

**Draft Revisions to Tariff, Att. K-Appendix / Operating Agreement, Schedule 1
Coordinated Transaction Scheduling**

For Vote at September 26, 2013 MRC

1.3.1B.02A Coordinated External Transaction

“Coordinated External Transaction” shall mean a transaction to simultaneously purchase and sell energy on either side of a CTS Enabled Interface in accordance with the procedures of Section 1.13 of this Schedule 1 of this Agreement.

1.3.1B.02B Coordinated Transaction Scheduling

“Coordinated Transaction Scheduling” or “CTS” shall mean the scheduling of Coordinated External Transactions at a CTS Enabled Interface in accordance with the procedures of Section 1.13 of this Schedule 1 of this Agreement.

1.3.1B.02C CTS Enabled Interface

“CTS Enabled Interface” shall mean an interface between the PJM Control Area and an adjacent Control Area at which the Office of the Interconnection has authorized the use of Coordinated Transaction Scheduling (“CTS”), designated in Schedule A to the Joint Operating Agreement Among and Between New York Independent System Operator Inc. and PJM Interconnection, L.L.C. (PJM Rate Schedule FERC No. 45).

1.3.1B.02D CTS Interface Bid

“CTS Interface Bid” shall mean a unified real-time bid to simultaneously purchase and sell energy on either side of a CTS Enabled Interface in accordance with the procedures of Section 1.13 of this Schedule 1 of this Agreement.

1.6 Office of the Interconnection

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1.6.2 Scope of Services.

The Office of the Interconnection shall perform the services pertaining to the PJM Interchange Energy Market specified in this Agreement, including but not limited to the following:

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ix) Send a representative to meetings of the Members Committee or other Committees, subcommittees, or working groups specified in this Agreement or formed by the Members

Committee when requested to do so by the chair or other head of such committee or other group;

and

x) Coordinate with adjacent Control Areas on Coordinated Transaction Scheduling (“CTS”)

and forecast price calculations, in accordance with the procedures of Section 1.13 of this

Schedule 1 of this Agreement.

1.6A PJMSettlement

1.6A.1 Scope of Services

PJMSettlement shall perform the services pertaining to the PJM Interchange Energy Market specified in this Agreement, including, but not limited to, the following:

(i) PJMSettlement shall be the Counterparty to transactions (including ancillary services transactions and Coordinated External Transactions) in the PJM Interchange Energy Market administered by the Office of the Interconnection;

1.7.6 Scheduling and Dispatching.

(a) The Office of the Interconnection shall schedule and dispatch in real-time generation resources and/or Demand Resources economically on the basis of least-cost, security-constrained dispatch and the prices and operating characteristics offered by Market Sellers, continuing until sufficient generation resources and/or Demand Resources are dispatched to serve the PJM Interchange Energy Market energy purchase requirements under normal system conditions of the Market Buyers, as well as the requirements of the PJM Region for ancillary services provided by generation resources and/or Demand Resources, in accordance with this Agreement. Such scheduling and dispatch shall recognize transmission constraints on coordinated flowgates external to the Transmission System in accordance with Appendix A to the Joint Operating Agreement between the Midwest Independent Transmission System Operator, Inc. and PJM Interconnection, L.L.C. (PJM Rate Schedule FERC No. 38), [the Joint Operating Agreement Among and Between New York Independent System Operator Inc. and PJM Interconnection, L.L.C. \(PJM Rate Schedule FERC No. 45\)](#), and on other such flowgates that are coordinated in accordance with agreements between the LLC and other entities. Scheduling and dispatch shall be conducted in accordance with this Agreement.

1.7.20 Communication and Operating Requirements.

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[h\) Market Participants engaging in Coordinated External Transactions shall provide to the Office of the Interconnection the information required to be specified in a CTS Interface Bid, in accordance with the procedures of Section 1.13 of this Schedule 1 of this Agreement.](#)

1.10 Scheduling

1.10.1 General.

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(d) The following scheduling procedures and principles shall govern the commitment of resources to the Day-ahead Energy Market and the Real-time Energy Market over a period extending from one week to one hour prior to the real-time dispatch. Scheduling encompasses the day-ahead and hourly scheduling process, through which the Office of the Interconnection determines the Day-ahead Energy Market and determines, based on changing forecasts of conditions and actions by Market Participants and system constraints, a plan to serve the hourly energy and reserve requirements of the Internal Market Buyers and the purchase requests of the External Market Buyers in the least costly manner, subject to maintaining the reliability of the PJM Region. Scheduling does not encompass Coordinated External Transactions, which are subject to the procedures of Section 1.13 of this Schedule 1 of this Agreement. Scheduling shall be conducted as specified in Section 1.10.1A below, subject to the following condition. If the Office of the Interconnection's forecast for the next seven days projects a likelihood of Emergency conditions, the Office of the Interconnection may commit, for all or part of such seven day period, to the use of generation resources with notification or start-up times greater than one day as necessary in order to alleviate or mitigate such Emergency, in accordance with the Market Sellers' offers for such units for such periods and the specifications in the PJM Manuals.

1.13 Coordinated Transaction Scheduling.

(a) The provisions of this Section 1.13 apply to Coordinated External Transactions.

(b) A CTS Interface Bid submitted in the Real-time Energy Market shall specify the sink, the corresponding source, and a duration consisting of one or more consecutive quarter-hour increments. A CTS Interface Bid shall include a bid price and a bid quantity for each quarter-hour increment. A CTS Interface Bid may not be submitted or modified later than 75 minutes before the start of the hour that includes the first quarter-hour increment for which the CTS Interface Bid is offered. A CTS Interface Bid must include the associated NERC E-Tag at the time it is submitted.

(c) CTS Interface Bids are cleared in economic merit order for each quarter-hour increment, based upon the forecasted price differential across the CTS Enabled Interface. Subject to Transmission System conditions and operating limits as described in this subsection (c) below, and credit limits and requirements as described in Attachment Q of the PJM Tariff, a CTS Interface Bid will clear if the forecasted price differential across the CTS Enabled Interface is greater than or equal to the bid price. The total quantity of CTS Interface Bids cleared shall depend upon, among other factors, bid production costs of resources in both Control Areas, the CTS Interface Bids of all Market Participants, Transmission System conditions, and any real-time operating limits necessary to ensure reliable operation of the Transmission System.

(d) Any Coordinated External Transaction, or portion thereof, submitted to the Real-time Energy Market will not be scheduled if PJM expects that the transaction would create or worsen an Emergency, unless applicable procedures governing the Emergency permit the transaction to be scheduled.