

April 15, 2008

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

Re: PJM Interconnection, L.L.C., Docket No. OA08-\_\_\_\_\_

Dear Ms. Bose:

Pursuant to section 206 of the Federal Power Act, 16 U.S.C. § 824e, and in compliance with Order No. 890-A,<sup>1</sup> PJM Interconnection, L.L.C. (“PJM”) submits revisions to the PJM Open Access Transmission Tariff (“PJM Tariff”)<sup>2</sup> incorporating Order No. 890-A’s changes to the Order No. 890<sup>3</sup> pro forma open access transmission tariff (“OATT”).

---

<sup>1</sup> Preventing Undue Discrimination and Preference in Transmission Service, Order 890-A, 2006-2007 FERC Stats. & Regs., Regs. Preambles ¶ 31,261, at P 38 (2007).

<sup>2</sup> PJM Open Access Transmission Tariff, FERC Electric Tariff, Sixth Revised Volume No. 1.

<sup>3</sup> Preventing Undue Discrimination and Preference in Transmission Service, Order No. 890, 2006-2007 FERC Stats. & Regs., Regs. Preambles ¶ 31,241 (2007).

## I. INTRODUCTION AND BACKGROUND

On February 16, 2007, the Federal Energy Regulatory Commission (“FERC” or “Commission”) issued Order No. 890, which among other things, modified the Commission’s Order No. 888<sup>4</sup> pro forma OATT. The Commission required a transmission provider that is an independent system operator (“ISO”) or regional transmission organization (“RTO”) to submit a section 206 compliance filing that (i) contains the revised non-rate terms and conditions set forth in Order No. 890, or (ii) demonstrates that its existing tariff provisions are consistent with, or superior to, the revised provisions of the pro forma OATT within 210 days after the publication of Order No. 890 in the Federal Register.<sup>5</sup>

The Commission also recognized that some of the changes adopted in Order No. 890 “may not be as relevant to ISO/RTO transmission providers as they are to non-independent transmission providers.”<sup>6</sup> The Commission further indicated that “nothing in [Order No. 890] is intended to upset the market designs used by existing ISOs and

---

<sup>4</sup> Promoting Wholesale Competition Through Open Access Non-Discriminatory Transmission Services by Public Utilities; Recovery of Stranded Costs by Public Utilities and Transmitting Utilities, Order No. 888, 1991-1996 FERC Stats. & Regs., Regs. Preambles ¶ 31,036 (1996), order on reh’g, Order No. 888-A, 1996-2000 FERC Stats. & Regs., Regs. Preambles ¶ 31,048, order on reh’g, Order No. 888-B, 81 FERC ¶ 61,248 (1997), reh’g denied, Order No. 888-C, 82 FERC ¶ 61,046 (1998), aff’d in part and remanded in part sub nom. Transmission Access Policy Study Group v. FERC, 225 F.3d 667 (D.C. Cir. 2000), aff’d sub nom. New York v. FERC, 535 U.S. 1 (2002).

<sup>5</sup> Order No. 890 at P 157.

<sup>6</sup> Id. at P 158.

RTOs.”<sup>7</sup> Additionally, the Commission recognized “that ISOs and RTOs may well have adopted practices that are already consistent with or superior to the reforms adopted [in Order No. 890.]”<sup>8</sup>

On October 11, 2007, in Docket No. OA08-9-000, PJM submitted its filing to comply with Order No. 890 (“October 11 Filing”). In the October 11 filing, PJM: (i) modified its current tariff as needed and feasible to add the pro forma revisions; (ii) revised certain terms of the PJM Tariff to make them consistent with the revisions adopted by Order No. 890; and (iii) provided re-justification for existing PJM Tariff sections that contain variations from the pro forma OATT previously accepted by the Commission that are affected substantively by the revisions to the pro forma OATT in Order No. 890.<sup>9</sup> The October 11 Filing is pending Commission action.

On December 7, 2007, in Docket No. OA08-32-000, PJM submitted its filing to comply with Order No. 890’s directives to file a proposal for a coordinated and regional planning process that complies with the planning principles adopted in Order No. 890 (“Planning Process Filing”).<sup>10</sup> The Planning Process Filing also is pending Commission action.

---

<sup>7</sup> Id.

<sup>8</sup> Id.

<sup>9</sup> In Order No. 890, the Commission clarified that it would not require ISOs and RTOs to “‘rejustify’ existing provisions in their OATTs that are not affected in a substantive manner by the revisions to the pro forma OATT in the Final Rule.” Order No. 890 at P 157.

<sup>10</sup> Id. at P 437.

On December 28, 2007, the Commission issued Order No. 890-A, its order on rehearing and clarification of Order No. 890. Order No. 890-A, among other things, modified the Commission's Order No. 890 pro forma OATT and required RTOs or ISOs to submit a compliance filing pursuant to section 206 of the Federal Power Act containing the revised non-rate terms and conditions of the pro forma OATT, within 90 days of publication of Order No. 890-A in the Federal Register.<sup>11</sup>

## **II. DESCRIPTION OF FILING**

Pursuant to the compliance procedures in Order No. 890-A, PJM, as an RTO, is required to adopt and incorporate the Order No. 890-A revisions to the pro forma OATT, as stated in Appendix C to Order No. 890-A.<sup>12</sup> While many of the PJM Tariff provisions are the same as the pro forma OATT, and, therefore, easily can be amended to incorporate the Order No. 890-A revisions, several of the PJM Tariff provisions include previously-accepted variations, described in detail in the October 11 Filing, that either require slight modifications of the Order No. 890-A revisions to incorporate the changes, or are not substantively affected by the incorporation of the Order No. 890-A revisions. In this compliance filing, PJM incorporates the Order No. 890-A revisions to the extent feasible in those sections.

Each of the previously-accepted variations and the proposed modifications to accommodate the Order No. 890-A revisions continues to be or is now consistent with or superior to the Order No. 890-A revisions.

---

<sup>11</sup> Order No. 890-A at P 38.

<sup>12</sup> Id. at P 38.

Additionally, as explained in the October 11 Filing, consistent with Order No. 890, PJM, as an RTO: (i) has not adopted certain revisions that would upset the market designs used by PJM;<sup>13</sup> (ii) has existing practices that already are consistent with or superior to the reforms adopted in Order No. 890, which do not require additional tariff changes;<sup>14</sup> and (iii) has not adopted the conditional firm point-to-point service provisions.<sup>15</sup> Accordingly, consistent with Order Nos. 890 and 890-A, PJM has not adopted the Order No. 890-A pro forma OATT revisions regarding (i) conditional firm point-to-point service provisions;<sup>16</sup> (ii) planning redispatch provisions;<sup>17</sup> and (iii) energy imbalance service. The variations from the Order No. 890-A pro forma OATT revisions adopted in the PJM Tariff are described in detail below.

---

<sup>13</sup> See Order No. 890 at P 158 (“nothing in this rulemaking is intended to upset the market designs used by existing ISOs and RTOs”).

<sup>14</sup> Id. (the Commission recognized “that ISOs and RTOs may well have adopted practices that are already consistent with or superior to the reforms adopted [in Order No. 890.]”).

<sup>15</sup> Id. at P 992 (“the Commission finds that it would be inappropriate to require RTOs and ISOs with real-time energy markets to adopt the provisions for conditional firm point-to-point service.”).

<sup>16</sup> Order No. 890-A at P 552, n.218 (The Commission reiterated that “RTOs . . . with real-time energy markets are not required to offer the conditional firm option.”).

<sup>17</sup> Id. at P 534 (concluding that RTOs and ISOs are not required to change “the existing planning redispatch provisions stated in section 13.5, 15.4, 19.1, and 19.3 of the pro forma OATT”).

**A. Proposed Variations In The PJM Tariff From The Order No. 890-A Revisions To The Pro Forma OATT – Including Sections With Previously-Accepted Variations**

**1. Roll-over Reform**

Consistent with Order No. 890-A,<sup>18</sup> PJM has not included the Order No. 890-A revisions in section 2.2 of the pro forma OATT in the PJM Tariff. In Order No. 890-A, the Commission clarified that the previously existing rollover provisions will remain in effect until the Commission accepts the transmission provider's planning process compliance filing and the transmission provider submits a further compliance filing to revise section 2.2 of its tariff.<sup>19</sup> The Order No. 890-A revisions modify the revisions to section 2.2 of the pro forma OATT adopted in Order No. 890. Additionally, the Commission has not yet acted on the Planning Process Filing. Accordingly, at this time PJM has not included the Order No. 890-A revisions to section 2.2 of the pro forma OATT regarding rollover reform, and will incorporate the revisions in the further compliance filing after the Commission accepts PJM's Planning Process Filing.

**2. Conditional Firm Point-To-Point Transmission Service and Redispatch**

As previously explained, in Order No. 890-A, the Commission reiterated that "RTOs . . . with real-time energy markets are not required to offer the conditional firm option."<sup>20</sup> Additionally, the Commission granted rehearing and concluded that RTOs and ISOs are not required to disturb their energy markets and financial transmission rights by

---

<sup>18</sup> Order No. 890-A at P 684.

<sup>19</sup> Id.

<sup>20</sup> Id. at P 552, n.218.

changing the existing planning redispatch provisions in sections 13.5, 15.4, 19.1 and 19.3 of the pro forma OATT.<sup>21</sup> PJM, as an RTO with a real-time energy market, has not adopted the Order No. 890-A provisions regarding conditional firm point-to-point transmission service or planning redispatch. Accordingly, the Order No. 890-A revisions to sections 15.4, 19.1, 19.3, and 32.3 regarding conditional firm service and planning redispatch have not been incorporated in the corresponding PJM Tariff sections.

### **3. Ancillary Services**

In the October 11 Filing, PJM explained that each of PJM's ancillary services schedules corresponding to the revised pro forma ancillary services schedules contains previously-accepted variations from the pro forma OATT that continue to be consistent with or superior to the pro forma OATT. Additionally, in the October 11 Filing, PJM explained that it was not adopting the new pro forma schedule for generator imbalance service and related tariff changes in sections 3 and 3.7 because such adoption would disrupt the current PJM markets. Currently, the PJM energy market provides generator imbalance service, as any deviations are charged locational marginal prices in the real-time energy market.<sup>22</sup> PJM, which operates an organized spot market, does not assess imbalance penalties on generators, even intermittent generators.

Because of the previously-approved variations from the Order No. 890 pro forma OATT in Schedule 4 of the PJM Tariff and that PJM has not incorporated the pro forma Schedule 9 into the PJM Tariff, PJM has not incorporated the Order No. 890-A revisions

---

<sup>21</sup> Id. at P 534.

<sup>22</sup> See PJM Tariff, Attachment K, Appendix.

to pro forma Schedules 4 and 9 in the PJM Tariff. The language in Schedule 4 revised by Order No. 890-A is not included in the Schedule 4 of the PJM Tariff, and therefore, those revisions are not included in the PJM Tariff. Additionally, the language related to generator imbalance service in section 3 and Schedule 9 revised by Order No. 890-A is not included in the PJM Tariff, and therefore, those revisions are not incorporated in the PJM Tariff.

Additionally, PJM incorporated the changes to Schedules 7 and 8, but renumbered the new section as section 10 in each schedule to accommodate that Schedules 7 and 8 of the PJM Tariff include additional paragraphs that vary from the pro forma OATT, but which are not substantively affected by the revisions.

#### **4. Studies Related to Transmission Service Requests**

In the October 11 Filing, PJM explained that the PJM Tariff contains previously-approved variations from the pro forma OATT regarding the provisions addressing system impact studies and other studies related to transmission service requests. Specifically, PJM created a new Part VI to the PJM Tariff to consolidate its existing provisions regarding system impact studies, facilities studies, and related study agreements, interconnection service agreements, and construction service agreements that address the priority of all interconnection requests, transmission service requests, and upgrade requests (“Part VI Revisions”).<sup>23</sup>

As part of the Part VI Revisions, the provisions regarding study procedures for requests for new long-term firm point-to-point transmission service and network

---

<sup>23</sup> PJM Interconnection, L.L.C., Letter Order, Docket Nos. ER07-344-000, EL06-67-001 (Feb. 8, 2007) (accepting Part VI Revisions).

integration transmission service were revised to formalize the initial screening analysis (now called the “Initial Study”) that PJM always has performed to determine whether a transmission service request requires a full system impact study and to reference Part VI for further analysis in the event that a system impact study is required. The revisions also moved the provisions regarding system impact studies and subsequent steps in the processing of transmission service requests to, and in some instances consolidated with, other similar terms of the tariff in the new Part VI. The Part VI Revisions were designed to consolidate the tariff provisions regarding customer-funded upgrades undertaken pursuant to the PJM Tariff, reduce redundancy, and to streamline and generally simplify the PJM Tariff, so that it will be less prone to disputed interpretations and more “user friendly” for PJM’s members and customers.

Therefore, the Order No. 890-A revisions to section 32.3 of the pro forma OATT not related to planning redispatch have been partially incorporated in section 205.2 of the PJM Tariff regarding system impact study procedures.

#### **5. Reservation Priority (§ 13.2)**

Section 13.2 of the PJM Tariff contains previously-accepted variations from the pro forma OATT, and, as explained in the October 11 Filing, not all of the Order No. 890 revisions could be incorporated. Therefore, because the PJM Tariff does not include the language in section 13.2 that is being revised by Order No. 890-A, PJM has not incorporated the Order No. 890-A changes to section 13.2 in section 13.2 of the PJM Tariff.

## **6. Available Transfer Capability (“ATC”) (Attachment C)**

In Order No. 890-A, the Commission clarified “that the step-by-step modeling study methodology and criteria for adding or eliminating flowgates (permanent and temporary) is part of the ATC methodology that must be stated in the transmission provider’s Attachment C.”<sup>24</sup> The Commission indicated that this information should have been included in the transmission provider’s Attachment C to comply with Order No. 890.<sup>25</sup>

Accordingly, PJM has revised Attachment C of the PJM Tariff to include the step-by-step modeling study methodology and criteria for adding or eliminating flowgates (permanent and temporary).

## **III. EFFECTIVE DATE**

In accordance with Order No. 890-A, the enclosed tariff sheets reflect an April 15, 2008 effective date, the due date for compliance filings by RTOs and ISOs.

## **IV. DOCUMENTS ENCLOSED**

PJM encloses the original and five copies of each of the following:

1. This transmittal letter;
2. Attachment A: Revised tariff sheets to comply with Order No. 890-A (non-redlined version); and
3. Attachment B: Revised tariff sheets to comply with Order No. 890-A (redlined version).

---

<sup>24</sup> Order No. 890-A at P 149.

<sup>25</sup> Id.

**V. CORRESPONDENCE AND COMMUNICATIONS**

Correspondence and communications with respect to this filing should be sent to the following:

Craig Glazer  
Vice President – Federal Government  
Policy  
PJM Interconnection, L.L.C.  
1200 G Street, N.W., Suite 600  
Washington, D.C. 20005  
Phone: (202) 393-7756  
Fax: (202) 393-7741  
glazec@pjm.com

Barry S. Spector  
Deborah C. Brentani  
Wright & Talisman, P.C.  
1200 G Street, N.W., Suite 600  
Washington, D.C. 20005  
Phone: (202) 393-1200  
Fax: (202) 393-1240  
spector@wrightlaw.com  
brentani@wrightlaw.com

Steven Pincus  
Assistant General Counsel  
PJM Interconnection, L.L.C.  
955 Jefferson Avenue  
Norristown, PA 19403  
Phone: (610) 666-4370  
Fax: (610) 666-4281  
pincus@pjm.com

**VI. REQUEST FOR WAIVER OF SERVICE**

PJM respectfully requests waiver of the posting requirements set forth in 18 C.F.R. §§ 35.2(d), 35.3(a), so as to permit electronic service, rather than paper service. Good cause exists for granting this waiver due to the limited resources of PJM to make additional service, and the financial burden to PJM in copying and mailing copies of this filing. Many parties, in fact, prefer receiving their copy in electronic format or via PJM's website. Paper copies will be made available to any person upon request by contacting counsel of record. Additionally, waiver of paper service is consistent with the Commission's decision to establish electronic service as the default method of service on

service lists maintained by the Commission Secretary for Commission proceedings.<sup>26</sup> While Order No. 653 did not amend the posting requirements, application of its rules to initial tariff filings would be consistent with the Commission's "efforts to reduce the use of paper in compliance with the Government Paperwork Elimination Act."<sup>27</sup>

Applying amended section 385.2010(f)<sup>28</sup> to this filing, PJM will post this filing today to the FERC filings section of its internet site, <http://www.pjm.com/documents/ferc.html>, and send an e-mail to all PJM members and all state utility regulatory commissions in the PJM Region<sup>29</sup> alerting them that this filing has been made by PJM today and is available by following such link. Within one business day, PJM will send a second e-mail to the same list, containing a link that takes the recipient directly to the filed document.<sup>30</sup>

## VII. CONCLUSION

For the foregoing reasons, PJM respectfully requests that the Commission accept for filing the tariff revisions submitted in compliance with Order No. 890-A and that the

---

<sup>26</sup> See Electronic Notification of Commission Issuances, Order No. 653, 2001-2005 FERC Stats. & Regs., Regs. Preambles ¶ 31,176, order on reh'g, Order No. 653-A, 2001-2005 FERC Stats. & Regs., Regs. Preambles ¶ 31,178 (2005).

<sup>27</sup> Order No. 653 at P 2, citing 44 U.S.C. § 3504.

<sup>28</sup> 18 C.F.R. § 385.2010(f).

<sup>29</sup> PJM already maintains, updates, and regularly uses e-mail lists for all members and affected commissions.

<sup>30</sup> PJM anticipates that in unusual circumstances, it may not be possible to post the document to its website on the day of filing, or to distribute an active link to the document within one business day. Consistent with 18 C.F.R. § 385.2010(i)(3), if a link to the document does not become available within two business days after filing, PJM will arrange for immediate service by other means.

Kimberley D. Bose, Secretary

April 15, 2008

Page 13

variations from the Order No. 890-A revisions to the pro forma OATT are consistent with or superior to the pro forma OATT provisions.

Respectfully submitted,

*/s/ Deborah C. Brentani*

Barry S. Spector

Deborah C. Brentani

Wright & Talisman, P.C.

1200 G Street, N.W., Suite 600

Washington, D.C. 20005

Phone: (202) 393-1200

Fax: (202) 393-1240

spector@wrightlaw.com

brentani@wrightlaw.com

Craig Glazer

Vice President – Federal Government

Policy

PJM Interconnection, L.L.C.

1200 G Street, N.W., Suite 600

Washington, D.C. 20005

Phone: (202) 393-7756

Fax: (202) 393-7741

glazec@pjm.com

Steven Pincus

Assistant General Counsel

PJM Interconnection, L.L.C.

955 Jefferson Avenue

Norristown, PA 19403

Phone: (610) 666-4370

Fax: (610) 666-4281

pincus@pjm.com

Attorneys for

PJM Interconnection, L.L.C.

K:\pjm\order 890 compliance\Order 890-A compliance transmittal letter.doc

**Tariff Revisions**

**Non-redline Version**

K:\pjm\Order 890 compliance\Order 890-A tariff changes (clean) 4-15-08 (FINAL).doc

**ATTACHMENT A**  
**Form of Service Agreement For**  
**Firm Point-To-Point Transmission Service** ..... 271

**ATTACHMENT A-1**  
**Form of Service Agreement For**  
**The Resale, Reassignment or Transfer of**  
**Point-to-Point Transmission Service** ..... 275A

**ATTACHMENT B**  
**Form of Service Agreement For Non-Firm Point-To-Point**  
**Transmission Service** ..... 276

**ATTACHMENT C**  
**Methodology To Assess Available Transfer Capability** ..... 279

**ATTACHMENT C-1**  
**Conversion of Service in the Dominion and Duquesne Zones** ..... 281A

**ATTACHMENT D**  
**Methodology for Completing a System Impact Study** ..... 282

Issued By: Craig Glazer  
Vice President, Federal Government Policy

Effective: April 15, 2008

Issued On: April 15, 2008

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000, RM05-25-000, issued December 28, 2007, Preventing Undue Discrimination and Preference in Transmission Service, Order 890-A, 2006-2007 FERC Stats. & Regs., Regs. Preambles ¶ 31,261 (2007).

- 1.19A NERC:** The North American Electric Reliability Council or any successor thereto.
- 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 Commission-approved 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:

Issued By: Craig Glazer  
Vice President, Federal Government Policy

Effective: April 15, 2008

Issued On: April 15, 2008

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000, RM05-25-000, issued December 28, 2007, Preventing Undue Discrimination and Preference in Transmission Service, Order 890-A, 2006-2007 FERC Stats. & Regs., Regs. Preambles ¶ 31,261 (2007).

(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.

Issued By: Craig Glazer  
Vice President, Federal Government Policy

Effective: April 15, 2008

Issued On: April 15, 2008

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000, RM05-25-000, issued December 28, 2007, Preventing Undue Discrimination and Preference in Transmission Service, Order 890-A, 2006-2007 FERC Stats. & Regs., Regs. Preambles ¶ 31,261 (2007).

- 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.

Issued By: Craig Glazer  
Vice President, Federal Government Policy

Effective: April 15, 2008

Issued On: April 15, 2008

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000, RM05-25-000, issued December 28, 2007, Preventing Undue Discrimination and Preference in Transmission Service, Order 890-A, 2006-2007 FERC Stats. & Regs., Regs. Preambles ¶ 31,261 (2007).

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.

- 3.1 Scheduling, System Control and Dispatch Services:** The rates and/or methodology are described in Schedule 1 and Schedule 1A.
- 3.2 Reactive Supply and Voltage Control from Generation or Other Sources Service:** The rates and/or methodology are described in Schedule 2.
- 3.3 Regulation and Frequency Response Service:** Where applicable the rates and/or methodology are described in Schedule 3.
- 3.4 Energy Imbalance Service:** Where applicable the rates and/or methodology are described in Schedule 4.
- 3.5 Operating Reserve - Synchronized Reserve Service:** Where applicable the rates and/or methodology are described in Schedule 5.
- 3.6 Operating Reserve - Supplemental Reserve Service:** Where applicable the rates and/or methodology are described in Schedule 6.

### **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.

### **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.

Issued By: Craig Glazer  
Vice President, Federal Government Policy

Effective: April 15, 2008

Issued On: April 15, 2008

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000, RM05-25-000, issued December 28, 2007, Preventing Undue Discrimination and Preference in Transmission Service, Order 890-A, 2006-2007 FERC Stats. & Regs., Regs. Preambles ¶ 31,261 (2007).

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

- 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.

- 4.2** Pursuant to the Commission's April 25, 2006 Final Rule, Order 676 (115 FERC ¶ 61,102) amending its regulations under the Federal Power Act, Transmission Provider hereby incorporates by reference the following standards promulgated by the Wholesale Electric Quadrant ("WEQ") of the North American Energy Standards Board ("NAESB"):

- Business Practices for Open Access Same-Time Information Systems (OASIS) (WEQ-001, Version 000, January 15, 2005, with minor corrections applied on March 25, 2005, and additional numbering added October 3, 2005) including Standards 001-0.2 through 001-0.8, 001-2.0 through 001-9.6.2, 001-9.8 through 001-10.8.6, and Examples 001-8.3-A, 001-9.2-A, 001-10.2-A, 001-9.3-A, 001-10.3-A, 001-9.4.1-A, 001-10.4.1-A, 001-9.4.2-A, 001-10.4.2-A, 001-9.5-A, 001-10.5-A, 001-9.5.1-A, and 001-10.5.1-A;

Issued By: Craig Glazer  
Vice President, Federal Government Policy

Effective: April 15, 2008

Issued On: April 15, 2008

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000, RM05-25-000, issued December 28, 2007, Preventing Undue Discrimination and Preference in Transmission Service. Order 890-A. 2006-2007 FERC Stats. & Regs., Regs. Preambles ¶ 31.261 (2007).

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.

## 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

Issued By: Craig Glazer  
Vice President, Federal Government Policy

Effective: April 15, 2008

Issued On: April 15, 2008

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000, RM05-25-000, issued December 28, 2007, Preventing Undue Discrimination and Preference in Transmission Service, Order 890-A, 2006-2007 FERC Stats. & Regs., Regs. Preambles ¶ 31,261 (2007).

**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.

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

**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.

**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

Issued By: Craig Glazer  
Vice President, Federal Government Policy

Effective: April 15, 2008

Issued On: April 15, 2008

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000, RM05-25-000, issued December 28, 2007, Preventing Undue Discrimination and Preference in Transmission Service, Order 890-A, 2006-2007 FERC Stats. & Regs., Regs. Preambles ¶ 31,261 (2007).

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.

- 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.
- 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.
- 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,

Issued By: Craig Glazer  
Vice President, Federal Government Policy

Effective: April 15, 2008

Issued On: April 15, 2008

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000, RM05-25-000, issued December 28, 2007, Preventing Undue Discrimination and Preference in Transmission Service, Order 890-A, 2006-2007 FERC Stats. & Regs., Regs. Preambles ¶ 31,261 (2007).

**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.

**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.

Issued By: Craig Glazer  
Vice President, Federal Government Policy

Effective: April 15, 2008

Issued On: April 15, 2008

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000, RM05-25-000, issued December 28, 2007, Preventing Undue Discrimination and Preference in Transmission Service, Order 890-A, 2006-2007 FERC Stats. & Regs., Regs. Preambles ¶ 31,261 (2007).

- (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.

**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.

Issued By: Craig Glazer  
Vice President, Federal Government Policy

Effective: April 15, 2008

Issued On: April 15, 2008

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000, RM05-25-000, issued December 28, 2007, Preventing Undue Discrimination and Preference in Transmission Service, Order 890-A, 2006-2007 FERC Stats. & Regs., Regs. Preambles ¶ 31,261 (2007).

- 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.
- 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.
- 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

Issued By: Craig Glazer  
Vice President, Federal Government Policy

Effective: April 15, 2008

Issued On: April 15, 2008

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000, RM05-25-000, issued December 28, 2007, Preventing Undue Discrimination and Preference in Transmission Service, Order 890-A, 2006-2007 FERC Stats. & Regs., Regs. Preambles ¶ 31,261 (2007).

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.

**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.

**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.

Issued By: Craig Glazer  
Vice President, Federal Government Policy

Effective: April 15, 2008

Issued On: April 15, 2008

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000, RM05-25-000, issued December 28, 2007, Preventing Undue Discrimination and Preference in Transmission Service, Order 890-A, 2006-2007 FERC Stats. & Regs., Regs. Preambles ¶ 31,261 (2007).

- (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.

**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.

## **23 Sale or Assignment of Transmission Service**

**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.

Issued By: Craig Glazer  
Vice President, Federal Government Policy

Effective: April 15, 2008

Issued On: April 15, 2008

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000, RM05-25-000, issued December 28, 2007, Preventing Undue Discrimination and Preference in Transmission Service, Order 890-A, 2006-2007 FERC Stats. & Regs., Regs. Preambles ¶ 31,261 (2007).

The Assignee must execute a service agreement with the Transmission Provider governing reassignments of transmission service prior to the date on which the reassigned service commences. The Transmission Provider shall charge the Reseller, as appropriate, at the rate stated in the Reseller's Service Agreement with the Transmission Provider or the associated OASIS schedule and credit the Reseller with the price reflected in the Assignee's Service Agreement with the Transmission Provider 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.

Issued By: Craig Glazer  
Vice President, Federal Government Policy

Effective: April 15, 2008

Issued On: April 15, 2008

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000, RM05-25-000, issued December 28, 2007, Preventing Undue Discrimination and Preference in Transmission Service, Order 890-A, 2006-2007 FERC Stats. & Regs., Regs. Preambles ¶ 31,261 (2007).

- (iv) The amount and location of any interruptible loads included in the Network Load. This shall include the summer and winter capacity requirements for each interruptible load (had such load not been interruptible), that portion of the load subject to interruption, the conditions under which an interruption can be implemented and any limitations on the amount and frequency of interruptions. An Eligible Customer should identify the amount of interruptible customer load (if any) included in the 10 year load forecast provided in response to (iii) above;
- (v) A description of Network Resources (current and 10-year projection). For each on-system Network Resource, such description shall include:
- Unit size and amount of capacity from that unit to be designated as Network Resource
  - VAR capability (both leading and lagging) of all generators
  - Operating restrictions
    - Any periods of restricted operations throughout the year
    - Maintenance schedules
    - Minimum loading level of unit
    - Normal operating level of unit
    - Any must-run unit designations required for system reliability or contract reasons
  - Approximate variable generating cost (\$/MWH) for redispatch computations
  - Arrangements governing sale and delivery of power to third parties from generating facilities located in the Transmission Provider Control Areas, where only a portion of unit output is designated as a Network Resource
  - For each off-system Network Resource, such description shall include:
    - Identification of the Network Resource as an off-system resource
    - Amount of power to which the customer has rights
    - Identification of the control area from which the power will originate
    - Delivery point(s) to the Transmission Provider's Transmission System
    - Transmission arrangements on the external transmission system(s)
    - Operating restrictions, if any
      - Any periods of restricted operations throughout the year
      - Maintenance schedules
      - Minimum loading level of unit
      - Normal operating level of unit

Issued By: Craig Glazer  
Vice President, Federal Government Policy

Effective: April 15, 2008

Issued On: April 15, 2008

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000, RM05-25-000, issued December 28, 2007, Preventing Undue Discrimination and Preference in Transmission Service, Order 890-A, 2006-2007 FERC Stats. & Regs., Regs. Preambles ¶ 31,261 (2007).

- 30.4 Operation of Network Resources:** The Network Customer shall not operate its designated Network Resources located in the Network Customer's or Transmission Provider's Control Area(s) such that the output of those facilities exceeds its designated Network Load plus Non-Firm Sales delivered pursuant to Part II of the Tariff, plus net sales of energy through the interchange energy market established under the Operating Agreement, plus losses plus power sales under a Commission-approved reserve sharing program. This limitation shall not apply to changes in the operation of a Transmission Provider in response to an emergency or other unforeseen condition which may impair or degrade the reliability of the Transmission System. For all Network Resources not physically connected with the Transmission Provider's Transmission System, the Network Customer may not schedule delivery of energy in excess of the Network Resource's capacity, as specified in the Network Customer's Application pursuant to Section 29, unless the Network Customer supports such delivery within the Transmission Provider's Transmission System by either obtaining Point-to-Point Transmission Service or utilizing secondary service pursuant to Section 28.4. The Transmission Provider shall specify the rate treatment and all related terms and conditions applicable in the event that a Network Customer's schedule at the delivery point for a Network Resource not physically interconnected with the Transmission Provider's Transmission System exceeds the Network Resource's designated capacity, excluding energy delivered using secondary service or Point-to-Point Transmission Service.
- 30.5 Network Customer Redispatch Obligation:** As a condition to receiving Network Integration Transmission Service, the Network Customer agrees to redispatch its Network Resources as requested by the Transmission Provider pursuant to Section 33.2. To the extent practical, the redispatch of resources pursuant to this section shall be on a least cost, non-discriminatory basis among all Network Customers and the Transmission Owners.
- 30.6 Transmission Arrangements for Network Resources Not Physically Interconnected With The Transmission Provider:** The Network Customer shall be responsible for any arrangements necessary to deliver capacity and energy from a Network Resource not physically interconnected with the Transmission Provider's Transmission System. The Transmission Provider will undertake reasonable efforts to assist the Network Customer in obtaining such arrangements, including without limitation, providing any information or data required by such other entity pursuant to Good Utility Practice.
- 30.7 Limitation on Designation of Network Resources:** The Network Customer must demonstrate that it owns or has committed to purchase generation pursuant to an executed contract in order to designate a generating resource as a Network Resource. Alternatively, the Network Customer may establish that execution of a contract is contingent upon the availability of transmission service under Part III of the Tariff.

Issued By: Craig Glazer  
Vice President, Federal Government Policy

Effective: April 15, 2008

Issued On: April 15, 2008

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000, RM05-25-000, issued December 28, 2007, Preventing Undue Discrimination and Preference in Transmission Service, Order 890-A, 2006-2007 FERC Stats. & Regs., Regs. Preambles ¶ 31,261 (2007).

Request was to be included in a System Impact Study evaluating more than one New Service Request, then the costs of the System Impact Study shall be redetermined and reallocated among the remaining participating New Service Customers as specified in this Section 204.

## **205 System Impact Study Procedures:**

**205.1 Coordination:** The Transmission Provider shall coordinate, to the extent practical, all System Impact Studies conducted pursuant to this Section 205 for New Service Customers. Such coordination may involve, at the Transmission Provider's sole discretion, combining System Impact Studies for multiple New Service Requests into one study. Transmission Provider shall describe in the PJM Manuals the process by which it will coordinate System Impact Studies and Facilities Studies pertaining to different types of New Service Requests.

**205.2 Scope of Studies:** The System Impact Study is a comprehensive regional analysis of the effect of adding to the Transmission System the new facilities and services contemporaneously proposed by New Service Customers and an evaluation of their impact on deliverability to the aggregate of PJM Network Load. The System Impact Study identifies the system constraints, identified with specificity by transmission element or flowgate, relating to each proposed new project and service included therein and the Attachment Facilities, Direct Assignment Facilities, Local Upgrades, and/or Network Upgrades required to accommodate such projects. The System Impact Study provides refined and comprehensive estimates of cost responsibility and construction lead times for new facilities and system upgrades. The Transmission Provider, in its sole discretion, may determine to evaluate in the same System Impact Study two or more New Service Requests relating to interconnections, Upgrade Requests, or proposed new transmission services where the associated increases in service or capability are in electrical proximity to each other. Each System Impact Study shall identify the system constraints, identified with specificity by transmission element or flowgate, relating to the New Service Requests being evaluated in the study and, as applicable to each included request, the redispatch options, additional Direct Assignment Facilities, Attachment Facilities, Local Upgrades, and/or Network Upgrades necessary to accommodate such request. The System Impact Study shall refine and more comprehensively estimate each New Service Customer's cost responsibility (determined in accordance with Section 217 of the Tariff) for necessary facilities and upgrades than the estimates provided in the Interconnection Feasibility Study or the Initial Study, if applicable. In the event that more than one New Service Request is evaluated in a study, the Transmission Provider may provide a series of estimates to each participating New Service Customer to reflect the customer's estimated cost responsibility based on varying assumptions regarding the number of New Service Customers that decide to continue their New Service Requests after completion of the System Impact Study. A description of the Transmission Provider's methodology for completing a System Impact Study for Completed Applications is provided in Attachment D

Issued By: Craig Glazer  
Vice President, Federal Government Policy

Effective: April 15, 2008

Issued On: April 15, 2008

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000, RM05-25-000, issued December 28, 2007, Preventing Undue Discrimination and Preference in Transmission Service, Order 890-A, 2006-2007 FERC Stats. & Regs., Regs. Preambles ¶ 31,261 (2007).

of the Tariff. If applicable, the System Impact Study for a Transmission Interconnection Customer shall also include a preliminary estimate of the Incremental Deliverability Rights associated with the customer's proposed Merchant Transmission Facilities.

**205.3 Timing of Studies:** The Transmission Provider shall conduct System Impact Studies each year commencing on (i) June 1, for New Service Requests received between November 1 of the previous year and January 31 of the same year, (ii) September 1, for New Service Requests received between February 1 and April 30 of the same year, (iii) December 1, for New Service Requests received between May 1 and July 31 of the same year, and (iv) March 1, for New Service Requests received between August 1 and October 31 of the preceding year. The Transmission Provider shall use due diligence to complete the System Impact Studies within 120 days of the date the study commences. In the event that the Transmission Provider is unable to complete a System Impact Study within the applicable indicated time period, it shall so notify the affected New Service Customers and the affected Transmission Owner(s) and provide an estimated completion date, along with an explanation of the reasons why additional time is needed to complete the study. The Transmission Provider will use the same due diligence in completing the System Impact Study for a New Service Customer as it uses when completing studies for a Transmission Owner.

**205.4 Completion of Studies:**

**205.4.1 Notice to Eligible Customers:** The Transmission Provider shall notify each Eligible Customer whose Completed Application for new transmission service was included in the System Impact Study upon completion of the System Impact Study whether the Transmission System will be adequate to accommodate all or part of the request for service. In the event that the System Impact Study indicates that no new transmission facilities or upgrades are needed to accommodate the requested service, in order for the Completed Application to retain its Queue Position, within fifteen (15) days of completion of the System Impact Study, the Eligible Customer must execute a Service Agreement or request the filing of an unexecuted Service Agreement pursuant to Section 15.3 or Section 32.4, as applicable, or the Completed Application shall be deemed terminated and withdrawn.

**205.4.2 Materials for Customers:** The Transmission Provider shall provide a copy of the System Impact Study and, to the extent consistent with the Office of the Interconnection's confidentiality obligations in Section 18.17 of the Operating Agreement, related work papers to all New Service Customers that had New Service Requests evaluated in the study and to the affected Transmission Owner(s).

Issued By: Craig Glazer  
Vice President, Federal Government Policy

Effective: April 15, 2008

Issued On: April 15, 2008

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000, RM05-25-000, issued December 28, 2007, Preventing Undue Discrimination and Preference in Transmission Service, Order 890-A, 2006-2007 FERC Stats. & Regs., Regs. Preambles ¶ 31,261 (2007).

- 2) The total demand charge in any week, pursuant to a reservation for Daily On-Peak Delivery, or Daily Off-Peak Delivery shall not exceed the Weekly Delivery rate specified in section (1) above for weekly service times the highest amount in kilowatts of Reserved Capacity and any additional transmission service, if any, in any day during such week.
- 3) **Discounts:** Three principal requirements apply to discounts for transmission service 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. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, the Transmission Provider must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on the Transmission System.
- 4) **Congestion and Losses:** In addition to any payment under this Schedule, the Transmission Customer shall pay Redispatch Costs as specified in Section 27 of the Tariff. The Transmission Customer shall be responsible for losses as specified in the Tariff.
- 5) **Other Supporting Facilities and Taxes:** In addition to the rates set forth in section (1) of this schedule, the Transmission Customer shall pay charges determined on a case-by-case basis for facilities necessary to provide Transmission Service at voltages lower than those shown in Attachment H for the applicable Zone(s) and any amounts necessary to reimburse the Transmission Provider for any amounts payable as sales, excise, "Btu," carbon, value-added or similar taxes (other than taxes based upon or measured by net income) with respect to the amounts payable pursuant to the Tariff.
- 6) **Transitional Revenue Neutrality Charge:** In addition to the rates set forth in section (1) of this schedule and any other applicable charges, the Transmission Customer shall also pay for Reserved Capacity for delivery at the border of the PJM Region a non-discountable charge of \$3.60/kw/year, \$0.30/kw/mo., \$0.0692/kw/week, \$0.0099/kw/day-off-peak, or \$0.0138/kw/day-on-peak. PJM shall distribute all revenues from the Transitional Revenue Neutrality Charge to Allegheny Power. The charge provided for under this section (6) shall terminate effective as of the day on which the sum total of the revenues collected by this charge, the Transitional Revenue Neutrality Charge under Schedule 8, and the Transitional Market Expansion Charge under Schedule 11 equal \$84,993,360.

Issued By: Craig Glazer  
Vice President, Federal Government Policy

Effective: April 15, 2008

Issued On: April 15, 2008

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000, RM05-25-000, issued December 28, 2007, Preventing Undue Discrimination and Preference in Transmission Service, Order 890-A, 2006-2007 FERC Stats. & Regs., Regs. Preambles ¶ 31,261 (2007).

- 7) **Transmission Enhancement Charges.** In addition to the rates set forth in Section (1) of this Schedule and any other applicable charges, the Transmission Customer shall also pay any Transmission Enhancement Charges for which it is designated as a Responsible Customer under Schedule 12 appended to the Tariff.
- 8) **Determination of monthly charges for ComEd Zone:** On a monthly basis, revenue credits shall be calculated based on the sum of ComEd's share of revenues collected during the month from: (i) the PJM Border Rate under Schedule 7; (ii) Network Integration Transmission Service to Non-Zone Network Load under Attachment H-A; (iii) Seams Elimination Charge/Cost Adjustment/Assignment ("SECA") revenues allocable to ComEd under the Tariff; and (iv) any Point-To-Point Transmission Service where the Point of Receipt and the Point of Delivery are both internal to the ComEd Zone. On this basis, the sum of these revenues will appear as a reduction to the gross monthly rate stated above on a Transmission Customer's bill in that month for service under this schedule.
- 9) **Determination of monthly charges for AEP Zone:** On a monthly basis, revenue credits shall be calculated based on the sum of AEP's share of revenues collected during the month from: (i) the PJM Border Rate under Schedule 7; (ii) Network Integration Transmission Service to Non-Zone Network Load under Attachment H-A; (iii) Firm Point-To-Point Transmission Service where the Point of Delivery is internal to the AEP Zone, (iv) revenues distributed to the AEP Zone for Transmission Enhancement charges to other PJM Zones pursuant to Schedule 12, and (v) revenues and charges, as applicable under a PJM or expanded regional transmission rate design, if such is implemented after the effective date of this provision. The sum of these revenue credits and potential charges will appear as an adjustment (reduction) to the gross monthly rate stated above on a Transmission Customer's bill in that month for service under this schedule.
- 10) **Resales:** The rates and rules governing charges and discounts stated above shall not apply to resales of transmission service, compensation for which shall be governed by section 23.1 of the Tariff.

Issued By: Craig Glazer  
Vice President, Federal Government Policy

Effective: April 15, 2008

Issued On: April 15, 2008

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000, RM05-25-000, issued December 28, 2007, Preventing Undue Discrimination and Preference in Transmission Service, Order 890-A, 2006-2007 FERC Stats. & Regs., Regs. Preambles ¶ 31,261 (2007).

2) The total demand charge in any week, pursuant to a reservation for Daily On-Peak Delivery or Daily Off-Peak Delivery, shall not exceed the Weekly Delivery rate specified in section (1) above for weekly service times the highest amount in kilowatts of Reserved Capacity and any additional transmission service, if any, in any day during such week.

3) **Hourly delivery:** The basic charge shall be that agreed upon by the Parties at the time this service is reserved and in no event shall exceed the amounts set forth above for a Point of Delivery.

The total demand charge in any day, pursuant to a reservation for Hourly delivery, shall not exceed the rate specified in section (1) above for daily service times the highest amount in kilowatts of Reserved Capacity in any hour during such day. In addition, the total demand charge in any week, pursuant to a reservation for Hourly or Daily delivery, shall not exceed the rate specified in section (1) above for weekly service times the highest amount in kilowatts of Reserved Capacity in any hour during such week.

4) **Discounts:** Three principal requirements apply to discounts for transmission service 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 OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, the Transmission Provider must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on the Transmission System.

5) **Congestion and Losses:** A Transmission Customer desiring Non-Firm Point-to-Point Transmission Service may elect to pay transmission congestion charges. If the Transmission Customer so elects, it shall either (a) if the applicable Transmission Congestion Charge as calculated pursuant to Attachment K is positive, pay the higher of the applicable Transmission Congestion Charge or the applicable rate under section (1) above, or (b) if the applicable Transmission Congestion Charge as calculated pursuant to Attachment K is negative, pay or be credited the sum of the applicable Transmission Congestion Charge and the rate under section (1) above. The Transmission Customer shall be responsible for losses as specified in the Tariff.

6) **Other Supporting Facilities and Taxes:** In addition to the charges set forth in section (1) of this schedule, the Transmission Customer shall pay charges determined on a case-by-case basis for facilities necessary to provide Transmission Service at voltages lower than those shown in Attachment H for the applicable Zone(s) and any amounts necessary to reimburse the Transmission Provider for any amounts payable as sales, excise, "Btu," carbon, value-added or similar taxes (other than taxes based upon or measured by net income) with respect to the amounts payable pursuant to the Tariff.

Issued By: Craig Glazer  
Vice President, Federal Government Policy  
Issued On: April 15, 2008

Effective: April 15, 2008

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000, RM05-25-000, issued December 28, 2007, Preventing Undue Discrimination and Preference in Transmission Service, Order 890-A, 2006-2007 FERC Stats. & Regs., Regs. Preambles ¶ 31,261 (2007).

- 7) **Transitional Revenue Neutrality Charge:** In addition to the rates set forth in Section (1) of this Schedule and any other applicable charges, the Transmission Customer shall also pay for Reserved Capacity for delivery at the border of the area comprised of the PJM Control Area and PJM West region a non-discountable charge of \$0.241/kw/mo., \$0.0556/kw/week, \$0.0079/kw/day (both on-peak and off-peak), or \$0.33/Mw/hour (both on-peak and off-peak). PJM shall distribute all revenues from the Transitional Revenue Neutrality Charge to Allegheny Power. The charge provided for under this section (7) shall terminate effective as of the day on which the sum total of the revenues collected by this charge, the Transitional Revenue Neutrality Charge under Schedule 7, and the Transitional Market Expansion Charge under Schedule 11 equal \$84,993,360.
- 8) **Transmission Enhancement Charges:** In addition to the rates set forth in Section (1) of this Schedule and any other applicable charges, the Transmission Customer shall also pay any Transmission Enhancement Charges for which it is designated as a Responsible Customer under Schedule 12 appended to the Tariff.
- 9) **Determination of monthly charges for ComEd Zone:** On a monthly basis, revenue credits shall be calculated based on the sum of ComEd's share of revenues collected during the month from: (i) the PJM Border Rate under Schedule 7; (ii) Network Integration Transmission Service to Non-Zone Network Load under Attachment H-A; (iii) Seams Elimination Charge/Cost Adjustment/Assignment ("SECA") revenues allocable to ComEd under the Tariff; and (iv) any Point-To-Point Transmission Service where the Point of Receipt and the Point of Delivery are both internal to the ComEd Zone. On this basis, the sum of these revenues will appear as a reduction to the gross monthly rate stated above on a Transmission Customer's bill in that month for service under this schedule.
- 10) **Resales:** The rates and rules governing charges and discounts stated above shall not apply to resales of transmission service, compensation for which shall be governed by section 23.1 of the Tariff.

Issued By: Craig Glazer  
Vice President, Federal Government Policy

Issued On: April 15, 2008

Effective: April 15, 2008

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000, RM05-25-000, issued December 28, 2007, Preventing Undue Discrimination and Preference in Transmission Service, Order 890-A, 2006-2007 FERC Stats. & Regs., Regs. Preambles ¶ 31,261 (2007).

**ATTACHMENT A-1**  
**Form Of Service Agreement For**  
**The Resale, Reassignment Or Transfer Of**  
**Point-To-Point Transmission Service**

- 1.0 This Service Agreement, dated as of \_\_\_\_\_, is entered into, by and between \_\_\_\_\_ (the Transmission Provider), and \_\_\_\_\_ (the Assignee).
- 2.0 The Assignee has been determined by the Transmission Provider to be an Eligible Customer under the Tariff pursuant to which the transmission service rights to be transferred were originally obtained.
- 3.0 The terms and conditions for the transaction entered into under this Service Agreement shall be subject to the terms and conditions of Part II of the Transmission Provider's Tariff, except for those terms and conditions negotiated by the Reseller of the reassigned transmission capacity (pursuant to Section 23.1 of this Tariff) and the Assignee to include: contract effective and termination dates, the amount of reassigned capacity or energy, point(s) of receipt and delivery. Changes by the Assignee to the Reseller's Points of Receipt and Points of Delivery will be subject to the provisions of Section 23.2 of this Tariff.
- 4.0 The Transmission Provider shall credit the Reseller for the price reflected in the Assignee's Service Agreement or the associated OASIS schedule.
- 5.0 Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.

Issued By: Craig Glazer  
Vice President, Federal Government Policy

Effective: April 15, 2008

Issued On: April 15, 2008

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000, RM05-25-000, issued December 28, 2007, Preventing Undue Discrimination and Preference in Transmission Service, Order 890-A, 2006-2007 FERC Stats. & Regs., Regs. Preambles ¶ 31,261 (2007).

### **Treatment of Existing Transmission Commitments**

The Transmission Provider incorporates the ETC from three sources:

(1) Transmission Provider's reservations in accepted or confirmed status; (2) coordinating entity reservations; and (3) schedules that are NERC tagged in the scheduling horizon. PJM OASIS reservations that are withdrawn, retracted (not confirmed) or annulled are removed from the ETC and any resulting changes to ATC are incorporated in the next OASIS posting of ATC calculated values. The Transmission Provider's firm and non-firm ATC calculations also account for permanently redirected services, unscheduled service, and counterflows.

Flowgates are used in the AFC and ATC calculations. PJM adds or eliminates external flowgates based on the Joint Operating Agreement Between the Midwest Independent Transmission System Operator, Inc. And PJM Interconnection, L.L.C., Article V; Joint Operating Agreement Among And Between PJM Interconnection, L.L.C., And progress Energy Carolinas, Article Five; Joint Operating Agreement Among and Between New York Independent System Operator Inc. And PJM Interconnection, L.L.C., Article Thirteen; and Joint Reliability Coordination Agreement Among And Between Midwest Independent Transmission System Operator, Inc., PJM Interconnection, L.L.C., And Tennessee Valley Authority, Article Five. PJM adds or eliminates internal flowgates, at least annually, based on a review of historic operating constraints including flowgates that have been in Transmission Loading Relief (TLR) and other operating conditions as deemed appropriate.

### **Treatment of Capacity Benefit Margin**

The CBM is a reliability margin applied to the flowgate in the AFC Calculation. CBM is only applied to firm ATC calculations where the Transmission Provider is the delivery point. The Transmission Provider consistently applies CBM in planning and operations and does not double count for this reliability margin (i.e., this margin is not included in TRM). For non-PJM flowgates, the Transmission Provider uses the CBM values provided by coordination entities for the AFC calculation on these flowgates.

Through the sharing of installed generating capacity via transmission interconnections, systems have relied on transmission import capability to reduce their required installed generating capacity necessary to provide reliable service to Network Customers. In order to ensure that PJM has the ability to import external generation for the purpose of serving Network Customers, a portion of the transfer capability will be set aside. This capability, known as the Capacity Benefit Margin, is a reflection of the mutual benefit of interconnected operations and reservation of this margin allows a system to reduce its installed generating capacity below that which may have otherwise been required if transmission interconnections did not exist.

The CBM is determined through Transmission Planning Evaluation of Import Capability. This evaluation establishes the amount of emergency power that can be reliably transferred to PJM from adjacent regions in the event of a PJM generation capacity deficiency and the relative impact of CBM on the reserve margin. To determine the import transfer limit, several emergency scenarios are replicated and the limit represents a normalization of expected values. This transfer limit determines the PJM tie benefit that is subsequently used in calculating the PJM reserve requirements.

Issued By: Craig Glazer  
Vice President, Federal Government Policy  
Issued On: April 15, 2008

Effective: April 15, 2008

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000, RM05-25-000, issued December 28, 2007, Preventing Undue Discrimination and Preference in Transmission Service, Order 890-A, 2006-2007 FERC Stats. & Regs., Regs. Preambles ¶ 31,261 (2007).

**ATTACHMENT B**

**Tariff Revisions**

**Redline Version**

K:\pjm\Order 890 compliance\Order 890-A tariff changes (redline) 4-15-08 (FINAL).doc

**ATTACHMENT A**  
**Form of Service Agreement For**  
**Firm Point-To-Point Transmission Service ..... 271**

**ATTACHMENT A-1**  
**Form of Service Agreement For**  
**The Resale, Reassignment or Transfer of**  
**Long-Term Firm Point-to-Point Transmission Service ..... 275A**

**ATTACHMENT B**  
**Form of Service Agreement For Non-Firm Point-To-Point**  
**Transmission Service ..... 276**

**ATTACHMENT C**  
**Methodology To Assess Available Transfer Capability ..... 279**

**ATTACHMENT C-1**  
**Conversion of Service in the Dominion and Duquesne Zones ..... 281A**

**ATTACHMENT D**  
**Methodology for Completing a System Impact Study ..... 282**

Issued By: Craig Glazer  
Vice President, Federal Government Policy

Effective: April 15, 2008

Issued On: April 15, 2008

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000, RM05-25-000, issued December 28, 2007, Preventing Undue Discrimination and Preference in Transmission Service, Order 890-A, 2006-2007 FERC Stats. & Regs., Regs. Preambles ¶ 31,261 (2007).

- 1.19A NERC:** The North American Electric Reliability Council or any successor thereto.
- 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 Commission-approved 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:

Issued By: Craig Glazer  
Vice President, Federal Government Policy

Effective: April 15, 2008

Issued On: April 15, 2008

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000, RM05-25-000, issued December 28, 2007, [Preventing Undue Discrimination and Preference in Transmission Service](#), Order 890-A, 2006-2007 FERC Stats. & Regs., Regs. Preambles ¶ 31,261 (2007).

(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.

Issued By: Craig Glazer  
Vice President, Federal Government Policy

Effective: April 15, 2008

Issued On: April 15, 2008

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000, RM05-25-000, issued December 28, 2007, Preventing Undue Discrimination and Preference in Transmission Service, Order 890-A, 2006-2007 FERC Stats. & Regs., Regs. Preambles ¶ 31,261 (2007).

- 1.36.01 Pre-Confirmed Application:** An Application that commits the ~~Transmission~~ 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.

Issued By: Craig Glazer  
Vice President, Federal Government Policy

Effective: April 15, 2008

Issued On: April 15, 2008

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000, RM05-25-000, issued December 28, 2007, Preventing Undue Discrimination and Preference in Transmission Service, Order 890-A, 2006-2007 FERC Stats. & Regs., Regs. Preambles ¶ 31,261 (2007).

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.

- 3.1 Scheduling, System Control and Dispatch Services:** The rates and/or methodology are described in Schedule 1 and Schedule 1A.
- 3.2 Reactive Supply and Voltage Control from Generation or Other Sources Service:** The rates and/or methodology are described in Schedule 2.
- 3.3 Regulation and Frequency Response Service:** Where applicable the rates and/or methodology are described in Schedule 3.
- 3.4 Energy Imbalance Service:** Where applicable the rates and/or methodology are described in Schedule 4.
- 3.5 Operating Reserve - Synchronized Reserve Service:** Where applicable the rates and/or methodology are described in Schedule 5.
- 3.6 Operating Reserve - Supplemental Reserve Service:** Where applicable the rates and/or methodology are described in Schedule 6.

### **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.

### **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.

Issued By: Craig Glazer  
Vice President, Federal Government Policy

Effective: April 15, 2008

Issued On: April 15, 2008

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000, RM05-25-000, issued December 28, 2007, Preventing Undue Discrimination and Preference in Transmission Service, Order 890-A, 2006-2007 FERC Stats. & Regs., Regs. Preambles ¶ 31,261 (2007).

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

- 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 ~~an electronic link to these rules, standards and practices,~~ and ~~shall post~~ 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 ~~make available on 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 ~~posted on its website~~ [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.

- 4.2 Pursuant to the Commission's April 25, 2006 Final Rule, Order 676 (115 FERC ¶ 61,102) amending its regulations under the Federal Power Act, Transmission Provider hereby incorporates by reference the following standards promulgated by the Wholesale Electric Quadrant ("WEQ") of the North American Energy Standards Board ("NAESB"):

- Business Practices for Open Access Same-Time Information Systems (OASIS) (WEQ-001, Version 000, January 15, 2005, with minor corrections applied on March 25, 2005, and additional numbering added October 3, 2005) including Standards 001-0.2 through 001-0.8, 001-2.0 through 001-9.6.2, 001-9.8 through 001-10.8.6, and Examples 001-8.3-A, 001-9.2-A, 001-10.2-A, 001-9.3-A, 001-10.3-A, 001-9.4.1-A, 001-10.4.1-A, 001-9.4.2-A, 001-10.4.2-A, 001-9.5-A, 001-10.5-A, 001-9.5.1-A, and 001-10.5.1-A;

Issued By: Craig Glazer  
Vice President, Federal Government Policy

Effective: April 15, 2008

Issued On: April 15, 2008

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000, RM05-25-000, issued December 28, 2007, Preventing Undue Discrimination and Preference in Transmission Service. Order 890-A. 2006-2007 FERC Stats. & Regs., Regs. Preambles ¶ 31.261 (2007).

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.

## 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

Issued By: Craig Glazer  
Vice President, Federal Government Policy

Effective: April 15, 2008

Issued On: April 15, 2008

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000, RM05-25-000, issued December 28, 2007, [Preventing Undue Discrimination and Preference in Transmission Service](#), Order 890-A, 2006-2007 FERC Stats. & Regs., Regs. Preambles ¶ 31,261 (2007).

**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.

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

**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.

**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

Issued By: Craig Glazer  
Vice President, Federal Government Policy

Effective: April 15, 2008

Issued On: April 15, 2008

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000, RM05-25-000, issued December 28, 2007, [Preventing Undue Discrimination and Preference in Transmission Service](#), Order 890-A, 2006-2007 FERC Stats. & Regs., Regs. Preambles ¶ 31,261 (2007).

longer term ~~reservation~~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.

- 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.
- 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.
- 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,

Issued By: Craig Glazer  
Vice President, Federal Government Policy

Effective: April 15, 2008

Issued On: April 15, 2008

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000, RM05-25-000, issued December 28, 2007, Preventing Undue Discrimination and Preference in Transmission Service, Order 890-A, 2006-2007 FERC Stats. & Regs., Regs. Preambles ¶ 31,261 (2007).

**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.

**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.

Issued By: Craig Glazer  
Vice President, Federal Government Policy

Effective: April 15, 2008

Issued On: April 15, 2008

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000, RM05-25-000, issued December 28, 2007, [Preventing Undue Discrimination and Preference in Transmission Service](#), Order 890-A, 2006-2007 FERC Stats. & Regs., Regs. Preambles ¶ 31,261 (2007).

- (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 ~~whether that, if~~ the ~~Transmission-Eligible~~ Customer ~~commits to submits~~ a Pre-Confirmed ~~Request~~Application, the Eligible Customer, i.e., 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.

**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.

Issued By: Craig Glazer  
Vice President, Federal Government Policy

Effective: April 15, 2008

Issued On: April 15, 2008

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000, RM05-25-000, issued December 28, 2007, Preventing Undue Discrimination and Preference in Transmission Service, Order 890-A, 2006-2007 FERC Stats. & Regs., Regs. Preambles ¶ 31,261 (2007).

- 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. ~~If the Eligible Customer does not pay this non-refundable reservation fee within 15 days of notifying Transmission Provider it intends to extend the commitment of service, then the Eligible Customer's application shall be deemed withdrawn and its deposit, pursuant to Section 17.3, shall be returned with interest.~~ 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.
- 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.
- 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

Issued By: Craig Glazer  
Vice President, Federal Government Policy

Effective: April 15, 2008

Issued On: April 15, 2008

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000, RM05-25-000, issued December 28, 2007, Preventing Undue Discrimination and Preference in Transmission Service, Order 890-A, 2006-2007 FERC Stats. & Regs., Regs. Preambles ¶ 31,261 (2007).

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 ~~whether that, if the Transmission-Eligible Customer commits to submits~~ a Pre-Confirmed ~~Request, i.e. Application, the Eligible Customer~~ will execute a Service Agreement upon receipt of notification that the Transmission Provider can provide the requested Transmission Service.

**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.

**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.

Issued By: Craig Glazer  
Vice President, Federal Government Policy

Effective: April 15, 2008

Issued On: April 15, 2008

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000, RM05-25-000, issued December 28, 2007, Preventing Undue Discrimination and Preference in Transmission Service, Order 890-A, 2006-2007 FERC Stats. & Regs., Regs. Preambles ¶ 31,261 (2007).

- (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.

**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.

## 23 Sale or Assignment of Transmission Service

**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) be at rates established by agreement with the Assignee. ~~The Assignee must secure a service agreement with the Transmission Provider prior to the date on which the reassigned service commences that will govern the provision of reassigned service. The Transmission Provider shall credit or charge the Reseller, as appropriate, for any differences between the price reflected in the Assignee's Service Agreement and 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.~~

Issued By: Craig Glazer  
Vice President, Federal Government Policy

Effective: April 15, 2008

Issued On: April 15, 2008

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000, RM05-25-000, issued December 28, 2007, Preventing Undue Discrimination and Preference in Transmission Service, Order 890-A, 2006-2007 FERC Stats. & Regs., Regs. Preambles ¶ 31,261 (2007).

The Assignee must execute a service agreement with the Transmission Provider governing reassignments of transmission service prior to the date on which the reassigned service commences. The Transmission Provider shall charge the Reseller, as appropriate, at the rate stated in the Reseller's Service Agreement with the Transmission Provider or the associated OASIS schedule and credit the Reseller with the price reflected in the Assignee's Service Agreement with the Transmission Provider 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.

Issued By: Craig Glazer  
Vice President, Federal Government Policy

Effective: April 15, 2008

Issued On: April 15, 2008

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000, RM05-25-000, issued December 28, 2007, Preventing Undue Discrimination and Preference in Transmission Service, Order 890-A, 2006-2007 FERC Stats. & Regs., Regs. Preambles ¶ 31,261 (2007).

- (iv) The amount and location of any interruptible loads included in the Network Load. This shall include the summer and winter capacity requirements for each interruptible load (had such load not been interruptible), that portion of the load subject to interruption, the conditions under which an interruption can be implemented and any limitations on the amount and frequency of interruptions. An Eligible Customer should identify the amount of interruptible customer load (if any) included in the 10 year load forecast provided in response to (iii) above;
- (v) A description of Network Resources (current and 10-year projection). For each on-system Network Resource, such description shall include:
- Unit size and amount of capacity from that unit to be designated as Network Resource
  - VAR capability (both leading and lagging) of all generators
  - Operating restrictions
    - Any periods of restricted operations throughout the year
    - Maintenance schedules
    - Minimum loading level of unit
    - Normal operating level of unit
    - Any must-run unit designations required for system reliability or contract reasons
  - Approximate variable generating cost (\$/MWH) for redispatch computations
  - Arrangements governing sale and delivery of power to third parties from generating facilities located in the Transmission Provider Control Areas, where only a portion of unit output is designated as a Network Resource
  - For each off-system Network Resource, such description shall include:
    - Identification of the Network Resource as an off-system resource
    - Amount of power to which the customer has rights
    - Identification of the control area(s) from which the power will originate
    - Delivery point(s) to the Transmission Provider's Transmission System
    - Transmission arrangements on the external transmission system(s)
    - Operating restrictions, if any
      - Any periods of restricted operations throughout the year
      - Maintenance schedules
      - Minimum loading level of unit
      - Normal operating level of unit

Issued By: Craig Glazer  
Vice President, Federal Government Policy

Effective: April 15, 2008

Issued On: April 15, 2008

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000, RM05-25-000, issued December 28, 2007, Preventing Undue Discrimination and Preference in Transmission Service, Order 890-A, 2006-2007 FERC Stats. & Regs., Regs. Preambles ¶ 31,261 (2007).

- 30.4 Operation of Network Resources:** The Network Customer shall not operate its designated Network Resources located in the Network Customer's or Transmission Provider's Control Area(s) such that the output of those facilities exceeds its designated Network Load plus Non-Firm Sales delivered pursuant to Part II of the Tariff, plus net sales of energy through the interchange energy market established under the Operating Agreement, plus losses [plus power sales under a Commission-approved reserve sharing program](#). This limitation shall not apply to changes in the operation of a Transmission Provider in response to an emergency or other unforeseen condition which may impair or degrade the reliability of the Transmission System. For all Network Resources not physically connected with the Transmission Provider's Transmission System, the Network Customer may not schedule delivery of energy in excess of the Network Resource's capacity, as specified in the Network Customer's Application pursuant to Section 29, unless the Network Customer supports such delivery within the Transmission Provider's Transmission System by either obtaining Point-to-Point Transmission Service or utilizing secondary service pursuant to Section 28.4. The Transmission Provider shall specify the rate treatment and all related terms and conditions applicable in the event that a Network Customer's schedule at the delivery point for a Network Resource not physically interconnected with the Transmission Provider's Transmission System exceeds the Network Resource's designated capacity, excluding energy delivered using secondary service or Point-to-Point Transmission Service.
- 30.5 Network Customer Redispatch Obligation:** As a condition to receiving Network Integration Transmission Service, the Network Customer agrees to redispatch its Network Resources as requested by the Transmission Provider pursuant to Section 33.2. To the extent practical, the redispatch of resources pursuant to this section shall be on a least cost, non-discriminatory basis among all Network Customers and the Transmission Owners.
- 30.6 Transmission Arrangements for Network Resources Not Physically Interconnected With The Transmission Provider:** The Network Customer shall be responsible for any arrangements necessary to deliver capacity and energy from a Network Resource not physically interconnected with the Transmission Provider's Transmission System. The Transmission Provider will undertake reasonable efforts to assist the Network Customer in obtaining such arrangements, including without limitation, providing any information or data required by such other entity pursuant to Good Utility Practice.
- 30.7 Limitation on Designation of Network Resources:** The Network Customer must demonstrate that it owns or has committed to purchase generation pursuant to an executed contract in order to designate a generating resource as a Network Resource. Alternatively, the Network Customer may establish that execution of a contract is contingent upon the availability of transmission service under Part III of the Tariff.

Issued By: Craig Glazer  
Vice President, Federal Government Policy

Effective: April 15, 2008

Issued On: April 15, 2008

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000, RM05-25-000, issued December 28, 2007, [Preventing Undue Discrimination and Preference in Transmission Service](#), Order 890-A, 2006-2007 FERC Stats. & Regs., Regs. Preambles ¶ 31,261 (2007).

Request was to be included in a System Impact Study evaluating more than one New Service Request, then the costs of the System Impact Study shall be redetermined and reallocated among the remaining participating New Service Customers as specified in this Section 204.

## **205 System Impact Study Procedures:**

**205.1 Coordination:** The Transmission Provider shall coordinate, to the extent practical, all System Impact Studies conducted pursuant to this Section 205 for New Service Customers. Such coordination may involve, at the Transmission Provider's sole discretion, combining System Impact Studies for multiple New Service Requests into one study. Transmission Provider shall describe in the PJM Manuals the process by which it will coordinate System Impact Studies and Facilities Studies pertaining to different types of New Service Requests.

**205.2 Scope of Studies:** The System Impact Study is a comprehensive regional analysis of the effect of adding to the Transmission System the new facilities and services contemporaneously proposed by New Service Customers and an evaluation of their impact on deliverability to the aggregate of PJM Network Load. The System Impact Study identifies the system constraints, identified with specificity by transmission element or flowgate, relating to each proposed new project and service included therein and the Attachment Facilities, Direct Assignment Facilities, Local Upgrades, and/or Network Upgrades required to accommodate such projects. The System Impact Study provides refined and comprehensive estimates of cost responsibility and construction lead times for new facilities and system upgrades. The Transmission Provider, in its sole discretion, may determine to evaluate in the same System Impact Study two or more New Service Requests relating to interconnections, Upgrade Requests, or proposed new transmission services where the associated increases in service or capability are in electrical proximity to each other. Each System Impact Study shall identify the system constraints, identified with specificity by transmission element or flowgate, relating to the New Service Requests being evaluated in the study and, as applicable to each included request, the redispatch options, additional Direct Assignment Facilities, Attachment Facilities, Local Upgrades, and/or Network Upgrades necessary to accommodate such request. The System Impact Study shall refine and more comprehensively estimate each New Service Customer's cost responsibility (determined in accordance with Section 217 of the Tariff) for necessary facilities and upgrades than the estimates provided in the Interconnection Feasibility Study or the Initial Study, if applicable. In the event that more than one New Service Request is evaluated in a study, the Transmission Provider may provide a series of estimates to each participating New Service Customer to reflect the customer's estimated cost responsibility based on varying assumptions regarding the number of New Service Customers that decide to continue their New Service Requests after completion of the System Impact Study. A description of the Transmission Provider's methodology for completing a System Impact Study for Completed Applications is provided in Attachment D

Issued By: Craig Glazer  
Vice President, Federal Government Policy

Effective: April 15, 2008

Issued On: April 15, 2008

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000, RM05-25-000, issued December 28, 2007, Preventing Undue Discrimination and Preference in Transmission Service, Order 890-A, 2006-2007 FERC Stats. & Regs., Regs. Preambles ¶ 31,261 (2007).

of the Tariff. If applicable, the System Impact Study for a Transmission Interconnection Customer shall also include a preliminary estimate of the Incremental Deliverability Rights associated with the customer's proposed Merchant Transmission Facilities.

**205.3 Timing of Studies:** The Transmission Provider shall conduct System Impact Studies each year commencing on (i) June 1, for New Service Requests received between November 1 of the previous year and January 31 of the same year, (ii) September 1, for New Service Requests received between February 1 and April 30 of the same year, (iii) December 1, for New Service Requests received between May 1 and July 31 of the same year, and (iv) March 1, for New Service Requests received between August 1 and October 31 of the preceding year. The Transmission Provider shall use due diligence to complete the System Impact Studies within 120 days of the date the study commences. In the event that the Transmission Provider is unable to complete a System Impact Study within the applicable indicated time period, it shall so notify the affected New Service Customers and the affected Transmission Owner(s) and provide an estimated completion date, along with an explanation of the reasons why additional time is needed to complete the study. The Transmission Provider will use the same due diligence in completing the System Impact Study for a New Service Customer as it uses when completing studies for a Transmission Owner.

**205.4 Completion of Studies:**

**205.4.1 Notice to Eligible Customers:** The Transmission Provider shall notify each Eligible Customer whose Completed Application for new transmission service was included in the System Impact Study upon completion of the System Impact Study whether the Transmission System will be adequate to accommodate all or part of the request for service. In the event that the System Impact Study indicates that no new transmission facilities or upgrades are needed to accommodate the requested service, in order for the Completed Application to retain its Queue Position, within fifteen (15) days of completion of the System Impact Study, the Eligible Customer must execute a Service Agreement or request the filing of an unexecuted Service Agreement pursuant to Section 15.3 or Section 32.4, as applicable, or the Completed Application shall be deemed terminated and withdrawn.

**205.4.2 Materials for Customers:** The Transmission Provider shall provide a copy of the System Impact Study and, to the extent consistent with the Office of the Interconnection's confidentiality obligations in Section 18.17 of the Operating Agreement, related work papers to all New Service Customers that had New Service Requests evaluated in the study and to the affected Transmission Owner(s).

Issued By: Craig Glazer  
Vice President, Federal Government Policy

Effective: April 15, 2008

Issued On: April 15, 2008

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000, RM05-25-000, issued December 28, 2007, Preventing Undue Discrimination and Preference in Transmission Service, Order 890-A, 2006-2007 FERC Stats. & Regs., Regs. Preambles ¶ 31,261 (2007).

- 2) The total demand charge in any week, pursuant to a reservation for Daily On-Peak Delivery, or Daily Off-Peak Delivery shall not exceed the Weekly Delivery rate specified in section (1) above for weekly service times the highest amount in kilowatts of Reserved Capacity and any additional transmission service, if any, in any day during such week.
- 3) **Discounts:** Three principal requirements apply to discounts for transmission service 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. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, the Transmission Provider must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on the Transmission System.
- 4) **Congestion and Losses:** In addition to any payment under this Schedule, the Transmission Customer shall pay Redispatch Costs as specified in Section 27 of the Tariff. The Transmission Customer shall be responsible for losses as specified in the Tariff.
- 5) **Other Supporting Facilities and Taxes:** In addition to the rates set forth in section (1) of this schedule, the Transmission Customer shall pay charges determined on a case-by-case basis for facilities necessary to provide Transmission Service at voltages lower than those shown in Attachment H for the applicable Zone(s) and any amounts necessary to reimburse the Transmission Provider for any amounts payable as sales, excise, "Btu," carbon, value-added or similar taxes (other than taxes based upon or measured by net income) with respect to the amounts payable pursuant to the Tariff.
- 6) **Transitional Revenue Neutrality Charge:** In addition to the rates set forth in section (1) of this schedule and any other applicable charges, the Transmission Customer shall also pay for Reserved Capacity for delivery at the border of the PJM Region a non-discountable charge of \$3.60/kw/year, \$0.30/kw/mo., \$0.0692/kw/week, \$0.0099/kw/day-off-peak, or \$0.0138/kw/day-on-peak. PJM shall distribute all revenues from the Transitional Revenue Neutrality Charge to Allegheny Power. The charge provided for under this section (6) shall terminate effective as of the day on which the sum total of the revenues collected by this charge, the Transitional Revenue Neutrality Charge under Schedule 8, and the Transitional Market Expansion Charge under Schedule 11 equal \$84,993,360.

Issued By: Craig Glazer  
Vice President, Federal Government Policy

Effective: April 15, 2008

Issued On: April 15, 2008

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000, RM05-25-000, issued December 28, 2007, Preventing Undue Discrimination and Preference in Transmission Service, Order 890-A, 2006-2007 FERC Stats. & Regs., Regs. Preambles ¶ 31,261 (2007).

- 7) **Transmission Enhancement Charges.** In addition to the rates set forth in Section (1) of this Schedule and any other applicable charges, the Transmission Customer shall also pay any Transmission Enhancement Charges for which it is designated as a Responsible Customer under Schedule 12 appended to the Tariff.
- 8) **Determination of monthly charges for ComEd Zone:** On a monthly basis, revenue credits shall be calculated based on the sum of ComEd's share of revenues collected during the month from: (i) the PJM Border Rate under Schedule 7; (ii) Network Integration Transmission Service to Non-Zone Network Load under Attachment H-A; (iii) Seams Elimination Charge/Cost Adjustment/Assignment ("SECA") revenues allocable to ComEd under the Tariff; and (iv) any Point-To-Point Transmission Service where the Point of Receipt and the Point of Delivery are both internal to the ComEd Zone. On this basis, the sum of these revenues will appear as a reduction to the gross monthly rate stated above on a Transmission Customer's bill in that month for service under this schedule.
- 9) **Determination of monthly charges for AEP Zone:** On a monthly basis, revenue credits shall be calculated based on the sum of AEP's share of revenues collected during the month from: (i) the PJM Border Rate under Schedule 7; (ii) Network Integration Transmission Service to Non-Zone Network Load under Attachment H-A; (iii) Firm Point-To-Point Transmission Service where the Point of Delivery is internal to the AEP Zone, (iv) revenues distributed to the AEP Zone for Transmission Enhancement charges to other PJM Zones pursuant to Schedule 12, and (v) revenues and charges, as applicable under a PJM or expanded regional transmission rate design, if such is implemented after the effective date of this provision. The sum of these revenue credits and potential charges will appear as an adjustment (reduction) to the gross monthly rate stated above on a Transmission Customer's bill in that month for service under this schedule.
- 10) **Resales:** The rates and rules governing charges and discounts stated above shall not apply to resales of transmission service, compensation for which shall be governed by section 23.1 of the Tariff.

Issued By: Craig Glazer  
Vice President, Federal Government Policy

Effective: April 15, 2008

Issued On: April 15, 2008

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000, RM05-25-000, issued December 28, 2007, Preventing Undue Discrimination and Preference in Transmission Service, Order 890-A, 2006-2007 FERC Stats. & Regs., Regs. Preambles ¶ 31,261 (2007).

2) The total demand charge in any week, pursuant to a reservation for Daily On-Peak Delivery or Daily Off-Peak Delivery, shall not exceed the Weekly Delivery rate specified in section (1) above for weekly service times the highest amount in kilowatts of Reserved Capacity and any additional transmission service, if any, in any day during such week.

3) **Hourly delivery:** The basic charge shall be that agreed upon by the Parties at the time this service is reserved and in no event shall exceed the amounts set forth above for a Point of Delivery.

The total demand charge in any day, pursuant to a reservation for Hourly delivery, shall not exceed the rate specified in section (1) above for daily service times the highest amount in kilowatts of Reserved Capacity in any hour during such day. In addition, the total demand charge in any week, pursuant to a reservation for Hourly or Daily delivery, shall not exceed the rate specified in section (1) above for weekly service times the highest amount in kilowatts of Reserved Capacity in any hour during such week.

4) **Discounts:** Three principal requirements apply to discounts for transmission service 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 ~~a~~ Affiliate's use) must occur solely by posting on OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, the Transmission Provider must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on the Transmission System.

5) **Congestion and Losses:** A Transmission Customer desiring Non-Firm Point-to-Point Transmission Service may elect to pay transmission congestion charges. If the Transmission Customer so elects, it shall either (a) if the applicable Transmission Congestion Charge as calculated pursuant to Attachment K is positive, pay the higher of the applicable Transmission Congestion Charge or the applicable rate under section (1) above, or (b) if the applicable Transmission Congestion Charge as calculated pursuant to Attachment K is negative, pay or be credited the sum of the applicable Transmission Congestion Charge and the rate under section (1) above. The Transmission Customer shall be responsible for losses as specified in the Tariff.

6) **Other Supporting Facilities and Taxes:** In addition to the charges set forth in section (1) of this schedule, the Transmission Customer shall pay charges determined on a case-by-case basis for facilities necessary to provide Transmission Service at voltages lower than those shown in Attachment H for the applicable Zone(s) and any amounts necessary to reimburse the Transmission Provider for any amounts payable as sales, excise, "Btu," carbon, value-added or similar taxes (other than taxes based upon or measured by net income) with respect to the amounts payable pursuant to the Tariff.

Issued By: Craig Glazer  
Vice President, Federal Government Policy

Effective: April 15, 2008

Issued On: April 15, 2008

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000, RM05-25-000, issued December 28, 2007, Preventing Undue Discrimination and Preference in Transmission Service, Order 890-A, 2006-2007 FERC Stats. & Regs., Regs. Preambles ¶ 31,261 (2007).

7) **Transitional Revenue Neutrality Charge:** In addition to the rates set forth in Section (1) of this Schedule and any other applicable charges, the Transmission Customer shall also pay for Reserved Capacity for delivery at the border of the area comprised of the PJM Control Area and PJM West region a non-discountable charge of \$0.241/kw/mo., \$0.0556/kw/week, \$0.0079/kw/day (both on-peak and off-peak), or \$0.33/Mw/hour (both on-peak and off-peak). PJM shall distribute all revenues from the Transitional Revenue Neutrality Charge to Allegheny Power. The charge provided for under this section (7) shall terminate effective as of the day on which the sum total of the revenues collected by this charge, the Transitional Revenue Neutrality Charge under Schedule 7, and the Transitional Market Expansion Charge under Schedule 11 equal \$84,993,360.

8) **Transmission Enhancement Charges:** In addition to the rates set forth in Section (1) of this Schedule and any other applicable charges, the Transmission Customer shall also pay any Transmission Enhancement Charges for which it is designated as a Responsible Customer under Schedule 12 appended to the Tariff.

9) **Determination of monthly charges for ComEd Zone:** On a monthly basis, revenue credits shall be calculated based on the sum of ComEd's share of revenues collected during the month from: (i) the PJM Border Rate under Schedule 7; (ii) Network Integration Transmission Service to Non-Zone Network Load under Attachment H-A; (iii) Seams Elimination Charge/Cost Adjustment/Assignment ("SECA") revenues allocable to ComEd under the Tariff; and (iv) any Point-To-Point Transmission Service where the Point of Receipt and the Point of Delivery are both internal to the ComEd Zone. On this basis, the sum of these revenues will appear as a reduction to the gross monthly rate stated above on a Transmission Customer's bill in that month for service under this schedule.

10) **Resales:** The rates and rules governing charges and discounts stated above shall not apply to resales of transmission service, compensation for which shall be governed by section 23.1 of the Tariff.

Issued By: Craig Glazer  
Vice President, Federal Government Policy

Effective: April 15, 2008

Issued On: April 15, 2008

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000, RM05-25-000, issued December 28, 2007, Preventing Undue Discrimination and Preference in Transmission Service, Order 890-A, 2006-2007 FERC Stats. & Regs., Regs. Preambles ¶ 31,261 (2007).

**ATTACHMENT A-1**  
**Form Of Service Agreement For**  
**The Resale, Reassignment Or Transfer Of**  
**~~Long-Term Firm~~ Point-To-Point Transmission Service**

- 1.0 This Service Agreement, dated as of \_\_\_\_\_, is entered into, by and between \_\_\_\_\_ (the Transmission Provider), and \_\_\_\_\_ (the Assignee).
- 2.0 The Assignee has been determined by the Transmission Provider to be an Eligible Customer under the Tariff pursuant to which the transmission service rights to be transferred were originally obtained.
- 3.0 The terms and conditions for the transaction entered into under this Service Agreement shall be subject to the terms and conditions of Part II of the Transmission Provider's Tariff, except for those terms and conditions negotiated by the Reseller, ~~as identified below~~, of the reassigned transmission capacity (pursuant to Section 23.1 of this Tariff) and the Assignee ~~and appropriately specified in this Service Agreement. Such negotiated terms and conditions to~~ include: contract effective and termination dates, the amount of reassigned capacity or energy, point(s) of receipt and delivery. Changes by the Assignee to the Reseller's Points of Receipt and Points of Delivery will be subject to the provisions of Section 23.2 of this Tariff.
- 4.0 The Transmission Provider shall credit ~~or charge~~ the Reseller, ~~as appropriate~~, for ~~any difference between~~ the price reflected in the Assignee's Service Agreement ~~and or~~ the ~~Reseller's Service Agreement with the Transmission Provider~~ associated OASIS schedule.
- 5.0 Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.

Issued By: Craig Glazer  
Vice President, Federal Government Policy

Effective: April 15, 2008

Issued On: April 15, 2008

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000, RM05-25-000, issued December 28, 2007, Preventing Undue Discrimination and Preference in Transmission Service, Order 890-A, 2006-2007 FERC Stats. & Regs., Regs. Preambles ¶ 31,261 (2007).

### **Treatment of Existing Transmission Commitments**

The Transmission Provider incorporates the ETC from three sources:

(1) Transmission Provider's reservations in accepted or confirmed status; (2) coordinating entity reservations; and (3) schedules that are NERC tagged in the scheduling horizon. PJM OASIS reservations that are withdrawn, retracted (not confirmed) or annulled are removed from the ETC and any resulting changes to ATC are incorporated in the next OASIS posting of ATC calculated values. The Transmission Provider's firm and non-firm ATC calculations also account for permanently redirected services, unscheduled service, and counterflows.

Flowgates are used in the AFC and ATC calculations. PJM adds or eliminates external flowgates based on the Joint Operating Agreement Between the Midwest Independent Transmission System Operator, Inc. And PJM Interconnection, L.L.C., Article V; Joint Operating Agreement Among And Between PJM Interconnection, L.L.C., And progress Energy Carolinas, Article Five; Joint Operating Agreement Among and Between New York Independent System Operator Inc. And PJM Interconnection, L.L.C., Article Thirteen; and Joint Reliability Coordination Agreement Among And Between Midwest Independent Transmission System Operator, Inc., PJM Interconnection, L.L.C., And Tennessee Valley Authority, Article Five. PJM adds or eliminates internal flowgates, at least annually, based on a review of historic operating constraints including flowgates that have been in Transmission Loading Relief (TLR) and other operating conditions as deemed appropriate.

### **Treatment of Capacity Benefit Margin**

The CBM is a reliability margin applied to the flowgate in the AFC Calculation. CBM is only applied to firm ATC calculations where the Transmission Provider is the delivery point. The Transmission Provider consistently applies CBM in planning and operations and does not double count for this reliability margin (i.e., this margin is not included in TRM). For non-PJM flowgates, the Transmission Provider uses the CBM values provided by coordination entities for the AFC calculation on these flowgates.

Through the sharing of installed generating capacity via transmission interconnections, systems have relied on transmission import capability to reduce their required installed generating capacity necessary to provide reliable service to Network Customers. In order to ensure that PJM has the ability to import external generation for the purpose of serving Network Customers, a portion of the transfer capability will be set aside. This capability, known as the Capacity Benefit Margin, is a reflection of the mutual benefit of interconnected operations and reservation of this margin allows a system to reduce its installed generating capacity below that which may have otherwise been required if transmission interconnections did not exist.

The CBM is determined through Transmission Planning Evaluation of Import Capability. This evaluation establishes the amount of emergency power that can be reliably transferred to PJM from adjacent regions in the event of a PJM generation capacity deficiency and the relative impact of CBM on the reserve margin. To determine the import transfer limit, several emergency scenarios are replicated and the limit represents a normalization of expected values. This transfer limit determines the PJM tie benefit that is subsequently used in calculating the PJM reserve requirements.

Issued By: Craig Glazer  
Vice President, Federal Government Policy  
Issued On: April 15, 2008

Effective: April 15, 2008

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000, RM05-25-000, issued December 28, 2007, Preventing Undue Discrimination and Preference in Transmission Service, Order 890-A, 2006-2007 FERC Stats. & Regs., Regs. Preambles ¶ 31,261 (2007).