



Instructions for Submitting Opt-Out FRR Resource Plans

In the event an LSE serving retail load in the Duke zone has elected to opt-out of the Capacity procurement process that is part of Duke Energy Ohio's FRR Plan for the any or all of the 2011/2012, 2012/2013, 2013/2014, or 2014/2015 Delivery Years, the LSE must provide Duke and PJM with its Resource Plan, demonstrating it owns or has the contractual authority to control the output or load reduction capability of any Capacity Resource listed in its Resource Plan.

The deadline for LSEs to submit their Resource Plan using Appendix C in the Capacity Payment Agreement to PJM and Duke Energy Ohio is March 31, 2011. The „Duke Opt-Out Resource Plan Template“ spreadsheet found on the Duke Integration web page should be completed and submitted as an attachment to the Resource Plan. The information provided in this spreadsheet will satisfy the requirement in item 4 in Appendix C.

Content of Resource Plans

Resource Plans must include unit-specific resources with a total UCAP MW sufficient to meet at least the Actual Opt-Out Amount stated in the Notice of Intent to Opt-Out. Unit specific resources may include generation, demand resources, and energy efficiency resources. Slice-of-system or similar agreements that are not unit-specific, such as buy bids from Incremental Auctions, Excess ILR Credits or Excess RPM Commitment Credit are not acceptable.

For the 2014/2015 Delivery Year, the Resource Plans must also include Annual Resources (generation resources, energy efficiency resources, and Annual Demand Resources¹) sufficient to meet at least the LSE's Minimum Annual Resource Requirement. The LSE's Minimum Annual Resource Requirement is equal to 0.891 times Actual Opt-Amount stated in the Notice of Intent to Opt-Out.

For the 2014/2015 Delivery Year, the Resource Plans must also include Annual Resources (generation resources, energy efficiency resources, and Annual Demand

¹ Annual Demand Resources shall have the meaning specified in the Reliability Assurance Agreement.



Resources) and Extended Summer Demand Resources² sufficient to meet at least the LSE's Minimum Extended Summer Resource Requirement. The LSE's Minimum Extended Resource Requirement is equal to 0.954 times Actual Opt-Amount stated in the Notice of Intent to Opt-Out.

Generation Resources

For generation resources, the committed capacity amount for each resource should be stated in ICAP terms and be accompanied by the EFORd that will be used to convert the ICAP MW to UCAP MW.

Generation Resources (excluding resources located in Duke Zone):

For the partial 2011/2012 Delivery Year, the EFORd provided for a generation resource in the Resource Plan must be the final EFORd based on forced outage data for the 12 months ending September 30, 2010. This EFORd will be used in the initial evaluation of the Resource Plan and in the final evaluation of the Resource Plan during the partial 2011/2012 Delivery Year. The final EFORd based on forced outage data for the 12 months ending September 30, 2010 can be found in the "EFORd" column on the EFORd screen for the 2011/2012 Planning Period in the Resource Position section of eRPM.

For the 2012/2013 Delivery Year, the EFORd provided for a generation resource in the Resource Plan must be either (1) the generation resource's EFORd calculated based on outage data for the 12 months ending September 30, 2008; or (2) the generation resource's 5 Year Average EFORd based on outage data for the 12 months ending September 30, 2008; however, if the EFORd calculated based on outage data for the 12 months ending September 30, 2008 is greater than or equal to 0.25, the LSE may request that PJM recalculate the 5 Year Average EFORd excluding outage data for the October 1, 2007 through September 30, 2008 period and request that PJM use the recalculated 5 Year Average EFORd in the initial evaluation of their Resource Plan. The EFORd and EFORd-5 for the 12 months ending September 30, 2008 can be found in the "EFORd at BRA" and "EFORd-5 at BRA" columns on the EFORd screen for the 2012/2013 Planning Period in the Resource Position section of eRPM.

For the 2013/2014 Delivery Year, the EFORd provided for a generation resource in the Resource Plan must be either (1) the generation resource's EFORd calculated based

² Extended Summer Demand Resources shall have the meaning specified in the Reliability Assurance Agreement.



on outage data for the 12 months ending September 30, 2009; or (2) the generation resource's 5 Year Average EFORd based on outage data for the 12 months ending September 30, 2009; however, if the EFORd calculated based on outage data for the 12 months ending September 30, 2009 is greater than or equal to 0.25, the LSE may request that PJM recalculate the 5 Year Average EFORd excluding outage data for the October 1, 2008 through September 30, 2009 period and request that PJM use the recalculated 5 Year Average EFORd in the initial evaluation of their Resource Plan. The EFORd and EFORd-5 for the 12 months ending September 30, 2009 can be found in the "EFORd at BRA" and "EFORd-5 at BRA" columns on the EFORd screen for the 2013/2014 Planning Period in the Resource Position section of eRPM.

For the 2014/2015 Delivery Year, the EFORd provided for a generation resource in the Resource Plan must be either (1) the generation resource's EFORd calculated based on outage data for the 12 months ending September 30, 2010; or (2) the generation resource's 5 Year Average EFORd based on outage data for the 12 months ending September 30, 2010; however, if the EFORd calculated based on outage data for the 12 months ending September 30, 2010 is greater than or equal to 0.25, the LSE may request that PJM recalculate the 5 Year Average EFORd excluding outage data for the October 1, 2009 through September 30, 2010 period and request that PJM use the recalculated 5 Year Average EFORd in the initial evaluation of their Resource Plan. The EFORd and EFORd-5 for the 12 months ending September 30, 2010 can be found in the "EFORd at BRA" and "EFORd-5 at BRA" columns on the EFORd screen for the 2014/2015 Planning Period in the Resource Position section of eRPM.

For the 2012/2013, 2013/2014, and 2014/2015 Delivery Years, the EFORd that will be used by PJM in the final evaluation of the Resource Plan during the Delivery Year will be the generation resource's EFORd calculated based on outage data for the 12 months ending September 30th prior to the Delivery Year.

Generation Resources Located in the Duke Zone:

For the partial 2011/2012 Delivery Year, the EFORd provided for a generation resource in the Resource Plan must be the final EFORd based on forced outage data for the 12 months ending September 30, 2010. This EFORd will be used in the initial evaluation of the Resource Plan and in the final evaluation of the Resource Plan during the partial 2011/2012 Delivery Year. The final EFORd based on forced outage data for the 12 months ending September 30, 2010 can be found in the "EFORd" column on the EFORd screen for the 2011/2012 Planning Period in the Resource Position section of eRPM.

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For the 2012/2013, 2013/2014, and 2014/2015 Delivery Years, the EFORd provided for a generation resource in the Resource Plan must be either (1) the generation resource's EFORd calculated based on outage data for the 12 months ending September 30, 2010; or (2) the generation resource's 5 Year Average EFORd based on outage data for the 12 months ending September 30, 2010; however, if the EFORd calculated based on outage data for the 12 months ending September 30, 2010 is greater than or equal to 0.25, the LSE may request that PJM recalculate the 5 Year Average EFORd excluding outage data for the October 1, 2009 through September 30, 2010 period and request that PJM use the recalculated 5 Year Average EFORd in the initial evaluation of their Resource Plan. The EFORd and EFORd-5 for the 12 months ending September 30, 2010 can be found in the "EFORd at BRA" and "EFORd-5 at BRA" columns on the EFORd screen for the 2014/2015 Planning Period in the Resource Position section of eRPM.

For the 2012/2013, 2013/2014, and 2014/2015 Delivery Years, the EFORd that will be used by PJM in the final evaluation of the Resource Plan during the Delivery Year will be the generation resource's EFORd calculated based on outage data for the 12 months ending September 30th prior to the Delivery Year.

External Generation Resources:

If committing generation resources located outside the metered boundaries of PJM, the LSE must (1) provide the intended ATC path to deliver the capacity resource to the metered boundaries of PJM; (2) submit a letter of non-recallability³ assuring PJM that the energy and capacity from the generation resource is not recallable to any other control area; and (3) post sufficient credit with PJM Treasury Department. Prior to the start of the Delivery Year, firm transmission service in an amount equal to ICAP MW commitment must be obtained from the unit to the border of PJM and generation deliverability must be demonstrated into PJM by (1) obtaining firm point-to-point transmission service on the PJM OASIS from the border into the PJM transmission system or (2) obtaining "Network External Designated" transmission service. Either of the two options for demonstrating generation deliverability may require transmission upgrades to be completed prior to June 1st of the Delivery Year.

³ The Letter of Non-recallability must conform to the template provided at <http://www.pjm.com/markets-and-operations/~media/markets-ops/rpm/generic-non-recallability-letter.ashx>.



Demand Resources and Energy Efficiency Resources

For demand resources and energy efficiency resources, the Nominated Demand Resource/ Energy Efficiency Value and the resulting UCAP MW for each individual resource must be stated in the Resource Plan. The UCAP MW is calculated as: Nominated Value * DR Factor * Forecast Pool Requirement.

For the partial 2011/2012 Delivery Year, the DR Factor and Forecast Pool Requirement values are 0.955 and 1.0833, respectively. These values will be used in the initial evaluation of the Resource Plan and in the final evaluation of the Resource Plan during the partial 2011/2012 Delivery Year.

For the 2012/2013 Delivery Year, the DR Factor and Forecast Pool Requirement values that will be used in the initial evaluation of the Resource Plan are 0.950 and 1.0872, respectively.

For the 2013/2014 Delivery Year, the DR Factor and Forecast Pool Requirement values that will be used in the initial evaluation of the Resource Plan are 0.957 and 1.0804, respectively.

For the 2014/2015 Delivery Year, the DR Factor and Forecast Pool Requirement values that will be used in the initial evaluation of the Resource Plan are 0.956 and 1.0809, respectively.

For 2012/2013, 2013/2014, and 2014/2015 Delivery Years, the final DR Factor and Forecast Pool Requirement values that will be used in the final evaluation of the Resource Plan are the DR Factor and Forecast Pool Requirement values that are posted with the planning parameters for the Third Incremental Auction for such Delivery Years.

LSEs that are committing planned demand resources must also submit DR Plan documentation to PJM via email to rpm_hotline@pjm.com and post sufficient credit with PJM Treasury Department by the March 31, 2011 Resource Plan submission deadline. Requirements for DR Plan documentation are available at <http://www.pjm.com/markets-and-operations/rpm/~media/markets-ops/rpm/rpm-auction-info/planned-demand-resource-rpm-auction-participation-information.ashx>.

LSEs that are committing energy efficiency resources must also submit an Initial Measurement & Verification Plan to PJM via email to rpm_hotline@pjm.com and post

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sufficient credit with PJM Treasury Department by the March 31, 2011 Resource Plan submission deadline. Requirements for an Energy Efficiency Measurement & Verification Plan are available in PJM Manual 18B, Energy Efficiency Measurement & Verification. <http://www.pjm.com/~media/documents/manuals/m18b.ashx>

PJM Credit Requirements

If committing planned generation, planned demand resources, energy efficiency resources, or generation capacity resources that are located outside the metered boundaries of PJM that have not demonstrated firm point-to-point transmission service from the external unit to the border of PJM for the ICAP equivalent of the committed MW amount and demonstrated generation deliverability into PJM for the ICAP equivalent of the committed MW amount, the PJM credit requirements associated with the commitment of such resources must be met prior to the approval of the Resource Plan. Section 4.8 of PJM Manual 18 outlines these credit requirements.

Submission of Resource Plans

Appendix C of the Capacity Payment Agreement and the „Duke Opt-Out Resource Plan Template“ spreadsheet found on the Duke Integration web page should be submitted via email to rpm_hotline@pjm.com and tracy.hemsink@duke-energy.com. Once PJM approves the Resource Plan, the following activities will need to be completed in the eRPM system shortly thereafter.

1. PJM will assign an Obligation MW equal to the Actual Opt-Out Amount for the LSE in the FRR Capacity Plan screen of eRPM.
 - a. For instructions on how to view the Obligation MW assigned, refer to Task 8: View FRR Capacity Plans of the eRPM User Guide.
2. The LSE will need to commit unit-specific resources to meet their assigned Obligation MW quantity.
 - a. For instructions on how to commit a resource to an FRR Capacity Plan, refer to Task 10: Create a New FRR Resource Commitment of the eRPM User Guide.
3. Once all resources from the approved Resource Plan are committed in eRPM, the total of the commitments in the Calculated UCAP MW column should equal

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the PJM assigned Obligation MW on the FRR Capacity Plan screen in the eRPM system.

eRPM User Guide Link: <http://www.pjm.com/markets-and-operations/~//media/markets-ops/rpm/erpm-user-guide.ashx>