

Draft 3/18/10

**Counterparty Clarification
Draft Tariff Changes**

Tariff Parts I, II, and III and relevant Schedules

(From current effective PJM Tariff 3/2/10)

- (1) The Tariff and Operating Agreement portions containing proposed changes regarding counterparty clarification are included in 6 separate documents. These documents are:
 - Operating Agreement (other than Schedule 1)
 - Part I, II, III and relevant Schedules of the Tariff
 - Attachment Q
 - Attachment K and Appendix to Attachment K
 - Attachment DD
 - Attachments with Form Agreements
- (2) Designations have not been updated
- (3) Table of contents changes that may be needed have not been included

K:\pjm\Counterparty\Tariff Changes\3-18-10 posting drafts\Counterparty tariff changes (Parts I-III & Schedules)\draft 3-18-10.doc

capital expenditures, if applicable, and overhead, return, and the costs of financing and taxes and any Incidental Expenses.

1.6D Counterparty: PJM Settlement as the contracting party, in its name and own right and not as an agent, to an agreement or transaction with a market participant or other customer.

- 1.7 Curtailment:** A reduction in firm or non-firm transmission service in response to a transfer capability shortage as a result of system reliability conditions.
- 1.7A Customer Facility:** Generation facilities or Merchant Transmission Facilities interconnected with or added to the Transmission System pursuant to an Interconnection Request under Subparts A of Part IV of the Tariff.
- 1.7A.01 Customer-Funded Upgrade:** Any Network Upgrade, Local Upgrade, or Merchant Network Upgrade for which cost responsibility (i) is imposed on an Interconnection Customer or an Eligible Customer pursuant to Section 217 of the Tariff, or (ii) is voluntarily undertaken by a market participant in fulfillment of an Upgrade Request pursuant to Section 7.8 of Schedule 1 of the Operating Agreement. No Network Upgrade, Local Upgrade or Merchant Network Upgrade or other transmission expansion or enhancement shall be a Customer-Funded Upgrade if and to the extent that the costs thereof are included in the rate base of a public utility on which a regulated return is earned.
- 1.7A.02 Customer Interconnection Facilities:** All facilities and equipment owned and/or controlled, operated and maintained by Interconnection Customer on Interconnection Customer's side of the Point of Interconnection identified in the appropriate appendices to the Interconnection Service Agreement and to the Interconnection Construction Service Agreement, including any modifications, additions, or upgrades made to such facilities and equipment, that are necessary to physically and electrically interconnect the Customer Facility with the Transmission System.
- 1.7B Daily Capacity Deficiency Rate** is as defined in Schedule 11 of the Reliability Assurance Agreement the West RAA, and the Reliability Assurance Agreement-South.
- 1.7C Deactivation:** The retirement or mothballing of a generating unit governed by Part V of this Tariff.
- 1.7D Deactivation Avoidable Cost Credit:** The credit paid to Generation Owners pursuant to section 114 of this Tariff.
- 1.7E Deactivation Avoidable Cost Rate:** The formula rate established pursuant to section 115 of this Tariff.
- 1.7F Deactivation Date:** The date a generating unit within the PJM Region is either retired or mothballed and ceases to operate.

Issued By: Craig Glazer
Vice President, Federal Government Policy

Effective: October 11, 2007

Issued On: October 11, 2007

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000, RM05-25-000, issued February 16, 2007, Preventing Undue Discrimination and Preference in Transmission Service, Order No. 890, III FERC Stats. & Regs., Regs. Preambles ¶ 31,241 (2007).

PJM Interconnection, L.L.C.
FERC Electric Tariff
Sixth Revised Volume No. 1

Eighth Revised Sheet No. 34
Superseding Seventh Revised Sheet No. 34

1.7G Default: As used in the Interconnection Service Agreement and Construction Service Agreement, the failure of a Breaching Party to cure its Breach in accordance with the applicable provisions of an Interconnection Service Agreement or Construction Service Agreement.

Issued By: Craig Glazer
Vice President, Federal Government Policy

Effective: October 11, 2007

Issued On: October 11, 2007

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000, RM05-25-000, issued February 16, 2007, Preventing Undue Discrimination and Preference in Transmission Service, Order No. 890, III FERC Stats. & Regs., Regs. Preambles ¶ 31,241 (2007).

- 1.27AA Non-Retail Behind The Meter Generation:** Behind the Meter Generation that is used by municipal electric systems, electric cooperatives, or electric distribution companies to serve load.
- 1.27B Non-Zone Network Load:** Network Load that is located outside of the PJM Region.
- 1.27C Office of the Interconnection:** ~~The Office of the Interconnection, as supervised by the Board of Managers of the PJM Interconnection, L.L.C., acting pursuant to the Operating Agreement.~~ Office of the Interconnection shall have the meaning set forth in the Operating Agreement.
- 1.28 Open Access Same-Time Information System (OASIS):** The information system and standards of conduct contained in Part 37 and Part 38 of the Commission's regulations and all additional requirements implemented by subsequent Commission orders dealing with OASIS.
- 1.28A Operating Agreement of the PJM Interconnection, L.L.C. or Operating Agreement:** That agreement dated as of April 1, 1997 and as amended and restated as of June 2, 1997 and as amended from time to time thereafter, among the members of the PJM Interconnection, L.L.C.
- 1.28A.01 Option to Build:** The option of the New Service Customer to build certain Customer-Funded Upgrades, as set forth in, and subject to the terms of, the Construction Service Agreement.
- 1.28B Optional Interconnection Study:** A sensitivity analysis of an Interconnection Request based on assumptions specified by the Interconnection Customer in the Optional Interconnection Study Agreement.
- 1.28C Optional Interconnection Study Agreement:** The form of agreement for preparation of an Optional Interconnection Study, as set forth in Attachment N-3 of the Tariff.
- 1.29 Part I:** Tariff Definitions and Common Service Provisions contained in Sections 2 through 12.
- 1.30 Part II:** Tariff Sections 13 through 27 pertaining to Point-To-Point Transmission Service in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.

Issued By: Craig Glazer
Vice President, Federal Government Policy
Issued On: December 18, 2006

Effective: March 1, 2007

- 1.31 Part III:** Tariff Sections 28 through 35 pertaining to Network Integration Transmission Service in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.
- 1.31A Part IV:** Tariff Sections 36 through 112 pertaining to generation or merchant transmission interconnection to the Transmission System in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.
- 1.31B Part V:** Tariff Sections 113 through 122 pertaining to the deactivation of generating units in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.
- 1.31C Part VI:** Tariff Sections 200 through 237 pertaining to the queuing, study, and agreements relating to New Service Requests, and the rights associated with Customer-Funded Upgrades in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.
- 1.32 Parties:** The Transmission Provider, as administrator of the Tariff, and the Transmission Customer receiving service under the Tariff. PJMSettlement shall be the Counterparty to Transmission Customers.

1.32.01 PJM: PJM Interconnection, L.L.C.

Formatted: Font: Bold

Formatted: Font: Bold

Formatted: Font: Bold

- 1.32A PJM Administrative Service:** The services provided by PJM pursuant to Schedule 9 of this Tariff.
- 1.32B PJM Control Area:** The Control Area that is recognized by NERC as the PJM Control Area.
- 1.32C PJM Interchange Energy Market:** The regional competitive market administered by the Transmission Provider for the purchase and sale of spot electric energy at wholesale interstate commerce and related services, as more fully set forth in Attachment K – Appendix to the Tariff and Schedule 1 to the Operating Agreement.
- 1.32D PJM Manuals:** The instructions, rules, procedures and guidelines established by the Transmission Provider for the operation, planning, and accounting requirements of the PJM Region and the PJM Interchange Energy Market.
- 1.32E PJM Region:** Shall mean the aggregate of the PJM West Region, the VACAR Control Zone, and the MAAC Control Zone.
- 1.32F PJM South Region:** The VACAR Control Zone.
- 1.32.F.01 PJM Settlement:** PJM Settlement, Inc. (or its successor).
- 1.32G PJM West Region:** The PJM West Region shall include the Zones of Allegheny Power; Commonwealth Edison Company (including Commonwealth Edison Co. of Indiana); AEP East Operating Companies; The Dayton Power and Light Company; and the Duquesne Light Company.
- 1.33 Point(s) of Delivery:** Point(s) on the Transmission Provider's Transmission System where capacity and energy transmitted by the Transmission Provider will be made available to the Receiving Party under Part II of the Tariff. The Point(s) of Delivery shall be specified in the Service Agreement for Long-Term Firm Point-To-Point Transmission Service.
- 1.33A Point of Interconnection:** The point or points, shown in the appropriate appendix to the Interconnection Service Agreement and the Interconnection Construction Service Agreement, where the Customer Interconnection Facilities interconnect with the Transmission Owner Interconnection Facilities or the Transmission System.
- 1.34 Point(s) of Receipt:** Point(s) of interconnection on the Transmission Provider's Transmission System where capacity and energy will be made available to the Transmission Provider by the Delivering Party under Part II of the Tariff. The Point(s) of Receipt shall be specified in the Service Agreement for Long-Term Firm Point-To-Point Transmission Service.
- 1.35 Point-To-Point Transmission Service:** The reservation and transmission of capacity and energy on either a firm or non-firm basis from the Point(s) of Receipt to the Point(s) of Delivery under Part II of the Tariff.

Formatted: Font: Bold

Issued By: Craig Glazer
Vice President, Federal Government Policy
Issued On: December 18, 2006

Effective: March 1, 2007

PJM Interconnection, L.L.C.
FERC Electric Tariff
Sixth Revised Volume No. 1

Eighth Revised Sheet No. 41
Superseding Seventh Revised Sheet No. 41

1.36 Power Purchaser: The entity that is purchasing the capacity and energy to be transmitted under the Tariff.

Issued By: Craig Glazer
Vice President, Federal Government Policy
Issued On: December 18, 2006

Effective: March 1, 2007

- 1.46 Transmission Provider:** The Transmission Provider shall be the Office of the Interconnection for all purposes, provided that the Transmission Owners will have the responsibility for the following specified activities:
- (a) The Office of the Interconnection shall direct the operation and coordinate the maintenance of the Transmission System, except that the Transmission Owners will continue to direct the operation and maintenance of those transmission facilities that are not listed in the PJM Designated Facilities List contained in the PJM Manual on Transmission Operations;
 - (b) Each Transmission Owner shall physically operate and maintain all of the facilities that it owns; and
 - (c) When studies conducted by the Office of the Interconnection indicate that enhancements or modifications to the Transmission System are necessary, the Transmission Owners shall have the responsibility, in accordance with the applicable terms of the Tariff, Operating Agreement and/or the Consolidated Transmission Owners Agreement to construct, own, and finance the needed facilities or enhancements or modifications to facilities.
- 1.47 Transmission Provider's Monthly Transmission System Peak:** The maximum firm usage of the Transmission Provider's Transmission System in a calendar month.
- 1.48 Transmission Service:** Point-To-Point Transmission Service provided under Part II of the Tariff on a firm and non-firm basis.
- 1.48A Transmission Service Request:** A request for Firm Point-To-Point Transmission Service or a request for Network Integration Transmission Service.

Issued By: Craig Glazer
Vice President, Federal Government Policy
Issued On: December 18, 2006

Effective: March 1, 2007

2.4 Reservation Priority For State Required Retail Access Program Load: When a retail customer's power supply arrangements expire, roll-over, are renewed, or otherwise terminate, a Transmission Customer that will serve that retail power customer pursuant to a state required retail access program shall have the right to take transmission service from the Transmission Provider pursuant to the same priority accorded the Transmission Customer which previously served the retail customer. This transmission reservation priority is independent of whether the retail customer continues to purchase capacity and energy from its then-existing supplier or purchases capacity and energy from another supplier.

3 Ancillary Services

Ancillary Services are needed with transmission service to maintain reliability within and among the Control Areas affected by the transmission service. The Transmission Provider is required to provide (or offer to arrange with the local Control Area operator as discussed below), and the Transmission Customer is required to purchase, the following Ancillary Services (i) Scheduling, System Control and Dispatch, and (ii) Reactive Supply and Voltage Control from Generation or Other Sources.

The Transmission Provider is required to offer to provide (or offer to arrange with the local Control Area operator as discussed below) the following Ancillary Services only to the Transmission Customer serving load within the Transmission Provider's Control Area (i) Regulation and Frequency Response, (ii) Energy Imbalance, (iii) Operating Reserve - Synchronized, and (iv) Operating Reserve - Supplemental. Subject to the provisions of Schedules 1 through 6, the Transmission Customer serving load within the Transmission Provider's Control Area is required to acquire these Ancillary Services, whether from the Transmission Provider, from a third party, or by self-supply. The Transmission Provider shall administer the purchases by Transmission Customers of these Ancillary Services. PJMSettlement shall be the Counterparty to the Ancillary Services provided to the Transmission Customer; provided, however, that PJMSettlement shall not be the contracting party to bilateral transactions between market participants or with respect to a self-schedule or self-supply relating to Ancillary Services. The Transmission Customer may not decline the Transmission Provider's offer of Ancillary Services unless it demonstrates that it has acquired the Ancillary Services from another source. The Transmission Customer must list in its Application which Ancillary Services it will purchase from the Transmission Provider. A Transmission Customer that exceeds its firm reserved capacity at any Point of Receipt or Point of Delivery or an Eligible Customer that uses Transmission Service at a Point of Receipt or Point of Delivery that it has not reserved is required to pay for all of the Ancillary Services identified in this section that were provided by the Transmission Provider associated with the unreserved service. The Transmission Customer or Eligible Customer will pay for Ancillary Services based on the amount of transmission service it used but did not reserve.

If the Transmission Provider is a public utility providing transmission service but is not a Control Area operator, it may be unable to provide some or all of the Ancillary Services.

In this case, the Transmission Provider can fulfill its obligation to provide Ancillary

Issued By: Craig Glazer
Vice President, Federal Government Policy
Effective: October 11, 2007
Issued On: October 11, 2007

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000, RM05-25-000, issued February 16, 2007, Preventing Undue Discrimination and Preference in Transmission Service, Order No. 890, III FERC Stats. & Regs., Regs. Preambles ¶ 31,241 (2007).

PJM Interconnection, L.L.C.
FERC Electric Tariff
Sixth Revised Volume No. 1

Second Revised Sheet No. 46
Superseding First Revised Sheet No. 46

Services by acting as the Transmission Customer's agent to secure these Ancillary Services from the Control Area operator. The Transmission Customer may elect to (i) have the Transmission Provider act as its agent, (ii) secure the Ancillary Services directly

Issued By: Craig Glazer
Vice President, Federal Government Policy
Issued On: October 11, 2007

Effective: October 11, 2007

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000, RM05-25-000, issued February 16, 2007, Preventing Undue Discrimination and Preference in Transmission Service, Order No. 890, III FERC Stats. & Regs., Regs. Preambles ¶ 31,241 (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).

3D ~~Transitional Market Expansion Charge~~

~~The Transmission Provider shall recover certain charges related to the benefits of the expansion of PJM to include the PJM West Region from Generation Providers and customers using Point to Point and Network Integration Transmission Service under Schedule 11, "Transitional Market Expansion Charge," which is attached to and made part of this Tariff. [Reserved]~~

Formatted: Font: Bold

3E Transmission Enhancement Charges

The Transmission Provider shall collect from designated customers using Point-to-Point Transmission Service and Network Integration Transmission Service the charges of Transmission Owners related to the costs of Required Transmission Enhancements under Schedule 12, "Transmission Enhancement Charges," which is attached to and made part of this Tariff.

3F Transmission Losses

3F.1 Description of Transmission Losses.

Transmission losses refer to the loss of energy in the transmission of electricity from generation resources to load, which is dissipated as heat through transformers, transmission lines and other transmission facilities.

3F.2 Inclusion of State Estimator Transmission Losses.

Whenever in this Tariff transmission losses are included in the determination of a charge, credit, load (including deviations), or demand reduction, it is explicitly so stated and such included losses shall be those losses incurred on facilities included in the PJM network model and determined by, and reflected in, the PJM State Estimator. Absent such explicit statement, such losses are not included in the determination.

3F.3 Other Losses.

Losses incurred on facilities not included in the PJM network model and therefore not reflected in the PJM State Estimator may be included in the determination of charges, credits, load (including real-time deviations), or demand reductions, as determined by electric distribution companies, unless this Tariff explicitly excludes such losses.

statement of one of its duly authorized officers or other representatives that the purpose of its Application is not to assist an Eligible Customer to avoid the requirements of this provision.

6A Counterparty This section is similar to section 3.3 of the OA

6A.1 PJM administers the Tariff and the Operating Agreement. Under the Tariff and Operating Agreement, PJM administers the provision of transmission service and associated ancillary services to customers and operates and administers various centralized electric power and energy markets. In obtaining transmission service and in these centralized markets, customers conduct transactions with PJMSettlement as a counterparty. Market participants also may conduct bilateral transactions with other market participants and they may self-supply power and energy to the electric loads they serve. Such bilateral and self-supply arrangements are not transactions with PJMSettlement.

6A.2 For purposes of contracting with customers and conducting financial settlements regarding the use of the transmission capacity of the Transmission System, PJM has established PJMSettlement. PJM also has established PJMSettlement as the entity that is the Counterparty with respect to the agreements and transactions in the centralized markets that the Transmission Provider administers under the Tariff and the Operating Agreement (i.e., the agreements and transactions that are not bilateral arrangements between market participants or self-supply). PJMSettlement will serve as the Counterparty to Financial Transmission Rights and Auction Revenue Rights instruments held by a Market Participant. Any subsequent bilateral transfer of these instruments by the Market Participant to another Market Participant shall require the consent of PJM, but shall not implicate PJMSettlement as a contracting party with respect to such subsequent bilateral transfer.

6A.3 As a party to the Consolidated Transmission Owners Agreement, PJM has acquired the right to use the transmission capacity of the Transmission System that is required to provide service under this Tariff and the authorization to resell transmission service using such capacity on the Transmission System. Under the Consolidated Transmission Owners Agreement, PJM compensates the Transmission Owners for the use of their transmission capacity by distributing certain revenues to the Transmission Owners as set forth in the Tariff and the Consolidated Transmission Owners Agreement. PJM has assigned its right to use the transmission capacity of the Transmission System to PJMSettlement. Accordingly, PJMSettlement shall compensate the Transmission Owners for the use of the transmission capacity required to provide service under this Tariff.

6A.4 Unless otherwise expressly stated in the Tariff or the Operating Agreement, PJMSettlement shall be the Counterparty to the customers purchasing Transmission Service and Network Integration Transmission Service, and to the other transactions with customers and other entities under the Tariff.

Formatted: Highlight

Formatted: Highlight

Formatted: Highlight

Formatted: Indent: Hanging: 0.5", Space Before: 0 pt, After: 0 pt

Formatted: Indent: Hanging: 0.5", Space Before: 0 pt, After: 0 pt

Formatted: Indent: Hanging: 0.5", Space Before: 0 pt, After: 0 pt, Tab stops: Not at 1.5"

Formatted: Font: Not Bold

Formatted: Font: Not Bold

Formatted: Font: Not Bold

Formatted: Font: Bold

6A.5 PJMSettlement shall not be a contracting party to other non-transmission transactions that are (i) bilateral transactions between market participants reported to the Transmission Provider, and (ii) self-supplied or self-scheduled transactions reported to the Transmission Provider.

Formatted: Font: Bold

6A.6 Notwithstanding the foregoing, PJMSettlement shall not be the Counterparty with respect to agreements and transactions regarding the Transmission Provider's administration of Parts IV and VI, Schedules 1, 9, 10-NERC, 10-RFC, 14, and 16 of the PJM Tariff.

Formatted: Font: Bold

6A.7 Confidentiality. PJMSettlement shall be bound by the same confidentiality requirements as the Transmission Provider.

Formatted: Font: Bold

6A.8 PJMSettlement Costs. All costs of services provided by PJMSettlement for the benefit of Market Participants and Transmission Customers shall be included in the Administrative Services set forth in Schedule 9.

Formatted: Font: Bold

6A.9 Amendment of Previously Effective Arrangements.

Formatted: Font: Bold

(a) Transmission Service Agreements. Transmission Service Agreements in effect at the time this Section 6A becomes effective shall be deemed to be revised to include PJMSettlement as a Counterparty to the Transmission Service Agreement in the same manner and to the same extent as agreements entered after the effective date of this Section 6A.

(b) Reliability Pricing Model. PJMSettlement shall be the Counterparty to the transactions arising from the cleared Based Residual Auctions and Incremental Auctions that occurred prior to the effective date of this Section 6A and for which delivery will occur after the effective date of this Section 6A in the same manner and to the same extent as transactions arising from auctions cleared after the effective date of this Section 6A.

(c) Auction Revenue Rights and Financial Transmission Rights. PJMSettlement shall be the Counterparty with respect to the rights and obligations arising from Auction Revenue Rights and Financial Transmission Rights acquired in an auction or assigned by PJM prior to the effective date of this Section 6A to the same extent as with respect to rights and obligations arising from auctions or assignments of Auction Revenue Rights and Financial Transmission Rights after the effective date of this Section 6A.

7 Billing and Payment

PJMSettlement shall issue bills and billing statements pursuant to the provisions in this section 7 in its own name and as agent for Transmission Provider, as applicable. Payment of bills pursuant to this section 7 shall be made for the benefit of PJMSettlement and Transmission Provider, as applicable.

Formatted: Space After: 12 pt

Issued By: Craig Glazer
Vice President, Federal Government Policy
Issued On: February 3, 2009

Effective: June 1, 2009

7.1 Billing Procedure:

- (a) **Monthly Bills.** By the fifth business day of each month, ~~the Transmission Provider~~ PJMSettlement, in its own name and as agent for Transmission Provider, as applicable, shall issue a bill to Transmission Customers and other entities for monthly activity and detailing the charges and credits for all services furnished under the Tariff during the preceding month (“billing month”), excluding amounts billed pursuant to weekly bills for activity during the preceding month.
- (b) **Weekly Bills.** By 5:00 p.m. Eastern Prevailing Time each Tuesday (or Wednesday in the event that a Tuesday is a holiday), ~~Transmission Provider~~ PJMSettlement, in its own name and as agent for Transmission Provider, as applicable, will issue a weekly bill to Members and other entities for all activity for certain services furnished under the Tariff for the days of the billing month during the week ending the prior Wednesday. The services for which such weekly bills shall be issued are set forth in PJM Manual 29.
- (c) **Billing Statement.** ~~Transmission Provider~~ PJMSettlement, in its own name and as agent for Transmission Provider, as applicable, shall provide Transmission Customers and other entities with billing statements at the time of issuance of the monthly and weekly bills, reflecting, in the form and manner set forth in PJM Manuals, the Transmission Customer’s or other entity’s activity during the billing month and amounts due, net of activity previously billed.

7.1A Payments:

- (a) **Monthly Bills.** Net amounts due to PJMSettlement, in its own name or as agent for Transmission Provider, as applicable, pursuant to a monthly bill shall be due and payable by the Transmission Customer or other entity no later than noon Eastern Prevailing Time on the due date of the first weekly bill issued for activity in the month that the monthly bill is issued. It is possible, due to the timing of holidays, that the billing and payment cycle for monthly bills stated here would call for payment of a monthly bill on a Friday that occurs less than three business days after issuance of the bill by PJM. Where this occurs, the payment period of the monthly bill will be extended such that payment will be due when payment for the second weekly bill is due.
- (b) **Weekly Bills.** Net amounts due to PJMSettlement, in its own name or as agent for Transmission Provider, as applicable, pursuant to a weekly bill shall be due and payable by the Transmission Customer or other entity no later than noon Eastern Prevailing Time on the third business day following the issuance of the weekly bill. Weekly bills issued after 5:00 p.m. Eastern Prevailing Time shall be considered to be issued the following business day.

(i) Municipal Electric Systems.

Recognizing that municipal electric systems may, at times, face unique circumstances that could temporarily prevent their ability to make payments on a weekly bill issued pursuant to Section 7.1(b) when due, the Transmission Provider may allow a municipal electric system to make arrangement with PJM whereby PJM would extend trade credit to the municipal electric system sufficient to enable it to make payment on a weekly bill provided that the following conditions are met:

(a) the Transmission Provider determines, in its sole discretion, that it has sufficient excess working capital available to complete financial settlement with other market participants;

(b) the municipal electric system reimburses PJM for the actual cost of such working capital;

(c) the municipal electric system provides PJM with a binding representation that it has all legal right and authority to enter into the arrangement with PJM;

(d) PJMSettlement ~~the Transmission Provider~~ will continue to issue weekly bills to the municipal electric system in accordance with Section 7.1(b) above and the municipal electric system will make payment as due under the weekly bills using the proceeds it obtains under its arrangement with PJM. Reimbursement of these amounts, including PJM's actual costs of working capital, shall be due from the municipal electric system at the time payment is due for the invoice issued under Section 7.1A(a).;

(e) the aggregate of all financed amounts and accrued obligations shall not exceed the Working Credit Limit available to the municipal electric system;

(f) the municipal electric system provides the Transmission Provider with at least one week of notice (though PJM may waive this provision), and;

(g) the accumulated duration of such postponed payments shall not exceed three months in a rolling twelve-month period.

PJM may terminate this payment option at any time it determines its excess working capital is no longer sufficient to allow further or continued extension financing. In such cases, PJM shall attempt to give five business days, but not less than three business days notice to the affected municipal electric system, and may call for immediate reimbursement of any outstanding amounts owed by the municipal electric system.

- (c) **Form of Payments.** All payments tendered in satisfaction of a Transmission Customer's or other entity's obligations to PJMSettlement or Transmission Provider shall be in the form of immediately available funds payable to PJMSettlementthe Transmission Provider, or by wire transfer to a bank named by PJMSettlementthe Transmission Provider.
- (d) **Payments by PJMSettlementTransmission Provider.** Unless delayed by unforeseen events, payments made by PJMSettlement, in its own name or as agent for Transmission Provider, for amounts due to Transmission Customers and other entities shall be paid no later than 5:00 p.m. Eastern Prevailing Time on the business day following the payment due date for net amounts owed to PJMSettlement, in its own name or as agent for the Transmission Provider, as specified above.
- (e) **Payment Calendar.** A comprehensive billing and settlement calendar will be posted on Transmission Provider's website prior to March 31 for the upcoming June – May annual period to communicate the schedule of holidays for settlement and billing purposes.

7.2 Interest on Unpaid Balances: Interest on any unpaid amounts shall be calculated in accordance with the methodology specified for interest on refunds in the Commission's regulations at 18 C.F.R. § 35.19a(a)(2)(iii). Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment. When payments are made by mail, bills shall be considered as having been paid on the date of receipt by PJMSettlementthe Transmission Provider.

7.3 Customer Default: In the event the Transmission Customer or other entity (a) fails, for any reason, to make payment to PJMSettlement, for the benefit of PJMSettlement or the Transmission Provider, on or before the due date as described above, or (b) fails at any time to meet the Transmission Provider's creditworthiness requirements, and such failure is not corrected within two business days after the Transmission Provider notifies the Transmission Customer or other entity to cure such failure, a default by the Transmission Customer or other entity shall be deemed to exist. Upon the occurrence of a default, the Transmission Provider may initiate a proceeding with the Commission to terminate service but shall not terminate service until the Commission so approves any such request; provided however, that (i) in the event that a state required retail access program provides for continuation of retail service to affected end-use customers by another supplier that is a Transmission Customer, then the Transmission Provider may, upon default by a Transmission Customer, immediately terminate Transmission Service to the defaulting Transmission Customer for the load of such end-use customers, and (ii) in the event that a Transmission Customer is taking service under Part II to serve load outside of the PJM Region, then the Transmission Provider may, upon default by a Transmission Customer, immediately terminate Transmission Service to the defaulting Transmission Customer. Billing disputes between the Transmission Provider and the Transmission Customer or other entity shall be addressed

PJM Interconnection, L.L.C.
FERC Electric Tariff
Sixth Revised Volume No. 1

First Revised Sheet No. 50A
Superseding Original Sheet No. 50A

through the Transmission Provider's dispute resolution procedures, and shall not relieve the Transmission Customer or other entity of the obligation to make payment of all amounts due hereunder.

Issued By: Craig Glazer
Vice President, Federal Government Policy
Issued On: February 3, 2009

Effective: June 1, 2009

If the Transmission Customer fails to meet these requirements for continuation of service, then the Transmission Provider may provide notice to the Transmission Customer of its intention to suspend service in sixty (60) days, in accordance with Commission policy, or, in the case of a state required retail access program that provides for continuation of retail service to affected end-use customers by another supplier that is a Transmission Customer, immediately terminate Transmission Service as provided above.

8 Accounting for a Transmission Owner's Use of the Tariff

Each Transmission Owner shall record the following amounts, as outlined below.

- 8.1 Transmission Revenues:** Include in a separate operating revenue account or subaccount the revenues it receives from Transmission Service when making Third-Party Sales under Part II of the Tariff.
- 8.2 Study Costs and Revenues:** Include in a separate transmission operating expense account or subaccount, costs properly chargeable to expense that are incurred to perform any System Impact Studies or Facilities Studies which the Transmission Owner conducts to determine if it must construct new transmission facilities or upgrades necessary for its own uses, including making Third-Party Sales under the Tariff; and include in a separate operating revenue account or subaccount the revenues received for System Impact Studies or Facilities Studies performed when such amounts are separately stated and identified in the Transmission Customer's billing under the Tariff.
- 8.3 Generation Interconnection Costs:** Include in a separate transmission account or subaccount, costs of Attachment Facilities, Local Upgrades, and Network Upgrades that are incurred by the Transmission Owner with respect to its own Interconnection Requests under Part IV of the Tariff that are directly assigned to the Transmission Owner to accommodate its Interconnection Requests in accordance with Schedule 6A of the Operating Agreement.

9 Regulatory Filings

Nothing contained in the Tariff, any Service Agreement or any Network Operating Agreement shall be construed as affecting in any way the right of the Transmission Provider, or any Transmission Owner with respect to a change in its revenue requirement, to unilaterally make application to the Commission for a change in rates, terms and conditions, charges, classification of service, Service Agreement, Network Operating Agreement, rule or regulation under Section 205 of the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder.

Issued By: Craig Glazer
Vice President, Government Policy
Issued On: October 1, 2004

Effective: December 1, 2004

mutually deem such action to be appropriate or necessary. The decision of the Neutral Party as to which Parties have Section 205 rights hereunder shall be made within the period provided for consultation between the Transmission Owners and PJM as set forth in Sections 9.3(ii) or 9.2(iii), as applicable. Interested parties (including the Parties) may file a complaint seeking review by the FERC of the Neutral Party's decision, and the FERC's authority to interpret which Parties have Section 205 rights shall not be limited by the Neutral Party's decision as it relates to these disputes.

- (vi) Nothing in this Section 9.3 is intended to limit the Parties' rights to make filings pursuant to Section 206 of the Federal Power Act prior to resolution of such dispute.

- 9.4 Mobile Sierra:** Sections 9.1 through 9.4 of this Tariff shall be subject to change solely by written amendment executed by PJM and the Transmission Owners, with the Transmission Owners acting by vote in accordance with Section 8.5.1 of the Consolidated Transmission Owners Agreement. It is the intent of this Section 9.4 that the FERC's right to change Sections 9.1 through 9.4 shall be limited to the maximum extent permissible by law and that any such change shall be in accordance with the *Mobile-Sierra* public interest standard applicable to fixed rate agreements.

10 Force Majeure and Indemnification

- 10.1 Force Majeure:** An event of Force Majeure means any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any Curtailment, order, regulation or restriction imposed by governmental military or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure event does not include an act of negligence or intentional wrongdoing. Neither the Transmission Provider, the Transmission Owners, [PJMSettlement](#), nor the Transmission Customer will be considered in default as to any obligation under this Tariff if prevented from fulfilling the obligation due to an event of Force Majeure. However, a Party whose performance under this Tariff is hindered by an event of Force Majeure shall make all reasonable efforts to perform its obligations under this Tariff.

- 10.2 Liability:** Neither the Transmission Provider, a Transmission Owner, [PJMSettlement](#), nor a Generation Owner acting in good faith to implement or comply with the directives of the Transmission Provider shall be liable, whether based on contract, indemnification, warranty, tort, strict liability or otherwise, to any Transmission Customer, third party or other person for any damages whatsoever, including, without limitation, direct, incidental, consequential, punitive, special, exemplary, or indirect damages arising or resulting from any

act or omission in any way associated with service provided under this Tariff or any Service Agreement hereunder, including, but not limited to, any act or omission that results in an interruption, deficiency or imperfection of service, except to the extent that the damages are direct damages that arise or result from the gross negligence or intentional misconduct of the Transmission Provider, the Transmission Owner, [PJMSettlement](#), or the Generation Owner, as the case may be.

To the extent that a Transmission Customer, third party or other person has a claim against the Transmission Provider, [PJMSettlement](#), a Transmission Owner, or a Generation Owner acting in good faith to implement or comply with the directives of the Transmission Provider the amount of any judgment or arbitration award on such claim entered in favor of the Transmission Customer, third party or other person shall be limited to the value of the Transmission Provider's assets or the Transmission Owner's assets or the Generation Owner's assets, as the case may be. The Transmission Customer, third party or other person may not seek to enforce any claims against the directors, managers, members, shareholders, officers or employees of the Transmission Provider, a Transmission Owner, or a Generation Owner acting in good faith to implement or comply with the directives of the Transmission Provider who shall have no personal liability for obligations of the Transmission Provider, a Transmission Owner, or a Generation Owner by reason of their status as directors, managers, members, shareholders, officers or employees of the Transmission Provider or a Transmission Owner or a Generation Owner; provided, however, that nothing herein contained shall affect the obligations of any member of the Transmission Provider [or PJMSettlement](#) under the Operating Agreement or this Tariff or any schedule hereunder.

10.3 Indemnification: The Transmission Customer shall at all times indemnify, defend, and save each Transmission Owner, the Transmission Provider, [PJMSettlement](#), and each Generation Owner acting in good faith to implement or comply with the directives of the Transmission Provider, and their directors, managers, members, shareholders, officers and employees harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demands, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the Transmission Provider's, [PJMSettlement's](#), a Transmission Owner's, or a Generation Owner's (acting in good faith to implement or comply with the directives of the Transmission Provider) performance of its obligations under this Tariff on behalf of the Transmission Customer, except in cases of negligence or intentional wrongdoing by such Transmission Owner, the Transmission Provider, or such Generation Owner acting in good faith to implement or comply with the directives of the Transmission Provider.

Issued By: Craig Glazer
Vice President, Federal Governmental Policy
Issued On: July 12, 2005

Effective: September 12, 2005

10.4 Limitation on Claims:

(a) No claim seeking an adjustment in the billing for any service, transaction, or charge under the Tariff may be asserted with respect to a month, if more than two years has elapsed since the first date upon which the billing for that month occurred. The Transmission Provider [and PJMSettlement](#) may make no adjustment to billing with respect to a month for any service, transaction, or charge under this Tariff, if more than two years has elapsed since the first date upon which the billing for that month occurred, unless a claim seeking such adjustment had been received by the Transmission Provider prior thereto.

(b) For claims that arose prior to the effective date of Section 10.4 of the Tariff, the claimant shall have two years from the effective date to assert such claims.

11 Creditworthiness

The Transmission Provider will specify its creditworthiness procedure in Attachment Q.

Issued By: Craig Glazer
Vice President, Federal Government Policy
Issued On: October 11, 2007

Effective: October 11, 2007

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000, RM05-25-000, issued February 16, 2007, [Preventing Undue Discrimination and Preference in Transmission Service](#), Order No. 890, III FERC Stats. & Regs., Regs. Preambles ¶ 31,241 (2007).

12.4 Costs: Each party to the dispute shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable:

- (A) the cost of the arbitrator chosen by the parties to the dispute to sit on the three member panel and a proportionate share of the cost of the third arbitrator chosen;
- (B) a proportionate share of the cost of the single arbitrator jointly chosen by the parties to the dispute; or
- (C) a proportionate share of the cost incurred by the Office of the Interconnection related to a dispute not involving the Office of the Interconnection.

12.5 Rights Under The Federal Power Act: Nothing in this section shall restrict the rights of any party to file a Complaint with the Commission under relevant provisions of the Federal Power Act.

II. POINT-TO-POINT TRANSMISSION SERVICE

Preamble

The Transmission Provider will provide Firm and Non-Firm Point-To-Point Transmission Service pursuant to the applicable terms and conditions of this Tariff. Point-To-Point Transmission Service is for the receipt of capacity and energy at designated Point(s) of Receipt and the transfer of such capacity and energy to designated Point(s) of Delivery. PJMSettlement shall be the Counterparty to the Point-To-Point Transmission Service transactions under this Tariff. As set forth in Attachment K, Section D, Point-To-Point Transmission Service transactions may give rise to several component charges and credits, which may offset one another, and such component charges and credits are not separate transactions from Transmission Service transactions.

Formatted: Font: Bold

13 Nature of Firm Point-To-Point Transmission Service

13.1 Term: The minimum term of Long-Term Firm Point-To-Point Transmission Service shall be one year and the maximum term shall be specified in the Service Agreement. The term of Short-Term Firm Point-To-Point Transmission Service shall be one day, one week, or one month.

13.2 Reservation Priority:

Except as provided in Section 17.8 and 17.9,

- (i) Firm Point-To-Point Transmission Service shall be available on a first-come, first-served basis, i.e., in the chronological sequence in which each Transmission Customer has requested service according to the provisions of Section 17. However, Pre-Confirmed Applications for Short-Term Point-to-Point Transmission Service will receive priority over earlier-

Issued By: Craig Glazer
Vice President, Federal Government Policy
Issued On: October 11, 2007

Effective: October 11, 2007

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000, RM05-25-000, issued February 16, 2007, Preventing Undue Discrimination and Preference in Transmission Service, Order No. 890, III FERC Stats. & Regs., Regs. Preambles ¶ 31,241 (2007).

PJM Interconnection, L.L.C.
FERC Electric Tariff
Sixth Revised Volume No. 1

First Revised Sheet No. 54
Superseding Original Sheet No. 54

submitted requests that are not Pre-Confirmed and that have equal or shorter duration.

Issued By: Craig Glazer
Vice President, Federal Government Policy
Issued On: October 11, 2007

Effective: October 11, 2007

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000, RM05-25-000, issued February 16, 2007, Preventing Undue Discrimination and Preference in Transmission Service, Order No. 890, III FERC Stats. & Regs., Regs. Preambles ¶ 31,241 (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
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).

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

Owner shall use Part II of the Tariff to make its Third-Party Sales. Each Transmission Owner shall account for such use at the applicable Tariff rates, pursuant to Section 8.

26 Stranded Cost Recovery

Any Transmission Owner may seek to recover stranded costs from the Transmission Customer pursuant to this Tariff in accordance with the terms, conditions and procedures set forth in FERC Order No. 888. However, the Transmission Owner must separately file any specific proposed stranded cost charge under Section 205 of the Federal Power Act.

27 Compensation for New Facilities and Redispatch Costs

27.1 New Facilities and Redispatch: Whenever a System Impact Study performed by or on behalf of the Transmission Provider in connection with the provision of Firm Point-To-Point Transmission Service identifies the need for new facilities, the Transmission Customer shall be responsible for such costs to the extent consistent with Commission policy. Whenever a System Impact Study performed by or on behalf of the Transmission Provider identifies transmission constraints that may be relieved by redispatching resources available to the PJM Region to eliminate such constraints, the Transmission Customer shall be responsible for the redispatch costs to the extent consistent with Commission policy.

27.2 Redispatch Using Locational Marginal Prices: Whenever in the operation of the PJM Region the Transmission Provider identifies transmission constraints, the provisions of Attachment K shall apply to all Transmission Customers (including Native Load Customers and a Transmission Owner making a Third-Party Sale); provided, however, that a Transmission Customer receiving Non-Firm Point-To-Point Transmission Service may elect not to pay the costs of redispatch determined pursuant to Attachment K when those costs would be imposed consistent with Commission policy and Transmission Service to such Transmission Customer may be interrupted.

27A Distribution of Revenues from Non-Firm Point-to-Point Transmission Service

Transmission revenues from Non-Firm Point-to-Point Transmission Service (other than the portion of such revenues equal to congestion charges and the revenues attributable to the Transitional Revenue Neutrality Charge) for a Billing Month shall be distributed to the Network Customers (including the Transmission Owners) and Transmission Customers purchasing Firm Point-to-Point Transmission Service in proportion to their Demand Charges (including any imputed Demand Charges for bundled service to Native Load Customers) for Network Service and their charges for Reserved Capacity for Firm Point-to-Point Transmission Service. ~~The Transmission Provider~~ [PJM Settlement](#) shall distribute all revenues attributable to the Transitional Revenue Neutrality Charge to Allegheny Power.

Issued By: Craig Glazer
Vice President, Federal Government Policy
Issued On: October 11, 2007

Effective: October 11, 2007

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000, RM05-25-000, issued February 16, 2007, [Preventing Undue Discrimination and Preference in Transmission Service](#), Order No. 890, III FERC Stats. & Regs., Regs. Preambles ¶ 31,241 (2007).

III. NETWORK INTEGRATION TRANSMISSION SERVICE

Preamble

The Transmission Provider will provide Network Integration Transmission Service pursuant to the applicable terms and conditions contained in the Tariff and Service Agreement. Network Integration Transmission Service allows the Network Customer to integrate, economically dispatch and regulate its current and planned Network Resources to serve its Network Load in a manner comparable to that in which each Transmission Owner utilizes the Transmission System to serve its Native Load Customers. Network Integration Transmission Service also may be used by the Network Customer to deliver economy energy purchases to its Network Load from non-designated resources on an as-available basis without additional charge. Transmission service for sales to non-designated loads will be provided pursuant to the applicable terms and conditions of Part II of the Tariff. [PJMSettlement shall be the Counterparty to the Network Integration Transmission Service transactions under this Tariff. As set forth in Attachment K, Section D, Network Integration Transmission Service transactions may give rise to several component charges and credits, which may offset one another, and such component charges and credits are not separate transactions from Network Integration Transmission Service transactions.](#)

28 Nature of Network Integration Transmission Service

28.1 Scope of Service: Network Integration Transmission Service is a transmission service that allows Network Customers to efficiently and economically utilize their Network Resources (as well as other non-designated generation resources) to serve their Network Load located in the PJM Region and any additional load that may be designated pursuant to Section 31.3 of the Tariff. The Network Customer taking Network Integration Transmission Service must obtain or provide Ancillary Services pursuant to Section 3.

28.2 Transmission Provider Responsibilities: In order to provide the Network Customer with Network Integration Transmission Service over the Transmission Provider's Transmission Systems: (a) the Transmission Provider will plan and operate the Transmission System in accordance with Good Utility Practice and its planning obligations in Schedule 6 of the Operating Agreement; and (b) the Transmission Owners will be obligated to construct and maintain the Transmission System in accordance with the terms and conditions of the Tariff, the Operating Agreement, and Good Utility Practice. Each Transmission Owner, on behalf of its Native Load Customers, shall be required to designate resources and loads in the same manner as any Network Customer under Part III of this Tariff. This information must be consistent with the information used by the Transmission Provider to calculate available transfer capability. The Transmission Provider shall include the Network Customer's Network Load in the Transmission System planning and the Transmission Owners shall, consistent with the terms and conditions of the Tariff, the Operating Agreement, and Good Utility Practice, endeavor to construct and place into service sufficient transfer

Issued By: Craig Glazer
Vice President, Federal Government Policy

Effective: October 11, 2007

Issued On: October 11, 2007

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000, RM05-25-000, issued February 16, 2007, [Preventing Undue Discrimination and Preference in Transmission Service](#), Order No. 890, III FERC Stats. & Regs., Regs. Preambles ¶ 31,241 (2007).

PJM Interconnection, L.L.C.
FERC Electric Tariff
Sixth Revised Volume No. 1

Third Revised Sheet No. 79
Superseding Second Revised Sheet No. 79

capability to deliver the Network Customer's Network Resources to serve its Network Load on a basis comparable to the delivery of each Transmission Owner's own generating and purchased resources to its Native Load Customers.

Issued By: Craig Glazer
Vice President, Federal Government Policy
Issued On: October 11, 2007

Effective: October 11, 2007

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000, RM05-25-000, issued February 16, 2007, Preventing Undue Discrimination and Preference in Transmission Service, Order No. 890, III FERC Stats. & Regs., Regs. Preambles ¶ 31,241 (2007).

33.7 System Reliability: Notwithstanding any other provisions of this Tariff, the Transmission Provider reserves the right, consistent with Good Utility Practice and on a not unduly discriminatory basis, to Curtail Network Integration Transmission Service without liability on the Transmission Provider's part for the purpose of making necessary adjustments to, changes in, or repairs on its lines, substations and facilities, and in cases where the continuance of Network Integration Transmission Service would endanger persons or property. In the event of any adverse condition(s) or disturbance(s) on the Transmission Provider's Transmission System or on any other system(s) directly or indirectly interconnected with the Transmission Provider's Transmission System, the Transmission Provider, consistent with Good Utility Practice, also may Curtail Network Integration Transmission Service in order to (i) limit the extent or damage of the adverse condition(s) or disturbance(s), (ii) prevent damage to generating or transmission facilities, or (iii) expedite restoration of service. The Transmission Provider will give the Network Customer as much advance notice as is practicable in the event of such Curtailment. Any Curtailment of Network Integration Transmission Service will be not unduly discriminatory relative to a Transmission Owner's use of the Transmission System on behalf of its Native Load Customers. The Transmission Provider shall specify the rate treatment and all related terms and conditions applicable in the event that the Network Customer fails to respond to established Load Shedding and Curtailment procedures.

34 Rates and Charges

The Network Customer shall pay [PJMSettlement, in its own name, or as agent for](#) the Transmission Provider for any Direct Assignment Facilities, Ancillary Services, PJM Administrative Service, any applicable Transmission Enhancement Charge(s) and applicable study costs, consistent with Commission policy, along with the following:

34.1 Monthly Demand Charge: (a) The Network Customer shall pay a monthly Demand Charge for Zone Network Load and Non-Zone Network Load, which shall be determined as follows:

MDC = Sum of MDCZ for all Zones plus the MDCNZ for Non-Zone Network Load

MDCZ = Sum of DDCZ for each day of the calendar month for the Zone

DDCZ = DCPZ X RTZ/365

MDCNZ = Sum of DDCNZ for each day of the calendar month for Non-Zone Network Load

Issued By: Craig Glazer
Vice President, Federal Government Policy
Issued On: August 3, 2006

Effective: June 1, 2007

Generation Owner or its Designated Agent shall make the Refund of Project Investment Reimbursement each month for the number of months the PI allows the generating unit proposed for Deactivation to continue to operate past the completion date of the necessary Transmission System reliability upgrades that would alleviate the reliability impact resulting from the Deactivation of the generating unit, or the date that the Transmission Provider otherwise determines, in accordance with established reliability criteria, that the continued operation of the generating unit is no longer necessary for the reliability of the Transmission System and shall be credited to transmission customers in such month on the same basis as costs are allocated under section 120. The months the generating unit proposed for Deactivation continues to operate past the completion date of the necessary Transmission System reliability upgrades that would alleviate the reliability impact resulting from the Deactivation of the generating unit, or the date that the Transmission Provider otherwise determines, in accordance with established reliability criteria, that the continued operation of the generating unit is no longer necessary for the reliability of the Transmission System need not be continuous, and the Refund of Project Investment Reimbursement will continue regardless of ownership of the generating unit.

118A Recovery of Project Investment: A Generation Owner or its Designated Agent shall be entitled to continue to recover its PI costs under section 115 and/or section 117 of this Tariff in situations where the Transmission Provider subsequently determines the generation unit is no longer needed for reliability of the Transmission System and the generating unit is deactivated prior to recovering its PI costs; provided however, that any PI cost recovery pursuant to this section shall be net of any PI reimbursements already credited to the Generation Owner to its Designated Agent pursuant to section 117 and/or the APIR set forth in section 115 of this Tariff.

119 Cost of Service Recovery Rate: Notwithstanding anything to the contrary in Part V of this Tariff, a Generation Owner with a generating unit proposed for Deactivation that continues operating beyond its proposed Deactivation Date may file with the Commission a cost of service rate to recover the entire cost of operating the generating unit until such time as the generating unit is deactivated pursuant to this Part V (“Cost of Service Recovery Rate”). In the event that the Generation Owner or its Designated Agent files a rate pursuant to this section 119, the Generation Owner shall not be eligible to receive Deactivation Avoidable Cost Credits or any compensation pursuant to section 117 of this Tariff, except as provided pursuant to this section 119, and [PJMSettlement Transmission Provider](#) shall pay the Generation Owner the Cost of Service Recovery Rate accepted by the Commission commencing on the effective date established by the Commission for the rate. In the event the Generation Owner or its Designated Agent already is receiving Deactivation Avoidable Cost Credits, prior to filing an Cost of Service Recovery Rate, such Deactivation Avoidable Cost Credits will cease as of the date that the Generation

Issued By: Craig Glazer
Vice President, Federal Government Policy

Effective: January 26, 2005

Issued On: August 4, 2005

Filed to comply with order of the Federal Energy Regulatory Commission, Docket No. EL03-236, [et al.](#), issued July 5, 2005, 112 FERC ¶ 61,031 (2005).

Owner or its Designated Agent files its Cost of Service Recovery Rate, and ~~PJM Settlement~~~~the Transmission Provider~~ shall begin paying the Generation Owner or its Designated Agent the Cost of Service Recovery Rate accepted by the Commission commencing on the effective date established by the Commission for the rate. In the event the Generation Owner or its Designated Agent already is receiving compensation pursuant to section 117 of this Tariff, prior to filing an Cost of Service Recovery Rate, such compensation shall continue until the effective date established by the Commission for the Cost of Service Recovery Rate.

A generating resource owner shall direct all inquiries regarding avoidable expenses to the Market Monitoring Unit. If a generating resource owner includes a cost component inconsistent with its agreement or inconsistent with the Market Monitoring Unit's determination regarding such cost components, the Market Monitoring Unit may petition the Commission for an order that would require the generating resource owner to include an appropriate cost component. This provision is duplicated in section IV.2 of Attachment M – Appendix.

- 120 Cost Allocation:** The costs incurred to compensate Generation Owners pursuant to this Part V of this Tariff shall be an additional transmission charge allocated to the load in the Zone(s) of the Transmission Owner(s) that will be assigned financial responsibility for the reliability upgrades necessary to alleviate the reliability impact that would result from the Deactivation of the generating unit and this new charge shall be collected monthly from such loads in addition to all other charges for transmission service to such loads.
- 121 Performance Standards:** A generating unit proposed for Deactivation that continues to operate for reliability beyond its desired Deactivation Date pursuant to Part V of the Tariff shall continue to be operated according to existing standards applicable to generating units located in the PJM Region.
- 122 Black Start Units:** Nothing in this Part V of the Tariff relieves owners of Black Start Units of any obligations or requirements set forth in Schedule 6A of the Tariff, including (a) the two year rolling commitment to provide Black Start Service; (b) the notice requirements for terminating such commitment; or (c) the forfeiture of Black Start Service revenues for failure to fulfill such commitment.

123-199 [Reserved]

Issued By: Craig Glazer
Vice President, Federal Government Policy

Effective: June 29, 2009

Issued On: April 29, 2009

Filed to comply with Order No. 719 of the Federal Energy Regulatory Commission, Docket Nos. RM07-19-00 and AD07-7-000, issued October 17, 2008, 125 FERC ¶ 61,071.

SCHEDULE 1A

Transmission Owner Scheduling, System Control and Dispatch Service

Scheduling, System Control and Dispatch Service is provided directly by the Transmission Provider under Schedule 1. The Transmission Customer must purchase this service from the Transmission Provider. Certain control center facilities of the Transmission Owners also are required to provide this service. This Schedule 1A sets forth the charges for Scheduling, System Control and Dispatch Service based on the cost of operating the control centers of the Transmission Owners. The Transmission Provider shall administer the provision of Transmission Owner Scheduling, System Control and Dispatch Service. PJM Settlement shall be the Counterparty to the purchases of Transmission Owner Scheduling, System Control and Dispatch Service.

Formatted: Font: Bold

The charges for operation of the control centers of the Transmission Owners shall be determined by multiplying the applicable rate as follows times the Transmission Customer's use of the Transmission System (including losses) on a megawatt hour basis:

- (A) For a Transmission Customer serving Zone Load in:

<u>Zone</u>	<u>Rate (\$/MWh)</u>
Atlantic City Electric Company	0.0781
Baltimore Gas and Electric Company	0.0430
Delmarva Power & Light Company	0.0743
PECO Energy Company	0.1189
PP&L, Inc. Group	0.0618
Potomac Electric Power Company	0.0186
Public Service Electric and Gas Company	0.1030
Jersey Central Power & Light Company	0.0796
Metropolitan Edison Company	0.0796
Pennsylvania Electric Company	0.0796
Rockland Electric Company	0.2475
Commonwealth Edison Company	0.2223
AEP East Operating Companies	Rate updated annually Per
Attachment H-14	
The Dayton Power and Light Company	0.0797
Duquesne Light Company ¹	0.0520

¹Charges for service under this schedule to customers of The Dayton Power and Light Company that are subject to the provisions of the October 14, 2003 Stipulation and

Issued By: Craig Glazer
 Vice President, Government Policy
 Issued On: October 30, 2008
 Filed to comply with order of the Federal Energy Regulatory Commission, Docket No. ER08-1329 issued September 30, 2008
 Effective: March 1, 2009

PJM Interconnection, L.L.C.
FERC Electric Tariff
Sixth Revised Volume No. 1

Substitute *Pro forma* Eighth Revised Sheet No. 226
Superseding Seventh Revised Sheet No. 226

Agreement of Settlement approved in FERC Docket No. EL03-56-000 shall be governed by such settlement.

Issued By: Craig Glazer
Vice President, Government Policy

Effective: March 1, 2009

Issued On: October 30, 2008

Filed to comply with order of the Federal Energy Regulatory Commission, Docket No. ER08-1329
issued September 30, 2008

PJM Interconnection, L.L.C.
FERC Electric Tariff
Sixth Revised Volume No. 1

Second Revised Sheet No. 226.01
Superseding Original Sheet No. 226.01

(B) For a Transmission Customer serving Non-Zone Load (a Network Customer serving Non-Zone Network Load or a Transmission Customer taking Point-to-Point service where the Point of Delivery is at the boundary of the PJM Region:

\$0.1019/MWh

Each month, ~~the PJM Settlement Transmission Provider~~ shall pay to each Transmission Owner an amount equal to the charges billed for that Transmission Owner's zone pursuant to (A) above, plus that Transmission Owner's share as stated below of the charges billed to Transmission Customers serving Non-Zone Network Load pursuant to (B) above:

Issued By: Craig Glazer
Vice President, Government Policy
Issued On: October 28, 2004

Effective: January 1, 2005

SCHEDULE 2

Reactive Supply and Voltage Control from Generation or Other Sources Service

In order to maintain transmission voltages on the Transmission Provider's transmission facilities within acceptable limits, generation facilities and non-generation resources capable of providing this service that are under the control of the control area operator are operated to produce (or absorb) reactive power. Thus, Reactive Supply and Voltage Control from Generation or Other Sources Service must be provided for each transaction on the Transmission Provider's transmission facilities. The amount of Reactive Supply and Voltage Control from Generation or Other Sources Service that must be supplied with respect to the Transmission Customer's transaction will be determined based on the reactive power support necessary to maintain transmission voltages within limits that are generally accepted in the region and consistently adhered to by the Transmission Provider.

Reactive Supply and Voltage Control from Generation or Other Sources Service is to be provided directly by the Transmission Provider. The Transmission Customer must purchase this service from the Transmission Provider.

In addition to the charges and payments set forth in this Schedule 2, Market Sellers providing reactive services at the direction of the Office of the Interconnection shall be credited for such services, and Market Participants shall be charged for such services, as set forth in section 3.2.3B of the Appendix to Attachment K.

[The Transmission Provider shall administer the purchases and sales of Reactive Supply. PJM Settlement shall be the Counterparty to \(a\) the purchases of Reactive Supply from owners of Generation or Other Sources and Market Sellers and \(b\) the sales of Reactive Supply to Transmission Customers and Market Participants.](#)

Charges

Purchasers of Reactive Supply and Voltage Control from Generation or Other Sources Service shall be charged for such service in accordance with the following formulae.

Monthly Charge for a purchaser receiving Network Integration Transmission Service or Point-to-Point Transmission Service to serve Non-Zone Load = Allocation Factor * Total Generation or other source Owner Monthly Revenue Requirement

Monthly Charge for a purchaser receiving Network Integration Transmission Service or Point-to-Point Transmission Service to serve Zone Load = Allocation Factor * Zonal Generation or other source Owner Monthly Revenue Requirement * Adjustment Factor

Where:

Purchaser serving Non-Zone Load is a Network Customer serving Non-Zone Network Load or serving Network Load in a zone with no revenue requirement for Reactive Supply and Voltage Control from Generation or Other Sources

Issued By: Craig Glazer
Vice President, Federal Government Policy
Effective: October 11, 2007
Issued On: October 11, 2007

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000, RM05-25-000, issued February 16, 2007, [Preventing Undue Discrimination and Preference in Transmission Service](#), Order No. 890, III FERC Stats. & Regs., Regs. Preambles ¶ 31,241 (2007).

PJM Interconnection, L.L.C.
FERC Electric Tariff
Sixth Revised Volume No. 1

Fourth Revised Sheet No. 228
Superseding Third Revised Sheet No. 228

Service, or a Transmission Customer where the Point of Delivery is at the boundary of the PJM Region.

Issued By: Craig Glazer
Vice President, Federal Government Policy
Issued On: October 11, 2007

Effective: October 11, 2007

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000, RM05-25-000, issued February 16, 2007, Preventing Undue Discrimination and Preference in Transmission Service, Order No. 890, III FERC Stats. & Regs., Regs. Preambles ¶ 31,241 (2007).

PJM Interconnection, L.L.C.
FERC Electric Tariff
Sixth Revised Volume No. 1

First Revised Sheet No. 228A
Superseding Original Sheet No. 228A

Zonal Generation or other source Owner Monthly Revenue Requirement is the sum of the monthly revenue requirements for each generator or other source located in a Zone, as such revenue requirements have been accepted or approved, upon application, by the Commission.

Issued By: Craig Glazer
Vice President, Federal Government Policy

Effective: October 11, 2007

Issued On: October 11, 2007

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000, RM05-25-000, issued February 16, 2007, Preventing Undue Discrimination and Preference in Transmission Service, Order No. 890, III FERC Stats. & Regs., Regs. Preambles ¶ 31,241 (2007).

Total Generation or other source Owner Monthly Revenue Requirement is the sum of the Zonal Generation or other source Owner Monthly Revenue Requirements for all Zones in the PJM Region.

Allocation Factor is the monthly transmission use of each Network Customer or Transmission Customer per Zone or Non-Zone, as applicable, on a megawatt basis divided by the total transmission use in the Zone or in the PJM Region, as applicable, on a megawatt basis.

For Network Customers, monthly transmission use on a megawatt basis is the sum of a Network Customer's daily values of DCPZ or DCPNZ (as those terms are defined in Section 34.1) as applicable, for all days of the month.

For Transmission Customers, monthly transmission use on a megawatt basis is the sum of the Transmission Customer's hourly amounts of Reserved Capacity in the month (not curtailed by PJM) divided by 24.

Adjustment Factor is determined as the sum of the total monthly transmission use in the PJM Region, exclusive of such use by Transmission Customers serving Non-Zone Load, divided by the total monthly transmission use in the PJM Region on a megawatt basis.

In the event that a single customer is serving load in more than one Zone, or serving Non-Zone Load as well as load in one or more Zones, or is both a Network Customer and a Transmission Customer, the Monthly Charge for such a customer shall be the sum of the Monthly Charges determined by applying the appropriate formulae set forth in this Schedule 2 for each category of service.

Payment to Generation or Other Source Owners

Each month, the Transmission Provider shall pay each Generation or other source Owner an amount equal to the Generation or other source Owner's monthly revenue requirement as accepted or approved by the Commission. In the event a Generation or other source Owner sells a Generation Capacity Resource(s) which is included in its current effective monthly revenue requirement accepted or approved by the Commission, payments in that Generation or other source Owner's Zone may be allocated as agreed to by the owners of Generation Capacity Resources in that Zone. Such Generation or other source Owners shall inform Transmission Provider of any such agreement. In the absence of agreement among such Generation or other source Owners, the Commission, upon application, shall establish the allocation. Generation Owners shall not be eligible for payment, pursuant to this Schedule 2, of monthly revenue requirement associated with those portions of generating units designated as Behind The Meter Generation. The Transmission Provider shall post on its website a list for each Zone of the annual revenue requirements for each Generation Owner receiving payment within such Zone and specify the total annual revenue requirement for all of the Transmission provider.

Issued By: Craig Glazer
Vice President, Federal Government Policy
Issued On: December 17, 2007

Effective: February 15, 2008

SCHEDULE 3

Regulation and Frequency Response Service

Regulation and Frequency Response Service is necessary to provide for the continuous balancing of resources (generation and interchange) with load and for maintaining scheduled Interconnection frequency at sixty cycles per second (60 Hz). Regulation and Frequency Response Service is accomplished by committing on-line generation whose output is raised or lowered (predominantly through the use of automatic generating control equipment) and by other non-generation resources capable of providing this service as necessary to follow the moment-by-moment changes in load. The obligation to maintain this balance between resources and load lies with the Transmission Provider. The Transmission Provider must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements to satisfy its Regulation and Frequency Response Service obligation. The amount of and charges for Regulation and Frequency Response Service are set forth below. The Transmission Provider shall administer the purchases of Regulation Service in the PJM Interchange Energy Market. PJMSettlement shall be the Counterparty to the purchases by customers of Regulation Service in the PJM Interchange Energy Market; provided however, that PJMSettlement shall not be the contracting party to bilateral transactions between market participants or with respect to a self-schedule or self-supply of generation resources by a customer to satisfy its Regulation obligation.

For regulation not satisfied by individual Transmission Owners on behalf of their Native Load Customers, Network Customers or other Transmission Customers serving load in the PJM Region, the Transmission Provider will order the lowest cost alternative for regulation in service as needed to meet the regulation requirements of each Regulation Zone (as set forth in the PJM Manuals), as specified below:

- a. Regulation shall be supplied to meet the Regulation objective of a Regulation Zone from generators located within the metered electrical boundaries of such Regulation Zone. Generators offering regulation shall comply with applicable standards and requirements for regulation capability and dispatch specified in the procedures of the Office of the Interconnection.
- b. The Office of the Interconnection shall obtain and maintain an amount of regulation for each Regulation Zone equal to the Regulation objective for such Regulation Zone, as specified in its procedures.
- c. The regulation range of a unit shall be at least twice the amount of regulation assigned.

Issued By: Craig Glazer
Vice President, Federal Government Policy
Issued On: October 11, 2007

Effective: October 11, 2007

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000, RM05-25-000, issued February 16, 2007, Preventing Undue Discrimination and Preference in Transmission Service, Order No. 890, III FERC Stats. & Regs., Regs. Preambles ¶ 31,241 (2007).

SCHEDULE 4

Energy Imbalance Service

Energy Imbalance Service is provided when a difference occurs between the scheduled and the actual delivery of energy to a load located within a Control Area over a single hour. The Transmission Provider must offer this service when the transmission service is used to serve load within its Control Area. Each Transmission Owner, Transmission Customer, and Network Customer must purchase Energy Imbalance Service through the Transmission Provider, [with PJMSettlement acting as the Counterparty](#), or make alternative comparable arrangements, which may include use of non-generation resources capable of providing this service. For purposes of Energy Imbalance Services, if a Point of Delivery serves more than one Transmission Owner or Network Customer, the Energy Imbalance Service and any associated charges will be computed by the Transmission Provider for the Point of Delivery and the allocation of the service and associated charges shall be the responsibility of the meter operator of the Point of Delivery.

For each Transmission Owner, Transmission Customer receiving service under Part II of this Tariff, and Network Customer, Energy Imbalance Service is considered to be PJM interchange and will be charged at the hourly locational marginal price determined pursuant to Section 2 of the Appendix to Attachment K of this Tariff. [The Transmission Provider shall administer the purchases by customers of Energy Imbalance Service. PJMSettlement shall be the Counterparty to the purchases by customers of Energy Imbalance Service.](#)

Formatted: Font: Bold

Issued By: Craig Glazer
Vice President, Federal Government Policy

Effective: October 11, 2007

Issued On: June 16, 2008

Filed to comply with order of the Federal Energy Regulatory Commission, Docket No. OA08-9-000, issued May 15, 2008, 123 FERC ¶ 61,145 (2008).

SCHEDULE 5

Operating Reserve - Synchronized Reserve Service

Synchronized Reserve Service is needed to serve load immediately in the event of a system contingency. Synchronized Reserve Service may be provided by generating units that are on-line and loaded at less than maximum output and by non-generation resources capable of providing this service or eligible Demand Resources. The Transmission Provider must offer this service when the transmission service is used to serve load within its Control Area. Each Transmission Owner and Network Customer must purchase this service from the Transmission Provider. The amount of and charges for Synchronized Reserve Service, as defined in accordance with NERC operating policies, will be accounted and paid for as set forth in Section 3.2.3A of the Appendix to Attachment K, The Transmission Provider shall administer the purchases by customers of Synchronized Reserve Service. PJMSettlement shall be the Counterparty to the purchases by customers of Synchronized Reserve Service in the PJM Interchange Energy Market; provided however, that PJMSettlement shall not be the contracting party to bilateral transactions between market participants or with respect to a self-schedule or self-supply of generation resources by a customer to satisfy its Synchronized Reserve obligation.

Formatted: Font: Bold

Issued By: Craig Glazer
Vice President, Federal Government Policy
Issued On: October 11, 2007

Effective: October 11, 2007

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. RM05-17-000, RM05-25-000, issued February 16, 2007, Preventing Undue Discrimination and Preference in Transmission Service, Order No. 890, III FERC Stats. & Regs., Regs. Preambles ¶ 31,241 (2007).

SCHEDULE 6

Operating Reserve - Supplemental Reserve Service

Supplemental Reserve Service is needed to serve load in the event of a system contingency; however, it is not available immediately to serve load but rather within a short period of time. Supplemental Reserve Service may be provided by generating units that are on-line but unloaded, by quick-start generation or by interruptible load or other non-generation resources capable of providing this service. The Transmission Provider must offer this service when the transmission service is used to serve load within its Control Area. Each Transmission Owner and Network Customer must purchase this service from the Transmission Provider. The amount of and charges for Supplemental Reserve Service will be accounted and paid for as part of the Operating Reserves in accordance with sections 3.2.3 and 3.2.3A.01 of the Appendix to Attachment K. The Transmission Provider shall administer the purchases by customers of Supplemental Reserve Service in the PJM Interchange Energy Market. PJMSettlement shall be the Counterparty to the purchases by customers of Supplemental Reserve Service in the PJM Interchange Energy Market; provided however, that PJMSettlement shall not be the contracting party to bilateral transactions between market participants or with respect to a self-schedule or self-supply relating to Supplemental Reserve.

Issued By: Craig Glazer
Vice President, Federal Government Policy
Issued On: June 30, 2008

Effective: June 1, 2008

SCHEDULE 6A

Black Start Service

To ensure the reliable restoration following a shut down of the PJM transmission system, Black Start Service is necessary to facilitate the goal of complete system restoration. Black Start Service enables Transmission Provider and Transmission Owners to designate specific generators called Black Start Units whose location and capabilities are required to re-energize the transmission system following a system-wide blackout. The Transmission Provider shall administer the provision of Black Start Service. PJMSettlement shall be the Counterparty to the purchases and sales of Black Start Service.

TRANSMISSION CUSTOMERS

1. All Transmission Customers and Network Customers must obtain Black Start Service ~~from~~through the Transmission Provider, with PJMSettlement as the Counterparty, pursuant to this Schedule 6A.

PROVISION OF BLACK START SERVICE

2. A Black Start Unit is a generating unit that has equipment enabling it to start without an outside electrical supply or a generating unit with a high operating factor (subject to Transmission Provider concurrence) with the demonstrated ability to automatically remain operating, at reduced levels, when disconnected from the grid. A Black Start Unit shall be considered capable of providing Black Start Service only when it meets the criteria set forth in the PJM manuals. For the purposes of this Schedule 6A, the expected life of the Black Start Unit shall take into consideration expectations regarding both the enabling equipment and the generation unit itself.
3. A Black Start Plant is a generating plant that includes one or more Black Start Units. A generating plant with Black Start Units electrically separated at different voltage levels will be considered multiple Black Start Plants.
4. The Transmission Provider, in conjunction with the Transmission Owners, are responsible for developing a coordinated and efficient system restoration plan that identifies all of the locations where Black Start Units are needed. The PJM Manuals shall set forth the criteria and process for selecting or identifying the Black Start Units necessary to commit to providing Black Start Service at the identified locations.. No more than three Black Start Units at a Black Start Plant will be eligible for compensation under this Schedule 6A, unless specifically approved by the Transmission Provider as an exception. No Black Start Unit shall be eligible to recover the costs of providing Black Start Service in the PJM Region unless it agrees to provide such service for a term of commitment established under Paragraph 5 or 6 below.

Issued By: Craig Glazer
Vice President, Governmental Policy
Issued On: February 19, 2009

Effective: April 21, 2009

5. Owners of Black Start Units selected to provide Black Start Service in accordance with Paragraph 4 and electing to forego any recovery of new or additional Black Start Capital Costs shall commit to provide Black Start Service from such Black Start Units for an initial term of no less than two years and authorize the Transmission Provider to resell Black Start Service from its Black Start Units. The term commitment shall continue to extend until the Black Start Unit owner, or the Transmission Owner, with the consent of the Transmission Provider, or the Transmission Provider, with the consent of the Transmission Owner, provides written, one-year advance notice of its intention to terminate the commitment.

Formatted: Font: Not Bold

6. Owners of Black Start Units selected to provide Black Start Service in accordance with Paragraph 4 and electing to recover new or additional Black Start Capital Costs shall commit to provide Black Start Service from such Black Start Units for a term based upon a reasonable estimate of the expected life of the Black Start Unit, as set forth in the CRF Factor Table in Paragraph 18, and authorize the Transmission Provider to resell Black Start Service from its Black Start Units. Either the Transmission Provider, with the consent of the Transmission Owner, or the Transmission Owner, with the consent of the Transmission Provider, may terminate the commitment with one year advance notice of its intention to the Black Start Unit owner, but the Transmission Owner shall reimburse the Black Start Unit owner for any amount of unrecovered Fixed Black Start Service Costs over a period not to exceed five years. A Black Start Unit owner may terminate the provision of Black Start Service with one year advance notice (or its commitment period may be involuntarily terminated pursuant to the Paragraph 15 below). Such Black Start Unit shall forego any otherwise existing entitlement to future revenues collected pursuant to this Schedule 6A and fully refund any amount of the Black Start Capital Costs recovered under a FERC-approved rate (recovered on an accelerated basis pursuant to the provisions of Paragraph 17(i)) in excess of the amount that would have been recovered pursuant to Paragraph 18 during the same period. At the conclusion of the term of commitment established under this Paragraph 6, a Black Start Unit shall commence a new term of commitment under either Paragraph 5 or 6, as applicable.

Formatted: Font: Not Bold

Issued By: Craig Glazer
Vice President, Federal Government Policy
Issued On: June 29, 2009

Effective: April 21, 2009

- 6A. In the event that a Black Start Unit fails to fulfill its commitment established under Paragraph 5 to provide Black Start Service, receipt of any Black Start Service revenues associated with the non-performing Black Start Unit shall cease and, for the period of the unit's non-performance, the Black Start Unit owner shall forfeit the Black Start Service revenues associated with the non-performing Black Start Unit that it received or would have received had the Black Start Unit performed, not to exceed revenues for a maximum of one year.

In the event that a Black Start Unit fails to fulfill its commitment established under Paragraph 6 above, such unit shall forego any otherwise existing entitlement to future revenues collected pursuant to this Schedule 6A and fully refund any amount of the Black Start Capital Costs recovered under a FERC-approved rate (recovered on an accelerated basis pursuant to the provisions of Paragraph 17(i)) in excess of the amount that would have been recovered pursuant to Paragraph 18 during the same period, but such unit remains eligible to establish a new commitment under Paragraph 5 or 6.

Performance Standards and Outage Restrictions

7. Black Start Units must have the capabilities listed below. These capabilities must be demonstrated in accordance with the criteria set forth in the PJM manuals and will remain in effect for the duration of the commitment to provide Black Start Service.
- a. A Black Start Unit must be able to close its output circuit breaker to a dead (de-energized) bus within 90 minutes of a request from the Transmission Owner or the Transmission Provider.
 - b. A Black Start Unit must be capable of maintaining frequency and voltage under varying load.
 - c. A Black Start Unit must be able to maintain rated output for a period of time identified by each Transmission Owner's system restoration requirements, in conjunction with the Transmission Provider.
8. Each owner of Black Start Units or Black Start Plants must maintain procedures for the start-up of the Black Start Units.
9. If a Black Start Unit is a generating unit with a high operating factor (subject to Transmission Provider concurrence) with the ability to automatically remain operating at reduced levels when disconnected from the grid, this ability must be demonstrated in accordance with the criteria set forth in the PJM manuals.
10. No more than one Black Start Unit at a Black Start Plant may be subject to planned maintenance at any one time. This restriction excludes outages on common plant equipment that may make all units unavailable. A Black Start Unit not currently designated as critical and on the same voltage level may be

Issued By: Craig Glazer
Vice President, Federal Government Policy
Issued On: March 30, 2009

Effective: April 21, 2009

Revenue Requirements

16. The annual Black Start Service revenue requirement shall be the sum of the annual Black Start Service revenue requirements for each generator that is designated as providing Black Start Service and has provided the Transmission Provider with a calculation of its annual Black Start Service revenue requirements. A separate line item shall appear on the participants' Transmission Provider bill for Black Start Service charges and credits.
17. Black Start Service revenue requirements for each Black Start Unit shall be based, at the election of the owner, on either (i) a FERC-approved rate for the recovery of the cost of providing such service for the entire duration of the commitment term set forth in either Paragraph 5 or 6, as applicable, or (ii) the formulas set forth in Paragraph 18 of this Schedule 6A for the commitment term set forth in Paragraph 5 or 6 as applicable. Each generator's Black Start Service revenue requirements shall be an annual calculation. Requests for changes to the Black Start Service revenue requirements must be submitted to the Market Monitoring Unit for review and analysis, with supporting data and documentation, pursuant to section III of Attachment M – Appendix and the PJM Manuals. The Market Monitoring Unit and the generator owner shall attempt to come to agreement on the level of each component included in the Black Start Service revenue requirements. The Black Start Service generator owner may submit Black Start Service revenue requirements that it chooses, provided that (i) it has participated in good faith with the process described in this section and in section III of Attachment M - Appendix, (ii) the Black Start Service revenue requirements are no higher than the level defined in any agreement reached by the Black Start Service generator owner and the Market Monitoring Unit that resulted from the foregoing process, and (iii) the Black Start Service revenue requirements are accepted by the Office of the Interconnection subject to the criteria set forth in the Tariff.

In the event that the Black Start Service generator owner and Market Monitoring Unit cannot agree on the level of each component included in the calculation of the Black Start Service revenue requirements, and the Black Start Service generator owner submits its own values to the Office of the Interconnection that are inconsistent with the Market Monitoring Unit's determination, the Office of the Interconnection shall determine whether to accept such values subject to the requirements of the Tariff and the PJM Manuals. If the Office of the Interconnection does not accept the values submitted by the Black Start Service generator owner in such case, the Black Start Service generator owner may file its proposed values with the Commission for approval. Pursuant to section III of Attachment M - Appendix, if the Office of the Interconnection accepts the Black Start Service revenue requirements submitted by the Black Start Service generator owner in such case, the Market Monitoring Unit may petition the Commission for an order that would require the Black Start Service generator

Issued By: Craig Glazer
Vice President, Federal Government Policy
Effective: June 29, 2009

Issued On: April 29, 2009

Filed to comply with Order No. 719 of the Federal Energy Regulatory Commission, Docket Nos. RM07-19-00 and AD07-7-000, issued October 17, 2008, 125 FERC ¶ 61,071.

to utilize the values determined by the Market Monitoring Unit or such other values as determined by the Commission. No change to a Black Start Service revenue requirement shall become effective until the existing revenue requirement has been effective for at least twelve months. [The Transmission Provider](#) ~~PJM~~ will presume that any FERC-approved cost recovery plan would be the exclusive basis for the recovery of a Black Start Unit's recovery of its costs during the applicable term.

18. The formula for calculating a generator's annual Black Start Service revenue requirement is:

{(Fixed BSSC) + (Variable BSSC) + (Training Costs) + (Fuel Storage Costs)} * (1 + Z)

For units that have the demonstrated ability to operate at reduced levels when automatically disconnected from the grid, the formula is revised to:

(Training Costs) * (1 + Z)

where:

Fixed BSSC

Black Start Units with a commitment established under Paragraph 5 shall calculate Fixed BSSC or "Fixed Black Start Service Costs" in accordance with the following formula:

CONE * 365 * Black Start Unit Capacity * X

Where:

"CONE" is the then current net Cost of New Entry for the CONE Area where the Black Start Unit is located as set forth in Section 5.10 of Attachment DD.

Issued By: Craig Glazer
Vice President, Federal Government Policy

Effective: June 29, 2009

Issued On: June 29, 2009

Filed to comply with order of the Federal Energy Regulatory Commission, Docket No. ER09-730-000, issued May 29, 2009, 127 FERC ¶ 61,197 (2009).

SCHEDULE 7

**Long-Term Firm and Short-Term Firm Point-To-Point
 Transmission Service**

- 1) The Transmission Customer shall pay each month for Reserved Capacity at the sum of the applicable charges set forth below for the Point of Delivery:

Summary of Charges
 (in \$/kW)

Point of Delivery	Yearly Charge	Monthly Charge	Weekly Charge	Daily On-Peak ¹ Charge	Daily Off-Peak ^{2/} Charge
Border of PJM	18.888	1.574	0.3632	0.0726	0.0519
AE Zone	23.809	1.984	0.4580	0.0920	0.0650
BG&E Zone	15.675	1.306	0.3010	0.0600	0.0430
Delmarva Zone	19.378	1.615	0.3730	0.0750	0.0530
JCPL Zone	15.112	1.259	0.2906	0.0581	0.0414
MetEd Zone	15.112	1.259	0.2906	0.0581	0.0414
Penelec Zone	15.112	1.259	0.2906	0.0581	0.0414
PECO Zone	26.264	2.189	0.5051	0.1010	0.0722
PPL Zone: Total charge is the sum of the components	PPL: * AEC: 0.463 UGI: *	PPL: * AEC: 0.039 UGI: *	PPL: * AEC: 0.0089 UGI: *	PPL: * AEC: 0.0018 UGI: *	PPL: * AEC: 0.0013 UGI: *
Pepco Zone	20.999	1.750	0.4040	0.0810	0.0580
PSE&G Zone	23.696	1.975	0.4557	0.0911	0.0651
AP Zone	20.847	1.737	0.4009	0.0802	0.0573
Rockland Zone	32.114	2.676	0.6176	0.1235	0.0882
ComEd Zone ^{3/}	4/				

* PPL Electric Utilities Corporation's and UGI Utilities' respective component of the total charge is posted on the PJM Internet website.

Issued By: Craig Glazer
 Vice President, Federal Government Policy
 Issued On: August 28, 2008

Effective: November 1, 2008

PJM Interconnection, L.L.C.
 FERC Electric Tariff
 Sixth Revised Volume No. 1

Substitute *Pro forma* Eighth Revised Sheet No. 245.01
 Superseding Seventh Revised Sheet No. 245.01

Point of Delivery	Yearly Charge	Monthly Charge	Weekly Charge	Daily On-Peak ¹ Charge	Daily Off-Peak ² Charge
AEP East Zone <small>5/</small>	Monthly Charge X 12	Rate Pursuant to Attachment H-14	Yearly Charge / 52	Weekly Charge / 5	Weekly Charge / 7
Dayton Zone	15.674	1.306	0.3014	0.0603	0.0431
Duquesne Zone	14.17	1.18	0.27	0.0540	0.0386
Dominion Zone					

Issued By: Craig Glazer
 Vice President, Federal Government Policy

Effective: March 1, 2009

Issued On: October 30, 2008

Filed to comply with order of the Federal Regulatory Commission, Docket No. ER08-1329
 issued September 30, 2008

Effective December 1, 2004, the charge for Points of Delivery at the Border of PJM and the Transitional Revenue Neutrality Charge under this Schedule 7 shall not apply to any Reserved Capacity with a Point of Delivery of the Midwest Independent Transmission System Operator, Inc. obtained pursuant to requests submitted on or after November 17, 2003, for service commencing on or after April 1, 2004. Effective April 1, 2006, the charge for Points of Delivery at the Border of PJM and the Transitional Revenue Neutrality Charge under this Schedule 7 shall not apply to any Reserved Capacity with a Point of Delivery of the Midwest Independent Transmission System Operator, Inc.

1/ Monday – Friday except the following holidays: New Years Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

2/ Saturday and Sunday and the following holidays: New Years Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

3/ Each month, revenue credits will be applied to the gross charge in accordance with Paragraph 8 below to determine the actual charge to the Transmission Customer.

4/ The charges for the ComEd zone are posted on PJM's website. In addition to other rates set forth in this schedule, customers within the ComEd zone shall be charged for recovery of RTO start-up costs at the following rates, each computed to four decimal places:

Annual Rate - \$/kW/year = \$1,523,039, divided by the 1 CP demand for the ComEd zone for the prior calendar year;

Monthly Rate - \$/kW/month. = Annual Rate divided by 12;

Weekly Rate - \$/kW/week = Annual Rate divided by 52;

Daily Rate - \$/kW/day = Weekly Rate divided by 5.

In order to ensure that the charge does not result in either an over-recovery or under-recovery of ComEd's start-up costs, PJM will institute an annual true-up mechanism in the month of May of each of the years 2008-2014. In May of each of those years, PJM will compare the amount collected under this charge for the previous 12 months with the target annual amount of \$1,523,039 and calculate any credits or surcharges that would be needed to ensure that \$1,523,039 is collected for each year. Any credit or surcharge will be assessed in the June bills for years 2008-2014, consistent with the above methodology.

5/ The rates for firm point-to-point transmission service in the AEP Zone will be charged at the yearly, monthly, weekly or daily rate equivalent to the rate effective in such period under Attachment H-14. In addition to other rates set forth in this schedule, customers within the AEP East Zone shall be charged for recovery of RTO start-up costs at the following rates, each computed to four decimal places:

Issued By: Craig Glazer
Vice President, Federal Government Policy

Effective: March 1, 2009

Issued On: October 30, 2008

Filed to comply with order of the Federal Regulatory Commission, Docket No. ER08-1329 issued September 30, 2008

Annual Rate - \$/kW/year = \$2,362,185, plus any applicable true-up adjustment, divided by the 1 CP demand for the AEP East Zone for the prior calendar year;

Monthly Rate - \$/kW/month. = Annual Rate divided by 12;

Weekly Rate - \$/kW/week = Annual Rate divided by 52;

Daily Rate - \$/kW/day = Weekly Rate divided by 5.

For the period November 1, 2005 through March 31, 2006, the rate shall be \$8.94/MW-month; for the period April 1 through December 31, 2006, the rate shall be \$8.60/MW-month, thereafter, the rate will be subject to the following true-up:

In order to ensure that the charge does not result in either over-recovery or under-recovery of AEP's start-up costs, PJM will institute an annual true-up mechanism and implement revised charges as of January 1st of each of the years 2007-2019. In January of each of those years, PJM will compare the amount collected under this charge for the previous year or part thereof with the target annual amount of \$2,362,185 and calculate the rates that would be needed, given the expected billing demands, to collect \$2,362,185, adjusted for any prior year over-collection or under-collection. In the final year that the rate is collected, PJM will calculate the rate to collect five-twelfths of the annual amount (\$984,244), plus or minus any prior year true up amount, by May 31 of that year, and shall charge such rate until that amount is collected, whether that date be before or after May 31, 2020.

6/ The service period charges rounded to four decimal places for the Dominion Zone are as follows:

Yearly Charge - \$/kW/year = the formula rate for Network Integration Transmission Service as described in Attachment H-16 and Attachment H-16A divided by 1000 kW/MW

Monthly Charge - \$/kW/month. = Yearly Charge divided by 12;

Weekly Charge - \$/kW/week = Yearly Charge divided by 52;

Daily On-Peak Charge - \$/kW/day = Weekly Charge divided by 5;

Daily Off-Peak Charge - \$/kW/day = Weekly Charge divided by 7.

On a monthly basis, revenue credits shall be calculated based on the sum of VEPCO's share of revenues collected during the month from Schedule 7 and Network Integration Transmission Service to Non-Zone Network Load under Attachment H-A. The sum of these revenue credits will appear as an adjustment to the to the gross monthly service period charges produced by the above formula.

Issued By: Craig Glazer
Vice President, Government Policy
Issued On: October 25, 2007

Effective: January 1, 2008

- 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, Losses and Capacity Export:** 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. Any Transmission Customer that is a Capacity Export Transmission Customer, as defined in Attachment DD to this Tariff, shall pay any applicable charges, and receive any applicable credits, for such a customer pursuant to Attachment DD.
- 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 ~~PJMSettlement 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
Issued On: June 19, 2007

Effective: June 1, 2008

- 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; and (iii) Firm Point-To-Point Transmission Service where the Point of Delivery is internal to the AEP Zone. The sum of these revenue credits 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: March 1, 2009

Issued On: October 30, 2008

Filed to comply with order of the Federal Regulatory Commission, Docket No. ER08-1329
issued September 30, 2008

SCHEDULE 9

PJM Interconnection, L.L.C. Administrative Services

a) PJM Interconnection, L.L.C. is the Transmission Provider under this Tariff. It also operates the PJM Interchange Energy Market as described in the Appendix to Attachment K of this Tariff and provides various other services to market participants. The cost of operating the PJM Interconnection, L.L.C., including principal and/or depreciation expense, interest expense and financing costs, shall be recovered from users of the various PJM services pursuant to the rates set forth in this Schedule 9 and its subsidiary Schedules which correspond to categories of services ("Service Categories") provided by PJM. The charge in any month to any user of PJM's services under this Schedule 9 is the sum of the charges under the following subsidiary Schedules of this Schedule 9 to the extent determined to be applicable by the Transmission Provider to such user in such month:

- Schedule 9-1: "Control Area Administration Service"
- Schedule 9-2: "Financial Transmission Rights Administration Service"
- Schedule 9-3: "Market Support Service"
- Schedule 9-4: "Regulation and Frequency Response Administration Service"
- Schedule 9-5: "Capacity Resource and Obligation Management Service"

b) The rates, terms, conditions, and applicability of these subsidiary services of this Schedule 9 are set forth on the subsidiary Schedules of this Schedule 9. [These rates and charges in Schedule 9 and its subsidiary Schedules include the charges for PJMSettlement services to Transmission Customers and Market Participants. Transmission Provider will remit the portion of the charges for PJMSettlement services to PJMSettlement.](#)

c) In addition to subsidiary schedules 9-1 through 9-5, this Schedule 9 also includes the following separate subsidiary schedules: (i) Schedule 9-6 Formula Rate for Costs of PJM Advanced Second Control Center, which is designed to recover certain costs associated with the advanced second control center; (ii) Schedule 9-FERC, which is designed to recover Transmission Provider's costs for the annual charges assessed on Transmission Provider by FERC; ~~and~~ (iii) Schedule 9-OPSI, which is designed to recover Transmission Provider's payments to the Organization of PJM States, Inc.; [\(vi\) Schedule 9-MMU which is designed to recover the cost of providing market monitoring functions to the PJM Region; and \(v\) Schedule 9-FINCON, which is designed to recover Transmission Provider's costs of outside consultants engaged by the Finance Committee.](#)

Issued By: Craig Glazer
Vice President, Federal Governmental Policy
Issued On: April 18, 2006

Effective: June 1, 2006

d) For purposes of establishing the rates under this Schedule 9, PJM's capital costs (including depreciation and/or principal, interest expense, and financing costs, but not including operation and maintenance expenses) of acquiring from certain transmission facility owners the capital projects and related assets, rights and licenses ("Facilities Costs") that are the subject of an agreement that PJM has reached with such owners to purchase certain hardware, software, and similar assets that were funded by the owners and used by PJM ("Facilities Agreement") shall be included in PJM's rates pursuant to a rate moderation plan in accordance with the following requirements:

- (1) the Facilities Costs shall be phased in to PJM's rates and charges under this Schedule 9 over a period of five years;
- (2) the amount of Facilities Costs to be recovered by PJM in the first year of such phase-in shall be one-third of the annual amount of Facilities Costs projected (with such projection made prior to the first year, at the time when the first-year rates are determined under this Schedule 9) to be recovered in the third year of such phase-in (including any prior-year deferrals to be recovered in such third year);
- (3) the amount of Facilities Costs to be recovered by PJM in the second year of such phase-in shall be two-thirds of the annual amount of Facilities Costs projected (with such projection made prior to the second year, at the time when the second-year rates are determined under this Schedule 9) to be recovered in the third year of such phase-in (including any prior-year deferrals to be recovered in such third year).

- (4) the amount of Facilities Costs to be recovered by PJM in the third year of such phase-in shall be the annual amount of Facilities Costs in such year as determined by generally accepted accounting principles without regard to any rate moderation plan, plus the deferrals and financing costs described in (5) below.
- (5) the Facilities Costs that are not recovered in the first and second years of the phase-in will be deferred and recovered (with PJM's costs of financing such deferrals) beginning in the third year of the phase-in; provided, however, that no more than one-third of the total costs deferred from the first and second years (and PJM's costs of financing such deferrals) will be recovered in the third year.
- (6) all deferred costs (and all of PJM's costs of financing such deferrals) will be collected in full by the end of the fifth year.

Issued By: Craig Glazer
Vice President, Governmental Policy
Issued On: March 27, 2003

Effective: March 20, 2003

SCHEDULE 11

~~[Reserved]~~ **Transitional Market Expansion Charge**

~~(a) — In recognition of the benefits to competition and system reliability from the expansion of the PJM markets and system operations to include the PJM West Region, and the relative rate savings under Schedule 9 of this Tariff occasioned thereby, Generation Providers (as defined in Schedule 9.3) and customers using Point to Point and Network Integration Transmission Service shall pay a Transitional Market Expansion Charge, as defined below.~~

~~(b) — Except as provided in Section (f) below, PJM will charge each customer using Point to Point or Network Integration Transmission Service each month a charge equal to \$0.0381 times the total quantity in Mwths of energy delivered to load (net of operating Behind The Meter Generation, but not to be less than zero) in the PJM Region or for export from such area (including deliveries at the boundary of such area for Wheeling Through Service, as that term is defined in Schedule 9.3) during such month by such customer.~~

~~(c) — Except as provided in Section (f) below, PJM will charge each Generation Provider each month a charge equal to \$0.0070 times the total quantity in Mwths of energy input into the Transmission System (including receipts into the Transmission System for Wheeling Through Service) during such month by such Generation Provider.~~

~~(d) — PJM shall distribute all revenues collected under this schedule each calendar month to Allegheny Power.~~

~~(e) — The charge provided for under this Schedule 11 shall terminate effective on the day on which the sum total of the revenues collected under this charge and under the Transitional Revenue Neutrality Charges under Schedule 7 and Schedule 8 equals \$84,993,360.~~

~~(f) — The charges set forth in this Schedule 11 will not apply to energy either delivered to load or input into the Transmission System in the future PJM Zones comprised of Commonwealth Edison and Commonwealth Edison Company of Indiana, Inc.; The Dayton Power and Light Company; American Electric Power Service Corporation and its affiliates; Appalachian Power Company, Columbus Southern Power Company, Indiana Michigan Power Company, Kentucky Power Company, Kingsport Power Company, Ohio Power Company, and Wheeling Power Company; or Duquesne Light Company.~~

Issued By: Craig Glazer
Vice President, Government Policy
Issued On: October 28, 2004

Effective: January 1, 2005

SCHEDULE 12

Transmission Enhancement Charges

- (a) **Establishment of Transmission Enhancement Charges.** One or more of the Transmission Owners may be designated to construct and own and/or finance Required Transmission Enhancements (as defined in Section 1.38C of the Tariff) by (1) the Regional Transmission Expansion Plan periodically developed pursuant to Schedule 6 of the Operating Agreement or (2) the Coordinated System Plan periodically developed pursuant to the Joint Operating Agreement Between the Midwest Independent Transmission System Operator, Inc. and PJM Interconnection, L.L.C. (“Coordinated System Plan”). Section 1.7 of Schedule 6 of the Operating Agreement recognizes that Transmission Owners, subject to obtaining any necessary regulatory approvals, may seek to recover the costs of Required Transmission Enhancements and obligates ~~Transmission Provider~~ ~~PJM~~ Settlement to collect on behalf of Transmission Owner(s) any charges established by Transmission Owners to recover the costs of Required Transmission Enhancements. If a Transmission Owner is designated by the Regional Transmission Expansion Plan or the Coordinated System Plan to construct and own and/or finance a Required Transmission Enhancement, such Transmission Owner may choose any of the following cost recovery mechanisms, subject to the crediting procedures set forth in section (e) below:
- (1) Decline to seek to recover the costs of Required Transmission Enhancements from customers until such time as it makes a filing pursuant to Section 205 of the Federal Power Act to revise its Network Integration Transmission Service rates;
 - (2) Make a filing pursuant Section 205 of the Federal Power Act and the FERC’s rules and regulations to establish the revenue requirement with respect to a Required Transmission Enhancement, without filing to revise its rates for Network Integration Transmission Service generally; or
 - (3) Establish the revenue requirement with respect to a Required Transmission Enhancement through the operation of a formula rate in effect applicable to its rates for Network Integration Transmission Service.

A charge established to recover the revenue requirement with respect to a Required Transmission Enhancement is hereafter referred to as a “Transmission Enhancement Charge.” Transmission Enhancement Charges of one or more Transmission Owners shall be established in accordance with this Schedule 12. Transmission Enhancement Charges of one or more transmission owners within the Midwest Independent System Operator, Inc. (“MISO”) shall be determined in accordance with to the MISO Tariff.

Issued By: Craig Glazer
Vice President, Federal Government Policy

Effective: June 1, 2005

Issued On: May 17, 2005

Filed to comply with order of the Federal Energy Regulatory Commission, issued November 18, 2004 in Docket Nos. ER05-6, et al., Midwest Independent Transmission System Operator, Inc., 109 FERC ¶ 61,168 (2004).

SCHEDULE 14

Transmission Service on the Neptune Line

Pursuant to Section 38 of the Tariff, this Schedule provides the terms and conditions of transmission service on the Neptune Line which is a Merchant Transmission Facility under the Tariff and the PJM Operating Agreement.

1. Definitions

Capitalized terms used and defined in this Schedule 14 shall have the meaning given them under this Schedule. Capitalized terms used and not defined in this Schedule 14 but defined in other provisions of the Tariff shall have the meaning given them under those provisions. Capitalized terms used in this Schedule 14 that are not defined in it or elsewhere in this Tariff shall have the meanings customarily attributed to such terms by the electric utility industry in PJM.

1.1 Neptune Reservation: A right, denoted in Megawatts and for a specified period, to request the withdrawal of energy and capacity from the Transmission System at the Point of Interconnection and submit schedules for transmission service over the Neptune Line on a firm or non-firm basis as set forth in this Schedule 14.

1.1.1 Firm Neptune Reservation: A Firm Neptune Reservation allows a Neptune Transmission Customer to schedule capacity and energy on a firm basis from the Neptune Point of Receipt to the Neptune Point of Delivery.

1.1.2 Non-Firm Neptune Reservation: A Non-Firm Neptune Reservation allows a Neptune Transmission Customer to schedule energy on a non-firm, as available, basis from the Neptune Point of Receipt to the Neptune Point of Delivery.

Issued By: Craig Glazer
Vice President, Federal Government Policy
Issued On: March 16, 2007

Effective: May 7, 2007

EXHIBIT A TO SCHEDULE 14

**Form of Service Agreement for
Transmission Service over the Neptune Line**

1.0 This Service Agreement, dated as of _____, is entered into, by and between the Office of the Interconnection of PJM Interconnection, L.L.C. (the "Transmission Provider"), as administrator of Transmission Service over the Neptune Line, and _____ ("Neptune Transmission Customer").

2.0 The Neptune Transmission Customer has been determined by the Transmission Provider to have a Completed Application for a Neptune Reservation under the Tariff.

3.0 If required, the Neptune Transmission Customer has provided to the Transmission Provider an Application deposit in accordance with the provisions of Section 17.3 of the Tariff.

4.0 Service under this agreement shall commence on the later of (1) the requested service commencement date, or (2) such other date as it is permitted to become effective by the Commission. Service under this agreement shall terminate on such date as mutually agreed upon by the parties.

5.0 The Transmission Provider agrees to provide and the Neptune Transmission Customer agrees to take and pay for the Neptune Reservation in accordance with the provisions of Schedule 14 of the Tariff and this Service Agreement.

6.0 Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representatives as indicated below.

Transmission Provider

PJM	Interconnection,	L.L.C.
955	Jefferson	Avenue
Valley	Forge	Corporate
Norristown, PA	19403-2497	Center

Neptune Transmission Customer

Issued By: Craig Glazer
Vice President, Federal Government Policy
Issued On: March 16, 2007

Effective: May 7, 2007

PJM Interconnection, L.L.C.
FERC Electric Tariff
Sixth Revised Volume No. 1

Original Sheet No. 270LL

7.0 The Tariff, including Schedule 14, is incorporated herein and made a part hereof.

IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective authorized officials.

Office of the Interconnection:

By: _____
Name Title Date

Neptune Transmission Customer:

By: _____
Name Title Date

Issued By: Craig Glazer
Vice President, Federal Government Policy
Issued On: March 16, 2007

Effective: May 7, 2007

SCHEDULE 16

Transmission Service on the Linden VFT Facility

Pursuant to Section 38 of the Tariff, this Schedule provides the terms and conditions of transmission service on the Linden VFT Facility which is a Merchant Transmission Facility under the Tariff and the Amended and Restated Operating Agreement of PJM Interconnection, L.L.C. (“Operating Agreement”).

1. Definitions

Capitalized terms used and defined in this Schedule 16 shall have the meaning given them under this Schedule. Capitalized terms used and not defined in this Schedule 16 but defined in other provisions of the Tariff shall have the meaning given them under those provisions. Capitalized terms used in this Schedule 16 that are not defined in it or elsewhere in this Tariff shall have the meanings customarily attributed to such terms by the electric utility industry in PJM, including, but not limited to the Operating Agreement.

1.1 Linden VFT Reservation: A right, denoted in whole megawatts and for a specified period, to request the withdrawal of energy and capacity from the Transmission System at the Point of Interconnection and submit schedules for transmission service utilizing the Linden VFT Facility on a firm or non-firm basis as set forth in this Schedule 16.

1.1.1 Firm Linden VFT Reservation: A Firm Linden VFT Reservation allows a Linden VFT Transmission Customer to schedule capacity and energy on a firm basis from the Linden FFT Point of Receipt to the Linden VFT Point of Delivery.

Issued By: Craig Glazer
Vice President, Federal Government Policy
Issued On: April 15, 2009

Effective: June 15, 2009

EXHIBIT A TO SCHEDULE 16

**Form of Service Agreement for
Transmission Service over the Linden VFT Facility**

1.0 This Service Agreement, dated as of _____, is entered into, by and between the Office of the Interconnection of PJM Interconnection, L.L.C. (the "Transmission Provider"), as administrator of Transmission Service on the Linden VFT Facility, and _____ ("Linden VFT Transmission Customer").

2.0 The Linden VFT Transmission Customer has been determined by the Transmission Provider to have a Completed Application for a Linden VFT Reservation under the Tariff.

3.0 If required, the Linden VFT Transmission Customer has provided to the Transmission Provider an Application deposit in accordance with the provisions of Section 17.3 of the Tariff.

4.0 Service under this agreement shall commence on the later of (1) the requested service commencement date, or (2) such other date as it is permitted to become effective by the Commission. Service under this agreement shall terminate on such date as mutually agreed upon by the parties.

5.0 The Transmission Provider agrees to provide and the Linden VFT Transmission Customer agrees to take and pay for the Linden VFT Reservation in accordance with the provisions of Schedule 16 of the Tariff and this Service Agreement.

6.0 Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representatives as indicated below.

<u>Transmission Provider</u> PJM Interconnection, L.L.C. 955 Jefferson Avenue Valley Forge Corporate Center Norristown, PA 19403-2497
<u>Linden VFT Transmission Customer</u> _____ _____ _____

Issued By: Craig Glazer
Vice President, Federal Government Policy
Issued On: April 15, 2009

Effective: June 15, 2009

PJM Interconnection, L.L.C.
FERC Electric Tariff
Sixth Revised Volume No. 1

Original Sheet No. 270KKK

7.0 The Tariff, including Schedule 16, is incorporated herein and made a part hereof.

IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective authorized officials.

Office of the Interconnection:

By: _____
Name Title Date

Linden VFT Transmission Customer:

By: _____
Name Title Date

Issued By: Craig Glazer
Vice President, Federal Government Policy
Issued On: April 15, 2009

Effective: June 15, 2009

CERTIFICATION

I, _____, certify that I am a duly authorized officer of _____ (Linden VFT Transmission Customer) and that _____ (Linden VFT Transmission Customer) will not request service under this Service agreement to assist an Eligible Customer to avoid the reciprocity provision of this Open-Access Transmission Tariff.

(Name)

(Title)

Subscribed and sworn before me this _____ day of _____, _____.

(Notary Public)

My Commission expires: _____

Issued By: Craig Glazer
Vice President, Federal Government Policy
Issued On: April 15, 2009

Effective: June 15, 2009

Specifications For Transmission Service Over Linden VFT Facility

- 1.0 Term of Transaction: _____
Start Date: _____
Termination Date: _____
- 2.0 Description of capacity and energy to be transmitted.

- 3.0 Point of Receipt: VFT Switching Station in Linden, New Jersey
Delivering Party: _____
- 4.0 Point of Delivery: NYISO (at the Linden Cogen 345 kV ring bus in Linden, New Jersey)
Receiving Party: _____
- 5.0 Maximum amount of energy to be transmitted (Reserved Transmission Capability):

- 6.0 Designation of party(ies) subject to reciprocal service obligation: _____

Issued By: Craig Glazer
Vice President, Federal Government Policy
Issued On: April 15, 2009

Effective: June 15, 2009

7.0 Service under this Agreement may be subject to some combination of the charges detailed below. (The appropriate charges for individual transactions will be determined in accordance with the terms and conditions of the Tariff and Schedule 16).

7.1 Linden VFT Reservation Charge:

7.2 Linden VFT Service Administration Charges:

7.3 Linden VFT Transmission Enhancement Charges:
