

SCHEDULE 10-NERC

North American Electric Reliability Corporation Charge

- a) The North American Electric Reliability Corporation (NERC) is the Electric Reliability Organization (ERO) certified by the Federal Energy Regulatory Commission. Its purpose is to ensure the reliability of the interconnected bulk power system. This schedule will recover a share of NERC's costs of operations as set forth below.
- b) PJM will charge each customer using Network Integration and Point-to-Point Transmission Service under this Tariff each month a charge equal to the NERC Rate times the total quantity in MWhs of energy delivered to the load (including losses) that such customer serves in the PJM Region, excluding the Dominion Zone, the ATSI Zone, the EKPC Zone and the OVEC Zone, during such month. The exclusion applicable to the ATSI Zone shall expire on January 1, 2012. The exclusion applicable to the OVEC Zone shall expire on January 1, 2019.
- c) A fixed rate will be charged for the first eleven billing periods of the current year. During the final billing period, a true-up component will be applied to adjust for any under or over collections for the current year.
- d) NERC will submit final estimated costs to be recovered under this Schedule 10-NERC, determinants, and rates to the Transmission Provider no later than September 30th for the next calendar year. The Transmission Provider will post the rates for both components for the next calendar year no later than October 31st of the current year.
- e) The NERCR shall be calculated each year in accordance with the formula:

$$\text{NERCR} = \frac{\text{CYNC}}{\text{PJMNTL}}$$

where:

NERCR is the NERC Rate.

CYNC is the Current Year NERC Charges. These charges are the FERC approved funding for NERC for the year for which NERCR is being calculated. In the final billing for each calendar year a true-up component will be included applying any credit or deficiencies for the current year based on NERC's actual revenues as compared to NERC's FERC approved funding received under the schedule for the current year.

The Transmission Provider's NERC Total Hourly Load (PJMNTL) is the estimated total quantity in MWhs of energy to be delivered to load (including losses) in the PJM Region, less the total quantity in MWhs of energy to be delivered to load (including losses) in the Dominion Zone, under Network Integration and Point-to-Point Transmission Service by all customers during the year for which NERCR is being calculated.

f) NERC is responsible for pursuing any and all defaults under this Schedule 10-NERC. Thus, the Transmission Provider will not deem any customer in default under the tariff for failure to pay any charges under this Schedule 10-NERC.