

Transition from Non-Unit Capacity Transactions

Effective June 1, 2010, Non-Unit Specific Capacity Transactions entered in the eRPM system will no longer be financially settled by PJM in the PJM billing process.

Existing Non-Unit Specific Capacity Transactions in the eRPM system will be handled as follows:

| Non-Unit Specific Capacity Transactions with Start Date & End Date as follows: | | |
|--|------------------------|---|
| Start Date | End Date | Treatment |
| Prior to 6/1/2010 | On or before 5/31/2010 | PJM will financially settle approved transactions. |
| Prior to 6/1/2010 | On or after 6/1/2010 | PJM will change the end date of the transaction to 5/31/2010. If an end date prior to 5/31/2010 is desired by both parties, a request for such an end date change must be submitted to the RPM Hotline at rpm_hotline@pjm.com. |
| On or after 6/1/2010 | On or after 6/1/2010 | PJM will change the status of the transaction to "Denied" |

Starting May 25, 2010, PJM Market Participants will no longer be able to create Non-Unit Specific Capacity Transactions in the eRPM system. Participants will still be able to view existing Non-Unit Specific transaction in the eRPM system.

Starting May 25, 2010, PJM Market Participants will have the ability to report Auction Specific MW Transactions with start dates on or after June 1, 2010 and end dates on or before May 31, 2011 through the eRPM system. Auction Specific MW Transactions must be for the transfer of physical MW of cleared capacity from a Seller to a Buyer at the location of the physical resources identified as supplying the transaction.

For the term on the Auction Specific MW Transaction, the Seller will receive a daily charge equal to the transaction amount (in MWs) times the price (\$/MW-day) associated

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with the transaction. The price associated with the transaction is a weighted-average of the Resource Clearing Prices of the resource-specific, auction-specific Cleared MWs identified in the transaction. The Buyer of the Auction Specific MW Transaction will receive a corresponding daily credit for the term of the transaction. The charges/credits will be assessed daily and billed monthly by PJM.

For more details regarding Auction Specific MW Transactions, please refer to Sections 4.6.6 and 9.3.5 of the PJM Capacity Market Manual, Manual 18.

For instructions on how to create an Auction Specific MW Transaction, please refer to the “Transactions – Task 13: Create an Auction Specific MW Transaction” section of the eRPM User Guide.

PJM will continue to post reference prices at various points (i.e., RPM Pricing Points) in order to facilitate bilateral trading on the part of market participants. However, effective June 1, 2010, prices at these points are not used by PJM with respect to bilateral transactions reported to PJM for inclusion in the PJM billing process. The RPM Pricing Point Definition Document is available on the RPM Auction User Information web page at <http://www.pjm.com/markets-and-operations/rpm/~media/markets-ops/rpm/rpm-auction-info/rpm-pricing-point-definitions.ashx>. The Delivery Year value for an RPM Pricing Point can also be found on the RPM Auction User Information web page under the relevant Delivery Year link.