

6.6 Minimum Generator Operating Parameters – Parameter Limited Schedules.

(a) Market Sellers submitting Offer Data for Generation Capacity Resources shall submit and be subject to pre-determined limits on cost-based offers, which are always parameter limited. Such offers must specify parameter values equal to or less limiting, i.e. more flexible, than the defined parameter limits. Such cost-based offers (“parameter limited schedules”) shall be (1) considered in the commitment of a resource when the Market Seller does not pass the three pivotal supplier test, as further described in Operating Agreement, Schedule 1, section 6.4.1 and the parallel provisions in Tariff, Attachment K-Appendix, section 6.4.1 or (2) utilized for any resource that is pre-scheduled by the Office of the Interconnection in advance of the Day-ahead Energy Market.

(b) Market Sellers submitting Offer Data for Generation Capacity Resources shall submit and be subject to pre-determined limits on market-based offers conforming to parameter limitations (“parameter limited schedules”). Such market-based parameter limited schedules must specify parameter values equal to or less limiting, i.e. more flexible, than the defined parameter limits. Such market-based parameter limited schedules shall be considered in the commitment of a resource under the following circumstances:

- (i) For Capacity Performance Resources, the Office of the Interconnection: (i) declares a Maximum Generation Emergency; (ii) issues a Maximum Generation Emergency Alert, Hot Weather Alert, Cold Weather Alert; or (iii) schedules units based on the anticipation of a Maximum Generation Emergency, Maximum Generation Emergency Alert, Hot Weather Alert or Cold Weather Alert for all, or any part, of an Operating Day.

(c) For Capacity Performance Resources, the Office of the Interconnection shall determine the unit-specific achievable operating parameters for each individual unit on the basis of its operating design characteristics and other constraints, recognizing that remedial and ongoing investment and maintenance may be required to perform on the basis of those characteristics, for the following parameters:

- (i) Turn Down Ratio;
- (ii) Minimum Down Time;
- (iii) Minimum Run Time;
- (iv) Maximum Daily Starts;
- (v) Maximum Weekly Starts;
- (vi) Maximum Run Time;
- (vii) Start-up Time; and

(viii) Notification Time.

These unit-specific values shall apply for the generating unit unless it is operating pursuant to an exception from those values under subsection (i) hereof due to operational limitations that prevent the unit from meeting the minimum parameters. Throughout the analysis process, the Office of the Interconnection shall consult with the Market Monitoring Unit, and consider any input received from the Market Monitoring Unit, in its determination of a unit's unit-specific parameter limited schedule values.

In order to make its determination of the unit-specific parameter limited schedule values for a unit, the Office of the Interconnection may request that the Capacity Market Seller provide to it and the Market Monitoring Unit certain data and documentation as further detailed in the PJM Manuals. Once the Office of the Interconnection has made a determination of the unit-specific parameter limited schedule values for a unit, those values will remain applicable to the unit until such time as the Office of the Interconnection determines that a change is needed based on changed operational capabilities of the unit.

A Capacity Market Seller that does not believe its generating unit can meet the unit-specific values determined by the Office of the Interconnection due to actual operating constraints, and who desires to establish adjusted unit-specific parameters for those units may request adjusted unit-specific parameter limitations. Any such request must be submitted to the Office of the Interconnection by no later than the February 28 immediately preceding the first Delivery Year for which the adjusted unit-specific parameters are requested to commence. Capacity Market Sellers shall supply, for each generating unit, technical information about the operational limits to support the requested parameters, as further detailed in the PJM Manuals. The Office of the Interconnection shall consult with the Market Monitoring Unit, and consider any input received from the Market Monitoring Unit, in its determination of a unit's request for adjusted unit-specific parameter limited schedule values. After it has completed its evaluation of the request, the Office of the Interconnection shall notify the Capacity Market Seller in writing, with a copy to the Market Monitoring Unit, whether the request is approved or denied, by no later than April 15. The effective date of the request, if approved by the Office of the Interconnection, shall be no earlier than June 1.

The operational limitations referenced in this section 6.6 shall be (a) physical operational limitations based on the operating design characteristics of the unit, or (b) other actual physical constraints, including those based on contractual limits, that are not based on the characteristics of the unit. In order for a contractual or other actual constraint to be deemed a physical constraint that can be reflected in its unit-specific parameter limits for a Generation Capacity Resource, the Capacity Market Seller must demonstrate that contractual or other actual constraint is not simply an economic decision but a physical restriction that could not be rectified among any commercial alternatives actually available to it.

(d) [Reserved]

(e) [Reserved]

(f) [Reserved]

(g) The following additional parameter limits shall apply for Capacity Performance Resources, other than Capacity Storage Resources, submitted in the Day-ahead Energy Market or rebidding period that occurs after the clearing of the Day-ahead Energy Market for the following Operating Day, and for the Real-time Energy Market for the same Operating Day, unless the Capacity Market Seller has requested for its Capacity Performance Resource, and the Office of the Interconnection has granted, an adjusted unit-specific start-up and/or notification time due to actual operating constraints pursuant to the process described in subsection (c) above:

- (i) The combined start-up and notification times shall not exceed 24 hours, except when a Hot Weather Alert or Cold Weather Alert has been issued;
- (ii) When a Hot Weather Alert or Cold Weather Alert has been issued, combined start-up and notification times shall not exceed 14 hours;
- (iii) When a Hot Weather Alert or Cold Weather Alert has been issued, notification time shall not exceed one hour; and,
- (iv) When a Hot Weather Alert or Cold Weather Alert has been issued, parameters shall be based on the actual operational limitations of the Capacity Performance Resource for both its market-based schedules and cost-based schedules.

Capacity Storage Resources that clear in a Reliability Pricing Model Auction shall, unless the Capacity Market Seller has requested for its Capacity Storage Resource, and the Office of the Interconnection has granted, an adjusted unit-specific start-up and notification time, and/or minimum down time, due to actual operating constraints pursuant to the process described in subsection (c) above:

- (i) Have combined start-up and notification times that shall not exceed one hour; and,
- (ii) Have a minimum down time that shall not exceed one hour.

(h) [Reserved]

(i) If a generating unit is or will become unable to achieve the default or unit-specific values determined by the Office of the Interconnection due to actual operating constraints affecting the unit, the Capacity Market Seller of that unit may submit a written request for an exception to the application of those values. Exceptions to the parameter limited schedule default or unit-specific values shall be categorized as either a one-time temporary exception, lasting 30 days or less; a period exception, lasting at least 31 days and no more than one year; or a persistent exception, lasting for at least one year.

- (i) Temporary Exceptions. A temporary exception shall be deemed accepted

without prior review by the Market Monitoring Unit or the Office of the Interconnection upon submission by the Market Seller of the generating unit of written notification to the Market Monitoring Unit and the Office of the Interconnection, and shall automatically commence and terminate on the dates specified in such notification, which must be for a period of time lasting 30 days or less, unless the termination date is extended pending a request for a period exception or shortened due to a change in the physical conditions of the unit such that the temporary exception is no longer required. Such Market Seller shall provide to the Market Monitoring Unit and the Office of the Interconnection within three days following the commencement of the temporary exception its documentation explaining in detail the reasons for the temporary exception, and shall also respond to additional requests for information from the Market Monitoring Unit and the Office of the Interconnection within three Business Days after such request. Failure to provide a timely response to such request for additional information shall cause the temporary exception to terminate the following day. The Market Seller shall notify the Office of the Interconnection and the Market Monitoring Unit in writing of any updates to the physical condition of the unit and shall notify the Office of Interconnection and the Market Monitoring Unit in writing of an early termination of a temporary exception due to changed physical conditions by no later than one Business Day prior to the early termination date. A Market Seller shall provide supporting documentation demonstrating the actual termination date of the physical and actual parameter limitation that prompted the need for the temporary exception to the Office of Interconnection and the Market Monitoring Unit within one Business Day of the termination of such condition. A temporary exception may only be requested one-time for the same physical and actual constraint per occurrence since an operational constraint that may periodically exist more than once should be the subject of a period exception request rather than multiple temporary exception requests.

In addition, if a Market Seller is unaware of the need for a period exception prior to the February 28 deadline for submitting such requests, the Market Seller may utilize the temporary exception process and seek to modify that exception pursuant to the process described below.

Modification of Temporary Exceptions. If, prior to the scheduled termination date the Market Seller determines that the temporary exception must persist for more than 30 days and the Market Seller wants to extend the period for which the exception applies, or if a Market Seller is unaware of the need for a period or persistent exception prior to the February 28 deadline for submitting such requests and the Market Seller has submitted a temporary exception request, it must submit to the Market Monitoring Unit and the Office of the Interconnection a written request to modify the temporary exception to become a period exception or a persistent exception, and provide detailed documentation explaining the reasons for the requested modification of the temporary exception. Market Sellers shall supply for each generating unit the required historical unit operating data in support of the

period or persistent exception request, and if the exception requested is based on new physical operating limits for the unit for which some or all historical operating data is unavailable, the Market Seller may also submit technical information about the physical operational limits of the unit to support the requested parameters. Such Market Seller shall respond to additional requests for information from the Market Monitoring Unit and the Office of the Interconnection within three Business Days after such request. Such request shall be reviewed by the Market Monitoring Unit and must be evaluated by the Office of the Interconnection using the same standard utilized to evaluate period exception and persistent exception requests. Per Tariff, Attachment M-Appendix, section II.B, the Market Monitoring Unit shall evaluate the modification request and provide its determination of whether the request raises market power concerns, and, if so, any modifications that would alleviate those concerns, to the Market Seller, with a copy to Office of the Interconnection, by no later than 15 Business Days from the date of the modification request. The Office of the Interconnection shall provide its determination whether the request complies with the Tariff and Manuals by no later than 20 Business Days from the date of the modification request. A temporary exception shall be extended and shall not terminate until the date on which the Office of the Interconnection issues its determination of the modification request.

(ii) Period Exceptions and Persistent Exceptions. Market Sellers must submit period exception and persistent exception requests to the Market Monitoring Unit and the Office of the Interconnection by no later than the February 28 immediately preceding the twelve month period from June 1 to May 31 during which the exception is requested to commence. Market Sellers shall supply for each generating unit the required historical unit operating data in support of the period exception or persistent exception request, and if the exception requested is based on new physical operational limits for the unit for which some or all historical operating data is unavailable, the generating unit may also submit technical information about the physical operational limits for exceptions of the unit to support the requested parameters. The Market Monitoring Unit shall evaluate such request in accordance with the process set forth in Tariff, Attachment M-Appendix, section II.B. A Market Seller (i) must submit a parameter limited schedule value consistent with an agreement with the Market Monitoring Unit under such process or (ii) if it has not agreed with the Market Monitoring Unit on the parameter limited schedule value, may submit its own value to the Office of the Interconnection and to the Market Monitoring Unit, by no later than April 8. Each exception request must indicate the expected duration of the requested exception including the termination date thereof. The proposed parameter limited schedule value submitted by the Market Seller is subject to approval of the Office of the Interconnection pursuant to the requirements of the Tariff and the PJM Manuals. The Office of the Interconnection may engage the services of a consultant with technical expertise to evaluate the exception request. After it has completed its evaluation of the exception request, the Office of the Interconnection shall notify the Market Seller in writing, with a copy to the Market Monitoring Unit, whether the exception request is approved or denied, by

no later than April 15. The effective date of the exception, if approved by the Office of the Interconnection, shall be no earlier than June 1 of the applicable Delivery Year. The Office of the Interconnection's determination for an exception shall continue for the period requested and, if requested, for such longer period as the Office of the Interconnection may determine is supported by the data.

The Market Seller shall provide written notification to the Market Monitoring Unit and the Office of the Interconnection of a material change to the facts relied upon by the Market Monitoring Unit and/or the Office of the Interconnection in their evaluations of the Market Seller's request for a period or persistent exception. The Market Monitoring Unit shall provide written notification to the Office of the Interconnection and the Market Seller of any change to its determination regarding the exception request, based on the material change in facts, by no later than 15 Business Days after receipt of such notice. The Office of the Interconnection shall notify the Market Seller in writing, with a copy to the Market Monitoring Unit, of any change to its determination regarding the exception request, based on the material change in facts, by no later than 20 Business Days after receipt of the Market Seller's notice. If the Office of the Interconnection determines that the exception no longer complies with the Tariff or Manuals, the following parameter values shall apply to all megawatts of the generating unit offered into the PJM energy markets:

(1) for generating units for which any megawatts of the unit are committed as a Capacity Performance Resource, but for which no adjusted unit-specific values have been approved by PJM, the Capacity Performance Resource unit-specific values determined by PJM shall apply.

(2) for generating units for which any megawatts of the unit are committed as a Capacity Performance Resource and for which adjusted unit-specific values have been approved by PJM, the Capacity Performance Resource adjusted unit-specific values shall apply.

(i) Notwithstanding the foregoing, the provisions of this section 6.6 shall only pertain to the Offer Data a Market Seller must submit to the Office of the Interconnection for its offers into the Day-ahead Energy Market, rebidding period that occurs after the clearing of the Day-ahead Energy Market and Real-time Energy Market, and do not affect or change in any way a Generation Owner's obligation under NERC Reliability Standards to notify the Office of the Interconnection of its actual or expected actual physical operating conditions during the Operating Day.

(k) Notwithstanding anything contrary herein, the unit-specific parameters, adjusted unit-specific parameters or exception to parameter limited schedule values determined by the Office of the Interconnection for a generating unit shall be applicable to that generating unit regardless whether there is a change in the owner, operator or Market Seller of the unit because the parameter limited schedule values for the unit are determined based on the physical limitations of

the unit, which should not change merely based on a change in owners, operator or Market Seller. Because parameter limited schedule values attach to the generating unit and are not owned by a Market Seller of the unit, when there are multiple owners or Market Sellers for a generating unit, all owners and Market Sellers shall be bound by the unit-specific parameters, adjusted unit-specific parameters or exception to parameter limited schedule values determined by the Office of the Interconnection for the unit.

(l) The provisions of this section 6.6 only apply to Generation Capacity Resources, and not to Energy Resources.