Definitions – O – P - Q

Obligation:

"Obligation" shall mean all amounts owed to PJMSettlement for purchases from the PJM Markets, Transmission Service, (under both Tariff, Part II and Tariff, Part III), and other services or obligations pursuant to the Agreements. In addition, aggregate amounts that will be owed to PJMSettlement in the future for capacity purchases within the PJM capacity markets will be added to this figure. Should other markets be formed such that Participants may incur future Obligations in those markets, then the aggregate amount of those Obligations will also be added to the Net Obligation.

Offer Data:

"Offer Data" shall mean the scheduling, operations planning, dispatch, new resource, and other data and information necessary to schedule and dispatch generation resources and Demand Resource(s) for the provision of energy and other services and the maintenance of the reliability and security of the Transmission System in the PJM Region, and specified for submission to the PJM Interchange Energy Market for such purposes by the Office of the Interconnection.

Office of the Interconnection:

"Office of the Interconnection" shall mean the employees and agents of PJM Interconnection, L.L.C. subject to the supervision and oversight of the PJM Board, acting pursuant to the Operating Agreement.

Office of the Interconnection Control Center:

"Office of the Interconnection Control Center" shall mean the equipment, facilities and personnel used by the Office of the Interconnection to coordinate and direct the operation of the PJM Region and to administer the PJM Interchange Energy Market, including facilities and equipment used to communicate and coordinate with the Market Participants in connection with transactions in the PJM Interchange Energy Market or the operation of the PJM Region.

On-Site Generators:

"On-Site Generators" shall mean generation facilities or portions of a generation facility (including Behind The Meter Generation) that (i) are not Generation Capacity Resources, (ii) are not injecting into the grid for the portion of a generation facility that participates as a Demand Resource or as an Economic Load Response Participant unless permitted as an Economic Load Response Regulation Only Participant, (iii) are either synchronized or non-synchronized to the Transmission System, and (iv) can be used to reduce demand for the purpose of participating in the PJM Interchange Energy Market.

Open Access Same-Time Information System (OASIS) or PJM Open Access Same-Time Information System:

"Open Access Same-Time Information System," "PJM Open Access Same-Time Information System" or "OASIS" shall mean the electronic communication and information system and standards of conduct contained in Part 37 and Part 38 of the Commission's regulations and all additional requirements implemented by subsequent Commission orders dealing with OASIS for the collection and dissemination of information about transmission services in the PJM Region, established and operated by the Office of the Interconnection in accordance with FERC standards and requirements.

Open-Loop Hybrid Resource:

"Open-Loop Hybrid Resource" shall mean a Hybrid Resource with a storage component that operates by charging its storage component from the grid.

Operating Agreement of the PJM Interconnection, L.L.C., Operating Agreement or PJM Operating Agreement:

"Operating Agreement of the PJM Interconnection, L.L.C.," "Operating Agreement" or "PJM Operating Agreement" shall mean the Amended and Restated Operating Agreement of PJM Interconnection, L.L.C. dated as of April 1, 1997 and as amended and restated as of June 2, 1997, including all Schedules, Exhibits, Appendices, addenda or supplements hereto, as amended from time to time thereafter, among the Members of the PJM Interconnection, L.L.C., on file with the Commission.

Operating Day:

"Operating Day" shall mean the daily 24 hour period beginning at midnight for which transactions on the PJM Interchange Energy Market are scheduled.

Operating Margin:

"Operating Margin" shall mean the incremental adjustments, measured in megawatts, required in PJM Region operations in order to accommodate, on a first contingency basis, an operating contingency in the PJM Region resulting from operations in an interconnected Control Area. Such adjustments may result in constraints causing Transmission Congestion Charges, or may result in Ancillary Services charges pursuant to the PJM Tariff.

Operating Margin Customer:

"Operating Margin Customer" shall mean a Control Area purchasing Operating Margin pursuant to an agreement between such other Control Area and the LLC.

Operating Reserve Demand Curve:

"Operating Reserve Demand Curve" shall mean a curve with prices on the y-axis and megawatts on the x-axis, which defines the relationship between each incremental megawatt of reserves that

can be used to meet a given reserve requirement.

Operationally Deliverable:

"Operationally Deliverable" shall mean, as determined by the Office of the Interconnection, that there are no operational conditions, arrangements or limitations experienced or required that threaten, impair or degrade effectuation or maintenance of deliverability of capacity or energy from the external Generation Capacity Resource to loads in the PJM Region in a manner comparable to the deliverability of capacity or energy to such loads from Generation Capacity Resources located inside the metered boundaries of the PJM Region, including, without limitation, an identified need by an external Balancing Authority Area for a remedial action scheme or manual generation trip protocol, transmission facility switching arrangements that would have the effect of radializing load, or excessive or unacceptable frequency of regional reliability limit violations or (outside an interregional agreed congestion management process) of local reliability dispatch instructions and commitments.

Opportunity Cost:

"Opportunity Cost" shall mean a component of the Market Seller Offer Cap calculated in accordance with Tariff, Attachment DD, section 6.

OPSI Advisory Committee:

"OPSI Advisory Committee" shall mean the committee established under Tariff, Attachment M, section III.G.

Option to Build:

"Option to Build" shall mean the option of the New Service Customer to build certain Customer-Funded Upgrades, as set forth in, and subject to the terms of, the Construction Service Agreement.

Optional Interconnection Study:

"Optional Interconnection Study" shall mean a sensitivity analysis of an Interconnection Request based on assumptions specified by the Interconnection Customer in the Optional Interconnection Study Agreement.

Optional Interconnection Study Agreement:

"Optional Interconnection Study Agreement" shall mean the form of agreement for preparation of an Optional Interconnection Study, as set forth in Tariff, Attachment N-3.

Part I:

"Part I" shall mean the Tariff Definitions and Common Service Provisions contained in Tariff, Part I, sections 1 through 12A.

Part II:

"Part II" shall mean Tariff, Part II, sections 13 through 27A pertaining to Point-To-Point Transmission Service in conjunction with the applicable Common Service Provisions of Tariff, Part I and appropriate Schedules and Attachments.

Part III:

"Part III" shall mean Tariff, Part III, sections 28 through 35 pertaining to Network Integration Transmission Service in conjunction with the applicable Common Service Provisions of Tariff, Part I and appropriate Schedules and Attachments.

Part IV:

"Part IV" shall mean Tariff, Part IV, sections 36 through 112C pertaining to generation or merchant transmission interconnection to the Transmission System in conjunction with the applicable Common Service Provisions of Tariff, Part I and appropriate Schedules and Attachments.

Part V:

"Part V" shall mean Tariff, Part V, sections 113 through 122 pertaining to the deactivation of generating units in conjunction with the applicable Common Service Provisions of Tariff, Part I and appropriate Schedules and Attachments.

Part VI:

"Part VI" shall mean Tariff, Part VI, sections 200 through 237 pertaining to the queuing, study, and agreements relating to New Service Requests, and the rights associated with Customer-Funded Upgrades in conjunction with the applicable Common Service Provisions of Tariff, Part I and appropriate Schedules and Attachments.

Participant:

"Participant" shall mean a Market Participant and/or Transmission Customer and/or Applicant requesting to be an active Market Participant and/or Transmission Customer**.**

Parties:

"Parties" shall mean the Transmission Provider, as administrator of the Tariff, and the Transmission Customer receiving service under the Tariff. PJMSettlement shall be the Counterparty to Transmission Customers.

Peak-Hour Dispatch:

"Peak-Hour Dispatch" shall mean, for purposes of calculating the Energy and Ancillary Services Revenue Offset under Tariff, Attachment DD, section 5, an assumption, as more fully set forth in the PJM Manuals, that the Reference Resource is committed in the Day-ahead Energy Market in four distinct blocks of four hours of continuous output for each block from the peak-hour period beginning with the hour ending 0800 EPT through to the hour ending 2300 EPT for any day when the average day-ahead LMP for the area for which the Net Cost of New Entry is being determined is greater than, or equal to, the cost to generate (including the cost for a complete start and shutdown cycle), plus 10% of such costs only for the 2022/2023 Delivery Year, for at least two hours during each four-hour block, where such blocks shall be assumed to be committed independently; provided that, if there are not at least two economic hours in any given four-hour block, then the Reference Resource shall be assumed not to be committed for such block; and to the extent not committed in any such block in the Day-ahead Energy Market under the above conditions based on Day-Ahead LMPs, is dispatched in the Real-time Energy Market for such block if the Real-Time LMP is greater than or equal to the cost to generate, plus 10% of such costs only for the 2022/2023 Delivery Year, under the same conditions as described above for the Day-ahead Energy Market.

Peak Market Activity:

"Peak Market Activity" shall mean a measure of exposure for which credit is required, calculated in accordance with Tariff, Attachment Q, section VII.A.

Peak Market Activity Shortfall:

"Peak Market Activity Shortfall" shall mean, for any given week, the amount by which a Participant's current Peak Market Activity exceeds such Participant's Peak Market Activity credit requirement from the prior week.

Peak Market Activity Surplus:

"Peak Market Activity Surplus" shall mean, for any given week, the amount by which a Participant's Peak Market Activity credit requirement from the prior week exceeds such Participant's current Peak Market Activity.

Peak Season:

"Peak Season" shall mean the weeks containing the 24th through 36th Wednesdays of the calendar year. Each such week shall begin on a Monday and end on the following Sunday, except for the week containing the 36th Wednesday, which shall end on the following Friday.

Percentage Internal Resources Required:

"Percentage Internal Resources Required" shall have the meaning specified in the Reliability Assurance Agreement.

Performance Assessment Interval:

"Performance Assessment Interval" shall mean each Real-time Settlement Interval for which an Emergency Action has been declared by the Office of the Interconnection, provided, however, that Performance Assessment Intervals for a Base Capacity Resource shall not include any intervals outside the calendar months of June through September.

Permissible Technological Advancement:

"Permissible Technological Advancement" shall mean a proposed technological change such as an advancement to turbines, inverters, plant supervisory controls or other similar advancements to the technology proposed in the Interconnection Request that is submitted to the Transmission Provider no later than the return of an executed Facilities Study Agreement (or, if a Facilities Study is not required, prior to the return of an executed Interconnection Service Agreement). Provided such change may not: (i) increase the capability of the Generating Facility as specified in the original Interconnection Request; (ii) represent a different fuel type from the original Interconnection Request; or (iii) cause any material adverse impact(s) on the Transmission System with regard to short circuit capability limits, steady-state thermal and voltage limits, or dynamic system stability and response. If the proposed technological advancement is a Permissible Technological Advancement, no additional study will be necessary and the proposed technological advancement will not be considered a Material Modification.

PJM:

"PJM" shall mean PJM Interconnection, L.L.C., including the Office of the Interconnection as referenced in the PJM Operating Agreement. When such term is being used in the RAA it shall also include the PJM Board.

PJM Administrative Service:

"PJM Administrative Service" shall mean the services provided by PJM pursuant to Tariff, Schedule 9.

PJM Board:

"PJM Board" shall mean the Board of Managers of the LLC, acting pursuant to the Operating Agreement except when such term is being used in Tariff, Attachment M, in which case PJM Board shall mean the Board of Managers of PJM or its designated representative, exclusive of any members of PJM Management.

PJM Control Area:

"PJM Control Area" shall mean the Control Area recognized by NERC as the PJM Control Area.

PJM Entities:

"PJM Entities" shall mean PJM, including the Market Monitoring Unit, the PJM Board, and PJM's officers, employees, representatives, advisors, contractors, and consultants.

PJM Interchange:

"PJM Interchange" shall mean the following, as determined in accordance with the Operating Agreement and Tariff: (a) for a Market Participant that is a Network Service User, the amount by which its interval Equivalent Load exceeds, or is exceeded by, the sum of the interval outputs of its operating generating resources; or (b) for a Market Participant that is not a Network Service User, the amount of its Spot Market Backup; or (c) the interval scheduled deliveries of Spot Market Energy by a Market Seller from an External Resource; or (d) the interval net metered output of any other Market Seller; or (e) the interval scheduled deliveries of Spot Market Energy to an External Market Buyer; or (f) the inteval scheduled deliveries to an Internal Market Buyer that is not a Network Service User.

PJM Interchange Energy Market:

"PJM Interchange Energy Market" shall mean the regional competitive market administered by the Office of the Interconnection for the purchase and sale of spot electric energy at wholesale in interstate commerce and related services established pursuant to Operating Agreement, Schedule 1, and the parallel provisions of Tariff, Attachment K – Appendix.

PJM Interchange Export:

"PJM Interchange Export" shall mean the following, as determined in accordance with the Operating Agreement and Tariff: (a) for a Market Participant that is a Network Service User, the amount by which its interval Equivalent Load is exceeded by the sum of the inteval outputs of its operating generating resources; or (b) for a Market Participant that is not a Network Service User, the amount of its Spot Market Backup sales; or (c) the interval scheduled deliveries of Spot Market Energy by a Market Seller from an External Resource; or (d) the interval net metered output of any other Market Seller.

PJM Interchange Import:

"PJM Interchange Import" shall mean the following, as determined in accordance with the Operating Agreement and Tariff: (a) for a Market Participant that is a Network Service User, the amount by which its interval Equivalent Load exceeds the sum of the interval outputs of its operating generating resources; or (b) for a Market Participant that is not a Network Service User, the amount of its Spot Market Backup purchases; or (c) the interval scheduled deliveries of Spot Market Energy to an External Market Buyer; or (d) the interval scheduled deliveries to an Internal Market Buyer that is not a Network Service User.

PJM Liaison:

"PJM Liaison" shall mean the liaison established under Tariff, Attachment M, section III.I.

PJM Management:

"PJM Management" shall mean the officers, executives, supervisors and employee managers of PJM.

PJM Manuals:

"PJM Manuals" shall mean the instructions, rules, procedures and guidelines established by the Office of the Interconnection for the operation, planning, and accounting requirements of the PJM Region and the PJM Interchange Energy Market.

PJM Markets:

"PJM Markets" shall mean the PJM Interchange Energy Market, capacity markets, including the RPM auctions, and any other market operated by PJM, together with all bilateral or other wholesale electric power and energy transactions, capacity transactions, ancillary services transactions (including black start service), transmission transactions, Financial Transmission Rights transactions, or transactions in any other market operated under the Agreements within the PJM Region, wherein Market Participants may incur Obligations to PJM and/or PJMSettlement.

PJM Market Rules:

"PJM Market Rules" shall mean the rules, standards, procedures, and practices of the PJM Markets set forth in the PJM Tariff, the PJM Operating Agreement, the PJM Reliability Assurance Agreement, the PJM Consolidated Transmission Owners Agreement, the PJM Manuals, the PJM Regional Practices Document, the PJM-Midwest Independent Transmission System Operator Joint Operating Agreement or any other document setting forth market rules.

PJM Net Assets:

"PJM Net Assets**"** shall mean the total assets per PJM's consolidated quarterly or year-end financial statements most recently issued as of the date of the receipt of written notice of a claim less amounts for which PJM is acting as a temporary custodian on behalf of its Members, transmission developers/Designated Entities, and generation developers, including, but not limited to, cash deposits related to credit requirement compliance, study and/or interconnection receivables, member prepayments, invoiced amounts collected from Net Buyers but have not yet been paid to Net Sellers, and excess congestion (as described in Operating Agreement, Schedule 1, section 5.2.6, and the parallel provisions of Tariff, Attachment K-Appendix, section 5.2.6).

PJM Region:

"PJM Region" shall have the meaning specified in the Operating Agreement.

PJM Regional Practices Document:

"PJM Regional Practices Document" shall mean the document of that title that compiles and describes the practices in the PJM Markets and that is made available in hard copy and on the Internet.

PJM Region Installed Reserve Margin:

"PJM Region Installed Reserve Margin" shall mean the percent installed reserve margin for the PJM Region required pursuant to RAA, Schedule 4.1, as approved by the PJM Board.

PJM Region Peak Load Forecast:

"PJM Region Peak Load Forecast" shall mean the peak load forecast used by the Office of the Interconnection in determining the PJM Region Reliability Requirement, and shall be determined on both a preliminary and final basis as set forth in Tariff, Attachment DD, section 5.

PJM Region Reliability Requirement:

"PJM Region Reliability Requirement" shall mean, for purposes of the Base Residual Auction, the Forecast Pool Requirement multiplied by the Preliminary PJM Region Peak Load Forecast, less the sum of all Preliminary Unforced Capacity Obligations of FRR Entities in the PJM Region; and, for purposes of the Incremental Auctions, the Forecast Pool Requirement multiplied by the updated PJM Region Peak Load Forecast, less the sum of all updated Unforced Capacity Obligations of FRR Entities in the PJM Region.

PJMSettlement:

"PJM Settlement" or "PJM Settlement, Inc." shall mean PJM Settlement, Inc. (or its successor), established by PJM as set forth in Operaitng Agreement, section 3.3.

PJM Tariff, Tariff, O.A.T.T., OATT or PJM Open Access Transmission Tariff:

"PJM Tariff," "Tariff," "O.A.T.T.," "OATT," or "PJM Open Access Transmission Tariff" shall mean that certain PJM Open Access Transmission Tariff, including any schedules, appendices or exhibits attached thereto, on file with FERC and as amended from time to time thereafter.

Plan:

"Plan" shall mean the PJM market monitoring plan set forth in Tariff, Attachment M.

Planned Demand Resource:

"Planned Demand Resource" shall have the meaning specified in the Reliability Assurance Agreement.

Planned External Generation Capacity Resource:

"Planned External Generation Capacity Resource" shall have the meaning specified in the Reliability Assurance Agreement.

Planned Generation Capacity Resource:

"Planned Generation Capacity Resource" shall have the meaning specified in the Reliability Assurance Agreement.

Planning Period:

"Planning Period" shall mean the 12 moths beginning June 1 and extending through May 31 of the following year, or such other period approved by the Members Committee.

Planning Period Balance:

"Planning Period Balance" shall mean the entire period of time remaining in the Planning Period following the month that a monthly auction is conducted.

Planning Period Quarter:

"Planning Period Quarter" shall mean any of the following three month periods in the Planning Period: June, July and August; September, October and November; December, January and February; or March, April and May.

Point(s) of Delivery:

"Point(s) of Delivery" shall mean the point(s) on the Transmission Provider's Transmission System where capacity and energy transmitted by the Transmission Provider will be made available to the Receiving Party under Tariff, Part II. The Point(s) of Delivery shall be specified in the Service Agreement for Long-Term Firm Point-To-Point Transmission Service.

Point of Interconnection:

"Point of Interconnection" shall mean the point or points where the Customer Interconnection Facilities interconnect with the Transmission Owner Interconnection Facilities or the Transmission System.

Point(s) of Receipt:

"Point(s) of Receipt" shall mean point(s) of interconnection on the Transmission Provider's Transmission System where capacity and energy will be made available to the Transmission Provider by the Delivering Party under Tariff, Part II. The Point(s) of Receipt shall be specified in the Service Agreement for Long-Term Firm Point-To-Point Transmission Service.

Point-To-Point Transmission Service:

"Point-To-Point Transmission Service shall mean the reservation and transmission of capacity and energy on either a firm or non-firm basis from the Point(s) of Receipt to the Point(s) of Delivery under Tariff, Part II.

Power Purchaser:

"Power Purchaser" shall mean the entity that is purchasing the capacity and energy to be transmitted under the Tariff.

PRD Curve:

"PRD Curve" shall have the meaning provided in the Reliability Assurance Agreement.

PRD Provider:

"PRD Provider" shall have the meaning provided in the Reliability Assurance Agreement.

PRD Reservation Price:

"PRD Reservation" Price shall have the meaning provided in the Reliability Assurance Agreement.

PRD Substation:

"PRD Substation" shall have the meaning provided in the Reliability Assurance Agreement.

Pre-Confirmed Application:

"Pre-Confirmed Application" shall be an Application that commits the Eligible Customer to execute a Service Agreement upon receipt of notification that the Transmission Provider can provide the requested Transmission Service.

Pre-Emergency Load Response Program:

"Pre-Emergency Load Response Program" shall be the program by which Curtailment Service Providers may be compensated by PJM for Demand Resources that will reduce load when dispatched by PJM during pre-emergency conditions, and is described in Operating Agreement, Schedule 1, section 8 and the parallel provisions of Tariff, Attachment K-Appendix, section 8.

Pre-Expansion PJM Zones:

"Pre-Expansion PJM Zones" shall be zones included in the Tariff, along with applicable Schedules and Attachments, for certain Transmission Owners – Atlantic City Electric Company, Baltimore Gas and Electric Company, Delmarva Power and Light Company, Jersey Central Power and Light Company, Mid-Atlantic Interstate Transmission, LLC ("MAIT") (MAIT owns and operates the transmission facilities in the Metropolitan Edison Company Zone and the

Pennsylvania Electric Company Zone), PECO Energy Company, Pennsylvania Power & Light Group, Potomac Electric Power Company, Public Service Electric and Gas Company, Allegheny Power, and Rockland Electric Company.

Price Responsive Demand:

"Price Responsive Demand" shall have the meaning provided in the Reliability Assurance Agreement.

Primary Reserve:

"Primary Reserve" shall mean the total reserve capability of generation resources that can be converted fully into energy or Economic Load Response Participant resources whose demand can be reduced within ten minutes of a request from the Office of the Interconnection dispatcher, and is comprised of both Synchronized Reserve and Non-Synchronized Reserve.

Primary Reserve Alert

"Primary Reserve Alert" shall mean a notification from PJM to alert Members of an anticipated shortage of Operating Reserve capacity for a future critical period.

Primary Reserve Requirement:

"Primary Reserve Requirement" shall mean the megawatts required to be maintained in a Reserve Zone or Reserve Sub-zone as Primary Reserve absent any increase to account for additional reserves scheduled to address operational uncertainty. The Primary Reserve Requirement is calculated in accordance with the PJM Manuals. The requirement can be satisfied by any combination of Synchronized Reserve or Non-Synchronized Reserve resources.

Principal:

"Principal" shall mean (i) all natural persons who Control Corporate Level Strategy for the Participant, which shall include a chief executive officer, managing member (or equivalent positions regardless of title) and members of a board of directors or board of managers; (ii) the chief legal officer or general counsel (or equivalent position regardless of title); (iii) the natural person who Controls the financial affairs and investments of the Participant, which shall include a chief financial officer (or equivalent position regardless of title); (iv) the natural person who Controls the Participant's management of commodity and derivatives market risks, which shall include a chief risk officer (or equivalent position regardless of title); (v) the natural person who Controls the Participant's transactions in the applicable PJM Markets (regardless of title); and (vi) all Beneficial Owners.

"Control," as that term is used in this definition, refers to possession of the power to direct the management or policies of an entity.

"Corporate Level Strategy," as that term is used in this definition, refers to the highest-level strategy of an entity, focused on the entity's overall direction rather than the day-to-day operations of the entity.

"Beneficial Owner," as that term is used in this definition, means a natural person who, directly or indirectly, alone or together with such person's Family Members, owns, controls, or holds with power to vote 10 percent or more of the outstanding securities of the Participant.

"Family Member," as that term is used in this definition of "Beneficial Owner," means a spouse, domestic partner, parent, child, or sibling.

For purposes of trusts with, directly or indirectly, 10 percent or more of the outstanding securities of the Participant as described above, the following are Beneficial Owners: (a) a natural person trustee; (b) a natural person with the authority to dispose of the trust assets; (c) a natural person grantor or settlor who has the right to revoke the trust or otherwise withdraw the assets of the trust; and (d) a natural person beneficiary who is the sole permissible recipient of income and principal from the trust or has the right to demand a distribution of or withdraw substantially all of the assets from the trust.

If, due to the Participant's business enterprise, structure or otherwise, a function described in clauses (i) through (v) above is performed by a natural person or entity separate from the Participant (such as a risk management department in an affiliate, or a director or manager at an entity that controls or invests in the Participant), then for that Participant the term Principal shall mean that natural person, or the senior officer or manager of that entity, that performs such function.

Prior CIL Exception External Resource:

"Prior CIL Exception External Resource" shall mean an external Generation Capacity Resource for which (1) a Capacity Market Seller had, prior to May 9, 2017, cleared a Sell Offer in an RPM Auction under the exception provided to the definition of Capacity Import Limit as set forth in RAA, Article I or (2) an FRR Entity committed, prior to May 9, 2017, in an FRR Capacity Plan under the exception provided in the definition of Capacity Import Limit. In the event only a portion (in MW) of an external Generation Capacity Resource has a Pseudo-Tie into the PJM Region, that portion of the external Generation Capacity Resource, which can include up to the maximum megawatt amount cleared in any prior RPM auction or committed in an FRR Capacity Plan (and no other portion thereof) is eligible for treatment as a Prior CIL Exception External Resource if such portion satisfies the requirements of the first sentence of this definition.

Project Financing:

"Project Financing" shall mean: (a) one or more loans, leases, equity and/or debt financings, together with all modifications, renewals, supplements, substitutions and replacements thereof, the proceeds of which are used to finance or refinance the costs of the Customer Facility, any alteration, expansion or improvement to the Customer Facility, the purchase and sale of the Customer Facility or the operation of the Customer Facility; (b) a power purchase agreement

pursuant to which Interconnection Customer's obligations are secured by a mortgage or other lien on the Customer Facility; or (c) loans and/or debt issues secured by the Customer Facility.

Project Finance Entity:

"Project Finance Entity" shall mean: (a) a holder, trustee or agent for holders, of any component of Project Financing; or (b) any purchaser of capacity and/or energy produced by the Customer Facility to which Interconnection Customer has granted a mortgage or other lien as security for some or all of Interconnection Customer's obligations under the corresponding power purchase agreement.

Projected EAS Dispatch:

"Projected EAS Dispatch" shall mean, for purposes of calculating the Net Energy and Ancillary Services Revenue Offset, a simulated dispatch with the objective of committing and dispatching a resource for the purpose of maximizing its net revenues. The calculation shall take inputs including Forward Hourly LMPs, Forward Hourly Ancillary Service Prices, and Forward Daily Natural Gas Prices or forecasted fuel prices, as applicable, in addition to the operating parameters and costs of the specific resource, including the cost emission allowances. Using operating parameters, forward or forecasted fuel prices, as applicable and other cost pricing inputs, a composite, cost-based energy offer is created for the resource such that its commitment and dispatch is co-optimized between energy and ancillary services in the Day-Ahead Energy Market and then the Real-Time Energy Market considering the electricity and ancillary service price inputs. In the Real-Time Energy Market co-optimization, the resource is assumed to be operating in the hours it was scheduled in the Day-Ahead Energy Market but is dispatched according to the real-time price inputs. In the hours where the resource was not committed in the Day-Ahead Market, the resource may be committed and dispatched in real-time only subject to the real-time electricity and ancillary service price inputs and the resource's offer and operating parameters. For combustion turbine units only, the cost-based energy offer will include a 10 percent adder only for the 2022/2023 Delivery Year.

Projected PJM Market Revenues:

"Projected PJM Market Revenues" shall mean a component of the Market Seller Offer Cap calculated in accordance with Tariff, Attachment DD, section 6.

Proportional Multi-Driver Project:

"Proportional Multi-Driver Project" shall have the same meaning provided in the Operating Agreement.

Provisional Interconnection Service:

"Provisional Interconnection Service" shall mean interconnection service provided by Transmission Provider associated with interconnecting the Interconnection Customer's Generating Facility to Transmission Provider's Transmission System and enabling that Transmission System

to receive electric energy and capacity from the Generating Facility at the Point of Interconnection, pursuant to the terms of the Interconnection Service Agreement and, if applicable, the Tariff.

Pseudo-Tie:

"Pseudo-Tie" shall have the same meaning provided in the Operating Agreement.

Public Policy Objectives:

"Public Policy Objectives" shall have the same meaning provided in the Operating Agreement.

Public Policy Requirements:

"Public Policy Requirements" shall have the same meaning provided in the Operating Agreement.

Qualifying RBP Offset UCAP MW:

"Qualifying RBP Offset UCAP MW" shall mean unforced capacity that: (i) pursuant to Tariff, Attachment DD, section 18.2, has not received an RPM commitment or been committed in an FRR Plan for the 2028/2029 or earlier Delivery Year as of the commencement of the Reliability Backstop Procurement (except for capacity that is first committed in the Third Incremental Auction associated with the 2027/2028 Delivery Year), (ii) is supplied by eligible Capacity Resources in accordance with Tariff, Attachment DD, section 18.2(b), and (iii) is supported by evidence, in accordance with Tariff, Attachment DD, section 18.2(c).

Qualifying Transmission Upgrade:

"Qualifying Transmission Upgrade" shall mean a proposed enhancement or addition to the Transmission System that: (a) will increase the Capacity Emergency Transfer Limit into an LDA by a megawatt quantity certified by the Office of the Interconnection; (b) the Office of the Interconnection has determined will be in service on or before the commencement of the first Delivery Year for which such upgrade is the subject of a Sell Offer in the Base Residual Auction; (c) is the subject of a Facilities Study Agreement executed before the conduct of the Base Residual Auction for such Delivery Year and (d) a New Service Customer is obligated to fund through a rate or charge specific to such facility or upgrade.

Queue Position:

"Queue Position" shall mean the priority assigned to an Interconnection Request, a Completed Application, or an Upgrade Request pursuant to applicable provisions of Tariff, Part VI.

Definitions – R - S

Ramping Capability:

"Ramping Capability" shall mean the sustained rate of change of generator output, in megawatts per minute.

Rating Agency:

"Rating Agency" shall mean a Nationally Recognized Statistical Rating Organization that assesses the financial condition, strength and stability of companies and governmental entities and their ability to timely make principal and interest payments on their debts and the likelihood of default, and assigns a rating that reflects its assessment of the ability of the company or governmental entity to make the debt payments.

RBP Charges:

"RBP Charges" shall mean the $/day value of the total RBP Settlement Credits, positive or negative, of all committed RBP Resources across the PJM Region.

RBP Collateral:

"RBP Collateral" shall mean any one of:(1) a cash deposit, including any interest thereon, (2) a surety bond with a provider, amount and form determined by and acceptable to PJM or PJMSettlement, or (3) a letter of credit issued for the benefit of PJM or PJMSettlement, with a provider, amount and form determined by and acceptable to PJM or PJMSettlement.

RBP Obligation:

"RBP Obligation" or "RBO" shall mean the state and/or RERRA-determined allocation of RBP UCAP MW to Load Serving Entities within each Electric Distributor's zone/area.

RBP Resources:

"RBP Resources" shall mean generation resources, Energy Storage Resources, Demand Resources, or DER Aggregation Resources, as set forth in Tariff, Attachment DD, section 18.5, offered to provide RBP UCAP MW from the Reliability Backstop Procurement, in accordance with Tariff, Attachment DD, section 18.

RBP Seller:

"RBP Seller" shall mean an entity that owns or controls an RBP Resource that is offered into the Reliability Backstop Procurement.

RBP Sell Offer:

“RBP Sell Offer” shall mean an offer to sell RBP Resources in the Reliability Backstop Procurement.

RBP Settlement Credits:

“RBP Settlement Credits” shall mean, for each day in the Delivery Year in the term of the Reliability Backstop Procurement commitment period, the $/day value that a resource committed in the Reliability Backstop Procurement receives as a contract for differences settlement in accordance with Tariff, Attachment DD, section 18.5(g).

RBP UCAP MW:

“RBP UCAP MW” shall mean unforced capacity that is eligible to be offered in the Reliability Backstop Procurement, in accordance with Tariff, Attachment DD, section 18.

Real-time Congestion Price:

“Real-time Congestion Price” shall mean the Congestion Price resulting from the Office of the Interconnection’s dispatch of the PJM Interchange Energy Market in the Operating Day.

Real-time Loss Price:

“Real-time Loss Price” shall mean the Loss Price resulting from the Office of the Interconnection’s dispatch of the PJM Interchange Energy Market in the Operating Day.

Real-time Energy Market:

“Real-time Energy Market” shall mean the purchase or sale of energy and payment of Transmission Congestion Charges for quantity deviations from the Day-ahead Energy Market in the Operating Day.

Real-time Offer:

“Real-time Offer” shall mean a new offer or an update to a Market Seller’s existing cost-based or market-based offer for a clock hour, submitted for use after the close of the Day-ahead Energy Market.

Real-time Prices:

“Real-time Prices” shall mean the Locational Marginal Prices resulting from the Office of the Interconnection’s dispatch of the PJM Interchange Energy Market in the Operating Day.

Real-time Settlement Interval:

"Real-time Settlement Interval" shall mean the interval used by settlements, which shall be every five minutes.

Real-time State of Charge:

"Real-time State of Charge" shall mean the current State of Charge of an Energy Storage Resource Model Participant, measured in units of megawatt-hours.

Real-time System Energy Price:

"Real-time System Energy Price" shall mean the System Energy Price resulting from the Office of the Interconnection's dispatch of the PJM Interchange Energy Market in the Operating Day.

Reasonable Efforts:

"Reasonable Efforts" shall mean, with respect to any action required to be made, attempted, or taken by an Interconnection Party or by a Construction Party under Tariff, Part IV or Tariff, Part VI, an Interconnection Service Agreement, or a Construction Service Agreement, such efforts as are timely and consistent with Good Utility Practice and with efforts that such party would undertake for the protection of its own interests.

Receiving Party:

"Receiving Party" shall mean the entity receiving the capacity and energy transmitted by the Transmission Provider to Point(s) of Delivery.

Referral:

"Referral" shall mean a formal report of the Market Monitoring Unit to the Commission for investigation of behavior of a Market Participant, of behavior of PJM, or of a market design flaw, pursuant to Tariff, Attachment M, section IV.I.

Reference Resource:

For Delivery Years up to and including the 2025/2026 Delivery Year, "Reference Resource" shall mean a combustion turbine generating station, configured with a single General Electric Frame 7HA turbine with evaporative cooling, Selective Catalytic Reduction technology, dual fuel capability, and a heat rate of 9.134 Mmbtu/ MWh. For the 2026/2027 through and including the 2027/2028 Delivery Years, "Reference Resource" shall mean, for all CONE Areas, a combustion turbine generating station, configured with a single General Electric Frame 7HA turbine with evaporative cooling, Selective Catalytic Reduction technology, dual fuel capability, and a heat rate of 9.189 Mmbtu/MWh. For the 2028/2029 Delivery Year and subsequent Delivery Years, "Reference Resource" shall mean a combustion turbine generation station, configured with a single 1x0 GE Frame 7HA.03 turbine with evaporative cooling, no inlet chillers, wet compression, Selective Catalytic Reduction technology, dual fuel capability, and a heat rate of 9.199 MMBtu/MWh.

Regional Entity:

"Regional Entity" shall have the same meaning specified in the Operating Agreement.

Regional Network Integration Transmission Service:

"Regional Network Integration Transmission Service" shall mean firm transmission service taken by Network Customers that involves the delivery of energy and/or capacity from Network Resources physically interconnected to the Transmission Provider's transmission system to Network Load physically interconnected to the Transmission Provider's transmission system.

Regional Transmission Expansion Plan:

"Regional Transmission Expansion Plan" shall mean the plan prepared by the Office of the Interconnection pursuant to Operating Agreement, Schedule 6 for the enhancement and expansion of the Transmission System in order to meet the demands for firm transmission service in the PJM Region.

Regional Transmission Group (RTG):

"Regional Transmission Group" or "RTG" shall mean a voluntary organization of transmission owners, transmission users and other entities approved by the Commission to efficiently coordinate transmission planning (and expansion), operation and use on a regional (and interregional) basis.

Regulation:

"Regulation" shall mean the capability of a specific generation resource or Demand Resource with appropriate telecommunications, control and response capability to separately increase and decrease its output or adjust load in response to a regulating control signal, in accordance with the specifications in the PJM Manuals.

Regulation Requirement:

"Regulation Requirement" shall mean the required megawatts of performance-adjusted Regulation capability to be maintained in a Regulation Zone. The Regulation Requirement is defined as a set megawatt value by commitment interval and can increase to account for additional operational uncertainty, in accordance with the PJM Manuals.

Regulation Zone:

"Regulation Zone" shall mean any of those one or more geographic areas, each consisting of a combination of one or more Control Zone(s) as designated by the Office of the Interconnection in the PJM Manuals, relevant to provision of, and requirements for, regulation service.

Relevant Electric Retail Regulatory Authority:

"Relevant Electric Retail Regulatory Authority" shall mean an entity that has jurisdiction over and establishes prices and policies for competition for providers of retail electric service to end-customers, such as the city council for a municipal utility, the governing board of a cooperative utility, the state public utility commission or any other such entity.

Reliability Assurance Agreement or PJM Reliability Assurance Agreement:

"Reliability Assurance Agreement" or "PJM Reliability Assurance Agreement" shall mean that certain Reliability Assurance Agreement Among Load Serving Entities in the PJM Region, on file with FERC as PJM Interconnection L.L.C. Rate Schedule FERC No. 44, and as amended from time to time thereafter.

Reliability Pricing Model Auction:

"Reliability Pricing Model Auction" or "RPM Auction" shall mean the Base Residual Auction or any Incremental Auction.

Required Transmission Enhancements:

"Regional Transmission Enhancements" shall mean enhancements and expansions of the Transmission System that (1) a Regional Transmission Expansion Plan developed pursuant to Operating Agreement, Schedule 6 or (2) any joint planning or coordination agreement between PJM and another region or transmission planning authority set forth in Tariff, Schedule 12-Appendix B ("Appendix B Agreement") designates one or more of the Transmission Owner(s) to construct and own or finance. Required Transmission Enhancements shall also include enhancements and expansions of facilities in another region or planning authority that meet the definition of transmission facilities pursuant to FERC's Uniform System of Accounts or have been classified as transmission facilities in a ruling by FERC addressing such facilities constructed pursuant to an Appendix B Agreement cost responsibility for which has been assigned at least in part to PJM pursuant to such Appendix B Agreement.

Reserved Capacity:

"Reserved Capacity" shall mean the maximum amount of capacity and energy that the Transmission Provider agrees to transmit for the Transmission Customer over the Transmission Provider's Transmission System between the Point(s) of Receipt and the Point(s) of Delivery under Tariff, Part II. Reserved Capacity shall be expressed in terms of whole megawatts on a sixty (60) minute interval (commencing on the clock hour) basis.

Reserve Penalty Factor:

"Reserve Penalty Factor" shall mean the cost, in $/MWh, associated with being unable to meet a specific reserve requirement in a Reserve Zone or Reserve Sub-zone. A Reserve Penalty Factor will be defined for each reserve requirement in a Reserve Zone or Reserve Sub-zone.

Reserve Sub-zone:

"Reserve Sub-zone" shall mean any of those geographic areas wholly contained within a Reserve Zone, consisting of a combination of a portion of one or more Control Zone(s) as designated by the Office of the Interconnection in the PJM Manuals, relevant to provision of, and requirements for, reserve service.

Reserve Zone:

"Reserve Zone" shall mean any of those geographic areas consisting of a combination of one or more Control Zone(s), as designated by the Office of the Interconnection in the PJM Manuals, relevant to provision of, and requirements for, reserve service.

Residual Auction Revenue Rights:

"Residual Auction Revenue Rights" shall mean incremental stage 1 Auction Revenue Rights created within a Planning Period by an increase in transmission system capability, including the return to service of existing transmission capability, that was not modeled pursuant to Operating Agreement, Schedule 1, section 7.5 and the parallel provisions of Tariff, Attachment K-Appendix, section 7.5 in compliance with Operating Agreement, Schedule 1, section 7.4.2 (h) and the parallel provisions of Tariff, Attachment K-Appendix, section 7.4.2(h), and, if modeled, would have increased the amount of stage 1 Auction Revenue Rights allocated pursuant to Operating Agreement, Schedule 1, section 7.4.2 and the parallel provisions of Tariff, Attachment K-Appendix, section 7.4.2; provided that, the foregoing notwithstanding, Residual Auction Revenue Rights shall exclude: 1) Incremental Auction Revenue Rights allocated pursuant to Tariff, Part VI; and 2) Auction Revenue Rights allocated to entities that are assigned cost responsibility pursuant to Operating Agreement, Schedule 6 for transmission upgrades that create such rights.

Residual Metered Load:

"Residual Metered Load" shall mean all load remaining in an electric distribution company's fully metered franchise area(s) or service territory(ies) after all nodally priced load of entities serving load in such area(s) or territory(ies) has been carved out.

Resource Substitution Charge:

"Resource Substitution Charge" shall mean a charge assessed on Capacity Market Buyers in an Incremental Auction to recover the cost of replacement Capacity Resources.

Restricted Collateral:

"Restricted Collateral" shall mean Collateral, held by PJM or PJMSettlement, which cannot be used, netted, credited or spent by the Participant to satisfy any other obligations.

Revenue Data for Settlements:

“Revenue Data for Settlements” shall mean energy quantities used in accounting and billing as determined pursuant to Tariff, Attachment K-Appendix and the corresponding provisions of Operating Agreement, Schedule 1.

RPM Seller Credit:

“RPM Seller Credit” shall mean an additional form of Unsecured Credit defined in Tariff, Attachment Q, section VI.

Scheduled Incremental Auctions:

“Scheduled Incremental Auctions” shall refer to the First, Second, or Third Incremental Auction.

Schedule of Work:

“Schedule of Work” shall mean that schedule attached to the Interconnection Construction Service Agreement setting forth the timing of work to be performed by the Constructing Entity pursuant to the Interconnection Construction Service Agreement, based upon the Facilities Study and subject to modification, as required, in accordance with Transmission Provider’s scope change process for interconnection projects set forth in the PJM Manuals.

Scope of Work:

“Scope of Work” shall mean that scope of the work attached as a schedule to the Interconnection Construction Service Agreement and to be performed by the Constructing Entity(ies) pursuant to the Interconnection Construction Service Agreement, provided that such Scope of Work may be modified, as required, in accordance with Transmission Provider’s scope change process for interconnection projects set forth in the PJM Manuals.

Seasonal Capacity Performance Resource:

“Seasonal Capacity Performance Resource” shall have the same meaning specified in Tariff, Attachment DD, section 5.5A.

Secondary Reserve:

“Secondary Reserve” shall mean the reserve capability of generation resources that can be converted fully into energy or Economic Load Response Participant resources whose demand can be reduced within 30 minutes (less the capability of such resources to provide Primary Reserve), from the request of the Office of the Interconnection, regardless of whether the equipment providing the reserve is electrically synchronized to the Transmission System or not.

Secondary Systems:

"Secondary Systems" shall mean control or power circuits that operate below 600 volts, AC or DC, including, but not limited to, any hardware, control or protective devices, cables, conductors, electric raceways, secondary equipment panels, transducers, batteries, chargers, and voltage and current transformers.

Second Incremental Auction:

"Second Incremental Auction" shall mean an Incremental Auction conducted ten months before the Delivery Year to which it relates**.**

Security:

"Security" shall mean the security provided by the New Service Customer pursuant to Tariff, section 212.4 or Tariff, Part VI, section 213.4 to secure the New Service Customer's responsibility for Costs under the Interconnection Service Agreement or Upgrade Construction Service Agreement and Tariff, Part VI, section 217.

Segment:
"Segment" shall have the same meaning as described in Operating Agreement, Schedule 1, section 3.2.3(e), and the parallel provisions of Tariff, Attachment K-Appendix, section 3.2.3(e).

Self-Supply:

"Self-Supply" shall mean Capacity Resources secured by a Load-Serving Entity, by ownership or contract, outside a Reliability Pricing Model Auction, and used to meet obligations under this Attachment or the Reliability Assurance Agreement through submission in a Base Residual Auction or an Incremental Auction of a Sell Offer indicating such Market Seller's intent that such Capacity Resource be Self-Supply. Self-Supply may be either committed regardless of clearing price or submitted as a Sell Offer with a price bid. A Load Serving Entity's Sell Offer with a price bid for an owned or contracted Capacity Resource shall not be deemed "Self-Supply," unless it is designated as Self-Supply and used by the LSE to meet obligations under this Attachment or the Reliability Assurance Agreement.

Self-Supply Entity:

"Self-Supply Entity" shall mean the following types of Load Serving Entity that operate under long-standing business models: single customer entity, public power entity, or vertically integrated utility, where "vertically integrated utility" means a utility that owns generation, includes such generation in its regulated rates, and earns a regulated return on its investment in such generation or receives any cost recovery for such generation through bilateral contracts; "single customer entity" means a Load Serving Entity that serves at retail only customers that are under common control with such Load Serving Entity, where such control means holding 51% or more of the voting securities or voting interests of the Load Serving Entity and all its retail customers; and "public power entity" means cooperative and municipal utilities, including public power supply entities comprised of either or both of the same and rural electric cooperatives, and joint action agencies.

Self-Supply Seller:

"Self-Supply Seller" shall mean, for purposes of evaluating Buyer-Side Market Power, the following types of Load Serving Entities that operate under long-standing business models: vertically integrated utility or public power entity, where "vertically integrated utility" means a utility that owns generation, includes such generation in its state-regulated rates, and earns a state-regulated return on its investment in such generation; and "public power entity" means electric cooperatives that are either rate regulated by the state or have their long-term resource plan approved or otherwise reviewed and accepted by a Relevant Electric Retail Regulatory Authority and municipal utilities or joint action agencies that are subject to direct regulation by a Relevant Electric Retail Regulatory Authority.

Sell Offer:

"Sell Offer" shall mean an offer to sell Capacity Resources in a Base Residual Auction, Incremental Auction, or Reliability Backstop Auction.

Service Agreement:

"Service Agreement" shall mean the initial agreement and any amendments or supplements thereto entered into by the Transmission Customer and the Transmission Provider for service under the Tariff.

Service Commencement Date:

"Service Commencement Date" shall mean the date the Transmission Provider begins to provide service pursuant to the terms of an executed Service Agreement, or the date the Transmission Provider begins to provide service in accordance with Tariff, Part II, section 15.3 or Tariff, Part III, section 29.1.

Short-Term Firm Point-To-Point Transmission Service:

"Short-Term Firm Point-To-Point Transmission Service" shall mean Firm Point-To-Point Transmission Service under Tariff, Part II with a term of less than one year.

Short-term Project:

"Short-term Project" shall have the same meaning provided in the Operating Agreement.

Site:

"Site" shall mean all of the real property, including but not limited to any leased real property and easements, on which the Customer Facility is situated and/or on which the Customer Interconnection Facilities are to be located.

Small Commercial Customer:

"Small Commercial Customer," as used in RAA, Schedule 6 and Tariff, Attachment DD-1, shall mean a commercial retail electric end-use customer of an electric distribution company that participates in a mass market demand response program under the jurisdiction of a RERRA and satisfies the definition of a "small commercial customer" under the terms of the applicable RERRA's program, provided that the customer has an annual peak demand no greater than 100kW.

Small Generation Resource:

"Small Generation Resource" shall mean an Interconnection Customer's device of 20 MW or less for the production and/or storage for later injection of electricity identified in an Interconnection Request, but shall not include the Interconnection Customer's Interconnection Facilities. This term shall include Energy Storage Resources and/or other devices for storage for later injection of energy.

Small Inverter Facility:

"Small Inverter Facility" shall mean an Energy Resource that is a certified small inverter-based facility no larger than 10 kW.

Small Inverter ISA:

"Small Inverter ISA" shall mean an agreement among Transmission Provider, Interconnection Customer, and Interconnected Transmission Owner regarding interconnection of a Small Inverter Facility under Tariff, Part IV, section 112B.

Special Member:

"Special Member" shall mean an entity that satisfies the requirements of Operating Agreement, Schedule 1, section 1.5A.02, and the parallel provisions of Tariff, Attachment K-Appendix, section 1.5A.02, or the special membership provisions established under the Emergency Load Response and Pre-Emergency Load Response Programs.

Spot Market Backup:

"Spot Market Backup" shall mean the purchase of energy from, or the delivery of energy to, the PJM Interchange Energy Market in quantities sufficient to complete the delivery or receipt obligations of a bilateral contract that has been curtailed or interrupted for any reason.

Spot Market Energy:

"Spot Market Energy" shall mean energy bought or sold by Market Participants through the PJM Interchange Energy Market at System Energy Prices determined as specified in Operating

Agreement, Schedule 1, section 2, and the parallel provisions of Tariff, Attachment K-Appendix, section 2.

Start Additional Labor Costs:

"Start Additional Labor Costs" shall mean additional labor costs for startup required above normal station manning levels.

Start Fuel:

For units without a soak process, "Start Fuel" shall consist of fuel consumed from first fire of the start process to first breaker closing, plus any fuel expended from last breaker opening to shutdown.

For units with a soak process, "Start Fuel" is fuel consumed from first fire of the start process (initial reactor criticality for nuclear units) to dispatchable output (including auxiliary boiler fuel), plus any fuel expended from last breaker opening to shutdown, excluding normal plant heating/auxiliary equipment fuel requirements. Start Fuel included for each temperature state from breaker closure to dispatchable output shall not exceed the unit specific soak time period reviewed and approved as part of the unit-specific parameter process detailed in Tariff, Attachment K-Appendix, section 6.6(c) or the defaults below:

- Cold Soak Time = 0.73 * unit specific Minimum Run Time (in hours)
- Intermediate Soak Time = 0.61 * unit specific Minimum Run Time (in hours)
- Hot Soak Time = 0.43 * unit specific Minimum Run Time (in hours)

Start-Up Costs:

"Start-Up Costs" shall consist primarily of the cost of fuel, as determined by the unit's start heat input (adjusted by the performance factor) times the fuel cost. It also includes operating costs, Maintenance Adders, emissions allowances/adders, and station service cost. Start-Up Costs can vary with the unit offline time being categorized in three unit temperature conditions: hot, intermediate and cold.

For units with a steam turbine and a soak process (nuclear, steam, and combined cycle), "Start Fuel" is fuel consumed from first fire of start process (initial reactor criticality for nuclear units): Start-Up Costs shall mean the net unit costs from PJM's notification to the level at which the unit can follow PJM's dispatch, and from last breaker open to shutdown.

For units without a steam turbine and no soak process (engines, combustion turbines, Intermittent Resources, and Energy Storage Resources): Start-Up Costs shall mean the unit costs from PJM's notification to first breaker close and from last breaker open to shutdown.

State:

"State" shall mean the District of Columbia and any State or Commonwealth of the United States.

State Commission:

"State Commission**"** shall mean any state regulatory agency having jurisdiction over retail electricity sales in any State in the PJM Region.

State Estimator:

"State Estimator" shall mean the computer model of power flows specified in Operating Agreement, Schedule 1, section 1.11A and the parallel provisions of Tariff, Attachment K-Appendix, section 1.11A.

State of Charge:

"State of Charge" shall mean the operating parameter that represents the quantity of physical energy stored (measured in units of megawatt-hours) in an Energy Storage Resource Model Participant or in a storage component of a Hybrid Resource in proportion to its maximum State of Charge capability. State of Charge is quantified as defined in the PJM Manuals.

State of Charge Management:

"State of Charge Management" shall mean the control of State of Charge of an Energy Storage Resource Market Participant or a storage component of a Hybrid Resource using Charge and Discharge Economic Minimum and Maximum Megawatts (and, as applicable, charge) limits, changes in operating mode (as applicable), discharging (and, as applicable, charging) offer curves, and self-scheduling of non-dispatchable sales (and, as applicable, purchases) of energy in the PJM markets. State of Charge Management shall not interfere with the obligation of a Market Seller of an Energy Storage Resource Model Participant or of a Hybrid Resource to follow PJM dispatch, consistent with all other resources.

State Subsidy:

"State Subsidy" shall mean a direct or indirect payment, concession, rebate, subsidy, non-bypassable consumer charge, or other financial benefit that is as a result of any action, mandated process, or sponsored process of a state government, a political subdivision or agency of a state, or an electric cooperative formed pursuant to state law, and that

(1) is derived from or connected to the procurement of (a) electricity or electric generation capacity sold at wholesale in interstate commerce, or (b) an attribute of the generation process for electricity or electric generation capacity sold at wholesale in interstate commerce; or

(2) will support the construction, development, or operation of a new or existing Capacity Resource; or

(3) could have the effect of allowing the unit to clear in any PJM capacity auction.

Notwithstanding the foregoing, State Subsidy shall not include (a) payments, concessions, rebates, subsidies, or incentives designed to incent, or participation in a program, contract or other arrangement that utilizes criteria designed to incent or promote, general industrial

development in an area or designed to incent siting facilities in that county or locality rather than another county or locality; (b) state action that imposes a tax or assesses a charge utilizing the parameters of a regional program on a given set of resources notwithstanding the tax or cost having indirect benefits on resources not subject to the tax or cost (e.g., Regional Greenhouse Gas Initiative); (c) any indirect benefits to a Capacity Resource as a result of any transmission project approved as part of the Regional Transmission Expansion Plan; (d) any contract, legally enforceable obligation, or rate pursuant to the Public Utility Regulatory Policies Act or any other state-administered federal regulatory program (e.g., the Cross-State Air Pollution Rule); (e) any revenues from the sale or allocation, either direct or indirect, to an Entity Providing Supply Services to Default Retail Service Provider where such entity's obligations was awarded through a state default procurement auction that was subject to independent oversight by a consultant or manager who certifies that the auction was conducted through a non-discriminatory and competitive bidding process, subject to the below condition, and provided further that nothing herein would exempt a Capacity Resource that would otherwise be subject to the minimum offer price rule pursuant to this Tariff; (f) any revenues for providing capacity as part of an FRR Capacity Plan or through bilateral transactions with FRR Entities; or (g) any voluntary and arm's length bilateral transaction (including but not limited to those reported pursuant to Tariff, Attachment DD, section 4.6), such as a power purchase agreement or other similar contract where the buyer is a Self-Supply Entity and the transaction is (1) a short term transaction (one-year or less) or (2) a long-term transaction that is the result of a competitive process that was not fuel-specific and is not used for the purpose of supporting uneconomic construction, development, or operation of the subject Capacity Resource, provided however that if the Self-Supply Entity is responsible for offering the Capacity Resource into an RPM Auction, the specified amount of installed capacity purchased by such Self-Supply Entity shall be considered to receive a State Subsidy in the same manner, under the same conditions, and to the same extent as any other Capacity Resource of a Self-Supply Entity. For purposes of subsection (e) of this definition, a state default procurement auction that has been certified to be a result of a non-discriminatory and competitive bidding process shall:

(i) have no conditions based on the ownership (except supplier diversity requirements or limits), location (except to meet PJM deliverability requirements), affiliation, fuel type, technology, or emissions of any resources or supply (except state-mandated renewable portfolio standards for which Capacity Resources are separately subject to the minimum offer price rule or eligible for an exemption);

(ii) result in contracts between an Entity Providing Supply Services to Default Retail Service Provider and the electric distribution company for a retail default generation supply product and none of those contracts require that the retail obligation be sourced from any specific Capacity Resource or resource type as set forth in subsection (i) above; and

(iii) establish market-based compensation for a retail default generation supply product that retail customers can avoid paying for by obtaining supply from a competitive retail supplier of their choice.

Station Power:

"Station Power" shall mean energy used for operating the electric equipment on the site of a generation facility located in the PJM Region or for the heating, lighting, air-conditioning and office equipment needs of buildings on the site of such a generation facility that are used in the operation, maintenance, or repair of the facility. Station Power does not include any energy (i) used to power synchronous condensers; (ii) used for pumping at a pumped storage facility; (iii) used in association with restoration or black start service; or (iv) that is Direct Charging Energy.

Sub-meter:

"Sub-meter" shall mean a metering point for electricity consumption that does not include all electricity consumption for the end-use customer as defined by the electric distribution company account number. PJM shall only accept sub-meter load data from end-use customers for measurement and verification of Regulation service as set forth in the Economic Load Response rules and PJM Manuals.

Summer-Period Capacity Performance Resource:

"Summer-Period Capacity Performance Resource" shall have the same meaning specified in Tariff, Attachment DD, section 5.5A.

Surplus Interconnection Customer:

"Surplus Interconnection Customer" shall mean either an Interconnection Customer whose Generating Facility is already interconnected to the PJM Transmission System or one of its affiliates, or an unaffiliated entity that submits a Surplus Interconnection Request to utilize Surplus Interconnection Service within the Transmission System in the PJM Region. A Surplus Interconnection Customer is not a New Service Customer.

Surplus Interconnection Request:

"Surplus Interconnection Request" shall mean a request submitted by a Surplus Interconnection Customer, pursuant to Tariff, Attachment RR, to utilize Surplus Interconnection Service within the Transmission System in the PJM Region. A Surplus Interconnection Request is not a New Service Request.

Surplus Interconnection Service:

"Surplus Interconnection Service" shall mean any unneeded portion of Interconnection Service established in an Interconnection Service Agreement, such that if Surplus Interconnection Service is utilized, the total amount of Interconnection Service at the Point of Interconnection would remain the same.

Switching and Tagging Rules:

"Switching and Tagging Rules" shall mean the switching and tagging procedures of Interconnected Transmission Owners and Interconnection Customer as they may be amended from time to time.

Synchronized Reserve:

"Synchronized Reserve" shall mean the reserve capability of generation resources that can be converted fully into energy or Economic Load Response Participant resources whose demand can be reduced within ten minutes from the request of the Office of the Interconnection dispatcher, and is provided by equipment that is electrically synchronized to the Transmission System.

Synchronized Reserve Event:

"Synchronized Reserve Event" shall mean a request from the Office of the Interconnection to generation resources and/or Economic Load Response Participant resources able, assigned or self-scheduled to provide Synchronized Reserve in one or more specified Reserve Zones or Reserve Sub-zones, within ten minutes, to increase the energy output or reduce load by a directed amount of the assigned or self-scheduled Synchronized Reserve.

Synchronized Reserve Requirement:

"Synchronized Reserve Requirement" shall mean the megawatts required to be maintained in a Reserve Zone or Reserve Sub-zone as Synchronized Reserve, absent any increase to account for additional reserves scheduled to address operational uncertainty. The Synchronized Reserve Requirement is calculated in accordance with the PJM Manuals. This requirement can only be satisfied by Synchronized Reserve resources.

System Condition:

"System Condition" shall mean a specified condition on the Transmission Provider's system or on a neighboring system, such as a constrained transmission element or flowgate, that may trigger Curtailment of Long-Term Firm Point-to-Point Transmission Service using the curtailment priority pursuant to Tariff, Part II, section 13.6. Such conditions must be identified in the Transmission Customer's Service Agreement.

System Energy Price:

"System Energy Price" shall mean the energy component of the Locational Marginal Price, which is the price at which the Market Seller has offered to supply an additional increment of energy from a resource, calculated as specified in Operating Agreement, Schedule 1, section 2 and the parallel provisions of Tariff, Attachment K-Appendix, section 2.

System Impact Study:

“System Impact Study” shall mean an assessment by the Transmission Provider of (i) the adequacy of the Transmission System to accommodate a Completed Application, an Interconnection Request or an Upgrade Request, (ii) whether any additional costs may be incurred in order to provide such transmission service or to accommodate an Interconnection Request, and (iii) with respect to an Interconnection Request, an estimated date that an Interconnection Customer’s Customer Facility can be interconnected with the Transmission System and an estimate of the Interconnection Customer’s cost responsibility for the interconnection; and (iv) with respect to an Upgrade Request, the estimated cost of the requested system upgrades or expansion, or of the cost of the system upgrades or expansion, necessary to provide the requested incremental rights.

System Protection Facilities:

“System Protection Facilities” shall refer to the equipment required to protect (i) the Transmission System, other delivery systems and/or other generating systems connected to the Transmission System from faults or other electrical disturbance occurring at or on the Customer Facility, and (ii) the Customer Facility from faults or other electrical system disturbance occurring on the Transmission System or on other delivery systems and/or other generating systems to which the Transmission System is directly or indirectly connected. System Protection Facilities shall include such protective and regulating devices as are identified in the Applicable Technical Requirements and Standards or that are required by Applicable Laws and Regulations or other Applicable Standards, or as are otherwise necessary to protect personnel and equipment and to minimize deleterious effects to the Transmission System arising from the Customer Facility.

18. RELIABILITY BACKSTOP PROCUREMENT

The Reliability Backstop Procurement or "RBP" is a one-time procurement, starting in 2027, to address resource adequacy challenges in the PJM Region arising from insufficient capacity committed through Reliability Pricing Model Auctions starting in the 2027/2028 Delivery Year.

18.1 Determination of Final RBP Target

The Reliability Backstop Procurement is designed to procure sufficient RBP UCAP MW to meet the Final RBP Target.

(a) Initial RBP Target

The Initial RBP Target shall be a region-wide value equal to the most up to date UCAP MW quantity that PJM cleared short of the PJM Region Reliability Requirement for the 2028/2029 Delivery Year Base Residual Auction. Specifically, the Initial RBP Target shall equal [the latest estimate of the PJM Region Reliability Requirement for the 2028/2029 Delivery Year, based on the latest load forecast for the 2028/2029 Delivery Year available at the commencement of the RBP and the most recent 2028/2029 Forecast Pool Requirement] minus [the UCAP-equivalent of the ICAP quantity of Capacity Resources that cleared in the 2028/2029 Base Residual Auction using the latest capacity accreditation factors for the 2028/2029 Delivery Year available at the commencement of the RBP].

(b) Final RBP Target

The Final RBP Target shall be a PJM region-wide value equal to the Initial RBP Target minus the total PJM region-wide Qualifying RBP Offset UCAP MW and the unforced capacity obligation value of load that have successfully requested and obtained an opt-out pursuant to Tariff, Attachment DD, section 18.1(d).

(c) Fixed Resource Requirement Entities

Fixed Resource Requirement ("FRR") Entities as of the 2028/2029 Delivery Year shall be excluded from the Reliability Backstop Procurement, including Initial and Final RBP Targets.
To the extent an Electric Distributor zone/area that has RBP UCAP MW committed through the Reliability Backstop Procurement later becomes an FRR Service Area pursuant to RAA, Schedule 8.1.D, the Electric Distributor zone/area shall continue to be accountable for the RBP UCAP MW quantity committed through the Reliability Backstop Procurement.

(d) Opt-Out

When calculating the Final RBP Target, the Initial RBP Target shall also be decremented, if requested by an Electric Distributor, and accompanied by an officer attestation in accordance with the PJM Manuals, by up to the associated MW quantity of load that participates in a peak shaving adjustment program for a minimum period of five years where such Electric Distributor's zone/area addresses their capacity needs through peak shaving adjustment programs that are codified in state law and that also meet the requirements of Tariff, Attachment DD-2.

18.2 Qualifying RBP Offset UCAP MW

(a) Qualifying RBP Offset UCAP MW is capacity that (i) has not previously supported a capacity commitment or been committed in an FRR Plan for the 2028/2029 or earlier Delivery Year as of the commencement of the Reliability Backstop Procurement (except for capacity that is first committed in the Third Incremental Auction associated with the 2027/2028 Delivery Year); and (ii) is supplied by a resource that satisfies each of the criteria set forth in Tariff, Attachment DD, section 18.2(b).

(b) Resources Eligible to Supply Qualifying RBP Offset UCAP MW

A resource eligible to supply Qualifying RBP Offset UCAP MW must have an expected commercial operation date, or is reasonably expected to be an Annual Demand Resource or DER Capacity Aggregation Resource that will be registered with the Office of the Interconnection and under a contract to perform based on PJM dispatch instructions, by no later than June 1, 2032 and be: (i) a new build generation resource including new resources that obtain Capacity Interconnection Rights transferred from deactivated resources or resources that have announced deactivation as of April 10, 2026; (ii) the incremental capacity created by an uprate of existing Generation Capacity Resources, but only to the extent such incremental capacity is created through an increase in such Generation Capacity Resource's installed capacity and increase in Capacity Interconnection Rights associated with that Generation Capacity Resource; (iii) the incremental capacity created by the utilization of Surplus Interconnection Service; (iv) repowering of a deactivated generation resource that deactivated prior to April 10, 2026; (v) incremental capacity, whether due to greater Unforced Capacity or a higher level of Capacity Interconnection Rights, created by an existing Generation Capacity Resource's changing fuel type to a more efficient fuel type; or (vi) Planned Demand Resource or Planned DER Capacity Aggregation Resources, as described in the RAA, Schedule 6 and Schedule 6.2, and must meet the requirements of being eligible to be an RBP Resource as set forth in Tariff, Attachment DD, section 18.5(c) and 18.5(d), except that the associated participation contract(s) are not required to be eligible for the offset.

(c) Evidence of Qualifying RBP Offset UCAP MW

During the RBP bid submission window defined in Tariff, Attachment DD, section 18.4, Electric Distributors shall report the Qualifying RBP Offset UCAP MW that is the subject of a bilateral agreement with a Large Load reported to the Office of the Interconnection in accordance with Tariff, Attachment DD, section 18.3(a)(2) in their respective zones/areas. Such report shall be accompanied by evidence of at least one of the following supporting materials. Likewise, to the extent LSEs, interconnecting customers, Large Loads, Transmission Owners, or other entities report Qualifying RBP Offset UCAP MW to the Office of the Interconnection during such RBP bid submission window, the reported Qualifying RBP Offset UCAP MW must be accompanied with evidence of at least one of the following supporting materials:

(i) Signed bilateral contracts for Qualifying RBP Offset UCAP MW for at least five Delivery Years with a commercial operation date prior to the start of the 2032/2033 Delivery Year, and matched with load that has an executed electric service agreement or

transmission service agreement, indicating that the load will be coming online in the 2027/2028 or 2028/2029 Delivery Year;

(ii) Self-Supply generation that is in a Relevant Electric Retail Regulatory Authority ("RERRA")-approved or accepted integrated resource plan with either associated generation in the PJM interconnection queue or signed bilateral contracts for Qualifying RBP Offset UCAP MW for at least five Delivery Years with a commercial operation date prior to the start of the 2032/2033 Delivery Year, and matched with load that has an executed electric service agreement or transmission service agreement, indicating that the load will be coming online in the 2027/2028 or 2028/2029 Delivery Year; or

(iii) Signed commitment between a Curtailment Service Provider or DER Aggregator and new load(s) that has an executed electric service agreement or transmission service agreement, indicating that the new load(s) will, in a MW quantity equal to MW quantity of the new load(s), either (a) participate as Annual Demand Resources or DER Capacity Aggregation Resources starting in the 2028/2029 Delivery Year Second Incremental Auction and continuing through the 2032/2033 Delivery Year, or (b) purchase replacement Qualifying RBP Offset UCAP MW that are eligible generation or storage resources.

(d) To determine the quantity of any Qualifying RBP Offset UCAP MW that are verified by the Office of the Interconnection and used to decrement the Initial RBP Target, the Office of the Interconnection shall use the most up-to-date ELCC Class Ratingsassociated with the 2028/2029 Delivery Year, or the estimated unit-specific UCAP value for resources with no ELCC Class Rating available at the commencement of the RBP.

(e) The total quantity of Qualifying RBP Offset UCAP MW verified by the Office of the Interconnection and used to decrement the Initial RBP Target total amount allowed for each zone/area will be capped by the aggregate MW quantity of Large Load reported by each Electric Distributor, as reported in accordance with Tariff, Attachment DD, section 18.3(a)(2), and the total MW quantity that is subject to the RBP opt-out, as requested in accordance with Tariff, Attachment DD, section 18.1(d), for the relevant zone/area.

18.3 Allocation of RBP Charges, Credits, and Shortfall Charges

(a) Allocation of RBP Charges to Electric Distributor zone/areas

(i) (1) The Office of the Interconnection shall allocate the Initial RBP Target MW to each Electric Distributor's zone/area using that zone/area's pro-rata share of the total incremental Large Load reported to the Office of the Interconnection. Such allocation shall be only to Electric Distributors' zone/area not located in an FRR Service Area and based on information provided by each such Electric Distributor.

(2) No later than seven days prior to the commencement of the Reliability Backstop Procurement, each Electric Distributor outside of an FRR Service Area shall report to the Office of the Interconnection the quantity and identity of incremental Large Load amount (in MW) that represents the difference between the aggregate quantity of Large Load in the 2026/2027 Delivery Year and the expected quantity of Large Load for the 2028/2029 Delivery Year. An Electric Distributor shall provide an explanation for any deviation from the expected quantity of expected Large Loads for the 2028/2029 Delivery Year from the values provided by the Electric Distributor to the Office of the Interconnection as part of the development for the load forecast.

(ii) The allocation of the zone/area's MW share of the total incremental Large Load shall be reduced for the purpose of this calculation to the extent:

(1) an Electric Distributor, LSE, Transmission Owner, or other entity provides the Office of Interconnection with evidence of Qualifying RBP Offset UCAP MW, in accordance with Tariff, Attachment DD, section 18.2 and as may be further set forth in the PJM Manuals; or

(2) an Electric Distributor zone/area meets the opt-out provision set forth in accordance with Tariff, Attachment DD, section 18.1(d).

The resulting reduced MW, floored at zero, shall be used to calculate the zone/area's assigned pro-rata share of the Final RBP Target MW. The zone/area's assigned share of the Final RBP Target MW shall remain constant throughout the fixed, 15-year term.

(iii) The Office of the Interconnection shall allocate the total RBP Charges, assessed daily, to an Electric Distributor's zone/area on a pro-rata basis using the zone/area's assigned share of the total Final RBP Target MW across all zone/areas.

(b) Allocation of RBP Charges to Load Serving Entities

LSEs located in an Electric Distributor zone/area with a positive, non-zero allocation of RBP Charges pursuant to Tariff, Attachment DD, section 18.3(a)(iii) shall be eligible to be allocated responsibility for RBP Charges as follows:

(i) The daily assessed RBP Charges allocated to each Electric Distributor zone/area shall be further allocated to each applicable LSE within that zone/area with an RBP Obligation ("RBO") based on the LSE's pro-rata share of the total RBP Obligation MW for the zone/area.

(ii) The RBP Charge assessed daily to an LSE in a zone/area shall be the LSE's daily reported RBO MW in the zone/area divided by the total RBO MW in the zone/area multiplied by total, daily RBP Charges allocated to the zone/area.

(iii) The RBO MW shall be, where available, the state and/or RERRA-determined allocation of cleared RBP UCAP MW to LSEs within each Electric Distributor's zone/area, as reported by each Electric Distributor to the Office of the Interconnection, with the initial allocation reported no later than one hundred and twenty (120) days prior to the 2028/2029 Delivery Year. Electric Distributors may report updated RBO MW to the Office of the Interconnection after the initial allocation is reported to reflect any changes in Load Serving Entities that should be assigned RBP Charges. If no RBO MW are reported to the Office of the Interconnection for an Electric Distributor zone/area, PJM will allocate the RBP Charges for that zone/area to all load in the zone/area using each LSE's ratio share of the Daily Unforced Capacity Obligation for the zone/area as determined in RAA, Schedule 8. PJMSettlement shall be the Counterparty to each LSE's obligation to pay, and payments of, RBP Charges.

(iv) RBP Shortfall Charges will be allocated to LSEs as credits based on using the same pro-rata share of the RBP Charges, pursuant to RAA, Article 7, section 7.2B.

18.4 Scope of the Reliability Backstop Procurement

The Office of the Interconnection shall conduct an RBP to commit RBP Resources up to the UCAP MW value to meet the Final RBP Target. The Reliability Backstop Procurement offer submission window for RBP Sell Offers shall open for three weeks . The clearing and selection process will take place thereafter and concluding six weeks following the close of the offer submission window. The Office of the Interconnection shall notify RBP Sellers that receive a commitment as an RBP Resource as soon as practicable upon the conclusion of the RBP. The Office of the Interconnection shall post specific dates on the PJM website prior to the commencement of the Reliability Backstop Procurement.

RBP Sellers may submit RBP Sell Offers of RBP Resources supporting RBP UCAP MW into the Reliability Backstop Procurement. PJMSettlement shall be the Counterparty to the transactions arising from the RBP.

An RBP Sell Offer will be considered binding once any PJM-identified deficiencies are cured and until the conclusion of the Reliability Backstop Procurement and the underlying resource does not receive a commitment in the Reliability Backstop Procurement.

The Reliability Backstop Procurement shall offer commitments for RBP UCAP MW for a fixed period of fifteen (15) Delivery Years, starting with the 2028/2029 Delivery Year. Resources with a commercial operation date later than the 2028/2029 Delivery Year shall be committed for the remainder of the fifteen-year term of the Reliability Backstop Procurement commitment period, i.e. through the end of the 2042/2043 Delivery Year.

18.5 The Reliability Backstop Procurement Process

(a) RBP Seller Eligibility to Participate and General Requirements for Resources Supporting RBP UCAP MW

To be eligible to participate in the Reliability Backstop Procurement, an RBP Seller must meet the RBP credit requirements, set forth in Tariff, Attachment DD, section 18.8, with RBP Sell Offer(s) for RBP UCAP MW based on a resource that:

(i) Has a commercial operation date, or is reasonably expected to be an Annual Demand Resource or DER Capacity Aggregation Resource that will be registered with the Office of the Interconnection and under a contract to perform based on PJM dispatch instructions, by no later than June 1, 2032, inclusive of any required Network Upgrades;

(ii) Has not received a capacity commitment or been committed in an FRR Plan for the 2028/2029 or earlier Delivery Year as of the commencement of the Reliability Backstop Procurement (except for capacity that is first committed in the Third Incremental Auction associated with the 2027/2028 Delivery Year);

(iii) Is not supplying Qualifying RBP Offset UCAP MW;

(iv) To the extent the subject of a notice of intent for the 2028/2029 Base Residual Auction, must have offered and not cleared in the 2028/2029 Base Residual Auction; and

(vi) Meets the requirements in Tariff, Attachment DD, sections 18.5(b), 18.5(c), or 18.5(d).

(b) Generation or Energy Storage Resources as an RBP Resource

To qualify as an RBP Resource, a generation or Energy Storage Resource that supplies RBP UCAP MW eligible to be offered into the Reliability Backstop Procurement shall be in the PJM Region or meet the requirements to pseudo-tie into the PJM Region in Tariff, Attachment DD, section 5.5A(b), must meet the requirements of Tariff, Attachment DD, section 18.5(a) and must be:

(i) Composed of new Installed Capacity and new Maximum Facility Output;

(ii) Supported by new Capacity Interconnection Rights (if located in the PJM Region) or Capacity Interconnection Rights transferred from a deactivated resource or a resource that announced deactivation as of April 10, 2026; and

(iii) Consist of (1) new build; (2) incremental capacity created by an uprate of an existing Generation Capacity Resource's or Energy Storage Resource's installed capacity and associated level of Capacity Interconnection Rights; or (3) repowering of a generation resource that had deactivated, or announced deactivation, on or before April 10, 2026.

(c) RBP Demand Resources

To qualify as a Demand Resource that supplies RBP UCAP MW eligible to be offered into the Reliability Backstop Procurement, a Demand Resource must meet the requirements of Tariff, Attachment DD, sections 18.5(a), and:

(i) Not be reliant on or composed of registered location(s) that previously supported a Demand Resource that provided capacity in a prior Delivery Year unless such location represents an incremental increase in capacity resulting from an investment in new generation or new storage resources at that location; and

(ii) Identify, as part of its RBP Sell Offer, for the full length of the fixed term, the location(s) and associated participation contract(s).

(d) RBP DER Aggregation Resources

To qualify as a DER Capacity Aggregation Resource that supplies RBP UCAP MW eligible to be offered into the Reliability Backstop Procurement, a Planned DER Capacity Aggregation Resource must meet the requirements of Tariff, Attachment DD, sections 18.5(a) and:

(i) Identify, as part of its RBP Sell Offer, for the length of the fixed term, the location(s) and associated participation contract(s).

(e) RBP Sell Offers

RBP Sell Offers for RBP UCAP MW shall specify an offer quantity in UCAP MW and an offer price in $/MW-day UCAP for each Delivery Year beginning with the first full Delivery Year in which the RBP UCAP MW is expected to provide capacity through the end of the fixed 15-year term.

RBP Sellers will be responsible for all actual Network Upgrade costs as determined through the interconnection process, without subsequent adjustments to RBP Sell Offers.

Each RBP Sell Offer shall include the following information for the RBP UCAP MW offered:

(i) the MW of UCAP to be provided by such resource for each Delivery Year, where the maximum UCAP included in an RBP Sell Offer shall be limited to no greater than 120% of the resource type's most recent maximum Preliminary ELCC Class Ratings for 2028/2029 through the last posted Delivery Year or based on the resource's maximum estimated unit-specific ELCC ratings across such period for resources with no ELCC Class Rating, multiplied by the resource's ICAP;

(ii) the price in $/MW-day UCAP for each Delivery Year beginning with the first full Delivery Year in which the RBP UCAP MW is expected to provide capacity through the end of the fixed 15-year term;

(iii) the first full Delivery Year for which such resource shall be available and offering to provide capacity;

(iv) all relevant documentation necessary for the Office of the Interconnection to evaluate whether the project satisfies the gating criteria, as set forth in Tariff, Attachment DD, section 18.5(f)(i).

(f) Clearing Structure

Following the closing date of bid solicitation for the Reliability Backstop Procurement, the Office of the Interconnection shall complete the Reliability Backstop Procurement in two stages: (1) gating criteria evaluation and (2) selection assessment, with notification of finalized commitments posted prior to the Base Residual Auction for the 2030/2031 Delivery Year. The Reliability Backstop Procurement shall be pay-as-bid.

(i) Stage 1: Gating Criteria Evaluation

A valid RBP Sell Offer shall include the information and evidence required by this section. The Office of the Interconnection shall evaluate all RBP Sell Offers for compliance with this requirement. Such evaluation shall be conducted by the Office of the Interconnection on a pass/fail basis.

RBP Sell Offers that do not include the following information shall not proceed to selection assessment, provided, however, that the Office of the Interconnection shall provide the RBP Seller the opportunity to cure any identified deficiencies within five (5) calendar days of being notified by PJM.

RBP Sell Offers for RBP Generation and/or Storage Capacity Resources must be accompanied by:

(1) A critical path construction schedule and expected commercial operation date, with attestation, for the Office of the Interconnection to validate that RBP Sell Offers are for RBP UCAP MW with a feasible commercial operation date of June 1, 2032 or earlier;

(A) With respect to a project in Transition Cycle #2 under Tariff, Part VII and earlier, such project must provide study information and timeline from its most current PJM study;

(B) With respect to a project in Cycle 1 under Tariff Part VIII, the Expedited Interconnection Track under Tariff, Part X, or not under study, the project must provide study information and timeline from an independent consultant report;

(2) For projects that are not the subject of a completed interconnection study or are not currently under an interconnection study by the Office of the Interconnection, evidence of 100% site control consistent with Tariff, Part VIII, Subpart A, section 402 for each of the Generating Facility (including the location of the main step-up transformer), the Interconnection Facilities, and the Interconnection Switchyard (as defined in the PJM Manuals) for a term of at least three years from the date of submission of the RBP Sell Offer.

Such projects must also be accompanied by a certification, executed by an officer or authorized representative of the Generation Project Developer, verifying that the site control requirements have been met. Further, at Transmission Provider's request, Generation Project Developer shall provide copies of landowner attestations or county recordings. The site control requirements include an acreage requirement for the Project, as set forth in the PJM Manuals.

(3) Financing plan, i.e., identified financing sources and details (e.g., project financing, balance sheets, tax equity, sponsor equity), current status of any financing commitments or term sheets, and a general description of the capital structure and expected timeline to financial close;

(4) Permitting plan, e.g., a list of all applicable permits, current status, and timeline to obtain each;

(5) Signed memorandum for the acquisition of major equipment, invoices or agreements to acquire major equipment, or other documentary evidence that major equipment has been procured;

(6) Evidence of experience having constructed a previous project of similar size and technology or have contracted with an engineering, procurement, and construction partner with such experience, or contract with an engineering, procurement, and construction partner with such experience;

(7) For natural gas-fueled generation resources, evidence of delivery infrastructure arrangements in the form of a notice of intent or attestation of pipeline capacity expansion to support the new project; and

(8) For generation and/or energy storage resources located outside of the PJM Region, evidence of (a) a completed facilities study or equivalent under the host Regional Transmission Organization/Independent System Operator's or utility's interconnection process and (b) long-term firm point-to-point transmission service, or a confirmed transmission service request with a completed system impact study, sufficient to deliver capacity to the border of the PJM Region consistent with the requirements of Tariff, Attachment DD, section 5.5A(b).

RBP Sell Offers for Demand Resources or DER Capacity Aggregation Resources must be accompanied by:

(9) Locations within the PJM Region by Zone/Sub-zonal LDA and aggregate capacity for RBP Sell Offers;

(10) Executed customer agreements or binding commitments covering the proposed RBP UCAP MW commitment, with identified locations, customer names, and expected curtailment/injection capability per site; and

(11) Equipment procurement plan or evidence of deployed enabling infrastructure such as metering, telemetry, load control, SCADA/dispatch systems, or DER major equipment as applicable.

RBP Sell Offers for DER Capacity Aggregation Resources must also be accompanied by:

(12) Applicable Electric Distributor interconnection/distribution impact study requirements and a plan to initiate on a timeline consistent with the proposed delivery date.

RBP Sell Offers for Demand Resources must also be accompanied by:

(13) Electric Distributor coordination requirements for metering, telemetry, and baseline measurement infrastructure.

(ii) Stage 2: Selection Assessment

All RBP Sell Offers that pass the gating criteria evaluation shall be evaluated based on the first Delivery Year offered in the RBP Sell Offer, levelized cost, and RBP UCAP MW quantity.

RBP Sell Offers shall be selected in rank order from earliest to latest offered Delivery Year, and then in least-cost order based on the levelized cost ($/MW-day) of UCAP MW over the fixed 15-year term, until the Final RBP Target is satisfied for any Delivery Year up through the 2032/2033 Delivery Year. RBP Resources shall not be partially cleared. In selecting the least-cost solution that satisfies the Final RBP Target and the cost of procurement constraint, the Office of the Interconnection may commit an RBP Sell Offer with an offered quantity that exceeds the remaining Final RBP Target to the extent such solution provides greater economic efficiency than an alternative solution that satisfies the requirements and constraints.

The levelized cost of each RBP Sell Offer shall be calculated as:

Levelized Cost ($/MW-day) = Net Present Value (RBP Sell Offer price x UCAP offered)/Net Present Value (UCAP offered)

with a discount rate equal to 9.5% after-tax average weighted average cost of capital (ATWACC).

The MW-weighted average of the levelized procurement cost of all selected RBP Sell Offers shall not exceed $555/MW-day UCAP.

In the event that two or more RBP Sell Offers with the same initial offered Delivery Year and levelized cost, and fewer than all of such offers are needed to satisfy the Final RBP Target, the Office of the Interconnection shall select the RBP Sell Offer(s) proposing resources based on the earliest timestamp of such RBP Sell Offer(s).

In the event that the Reliability Backstop Procurement cannot meet the Final RBP Target, the Reliability Backstop Procurement shall clear short of the Final RBP Target.

(g) Settlement Structure

(i) UCAP MW Eligible to Be Settled as Contract for Difference

Each RBP Resource that has been committed in the Reliability Backstop Procurement shall be individually settled as a contract for difference ("CfD").

An RBP Resource's total daily MW eligible to be settled as a CfD shall be the lesser of the RBP Resource's daily committed RBP UCAP MW, daily owned UCAP MW, and daily cleared RPM UCAP MW.

All UCAP MW of an RBP Resource above the committed RBP UCAP MW shall be eligible to participate in RPM Auctions, subject to existing RPM rules, without being subject to RBP obligations or settlement.

(ii) RBP Settlement Credits Based on Contract for Difference

An RBP Resource's contract for difference ("CfD"), represented as positive or negative RBP Settlement Credits, shall be settled daily as the product of the total daily UCAP MW eligible to settle as CfD and the difference between the price at which the RBP Resource was committed in the Reliability Backstop Procurement for a Delivery Year and the RBP Resource's unit-specific weighted average resource clearing price of all applicable RPM Auctions from the associated Delivery Year. Applicable RPM Auctions include all RPM Auctions for the associated Delivery Year that are conducted after the Reliability Backstop Procurement. If the RBP Resource is committed through the RBP for a Delivery Year in which PJM has already conducted the Base Residual Auction, the CfD will be settled using the difference between the price at which the RBP Resource was committed in the Reliability Backstop Procurement for such Delivery Year and the weighted average resource clearing price in the applicable Incremental Auction(s) for such Delivery Year.

(iii) RBP Charges

RBP Charges shall be based on the total RBP Settlement Credits, positive and negative, of all RBP Resources across the PJM Region.

RBP Charges shall be calculated daily and allocated to Load Serving Entities by the relevant Electric Distributor(s) in accordance with Tariff, Attachment DD, section 18.3(b) and the RAA, Article 7, section 2B.

18.6 RBP Resource Obligations

(a) Capacity Must Offer Obligation

An RBP Resource committed through the Reliability Backstop Procurement must offer all committed RBP UCAP MW into the RPM Auctions as Capacity Resources pursuant to the capacity must offer requirements and exceptions set forth in Tariff, Attachment DD, sections 6.6 and 6.6A. The applicable RPM Auctions shall be the Base Residual Auctions and Incremental Auctions conducted after an RBP Resource's RBP UCAP MW have been committed through the Reliability Backstop Procurement beginning with the first Delivery Year in which such resource is expected to be in service and continuing for each subsequent Delivery Year through the end of the RBP term, except RBP UCAP MW for RBP Resources that is expected to be in service for the 2030/2031 Delivery Year without a notice of intent to offer submitted pursuant to Tariff, Attachment DD, section 5.5 for the 2030/2031 Base Residual Auction shall have a must offer requirement in the next RPM Auction, including but not limited to the 2031/2032 Base Residual Auction and the 2030/2031 Second Incremental Auction. The RBP Resource's capacity must offer obligation into RPM Auctions for a Delivery Year is satisfied once the entirety of the committed RBP UCAP MW have cleared in RPM Auction(s) for such Delivery Year.

RBP Resources with RBP UCAP MW committed through RPM Auctions will be subject to all RPM capacity market rules, as set forth in Tariff, Attachments DD and DD-1.

(i) Price

RBP UCAP MW committed through the Reliability Backstop Procurement, and not qualifying for an exception pursuant to Tariff, Attachment DD, section 6.6(g), must be offered into the applicable RPM Auctions as price takers, i.e., $0/MW-day UCAP.

(ii) Quantity

RBP Resources committed through the Reliability Backstop Procurement must be offered into the applicable RPM Auctions. The UCAP MW quantity offered in an applicable RPM Auction for the Delivery Year must be a quantity equal to the lesser of committed RBP UCAP MW minus total RPM committed MW through RPM Auctions for the Delivery Year and the available UCAP MW at the time of the RPM Auction.

(b) Exceptions to the Must Offer Obligation

An RBP Resource that is granted an exception to the RPM must-offer obligation, as set forth in Tariff, Attachment DD, section 6.6(g) or 6.6A(c), shall nevertheless be subject to the RBP shortfall charge.

(c) RBP Shortfall UCAP MW

RBP UCAP MW committed through the Reliability Backstop Procurement that is unable to be delivered in a Delivery Year within the fixed, 15-year period will not be compensated for the undelivered megawatts via RBP Settlement Credits for each day the daily unforced capacity value

of the RBP Resource is below the daily committed RBP UCAP MW and will be subject to any applicable RBP shortfall charges.

(d) RBP Shortfall Charges

RBP Resources with RBP UCAP MW committed through the Reliability Backstop Procurement that are unable to meet its full RBP UCAP MW commitment due to not achieving commercial operation by the first Delivery Year of the RBP commitment shall be subject to RBP shortfall charges for the committed RBP UCAP MW until the resources achieves commercial operation, for up to three years.

RBP shortfall charges shall be assessed daily, beginning in the first Delivery Year of the RBP commitment, on the full RBP committed UCAP.

The RBP shortfall charge shall equal the committed RBP UCAP MW times a charge rate equal to 20% of the RBP commitment price of such resource (i.e., RBP shortfall charge = committed RBP UCAP MW * 20% of RBP commitment price), for the applicable Delivery Year

(i) Exception to RBP Shortfall Charges

An RBP Resource that is a generation or Energy Storage Resource and is unable to meet expected commercial operation date solely due to Network Upgrades shall be excepted from RBP shortfall charges if the RBP Resource successfully demonstrates readiness through test energy and seeks interim deliverability.

(e) Failure of RBP UCAP MW to Materialize

Commitments of RBP UCAP MW through the Reliability Backstop Procurement shall be rescinded for the remainder of the fifteen-year term where RBP UCAP MW fail to come online for three Delivery Years beginning with the first Delivery Year in which the RBP Resource was committed. Once rescinded, RBP UCAP MW commitments will not be eligible to be compensated as RBP UCAP MW for the remainder of the fixed 15-year term and shall no longer be subject to RBP shortfall charges.

(f) Change in Ownership

Commitments of RBP UCAP MW shall follow the RBP Resource. With change in ownership of the RBP Resource, the commitment of RBP UCAP MW shall be conveyed to the new owner and continue through the end of the fixed 15-year term.

18.7 Exiting Load Serving Entity RBP Obligations

In the event a Load Serving Entity that is allocated RBP Charges exits from PJM (whether or not such exit is caused by the exit of Transmission Owner), such exiting Load Serving Entity shall be responsible for the remainder of the RBP Charges, subject to a rate filing with the Federal Energy Regulatory Commission that details the specific terms and amounts owed. Nothing in this provision shall limit such Load Serving Entity's ability to seek redress from the exiting Transmission Owner to the extent the Load Serving Entity's exit is caused by a Transmission Owner's exit from PJM.

18.8 Credit Requirements for RBP Sellers and LSEs Allocated RBP Charges

The provisions of Tariff, Attachment DD, section 18.8(a) shall apply to RBP Sellers seeking to submit RBP Sell Offers in the Reliability Backstop Procurement. The provisions of Tariff, Attachment DD, section 18.8(b) shall apply to LSEs allocated costs for RBP UCAP MW procured through the Reliability Backstop Procurement, as determined in accordance with Tariff, Attachment DD, section 18.3.

Settlement during any Delivery Year of cleared positions resulting from, or expected to result from, the Reliability Backstop Procurement shall not be included in Peak Market Activity pursuant to Tariff, Attachment Q, Section VII.A. The forms of acceptable credit support shall be limited to RBP Collateral.

The Reliability Backstop Procurement credit requirements described herein shall be separate from and additional to any credit requirements for participation in RPM Auctions and bilateral transactions under Tariff, Attachment DD, section 4.6, and other market activity in the PJM Markets, as set forth in Tariff, Attachment Q, and shall be applied separately to each RBP Seller with RBP Sell Offer and each LSE allocated cost for RBP UCAP MW procured through the Reliability Backstop Procurement, as determined in accordance with Tariff, Attachment DD, section 18.3.

(a) RBP Credit Requirements of RBP Sellers Seeking to Submit RBP Sell Offers

Prior to or simultaneous with submitting RBP Sell Offers, RBP Sellers seeking to participate in the Reliability Backstop Procurement must post the appropriate amount of the Reliability Backstop Procurement credit requirement to each RBP Resource for which RBP Sell Offers are submitted.

(i) Applicability

An RBP Seller seeking to submit an RBP Sell Offer in the Reliability Backstop Procurement must satisfy the credit requirement, i.e., the RBP credit requirement specified herein, prior to or simultaneously with submitting such RBP Sell Offer.

(ii) RBP Resource Credit Requirement

The credit requirement applicable to an RBP Seller seeking to submit an RBP Sell Offer in the Reliability Backstop Procurement shall be the RBP credit requirement as provided in Tariff, Attachment DD, section 18.8(iv).

The total RBP credit requirement for each RBP Seller shall be, for the sum of the credit requirements for all RBP Sell Offers submitted by such RBP Seller in the Reliability Backstop Procurement.

(iii) Reduction in RBP Credit Requirement

(A) The RBP credit requirement shall be returned for any RBP Resources that do not receive a commitment through the Reliability Backstop Procurement, within five (5) business days of the completion of the clearing process pursuant to Tariff, Attachment DD, section 18.5(f).

(B) Where an RBP Seller's RBP Sell Offer is committed through the Reliability Backstop Procurement and the RBP Resource subsequently achieves commercial operation, the Office of the Interconnection may return the Reliability Backstop Procurement Credit Requirement after a one-year look-back from the achievement of commercial operation.

(iv) Calculation of RBP Credit Requirement for RBP Sellers Seeking to Submit RBP Sell Offers in the RBP

RBP Sell Offers submitted by RBP Sellers in the Reliability Backstop Procurement shall be accompanied by a Reliability Backstop Procurement credit requirement, which shall be equal to:

$$\sum_{n=1}^{3} 0.2 \times \left(RBP\ Sell\ Offer\ Price\ in \frac{\$}{MW_day}\right)_n \times (UCAP\ in\ MW)_n \times 365$$

$$where\ n = Delivery\ Year$$

(v) Credit Responsibility for Traded RBP Resource Commitment

The Office of the Interconnection may require that credit and financial responsibility for a committed RBP Resource that is traded remain with the original party (which for these purposes, means the party bearing credit responsibility for the committed RBP Resource immediately prior to trade) unless the Office of the Interconnection determines that the receiving party has independently posted sufficient credit support with the Office of the Interconnection and agreed by providing written confirmation to the Office of the Interconnection that it will fully assume the credit responsibility associated with the committed RBP Resource. In determining the appropriate level of credit for any receiving party, the Office of the Interconnection may rely on Tariff, Attachment Q.

(b) RBP Credit Requirements Applicable to Load Serving Entities Responsible for RBP Charges

Prior to the first Delivery Year, the assessment of an RBP credit requirement by the Office of the Interconnection, LSEs allocated cost responsibility for RBP Charges, pursuant to Tariff, Attachment DD, section 18.3, must post RBP Collateral for the RBP credit requirement, calculated as set forth herein:

(i) RBP Credit Requirement for Load Serving Entities

(A) The cumulative RBP credit requirement for Load Serving Entities for a given Delivery Year shall be equivalent to the product of the RBP Credit Rate multiplied by the committed RBP UCAP MW amount.

Committed RBP UCAP MW amount shall equal the total amount of RBP UCAP MW that receives a commitment through the Reliability Backstop Procurement minus each commitment of RBP UCAP MW that is rescinded pursuant to Tariff, Attachment DD, section 18.6(e).

Each LSE allocated responsibility for RBP Charges shall maintain credit support in an amount equal to its RBP LSE Credit Requirement, calculated as follows:

RBP LSE Credit Requirement = RBP Credit Rate x Allocated RBP Obligation MW

For purposes of this calculation:

RBP Credit Rate shall mean an amount per MW equal to 40% of the discounted total RBP payment obligation per MW over the applicable RBP commitment term, calculated using the weighted-average RBP clearing price.

Allocated RBP Obligation MW shall mean the quantity of RBP capacity, expressed in MW, for which the LSE has been allocated responsibility for RBP payment obligations.

The RBP Credit Rate shall be determined using the actual weighted-average RBP clearing price.

Following the commencement of commercial operation of all capacity resources with RBP commitments, PJM shall review the overall credit quality of the portfolio of LSEs allocated RBP Obligation. If PJM identifies a material change in the overall credit quality of that portfolio, PJM shall reassess the RBP Credit Rate and present any recommendations to stakeholders through the Members Committee.

When total posted RBP Collateral is greater than the total remaining RBP payment of obligations, the Office of the Interconnection will make available excess collateral at the beginning of each Delivery Year upon request by an applicable Load Serving Entity.

The cumulative RBP credit requirement for Load Serving Entities shall be met through RBP Collateral posted by those Load Serving Entities allocated cost pursuant to Tariff, Attachment DD, section 18.3.

(B) The Office of the Interconnection shall apply the following credit requirements to each Load Serving Entity allocated responsibility for RBP Obligations, pursuant to Tariff, Attachment DD, section 18.3, as follows:

(1) For Load Serving Entities with an RBP Obligation in accordance Tariff, Attachment DD, section 18.3, prior to forty-five (45) days before the start of the Delivery Year, such Load Serving Entities, must post, or maintain an existing, RBP Collateral equal to the RBP Credit Rate multiplied by the Allocated RBP Obligation MW, where the zone/area committed RBP UCAP MW is allocated using the relevant Load Serving Entity's percent share of the zone/area's RBP Obligation MW assigned by the Electric Distributor. For Load Serving Entities required to post RBP Collateral by the foregoing sentence, the Office of the Interconnection may evaluate such Load Serving Entity for unreasonable credit risk under the Unreasonable Credit Risk provisions of Tariff, Attachment Q, Section II, and require additional RBP Collateral as appropriate.

(2) To the extent such Load Serving Entity is allocated cost pursuant to Tariff, Attachment DD, section 18.3 and no RBP Obligations are reported to the Office of the Interconnection in an Electric Distributor zone/area in which the Load Serving Entity serves load, prior to forty-five (45) days before the start of the Delivery Year, such Load Serving Entities, may be required to post, or maintain an existing, RBP Collateral equal to the RBP Credit Rate multiplied by the Allocated RBP Obligation MW, where the zone/area committed RBP UCAP is allocated using the relevant Load Serving Entity's percent share of the zone/area's obligation peak as determined in accordance with RAA, Schedule 8.

For Load Serving Entities required to post RBP Collateral in this section (B)(2), the Office of the Interconnection may evaluate whether such Load Serving Entity for unreasonable credit risk under the Unreasonable Credit Risk provisions of Tariff, Attachment Q, Section II, and require additional RBP Collateral as appropriate.

(C) Credit Requirements Associated With Intra-Delivery Year Transfer of Load and Allocated RBP UCAP MW Cost Responsibility

(1) To the extent a Load Serving Entity transfers its load serving obligations that are associated with RBP UCAP MW, as determined pursuant to Tariff, Attachment DD, section 18.3, then the transferee LSE must fully satisfy all applicable credit and collateral requirements required herein associated with such transferred RBP UCAP MW obligation and, as applicable, the credit requirements in Tariff, Attachment Q. Transferee shall independently post sufficient RBP Collateral directly with the Office of the Interconnection to satisfy the incremental RBP UCAP MW associated with the acquired load.

(2) Transferor shall be released from its financial obligations for amount of RBP Collateral associated with the RBP UCAP MW associated with the transferred load. Any RBP Collateral posted by transferor shall be returned once Transferee has posted the RBP Collateral determined in accordance with Tariff, Attachment DD, section 18.8(c) and any unpaid invoice amounts associated with such transfer have been paid by the transferor.