

PJM Transmission Owners Agreement –
Administrative Committee Meeting,
October 15, 2009

Discussion of Entry/Exit Provisions

Background

- RTO membership activity by Duquesne and FirstEnergy/ATSI has resulted in the PJM TOs questioning whether the entry and exit provisions in the TOA are sufficient and robust.
- The PJM Tariff also comes into play because the collective TOs retain exclusive and unilateral rights to make Section 205 filings for certain Transmission Rates and Rate Design specified in TOA Section 7.3.4 and PJM Tariff Section 9.1 which includes:
 - Section 34, Network Customers Rates, Charges, and Demand
 - Schedule 1A, TO Scheduling, System Control and Dispatch Service
 - Schedule 7 and 8, PTP Service, except for transmission congestion charges
 - Schedule 11, Transitional Market Expansion Charge,
 - Schedule 12, Transmission Enhancement Charges, RTEP
 - Attachment H-A, Annual Transmission Rates -- Non-Zone Network Load
 - Attachment J, PJM Transmission Zones
 - Attachment R, SECA

Background (continued)

	PJM TOA	MISO	New England
Withdrawal Notice	90 days, with conditions on effective date (Section 3.2)	December 31 st of the calendar year following the calendar year in which notice was given; conditions on effective date (Article 5-I)	180 days, with conditions on effective date (Section 10.01(e)); other Parties must agree on withdrawal plan
Changing Withdrawal Rights	2/3 of individual and weighted vote	Unanimous vote	Generally 65%
Continuing Obligations	Remain liable for obligations incurred prior to effective date; same for indemnification	Users held harmless for service; MTEP construction obligations renegotiated with MISO; existing financial obligations provision	Remain liable for obligations incurred prior to effective date; replacement tariff provision (10.01(g))
Governmental body “reg out”	None	Article 7.A (4), subject to FERC authority	Section 10.01(b)

Discussion Topics

- Should the TOA-AC direct its Legal Issues Team to develop a package of modifications regarding entry, withdrawal and associated obligations?
- If so, what principles or guardrails should the TOA-AC provide to guide that task?
- What timeframe is envisioned for the TOA-AC to consider any recommended changes?

Potential Principles

- There is a single, approved list of RTEP projects applicable to all Members; i.e. portions of the RTEP should not be segregated or removed from applicability to a Member or group of Members contrary to current PJM Tariff rules.
- Considerations for a company joining PJM should warrant equivalent considerations for an exiting company.
- The PJM TOA entry/exit provisions should be independent of any provisions or obligations imposed by a previous or future RTO/ISO
- Others?

LIT Scope Topics

(Not meant to be all inclusive)

- TOA withdrawal provisions should be more comprehensive
 - Longer withdrawal notice provision
 - More definition on continuing financial obligations
 - Address RTEP construction responsibility
- Specify entry/exit conditions for key rate-related Tariff provisions
 - Phase-in/phase-out of “socialized” Schedule 12 obligations (currently >500 kV) for entering/exiting companies
 - Do not impose automatic adjustments for Schedules 1A, 7, 8, or H-A; leave as is.
- Others?