

ATTACHMENT MM-1
Form of
System Modification Reimbursement Agreement
For Pseudo-Tie Into the PJM Region

This System Modification Reimbursement Agreement for Pseudo-Tie Into the PJM Region (“Reimbursement Agreement”), dated as of _____, is entered into by and between _____ (“Company”) and PJM Interconnection, L.L.C. (“PJM”), collectively sometimes referred to herein as (the “Parties”).

WHEREAS, Company owns or has contractual authority to control the output of the Facility (as defined below) and has not transferred such authority to another entity;

WHEREAS, Company is a PJM Member and would like to Pseudo-Tie the Facility into the PJM Region; and

WHEREAS, all capitalized terms that are not otherwise defined herein have the meaning as defined in the PJM Open Access Transmission Tariff (“Tariff”), Amended and Restated Operating Agreement of PJM Interconnection, L.L.C. (“Operating Agreement”), Reliability Assurance Agreement Among Load Serving Entities in the PJM Region (“RAA”), as may be amended from time to time (“Governing Documents”).

NOW THEREFORE, in consideration of the mutual covenants and agreements in this Reimbursement Agreement and of other good and valuable consideration, the sufficiency and adequacy of which are hereby acknowledged, the parties, intending to be legally bound, hereby agree as follows:

1. **Facility.** Company has requested that ____ megawatts of generator output from the _____ [Name of Generator] owned or controlled by Company located at _____ (“Facility”) be permitted to Pseudo-Tie into the PJM Region and, in connection with such request, seeks to implement all necessary arrangements to allow the Facility to be treated as a Pseudo-Tie.

2. **System Modifications.** Company understands and recognizes that, for its Facility to meet all PJM requirements to be a Pseudo-Tie within the PJM Region, including but not limited to those in the PJM manuals and Governing Documents, and to permit implementation and administration of such Pseudo-Tie, PJM’s models and other PJM systems may require modifications to ensure an accurate representation of the Facility and other bulk power facilities that may not otherwise be required.

3. **Confidentiality.** Company agrees to provide all information requested by PJM necessary to determine any modifications to the models and other systems that are required for effective implementation and administration of the Pseudo-Tie of the Facility. Any such information designated by Company as confidential shall be maintained as confidential by PJM under the terms and conditions of the PJM Operating Agreement, section 18.17.

4. **Administrative Fee.** Upon Company signing this Reimbursement Agreement, Company shall pay an administrative fee of \$3,000 to cover PJM’s costs to complete the review

of its models and other systems necessary to provide the Company a detailed high level good faith estimate of the cost to effectuate any modifications to PJM's model and any other PJM systems needed to accommodate the Pseudo-Tie of the Facility ("High Level Estimate").

5. Good Faith Estimate. Prior to execution of this Reimbursement Agreement, PJM is under no obligation to provide Company an estimate of the costs to modify its models and systems to accommodate the Pseudo-Tie of the Facility. Upon completion of the review of its models, other systems, or both, PJM shall provide a High Level Estimate.

6. Reimbursement of Costs. Company shall reimburse PJM for PJM's actual cost (including any related costs incurred for work completed on PJM's behalf) of determining and effectuating any modifications to the models and any other systems needed to accommodate the Pseudo-Tie of the Facility, if any. If PJM determines that no modifications to the models and any other systems are needed to accommodate the Pseudo-Tie of the Facility, Company will have no cost responsibility under this Reimbursement Agreement beyond the Administrative Fee described above.

7. Deposit. By no later than fifteen (15) calendar days after receiving the High Level Estimate, Company shall pay a deposit to PJM equal to 50% of PJM's High Level Estimate. **[Include the following if applicable:** If Company requests a Detailed Estimate, and the Detailed Estimate is higher than the High Level Estimate, Company's deposit amount due shall equal 50% of the Detailed Estimate. PJM shall hold the deposit until such time as the expected remaining work (measured by labor hours) is less than or equal to 50% of PJM's original projected labor hours and all previous invoices have been paid in full.] At that point, PJM shall deduct such funds being held on deposit to cover an invoice. If at any point thereafter the deposit is not sufficient to pay an invoice, Company shall remit payment to PJM to cover any such invoice within twenty (20) calendar days of receipt of such invoice. In the event the deposit exceeds the final amount required to effectuate any modifications to the model or any other PJM systems, or restore the model or any other PJM systems to a safe and reliable state PJM shall return the excess funds with sixty (60) calendar days of completion of such tasks.

8. Payment of Invoices. PJM shall provide Company with an invoice reflecting the costs for work completed on any needed model and/or system modifications on a monthly basis as such costs are accrued. Company shall pay the amount due under such invoices to PJM within twenty (20) calendar days of PJM's issuance of the invoice.

9. Late Payments. Late invoice amounts may be deducted by PJM from the Company's deposit funds on or after the 30th calendar day following the invoice date if the invoice remains unpaid. It is the responsibility of the Company to replenish the deposit funds through payment of the original, late invoice, subject to the following:

- a. If payment for such invoice is not received via mail delivery or electronic transfer of funds into PJM's designated account within sixty (60) calendar days of the invoice date, PJM reserves the right to cease all Pseudo-Tie modeling and systems work and alter the Company's PJM Pseudo-Tie queue position ("Queue Position").
- b. If lateness of payment (less than sixty (60) calendar days from invoice

date) becomes a repetitive problem, upon the third consecutive late payment of invoices PJM reserves the right to cease all Pseudo-Tie modeling and systems work and alter the Company's Queue Position.

Any work stoppage resulting from the above conditions may result in a delay of the original target completion date due to change in queue status. The Company will be notified by PJM when this occurs. Company may remedy the late payments and restore any used deposit funds, but returning to original Queue Position is not guaranteed if work stoppage with altered queue has occurred. Company will be responsible for all costs incurred up to the work stoppage and for any work required to restore PJM's models and any other PJM systems to a safe and reliable condition.

10. Termination; Reimbursement of Costs Upon Termination. Any Party shall have the right to terminate this Reimbursement Agreement for any reason upon providing at least five (5) Business Days' written notice to the other Party. If Company notifies PJM that it no longer plans to proceed with the Pseudo-Tie, or PJM determines that PJM cannot accommodate the Pseudo-Tie, PJM shall terminate work under this Reimbursement Agreement. Company shall be responsible for any costs incurred by PJM (including costs incurred for work completed on PJM's behalf) prior to the termination of such work, as well as any costs necessary for PJM to restore the models and any other PJM systems to a safe and reliable manner.

11. Disclaimers. This Reimbursement Agreement is not intended, nor shall it be interpreted, to constitute agreement by PJM to implement a Pseudo-Tie of the Facility. This Reimbursement Agreement is not intended, nor shall it be interpreted, to constitute agreement by PJM: (1) that Company has met any requirement in the PJM Governing Documents; or (2) to provide Company an exception to any requirements in the PJM Governing Documents.

12. Effective Date. The Reimbursement Agreement is effective upon full execution if it is not filed with the Commission. If the Reimbursement Agreement is filed with the Commission, then it is effective upon the later of the date of execution or the date allowed by the Commission. This Reimbursement Agreement shall remain in full force and effect until terminated.

13. Governing Law. This Reimbursement Agreement shall be deemed a contract made under, and the interpretation and performance of this Reimbursement Agreement and each of its provisions shall be governed and construed in accordance with, the applicable Federal and/or laws of the State of Delaware without regard its conflicts of laws provisions that would apply the laws of another jurisdiction. The Parties irrevocably consent that any legal action or proceeding arising under or related to this Reimbursement Agreement to which the PJM Dispute Resolution Procedures do not apply shall be brought in any of the forums, as appropriate – any court of the State of Delaware, any federal court of the United States of America located in the State of Delaware, or, where subject to its jurisdiction, before the Federal Energy Regulatory Commission (“Commission”).

14. Disclaimer of Warranty/Limitation of Liability. In no event will PJM, transmission owner(s) or other subcontractors employed by PJM be liable for claims, demands, losses, damages, costs or expenses for any indirect, special, incidental, punitive, or consequential damages of any kind including loss of profits or revenue, loss of use of equipment, cost of

capital, cost of temporary equipment or services, whether based in whole or in part in contract, tort including negligence, strict liability, or any other theory of liability related to this Reimbursement Agreement, whether under this Reimbursement Agreement or otherwise, even if PJM, transmission owner(s), or other subcontractors employed by PJM have been advised of the possibility of such a loss. Nor shall PJM, transmission owner(s), or other subcontractors employed by PJM be liable for any delay in delivery or of the non-performance or delay in performance of PJM's obligations under this Reimbursement Agreement. Without limitation of the foregoing, Company further agrees that transmission owner(s) and other subcontractors employed by PJM to prepare or assist in the incorporation of transmission facilities not currently included in PJM's model or effectuate other system modifications but which are required to accommodate treating Facility as Pseudo-Tie shall be deemed third party beneficiaries of this provision.

15. Indemnification and Consequential Damages. Company shall at all times indemnify, defend, and save PJM harmless from any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demands, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from PJM's performance of its respective obligations under this Reimbursement Agreement on behalf of Company, except in cases of gross negligence or intentional wrongdoing by PJM.

16. Commission Filing. If unchanged, a signed version of this form agreement shall not be filed with the Commission. PJM will simply report the existence of a signed agreement in its quarterly reports. If the form agreement is substantively changed, then PJM shall file on behalf of itself and Company as a service schedule under the Tariff within thirty (30) days after execution by all parties the revised form agreement with the Commission. The Parties shall be bound to the terms accepted or ordered by the Commission.

17. Notices. Any notice or request made to or by either party regarding Reimbursement Agreement shall be made to the representative of the other party as indicated below.

PJM
PJM Interconnection, L.L.C.
Attn: General Counsel
2750 Monroe Blvd.
Audubon, PA 19403
Phone: (610) 666-_____
Email: _____@pjm.com

Company

Attn: _____

Phone: _____
Email: _____

18. Severability. If any provision of this Reimbursement Agreement is held invalid, illegal or unenforceable in any jurisdiction, then, the Parties agree, to the fullest extent permitted by law, that the validity, legality and enforceability of the remaining provisions hereof in such or any other jurisdiction and of such provision in any other jurisdiction shall not in any way be affected or impaired thereby. With respect to the provision held invalid, illegal or unenforceable, the Parties will amend this Reimbursement Agreement as necessary to affect the original intent of the Parties as closely as possible.

19. Other Obligations. Nothing in this Reimbursement Agreement is intended to modify or change any obligations or rights under the Governing Documents, any rate schedule, or any other contract. Nor does this Reimbursement Agreement make Company a Market Participant under the Governing Documents. Should Company seek to become a Market Participant it must be a PJM Member, or apply to PJM to become a PJM Member under the terms of the Governing Documents, and nothing in this Reimbursement Agreement affects its rights or obligations as a Market Participant. The Parties will comply with all applicable provisions of the Governing Documents to the extent they do not conflict with the terms of this Reimbursement Agreement. The Parties shall be subject to the Governing Documents which shall be deemed to be incorporated herein.

20. Waiver. No waiver by either party of one or more defaults by the other in performance of any of the provisions of this Reimbursement Agreement, or with respect to any other matter arising in connection with the Reimbursement Agreement, shall operate or be construed as a waiver of any other or further defaults, whether of a like or different character.

21. Complete Agreement; Amendments. This Reimbursement Agreement constitutes the entire agreement among the Parties with respect to the subject matter of this Reimbursement Agreement and supersedes other prior agreements and understandings, both written and oral, among the Parties with respect to the subject matter of this Reimbursement Agreement. This Reimbursement Agreement or any part thereof, may not be amended, modified, or waived other than by a writing signed by all Parties hereto.

22. Binding Effect. This Reimbursement Agreement shall be binding upon the parties hereto, their heirs, executors, administrators, successors, and assigns.

23. No Further Rights. Nothing in this Reimbursement Agreement, whether express or implied, is intended to confer any rights or remedies under or by reason of this Reimbursement Agreement on any person or entity that is not a Party or a permitted successor or assign.

24. Representations and Warranties. Each Party represents and warrants that the execution, delivery and performance of this Reimbursement Agreement by it has been duly authorized by all necessary corporate and/or governmental actions, to the extent authorized by law. Company represents and warrants that it is duly organized or formed, as applicable, validly existing and in good standing under the laws of its state of organization or formation, and is in good standing under the laws of the respective state(s) in which it is incorporated and operates.

25. Assignments. No Party may assign or transfer any of its rights and/or obligations under this Reimbursement Agreement without the written consent of the other Parties, which

consent shall not be unreasonably withheld.

26. Counterparts. This Reimbursement Agreement may be executed in one or more counterparts, each of which shall be an original but all of which, taken together, shall constitute only one legal instrument. It shall not be necessary in making proof of this Reimbursement Agreement to produce or account for more than one counterpart. The delivery of an executed counterpart of this Reimbursement Agreement by facsimile shall be deemed to be valid delivery thereof.

IN WITNESS WHEREOF, PJM and Company have caused this Reimbursement Agreement to be executed by their respective corporate officers.

PJM Interconnection, L.L.C.

By: _____

Signature: _____

Printed Name: _____

Title: _____

Date: _____

Company: [Insert Company Name]

By: _____

Signature: _____

Printed Name: _____

Title: _____

Date: _____