



Preliminary 2011 Project Budget

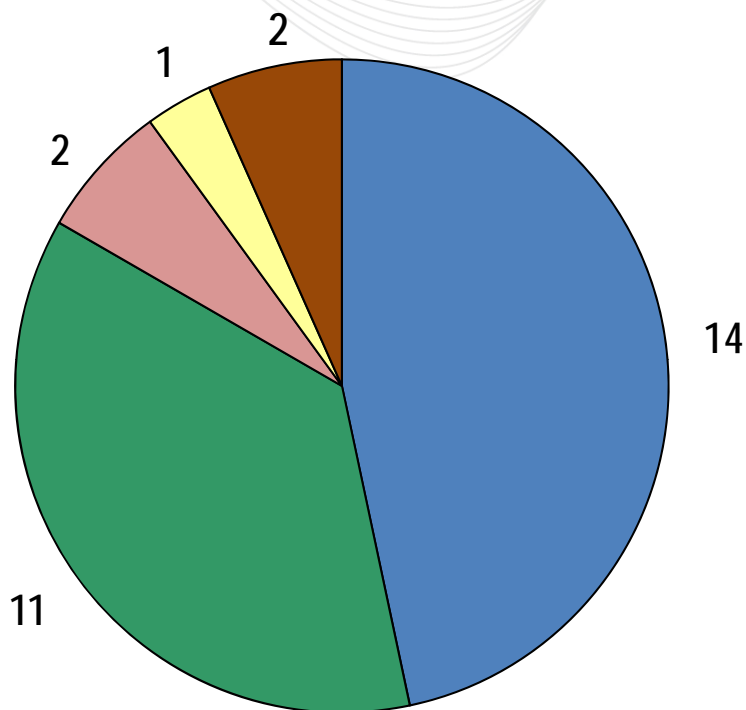
Operating Committee Meeting
September 21, 2010

<i>(\$ in millions)</i>	Capital	Expense	Total
Application Replacements/Retrofit	2	0	2
Current Applications & System Reliability	14	4	18
Facilities and Technology Infrastructure	11	2	13
Interregional Coordination	1	0	1
New Products and Services	2	0	2
AC ²	3	2	5
Total	33	8	41



Preliminary 2011 Non-AC² Capital Budget

Total = \$30 million



- Current Applications & Systems Reliability
- Facilities and Technology Infrastructure
- Application Replacements
- Interregional Coordination
- New Products/Services



Application Replacements/Retrofit

<i>(dollars in millions, except rates)</i>	2010	2011	2012
Capital	1	2	0
Expense	0	0	0

Identity Management – This project will improve the reliability and efficiency of PJM’s processes for authorization and provisioning of access to IT systems. It will also demonstrate NERC CIP/SAS-70 compliance, increase operational efficiencies, and increase the overall security posture.

Price Responsive Demand – This project will develop a process to assist customers to adjust their usage based upon a price signal.



Current Applications & Systems Reliability

<i>(dollars in millions, except rates)</i>	2010	2011	2012
Capital	19	14	1
Expense	5	5	0

Markets Applications - Updates and enhancements to applications and systems, including Market Settlements, Reliability Pricing Model (RPM), Demand Side Response (DSR), and Financial Transmission Rights (FTR).

Operations Applications - Updates and enhancements to applications, including eDart, Perfect Dispatch, Intelligent Event Processor (IEP), and other operator and dispatcher tools. Some of the updates will include upgrades of database software necessary to maintain security and reliability.

Market Flow – This project will develop a long term process to ensure that market flows in the PJM region will be calculated correctly.

GCA Enhancements – This project will analyze the current economic dispatch function, identify opportunities to improve the use of the Unit Dispatch System (UDS) and identify manual interactions by dispatchers.

Shortage Pricing – This project will ensure the mechanism for price information during an operating reserve shortage and achieves the goals of FERC Order 719 of “maintaining reliability, eliminating barriers to the comparable treatment of demand response and allocate energy during a shortage to those who value it most”.

SynchroPhasor Stimulus Grant – This project is part of the DOE’s Smart Grid Investment Grant (SGIG). PJM and twelve Transmission Owners will develop a production quality network of Phasor Measurements (PMUs) and Phasor Data Concentrators (PDCs) throughout the PJM footprint.



Facilities and Technology Infrastructure

<i>(dollars in millions, except rates)</i>	2010	2011	2012
Capital	6	11	0
Expense	3	2	0

Valley Forge Facilities Plan – This project will identify space and security needs for the PJM Valley Forge campus, consolidate leased space, and fit-out space to meet needs and to bring the building up to today's code requirements.

Milford Alternative Energy Initiative – This project will explore alternative energy opportunities at the Milford site.



Interregional Coordination

<i>(dollars in millions, except rates)</i>	2010	2011	2012
Capital	0	1	0
Expense	0	0	0
<u>Joint and Common Market</u> – This project will implement FERC requirements for components of a joint and common market between PJM and MISO.			



New Products and Services

<i>(dollars in millions, except rates)</i>	2010	2011	2012
Capital	2	2	0
Expense	0	0	0

Wind Integration Study – This project will complete a detailed wind study throughout the PJM control area to determine what is required to integrate wind into the system. This study will help to demonstrate where wind should be built as well as where to connect it into the system and lay out the details of those requirements as well.

ATSI Integration – Incorporation of First Energy’s ATSI transmission zones into PJM.

Duke Integration – Incorporation of Duke Ohio and Kentucky transmissions zones into PJM.