RPM FRR Integration Auction FAQs
February 3, 2011

Contents

General Information .................................................................................................................. 8
   GI1) Is the IRM determination for the ATSI zone for the 2011/12 and 2012/13 delivery years (DY) being determined for the ATSI zone independently or is PJM considering the ATSI zone as part of the PJM footprint? .................. 8
   GI2) What other resources can I use to find out more about RPM and the FRR Integration Auctions? .......................... 8
   GI3) Will the UCAP Obligations for the FRR Integration Auctions be reduced by a Short-Term Resource Procurement Target to be procured in incremental auctions? ................................................................. 9
   GI4) Is the additional 3% requirement for FRR entities included in the Preliminary ATSI Zonal UCAP Obligation? ..... 10
   GI5) Are the ATSI Utilities allowed to enter into any Bilateral Transactions before the FRR Integration Auction? .... 10
   GI6) Will the incremental auctions that have already been conducted for the 2011/12 and 2012/13 Delivery Years have any impact on the price of the FRR Integration Auctions? ................................. 10

Membership Requirements ..................................................................................................... 11
   MR1) What are the PJM membership requirements for entities participating in the FRR Integration Auctions and 2013/14 DY Base Residual Auction? ................................................................. 11

Load Serving Entities .......................................................................................................... 12
   L1) Do load serving entities that do not wish to opt out of the FRR Integration Auctions need to actively participate in the auctions? ........................................................................................................... 12
   L2) At what rate will load serving entities that do not opt out of the FRR Integration Auctions be charged for capacity for the 2011/12 and 2012/13 DYs? ......................................................................................... 12
   L3) What happens in the event of an LSE default and the ATSI Utilities can’t collect from the entity that is responsible? .................................................................................................................................. 12
   L4) When will the final UCAP obligations be released for the 2011/2012 and 2012/2013 capacity delivery years? .... 13

Opt-Out Option for Load Serving Entities ............................................................................... 13
   OO1) Please describe the process that an entity would follow in order to opt-out of the ATSI integration auctions. ...... 13
   OO2) Can an LSE choose to offer part of its load into the FRR Integration Auctions and use an FRR Capacity Plan to meet the rest of its obligation? ......................................................................................... 14

Capacity Resource Owners .................................................................................................. 14
   CR1) What prerequisites must resource owners complete in order to participate in the FRR Integration Auctions? ..... 14
CR2) What must offer requirements are there for resources in the ATSI zone for the 2011/12 and 2012/13 RPM FRR Integration Auctions? How about for resources in other zones in PJM? ............................................. 15

CR3) How will PJM treat behind the meter generation and interruptible load for the 2011/2012 and 2012/2013 DYs for the ATSI zone? ............................................................ 15

CR4) Will Interruptible Load for Reliability resources be eligible to receive RPM ILR credits in the ATSI zone for the 2011/12 DY? .............................................................. 16

CR5) Will resources that don't clear in the FRR Integration Auctions be allowed to participate in the RPM incremental auctions for 2011/12 and 2012/13? ...................................................... 16

CR6) If an existing FRR entity clears capacity in the FRR Integration Auction, will those MW count against that entity’s FRR sales cap amount or self-supply offer cap amount? ................................................. 16

CR7) If resources that clear in the FRR Integration Auctions need to replace resources due to EFORd increases or performance issues, can replacement capacity be procured through the regular RPM incremental auctions? 17

CR8) If my resource clears in the auction, how will capacity be transferred to FirstEnergy for use in their FRR plan? .... 18

CR9) Since the FRR Integration Auctions will be cleared in UCAP terms, yet ICAP will be transferred to FirstEnergy, the possibility exists that EFORd changes may result in less UCAP being available on a given unit prior to the start of the DY than what was originally committed to the FirstEnergy FRR plan for that unit. Which entity bears the risk of these EFORd changes? .................................................. 18

CR10) What is the process for submitting notification of intent to offer planned generation resources? .................. 18

CR11) What resources are eligible to participate in the FRR Integration Auctions? Is participation limited to resources located in PJM footprint or to the ATSI zone? ................................................................. 19

CR12) Is there a cap (%) on the amount of DR permitted in the upcoming ASTI auctions? ................................. 20

CR13) What data will PJM use to determine the EFORd for units in the ATSI footprint? ........................................ 20

CR14) How will the ATSI Integration affect the Non-Retail Behind the Meter Generation threshold and cap? Is the current level of Non-Retail Behind the Meter Generation in PJM approaching the threshold or cap? ............ 20

CR15) What is the process for offering planned generation into the FRR Integration Auctions? ............................ 20

CR16) Is there a specific amount of capacity dedicated to Demand Response in the FRR Integration Auctions? ......... 21

CR17) What are the penalty rates for resources that are committed to the ATSI Utilities FRR Capacity Plan? .............. 21

CR18) If we have unit(s) with a negative current available capacity position and unit(s) with a positive current available capacity position are we permitted to do replacement capacity transactions prior to the FRR Integration Auction? ................................................................................................................................. 22

CR19) If we submit a planned Demand Resource/Energy Efficiency Plan and submit the plan for PJM approval, does this action commit us to offering the plan in the ATSI FRR Integration Auctions? ........................................ 22

CR20) Is there an offer cap for Existing or Planned Demand Response/Energy Efficiency? ..................................... 22
RPM FRR Integration Auction FAQs

February 3, 2011

CR21) When will PJM calculate the minimum available ICAP Position for the FRR Integration Auctions? .................. 22

CR22) What standards are being used to determine which demand resources are considered existing resources for the purpose of the FRR Integration Auctions? ................................................................. 23

CR23) What is the range of EFORd values that a Market Seller can use in their Sell Offers for the FRR Integration Auctions? ................................................................................................................................. 24

CR24) Will resources that clear in the ATSI Integration Auction have the opportunity to participate in the incremental auctions to adjust their position (i.e. resources may or may not have available capacity and they may need to adjust their position following the Integration Auctions, particularly after their final EFORd is set)? ........... 24

CR25) Will a new unit that is due to come on-line prior to the June 1, 2011 integration date and is offered into the FRR Integration Auctions be considered for New Entry Pricing? .................................................. 25

CR26) What EFORd value will PJM use to evaluate the ATSI Utilities’ initial FRR plan and determine if each generation resource that cleared in the auction has transferred adequate capacity to the ATSI Utilities to meet the initial FRR plan requirements? .................................................................................................................. 25

CR27) In the event that a generation resource owner has an agreement with another party to manage its resource and serve as the PJM point of contact in the day to day market, such that the resource is in the other party’s sub account with PJM then who is the Capacity Supplier? And who is responsible for the pre-bid security? ........ 26

CR28) Please describe the process, approval and documentation required for committing another resource. Under what circumstances could the ATSI Utilities exercise the right to reject a request to replace? .............. 26

CR29) How is registration and compliance of DR resources handled for ATSI Integration FRR Auctions? .................. 27

CR30) Do you have a sample DR Plan that we can see to understand the level of detail desired? ......................... 28

CR31) Does a DR Plan for the ATSI RPM Auctions in March have to specify a breakdown of MW by EDCs, or is ATSI considered 1 Zone? ............................................................................................................. 28

CR32) If EFORp penalties or credits are billed to ATSI by PJM on a net portfolio basis, then passed through to capacity resources, how will ATSI allocate those payments or charges? ................................................................. 28

CR33) If a unit is fully committed to ATSI in the auction, will we still be able to see our individual plant performance data in our own eRPM account? ...................................................................................................... 29

CR34) Will a demand resource committed to the ATSI Utilities’ FRR plan receive relief from deficiency charges, similar to the relief provided in Section 8.4 of attachment DD in the PJM tariff, if it demonstrates that the inability to provide the level of demand response committed to the plan is due to the permanent departure of load? ... 29

CR35) Section VI.4.6. of the FRR Integration Auction Rules document states that “Load reductions for Load Management Products must be estimated in accordance with PJM Manual 19 and such estimates delivered to the Auction Manager on or before February 22, 2010.” What is the preferred format for submitting these values? Further, if the end-user resources that will provide the load reduction have not yet been identified, to what do we attribute load reduction values? How closely must these values match what we ultimately submit as offers in the auction? ................................................................................................. 30

CR36) If PJM does not approve our Nominated DR Values, will we have a chance to adjust them after 2/22, or are we immediately disqualified from offering Planned DR? ................................................................. 31
RPM FRR Integration Auction FAQs

February 3, 2011

Agreements with the ATSI Utilities

AA1) What agreements will load serving entities in the ATSI zone and resource owners offering capacity into the FRR Integration Auctions be required to execute with the ATSI utilities? ................................................................. 34

AA2) Is it possible to negotiate the Terms in the Capacity Purchase and Sale Agreement? ......................................................... 34

AA3) Who is the counterparty in the ATSI capacity transactions coming out of the auctions? Is it each of the ATSI Utilities individually? .................................................................................. 35

AA4) Can the Authorized Representative listed in the Attestation Form be someone other than an officer of the company as long as an officer signs in section F? ................................................................. 35

AA5) Does listing a unit in section D of the Attestation Form (Capacity Resources) create an obligation to offer that specific unit in the auction? .................................................................................. 35

AA6) Do Retail LSE needs to execute the Capacity Payment Agreement with the ATSI Utilities? ......................................................... 36

AA7) Can the agreements be posted in MS Word format to allow users to fill out the forms more easily and mark suggested revisions in the documents? .................................................................................. 36

AA8) Assuming that we have not yet identified the end-user resources that will provide load reduction to fulfill any auction obligations that we incur, what should we put in section D of the Attestation Form? .................................................................................. 36

AA9) If we are required to offer any available ICAP, what happens if we do not meet the requirements for the Auction? If we fail to submit the Attestation Form or Credit Representative Form on time, yet we are required to offer, what happens? .................................................................................. 36
RPM FRR Integration Auction FAQs

February 3, 2011

Settlements

S1) How will settlements with load serving entities be handled?........... 37
S2) How will settlements with resource owners be handled?.............. 37

Credit

C1) The FRR Integration Auctions for 2011/12 and 12/13 will be conducted simultaneously. If we post collateral for 2011/12 for a resource, will we also have to post collateral for 2012/13 for the same resource? In other words, do we need to post two years worth of collateral for the same MW?....................... 38
C2) Is there a distinction between planned and existing demand resources for the FRR Integration Auctions from a credit perspective?........................................................................... 38
C3) When will the Performance Assurance provided by capacity suppliers be returned by the ATSI Utilities? .......... 38
C4) In lieu of posting fungible collateral (letters of credit and cash) for pre-bid security, can we post a parental guaranty as a form of collateral if our parent company is qualified as an ICR 1-4?.................................................. 39
C5) Is the $500,000 pre-bid security amount negotiable?.............................. 39
C6) Is the $500,000 pre-bid security requirement a per-year requirement, or does it apply to both delivery years? ... 39
C7) What is the credit rate for resources that clear in the auction?.................................................. 39
C8) Please provide the wiring instructions for posting cash for both the Pre-Bid Security requirement and the Performance Assurance requirement under the Capacity Purchase and Sale Agreement. Will these wiring instructions be made available upon request or posted to the web-site?.................................................. 40
C9) Is an email an acceptable means of submitting the Credit Rep form? ................................................. 40
C10) The performance assurance is due within three business days of the Effective date, so we would have to post in March of this year, as opposed to the start of the term in 2011, is that correct? If participating in both 2011-2012 and 2012-2013, do you have to post one LC for the entire period, or can you do 2 separate LCs by year? .................................................. 41
C11) Can you provide some insight into why the FRR Integration Auctions have the requirement to post pre-bid security in the amount of $500,000? .................................................. 41
C12) Is there any information that can be provided regarding the scale for the Internal Credit Risk Rating that will be used by the ATSI utilities? What criteria will be used to develop the rating?.................................................. 41
C13) Will the ATSI Utilities evaluate the creditworthiness of suppliers to determine whether an unsecured line of credit is warranted? If the answer is no please advise why the ATSI Utilities are declining to accept standard industry practice of extending unsecured lines of credit to creditworthy entities......................... 42

RPM / ACR (Market Monitoring)

ACR1) What is the RPM/ACR system?.................................................. 43
ACR2) Who has to enter ACR data into the RPM/ACR system? .............................................................. 43
ACR3) How do I get an account in the RPM/ACR system? ................................................................. 43
ACR4) What data do I have to enter into the RPM/ACR system? ......................................................... 44
ACR5) How do I enter data specifically for the 2011/2012 and 2012/2013 ATSI Integration Auctions? .............. 44
ACR6) When can I enter my ACR data into the RPM/ACR system? ....................................................... 44
ACR7) How will I get offer caps for my units? ..................................................................................... 45
ACR8) What are the default ACR values? ............................................................................................. 45
ACR9) What offer cap options will be available to me for the ATSI FRR Integration Auctions, and will I have the option of using an offer cap of “1.1 times the BRA clearing price”, like the option that is available for Third Incremental Auctions? ............................................................................................. 45
ACR10) I have additional units that are new participants in the RPM process. How do I get them added to the RPM/ACR system? ..................................................................................................................... 46
ACR11) In the RPM/ACR system, how do we handle a configuration where there are multiple units that cannot be dispatched independently? Will I need to calculate and submit ACR data for each individual unit, or for the gross plant? ..................................................................................... 46
ACR12) For the ATSI Integration Auctions, are we supposed to be using the average historic Net Revenues, and from which years? .................................................................................................... 47
ACR13) In the RPM/ACR system, should we be using the 5-year or the 1-year EFORD’s? Or is that a choice that is left up to the participant? .................................................................................................. 47
ACR14) For ATSI Integration Auction participants who are required to post collateral or obtain credit to participate in the ATSI Integration auctions, are these collateral/credit costs considered “avoidable” and qualified to be included in the participants’ ACR calculation? If so, how is this included in the calculation? .................................................................................................................. 47
ACR15) For units in the PJM RTO that have uncommitted capacity available that must be offered into the ATSI 11/12 and 12/13 auctions, will their BRA offer caps be unchanged or will they need to be updated? Will their Net Revenues remain the same? Is this required for all units, or just units with uncommitted capacity? ............... 47
ACR16) How do I escalate my ACR calculation data from a prior year to a future delivery year? .................. 48
ACR17) What ICAP MW value should be entered in the RPM/ACR system for an ATSI resource for which a cap mod has not yet been entered in eRPM? .......................................................................................... 48
ACR18) If FRR Integration Auction participants accept the default ACR or calculate a unit specific ACR value, is it possible to split the bid into two components - one at the ACR and one at zero? Additionally, if they do not enter any ACR data into the RPM/ACR system and therefore will be offer capped at zero, is it possible to offer only a partial volume of their capacity? .......................................................................................... 48
RPM FRR Integration Auction FAQs

February 3, 2011

Revision History

<table>
<thead>
<tr>
<th>Date</th>
<th>Revision Comments</th>
</tr>
</thead>
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</tr>
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<tr>
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<tr>
<td>2/12/2010</td>
<td>Added CR31, CR32, CR33, AA3, AA4</td>
</tr>
<tr>
<td>2/19/2010</td>
<td>Updated CR8, CR17, C4, ACR9</td>
</tr>
<tr>
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</tr>
<tr>
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</tr>
<tr>
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<td>Updated CR22, C3, C7, C13</td>
</tr>
<tr>
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RPM FRR Integration Auction FAQs

February 3, 2011

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<th>Change</th>
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General Information

GI1) Is the IRM determination for the ATSI zone for the 2011/12 and 2012/13 delivery years (DY) being determined for the ATSI zone independently or is PJM considering the ATSI zone as part of the PJM footprint?

PJM analysis has revealed that there are no significant differences to IRM due to the inclusion of ATSI in the PJM footprint.

The IRM for the 2011/12 and 2012/13 DYs was calculated for the PJM footprint excluding ATSI. Since the analysis showed no significant impact on IRM, the previously determined IRM values will be used to determine the Forecast Pool Requirement for those DYs.

The IRMs for the 2011/12 and 2012/13 DYs are 15.5% and 15.4%, respectively. The IRM for the 2011/12 DY will not be updated and will be used in setting both the Preliminary Zonal UCAP Obligation and Final Zonal UCAP Obligation for the 2011/12 DY. The IRM for the 2012/13 DY is subject to update. The IRM of 15.4% will be used to set the Preliminary Zonal UCAP Obligation for the 2012/13 DY; however, an updated IRM may be used to set the Final Zonal UCAP Obligation for the 2012/13 DY.

GI2) What other resources can I use to find out more about RPM and the FRR Integration Auctions?

Information on the FRR Integration Auctions can be found in the following locations:


RPM FRR Integration Auction FAQs

February 3, 2011

ATSI RPM training slides: The material is posted on the Training Material page of PJM.com: [http://www.pjm.com/training/training-material.aspx](http://www.pjm.com/training/training-material.aspx). It can be found under the Other Training Events heading, under the ATSI RPM Training title.


Information on RPM in general can be found in the following locations:

- RPM Training Slides - [http://www.pjm.com/training/training-material.aspx](http://www.pjm.com/training/training-material.aspx)

Additional questions can be directed to atsi_integration@pjm.com.

GI3) Will the UCAP Obligations for the FRR Integration Auctions be reduced by a Short-Term Resource Procurement Target to be procured in incremental auctions?

No. These auctions are scheduled to procure resources to meet the full ATSI zone UCAP obligations for 2011/2012 and 2012/2013 (less the UCAP obligation of LSEs electing to opt-out) and there will not be any ATSI FRR Incremental Auctions.
GI4) Is the additional 3% requirement for FRR entities included in the Preliminary ATSI Zonal UCAP Obligation? 

No. The FRR Threshold Requirement of 3% has not been included in the ATSI FRR Obligation. The Threshold Requirement is only applicable if an FRR Entity wishes to sell capacity bilaterally into RPM or in RPM auctions and is not applicable in the case of the ATSI Utilities' FRR Capacity Plan.

GI5) Are the ATSI Utilities allowed to enter into any Bilateral Transactions before the FRR Integration Auction? 

The ATSI Utilities will not be entering into any bilateral unit-specific capacity transactions prior to the FRR Integration Auctions. If an FRR Integration Auction does not clear enough capacity for ATSI Utilities to meet their Preliminary Zonal Unforced Capacity Obligation for the Delivery Year (less the obligation associated with Opt-Out LSEs), the ATSI Utilities will enter into bilateral unit-specific transactions after the FRR Integration Auction to cover the shortfall.

GI6) Will the incremental auctions that have already been conducted for the 2011/12 and 2012/13 Delivery Years have any impact on the price of the FRR Integration Auctions? 

No. These auctions are being conducted completely separate from the previous base residual auction and incremental auctions for these Delivery Years.

GI7) What could cause the UCAP obligation of the ATSI load zone to change from the preliminary values (updates to load forecast, etc). What mechanism is there (if any) for them to procure additional or release capacity? 

The ATSI FRR Integration auctions were scheduled to procure resources to meet the full ATSI Preliminary Zonal UCAP Obligations for 2011/2012 and 2012/2013 (less the UCAP obligation of LSEs electing to opt-out). It was a business rule that the Final Zonal UCAP Obligations cannot be less than Preliminary Zonal UCAP Obligation since FRR Integration Auction procurement based on Preliminary Zonal UCAP Obligation so no capacity can be released (see page 9 of the training slides:}

If the Final Zonal UCAP Obligation is greater than the Preliminary Zonal UCAP Obligation (due to a Peak Load Forecast increase or FPR increase), ATSI will need to procure additional capacity outside of a PJM-administered auction process.

**Membership Requirements**

MR1) What are the PJM membership requirements for entities participating in the FRR Integration Auctions and 2013/14 DY Base Residual Auction?

**FRR Integration Auctions**

a. Resource owners (or their agent) that intend to offer into the auction will need to be members and signatories to the OA. They do not need to be a signatory to the RAA. This applies to generation, demand and energy efficiency resource owners.

b. FRR entities will need to be members and signatories to the RAA. Besides the ATSI utilities, this would include any LSEs that decide to opt out of the FE FRR plan and designate their load as a separate zone/area.

c. Alternative LSEs and co-ops and munis that do not designate themselves as an FRR entity and take part in FE’s FRR plan will not need to become a member or sign the RAA prior to the auction. (This includes LSEs that opt out of the FRR Integration Auction, but include their capacity resources in FE’s FRR plan) However, they will eventually need to do so prior to the integration date.

**2013/14 DY Base Residual Auction**

a. Resource owners that intend to offer into the auction will need to be members and sign the same agreements as noted above in the FRR Integration Auction section.

b. Any LSEs that would like to self-schedule capacity in the BRA will need to be a member and signatory to the OA and RAA prior to participating in the auction.

c. LSEs that do not plan to self-schedule capacity in the BRA will not need to be a member prior to the auction since they will not be directly participating in the
Load Serving Entities

L1) Do load serving entities that do not wish to opt out of the FRR Integration Auctions need to actively participate in the auctions?

No. PJM will procure enough capacity to satisfy the daily UCAP obligation of all LSEs that have not opted out of the auctions. Once the delivery year begins, LSEs will then be automatically charged based on their current UCAP obligation and the weighted average cost of procurement in the ATSI zone.

However, an LSE that has not opted out may choose to self-schedule resources in the FRR Integration Auctions by offering their available unit-specific resources at $0/MW-day. An LSE that clears resources in the FRR Integration Auction will receive a payment from ATSI utilities. Such a payment may wholly or partially offset the LSE's capacity charge during the delivery year.

L2) At what rate will load serving entities that do not opt out of the FRR Integration Auctions be charged for capacity for the 2011/12 and 2012/13 DYs?

Load serving entities will be charged at the weighted average cost of procurement. If the FRR Integration Auctions clear enough capacity to meet the UCAP obligation for the entire zone (minus opt out load) and the Final Zonal UCAP Obligation does not increase from the Preliminary Zonal UCAP Obligation, then the weighted average cost of procurement will simply be the auction clearing price for the appropriate delivery year. If the auctions do not procure enough capacity or the Final Zonal UCAP Obligation represent an increase over the preliminary obligation, the ATSI Utilities will bilaterally contract with resource owners for the additional capacity is needed. The weighted average cost of procurement in this case will be a weighted average of the auction clearing price and the price at which additional capacity is bilaterally procured.

L3) What happens in the event of an LSE default and the ATSI Utilities can’t collect from the entity that is responsible?

The ATSI Utilities will pay the suppliers in full, and then pursue all available legal remedies against the responsible LSE.
L4) When will the final UCAP obligations be released for the 2011/2012 and 2012/2013 capacity delivery years?

PJM will provide the final daily UCAP obligation for a wholesale area load in the ATSI zone in January 2011 for the 2011/12 DY and in January 2012 for the 2012/13 DY. An LSE’s final daily UCAP obligation for retail load in the ATSI zone will be available 36 hours prior to the delivery day.

**Opt-Out Option for Load Serving Entities**

OO1) Please describe the process that an entity would follow in order to opt-out of the ATSI integration auctions.

There are two ways an LSE can “opt-out”

a. Provided the LSE has adequate metering that meets all PJM requirements to be modeled as a separate FRR Service Area, the LSE would have to submit the 'Notice of Intent to Submit an Independent FRR Plan' found in Appendix 3 of the LSE Instructions document to the ATSI Utilities by no later than January 31, 2010 requesting that their load be removed from the FRR Integration Auctions. They would also have to submit their out-of-time FRR plan directly to PJM in the eRPM system for the 2011/12 and 2012/13 planning years no later than February 15, 2010. In this case, the LSE’s resource adequacy obligations are directly to PJM.

b. Load serving entities that do not have sufficient metering to establish their load as a separate FRR Service Area may opt out of the FRR Integration Auctions by submitting the 'Notice to Opt Out' found in Appendix 1 of the 'LSE Instructions' to the ATSI Utilities no later than January 31, 2010. LSEs must then submit a Capacity Resource Plan (found in Appendix 2 of the 'LSE Instructions') by February 15, 2010 that demonstrates to the satisfaction of both the ATSI Utilities and PJM that the LSE has the necessary resources in place to meet the amount of the unforced capacity obligation that the LSE wishes to have removed from the auction. Once the opt-out entity signs the appropriate agreements and transfers the capacity resources to the ATSI Utilities via the eRPM system for inclusion in the ATSI Utilities’ FRR Plan, the specified unforced capacity obligation will be removed from the FRR Integration Auctions. In this case, since the LSE’s unforced capacity obligation is being included in the ATSI Utilities’ FRR plan, the LSE’s resource adequacy obligations are to the ATSI Utilities and will be governed via agreements entered into by the opt out LSE and the ATSI Utilities.
Written notice may be directed to FirstEnergy at the following location:
Dean Stathis
Director, Regulated Commodity Supply Sourcing
Phone: 610-921-6766
E-mail: dstathis@firstenergycorp.com
Address:
2800 Pottstown Pike
PO Box 16001
Reading, PA 19612

Written notice may be directed to PJM at the following location:
ATSI Integration: atsi_integration@pjm.com

OO2) Can an LSE choose to offer part of its load into the FRR Integration Auctions and use an FRR Capacity Plan to meet the rest of its obligation?

LSEs that want to have their load modeled as a separate FRR Service Area and submit an independent FRR plan that is separate from the ATSI Utilities' FRR Plan must submit an FRR Plan that satisfies their entire unforced capacity obligation. This is consistent with existing RPM business rules dictate that LSEs that choose the FRR alternative must submit a FRR Capacity Plan to satisfy the unforced capacity obligation for all load in an FRR Service Area.

However, LSEs that wish to opt out of the FRR Integration Auctions while remaining a part of the ATSI Utilities' FRR Plan may elect to opt out a portion of their obligation and leave the remainder of their obligation to be procured in the auction. Such LSEs would need to follow the process referenced in the answer to FAQ OO1b and would also need to sign the Capacity Payment Agreement with the ATSI Utilities.

Capacity Resource Owners

CR1) What prerequisites must resource owners complete in order to participate in the FRR Integration Auctions?

Resource owners that intend to offer capacity into the FRR Integration Auctions must complete the following prerequisites prior to their offers being accepted into the auctions:

- Establish PJM membership
- Submit Avoidable Cost Rate (ACR) data to Independent Market Monitor*
RPM FRR Integration Auction FAQs

February 3, 2011

(*This is only required if the entity wishes to avoid being offer capped to $0/MW)

- Information on the RPM/ACR system through which this data is submitted is available on the Monitoring Analytics “tools” page [http://www.monitoringanalytics.com/tools/tools.shtml](http://www.monitoringanalytics.com/tools/tools.shtml). Additional information is also available in the RPM/ACR section of this FAQ document.

- Establish an eSuite account and acquire access to the eRPM system
- Verify unit modeling in eRPM with the RPM Hotline (rpm_hotline@pjm.com)
- Submit the Credit Representative and Information Form and the Attestation Form
- Submit pre-bid security to the ATSI Utilities, if required

The full list of prerequisites can be found in the Auction Rules document, which is posted on the FRR Integration Auctions Web page.

CR2) What must offer requirements are there for resources in the ATSI zone for the 2011/12 and 2012/13 RPM FRR Integration Auctions? How about for resources in other zones in PJM?

All existing generation resources physically located in the PJM Region and in ATSI Zone have a must offer requirement of at least their Minimum Available ICAP position in the FRR Integration Auctions for the 2011/12 and 2012/13 Delivery Years. Resources with a Minimum Available ICAP Position that is zero or negative for the 2011/12 or 2012/13 Delivery Year are not required to offer into the FRR Integration Auctions for the applicable Delivery Year. The calculation of Minimum Available ICAP Position is found in Manual 18, Section 5.

FRR entities are eligible to offer their available or unoffered capacity into the FRR Integration Auctions; however, the must offer requirement does not apply to these entities.

CR3) How will PJM treat behind the meter generation and interruptible load for the 2011/2012 and 2012/2013 DYs for the ATSI zone?

These resources will be allowed to participate in the RPM auctions as DR. However, if used as DR, the Behind the Meter Generation cannot be netted from load for the purposes of calculating the Peak Load Contributions for that Delivery Year. Requests for Behind the Meter changes for capacity obligations must be received by PJM by December 1 prior to the start of the Delivery Year as outlined in *PJM Manual 14D: Load Generator Operational Requirements*. 
a. Will such resources be treated as existing or planned resources?

To the extent the behind the meter generation or interruptible load capability already exists, it will be treated as existing DR.

The ATSI utilities are planning to hold an RFP to procure demand response resources. To utilize these resources in the integration auctions, the ATSI Utilities will be required to submit a plan to PJM that demonstrates to PJM that the RFP product will meet the PJM requirements for planned DR resources. The plan will also include a timeline including the milestones that demonstrates to PJM’s satisfactions that the DR resources will be available before the start of the delivery year.

CR4) Will Interruptible Load for Reliability resources be eligible to receive RPM ILR credits in the ATSI zone for the 2011/12 DY?

Load Management located within the ATSI Zone is eligible to participate and clear as Demand Resources in the ATSI FRR Integration Auction; however, Load Management located within ATSI Zone cannot be certified as Interruptible Load for Reliability (ILR) within the ATSI zone and is not eligible to receive RPM ILR credits in 2011/2012 since there was no ILR forecast for the ATSI zone withheld from the RPM demand curve for that DY and no ILR price was calculated. ILR is not applicable when the UCAP obligation for all load in a zone is satisfied using the FRR Alternative which is the case with the ATSI zone for Delivery Years 2011/2012 and 2012/2013.

CR5) Will resources that don’t clear in the FRR Integration Auctions be allowed to participate in the RPM incremental auctions for 2011/12 and 2012/13?

Yes. Resources that don’t clear in the FRR Integration Auctions will be allowed to participate in the RPM incremental auctions for those delivery years.

CR6) If an existing FRR entity clears capacity in the FRR Integration Auction, will those MW count against that entity’s FRR sales cap amount or self-supply offer cap amount?
No. Since the capacity committed into the FRR Integration Auction is related to an FRR plan, any MWs sold into the auction will not count against an FRR Entity’s sales cap amount or self-supply offer cap amount.

CR7) If resources that clear in the FRR Integration Auctions need to replace resources due to EFORd increases or performance issues, can replacement capacity be procured through the regular RPM incremental auctions?

Capacity Resources committed to an FRR Capacity Plan must be on a unit specific basis; therefore, the only way to replace an FRR commitment is to commit another resource with Available or Unoffered Capacity to the FRR plan. Available unit specific capacity can include available capacity from a generation, demand, or energy efficiency resource within a participant’s own portfolio or can be purchased bilaterally through a Unit Specific Transaction for Available or Unoffered Capacity. The Capacity Postings Bulletin Board in eRPM is available for any participants who wish to buy or sell capacity and need assistance finding a counter party. Again, Capacity Resources submitted in an FRR Capacity Plan must be on a unit-specific basis, and may not include “slice of system” or similar agreements that are not unit-specific, such as buy bids from Incremental Auctions, Excess ILR Credits or Excess RPM Commitment Credits.

Generators’ Final EFORd values will be published, and associated resource position updated, in eRPM by November 30th prior to the Delivery Year. Participants will have until the Third Incremental Auction, scheduled in February prior to the Delivery Year, to utilize any newly available capacity resulting from an improved EFORd for replacement capacity for RPM commitments or to transfer to ATSI in order to replace a commitment from the ATSI FRR Integration Auction. Any available capacity not used as RPM replacement or not committed to an FRR Plan will be required to offer into the RPM Third Incremental Auction. FRR Entities cannot offer capacity in excess of their FRR Sales Cap.

As another alternative, although FRR commitments cannot be directly replaced using buy bids cleared in an RPM Incremental Auction, suppliers that cleared capacity in a prior RPM auction for a given delivery year may purchase additional UCAP in a subsequent RPM Incremental Auction to use as replacement capacity to reduce the RPM commitment on a resource, resulting in newly available capacity on such resource. They may then use the newly available capacity to transfer unit specific capacity to the ATSI Utilities for use in their FRR Capacity Plan. However, please note that due to the timing of the Incremental Auctions, this alternative will not be available to those Resources that need to provide replacement capacity to the ATSI Utilities prior to the December 15, 2010 initial FRR plan submission deadline as a result of electing a Sell Offer EFORd less than the “ATSI evaluation EFORd” in the FRR integration auctions. (“ATSI evaluation EFORd” is defined in FAQ CR26)
RPM FRR Integration Auction FAQs

February 3, 2011

CR8) If my resource clears in the auction, how will capacity be transferred to FirstEnergy for use in their FRR plan?

With the posting of the auction results, PJM will enter a unit-specific ICAP transaction for the relevant Delivery Year between the cleared resource owner and FE for all resources that clear in the FRR Integration Auctions. For cleared generation resources, the amount of ICAP that will be transferred in the unit-specific transaction will be equal to the UCAP cleared by the resource owner in the FRR Integration Auction divided by one minus the resource’s Sell Offer EFORd submitted in the FRR Integration Auction. FirstEnergy will then commit the transferred installed capacity to the FRR plan. Please see CR26 for details regarding how capacity committed to the ATSI Utilities’ FRR plan will be evaluated.

For cleared demand resources or cleared energy efficiency resources, the amount of ICAP that will be transferred in the unit-specific transaction will be equal to UCAP cleared by the resource owner divided by (DR Factor * Forecast Pool Requirement). FirstEnergy will then commit the transferred installed capacity to the FRR plan. The installed capacity committed in the FRR plan will be converted to UCAP MW in the FRR plan based on the DR Factor and Forecast Pool Requirement.

CR9) Since the FRR Integration Auctions will be cleared in UCAP terms, yet ICAP will be transferred to FirstEnergy, the possibility exists that EFORd changes may result in less UCAP being available on a given unit prior to the start of the DY than what was originally committed to the FirstEnergy FRR plan for that unit. Which entity bears the risk of these EFORd changes?

As the FRR entity, FirstEnergy is ultimately responsible to PJM for ensuring that its FRR plan has enough UCAP committed to meet the ATSI zonal UCAP obligation. However, the ATSI Utilities will require resources offering into the auction to commit to providing the amount of UCAP that clears in the auction. Thus, resource owners will be responsible to provide the ATSI Utilities with replacement capacity or otherwise compensate the ATSI Utilities for any UCAP shortfall that results from EFORd increases.

If the Final EFORd for the Delivery Year is less than the Sell Offer EFORd the resource owner submitted in their cleared Sell Offer in the FRR Integration Auction resulting in additional UCAP being available on that resource, PJM will reduce the ICAP amount of the original unit-specific capacity transaction such that the ATSI Utilities will only receive the exact amount of cleared UCAP for use in their FRR Capacity Plan.

CR10) What is the process for submitting notification of intent to offer planned generation resources?
RPM FRR Integration Auction FAQs

February 3, 2011

At a minimum, an executed Interconnection Study Agreement for a Planned Internal Generation Resource (or an equivalent for Planned External Generation Resource) must be in place no later than March 1, 2010 in order for PJM to proceed with approving the generation resource for participation in the auctions.

PJM requests Market Participants that want to offer a Planned (Internal/External) Generation Resource in the auction to provide advance notification of their intent to offer to atsi_integration@pjm.com by February 1, 2010. The purpose of the advance notification is to provide PJM and interconnection customers, with time to fully execute, if possible, the Interconnection Study Agreement for a Planned Internal Generation Resource, or to allow PJM time to review a submitted equivalent Interconnection Service Agreement for Planned External Generation Resource by the established deadline.

An advance notification, however, will not require PJM to process an interconnection request or perform studies more quickly than provided for in the PJM Tariff. PJM's ability to execute the Interconnection Study Agreement by the deadline will depend on the position of the resource in the PJM queues and the status of the studies. There will be no fines or administrative penalties imposed by PJM on a Market Participant if it provides PJM with advance notification of its intent to offer and the Market Participant does not actually offer the Planned Generation Resource in the auction.

The following information is requested with the notification of intent:

- Delivery Year (s) to be offered for
- Interconnection Queue number
- Generation resource rating in ICAP MW
- New Unit or Uprate
- Transmission Owner Zone
- PJM Short Name of Owner
- Generator Type
- Fuel Type
- State

CR11) What resources are eligible to participate in the FRR Integration Auctions? Is participation limited to resources located in PJM footprint or to the ATSI zone?

Resources both inside and outside the PJM footprint are eligible to participate in the 2011/12 and 2012/13 FRR Integration Auctions provided (in general):

- The capacity is available and has not been committed elsewhere
- Resources external to the PJM region (as defined upon ATSI’s integration into PJM) are capable of delivering energy to the PJM border through firm point-to-point or
network external designated transmission service and meet the requirements for external capacity resources as defined in PJM Manual 18.

The Auction Rules document that will be posted to the FRR Integration Auctions Web page provide the exact specifics surrounding which resources are eligible to offer into these auctions.

CR12) Is there a cap (%) on the amount of DR permitted in the upcoming ASTI auctions?

No, there is no cap to the amount of DR permitted in the upcoming FRR Integration Auctions.

CR13) What data will PJM use to determine the EFORd for units in the ATSI footprint?

Generator Availability Data System (GADS) data will be used to determine the initial EFORd for units in the ATSI footprint.

CR14) How will the ATSI Integration affect the Non-Retail Behind the Meter Generation threshold and cap? Is the current level of Non-Retail Behind the Meter Generation in PJM approaching the threshold or cap?

Roughly 350 MW of Non-Retail Behind The Meter Generation has identified itself to PJM. The threshold is 1500 MW and the cap is 3000 MW. The threshold is the amount of Non-Retail Behind The Meter Generation that can receive full credit and the cap is the amount that can receive pro-rated credit.

The addition of the ATSI zone will increase the threshold to 1635 MW but the cap will remain at 3000 MW since only the threshold is impacted by load growth.

CR15) What is the process for offering planned generation into the FRR Integration Auctions?

To offer planned generation into the FRR Integration Auction, you must meet the requirements defined in section 4 of PJM Manual 18 for planned capacity, with the exception that credit must be posted with the ATSI Utilities rather than PJM. Credit requirements for resource providers are based on ATSI Utilities’ credit requirements as described in the Capacity Purchase and Sale Agreement and Auction Rules documents.
CR16) Is there a specific amount of capacity dedicated to Demand Response in the FRR Integration Auctions?

There is no set amount of demand response resources that are targeted for procurement in the FRR Integration Auction. Qualified generation, demand response resources, and energy efficiency resources are eligible to participate.

CR17) What are the penalty rates for resources that are committed to the ATSI Utilities FRR Capacity Plan?

The Daily FRR Capacity Resource Deficiency Charge Rate is 1.2 * FRR Integration Auction Clearing Price. A Daily FRR Capacity Resource Charge will be assessed to the ATSI Utilities as the FRR Entity for failing to maintain enough unforced capacity in their FRR Capacity Plan to satisfy their Final Daily UCAP obligation.

The Daily Peak-Hour Period Availability Charge Rate for FRR Commitments is the FRR Integration Auction Clearing Price. Peak-Hour Period Availability Charges will be assessed to the ATSI Utilities as the FRR Entity for positive Net Peak Hour Period Capacity Shortfalls for FRR Capacity Plan Commitments in an LDA.

The Daily Deficiency Rate for Generation Resource Rating Test Failure Charges and Peak Season Maintenance Compliance Penalty Charges is 1.2 * FRR Integration Auction Clearing Price. Generation Resource Rating Test Failure Charges will be assessed to the ATSI Utilities as the FRR Entity for a resource’s positive ICAP Testing Shortfall for FRR Capacity Plan Commitments. Peak Season Maintenance Compliance Penalty Charges will be assessed to the ATSI Utilities as the FRR Entity for a resource’s positive Peak Season Maintenance Compliance Shortfall for FRR Capacity Plan Commitments.

The Load Management Event Compliance Penalty Rate is the lesser of (1/actual # of events during the summer period OR 50%)* FRR Integration Auction Annual Revenue Rate ($/MW-year). A Load Management Event Compliance Penalty Rate will be assessed to the ATSI Utilities as the FRR Entity for any net zonal event under-compliance MWs. The FRR Integration Auction Annual Revenue Rate ($/MW-yr) for the ATSI Utilities will be FRR Integration Auction Clearing Price times the number of days in the Delivery Year.

The Load Management Test Failure Charge rate is the greater of the FRR Integration Auction Clearing Price plus the greater of (0.2 * FRR Integration Auction Clearing Price, $20/MW-day). A Load Management Event Compliance Penalty Rate will be assessed to the ATSI Utilities as the FRR Entity for any net zonal test under-compliance MWs.
RPM FRR Integration Auction FAQs

February 3, 2011

The ATSI Utilities will pass on the above charges to the underperforming resources in the ATSI FRR Capacity Plan that contributed to the charges.

CR18) If we have unit(s) with a negative current available capacity position and unit(s) with a positive current available capacity position are we permitted to do replacement capacity transactions prior to the FRR Integration Auction?

Replacement capacity transactions are not permitted for a Delivery Year prior to the establishment of the final EFORd for the Delivery Year (i.e., November 30th prior to the Delivery Year). PJM calculates a Minimum Available, Maximum Available, and Current Available ICAP Position for each resource on the Sell Offer screen in the eRPM system. Participants with a must-offer requirement are required to offer at least their Minimum Available ICAP position into the FRR Integration Auction. If the Minimum Available ICAP position is negative or zero for a resource, the participant is not required to offer any MWs into the FRR Integration Auction for such resource.

CR19) If we submit a planned Demand Resource/Energy Efficiency Plan and submit the plan for PJM approval, does this action commit us to offering the plan in the ATSI FRR Integration Auctions?

There is no must offer requirement for Demand Response or Energy Efficiency resources. Submittal of a Demand Response Plan for planned Demand Response or a Measurement & Verification Plan for Energy Efficiency Resources does not commit you to offering the Planned Demand Response or Energy Efficiency Resource into the FRR Integration Auction.

CR20) Is there an offer cap for Existing or Planned Demand Response/Energy Efficiency?

There is no offer cap for existing or planned Demand Response or Energy Efficiency resources in the FRR Integration Auctions.

CR21) When will PJM calculate the minimum available ICAP Position for the FRR Integration Auctions?
RPM FRR Integration Auction FAQs

February 3, 2011

The Minimum Available ICAP Position that will be considered in the ATSI FRR Integration Auctions is already calculated in eRPM. Users can view their position using the Auction Offer screen and looking at either the 2011/2012 or 2012/2013 planning periods and the ATSI auction type.

The formula of how the Current, Maximum, and Minimum Available Capacity are calculated can be found on page 69 and 70 of PJM manual M-18 at http://www.pjm.com/documents/manuals/~/media/documents/manuals/m18.ashx

CR22) What standards are being used to determine which demand resources are considered existing resources for the purpose of the FRR Integration Auctions?

Existing Demand Resources are defined as those resources that are currently linked to emergency load reduction customers registered in PJM’s Load Response application for the current Delivery Year. Since demand response customers located in the ATSI Zone for the current Delivery Year do not yet exist in the PJM Load Response application, PJM will consider sites currently participating in the ATSI Utilities DR program via Rider ELR as Existing Demand Resources. These resources total approximately 400 MW. Participants wishing to offer these sites into the FRR Integration Auction should contact PJM with the appropriate EDC account numbers to qualify these sites as Existing. If requested by a CSP, sites in the ATSI zone not participating in the ATSI Utilities DR program via Rider ELR will be evaluated on a case by case basis to determine if they are eligible to offer as existing DR.

Similar to the current RPM process, in the event two providers claim ownership of the same site, letters from the customer site will be required that clearly designate the correct supplier. If consensus cannot be reached, no supplier may claim the site as Existing in their portfolio, but either supplier has the option to offer the site as a planned resource provided appropriate DR plan documentation has been submitted by February 22, 2010. Unlike other RPM auctions, Planned Resources do not establish an RPM Credit Limit with PJM prior to the ATSI FRR Integration Auction. Instead, PJM will require credit from FE for any Planned Resources contained in their FRR Capacity Plan.

FE will require Performance Assurance from non-investment grade companies for all resources, including planned, that clear in the ATSI FRR Auctions. In this case, non-investment grade is defined as being rated below BBB- by S&P or below Baa3 by Moody’s. The Performance Assurance amount is based on the calculation shown in Article 6.1 of the Capacity Purchase and Sale Agreement.
CR23) What is the range of EFORd values that a Market Seller can use in their Sell Offers for the FRR Integration Auctions?

Participants who offered resources in the 2011/2012 or 2012/2013 Base Residual Auctions (BRA) have the ability to specify a sell offer EFORd equal to or less than the maximum of the EFORd or EFORd-5 at the time of the BRA. The EFORd and EFORd-5 values at the time of the 2011/2012 BRA included data through 9/30/2007, the EFORd and EFORd-5 values at the time of the 2012/2013 BRA included data through 9/30/2008. Generators located in the ATSI zone or other generation that did not offer in either the 2011/2012 or 2012/2013 BRA will have EFORd and EFORd-5 values calculated using data through 9/30/2009. If a unit does not have a full one year or five years of forced outage data, the EFORd or EFORd-5 will be calculated using class average EFORd and the available history.

In order to determine the EFORd and EFORd-5 values at the time of the 2011/2012 and 2012/2013 BRAs, participants can view the Resource Detail in eRPM for any date in the 2008/2009 Delivery Year and 2009/2010 Delivery Year respectively.

For resources located in the ATSI zone, the current EFORds displayed on the Resource Detail screen for 2011/2012 and 2012/2013 reflect the EFORds that will be considered in evaluating the Maximum allowable EFORd into the ATSI FRR Integration Auction.

Participants should use their judgment as to whether individual generator's EFORd values have the potential to improve, thus making more capacity available, or using the maximum EFORd allowable.

In addition to choosing the offer EFORd, the Minimum Available Capacity represents the minimum available capacity that must be offered into the FRR Integration Auction. The Minimum Available Capacity calculation takes into consideration only the capacity that was offered but not cleared in the Base Residual Auction, and does not force participants to offer newly available capacity resulting from an interim EFORd change. Please refer to PJM Manual 18, Section 4 for more information.

CR24) Will resources that clear in the ATSI Integration Auction have the opportunity to participate in the incremental auctions to adjust their position (i.e. resources may or may not have available capacity and they may need to adjust their position following the Integration Auctions, particularly after their final EFORd is set)?
Resources that clear in the FRR Integration Auctions will be placed into and become part of the ATSI Utilities’ FRR plan. As with any FRR plan, FRR resource commitments cannot be replaced using buy bids cleared in an RPM Incremental auction. FRR resource commitments can only be replaced or supported by committing another resource with available or unoffered capacity to the FRR plan.

CR25) Will a new unit that is due to come on-line prior to the June 1, 2011 integration date and is offered into the FRR Integration Auctions be considered for New Entry Pricing?

The tariff only provides for the election of the New Entry Pricing Adjustment provision in Base Residual Auctions and is not an option for the FRR Integration Auction.

Furthermore, a unit that is due to come on-line prior to June 1, 2011 would have needed to be offered into the 2011/2012 Base Residual Auction to be eligible for New Entry Pricing for the 2011/2012 Delivery Year.

CR26) What EFORd value will PJM use to evaluate the ATSI Utilities’ initial FRR plan and determine if each generation resource that cleared in the auction has transferred adequate capacity to the ATSI Utilities to meet the initial FRR plan requirements?

The ATSI Utilities’ initial FRR plan is due to PJM by December 15, 2010. Upon submission, PJM will evaluate the plan to ensure it has sufficient capacity to meet the Preliminary Zonal UCAP Obligation for the ATSI zone.

PJM will use the following calculation to determine the amount of UCAP initially committed to the plan for a given generation resource:

\[ \text{ICAP transferred to ATSI Utilities via unit specific transaction} \times (1 - \text{"ATSI evaluation EFORd"}) \]

The “ATSI evaluation EFORd” will be the EFORd that was effective at the time of the Base Residual Auction for the given Delivery Year. This parallels the EFORds that are eligible to be included in Sell Offer EFORds for the FRR Integration Auctions.

- The EFORd at the time of the 2011/2012 BRA includes data from 10/1/2006 through 9/30/2007.
- The EFORd at the time of the 2012/2013 BRA includes data from 10/1/2007 through 9/30/2008.
RPM FRR Integration Auction FAQs

February 3, 2011

- The EFORd for generators located in the ATSI zone or any other generators that did not offer in either the 2011/2012 or 2012/2013 BRA will include data from 10/1/2008 through 9/30/2009.

Resources that elected a Sell Offer EFORd less than the “ATSI evaluation EFORd” will need to provide replacement capacity to the ATSI Utilities prior to the December 15, 2010 FRR plan submission deadline.

Prior to the start of the Delivery Year, the ATSI Utilities will be required to submit an updated FRR Plan that meets the Final Zonal UCAP Obligation. The updated plan would include resources to meet any increases in the load forecast or Forecast Pool Requirement or to cover resource deficiencies resulting from resource cancellations, delays, derates, retirements, or increased EFORds. The EFORd that will be used to evaluate the amount of UCAP committed to the updated plan for a given generation resource will be the Final EFORd, which includes forced outage data for the October through September period prior to the Delivery Year. The Final EFORds for the 2011/2012 and 2012/2013 Delivery Years will include data from 10/1/2009 through 9/30/2010 and from 10/1/2010 through 9/30/2011 respectively. To the extent that a generation resource’s Final EFORd is greater than the Sell Offer EFORd in the FRR Integration Auction, the supplier will be required to provide replacement capacity to the ATSI Utilities prior to the start of the Delivery Year.

Please refer to FAQ CR7 for options for procuring replacement capacity.

CR27) In the event that a generation resource owner has an agreement with another party to manage its resource and serve as the PJM point of contact in the day to day market, such that the resource is in the other party’s sub account with PJM then who is the Capacity Supplier? And who is responsible for the pre-bid security?

The eRPM account with the available capacity is considered by PJM to be the party who is responsible to offer the available capacity into the ATSI FRR Integration Auction. The party who will be executing the Capacity Purchase and Sale Agreement with ATSI is responsible for the pre-bid security.

CR28) Please describe the process, approval and documentation required for committing another resource. Under what circumstances could the ATSI Utilities exercise the right to reject a request to replace?
The ATSI Utilities do not propose a process, or to manage a process, whereby Capacity Suppliers can procure replacement Capacity Resources.

Upon receipt of a Capacity Supplier’s request to change (replace) all or a portion of its source of supply, the ATSI Utilities will evaluate the proposed replacement to ensure that the replacement qualifies as a Capacity Resource under the Capacity Purchase and Sale Agreement, that the replacement meets any deliverability requirements (including any firm transmission requirements if the replacement is external to the PJM footprint), and that the Capacity Supplier has or will have rights to commit the replacement to the ATSI Utilities as proposed. The ATSI Utilities may consult with PJM on some or all of these issues; but will do so on a confidential basis. If and when the ATSI Utilities determine that these requirements are met, the ATSI Utilities will execute an amendment to the Appendix A of the Capacity Purchase and Sale Agreement that reflects the change in the Capacity Supplier’s source(s) of capacity.

The ATSI Utilities will not act in an arbitrary or unfair manner with regard to proposed replacements (changes) in sources capacity supply. The purpose behind the “sole discretion” language is to ensure that the ATSI Utilities have all power necessary to reject any proposed replacement that does not fall squarely within the definition of Capacity Resource and otherwise satisfy all requirements (including but not limited to deliverability and legal right to deliver the same) for delivery to the ATSI zone during the relevant Delivery Year. The obligation to satisfy the requirements for replacing or changing a source of capacity supply lies squarely on the Capacity Supplier, and not on the ATSI Utilities or PJM.

CR29) How is registration and compliance of DR resources handled for ATSI Integration FRR Auctions?

CSPs will offer DR into the FRR Integration Auction under a new resource modeled specifically for the ATSI Integration Auction. CSPs wishing to offer DR into the Integration Auctions will need to contact PJM prior to the start of the auction in order to have a new resource modeled in each zone they wish to offer.

CSPs will be responsible for registering individual sites in eLRS and linking them to the appropriate cleared DR Resource (FRR or RPM) prior to the start of the applicable delivery year. The CSP who registers the site in eLRS is responsible for coordinating dispatch instructions from PJM with the individual site.

If a CSP has RPM DR and ATSI FRR DR registered in the same zone, they will be responsible for testing all sites at the same time. Compliance will continue to be netted by
zone, however because the penalty rate is different between RPM and FRR, the resulting shortfall will be allocated pro-rata to registrations contributing to the shortfall.

For example, if the net performance in a zone is under compliant, the shortfall will be allocated to all registrations that under-complied. Similarly, if the net performance in a zone is over compliant, the shortfall will be allocated to all registrations that over-complied.

The individual registration allocated shortfalls will be netted by resource (RPM or ATSI FRR) to determine the associated RPM or FRR penalties. RPM penalties will be billed by PJM, FRR penalties will be assessed by ATSI.

CR30) Do you have a sample DR Plan that we can see to understand the level of detail desired?

Bullets 1 – 4 in the following document provide a guideline for the level of detail requested in the DR plan submission:


CR31) Does a DR Plan for the ATSI RPM Auctions in March have to specify a breakdown of MW by EDCs, or is ATSI considered 1 Zone?

The DR Plan should specify the Nominated DR Value (i.e., the load reduction amount) of the DR resource by zone, not by EDC. ATSI is considered a single zone.

CR32) If EFORp penalties or credits are billed to ATSI by PJM on a net portfolio basis, then passed through to capacity resources, how will ATSI allocate those payments or charges?

Example: The ATSI portfolio receives an EFORp penalty, but within their pool were a number of generators that over-performed in regard to their EFORp. Would those generators be entitled to a payment from ATSI since their over-performance allowed ATSI to avoid larger EFORp related penalties?
In the event penalties are billed to the ATSI Utilities by PJM on a net portfolio basis, PJM and ATSI will identify resource suppliers (note: individual suppliers will be considered on the performance of their sub-net-portfolio that is part of the ATSI FRR portfolio) responsible for the penalties and then ATSI will pass the penalties through to the responsible resource suppliers on a pro-rata share based on the amount of the deficiency per resource supplier that caused the penalty.

In the event PJM credits the ATSI Utilities due to over-performance of one or more unit specific resource(s) in the ATSI FRR portfolio, then ATSI would pass that credit on to the resource provider with the particular unit specific resource(s) that overperformed. If there are more than one overperforming unit specific resources, then such credit will be allocated on a pro-rata share based on the amount of overperformance (note: individual suppliers will be considered on the performance of their sub-net-portfolio performance that is part of the ATSI FRR portfolio) of each supplier.

If penalties levied by PJM to the ATSI Utilities are on a resource specific basis, then the ATSI Utilities will pass those penalties directly to the deficient resource.

CR33) If a unit is fully committed to ATSI in the auction, will we still be able to see our individual plant performance data in our own eRPM account?

If the unit is fully committed to ATSI in the auction, you will not be able to see the individual plant performance data in your eRPM account. You are however, entitled to that information and can request the information through the RPM hotline at rpm_hotline@pjm.com.

CR34) Will a demand resource committed to the ATSI Utilities' FRR plan receive relief from deficiency charges, similar to the relief provided in Section 8.4 of attachment DD in the PJM tariff, if it demonstrates that the inability to provide the level of demand response committed to the plan is due to the permanent departure of load?

The ATSI Utilities will pass on any deficiency charges to the underperforming resources in the ATSI FRR Capacity Plan that contribute to the deficiency charges, as is set forth in the Capacity Sale and Purchase Agreements.

The Capacity Purchase and Sale Agreement does not provide for "waiver" of penalties to demand response providers in the event of permanent load shutdown. Moreover, this type of relief is not available under PJM's tariffs to entities that are in an FRR Plan; meaning that PJM's tariffs do not permit this type of relief to be available to the ATSI Utilities' FRR
Integration Plan because the ATSI Utilities did not ask for waiver of this part of PJM's FRR Tariff in our August 17, 2009 application (see FERC Docket No. ER09-1589, FirstEnergy, Application, p 33, last paragraph on page - no request for waiver of tariff language to permit reduction of FRR capacity requirement to reflect permanent load shutdown).

Nevertheless, the ATSI Utilities and Monitoring Analytics (in a joint filing) will ask FERC to permit the ATSI Utilities to release demand response providers with permanent load shutdown of such demand response provider's supply obligation (but only to the extent of the amount of load that is subject to the permanent load shutdown). This filing will be submitted prior to March 15, 2010 - although the FERC order authorizing the waiver likely will issue after the auction closes on March 19, 2010.

It is not anticipated that an amendment to the Capacity Purchase and Sale Agreement will be necessary to provide for the waiver of the penalties to Demand Response providers because Section 2.6(a) only contemplates that the Capacity Supplier will be responsible for Charges actually billed by PJM attributable to the Capacity Supplier. If any charges or penalties are waived by PJM (and therefore not charged to the ATSI Utilities), then Section 2.6(a) would be inapplicable with respect to such Charges.

CR35) Section VI.4.6. of the FRR Integration Auction Rules document states that "Load reductions for Load Management Products must be estimated in accordance with PJM Manual 19 and such estimates delivered to the Auction Manager on or before February 22, 2010." What is the preferred format for submitting these values? Further, if the end-user resources that will provide the load reduction have not yet been identified, to what do we attribute load reduction values? How closely must these values match what we ultimately submit as offers in the auction?

The estimate of the Nominated DR Value (i.e., the load reduction) of a Planned DR Resource in a zone must be provided in the DR Plan that is required by February 22, 2010. If the end-use customers that constitute the DR resource have not been identified, the DR Resource Provider must provide the best estimate of the Nominated DR Value in a zone based on their customer aggregation or marketing plans. If PJM approves the Nominated DR Value of the Planned DR Resource submitted in the Plan, the DR Resource Provider may offer up to the approved Nominated DR Value of the Planned DR in the FRR Integration Auction.
CR36) If PJM does not approve our Nominated DR Values, will we have a chance to adjust them after 2/22, or are we immediately disqualified from offering Planned DR?

PJM may approve a lower Nominated DR Value, or if time permits, you may correct the PJM-identified deficiency in your DR Plan submittal so that PJM can approve your requested Nominated DR Value. PJM will only grant you "Provisionally Approval" of your DR Mod for the planned resource if the Nominated DR Value has been approved. Your DR Mod must be in the "Provisionally Approved" status prior to the opening of the bidding window for the ATSI FRR Integration Auction in order for you to offer the planned DR resource into the auction.

CR37) Are EFORp penalties for FRR resources calculated the same way as for RPM resources? In particular, are the penalties limited to 50%?

A Unit Peak Hour Period Capacity Shortfall is calculated as described in Section 8, Manual 18. The Unit Peak Hour Period Capacity Shortfall limitations (50%, 75%, or 100%) described in Section 8, Manual 18 apply regardless of whether or not the unit is committed to RPM, FRR, or both. The Daily Peak-Hour Period Availability Charge Rate for FRR Commitments in ATSI Utilities FRR Capacity Plan is the FRR Integration Auction Clearing Price.

CR38) How do I calculate the anticipated Nominated Value of DR Resource (adjusted for EDC loss factor)? If I want to nominate 100 MW of DR in the ATSI zone, how would I apply the EDC loss factor and what would it be?

Manual 18, Section 4 describes how to calculate the Nominated DR Value of Firm Service Level, Guaranteed Load Drop, or Direct Load Control resources.

http://www.pjm.com/documents/~/media/documents/manuals/m18.ashx

The EDC loss factor is typically provided by the EDC. Appropriate loss factors for customer installations can be found in the EDCs Supplier Tariffs located here:


CR39) Section IV.4.3. of the Auction Rules document stated “Each Offeror must own or have the contractual authority to control the output or load reduction capability of any Capacity Resource that it offers Capacity from, and agrees not to transfer such authority to another entity during the Delivery Period.” If an offeror has a 100MW capacity resource and has to offer in 25MW in the integration auction and this amount clears, does the above statement mean that the offeror cannot sell (relinquish control of) the 25 MW that cleared in this auction or cannot sell (relinquish control of) any portion of the capacity resource prior to or during the delivery period?

The 25 MW of the resource that clears in the ATSI FRR Integration Auction will be transferred to ATSI Utilities and be committed to ATSI Utilities FRR Capacity Plan. The 25 MWs of cleared/committed capacity cannot be sold or transferred to another entity during the Delivery Period. If there is any remaining available capacity on the unit, the supplier has the ability to sell the remaining available capacity bilaterally or into a subsequent RPM Incremental Auction.

CR40) Does either requesting PJM to model a demand resource or doing a DRMOD obligate demand resources to offer into the ATSI FRR Integration Auction?

No, modeling the DR resource in RPM or entering a DR MOD does not obligate the resource to offer into the ATSI FRR Integration Auction. There is no must offer requirement for Demand Response or Energy Efficiency resources for the ATSI FRR Integration Auction.

CR41) For penalties related to DR that clears the ATSI auction, is it correct that there are 3 types of penalties that may apply - event non-compliance, test non-compliance, and capacity resource deficiency charges if the committed load is not in place at the beginning of the delivery year?

In RPM, there are 3 types of performance assessments for DR resources: commitment compliance, Load Management Event Compliance, and Load Management Test Compliance. Load Management Test Compliance is only assessed if there is no PJM-initiated load management event. Therefore, for any given Delivery Year a DR resource will have a maximum of two penalties, the capacity resource deficiency charge, and either the
CR42) If a resource that clears in the FRR Integration Auction has an increase in EFORd prior to the Delivery Year (the Final EFORd as of Nov 30 in the eRPM system is greater than the EFORd used in the auction), is the only way to make up for that shortage with another unit’s capacity or can the resource provider pay the PJM RPM deficiency charge?

If replacement capacity is not procured for any shortfall, then a Daily FRR Capacity Resource Charge will be assessed to the ATSI Utilities as the FRR Entity for failing to maintain enough unforced capacity in their FRR Capacity Plan to satisfy their Final Daily UCAP obligation. The Daily FRR Capacity Resource Deficiency Charge Rate is 1.2 * FRR Integration Auction Clearing Price.

However, the ATSI Utilities will require resources offering into the auction to commit to providing the amount of UCAP that clears in the auction. Thus, if the EFORd of a unit increases, the cleared supplier will be responsible to provide the ATSI Utilities with resource-specific replacement capacity or otherwise compensate the ATSI Utilities for any UCAP shortfall that results from the EFORd increase. The ATSI Utilities have added language to the Capacity Purchase and Sale Agreement allowing Capacity Suppliers to elect to pay for Charges resulting from Capacity Shortfall as long as such Charges, in aggregate, do not exceed one half (1/2) of the amount of Performance Assurance required under Article 6 of the same agreement. (See section 2.7)

While investment grade suppliers are not required to post performance assurance, they will be permitted to pay penalties similarly to those suppliers who are required to post performance assurance. The Performance Assurance Amount is a calculation based on the quantity of capacity cleared in the auction. They are allowed to pay penalties up to an amount equal to the Capacity Resource Amount (in Megawatts) multiplied by the Price multiplied by 21 days multiplied by 1.2 DIVIDED BY 2.

CR43) If we are not subject to the must offer requirement, can we participate in the FRR Integration Auction for just one Delivery Year, rather than both?

Yes, if you do not have a must offer requirement you have the option to participate in only one delivery year for the ATSI FRR Integration Auctions. However, if you do decided to
participate in any of the auctions you will need to submit the required Credit and Attestation forms, as well as possibly post pre-bid security.

CR44) I currently have the ability to net EFORp performance across my portfolio. It sounds as though the units that I would commit to the ATSI zone would now be separated from my portfolio and I would lose my ability to net all of my resources together. Can I still net all of my RPM performance or does the capacity committed to the ATSI zone now stand alone with regard to performance calculations?

A supplier's resources committed to ATSI will be netted with that supplier's other resources also committed to ATSI via the FRR plan. If the ATSI portfolio was net underperforming for a given LDA, ATSI will assess the charges pro-rata based on the provider's net under performance in ATSI's portfolio in the same LDA. Vice versa for if the portfolio was net over performing. If that same supplier has resources committed in other regular RPM auctions, those resources' performance can be netted together, but they will be separate from the resources committed to ATSI via the FRR plan.

**Agreements with the ATSI Utilities**

AA1) What agreements will load serving entities in the ATSI zone and resource owners offering capacity into the FRR Integration Auctions be required to execute with the ATSI utilities?

A summary of the agreements has been posted on the FRR Integration Auctions Web page.

AA2) Is it possible to negotiate the Terms in the Capacity Purchase and Sale Agreement?

The terms and conditions of the Capacity Purchase and Sale Agreement must be in final form prior to the auction. Absent compelling circumstances (e.g., identification of an unlawful term or condition) it is not possible to negotiate or change the terms and conditions of the agreements once the auction starts, or after the auction ends. Any attempt to make changes after the auction start point would be deemed to be a preference for the supplier for whom such changes were attempted and, as such, would be unlawful under applicable FERC and CFTC rules, or other applicable rules and laws.

Suppliers that want to propose changes to certain terms or conditions in the Capacity Purchase and Sale Agreement (and/or the Auction Rules) should submit such suggested changes for
review prior to the auction. Submissions should be through the Auction Manager. After review, the proposed change, together with the substantive response will be provided to the party that submitted the request. In the event that a proposed change is adopted, notice of such change will be provided to all prospective suppliers through a "track changes" adjustment to the Capacity Purchase and Sale Agreement (and/or, as the case may be, a "track changes" adjustment to the Auction Rules).

AA3) Who is the counterparty in the ATSI capacity transactions coming out of the auctions? Is it each of the ATSI Utilities individually?

The language in the Capacity Purchase and Sale Agreement controls for this question.

Without changing the fact that the agreement language controls, the agreement defines the ATSI Utilities collectively as a "Party" and the rights and obligations generally are described in the agreement as between parties. Because it is not possible to foresee every potential instance of where that ATSI Utilities collectively or one or more of them severally may fail to perform one or more obligations described in the agreement, no further interpretation is attempted at this time.

AA4) Can the Authorized Representative listed in the Attestation Form be someone other than an officer of the company as long as an officer signs in section F?

Yes, the Authorized Representative can be someone other than an officer, provided an officer signs section F.

AA5) Does listing a unit in section D of the Attestation Form (Capacity Resources) create an obligation to offer that specific unit in the auction?

Participants with a must offer requirement are required to offer at least their Minimum Available ICAP position into the FRR Integration Auction. If the Minimum Available ICAP position is negative or zero for the resource, the participant is not required to offer any MWs into the FRR Integration Auction for such resource.

If your unit does not have a must offer requirement, but you are considering offering the unit into the Auction, there is no penalty if you include the resource on the Attestation Form and do not subsequently offer it into the Auction.
RPM FRR Integration Auction FAQs

February 3, 2011

AA6) Do Retail LSE needs to execute the Capacity Payment Agreement with the ATSI Utilities?

All Retail LSEs operate in the ATSI Utilities' respective territories subject to regulator-approved supplier tariffs. The supplier tariffs require RTO membership, and compliance with all RTO (PJM) tariff requirements, including execution of the RAA. Paragraph D(8) of Schedule 8.1 of the RAA requires retail choice providers to purchase their capacity requirement from the ATSI Utilities. Therefore it is not necessary for Retail LSEs to execute the Capacity Payment Agreement.

AA7) Can the agreements be posted in MS Word format to allow users to fill out the forms more easily and mark suggested revisions in the documents?

ATSI Utilities have been asked previously to convert the Agreements to MS Word form, and have accommodate by converting the appendices which need to be submitted to be in 'MS Word - form' so market participants can fill them out and submit electronically. It has also been established as policy not to post the entire document in word form to prevent entities from submitting subtle changes that change the intent of the agreements in future submittals of the forms.

However, you can submit your comments and edits by copying and pasting the text of the pdf files to a MS Word files and then edit off of the newly established MS Word file.

AA8) Assuming that we have not yet identified the end-user resources that will provide load reduction to fulfill any auction obligations that we incur, what should we put in section D of the Attestation Form?

If the Planned DR Resource has been modeled in eRPM database, the supplier should provide the name of the Planned DR Resource in the eRPM system. If the Planned DR Resource has not been modeled in eRPM yet, the supplier should indicate that offering “Planned DR Resource” and indicate which zone the Planned DR Resource resides.

AA9) If we are required to offer any available ICAP, what happens if we do not meet the requirements for the Auction? If we fail to submit the Attestation Form or Credit Representative Form on time, yet we are required to offer, what happens?

Also, if cleared in the Auction, we are required to submit the Capacity Purchase and Sale Agreement and to deliver the Performance Assurance within 3 days. What
happens if we do not do so? Can a resource in effect remove itself from this Auction by simply not meeting any of these deadlines?

The FERC has made generators subject to a must-offer requirement under the FERC-approved PJM tariff. Thus, a failure to reach an agreement and execute the various forms and contracts (including the Attestation Form, the Credit Representative Form and, if necessary, the Capacity Purchase and Sale Agreement) does not vitiate the must-offer requirement and may constitute withholding.

AA10) The Attestation Form that we submitted previously was accepted and our plan been cleared by PJM. We have posted the security deposit as required with the receipt acknowledged. Since a new Attestation form has been posted, are we required to resubmit a new form for PJM acceptance?

No. Suppliers are not required to submit a new form. However, the newly posted forms represent changes in terms and conditions that may be preferable to suppliers. Therefore, it may be in the best interest of suppliers to resubmit the new form.

AA11) Does an offeror of Planned DR in the ATSI auctions have to submit the Attestation form?

Yes, an attestation form must be submitted by offerors that plan to offer into the FRR Integration Auctions, regardless of the type(s) of resource to be offered.

**Settlements**

S1) How will settlements with load serving entities be handled?

At the ATSI Utilities’ request, PJM will conduct the necessary billing between the ATSI utilities and the load serving entities in the ATSI zone for which the ATSI Utilities have acquired capacity. To support this billing, The ATSI Utilities will upload the daily peak load contribution for each load serving entity throughout the delivery years. PJM will then use that peak load contribution to calculate the corresponding daily UCAP obligation and assess the entity a charge for their UCAP obligation using the weighted average cost of procurement. LSEs will also be billed for Schedule 9-5, Schedule 9-5 Refund and Schedule 9-6 Charges.

S2) How will settlements with resource owners be handled?
The ATSI utilities will pay the resources owners that clear in the FRR auctions according to the terms and conditions of the Capacity Purchase and Sales Agreement between the ATSI utilities and the resource suppliers.

Credit

C1) The FRR Integration Auctions for 2011/12 and 12/13 will be conducted simultaneously. If we post collateral for 2011/12 for a resource, will we also have to post collateral for 2012/13 for the same resource? In other words, do we need to post two years worth of collateral for the same MW?

Yes, two years worth of collateral will need to be posted to cover the planning years 2011/12 and 12/13. At the end of 2011/12 planning year, the first year of collateral will be returned.

C2) Is there a distinction between planned and existing demand resources for the FRR Integration Auctions from a credit perspective?

From a PJM credit perspective, there is a difference between planned and existing DR. However, the only entity PJM will directly require credit from is the FRR Entity, which is the ATSI Utilities.

The ATSI Utilities will directly require credit from resource owners planning to offer demand resources into the auctions; however, from an ATSI Utilities' credit perspective, planned and existing resources will be treated in the same manner. Credit requirements for resource providers are based on the ATSI Utilities' credit requirements as described in the Capacity Purchase and Sale Agreement and Auction Rules documents.

C3) When will the Performance Assurance provided by capacity suppliers be returned by the ATSI Utilities?

The Performance Assurance amount is required per delivery year within three business days of the Effective Date of the Capacity Purchase and Sale Agreements. At the end of the 2011/12 Delivery Year, the Performance Assurance amount will be returned to the supplier within 10 days of the expiration of the delivery year, while the Performance assurance for delivery year 2012/13 will be held until 10 days after the expiration of that delivery year. If the capacity supplier does not fulfill their obligation, the ATSI Utilities will
use the Performance Assurance for that particular delivery year to cover the shortfall as noted in Article 5: Breach and Default of the Capacity Purchase and Sale Agreement.

C4) In lieu of posting fungible collateral (letters of credit and cash) for pre-bid security, can we post a parental guaranty as a form of collateral if our parent company is qualified as an ICR 1-4?

The ATSI Utilities are not accepting parental guarantees during the pre-bid security process. If the Offeror or transacting entity is not rated by S&P or Moody’s and do not provide audited financials, the Offeror must provide either cash or letter of credit for $500,000.

The ATSI Utilities do not believe that it is appropriate to accept a Parental Guaranty as Pre-Bid Security to cover the risk to the ATSI Utilities in the case of nonperformance by the Offeror who are assessed an Internal Credit Risk Rating of 5 or higher. Cash or Letters of Credit are highly liquid and are appropriate forms of security to cover the Pre-Bid Security requirement.

C5) Is the $500,000 pre-bid security amount negotiable?

No, it is not negotiable. The pre-bid security requirement applies to everyone that is not investment grade that intends to offer into the FRR Integration Auctions regardless of the amount of capacity to be offered into the auctions.

C6) Is the $500,000 pre-bid security requirement a per-year requirement, or does it apply to both delivery years?

It is a flat $500,000, regardless of which auctions an entity participates in.

C7) What is the credit rate for resources that clear in the auction?

The credit calculation or performance assurance calculation for all resources that clear the auction, regardless of type, is as follows:
the Capacity Supplier’s Capacity Resource Amount (in Megawatts) multiplied by the Price ($MW/day) multiplied by twenty-one multiplied by 1.2.

This calculation is found in Article 6: Performance Assurance in the Capacity Purchase and Sale Agreement.

For example, assuming 100MWs were cleared at a closing price of $100 MW/day for delivery year 2011/12 and delivery year 2012/13, then the calculation would be as follows: 100MWs x $100 MW/day x 21 x 1.2 = $252,000 for delivery year 2011/12 and $252,000 for delivery year 2012/13. The Performance Assurance posted would be the sum of both delivery years totaling $504,000.

Note that Performance Assurance does not need to be posted by suppliers rated at least BBB- by S&P or Baa3 by Moody’s.

C8) Please provide the wiring instructions for posting cash for both the Pre-Bid Security requirement and the Performance Assurance requirement under the Capacity Purchase and Sale Agreement. Will these wiring instructions be made available upon request or posted to the web-site?

The wiring instructions for posting cash for both the Pre-Bid Security requirement and the Performance Assurance requirement under the Capacity Purchase and Sale Agreement are as follows:

WIRE TRANSFER INSTRUCTIONS:

Account Name: FirstEnergy Services
Account Number: 323396496
Bank Name: JPMorgan Chase Bank
ABA: 021-000-021
Ref: Margin Account - For Benefit of ATSI Utilities - PJM ATSI Integration Auction

C9) Is an email an acceptable means of submitting the Credit Rep form?

Yes, attaching the form to an email is the preferred method.
C10) The performance assurance is due within three business days of the Effective date, so we would have to post in March of this year, as opposed to the start of the term in 2011, is that correct? If participating in both 2011-2012 and 2012-2013, do you have to post one LC for the entire period, or can you do 2 separate LCs by year?

The Performance Assurance will need to be posted within three business days of the Effective Date of the Agreement, which is in March 2010. If the Offeror wants to post 2 separate LCs by year rather than one LC for the entire period, then that is acceptable. However, the LCs will need to be posted to the ATSI Utilities within three business days of the Effective Date of the Agreement.

C11) Can you provide some insight into why the FRR Integration Auctions have the requirement to post pre-bid security in the amount of $500,000?

As noted in Article V in the FRR Integration Auction Rules document, pre-bid security of $500,000 is required from the suppliers that are rated an Internal Risk Rating of 5 or higher. An Internal Risk Rating of 5 or higher means that after review of all relevant data the affected supplier has been determined to lack financial strength necessary to support participation on an unsecured-credit basis. Accordingly, pre-bid security is necessary to cover the risk to the ATSI Utilities and their ratepayers in the case if the supplier is taken in the auction but does not carry out the supplier's promise that they will sign the agreement and post the necessary credit to support their participation under the agreement.

C12) Is there any information that can be provided regarding the scale for the Internal Credit Risk Rating that will be used by the ATSI utilities? What criteria will be used to develop the rating?

The scale shown below for the Internal Credit Risk Rating is noted in Article II - Definitions of the FRR Integration Auction Rules document.

<table>
<thead>
<tr>
<th>FirstEnergy Credit Risk Rating</th>
<th>S&amp;P</th>
<th>Moody’s</th>
<th>Not Rated</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 – 4 (Investment Grade)</td>
<td>AAA – BBB-</td>
<td>Aaa – Baa3</td>
<td>Credit Review</td>
</tr>
<tr>
<td>5 – 7 (Non-investment Grade)</td>
<td>BB+ – CCC</td>
<td>Ba1 – Caa</td>
<td>Credit Review</td>
</tr>
</tbody>
</table>

Additionally, in Article V of the FRR Integration Auction Rules document, the ATSI Utilities will review the information provided in the Credit Representative and Information Form and
RPM FRR Integration Auction FAQs

February 3, 2011

assess an Internal Credit Risk Rating based on the company’s credit risk rating by S&P or Moody’s. If the S&P and Moody’s credit risk ratings differ, the higher credit risk rating will be used. If the company is not rated by S&P or Moody’s, then the ATSI Utilities will assess an Internal Credit Risk Rating based on the financial information provided by the company, which will be communicated by the Auction Manager to such company. As noted, the ATSI Utilities will perform the credit evaluation in a non-discriminatory manner and any determination by the ATSI Utilities of the Internal Credit Risk Rating shall be deemed final and conclusive.

C13) Will the ATSI Utilities evaluate the creditworthiness of suppliers to determine whether an unsecured line of credit is warranted? If the answer is no please advise why the ATSI Utilities are declining to accept standard industry practice of extending unsecured lines of credit to creditworthy entities.

In this Auction, the ATSI Utilities are procuring capacity resources that will be part of their special FRR plan to meet the PJM ATSI Zone reliability requirement for the 2011-12 and 2012-13 delivery years. As part of the procurement, the auction’s winning capacity suppliers will be entering into bilateral agreements with the ATSI Utilities. Their contractual relationship is with the ATSI Utilities, not PJM. Accordingly, the ATSI Utilities need a mechanism to assure performance by suppliers, and the Performance Assurance must be set at a level that reflects the relative size of the transaction between the ATSI Utilities and a winning supplier.

The ATSI Utilities are requiring Performance Assurance from the capacity suppliers that do not have at least a BBB- credit rating by S&P or Baa3 credit rating by Moody’s because if the capacity suppliers do not fulfill its capacity obligation, the ATSI Utilities are obligated to cover this shortfall to PJM. Therefore, unsecured credit is only justified for suppliers with investment grade credit ratings.

C14) Why are capacity suppliers required to post Pre-Bid Security to be qualified to participate in FRR Auction for the integration of the ATSI Utilities into PJM while PJM has no such requirement for participation in regular RPM Auctions?

Pre-Bid Security is needed to preserve the integrity of the auctions for ALL suppliers (both those with and without must offer obligations). The Pre-Bid Security assures that suppliers who clear in the auction execute the agreements that establish the supplier obligations. The Pre-Bid Security will be returned, with interest, after the auction.
Pre-Bid Security is necessary for participation in the FRR auctions because they are different from the regular PJM RPM process in that the relationship in the FRR auctions is between the ATSI utilities and generators. The ATSI Utilities are obligated to meet reliability obligations to PJM. To accomplish meeting such objectives, the ATSI Utilities procure capacity resources in the FRR Auctions. In RPM, the agreement is between the suppliers, PJM, and all PJM market participants (through the PJM agreements). PJM does require Pre-Bid Security because generators who clear through RPM are bound by the PJM agreements to perform. In the event that a generator defaults in PJM, PJM spreads the costs of default to all market participants. The ATSI utilities cannot spread the risk in this way. In Duquesne, Duquesne ended up not holding auctions for capacity. Instead, Duquesne decided to acquire their FRR requirements through other methods. Our reference to Duquesne in our FERC filing was to indicate that we would utilize an out-of-time FRR plan to meet our obligations.

RPM / ACR (Market Monitoring)

ACR1) What is the RPM/ACR system?

RPM auction participants use the RPM/ACR system to report avoidable cost data to the Independent Market Monitor for PJM (IMM) per section 6.7 of Attachment DD of the PJM Open Access Transmission Tariff. The RPM/ACR system is also used to communicate and affirm offer cap values that apply to RPM auctions. Participants in the ATSI Integration Auctions will also use the RPM/ACR system for the same purposes.

ACR2) Who has to enter ACR data into the RPM/ACR system?

Any participants in the PJM RPM auctions or ATSI Integration Auctions who wish to have a non-zero offer cap in a mitigated auction. The detailed requirement is specified in sections 6.7(b) and (c) of Attachment DD of the PJM Open Access Transmission Tariff.

ACR3) How do I get an account in the RPM/ACR system?

To enter ACR data into the Monitoring Analytics RPM/ACR system, participants must have an account. To register for an account and have a User ID set up, participants’ PJM Customer Account Manager (CAM) must fill out the RPM/ACR Registration Form, available at:

http://www.monitoringanalytics.com/tools/docs/RPMACR_RegistrationInstructions_and_Form_20090925.doc
ACR4) What data do I have to enter into the RPM/ACR system?

RPM auction offer caps are calculated as the avoidable cost rate (ACR), less the unit’s net revenue. The ACR can be calculated and imported into the system using a spreadsheet template available on the Monitoring Analytics web site, or participants can use a Default ACR value that is specified in the PJM Tariff, that is documented on the Monitoring Analytics web site, and that will be displayed in the unit’s record in the RPM/ACR system. Participants must also enter the Net Revenue for their unit. This quantity is available upon request by sending an email specifying the unit(s) to RPMNetRevenue@monitoringanalytics.com.

General instructions on using the RPM/ACR system can be found in “RPM_ACR User Manual version 2”. Specific guidance on the ACR calculation can be found in the “RPM-ACR Template Version 10 Instructions”. These documents are available on the Monitoring Analytics web site, on the “Tools” page.

ACR5) How do I enter data specifically for the 2011/2012 and 2012/2013 ATSI Integration Auctions?

For users familiar with the RPM/ACR interface, the process is the same as for any other RPM auction.

In the RPM/ACR system, users should select “2011” for the 2011/2012 delivery year, and select “2012” for the 2012/2013 delivery year. Select “Transition – ATSI” as the auction type.

For new users unfamiliar with the RPM/ACR system, please see the user documentation at http://www.monitoringanalytics.com/tools/tools.shtml or contact the Monitoring Analytics RPM/ACR team at rpmacr@monitoringanalytics.com.

ACR6) When can I enter my ACR data into the RPM/ACR system?

The timeline for the 2011/12 and 2012/13 ATSI Integration Auctions is as follows:

**Wednesday, January 13, 2010:** RPM/ACR System will be opened for data input for 2011/2012 and 2012/2013 ATSI Integration Auctions

**Wednesday, January 27, 2010:** Last day participants may request calculated Net Revenues for specific units through the RPMNetRevenue@monitoringanalytics.com mail box.

**Monday, February 1, 2010:** All ACR data must be submitted into the RPM/ACR system by auction participants. ACR system closes for ACR data submittal.
Monday, February 15, 2010: Monitoring Analytics communicates offer cap options to participants in RPM/ACR system. Offer Cap screen is open for participants to affirm offer cap values.


ACR7) How will I get offer caps for my units?

The process for participants to affirm their offer caps can be found in the “Instructions for Using Offer Cap Data Screen”, available on the Monitoring Analytics web site, on the “Tools” page.

ACR8) What are the default ACR values?

The default ACR values for the ATSI Integration Auctions are the same default ACR values that are included in the PJM Tariff for the 2011/2012 and 2012/2013 delivery years. These default values are also posted on the Monitoring Analytics web site, tools page.

ACR9) What offer cap options will be available to me for the ATSI FRR Integration Auctions, and will I have the option of using an offer cap of “1.1 times the BRA clearing price”, like the option that is available for Third Incremental Auctions?

Offer cap options for the 2011/2012 and 2012/2013 FRR Integration Auctions include:

- An ACR based offer cap which is calculated as the ACR less net revenues, where the ACR is either the default or calculated unit specific. The currently defined default ACR values and the template to calculate a unit specific ACR are posted on the Monitoring Analytics website: http://www.monitoringanalytics.com/tools/tools.shtml. This option requires the participant to input data into the RPM/ACR system and request net revenues by emailing RPMNetRevenue@monitoringanalytics.com.

- An opportunity cost based offer cap which is the documented price available to an existing generation resource in a market external to PJM. This requires you to input this value into the RPM/ACR system and submit a calculation of opportunity cost along with detailed supporting documentation to the MMU.

- The 1.1 times the BRA clearing price offer cap. Per the FERC Order addressing Partial Requests for Clarification and Rehearing issued on March 10, 2010, this option will be available to units that have an existing RPM capacity obligation from a prior RPM
auction for the relevant LDA and delivery year. This option will not be available to (i) units in the ATSI zone with no pre-existing RPM capacity obligations; (ii) units located in the PJM LDAs with no preexisting RPM capacity obligations in a relevant delivery year because they failed to clear; or (iii) units that did not exist at the time of the relevant base residual auctions, which are located in a PJM LDA.

- An alternative offer cap determined on a mutually agreeable basis between the market seller and the Market Monitor, and approved by FERC

Please refer to Section 6.4 and 6.7 of Attachment DD of the PJM OATT for more details about offer caps, including the process to be followed should a Market Seller and the MMU be unable to agree on the appropriate level of offer cap.

ACR10) I have additional units that are new participants in the RPM process. How do I get them added to the RPM/ACR system?

If you are new to the RPM/ACR system, you should request an account through the “RPM/ACR Registration Instructions and Form”, as described in FAQ #3. If you already have an RPM/ACR account, please contact the RPM/ACR administrator or send an email to rpmacr@monitoringanalytics.com to notify Monitoring Analytics of the units. Please include in your request the unit ID and unit name that is assigned in eRPM system, or note that the unit has not yet been created in the eRPM system.

ACR11) In the RPM/ACR system, how do we handle a configuration where there are multiple units that cannot be dispatched independently? Will I need to calculate and submit ACR data for each individual unit, or for the gross plant?

The participant has the option of offering the units as a single RPM resource or broken into several RPM Resources. ACR data must be entered for each offered resource and aligned with the chosen aggregation. For example, if the plant is aggregated as a single resource, that resource’s ACR must reflect the entire plant’s avoidable cost rate. If the plant is disaggregated to several resources, the plant’s avoidable costs should be allocated between these resources to the extent possible. If you choose to use default ACR, and the aggregated or disaggregated plant components do not fit exactly into one of the power plant technology categories that have default ACR defined, contact the Market Monitoring Unit for guidance on what power plant technology to apply.
ACR12) For the ATSI Integration Auctions, are we supposed to be using the average historic Net Revenues, and from which years?

As stated in Monitoring Analytics FAQ #4, participants should request Net Revenues by sending an email specifying the unit(s) and the auction period(s) to: RPMNetRevenue@monitoringanalytics.com.

The Net Revenue for the 2011/2012 ATSI Integration Auction will be based on the average net revenue from the period 2005-2007 and the Net Revenue for the 2012/2013 ATSI Integration Auction will be based on the average net revenue from the period 2006-2008, consistent with PJM RPM Auctions for the corresponding delivery year.

Units that had revenue from markets other than the PJM Energy Market for the historic net revenue period must provide the data necessary for Monitoring Analytics to calculate the applicable net revenue. Please see “Guide to Net Revenue Calculations for ATSI Auctions” on the Monitoring Analytics website, “Tools” page. For units that formerly participated in the MISO Energy Market, there will not be a full calendar year of market based net revenue in 2005. For such units, the calculated net revenue for the 2011/2012 ATSI Integration Auction will be based on calendar year 2006-2007.

ACR13) In the RPM/ACR system, should we be using the 5-year or the 1-year EFORD's? Or is that a choice that is left up to the participant?

Please enter the Sell Offer EFORd into the RPM/ACR system. For details on the Sell Offer EFORd, please see the PJM ATSI Integration Auction FAQ #CR9.

ACR14) For ATSI Integration Auction participants who are required to post collateral or obtain credit to participate in the ATSI Integration auctions, are these collateral/credit costs considered “avoidable” and qualified to be included in the participants’ ACR calculation? If so, how is this included in the calculation?

Yes, subject to agreement on quantification of actual incremental avoidable costs associated with this requirement.

ACR15) For units in the PJM RTO that have uncommitted capacity available that must be offered into the ATSI 11/12 and 12/13 auctions, will their BRA offer caps be unchanged or
will they need to be updated? Will their Net Revenues remain the same? Is this required for all units, or just units with uncommitted capacity?

Participants should select Default ACRs or submit ACR data into the RPM/ACR system for those units for which non-zero offer caps are requested. Participants should update their ACR data to be consistent with the current best information about the unit. Net Revenue data should also be requested and entered into the RPM/ACR system. Data from prior auctions will not automatically be used by the Market Monitoring Unit to calculate offer caps without the participant submitting this data.

ACR16) How do I escalate my ACR calculation data from a prior year to a future delivery year?

Please see the “RPM/ACR Cost Escalation Guidelines” on the Monitoring Analytics website, “Tools” page.

ACR17) What ICAP MW value should be entered in the RPM/ACR system for an ATSI resource for which a cap mod has not yet been entered in eRPM?

If you believe that your cap mod will be accepted by PJM, please enter the anticipated summer ICAP rating of the resource effective for the given delivery year. If a unit-specific ACR is calculated for an ATSI resource which for which a cap mod has not yet been entered in eRPM, the ICAP value entered into the RPM/ACR system will need to be updated for accuracy based on PJM’s determination.

ACR18) If FRR Integration Auction participants accept the default ACR or calculate a unit specific ACR value, is it possible to split the bid into two components - one at the ACR and one at zero? Additionally, if they do not enter any ACR data into the RPM/ACR system and therefore will be offer capped at zero, is it possible to offer only a partial volume of their capacity?

The Market Seller Offer Cap, if provided on the basis of net avoidable costs, is the default or unit-specific ACR less unit-specific net revenues. A seller may divide the capacity from a single resource into as many as ten segments of no less than 0.1 MWs each. The seller may offer each segment at a different price, but an offer that exceeds the Market Seller Offer Cap
will be set equal to the Market Seller Offer Cap whenever the seller fails the Market Structure Test in the relevant LDA.

Only market sellers that intend to offer all capacity for an existing generation resource at $0/MW-day may avoid submitting offer cap related data to the MMU and mitigation.

FAQ CR2 addresses must offer requirements for existing generation resources in the RPM FRR Integration Auctions.