

payment for the first quarterly invoice for the project shall not exceed an amount equal to 125% of the total estimated cost of construction. The Transmission Provider shall provide the affected Transmission Owner(s) with a copy of the letter of credit or other form of security. After execution of the Interconnection Service Agreement, the amount of security required may be adjusted from time to time in accordance with Section 11.2.1 of Appendix 2 of the Interconnection Service Agreement.

(2) Transmission Provider shall invoice Interconnection Customer for work by the Interconnected Transmission Owner on a quarterly basis for the costs to be expended in the subsequent three months. Interconnection Customer shall pay invoiced amounts within twenty (20) days of receipt of the invoice. Interconnection Customer may request in the Interconnection Service Agreement that the Transmission Provider provide a quarterly cost reconciliation. Such a quarterly cost reconciliation will have a one-quarter lag, e.g., reconciliation of costs for the first calendar quarter of work will be provided at the start of the third calendar quarter of work, provided, however, that Section 11.2.3 of Appendix 2 of the Interconnection Service Agreement shall govern the timing of the final cost reconciliation upon completion of the work.

(3) Transmission Provider shall hold the security related to construction of Attachment Facilities until settlement of the final invoice; security related to construction of Local Upgrades and/or Network Upgrades may be reduced as construction progresses.

- (c) Deferred Security: Interconnection Customer may request to defer providing security under subsection (b) of this Section 212.4 until no later than 120 days after Interconnection Customer executes ~~ing~~ the Interconnection Service Agreement, provided Interconnection Customer shall pay a deposit of at least \$200,000 or 125% of the estimated costs that will be incurred during the 120-day period, whichever is greater, to fund continued ~~design~~ work, with \$100,000 of such deposit being non-refundable. If the Interconnection Customer terminates this ISA ~~withdraws its Interconnection Request, or is otherwise deemed terminated and withdrawn under this Part VI of the Tariff~~, any unused portion of the non-refundable deposit will be used to ~~(x) fund Re-Studies due to such withdrawal, under the Tariff, and (y) fund payments due to Interconnected Transmission Owners and third party contractors, as applicable, as a result of any failure of Interconnection Customer to pay actual study costs. Any remaining deposit monies, refundable or non-refundable, will be returned to an Interconnection Customer upon Initial Operation.~~

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the Specifications attached hereto and made a part hereof. In the event that Interconnection Customer will not own the Customer Facility, Interconnection Customer represents and warrants that it is authorized by the owner(s) thereof to enter into this ISA and to represent such control.

- 4.0 Effective Date. Subject to any necessary regulatory acceptance, this ISA shall become effective on the date it is executed by all Interconnection Parties, or, if the agreement is filed with FERC unexecuted, upon the date specified by FERC. This ISA shall terminate on such date as mutually agreed upon by the parties, unless earlier terminated in accordance with the terms set forth in Appendix 2 to this ISA. The term of the ISA shall be as provided in Section 1.3 of Appendix 2 to this ISA. Interconnection Service shall commence as provided in Section 1.2 of Appendix 2 to this ISA.
- 5.0 Security. In accord with Section 212.4 of the Tariff, Interconnection Customer ~~on or before the effective date of this ISA, or at such time as provided in the milestones of this ISA, if applicable,~~ shall provide the Transmission Provider (for the benefit of the Interconnected Transmission Owner) with a letter of credit from an agreed provider or other form of security reasonably acceptable to the Transmission Provider and that names the Transmission

Provider as beneficiary (“Security”) in the amount of \$_____. This amount represents the sum of the estimated Costs, determined in accordance with Sections 212 and 217 of the Tariff, for which the Interconnection Customer will be responsible, less any Costs already paid by Interconnection Customer. ~~Should Interconnection Customer fail to provide Security in the amount or form required in the first sentence of this section, this ISA shall be terminated.~~ Interconnection Customer acknowledges that its ultimate cost responsibility in accordance with Section 217 of the Tariff will be based upon the actual Costs of the facilities described in the Specifications, whether greater or lesser than the amount of the payment security provided under this section.

If Interconnection Customer chooses to defer security as permitted under Section 212.4(c) of the Tariff, Interconnection Customer shall provide the Security specified in Section 5.0 of this ISA within 120 days after the Interconnection Customer executes the Interconnection Service Agreement, provided Interconnection Customer shall pay a deposit of at least \$200,000 or 125% of the estimated costs that will be incurred during the 120-day period, whichever is greater, to fund continued work, with \$100,000 of such deposit being non-refundable. If, during the 120-day period, PJM intends to tender an ISA to any subsequent queued New Service Customer whose New Service Request would require any Local Upgrade and/or Network Upgrade for which the Interconnection Customer has cost responsibility under this ISA, PJM will notify and obtain from Interconnection Customer an additional deposit equal to the Interconnection Customer's cost allocation of such Local and/or Network Upgrades within 30 days of such notification. If Interconnection Customer does not provide this additional deposit, this ISA shall be terminated.

Should Interconnection Customer fail to provide Security at the time the Interconnection Customer executes this ISA, or, if deferred, by the end of the 120-day period, this ISA shall be terminated.

6.0 Project Specific Milestones. In addition to the milestones stated in Section 212.5 of the Tariff, as applicable, during the term of this ISA, Interconnection Customer shall ensure that it meets each of the following development milestones:

[Specify Project Specific Milestones]

[As appropriate include the following standard Milestones, with any revisions necessary for the project at hand:

6.1 Substantial Site work completed. On or before _____ Interconnection Customer must demonstrate completion of at least 20% of project site construction.

6.2 Delivery of major electrical equipment. On or before _____, Interconnection Customer must demonstrate that __ generating units have been delivered to Interconnection Customer’s project site.

6.3 Commercial Operation. (i) On or before _____, Interconnection Customer must demonstrate commercial operation of __ generating units; (ii) On or before _____, Interconnection Customer must demonstrate

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commercial operation of ___ additional generating units. Demonstrating commercial operation includes achieving Initial Operation in accordance with Section 1.4 of Appendix 2 to this ISA and making commercial sales or use of energy, as well as, if applicable, obtaining capacity qualification in accordance with the requirements of the Reliability Assurance Agreement Among Load Serving Entities in the PJM Region.

[if a specific situation requires a CSA by a certain date then use the following: Interconnection Construction Service Agreement. On or before _____, Interconnection Customer must have either (a) executed an Interconnection Construction Service Agreement for

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Interconnection Facilities for which Interconnection Customer has cost responsibility; (b) requested dispute resolution under Section 12 of the PJM Tariff, or if concerning the Regional Transmission Expansion Plan, consistent with Schedule 5 of the Operating Agreement; or (c) requested that the Transmission Provider file the Interconnection Construction Service Agreement unexecuted with the Commission.]

- 6.4 Within one (1) month following commercial operation of generating unit(s), Interconnection Customer must provide certified documentation demonstrating that “as-built” Customer Facility and Customer Interconnection Facilities are in accordance with applicable PJM studies and agreements. Interconnection Customer must also provide PJM with “as-built” electrical modeling data or confirm that previously submitted data remains valid.

~~[Include the following if Interconnection Customer requests deferral of the Security as provided for in Section 212.4(c) of the Tariff:~~

~~6.5 — In accord with Section 212.4(c) of the Tariff, and as requested by Interconnection Customer, Interconnection Customer shall provide the Security specified in Section 5.0 of this ISA within 120 days after executing the Interconnection Service Agreement, provided Interconnection Customer shall pay a deposit of at least \$200,000 or 125% of the estimated costs that will be incurred during the 120-day period, whichever is greater, to fund continued design work, with \$100,000 of such deposit being non-refundable.]~~

[Add Additional Project Specific Milestones as appropriate]

Interconnection Customer shall demonstrate the occurrence of each of the foregoing milestones to Transmission Provider’s reasonable satisfaction. Transmission Provider may reasonably extend any such milestone dates, in the event of delays that Interconnection Customer (i) did not cause and (ii) could not have remedied through the exercise of due diligence. The milestone dates stated in this ISA shall be deemed to be extended coextensively with any suspension of work initiated by Interconnection Customer in accordance with the Interconnection Construction Service Agreement.

- 7.0 Provision of Interconnection Service. Transmission Provider and Interconnected Transmission Owner agree to provide for the interconnection to the Transmission System in the PJM Region of Interconnection Customer’s Customer Facility identified in the Specifications in accordance with Part IV and Part VI of the Tariff, the Operating Agreement of PJM Interconnection, L.L.C. (“Operating Agreement”), and this ISA, as they may be amended from time to time.

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