

PROPOSAL FOR REVISIONS TO DEFERRED SECURITY

Planning Committee
June 9, 2010

- Provision for Deferred Security was added to the PJM Tariff in April, 2009
 - Interconnection Customer has option to defer providing security for up to 120 days after signing its ISA
 - Deposit collected during deferral = \$200,000 or 125% of the estimate costs incurred during the 120 day period, whichever is greater
 - If security is not paid within the 120 day period, the project will be terminated and withdrawn from the interconnection queue.

- Intent: To allow Interconnection Customers the opportunity to secure financing during a reasonable period of time after it signed its Interconnection Service Agreement (“ISA”)
- PJM proposes modifications consistent with the intent

- **Tariff Section 212.4(c):**
 - Deposit will cover costs of all work, and not limited to “continued design work” during the 120 days
 - Modify language to read that Security is due 120 days after “Interconnection Customer executes the ISA”
- **ISA (Tariff, Attachment O):**
 - Move the language re: Deferred Security from section 6 of the ISA to section 5 of the ISA
 - PJM will notify, and collect additional deposit from, Interconnection Customer if later-queued project sharing in need & cost responsibility in Interconnection Customer’s network upgrades is nearing signing its ISA