point of Receipt at which firm transmission capacity is reserved by the Transmission Customer shall be set forth in the Firm Point-To-Point Service Agreement for Long-Term Firm Transmission Service along with a corresponding capacity reservation associated with each Point of Receipt. Points of Receipt and corresponding capacity reservations shall be as mutually agreed upon by the Parties for Short-Term Firm Transmission. Each Point of Delivery at which firm transfer capability is reserved by the Transmission Customer shall be set forth in the Firm Point-To-Point Service Agreement for Long-Term Firm Transmission Service along with a corresponding capacity reservation associated with each Point of Delivery. Points of Delivery and corresponding capacity reservations shall be as mutually agreed upon by the Parties for Short-Term Firm Transmission. The greater of either (1) the sum of the capacity reservations at the Point(s) of Receipt, or (2) the sum of the capacity reservations at the Point(s) of Delivery shall be the Transmission Customer's Reserved Capacity. The Transmission Customer will be billed for its Reserved Capacity under the terms of Schedule 7. The Transmission Customer may not exceed its firm capacity reserved at each Point of Receipt and each Point of Delivery except as otherwise specified in Section 22. In the event the Transmission Customer (including Third Party Sales by a Transmission Owner) exceeds its firm capacity reserved at any Point of Receipt or Point of Delivery or uses Transmission Service at a Point of Receipt or Point of Delivery that it has not reserved, except as otherwise specified in Section 22, the Transmission Customer shall pay a penalty equal to twice the rate set forth in Schedule 7 as follows:

The unreserved use penalty for a single hour of unreserved use shall be based on the rate for daily Firm Point-To-Point Transmission Service. If there is more than one assessment for a given duration (e.g., daily) for the Transmission Customer, the penalty shall be based on the next longest duration (e.g., weekly). The unreserved penalty charge for multiple instances of unreserved use (i.e., more than one hour) within a day shall be based on the daily rate Firm Point-To-Point Transmission Service. The unreserved penalty charge for multiple instances of unreserved use isolated to one calendar week shall be based on the charge for weekly Firm Point-To-Point Transmission Service. The

unreserved use penalty charge for multiple instances of unreserved use during more than one week during a calendar month shall be based on the charge for monthly Firm Point-To-Point Transmission Service.

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### **13.8           Scheduling of Firm Point-To-Point Transmission Service:**

Schedules for the Transmission Customer's Firm Point-To-Point Transmission Service must be submitted to the Transmission Provider no later than 10:00 a.m. (eastern) of the day prior to commencement of such service. Schedules submitted after 10:00 a.m. (eastern) will be accommodated, if practicable. Hour-to-hour schedules of any capacity and energy that is to be delivered must be stated in increments of 1,000 kW per hour. Transmission Customers within the PJM Region with multiple requests for Transmission Service at a Point of Receipt, each of which is under 1,000 kW per hour, may consolidate their service requests at a common point of receipt into units of 1,000 kW per hour for scheduling and billing purposes. Scheduling changes will be permitted up to thirty (30) minutes before the start of the next clock hour provided that the Delivering Party and Receiving Party also agree to the schedule modification. The Transmission Provider will furnish to the Delivering Party's system operator, hour-to-hour schedules equal to those furnished by the Receiving Party and shall deliver the capacity and energy provided by such schedules. Should the Transmission Customer, Delivering Party or Receiving Party revise or terminate any schedule, such party shall immediately notify the Transmission Provider, and the Transmission Provider shall have the right to adjust accordingly the schedule for capacity and energy to be received and to be delivered.

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**14 Nature of Non-Firm Point-To-Point Transmission Service**

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**14.1           Term:**

Non-Firm Point-To-Point Transmission Service will be available for periods ranging from one (1) hour to one (1) month. However, a Purchaser of Non-Firm Point-To-Point Transmission Service will be entitled to reserve a sequential term of service (such as a sequential monthly term without having to wait for the initial term to expire before requesting another monthly term) so that the total time period for which the reservation applies is greater than one month, subject to the requirements of Section 18.3.

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## **14.2 Reservation Priority:**

Non-Firm Point-To-Point Transmission Service shall be available from transfer capability in excess of that needed for reliable service to Native Load Customers, Network Customers and other Transmission Customers taking Long-Term and Short-Term Firm Point-To-Point Transmission Service. A higher priority will be assigned first to requests or reservations with a longer duration of service and second to Pre-Confirmed Applications. In the event the Transmission System is constrained, competing requests of the same Pre-Confirmation status and equal duration will be prioritized based on the highest price offered by the Eligible Customer for the Transmission Service. Eligible Customers that have already reserved shorter term service have the right of first refusal to match any longer term request before being preempted. A longer term competing request for Non-Firm Point-To-Point Transmission Service will be granted if the Eligible Customer with the right of first refusal does not agree to match the competing request: (a) immediately for hourly Non-Firm Point-To-Point Transmission Service after notification by the Transmission Provider; and (b) within 24 hours (or earlier if necessary to comply with the scheduling deadlines provided in section 14.6) for Non-Firm Point-To-Point Transmission Service other than hourly transactions after notification by the Transmission Provider. Transmission service for Network Customers from resources other than designated Network Resources will have a higher priority than any Non-Firm Point-To-Point Transmission Service. Non-Firm Point-To-Point Transmission Service over secondary Point(s) of Receipt and Point(s) of Delivery will have the lowest reservation priority under the Tariff.

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**14.3            Use of Non-Firm Point-To-Point Transmission Service by a Transmission Owner:**

Each Transmission Owner will be subject to the rates, terms and conditions of Part II of the Tariff when making Third-Party Sales under (i) agreements executed on or after March 1, 1997 or (ii) agreements executed prior to the aforementioned date that the Commission requires to be unbundled, by the date specified by the Commission. The Transmission Owner will maintain separate accounting, pursuant to Section 8, for any use of Non-Firm Point-To-Point Transmission Service to make Third-Party Sales.

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#### **14.4 Service Agreements:**

The Transmission Provider shall offer a standard form Non-Firm Point-To-Point Transmission Service Agreement (Attachment B) to an Eligible Customer when it first submits a Completed Application for Non-Firm Point-To-Point Transmission Service pursuant to the Tariff. Executed Service Agreements that contain the information required under the Tariff shall be filed with the Commission in compliance with applicable Commission regulations.

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#### **14.5 Classification of Non-Firm Point-To-Point Transmission Service:**

Non-Firm Point-To-Point Transmission Service shall be offered under terms and conditions contained in Part II of the Tariff. The Transmission Provider and the Transmission Owners undertake no obligation under the Tariff to plan the Transmission System in order to have sufficient capacity for Non-Firm Point-To-Point Transmission Service. Parties requesting Non-Firm Point-To-Point Transmission Service for the transmission of firm power do so with the full realization that such service is subject to availability and to Curtailment or Interruption under the terms of the Tariff. In the event the Transmission Customer (including Third Party Sales by a Transmission Owner) exceeds its non-firm capability reserved at any Point of Receipt or Point of Delivery, the Transmission Customer shall pay the rate set forth in Schedule 8 for the delivery period (i.e., monthly, weekly, daily or hourly) for which the Transmission Customer is reserving capacity multiplied by an adjusted reserved capacity (for pricing purposes only) equal to the highest level used by the Transmission Customer at such Point of Receipt or Point of Delivery as integrated over a 60 minute period. Non-Firm Point-To-Point Transmission Service shall include transmission of energy on an hourly basis and transmission of scheduled short-term capacity and energy on a daily, weekly or monthly basis, but not to exceed one month's reservation for any one Application, under Schedule 8.

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#### **14.6 Scheduling of Non-Firm Point-To-Point Transmission Service:**

Schedules for Non-Firm Point-To-Point Transmission Service must be submitted to the Transmission Provider no later than 2:00 p.m. (eastern) of the day prior to the commencement of such service. Schedules submitted after 2:00 p.m. (eastern) will be accommodated, if practicable. Hour-to-hour schedules of energy that is to be delivered must be stated in increments of 1,000 kW per hour. Transmission Customers within the PJM Region with multiple requests for Transmission Service at a Point of Receipt, each of which is under 1,000 kW per hour, may consolidate their schedules at a common Point of Receipt into units of 1,000 kW per hour. Scheduling changes will be permitted up to thirty (30) minutes before the start of the next clock hour provided that the Delivering Party and Receiving Party also agree to the schedule modification. The Transmission Provider will furnish to the Delivering Party's system operator, hour-to-hour schedules equal to those furnished by the Receiving Party and shall deliver the capacity and energy provided by such schedules. Should the Transmission Customer, Delivering Party or Receiving Party revise or terminate any schedule, such party shall immediately notify the Transmission Provider, and the Transmission Provider shall have the right to adjust accordingly the schedule for capacity and energy to be received and to be delivered.

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**14.7****Curtailment or Interruption of Service:**

The Transmission Provider reserves the right to Curtail, in whole or in part, Non-Firm Point-To-Point Transmission Service provided under the Tariff for reliability reasons when an emergency or other unforeseen condition threatens to impair or degrade the reliability of the Transmission System or the systems directly and indirectly interconnected with Transmission Provider's Transmission System. Transmission Provider may elect to implement such Curtailments pursuant to the Transmission Loading Relief procedures. The Transmission Provider reserves the right to Interrupt, in whole or in part, Non-Firm Point-To-Point Transmission Service provided under the Tariff for economic reasons in order to accommodate (1) a request for Firm Transmission Service, (2) a request for Non-Firm Point-To-Point Transmission Service of greater duration, (3) a request for Non-Firm Point-To-Point Transmission Service of equal duration with a higher price, or (4) transmission service for Network Customers from non-designated resources. The Transmission Provider also will discontinue or reduce service to the Transmission Customer to the extent that deliveries for transmission are discontinued or reduced at the Point(s) of Receipt. Where required, Curtailments or Interruptions will be made on a non-discriminatory basis to the transaction(s) that effectively relieve the constraint, however, Non-Firm Point-To-Point Transmission Service shall be subordinate to Firm Transmission Service and Non-Firm Point-To-Point Transmission Service for which redispatch costs will not be paid shall be subordinate to Non-Firm Point-To-Point Transmission Service for which redispatch costs will be paid. If multiple transactions require Curtailment or Interruption, to the extent practicable and consistent with Good Utility Practice, Curtailments or Interruptions will be made to transactions of the shortest term (e.g., hourly non-firm transactions will be Curtailed or Interrupted before daily non-firm transactions and daily non-firm transactions will be Curtailed or Interrupted before weekly non-firm transactions). Transmission service for Network Customers from resources other than designated Network Resources will have a higher priority than any Non-Firm Point-To-Point Transmission Service under the Tariff. Non-Firm Point-To-Point Transmission Service over secondary Point(s) of Receipt and Point(s) of Delivery will have a lower priority than any Non-Firm Point-To-Point Transmission Service under the Tariff. The Transmission Provider will provide advance notice of Curtailment or Interruption where such notice can be provided consistent with Good Utility Practice.

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**15      Service Availability**

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**15.1 General Conditions:**

The Transmission Provider will provide Firm and Non-Firm Point-To-Point Transmission Service over, on or across the Transmission System to any Transmission Customer that has met the requirements of Section 16.

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## **15.2 Determination of Available Transfer Capability:**

A description of the Transmission Provider's specific methodology for assessing available transfer capability posted on the Transmission Provider's OASIS (Section 4) is contained in Attachment C of the Tariff. The Transmission Provider will not provide Short-Term Firm Point-To-Point Transmission Service in excess of the transfer capability posted on OASIS pursuant to Section 17.9. In the event sufficient transfer capability may not exist to accommodate a request for Long-Term Firm Point-To-Point Transmission Service, the Transmission Provider will respond by performing (in coordination with the affected Transmission Owner or Transmission Owners to the extent necessary) an Initial Study as described in Section 19.

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### **15.3 Initiating Service in the Absence of an Executed Service Agreement:**

If the Transmission Provider and the Transmission Customer requesting Firm or Non-Firm Point-To-Point Transmission Service cannot agree on all the terms and conditions of the Point-To-Point Service Agreement, the Transmission Provider shall file with the Commission, within thirty (30) days after the date the Transmission Customer provides written notification directing the Transmission Provider to file, an unexecuted Point-To-Point Service Agreement containing terms and conditions deemed appropriate by the Transmission Provider for such requested Transmission Service. The Transmission Provider shall commence providing Transmission Service subject to the Transmission Customer agreeing to (i) compensate the Transmission Provider at whatever rate the Commission ultimately determines to be just and reasonable, and (ii) comply with the terms and conditions of the Tariff including posting appropriate security deposits in accordance with the terms of Section 17.3.

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**15.4            Obligation to Provide Transmission Service that Requires Expansion or Modification of the Transmission System or Redispatch:**

(a)     If the Transmission Provider determines that it cannot accommodate a Completed Application for Long-Term Firm Point-To-Point Transmission Service because of insufficient capability on the Transmission System, the Transmission Owners will be obligated and shall use due diligence to expand or modify, the Transmission System to provide the requested Firm Transmission Service consistent with the planning obligations in Schedule 6 of the Operating Agreement, provided the Transmission Customer agrees to compensate the Transmission Provider or the affected Transmission Owner(s) for such costs pursuant to the terms of Section 27. The Transmission Provider and the affected Transmission Owners will conform to Good Utility Practice and the planning obligations in Schedule 6 of the Operating Agreement in determining the need for new facilities and the affected Transmission Owner(s) will conform to Good Utility Practice in the design and construction of such facilities. The obligation applies only to those facilities that the Transmission Owners have the right to expand or modify.

(b)     If the Transmission Provider determines that it cannot accommodate a Completed Application for Long-Term Firm Point-To-Point Transmission Service because of insufficient capability on its Transmission System, the Transmission Provider will use due diligence to provide redispatch until Network Upgrades are completed for the Transmission Customer.

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### **15.5           Deferral of Service:**

The Transmission Provider may defer providing service until construction of new transmission facilities or upgrades needed to provide Firm Point-To-Point Transmission Service are completed whenever the Transmission Provider determines that providing the requested service would, without such new facilities or upgrades, impair or degrade reliability to any existing firm services.

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**15.6 Other Transmission Service Schedules:**

Eligible Customers receiving transmission service under other agreements on file with the Commission may continue to receive transmission service under those agreements until such time as those agreements may be modified by the Commission.

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15.7 [Reserved]

Effective Date: 9/17/2010 - Docket #: ER10-2710-000

**16      Transmission Customer Responsibilities**

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**16.1 Conditions Required of Transmission Customers:**

Point-To-Point Transmission Service shall be provided by the Transmission Provider only if the following conditions are satisfied by the Transmission Customer:

- a. The Transmission Customer has pending a Completed Application for service;
- b. The Transmission Customer meets the creditworthiness criteria set forth in Section 11;
- c. The Transmission Customer will have arrangements in place for any other transmission service necessary to effect the delivery from the generating source to the Transmission Provider prior to the time service under Part II of the Tariff commences;
- d. The Transmission Customer agrees to pay for any facilities constructed and chargeable to such Transmission Customer under Part II of the Tariff, whether or not the Transmission Customer takes service for the full term of its reservation;
- e. The Transmission Customer provides the information required by the Transmission Provider's planning process established in Schedule 6 of the Operating Agreement;
- f. The Transmission Customer has executed a Point-To-Point Service Agreement or has agreed to receive service pursuant to Section 15.3.

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## **16.2            Transmission Customer Responsibility for Third-Party Arrangements:**

Any scheduling arrangements that may be required by other electric systems shall be the responsibility of the Transmission Customer requesting service. The Transmission Customer shall provide, unless waived by the Transmission Provider, notification to the Transmission Provider identifying such systems and authorizing them to schedule the capacity and energy to be transmitted by the Transmission Provider pursuant to Part II of the Tariff on behalf of the Receiving Party at the Point of Delivery or the Delivering Party at the Point of Receipt. However, the Transmission Provider will undertake reasonable efforts to assist the Transmission Customer in making such arrangements, including without limitation, providing any information or data required by such other electric system pursuant to Good Utility Practice.

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**17      Procedures for Arranging Firm Point-To-Point Transmission Service**

Effective Date: 9/17/2010 - Docket #: ER10-2710-000

## **17.1 Application:**

A request for Firm Point-To-Point Transmission Service for periods of one year or longer must contain a written Application to: PJM Interconnection, L.L.C., 955 Jefferson Avenue, Valley Forge Corporate Center, Norristown, PA 19403-2497, at least sixty (60) days in advance of the calendar month in which service is to commence. The Transmission Provider will consider requests for such firm service on shorter notice when feasible. Requests for firm service for periods of less than one year shall be subject to the expedited procedures set forth in Section 17.8. All Firm Point-To-Point Transmission Service requests should be submitted by entering the information listed below on the Transmission Provider's OASIS. Prior to implementation of the Transmission Provider's OASIS, a Completed Application may be submitted by (i) transmitting the required information to the Transmission Provider by telefax, or (ii) providing the information by telephone over the Transmission Provider's time recorded telephone line. Each of these methods will provide a time-stamped record for establishing the Queue Position of the Completed Application.

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## **17.2 Completed Application:**

A Completed Application shall provide all of the information included in 18 C.F.R. § 2.20 including but not limited to the following:

- (i) The identity, address, telephone number and facsimile number of the entity requesting service;
- (ii) A statement that the entity requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;
- (iii) The location of the Point(s) of Receipt and Point(s) of Delivery and the identities of the Delivering Parties and the Receiving Parties;
- (iv) The location of the generating facility(ies) supplying the capacity and energy and the location of the load ultimately served by the capacity and energy transmitted. The Transmission Provider will treat this information as confidential except to the extent that disclosure of this information is required by this Tariff, by regulatory or judicial order, for reliability purposes pursuant to Good Utility Practice or pursuant to Applicable Regional Reliability Council transmission information sharing agreements. The Transmission Provider shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations;
- (v) A description of the supply characteristics of the capacity and energy to be delivered;
- (vi) An estimate of the capacity and energy expected to be delivered to the Receiving Party;
- (vii) The Service Commencement Date and the term of the requested Transmission Service;
- (viii) The transmission capacity requested for each Point of Receipt and each Point of Delivery on the Transmission Provider's Transmission System; customers may combine their requests for service in order to satisfy the minimum transmission capacity requirement;
- (ix) A statement indicating that, if the Eligible Customer submits a Pre-Confirmed Application, the Eligible Customer will execute a Service Agreement upon receipt of notification that Transmission Provider can provide the requested Transmission Service; and
- (x) Any additional information required by the Transmission Provider's planning process established in Schedule 6 of the Operating Agreement.

The Transmission Provider shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

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**17.3 Compliance with Credit Policy:**

A party requesting Transmission Service shall provide the information specified in, and otherwise comply with, the "PJM Credit Policy" set forth in Attachment Q hereto.

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#### **17.4 Notice of Deficient Application:**

If an Application fails to meet the requirements of the Tariff, the Transmission Provider shall notify the entity requesting service within fifteen (15) days of receipt of the reasons for such failure. The Transmission Provider will attempt to remedy minor deficiencies in the Application through informal communications with the Eligible Customer. If such efforts are unsuccessful, the Transmission Provider shall return the Application, along with any deposit, with interest. Upon receipt of a new or revised Application that fully complies with the requirements of Part II of the Tariff, the Eligible Customer shall be assigned a new Queue Position consistent with the date of the new or revised Application.

Effective Date: 9/17/2010 - Docket #: ER10-2710-000



## **17.5 Response to a Completed Application:**

Following receipt of a Completed Application for Firm Point-To-Point Transmission Service, the Transmission Provider shall make a determination of available transfer capability as required in Section 15.2. With respect to Short-Term Firm Point-To-Point Transmission Service, the Transmission Provider shall notify the Eligible Customer as soon as practicable, but not later than thirty (30) days after the date of receipt of a Completed Application, whether it will be able to provide service. With respect to Long-Term Firm Point-To-Point Transmission Service, the Transmission Provider shall notify the Eligible Customer as soon as practicable, but not later than thirty (30) days after the date of receipt of a Completed Application either (i) if it will be able to provide service without performing an Initial Study or (ii) if such a study is needed to evaluate the impact of the Application pursuant to Section 19.1; provided that, if, in connection with the request, Transmission Provider must provide notification to an existing customer pursuant to Section 2.3 of the Tariff, the foregoing deadline shall be extended to forty-five (45) days after the date of receipt of a Completed Application. Responses by the Transmission Provider must be made as soon as practicable to all completed applications and the timing of such responses must be made on a non-discriminatory basis.

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#### **17.6 Execution of Service Agreement:**

Whenever the Transmission Provider determines that an Initial Study is not required and that the service can be provided, it shall notify the Eligible Customer as soon as practicable but no later than thirty (30) days after receipt of the Completed Application. Where an Initial Study is required, the provisions of Section 19 will govern the execution of a Service Agreement. Failure of an Eligible Customer to execute and return the Service Agreement or request the filing of an unexecuted service agreement pursuant to Section 15.3, within fifteen (15) days after it is tendered by the Transmission Provider will be deemed a withdrawal and termination of the Application and any deposit submitted shall be refunded with interest. Nothing herein limits the right of an Eligible Customer to file another Application after such withdrawal and termination.

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**17.7 Extensions for Commencement of Service:**

The Transmission Customer can obtain, subject to availability, up to five (5) one-year extensions for the commencement of service. The Transmission Customer may postpone service by paying a non-refundable annual reservation fee equal to one-month's charge for Firm Transmission Service for each year or fraction thereof within 15 days of notifying Transmission Provider it intends to extend the commitment of service. If during any extension for the commencement of service an Eligible Customer submits a Completed Application for Firm Transmission Service, and such request can be satisfied only by releasing all or part of the Transmission Customer's Reserved Capacity, the original Reserved Capacity will be released unless the following condition is satisfied. Within thirty (30) days, the original Transmission Customer agrees to pay the Firm Point-To-Point transmission rate for its Reserved Capacity concurrent with the new Service Commencement Date. In the event the Transmission Customer elects to release the Reserved Capacity, the reservation fees or portions thereof previously paid will be forfeited.

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#### **17.8            Reservation of Short-Term Firm Point-To-Point Transmission Service:**

Requests for monthly service shall be submitted no earlier than 12:00 a.m. EPT of the first calendar day of the month, which is seventeen (17) months before the date service is requested to commence; requests for weekly service shall be submitted no earlier than 12:00 a.m. EPT of the day, which is fourteen (14) days before the date service is to commence; and requests for daily service shall be submitted no earlier than 12:00 a.m. EPT of the day, which is seven (7) days before the date service is to commence. Requests for monthly service shall be submitted no later than 12:00 a.m. EPT of the date which is fourteen (14) days before service is to commence; requests for weekly service shall be submitted no later than 12:00 a.m. EPT of the date which is than seven (7) days before the service is to commence; and requests for daily service shall be submitted no later than 2:00 p.m. EPT the business day before service is to commence. All requests received during the first thirty (30) minutes following the above-specified times shall be deemed to have been received simultaneously. Designations of new Network Resources under section 30.2 that will use interface capacity and that are for a period of less than one year will be processed together with, and in the same manner as, requests for Short-Term Firm Point-To-Point Transmission Service.

Effective Date: 9/17/2010 - Docket #: ER10-2710-000

**17.9                    Increases in Transfer Capability for Short-Term Transmission Service:**

Each hour, the Transmission Provider shall post on the Transmission Provider's OASIS, the capability of the Transmission System then available to accommodate firm Transmission Service and Network Integration Service for each of the following seventeen (17) months. Reservations with respect to any increases in transfer capability reflected in such posting may be made commencing at the time of posting. All requests for monthly Short-Term Firm Point-To-Point Transmission Service and monthly designation pursuant to section 30.2 of a new Network Resource that will use interface capacity received during the first thirty (30) minutes after each posting shall be deemed to have been submitted simultaneously. The Transmission Provider shall respond to the requests no later than seven (7) business days from the time of request for monthly service and no later than two (2) business days from the time of the request for weekly service. The Transmission Provider shall respond to requests within four (4) normal business hours of receipt for daily service if feasible.

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**18      Procedures for Arranging Non-Firm Point-To-Point Transmission Service**

Effective Date: 9/17/2010 - Docket #: ER10-2710-000

## **18.1 Application:**

Eligible Customers seeking Non-Firm Point-To-Point Transmission Service must submit a Completed Application to the Transmission Provider. Applications should be submitted by entering the information listed below on the Transmission Provider's OASIS. Prior to implementation of the Transmission Provider's OASIS, a Completed Application may be submitted by (i) *transmitting the required information to the Transmission Provider by telefax*, or (ii) providing the information by telephone over the Transmission Provider's time recorded telephone line. Each of these methods will provide a time-stamped record for establishing the service priority of the Application.

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## **18.2 Completed Application:**

A Completed Application shall provide all of the information included in 18 C.F.R. § 2.20 including but not limited to the following:

- (i) The identity, address, telephone number and facsimile number of the entity requesting service;
- (ii) A statement that the entity requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;
- (iii) The Point(s) of Receipt and the Point(s) of Delivery;
- (iv) The maximum amount of capacity requested at each Point of Receipt and Point of Delivery; and
- (v) The proposed dates and hours for initiating and terminating transmission service hereunder.

In addition to the information specified above, when required to properly evaluate system conditions, the Transmission Provider also may ask the Transmission Customer to provide the following:

- (vi) The electrical location of the initial source of the power to be transmitted pursuant to the Transmission Customer's request for service; and
- (vii) The electrical location of the ultimate load.

The Transmission Provider will treat this information in (vi) and (vii) as confidential at the request of the Transmission Customer except to the extent that disclosure of this information is required by this Tariff, by regulatory or judicial order, for reliability purposes pursuant to Good Utility Practice, or pursuant to Applicable Regional Reliability Council transmission information sharing agreements. The Transmission Provider shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

- (viii) A statement indicating that, if the Eligible Customer submits a Pre-Confirmed Application, the Eligible Customer will execute a Service Agreement upon receipt of notification that the Transmission Provider can provide the requested Transmission Service.

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### **18.3            Reservation of Non-Firm Point-To-Point Transmission Service:**

Requests for monthly service shall be submitted no earlier than 12:00 a.m. EPT of the day which is sixty (60) calendar days before service is to commence; requests for weekly service shall be submitted no earlier than 12:00 a.m. EPT of the day which is fourteen (14) days before the service is to commence; requests for daily service shall be submitted no earlier than 12:00 a.m. EPT of the day which is three (3) business days before service is to commence; and requests for hourly service shall be submitted no earlier than 8:00 a.m. EPT the day before service is to commence. Requests for monthly service shall be submitted no later than 12:00 a.m. EPT of the date which is two (2) business days before service is to commence; requests for weekly service shall be submitted no later than thirty (30) hours before the service is to commence; requests for daily service shall be submitted no later than 2:00 p.m. EPT the day before service is to commence; and requests for hourly service shall be submitted no later than the end of the operating hour before service is to commence. All requests received during the first five (5) minutes following the above-specified times shall be deemed to have been received simultaneously.

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#### **18.4            Determination of Available Transfer Capability:**

Following receipt of a tendered schedule the Transmission Provider will make a determination on a non-discriminatory basis of available transfer capability pursuant to Section 15.2. Such determination shall be made as soon as reasonably practicable after receipt, but not later than the following time periods for the following terms of service (i) fifteen (15) minutes for hourly service, (ii) thirty (30) minutes for daily service, (iii) four (4) hours for weekly service, and (iv) twelve (12) hours for monthly service.

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**19 Initial Study Procedures For Long-Term Firm Point-To-Point Transmission Service Requests**

Effective Date: 9/17/2010 - Docket #: ER10-2710-000

#### **19.1 Notice of Need for Initial Study:**

After receiving a request for service, the Transmission Provider shall determine on a non-discriminatory basis whether an Initial Study is needed. The purpose of the Initial Study shall be to assess whether the Transmission System has sufficient available capability to provide the requested service. If the Transmission Provider determines that an Initial Study is necessary to evaluate the requested service, it shall so inform the Eligible Customer, as soon as practicable. In such cases, the Transmission Provider shall within thirty (30) days of receipt of a Completed Application, tender an Initial Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the Transmission Provider for the required Initial Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the Initial Study Agreement and return it to the Transmission Provider within fifteen (15) days. If the Eligible Customer elects not to execute the Initial Study Agreement, its application shall be deemed withdrawn and its deposit, pursuant to Section 17.3, shall be returned with interest.

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**19.2 Initial Study Agreement and Cost Reimbursement:**

- (i) The Initial Study Agreement will clearly specify the Transmission Provider's estimate (determined in coordination with the affected Transmission Owner(s)) of the actual cost, and time for completion of the Initial Study. The charge shall not exceed the actual cost of the study. In performing the Initial Study, the Transmission Provider shall rely, to the extent reasonably practicable, on existing transmission planning studies. The Eligible Customer will not be assessed a charge for such existing studies; however, the Eligible Customer will be responsible for charges associated with any modifications to existing planning studies that are reasonably necessary to evaluate the impact of the Eligible Customer's request for service on the Transmission System.
- (ii) If in response to multiple Eligible Customers requesting service in relation to the same competitive solicitation, a single Initial Study is sufficient for the Transmission Provider to accommodate the requests for service, the costs of that study shall be pro-rated among the Eligible Customers.
- (iii) The Transmission Provider shall reimburse the affected Transmission Owner(s) for their study costs, if any, in connection with an Initial Study.
- (iv) For Initial Studies that the Transmission Provider conducts on behalf of a Transmission Owner, the Transmission Owner shall record the cost of the Initial Studies pursuant to Section 8.

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### **19.3 Initial Study Procedures:**

Upon receipt of an executed Initial Study Agreement, the Transmission Provider will use due diligence to complete the required Initial Study within a sixty (60) day period. The Initial Study shall generally assess any system constraints to evaluate whether the Transmission System has sufficient available capability to provide the requested service. In the event that the Transmission Provider is unable to complete the required Initial Study within such time period, it shall so notify the Eligible Customer and provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the required studies. A copy of the completed Initial Study and related work papers shall be made available to the Eligible Customer as soon as the Initial Study is complete. The Transmission Provider will use the same due diligence in completing the Initial Study for an Eligible Customer as it uses when completing studies for a Transmission Owner. The Transmission Provider shall notify the Eligible Customer immediately upon completion of the Initial Study whether a System Impact Study will be needed to more fully assess and identify the Network Upgrades and/or Local Upgrades that will be needed to accommodate all or part of the Eligible Customer's request for service or that no costs are likely to be incurred for new transmission facilities or upgrades. In the event that Transmission Provider determines that a System Impact Study will be needed, the procedures and other terms of Part VI shall apply to the Completed Application.

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#### **19.4            Retaining Queue Position:**

Except when the Transmission Provider determines that a System Impact Study is needed, in order for a request to remain a Completed Application, within thirty (30) days after its receipt of the completed Initial Study, the Eligible Customer must execute a Service Agreement or request the filing of an unexecuted Service Agreement pursuant to Section 15.3, or the Completed Application shall be deemed terminated and withdrawn.

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**19.5**

**[Reserved]**

Effective Date: 9/17/2010 - Docket #: ER10-2710-000



**19.6**

**[Reserved]**

Effective Date: 9/17/2010 - Docket #: ER10-2710-000

## **19.7 Partial Interim Service:**

If the Transmission Provider determines that it will not have adequate transfer capability to satisfy the full amount of a Completed Application for Firm Point-To-Point Transmission Service, the Transmission Provider nonetheless shall be obligated to offer and provide the portion of the requested Firm Point-To-Point Transmission Service that can be accommodated without addition of any facilities and through redispatch. However, the Transmission Provider shall not be obligated to provide the incremental amount of requested Firm Point-To-Point Transmission Service that requires the addition of facilities or upgrades to the Transmission System until such facilities or upgrades have been placed in service.

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## **19.8 Penalties for Failure to Meet Deadlines:**

Sections 19.3, 205, and 206 require a Transmission Provider to use due diligence to meet study completion deadlines for Initial Studies, System Impact Studies, and Facilities Studies for Eligible Customers.

(i) The Transmission Provider is required to file a notice with the Commission in the event that more than twenty (20) percent of non-Affiliates' Initial Studies, System Impact Studies, and Facilities Studies for Eligible Customers completed by the Transmission Provider in any two consecutive calendar quarters are not completed within the completion deadlines, consistent with sections 19.3, 205, and 206. Such notice must be filed within thirty (30) days of the end of the calendar quarter triggering the notice requirement.

(ii) For the purposes of calculating the percent of non-Affiliates' Initial Studies, System Impact Studies, and Facilities Studies for Eligible Customers processed outside of the study completion deadlines set forth in sections 19.3, 205, and 206 for such studies for Eligible Customers, the Transmission Provider shall consider all Initial Studies, System Impact Studies, and Facilities Studies for Eligible Customers that it completes for non-Affiliates during the calendar quarter. The percentage should be calculated by dividing the number of those studies which are completed on time by the total number of completed studies. The Transmission Provider may provide an explanation in its notification filing to the Commission if it believes there are extenuating circumstances that prevented it from meeting the study completion deadlines.

(iii) The Transmission Provider is subject to an operational penalty if it completes ten (10) percent or more of non-Affiliates' Initial Studies, System Impact Studies, and Facilities Studies for Eligible Customers outside of the study completion deadlines set forth in sections 19.3, 205, and 206 for such studies for Eligible Customers, for each of the two calendar quarters immediately following the quarter that triggered its notification filing to the Commission. The operational penalty will be assessed for each calendar quarter for which an operational penalty applies, starting with the calendar quarter immediately following the quarter that triggered the Transmission Provider's notification filing to the Commission. The operational penalty will continue to be assessed each quarter until the Transmission Provider completes at least ninety (90) percent of all non-Affiliates' Initial Studies, System Impact Studies and Facilities Studies for Eligible Customers within the study completion deadlines, set forth in sections 19.3, 205, and 206 for such studies for Eligible Customers.

(iv) For penalties assessed in accordance with subsection (iii) above, the penalty amount for each Initial Study, System Impact Study, or Facilities Study for Eligible Customers shall be equal to \$500 for each day the Transmission Provider takes to complete that study beyond the study completion deadline.

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20 [Reserved]

Effective Date: 9/17/2010 - Docket #: ER10-2710-000

21 [Reserved]

Effective Date: 9/17/2010 - Docket #: ER10-2710-000

**22      Changes in Service Specifications**

Effective Date: 9/17/2010 - Docket #: ER10-2710-000

## **22.1 Modifications On a Non-Firm Basis:**

The Transmission Customer taking Firm Point-To-Point Transmission Service may request the Transmission Provider to provide transmission service on a non-firm basis over Receipt and Delivery Points other than those specified in the Service Agreement ("Secondary Receipt and Delivery Points"), in amounts not to exceed its firm capacity reservation, without incurring an additional Non-Firm Point-To-Point Transmission Service charge or executing a new Service Agreement, subject to the following conditions.

- (a) Service provided over Secondary Receipt and Delivery Points will be non-firm only, on an as-available basis and will not displace any firm or non-firm service reserved or scheduled by third-parties under the Tariff or by a Transmission Owner on behalf of its Native Load Customers.
- (b) The sum of all Firm and non-firm Point-To-Point Transmission Service provided to the Transmission Customer at any time pursuant to this section shall not exceed the Reserved Capacity in the relevant Service Agreement under which such services are provided.
- (c) The Transmission Customer shall retain its right to schedule Firm Point-To-Point Transmission Service at the Receipt and Delivery Points specified in the relevant Service Agreement in the amount of its original capacity reservation.
- (d) Service over Secondary Receipt and Delivery Points on a non-firm basis shall not require the filing of an Application for Non-Firm Point-To-Point Transmission Service under the Tariff. However, all other requirements of Part II of the Tariff (except as to transmission rates) shall apply to transmission service on a non-firm basis over Secondary Receipt and Delivery Points.

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## **22.2 Modification On a Firm Basis:**

Any request by a Transmission Customer to modify Receipt and Delivery Points on a firm basis shall be treated as a new request for service in accordance with Section 17 hereof, except that such Transmission Customer shall not be obligated to pay any additional deposit if the capacity reservation does not exceed the amount reserved in the existing Service Agreement. While such new request is pending, the Transmission Customer shall retain its priority for service at the existing firm Receipt and Delivery Points specified in its Service Agreement.

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**23     Sale or Assignment of Transmission Service**

Effective Date: 9/17/2010 - Docket #: ER10-2710-000

### **23.1 Procedures for Assignment or Transfer of Service:**

Subject to Commission approval of any necessary filings, a Transmission Customer may sell, assign, or transfer all or a portion of its rights under its Service Agreement, but only to another Eligible Customer (the Assignee). The Transmission Customer that sells, assigns or transfers its rights under its Service Agreement is hereafter referred to as the Reseller. Compensation to the Reseller shall not exceed the higher of (i) the original rate paid by the Reseller, (ii) the Transmission Provider's maximum rate on file at the time of the assignment, or (iii) the Reseller's opportunity cost capped at the Transmission Provider's cost of expansion; provided that, for service prior to October 1, 2010, compensation to Resellers shall be at rates established by agreement between the Reseller and the Assignee.

The Assignee must execute a service agreement with the Transmission Provider and PJMSettlement governing reassignments of transmission service prior to the date on which the reassigned service commences. PJMSettlement shall charge the Reseller, as appropriate, at the rate stated in the Reseller's Service Agreement with the Transmission Provider and PJMSettlement or the associated OASIS schedule and credit the Reseller with the price reflected in the Assignee's Service Agreement with the Transmission Provider and PJMSettlement or the associated OASIS schedule; provided that, such credit shall be reversed in the event of non-payment by the Assignee. If the Assignee does not request any change in the Point(s) of Receipt or the Point(s) of Delivery, or a change in any other term or condition set forth in the original Service Agreement, the Assignee will receive the same services as did the Reseller and the priority of service for the Assignee will be the same as that of the Reseller. The Assignee will be subject to all terms and conditions of this Tariff. If the Assignee requests a change in service, the reservation priority of service will be determined by the Transmission Provider pursuant to Section 13.2.

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### **23.2 Limitations on Assignment or Transfer of Service:**

If the Assignee requests a change in the Point(s) of Receipt or Point(s) of Delivery, or a change in any other specifications set forth in the original Service Agreement, the Transmission Provider will consent to such change subject to the provisions of the Tariff, provided that the change will not impair the operation and reliability of the Transmission Provider's Transmission System or a Transmission Owner's generation, transmission, or distribution systems. The Assignee shall compensate the Transmission Provider for performing any System Impact Study needed to evaluate the capability of the Transmission System to accommodate the proposed change and any additional costs resulting from such change. The Reseller shall remain liable for the performance of all obligations under the Service Agreement, except as specifically agreed to by the Transmission Provider and the Reseller through an amendment to the Service Agreement.

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**23.3 Information on Assignment or Transfer of Service:**

In accordance with Section 4, all sales or assignments of capacity must be conducted through or otherwise posted on the Transmission Provider's OASIS on or before the day the reassigned service commences and are subject to Section 23.1. Resellers may also use the Transmission Provider's OASIS to post transmission capacity available for resale.

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**24      Metering and Power Factor Correction at Receipt and Delivery Points(s)**

Effective Date: 9/17/2010 - Docket #: ER10-2710-000

#### **24.1           Transmission Customer Obligations:**

Unless otherwise agreed, the Transmission Customer shall be responsible for installing and maintaining compatible metering and communications equipment to accurately account for the capacity and energy being transmitted under Part II of the Tariff and to communicate the information to the Transmission Provider. Such equipment shall remain the property of the Transmission Customer.

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**24.2            Transmission Provider Access to Metering Data:**

The Transmission Provider shall have access to metering data, which may reasonably be required to facilitate measurements and billing under the Service Agreement.

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**24.3 Power Factor:**

Unless otherwise agreed, the Transmission Customer is required to maintain a power factor within the same range as the Transmission Owners pursuant to Good Utility Practices. The power factor requirements are specified in the Service Agreement where applicable.

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## **25 Compensation for Transmission Service**

Rates for Firm and Non-Firm Point-To-Point Transmission Service are provided in the Schedules appended to the Tariff: Firm Point-To-Point Transmission Service (Schedule 7); and Non-Firm Point-To-Point Transmission Service (Schedule 8). Customers may also be subject to Transmission Enhancement Charges as provided in Schedule 12 appended to the Tariff. Each Transmission Owner shall use Part II of the Tariff to make its Third-Party Sales. Each Transmission Owner shall account for such use at the applicable Tariff rates, pursuant to Section 8.

Owner shall use Part II of the Tariff to make its Third-Party Sales. Each Transmission Owner shall account for such use at the applicable Tariff rates, pursuant to Section 8.

Effective Date: 9/17/2010 - Docket #: ER10-2710-000

## **26      Stranded Cost Recovery**

Any Transmission Owner may seek to recover stranded costs from the Transmission Customer pursuant to this Tariff in accordance with the terms, conditions and procedures set forth in FERC Order No. 888. However, the Transmission Owner must separately file any specific proposed stranded cost charge under Section 205 of the Federal Power Act.

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**27 Compensation for New Facilities and Redispatch Costs**

Effective Date: 9/17/2010 - Docket #: ER10-2710-000

## **27.1 New Facilities and Redispatch:**

Whenever a System Impact Study performed by or on behalf of the Transmission Provider in connection with the provision of Firm Point-To-Point Transmission Service identifies the need for new facilities, the Transmission Customer shall be responsible for such costs to the extent consistent with Commission policy. Whenever a System Impact Study performed by or on behalf of the Transmission Provider identifies transmission constraints that may be relieved by redispatching resources available to the PJM Region to eliminate such constraints, the Transmission Customer shall be responsible for the redispatch costs to the extent consistent with Commission policy.

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**27.2 Redispatch Using Locational Marginal Prices:**

Whenever in the operation of the PJM Region the Transmission Provider identifies transmission constraints, the provisions of Attachment K shall apply to all Transmission Customers (including Native Load Customers and a Transmission Owner making a Third-Party Sale); provided, however, that a Transmission Customer receiving Non-Firm Point-To-Point Transmission Service may elect not to pay the costs of redispatch determined pursuant to Attachment K when those costs would be imposed consistent with Commission policy and Transmission Service to such Transmission Customer may be interrupted.

Effective Date: 9/17/2010 - Docket #: ER10-2710-000

**27A                    Distribution of Revenues from Non-Firm Point-to-Point Transmission Service**

Transmission revenues from Non-Firm Point-to-Point Transmission Service (other than the portion of such revenues equal to congestion charges and the revenues attributable to the Transitional Revenue Neutrality Charge) for a Billing Month shall be distributed to the Network Customers (including the Transmission Owners) and Transmission Customers purchasing Firm Point-to-Point Transmission Service in proportion to their Demand Charges (including any imputed Demand Charges for bundled service to Native Load Customers) for Network Service and their charges for Reserved Capacity for Firm Point-to-Point Transmission Service. PJMSettlement shall distribute all revenues attributable to the Transitional Revenue Neutrality Charge to Allegheny Power.

Effective Date: 1/1/2011 - Docket #: ER11-2527-000

### **III. NETWORK INTEGRATION TRANSMISSION SERVICE**

References to section numbers in this Part III refer to sections of this Part III, unless otherwise specified.

#### **Preamble**

The Transmission Provider will provide Network Integration Transmission Service pursuant to the applicable terms and conditions contained in the Tariff and Service Agreement. Network Integration Transmission Service allows the Network Customer to integrate, economically dispatch and regulate its current and planned Network Resources to serve its Network Load in a manner comparable to that in which each Transmission Owner utilizes the Transmission System to serve its Native Load Customers. Network Integration Transmission Service also may be used by the Network Customer to deliver economy energy purchases to its Network Load from non-designated resources on an as-available basis without additional charge. Transmission service for sales to non-designated loads will be provided pursuant to the applicable terms and conditions of Part II of the Tariff. PJMSettlement shall be the Counterparty to the Network Integration Transmission Service transactions under this Tariff. As set forth in Attachment K, Section D, Network Integration Transmission Service transactions may give rise to several component charges and credits, which may offset one another, and such component charges and credits are not separate transactions from Network Integration Transmission Service transactions.

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