

Article 1 - Definitions

Projected Performance Assessment Intervals:

“Projected Performance Assessment Intervals” shall mean the estimated number of Performance Assessment Intervals expected to be in effect for a Delivery Year, where this value shall be assumed to be 360 intervals (30 hours) prior to the 2022/2023 Delivery Year; and effective with the 2022/2023 Delivery Year, calculated by taking the average number of Performance Assessment Intervals declared for the entire PJM Region in the three Delivery Years immediately preceding the Base Residual Auction for such Delivery Year. For purposes of calculating the default Market Seller Offer Cap as described in Tariff, Attachment DD, section 6.4, the Projected Performance Assessment Intervals shall be no less than 60 intervals (5 hours), and for purposes of calculating the Non-Performance Charge Rate for Capacity Performance Resources, shall be no less than 180 intervals (15 hours).

Schedule 8.1G – Capacity Resource Performance

1. Any Capacity Resource committed by an FRR Entity in an FRR Capacity Plan for a Delivery Year shall be subject during such Delivery Year to the charges set forth in sections 7, 9, 10, 10A, 11, and 13 of Attachment DD to the PJM Tariff; provided, however: (i) the Daily Deficiency Rate under sections 7, 9, and 13 thereof shall be 1.20 times the Capacity Resource Clearing Price resulting from all RPM Auctions for such Delivery Year for the LDA encompassing the Zone of the FRR Entity, weight-averaged for the Delivery Year based on the prices established and quantities cleared in such auctions); (ii) the charges set forth in section 10A of Attachment DD to the PJM Tariff shall apply only for the 2019/2020 and subsequent Delivery Years and only to those FRR Entities which opted to be subject to the Non-Performance Charge under section C.1 of this Schedule 8.1 and the charge rates under section 10A thereof for Base Capacity Resources shall be the Capacity Resource Clearing Price resulting from the RPM Auctions for the Delivery Year for the LDA encompassing the Zone of the FRR Entity, weight-averaged as described above; and (iii) the charge rates under section 10 thereof, shall be the Capacity Resource Clearing Price resulting from the RPM Auctions for the Delivery Year for the LDA encompassing the Zone of the FRR Entity, weight-averaged as described above. An FRR Entity shall have the same opportunities to cure deficiencies and avoid or reduce associated charges during the Delivery Year that a Market Seller has under sections 7, 9, 10, and 10A of Attachment DD to the PJM Tariff. An FRR Entity may cure deficiencies and avoid or reduce associated charges prior to the Delivery Year by procuring replacement Unforced Capacity outside of any RPM Auction and committing such capacity in its FRR Capacity Plan.

2. For any FRR Entity which opted to be subject to physical non-performance assessments under section C.1. of this Schedule 8.1, such FRR Entity will not be subject to charges under section 10A of Attachment DD of the PJM Tariff, but, rather, it will be required to update its FRR Capacity Plan with additional megawatts of Capacity Performance Resources or Seasonal Capacity Performance Resources determined in accordance with the following: For each Performance Assessment Interval, the Actual Performance and Expected Performance of each resource contained in an FRR Entity’s FRR Capacity Plan will be determined in the same fashion as prescribed by the PJM Tariff, Attachment DD, section 10A, and for such hour, a net

Performance Shortfall shall be determined separately for Capacity Performance Resources and for Base Capacity Resources. If, for a Performance Assessment Interval, the combined Actual Performance of all an FRR Entity's committed Capacity Performance Resources exceeds the Expected Performance of such resources, then such over-performance may be applied to any Performance Shortfall experienced by such FRR Entity's Base Capacity Resources for such hour. If, for a Performance Assessment Interval, the combined Actual Performance of all an FRR Entity's committed Base Capacity Resources exceeds the Expected Performance of such resources, then such over-performance may be applied to any Performance Shortfall experienced by such FRR Entity's Capacity Performance Resources for such hour. For the 2020/2021 Delivery Year and subsequent Delivery Years, the net Performance Shortfall determined for Capacity Performance Resources shall include the performance of Seasonal Capacity Performance Resources contained in the FRR Capacity Plan.

The FRR Entity's net Performance Shortfall among Capacity Performance Resources, if any, for each such Performance Assessment Interval shall be multiplied by a rate of ~~0.01667~~0.5 MWs/~~Performance Assessment Interval~~the Projected Performance Assessment Intervals to establish the additional MW quantities of Capacity Performance Resources or Seasonal Capacity Performance Resources that such FRR Entity must add to its FRR Capacity Plan for the next Delivery Year. Notwithstanding the foregoing, the total additional MWs required as a result of non-performance by the FRR Entity's Capacity Performance Resources in any Delivery Year shall not exceed a MW quantity equal to 0.5 times the MW quantity of the Capacity Performance Resources and Seasonal Capacity Performance Resources that were committed in the FRR Capacity Plan for such Delivery Year. The FRR Entity's net Performance Shortfall among Base Capacity Resources, if any, for each such Performance Assessment Interval shall be multiplied by a rate of [(0.01667 MWs/Performance Assessment Interval) times (the Base Capacity Resource Clearing Price resulting from the RPM Auctions for the Delivery Year for the LDA encompassing the Zone of the FRR Entity, weight-averaged for the Delivery Year based on the prices established and quantities cleared in such auctions, divided by the Net CONE established for such LDA for the Delivery Year)] to establish the additional MW quantities of Capacity Performance Resources or Seasonal Capacity Performance Resources that such FRR Entity must add to its FRR Capacity Plan for the next Delivery Year. Notwithstanding the foregoing, the total additional MWs required as a result of non-performance by the FRR Entity's Base Capacity Resources in any Delivery Year shall not exceed a MW quantity equal to [(0.5 times the MW quantity of the Base Capacity Resources that were committed in the FRR Capacity Plan for such Delivery Year) times (the Base Capacity Resource Clearing Price resulting from the RPM Auctions for the Delivery Year for the LDA encompassing the Zone of the FRR Entity, weight-averaged for the Delivery Year based on the prices established and quantities cleared in such auctions, divided by the Net CONE established for such LDA for the Delivery Year)].

An FRR Entity that elects the physical option shall not be eligible for, or subject to, the revenue allocation described in section 10A(g) of Attachment DD of the PJM Tariff.