

DEV PROPOSED REVISIONS – MRC OCTOBER 2026
Tariff, Part IX, Subpart J. CSA

Service Agreement No. []

(Project Identifier #____)
CONSTRUCTION SERVICE AGREEMENT

By and Among
PJM Interconnection, L.L.C.

And

[Name of Project Developer, Eligible Customer, or Affected System Customer]

And

[Name of Transmission Owner]

This Construction Service Agreement, including the Appendices attached hereto and incorporated herein (collectively, “CSA”) is made and entered into as of the Effective Date (as defined in the attached Appendix III) by and among PJM Interconnection, L.L.C. (“Transmission Provider” or “PJM”), _____ (“Developer Party” [OPTIONAL: or “[short name]”]) and _____ (“Transmission Owner” [OPTIONAL: or “[short name]”]). Transmission Provider, Developer Party, and Transmission Owner are referred to herein individually as “Party” and collectively as “the Parties.” Developer Party is a {instruction: select Project Developer, Eligible Customer or Affected System Customer} as defined in the GIP. [Use as/when applicable: Developer Party and Transmission Owner constitute a Vertically Integrated Utility subject to the Vertically Integrated Utility provisions in this CSA.] For purposes of this CSA, the terms “Generation Interconnection Procedures” or “GIP” will refer to the interconnection procedures set forth in {Instructions: use Tariff, Part VII if this is a transition period agreement, or use Tariff, Part VIII if this is a post-transition period agreement}.

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Article 2 – Responsibility for Network Upgrades

2.0 Developer Party Financial Responsibilities.

Developer Party shall pay all Costs for the design, engineering, procurement and construction of the Network Upgrades identified in this CSA, Appendix I. An estimate of such Costs is provided in this CSA, Appendix I.

2.1 Obligation to Provide Security.

Unless Security is provided pursuant to a Generation Interconnection Agreement, Developer Party shall provide Security to collateralize Developer Party’s obligation to pay the Costs incurred by Transmission Owner to construct the Network Upgrades identified in this CSA, Appendix I, less any Costs already paid by Developer Party, in accordance with the GIP. Developer Party shall deliver such Security to Transmission Provider prior to the Effective Date of this CSA, as described in this CSA, Appendix III. Unless otherwise specified by Transmission Provider, such Security shall take the form of a letter of credit, in the amount of \$_____ naming Transmission

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Provider and Transmission Owner as beneficiaries. ~~Notwithstanding the foregoing, Developer Party shall be exempt from providing Security under this CSA where Developer Party and Transmission Owner are the same Vertically Integrated Utility. If at any time Developer Party and Transmission Owner no longer constitute the same Vertically Integrated Utility, Developer Party shall be required to provide Security at the earlier of any Tariff prescribed deadline, or at least thirty (30) Business Days prior to the effective date of the change in status of the Vertically Integrated Utility. Exempting Developer Party from any Security obligation under this CSA does not relieve Developer Party from cost responsibility for any Network Upgrade(s) under this CSA.~~

2.2 Failure to Provide Security.

If Developer Party fails to provide Security in the amount, in the time or in the form required by section 2.1 above, then this CSA shall terminate immediately and Developer Party's Completed Application or Interconnection Request shall be deemed terminated and withdrawn.

2.3 Costs.

In accordance with the GIP, Developer Party shall pay for the Network Upgrades identified in Appendix I to this CSA based upon the Costs of the Network Upgrades described in Appendix I. Developer Party's obligation to pay the Costs for the Network Upgrades identified in this CSA, Appendix I, whether greater or lesser than the amount of the Security specified in section 2.1 above, will continue regardless of whether Developer Party takes Transmission Service pursuant to the terms of the Transmission Service Agreement as defined in this CSA, section 3.0, if applicable.

2.4 Transmission Owner Responsibilities.

If Developer Party satisfies all requirements of this Article 2 and applicable requirements set forth in the PJM Tariff, Transmission Owner shall use Reasonable Efforts to construct or cause to be constructed the Network Upgrades, identified in this CSA, Appendix I, on its transmission system. Transmission Owner shall own the Network Upgrades it has, or has arranged to have, constructed and shall have ongoing responsibility to maintain such Network Upgrades consistent with the Operating Agreement and the Transmission Owner's Agreement.

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22 Vertically Integrated Utilities

The following provisions shall apply where the Developer Party and Transmission Owner under this CSA constitute a Vertically Integrated Utility.

22.1 Security:

The Parties recognize that the Developer Party is exempt from the Tariff requirement to provide Security as identified in this CSA, section 2.1, conditioned upon:

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1. Developer Party and Transmission Owner under this CSA constituting a Vertically Integrated Utility; and
2. The required Network Upgrade(s) and Interconnection Facilities that form the basis for the Security reflected in this CSA, section 2.1 are entirely on a transmission system wholly owned by the Transmission Owner.

For the avoidance of doubt, exemption of the Tariff requirement to provide Security does not relieve Developer Party from any cost responsibility for the actual Costs for the facilities described in this CSA, including any cancellation Costs, arising from the termination or cancellation of this CSA. If at any time Developer Party and Transmission Owner no longer constitute a Vertically Integrated Utility, Developer Party shall be required to provide Security at the earlier of any Tariff prescribed deadline or at least thirty (30) Business Days prior to the effective date of the change in status of the Vertically Integrated Utility.

22.2 Default:

If Developer Party defaults under this CSA, PJM retains its right under the Operating Agreement, section 14B.4(d) to set off any amount owed by Developer Party under this CSA and the Tariff against any amounts owed to Transmission Owner as a Member under the Operating Agreement. Similarly, if Developer Party defaults under this CSA, PJM may net remittances of Transmission Owner, against any amounts owed by Developer Party, under the Tariff.

For the avoidance of doubt, PJM's rights of setoff, recoupment, and netting, including in the event of bankruptcy, shall apply notwithstanding that the Vertically Integrated Utility is acting in different capacities under this CSA and PJM's governing documents. The Vertically Integrated Utility shall be recognized as a single legal entity for purposes of all such rights, and PJM may offset any amounts owed to the Vertically Integrated Utility (in any capacity) against any amounts owed by the Vertically Integrated Utility (in any capacity), including in any insolvency, receivership, or bankruptcy proceedings.

For purposes of PJM's rights of setoff, recoupment, and netting, the Vertically Integrated Utility's obligations to PJM under this CSA and the Tariff, and any amounts payable to the Vertically Integrated Utility through PJM Settlement, Inc. under the Operating Agreement and Tariff, shall be deemed mutual obligations between the same parties, and shall be enforceable notwithstanding the role of PJM Settlement, Inc. as PJM's settlement and payment agent.

Notwithstanding the Breach provisions in this CSA, Appendix III, section 13, if Developer Party fails to pay an amount due within five days from the receipt of notice of the Breach and PJM must use the rights of setoff, recoupment, and netting described herein to cure such Breach, Developer Party shall be in automatic Default and its project and this Agreement shall be deemed terminated and withdrawn and Transmission Owner shall still be obligated to construct all required Network Upgrades.

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If Developer Party defaults under this CSA and associated NUCRA, Transmission Owner agrees not to seek payment for any amounts due from Developer Party under this CSA or associated NUCRA from any non-defaulting Project Developers, Transmission Provider or any third party.

22.32 Common Use Network Upgrades:

To the extent this CSA includes Common Use Upgrades for which a Network Upgrade Cost Responsibility Agreement (“NUCRA”) is required, PJM, Developer Party, and Transmission Owner agree that the following additional conditions apply:

1. If Developer Party defaults under this CSA, any non-defaulting Project Developer that is a party to any related NUCRA shall not be liable for any portion of defaulting Developer Party’s cost responsibility under the applicable NUCRA;
2. Upon a default under any applicable NUCRA by Developer Party, no portion of defaulting Developer Party’s unpaid cost responsibility for a Common Use Upgrade shall be reallocated to the non-defaulting Project Developers; and,
3. Transmission Owner and defaulting Developer Party agree to hold the non-defaulting Project Developers harmless from any cost responsibility that is allocated to defaulting Developer Party upon a default, under any applicable NUCRA.

While Transmission Owner agrees that it is a signatory for acknowledgment purposes of any NUCRA(s) associated with this CSA, exemption of Developer Party’s otherwise applicable requirement to provide Security under this CSA specifically obligates Transmission Owner to incur cost responsibility for any Network Upgrade(s) under this CSA for which Developer Party defaults under the associated NUCRA(s).

25.4 Assignment:

Assignment to parties other than the Vertically Integrated Utility.

Notwithstanding the Assignment provisions in this Appendix III, a Developer Party or Transmission Owner constituting a Vertically Integrated Utility must provide PJM with at least sixty (60) days advance written notice prior to an assignment of this CSA and any related PJM service agreements, including NUCRAs, that would terminate the Vertically Integrated Utility status. Consistent with this CSA, Appendix III, section 10.2.1, any assignment herein shall not relieve or discharge Developer Party from any of its obligations hereunder absent prior written consent of PJM. Thus, the following conditions must be satisfied:

1. Developer Party shall not assign this CSA, in whole or in part, without the written consent of PJM. Any such assignment made without PJM’s prior written consent shall be null and void.
2. The exemption from the requirement to provide Security shall become void thirty (30) days prior to the effective date of such assignment, at which point the Security requirements referenced in this CSA, section 2.1 shall apply.

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3. PJM must receive the required Security in the amount required and form acceptable to PJM no later than thirty (30) days prior to the effective date of such assignment. Failure to timely provide such Security shall constitute a Breach of this CSA.
4. This CSA, any associated NUCRAs, and any other related service agreements will be amended to reflect the assignment and furnishing of Security and will be filed with FERC or reported in PJM's Electric Quarterly Reports, as necessary.

Subject to any necessary regulatory acceptance, the effective date of the amended CSA, any associated amended NUCRAs, and any other related service agreements subject to an assignment will be the same as the effective date of the assignment.