Tariff, Part VII, Subpart D, section 313
Decision Point III

A. Decision Point III shall commence on the first Business Day immediately following the end of Phase III, and shall run concurrently with the Final Agreement Negotiation Phase. New Service Requests that are studied in Phase III will enter Decision Point III. Before the close of Decision Point III, Project Developer or Eligible Customer shall choose either to remain in the Cycle subject to the terms set forth below, or to withdraw its New Service Request.

1. Transmission Provider must receive from the Project Developer or Eligible Customer all of the following required elements before the close of Decision Point III for a New Service Request to remain in the Cycle and proceed through the Final Agreement Negotiation Phase as set forth below:

a. Security

i. Security shall be calculated for New Service Requests based upon Network Upgrades costs allocated pursuant to the Phase III System Impact Study Results. Notwithstanding the foregoing, Project Developer shall be exempt from providing Security under this section where Project Developer and Transmission Owner are a Vertically Integrated Project Developer.

Tariff, Part VIII, Subpart A, section 400
Definitions V

Valid Upgrade Request:

"Valid Upgrade Request" shall mean an Upgrade Request that has been determined by Transmission Provider to meet the requirements of Tariff, Part VIII, Subpart B, section 403.

Vertically Integrated Project Developer:

"Vertically Integrated Project Developer" shall mean a single Member entity, operating as both a Transmission Owner and as a Project Developer, Upgrade Customer, Wholesale Market Participant, Developer Party, Affected System Customer or Eligible Customer for a New Service Request or interconnection agreement.

DEV PROPOSED REVISIONS – MRC MC NOVEMBER 2026
Tariff, Part VIII, Subpart C, sections 406 and 408

Tariff, Part VIII, Subpart C, section 406 Decision Point I

A. Requirements

The Decision Point I shall commence on the first Business Day immediately following the end of Phase I. New Service Requests that are studied in Phase I will enter Decision Point I. Before the close of the Decision Point I, Project Developer or Eligible Customer shall choose either to remain in the Cycle subject to the terms set forth below, or to withdraw its New Service Request.

1. For a New Service Request to remain in the Cycle, it must either proceed as set forth immediately below, or, if Transmission Provider determines a New Service Request qualifies to accelerate to a final interconnection related agreement (from Tariff, Part IX), such New Service Request must meet the requirements set forth below in Tariff, Part VIII, Subpart C, section 406(A)(2).

. . .

2. Acceleration at Decision Point I. Only New Service Requests that have no cost allocation for Network Upgrades and do not require further studies are eligible for acceleration. Upon completion of the Phase I System Impact Study, Transmission Provider may accelerate treatment of such New Service Request.

   a. For (i) a jurisdictional project that qualifies to accelerate, or (ii) a non-jurisdictional project that qualifies to accelerate and which retains a fully executed state level interconnection agreement with the applicable entity, to remain in the Cycle, Transmission Provider must receive from the Project Developer all of the following required elements before the close of Decision Point I:

      i. Security

         (a) Security shall be calculated for New Service Requests based upon based upon Network Upgrades costs allocated pursuant to the Phase I System Impact Study Results. Notwithstanding the foregoing, Project Developer shall be exempt from providing Security under this section where Project Developer and Transmission Owner are a Vertically Integrated Project Developer.

. . .

3. For a New Service Request for a non-jurisdictional project that qualifies to accelerate to a final interconnection related agreement (from Tariff, Part IX) but which has not yet secured a fully executed state level interconnection agreement with the applicable entity before the close of Decision Point I to remain in the Cycle, Transmission Provider must receive from the Project Developer all of the following required elements, before the close of Decision Point III:

a. Security. Security shall be calculated for New Service Requests based upon based upon Network Upgrades costs allocated pursuant to the Phase I System Impact Study Results. Notwithstanding the foregoing, Project Developer shall be exempt from providing Security under this section where Project Developer and Transmission Owner are a Vertically Integrated Project Developer.

. . .

DEV PROPOSED REVISIONS – MRC MC NOVEMBER 2026
Tariff, Part VIII, Subpart C, sections 406 and 408

Tariff, Part VIII, Subpart C, section 408
Decision Point II

A. Requirements

Decision Point II shall commence on the first Business Day immediately following the end of Phase II. New Service Requests that are studied in Phase II will enter Decision Point II. Before the close of Decision Point II, Project Developer or Eligible Customer shall choose either to remain in the Cycle subject to the terms set forth below, or to withdraw its New Service Request.

1. For a New Service Request to remain in the Cycle, it must either proceed as set forth immediately below, or, if Transmission Provider determines a New Service Request qualifies to accelerate to a final interconnection related agreement (from Tariff, Part IX), such new Service Request must meet the requirements set forth below in Tariff, Part VIII, Subpart C, section 408(A)(2)(d).

…

2. If Project Developer or Eligible Customer submits all elements in Tariff, Part VIII, Subpart C, section 408(A)(1)(a) through (i) above, then, at the close of the Decision Point II, Transmission Provider will begin the deficiency review of the elements set forth in Tariff, Part VIII, Subpart C, section 408(A)(1)(a) through (i) above, as follows:

. . .

b. Acceleration at Decision Point II. Only New Service Requests that have no cost allocation for Network Upgrades and do not require further studies are eligible for acceleration. Upon completion of the Phase II System Impact Study, Transmission Provider may accelerate treatment of such New Service Request.

i. For (i) a jurisdictional project that qualifies to accelerate, or (ii) a non-jurisdictional project that qualifies to accelerate and which retains a fully executed state level interconnection agreement with the applicable entity, to remain in the Cycle, Transmission Provider must receive from the Project Developer or Eligible Customer all of the following required elements before the close of Decision Point II:

(a) Security

(i) Security shall be calculated for New Service Requests based upon based upon Network Upgrades

costs allocated pursuant to the Phase II System Impact Study Results. Notwithstanding the foregoing, Project Developer shall be exempt from providing Security under this section where Project Developer and Transmission Owner are a Vertically Integrated Project Developer.

. . .

e. If Project Developer fails to produce all required Site Control evidence in accordance with the Site Control rules set forth in Tariff, Part VIII, Subpart A, section 402, and in accordance with Tariff, Part VIII, Subpart C, section 408(A)(2)(d)(i)(c)(i), (ii) and (iii) above, then Project Developer must provide evidence acceptable to Transmission Provider demonstrating that Project Developer is in negotiations with appropriate entities to meet the Site Control rules set forth in Tariff, Part VIII, Subpart A, section 402 and in accordance with Tariff, Part VIII, Subpart C, section 408(A)(2)(d)(i)(c)(i), (ii) and (iii) above.

i. If Transmission Provider determines that the evidence of such negotiations is acceptable, then Transmission Provider shall add a condition precedent in the New Service Request final interconnection related agreement (from Tariff, Part IX) requiring that within 180 days from the effective date of such final agreement, all required Site Control evidence in accordance with the Site Control rules set forth in Tariff, Part VIII, Subpart A, section 402 and in accordance with Tariff, Part VIII, Subpart C, section 408(A)(2)(d)(i)(c)(i), (ii) and (iii) above, shall be met or, otherwise, such agreement shall automatically be deemed terminated and cancelled, and the related New Service Request shall automatically be deemed terminated and withdrawn from the Cycle.

. . .

(h) Security. Security shall be calculated for New Service Requests based upon based upon Network Upgrades costs allocated pursuant to the Phase II System Impact Study Results. Notwithstanding the foregoing, Project Developer shall be exempt from providing Security under this section where Project Developer and Transmission Owner are a Vertically Integrated Project Developer.

. . .

Tariff, Part VIII, Subpart C, section 410
Decision Point III

A. Decision Point III shall commence on the first Business Day immediately following the end of Phase III, and shall run concurrently with the Final Agreement Negotiation Phase. New Service Requests that are studied in Phase III will enter Decision Point III. Before the close of Decision Point III, Project Developer or Eligible Customer shall choose either to remain in the Cycle subject to the terms set forth below, or to withdraw its New Service Request.

1. Transmission Provider must receive from the Project Developer or Eligible Customer all of the following required elements before the close of Decision Point III for a New Service Request to remain in the Cycle and proceed through the Final Agreement Negotiation Phase as set forth below:

   a. Security

      i. Security shall be calculated for New Service Requests based upon based upon Network Upgrades costs allocated pursuant to the Phase III System Impact Study Results. Notwithstanding the foregoing, Project Developer or Eligible Customer shall be exempt from providing Security under this section where Project Developer/Eligible Customer and Transmission Owner are a Vertically Integrated Project Developer.

   b. Notification in writing that Project Developer or Eligible Customer elects to proceed to a final agreement with respect to its New Service Request

. . .

Tariff, Part VIII, Subpart H, section 435
Upgrade Requests

A. Applicability

Tariff, Part VIII, Subpart H, section 435 applies to valid Upgrade Requests submitted on or after October 1, 2020, and sets forth the procedures and other terms governing the Transmission Provider's administration of Upgrade Requests for Upgrade Customers; procedures and other terms regarding studies and other processing of Upgrade Requests; the nature and timing of the agreements required in connection with the studies and construction of required facilities; and terms and conditions relating to the rights available to Upgrade Customers.

. . .

G. Upgrade Customer Final Agreement Negotiation Phase

1. Transmission Provider shall use Reasonable Efforts to complete the Final Agreement Negotiation Phase within 60 days of the start of such Phase. The Final Agreement Negotiation Phase shall commence on the first Business Day immediately following the tendering of the Facilities Study. The purpose of the Final Agreement Negotiation Phase is to negotiate and enter into a final Upgrade Construction Service Agreement found in Tariff, Part IX, Subpart E; conduct any remaining analyses or updated analyses and adjust the Security obligation based on higher priority Upgrade Request(s) withdrawn during the Final Agreement Negotiation Phase. If the 60th day does not fall on a Business Day, the phase shall be extended to end on the next Business Day.

    a. If an Upgrade Request is withdrawn during the Final Agreement Negotiation Phase, the Transmission Provider shall remove the Upgrade Request from the upgrade study process, and adjust the Security obligations of other Upgrade Requests based on the withdrawal.

2. Final Agreement Negotiation Phase Procedures. The Final Agreement Negotiation Phase shall consist of the following terms and procedures:

    Transmission Provider shall provide in electronic form a draft Upgrade Construction Service Agreement to the parties to such agreement prior to the start of the Final Agreement Negotiation Phase.

    a. Security is required within 30 days of the Transmission Provider's issuance of the draft Upgrade Construction Service Agreement (a form of which is located in Tariff, Part IX, Subpart E). If the 30th day does not fall on a Business Day, the security due date shall be extended to end on the next Business Day. Notwithstanding the foregoing, Upgrade Customer shall be exempt from providing Security where Upgrade Customer and Transmission Owner are a Vertically Integrated Project Developer.

    . . .

Service Agreement No. [ ]

(Project Identifier #____)

GENERATION INTERCONNECTION AGREEMENT
By and Between
PJM INTERCONNECTION, L.L.C.
And

_____

And

_____

1.0 Parties. This Generation Interconnection Agreement ("GIA") including the Specifications, Schedules and Appendices attached hereto and incorporated herein, is entered into by and between PJM Interconnection, L.L.C., the Regional Transmission Organization for the PJM Region (hereinafter "Transmission Provider" or "PJM"), _____ ("Project Developer" [OPTIONAL: or "[short name"]]) and _____ ("Transmission Owner" [OPTIONAL: or "[short name]"]). All capitalized terms herein shall have the meanings set forth in the appended definitions of such terms as stated in Part VII and Part VIII of the PJM Open Access Transmission Tariff ("Tariff"). [Use as/when applicable: Project Developer and Transmission Owner, together, constitute a Vertically Integrated Project Developer subject to the Vertically Integrated Project Developer provisions of this GIA.] [Use as/when applicable: This GIA supersedes the _____ {insert details to identify the agreement being superseded, the effective date of the agreement, the service agreement number designation, and the FERC docket number, if applicable, for the agreement being superseded.}]. [Use as/when applicable: Pursuant to the terms of an Agreement to Amend signed by all Parties effective {INSERT DATE}, this GIA amends the {GIA} entered into by {Party 1}, {Party 2}, and Transmission Provider effective {INSERT DATE} and designated as Service Agreement No. {INSERT NUMBER}.]

. . .

5.0 Security.

In accord with the GIP, Project Developer shall provide the Transmission Provider (for the benefit of the Transmission Owner) with a letter of credit from an agreed provider or other form of security reasonably acceptable to the Transmissions Provider and that names the Transmission Provider as beneficiary ("Security") in the amount of $_____. Such Security can also be applied to unpaid Cancellation Costs and for completion of some or all of the required Transmission Owner Interconnection Facilities, and/or Customer-Funded Upgrades. This amount represents the sum of the estimated Costs, determined in accordance with the GIP for which the Project Developer will be responsible, less any Costs already paid by Project Developer. Project Developer acknowledges that its ultimate cost responsibility will be based upon the actual

Costs of the facilities described in the Specifications, whether greater or lesser than the amount of Security provided under this section.

Notwithstanding the foregoing, Project Developer shall be exempt from providing Security under this GIA where Project Developer and Transmission Owner are a Vertically Integrated Project Developer. If at any time Project Developer and Transmission Owner no longer constitute a Vertically Integrated Project Developer, Project Developer 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 Project Developer. Exempting Project Developer from any Security obligation under this GIA does not relieve Project Developer from cost responsibility for any Network Upgrade(s) under this GIA.

. . .

14.0 Third Party Beneficiaries. No third party beneficiary rights are created under this GIA, except, however, that, subject to modification of the payment terms stated in section 10 of this GIA pursuant to the Negotiated Contract Option, payment obligations imposed on Project Developer under this GIA are agreed and acknowledged to be for the benefit of the Transmission Owner(s). Project Developer expressly agrees that the Transmission Owner(s) shall be entitled to take such legal recourse as it deems appropriate against Project Developer for the payment of any Costs or charges authorized under this GIA or the GIP with respect to Interconnection Service for which Project Developer fails, in whole or in part, to pay as provided in this GIA, the GIP and/or the Operating Agreement.

Tariff, Part IX, Subpart B, Appendix 2

12 Assignment

12.1 Assignment with Prior Consent:

Except as provided in section 12.2 to this Appendix 2, no Interconnection Party shall assign its rights or delegate its duties, or any part of such rights or duties, under the Generation Interconnection Agreement without the written consent of the other Interconnection Parties, which consent shall not be unreasonably withheld, conditioned, or delayed. Any such assignment or delegation made without such written consent shall be null and void. An Interconnection Party may make an assignment in connection with the sale, merger, or transfer of a substantial portion or all of its properties including the Interconnection Facilities and Transmission Owner Upgrades which it owns or will own upon completion of construction and the transfer of title required as set forth in section 23 of this Appendix 2, so long as the assignee in such a sale, merger, or transfer assumes in writing all rights, duties and obligations arising under this Generation Interconnection Agreement. In addition, the Transmission Owner shall be entitled, subject to Applicable Laws and Regulations, to assign the Generation Interconnection Agreement to any Affiliate or successor that owns and operates all or a substantial portion of the Transmission Owner's transmission facilities.

12.2 Assignment Without Prior Consent

12.2.1 Assignment to Owners:

Project Developer may assign the Generation Interconnection Agreement without the Transmission Owner's or Transmission Provider's prior consent to any Affiliate or person that purchases or otherwise acquires, directly or indirectly, all or substantially all of the Generating Facility or Merchant Transmission Facility and the Project Developer Interconnection Facilities, provided that prior to the effective date of any such assignment, the assignee shall demonstrate that, as of the effective date of the assignment, the assignee has the technical and operational competence to comply with the requirements of this Generation Interconnection Agreement and assumes in a writing provided to the Transmission Owner and Transmission Provider all rights, duties, and obligations of Project Developer arising under this Generation Interconnection Agreement. However, any assignment described herein shall not relieve or discharge the Project Developer from any of its obligations hereunder absent the written consent of the Transmission Provider, such consent not to be unreasonably withheld, conditioned or delayed. Project Developer shall provide Transmission Provider with notice of any such assignment in accordance with the PJM Manuals.

In addition to the above, if Project Developer has not provided Security under the GIA because it and Transmission Owner are a Vertically Integrated Project Developer, the following additional conditions must be satisfied:

(a) Project Developer must provide PJM with at least sixty (60) days advance written notice prior to assignment of this GIA and any related PJM service agreements, including NUCRAs, that would terminate the Vertically Integrated Project Developer status.

(b) At least thirty (30) days prior to the effective date of the assignment, an amended GIA must be executed by the assignee, at which point the Security requirements referenced in amended GIA, section 5.0 and amended GIA, Specifications, section 4.7 (and any adjustments thereof) shall apply under the amended GIA.

(c) PJM must receive the required Security from the assignee (or someone on its behalf) in the amount and form required no later than thirty (30) days prior to the effective date of such assignment.

(d) After receipt of the executed amended GIA, any associated NUCRAs, and any other related service agreements, and all required Security is provided to PJM, PJM will file the amended agreement(s) with FERC or report them in PJM's Electric Quarterly Reports to the extent required by FERC regulation.

~~(a)~~(e) Subject to any necessary regulatory acceptance, the effective date of the amended GIA, 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.

12.2.2 Assignment to Lenders:

Project Developer may, without the consent of the Transmission Provider or the Transmission Owner, assign the Generation Interconnection Agreement to any Project Finance Entity(ies), provided that such assignment does not alter or diminish Project Developer's duties and obligations under this Generation Interconnection Agreement. If Project Developer provides the Transmission Owner with notice of an assignment to any Project Finance Entity(ies) and identifies such Project Finance Entities as contacts for notice purposes pursuant to section 21 of this Appendix 2, the Transmission Provider or Transmission Owner shall provide notice and reasonable opportunity for such entity(ies) to cure any Breach under this Generation Interconnection Agreement in accordance with this Generation Interconnection Agreement. Transmission Provider or Transmission Owner shall, if requested by such lenders, provide such customary and reasonable documents, including consents to assignment, as may be reasonably requested with respect to the assignment and status of the Generation Interconnection Agreement, provided that such documents do not alter or diminish the rights of the Transmission Provider or Transmission Owner under this Generation Interconnection Agreement, except with respect to providing notice of Breach to a Project Finance Entity. Upon presentation of the Transmission Provider and/or the Transmission Owner's invoice therefor~~e~~, Project Developer shall pay the Transmission Provider and/or the Transmission Owner's reasonable documented cost of providing such documents and certificates. Any assignment described herein shall not relieve or discharge the Project Developer from any of its obligations hereunder absent the written consent of the Transmission Owner and Transmission Provider.

. . .

15 Breach, Cure and Default

15.1 Breach:

A Breach of this Generation Interconnection Agreement shall include:

(a) The failure to pay any amount when due;

(b) The failure to comply with any material term or condition of this Appendix 2 or of the other portions of the Generation Interconnection Agreement or any attachments or Schedule hereto, including but not limited to any material breach of a representation, warranty or covenant (other than in subsections (a) and (c)-(e) of this section) made in this Appendix 2 or any provisions of Schedule L;

(c) Assignment of the Generation Interconnection Agreement in a manner inconsistent with its terms;

(d) Failure of an Interconnection Party to provide access rights, or an Interconnection Party's attempt to revoke or terminate access rights, that are provided under this Appendix 2; or

(e) Failure of an Interconnection Party to provide information or data required to be determined under this Appendix 2 to another Interconnection Party for such other Interconnection Party to satisfy its obligations under this Appendix 2.

. . .

15.4 Cure and Default:

An Interconnection Party that commits a Breach and does not take steps to cure the Breach pursuant to this section 15.4 is automatically in Default of this Appendix 2 and of the Generation Interconnection Agreement, and its project and this Agreement shall be deemed terminated and withdrawn. Transmission Provider shall take all necessary steps to effectuate this termination, including submitting the necessary filings with FERC.

15.4.1 Cure of Breach:

15.4.1.1 Except for the event of Breach set forth in section 15.1(a) above, the Breaching Interconnection Party (a) may cure the Breach within 30 days of the time the Non Breaching Party sends such notice; or (b) if the Breach cannot be cured within 30 days, may commence in good faith all steps that are reasonable and appropriate to cure the Breach within such 30 day time period and thereafter diligently pursue such action to completion pursuant to a plan to cure, which shall be developed and agreed to in writing by the Interconnection Parties. Such agreement shall not be unreasonably withheld.

15.4.1.2 In an event of Breach set forth in section 15.1(a), the Breaching Interconnection Party shall cure the Breach within five days from the receipt of notice of the Breach. If the Breaching Interconnection Party is the Project Developer, and the Project Developer fails to pay an amount due within five days from the receipt of notice of the Breach, Transmission Provider may use Security to cure such Breach. If Transmission Provider uses Security to cure such Breach, Project Developer shall be in automatic Default and its project and this Agreement shall be deemed terminated and withdrawn.

15.4.1.3 The following additional provisions shall apply only where the Project Developer and Transmission Owner under this GIA constitute a Vertically Integrated Project Developer:

If Project Developer defaults under this GIA, PJM retains its right to set off any amount owed by Project Developer under this GIA against any amounts owed to Transmission Owner under this GIA. Similarly, if Project Developer defaults under this GIA, PJM retains its right under this GIA, Appendix 2, section 11.1.1 to net remittances of Transmission Owner, against any amounts owed by Project Developer, under the Tariff.

For avoidance of doubt, PJM's rights of setoff, recoupment, and netting, including in the event of bankruptcy, shall apply notwithstanding that the Vertically Integrated Project Developer is acting in different capacities under this GIA and PJM's governing documents. The Vertically Integrated Project Developer is recognized as a single legal entity for purposes of all such rights, and PJM may offset any amounts owed to the Transmission Owner under this GIA against any amounts owed to the Project Developer under this GIA.

If Project Developer defaults under this GIA and any associated Network Upgrade Cost Responsibility Agreement ("NUCRA"), Transmission Owner agrees not to seek payment for any amounts due from Project Developer under this GIA or any associated NUCRA from any non-defaulting Project Developers, Transmission Provider or any third party.

15.4.1.4 The following additional conditions shall apply only where the Project Developer and Transmission Owner under this GIA constitute a Vertically Integrated Project Developer and the GIA includes Common Use Upgrades for which a NUCRA is required:

1. If Project Developer defaults under this GIA, any non-defaulting Project Developer that is a party to any related NUCRA shall not be liable for any portion of defaulting Project Developer's cost responsibility under the applicable NUCRA;
2. Upon a default under any applicable NUCRA by Project Developer, no portion of defaulting Project Developer's unpaid cost responsibility for a Common Use Upgrade shall be reallocated to the non-defaulting Project Developers; and,
3. Transmission Owner and defaulting Project Developer agree to hold all non-defaulting Project Developers harmless from any cost responsibility that is allocated to defaulting Project Developer 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 GIA, exemption of Project Developer's otherwise applicable requirement to provide Security under this GIA specifically obligates Transmission Owner to incur cost responsibility for any Network Upgrade(s) under this GIA for which the Project Developer defaults under the associated NUCRA(s).

15.5 Right to Compel Performance:

Notwithstanding the foregoing, upon the occurrence of a Default, a non-Defaulting Interconnection Party shall be entitled to exercise such other rights and remedies as it may have in equity or at law. Subject to section 20.1, no remedy conferred by any provision of this Appendix 2 is intended to be exclusive of any other remedy and each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise. The election of any one or more remedies shall not constitute a waiver of the right to pursue other available remedies.

. . .

16 Termination

16.1 Termination of the Generation Interconnection Agreement:

This Generation Interconnection Agreement and Interconnection Service under this Generation Interconnection Agreement may be terminated by the following means:

. . .

16.1.3 Upon Default of Project Developer:

Transmission Provider may terminate the Generation Interconnection Agreement upon the Default of Project Developer of its obligations under the Generation Interconnection Agreement by providing Project Developer and the Transmission Owner prior written notice of termination.

16.1.4 Cancellation Cost Responsibility upon Termination:

In the event of cancellation pursuant to Appendix 2, section 16.1 of this GIA, Project Developer shall be liable to pay to the Transmission Owner or Transmission Provider all Cancellation Costs in connection with the GIA. Cancellation costs may include costs for Network Upgrades assigned to Project Developer, in accordance with the Tariff and as reflected in this GIA, which remain the responsibility of Project Developer under the Tariff. This shall include costs including, but not limited to, the costs for such Network Upgrades to the extent such cancellation would be a Material Modification, or would have an adverse effect or impose costs on other Project Developers in the Cycle. In the event the Transmission Owner incurs Cancellation Costs, it shall provide the Transmission Provider, with a copy to Project Developer, with a written demand for payment and with reasonable documentation of such Cancellation Costs. Project Developer shall pay the Transmission Provider each bill for Cancellation Costs within 30 days after, as applicable, the Transmission Owner's or Transmission Provider's presentation to Project

Developer of written demand therefor, provided that such demand includes reasonable documentation of the Cancellation Costs that the invoicing party seeks to collect. Upon receipt of each of Project Developer's payments of such bills of the Transmission Owner, Transmission Provider shall reimburse the Transmission Owner for Cancellation Costs incurred by the latter.

Service Agreement No. [ ]

ENGINEERING AND PROCUREMENT AGREEMENT
By and Among
PJM Interconnection, L.L.C.
And

_____
And

_____
(Project Identifier #___)

1.0 This Engineering and Procurement Agreement ("E&P Agreement"), including the Specifications attached hereto and incorporated herein, is entered into by and among PJM Interconnection, L.L.C. ("Transmission Provider" or "PJM"), [_____] ("Project Developer" [OPTIONAL: or ["short name"]), and [_____] ("Transmission Owner" [OPTIONAL: or ["short name"]). Transmission Provider, Project Developer and Transmission Owner are individually, a "Party" and together, the "Parties" and collectively are "Parties". [Use as/when applicable: Project Developer and Transmission Owner constitute a Vertically Integrated Project Developer, subject to the Vertically Integrated Project Developer provisions in this E&P Agreement.] [Use as/when applicable: This E&P Agreement supersedes the ___{insert details to identify the agreement being superseded, such as whether it is an E&P Agreement or Generation Interconnection Agreement, the effective date of the agreement, the service agreement number designation, and the FERC docket number, if applicable, for the agreement being superseded.}] For purposes of the Agreement, 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}.

2.0 The location and a description of the Generating Facility or Merchant Transmission Facility that Project Developer proposes to interconnect to the Transmission Provider's Transmission System is attached hereto. In the event that Project Developer will not own the facilities, Project Developer represents and warrants that it is authorized by the owners of such facilities to enter into this E&P Agreement and to represent such control.

3.0 In order to advance the completion of its interconnection under the PJM Open Access Transmission Tariff ("Tariff"), Project Developer has requested an E&P Agreement and Transmission Provider has determined that Project Developer is eligible under the Tariff to obtain this E&P Agreement. This E&P Agreement is not intended to be used for the actual construction of any Interconnection Facilities or Transmission Upgrades.

4.0 (a) In accord with the GIP, Project Developer shall provide Transmission Provider (for the benefit of the Transmission Owner) with a letter of credit from an agreed provider or other form of security reasonably acceptable to Transmission Provider in the amount of $ _____, which amount equals the estimated costs, determined in

accordance with the GIP, of the engineering and procurement activities described in section 2.0 of the Attached Specifications. Should Project Developer fail to provide such security in the amount or form required, this E&P Agreement shall be terminated. Notwithstanding the foregoing, Project Developer shall be exempt from providing Security under this section where Project Developer and Transmission Owner are a Vertically Integrated Project Developer. If at any time Project Developer and Transmission Owner no longer constitute a Vertically Integrated Project Developer, Project Developer 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 Project Developer. Exempting Project Developer from any Security obligation under this E&P Agreement does not relieve Project Developer from cost responsibility for any Network Upgrade(s) under this E&P Agreement. Project Developer acknowledges (1) that it will be responsible for the actual costs of the facilities described in the Specifications, whether greater or lesser than the amount of the payment security provided under this section, and (2) that the payment security under this section does not include any additional amounts that it will owe in the event that it executes a final Generator Interconnection Agreement, as described in section 7.0(a) below.

. . .

20.1.4 Income Tax Gross-Up

20.1.4.1 Additional Security:

In the event that Project Developer does not provide the safe harbor documentation required under section 20.1.1 prior to execution of this E&P, within 15 days after such execution, Transmission Provider shall notify Project Developer in writing of the amount of additional Security that Project Developer must provide. The amount of Security that a Transmission Project Developer must provide initially pursuant to this E&P Agreement shall include any amounts described as additional Security under this section 20.1.4 regarding income tax gross-up. Notwithstanding the foregoing, Project Developer shall be exempt from providing additional Security under this section where Project Developer and Transmission Owner are a Vertically Integrated Project Developer. If at any time Project Developer and Transmission Owner no longer constitute a Vertically Integrated Project Developer, Project Developer 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 Project Developer. Exempting Project Developer from any Security obligation under this E&P Agreement does not relieve Project Developer from cost responsibility for any Network Upgrade(s) under this E&P Agreement.

20.1.4.2 Amount:

The required additional Security shall be in an amount equal to the amount necessary to gross up fully for currently applicable federal and state income taxes the estimated Costs of Transmission Owner Interconnection Facilities, Distribution Upgrades and/or Network Upgrades for which Project Developer previously provided Security. Accordingly, the additional Security shall equal the amount necessary to increase the total Security provided to the amount that would be sufficient to permit the Transmission Owner to receive and retain, after the payment of all applicable income taxes ("Current Taxes") and taking into account the present value of future tax

deductions for depreciation that would be available as a result of the anticipated payments or property transfers (the "Present Value Depreciation Amount"), an amount equal to the estimated Costs of Transmission Owner Interconnection Facilities, Distribution Upgrades and/or Network Upgrades for which Project Developer is responsible under the Generator Interconnection Agreement. For this purpose, Current Taxes shall be computed based on the composite federal and state income tax rates applicable to the Transmission Owner at the time the additional Security is received, determined using the highest marginal rates in effect at that time (the "Current Tax Rate"), and (ii) the Present Value Depreciation Amount shall be computed by discounting the Transmission Owner's anticipated tax depreciation deductions associated with such payments or property transfers by its current weighted average cost of capital.

20.1.4.3 Time for Payment:

Project Developer must provide the additional Security, in a form and with terms as required by the GIP, within 15 days after its receipt of Transmission Provider's notice under this section. The requirement for additional Security under this section shall be treated as a milestone included in the Generator Interconnection Agreement pursuant to the GIP.

20.1.5 Tax Status:

Each Party shall cooperate with the other to maintain the other Party's tax status. Nothing in this E&P Agreement or the Tariff is intended to adversely affect any Transmission Owner's tax exempt status with respect to the issuance of bonds including, but not limited to, local furnishing bonds.

21 Breach, Cure and Default

21.1 Breach:

A Breach of this E&P Agreement shall include:

(a) The failure to pay any amount when due;

(b) The failure to comply with any material term or condition of this E&P Agreement, including but not limited to any material breach of a representation, warranty or covenant;

(c) Assignment of the E&P Agreement in a manner inconsistent with its terms; or

(d) Failure of a Party to provide information or data required to be determined under to another Party for such other Party to satisfy its obligations under this E&P Agreement.

21.2 Notice of Breach:

A Party not in Breach shall give written notice of an event of Breach to the Breaching Party, to Transmission Provider and to other persons that the Breaching Party identifies in writing to the other Party in advance. Such notice shall set forth, in reasonable detail, the nature of the Breach,

and where known and applicable, the steps necessary to cure such Breach. In the event of a Breach by Project Developer, Transmission Provider or the Transmission Owner agree to provide notice of such Breach and in the same manner as its notice to Project Developer, to any Project Finance Entity provided that the Project Developer has provided the notifying Party with notice of an assignment to such Project Finance Entity(ies) and identifies such Project Finance Entity(ies).

21.3 **Cure and Default:**

A Party that commits a Breach and does not take steps to cure the Breach pursuant to this section 21.3 is automatically in Default of this E&P Agreement, and its project and this Agreement shall be deemed terminated and withdrawn. Transmission Provider shall take all necessary steps to effectuate this termination, including submitted the necessary filings with FERC.

21.4.1 Cure of Breach:

21.4.1.1 Except for the event of Breach set forth in section 21.1(a) above, the Breaching Party (a) may cure the Breach within 30 days of the time the Non-Breaching Party sends such notice; or (b) if the Breach cannot be cured within 30 days, may commence in good faith all steps that are reasonable and appropriate to cure the Breach within such 30 day time period and thereafter diligently pursue such action to completion pursuant to a plan to cure, which shall be developed and agreed to in writing by the Parties. Such agreement shall not be unreasonably withheld.

21.4.1.2 In an event of Breach set forth in section 21.1(a), the Breaching Party shall cure the Breach within five days from the receipt of notice of the Breach. If the Breaching Party is the Project Developer, and the Project Developer fails to pay an amount due within five days from the receipt of notice of the Breach, Transmission Provider may use Security to cure such Breach. If Transmission Provider uses Security to cure such Breach, Project Developer shall be in automatic Default and its project and this Agreement shall be deemed terminated and withdrawn.

21.4.1.3 The following additional provisions shall apply only where the Project Developer and Transmission Owner under this E&P Agreement constitute a Vertically Integrated Project Developer:

If Project Developer defaults under this E&P Agreement, PJM retains its right to set off any amount owed by Project Developer under this E&P Agreement against any amounts owed to Transmission Owner under this E&P Agreement. Similarly, if Project Developer defaults under this E&P Agreement, PJM may net remittances of Transmission Owner, against any amounts owed by Project Developer, under the Tariff.

For avoidance of doubt, PJM's rights of setoff, recoupment, and netting, including in the event of bankruptcy, shall apply notwithstanding that the Vertically Integrated Project Developer is acting in different capacities under this E&P Agreement and

PJM's governing documents. The Vertically Integrated Project Developer is recognized as a single legal entity for purposes of all such rights and PJM may offset any amounts owed to the Transmission Owner against any amounts owed to the Project Developer under this E&P Agreement.

UPGRADE CONSTRUCTION SERVICE AGREEMENT
By and Among
PJM Interconnection, L.L.C.
And
[Upgrade Customer]
And
[Name of Transmission Owner]

(Request #___)

This Upgrade Construction Service Agreement, including the Appendices attached hereto and incorporated herein (collectively, "Upgrade 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"), _____ ("Upgrade Customer" [OPTIONAL: or "[short name]"]) and _____ ("Transmission Owner" [OPTIONAL: or "[short name]"]). [Use as/when applicable: Upgrade Customer and Transmission Owner constitute a Vertically Integrated Project Developer subject to the Vertically Integrated Project Developer provisions in this Upgrade CSA.] Transmission Provider, Upgrade Customer and Transmission Owner are referred to herein individually as "Party" and collectively as "the Parties."

. . .

Article 2 – Responsibility for Customer-Funded Upgrades

2.0 Upgrade Customer Financial Responsibilities.

Upgrade Customer shall pay all Costs for the design, engineering, procurement and construction of the Customer-Funded Upgrades identified in Appendix I to this Upgrade CSA. An estimate of such Costs is provided in Appendix I to this Upgrade CSA.

2.1 Obligation to Provide Security.

Upgrade Customer shall provide Security to collateralize Upgrade Customer's obligation to pay the Costs incurred by Transmission Owner to construct the Customer-Funded Upgrades identified in Appendix I to this Upgrade CSA, less any Costs already paid by Upgrade Customer, in accordance with the GIP. Upgrade Customer shall deliver such Security to Transmission Provider prior to the Effective Date of this Upgrade CSA, as described in Appendix III. Unless otherwise specified by the Transmission Provider, such Security shall take the form of a letter of credit, in the amount of $_____naming the Transmission Provider and Transmission Owner as beneficiaries.

-Notwithstanding the foregoing, Upgrade Customer shall be exempt from providing Security under this section where Upgrade Customer and Transmission Owner are a Vertically Integrated Project Developer. If at any time Upgrade Customer and Transmission Owner no longer constitute a Vertically Integrated Project Developer, Upgrade Customer 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 Project Developer. Exempting Upgrade Customer from any Security obligation under this Upgrade CSA does not relieve Upgrade Customer from cost responsibility for any Customer-Funded Upgrades under this Upgrade CSA.

. . .

Appendix 3

10.0 Assignment

10.1 Assignment with Prior Consent.

Subject to section 10.2 of this Appendix III, no Party shall assign its rights or delegate its duties, or any part of such rights or duties, under this Upgrade CSA without the written consent of the other Parties, which consent shall not be unreasonably withheld, conditioned or delayed. Any such assignment or delegation made without such written consent shall be null and void. In addition, the Transmission Owner shall be entitled, subject to Applicable Laws and Regulations, to assign this Upgrade CSA to any Affiliate or successor of the Transmission Owner that owns and operates all or a substantial portion of such Transmission Owner's transmission facilities.

10.2 Assignment Without Prior Consent.

10.2.1 Assignment by Upgrade Customer.

Upgrade Customer may assign this Upgrade CSA without the Transmission Owner's or Transmission Provider's prior consent to any Affiliate or person that purchases or otherwise acquires, directly or indirectly, all or substantially all of the Upgrade Customer's assets provided that, prior to the effective date of any such assignment, the assignee shall demonstrate that, as of the effective date of the assignment, the assignee has the technical competence and financial ability to comply with the requirements of this Upgrade CSA and assumes in a writing provided to the Transmission Owner and Transmission Provider all rights, duties, and obligations of Upgrade Customer arising under this Upgrade CSA. However, any assignment described herein shall not relieve or discharge the Upgrade Customer from any of its obligations hereunder absent the written consent of the Transmission Owner, such consent not to be unreasonably withheld, conditioned, or delayed.

In addition to the above, if Upgrade Customer has not provided Security under the Upgrade CSA because it and Transmission Owner are a Vertically Integrated Project Developer, the following additional conditions must be satisfied:

(a) Upgrade Customer must provide PJM with at least sixty (60) days advance written notice prior to assignment of this Upgrade CSA and any related PJM service agreements, including NUCRAs, that would terminate the Vertically Integrated Project Developer status.

(b) At least thirty (30) days prior to the effective date of the assignment, an amended Upgrade CSA must be executed by the assignee, at which point the Security requirements referenced in amended Upgrade CSA, section 2.1 (and any adjustments thereof) shall apply under the amended Upgrade CSA.

(c) PJM must receive the required Security from the assignee (or someone on its behalf) in the amount and form required no later than thirty (30) days prior to the effective date of such assignment.

(d) After receipt of the executed amended Upgrade CSA, and any other related service agreements, and all required Security is provided to PJM, PJM will file the amended agreement(s) with FERC or report them in PJM's Electric Quarterly Reports to the extent required by FERC regulation.

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

. . .

13.0 Breach, Cure and Default

13.1 Breach.

A Breach of this Upgrade CSA shall include:

(a) The failure to pay any amount when due;

(b) The failure to comply with any material term or condition of this Upgrade CSA including but not limited to any material breach of a representation, warranty or covenant made in this Upgrade CSA;

(c) Assignment of this Upgrade CSA in a manner inconsistent with the terms of this Upgrade CSA; or

(d) Failure of any Party to provide information or data required to be provided to another Party under this Upgrade CSA for such other Party to satisfy its obligations under this Upgrade CSA.

13.2 Notice of Breach.

In the event of a Breach, a Party not in Breach of this Upgrade CSA shall give written notice of such Breach to the Breaching Party, the other Party and to any other persons that the Breaching Party identifies in writing prior to the Breach. Such notice shall set forth, in reasonable detail, the nature of the Breach, and where known and applicable, the steps necessary to cure such Breach. In the event of a Breach by Upgrade Customer, Transmission Provider or the Transmission Owner agree to provide notice of such Breach, in the same manner as its or their notice to Upgrade Customer, to any Project Finance Entity, provided that the Upgrade Customer has provided Transmission Provider and the Transmission Owner with notice of an assignment to such Project Finance Entity(ies) and has identified such Project Finance Entities as contacts for notice.

13.3 Cure and Default.

A Party that commits a Breach and does not take steps to cure the Breach pursuant to this section is automatically in Default of this Upgrade CSA, and its Upgrade Request and this Agreement shall be deemed terminated and withdrawn. Transmission Provider shall take all necessary steps to effectuate this termination, including submitted the necessary filings with FERC.

13.3.1 Cure of Breach.

13.3.1.1

Except for the event of Breach set forth in section 13.1(a) above, the Breaching Interconnection Party (a) may cure the Breach within 30 days of the time the Non-Breaching Party sends such notice; or (b) if the Breach cannot be cured within 30 days, may commence in good faith all steps that are reasonable and appropriate to cure the Breach within such 30 day time period and thereafter diligently pursue such action to completion pursuant to a plan to cure, which shall be developed and agreed to in writing by the Interconnection Parties. Such agreement shall not be unreasonably withheld.

13.3.1.2

In an event of Breach set forth in section 13.1(a), the Breaching Interconnection Party shall cure the Breach within five days from the receipt of notice of the Breach. If the Breaching Interconnection Party is the Upgrade Customer, and the Upgrade Customer fails to pay an amount due within five days from the receipt of notice of the Breach, Transmission Provider may use Security to cure such Breach. If Transmission Provider uses Security to cure such Breach, Upgrade Customer shall be in automatic Default and its project and this Agreement shall be deemed terminated and withdrawn.

13.3.1.3

The following additional provisions shall apply where the Upgrade Customer and Transmission Owner under this Upgrade CSA constitute a Vertically Integrated Project Developer:

If Upgrade Customer defaults under this Upgrade CSA, PJM retains its right to set off any amount owed by Upgrade Customer under this Upgrade CSA against any amounts owed to Transmission Owner under this Upgrade CSA. Similarly, if Upgrade Customer defaults under this Upgrade CSA, PJM may net remittances of Transmission Owner, against any amounts owed by Upgrade Customer, under this CSA.

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 Project Developer is acting in different capacities under this Upgrade CSA and PJM's governing documents. The Vertically Integrated Project Developer is recognized as a single legal entity for purposes of all such rights, and PJM may offset any amounts owed to the Transmission Owner against any amounts owed to the Project Developer under this Upgrade CSA.

13.4 Right to Compel Performance.

Notwithstanding the foregoing, upon the occurrence of a Default, a non-Defaulting Interconnection Party shall be entitled to exercise such other rights and remedies as it may have in equity or at law. Subject to section 9.5, no remedy conferred by any provision of this Upgrade CSA is intended to be exclusive of any other remedy and each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise. The election of any one or more remedies shall not constitute a waiver of the right to pursue other available remedies.

13.5 Remedies Cumulative.

No remedy conferred by any provision of this Upgrade CSA is intended to be exclusive of any other remedy and each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise. The election of any one or more remedies shall not constitute a waiver of the right to pursue other available remedies.

Service Agreement No. [ ]

(Network Upgrade(s) #____)

NETWORK UPGRADE COST RESPONSIBILITY AGREEMENT
By and Among
PJM INTERCONNECTION, L.L.C.
And

_____

And

_____

And

_____

[OPTIONAL: Add additional Project Developers as deemed appropriate]

1.0 Parties. This Network Upgrade Cost Responsibility Agreement ("NUCRA") including the Schedules and Appendices attached hereto and incorporated herein, is entered into by and between PJM Interconnection, L.L.C. ("Transmission Provider" or "PJM") and the following Project Developers:

Project Developer (includes Eligible Customer and Affected System Customer, herein defined as "Project Developer"):

[Name of Party], Project Identifier #___ [OPTIONAL: (also referred to as "[short name"])]_____

Name and location of Generating Facility or Merchant Transmission Facility:

Project Developer:

[Name of Party] and Project Identifier #___ [OPTIONAL: (also referred to as "[short name"])]_____

Name and location of Generating Facility or Merchant Transmission Facility:

[OPTIONAL: Add additional Project Developers as deemed appropriate]

{instructions – for the above, also provide Service Agreement No. or other identifying information if known.}

All capitalized terms herein shall have the meanings set forth in the appended definitions of such terms as stated in the GIP. [Use as/when applicable: This NUCRA supersedes the _____ {insert details to identify the agreement being superseded, the effective date of the agreement, the service agreement

number designation, and the FERC docket number, if applicable, for the agreement being superseded.}] For purposes of the Agreement, 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}.

2.0 Authority. This NUCRA is entered into pursuant to [{use Part VII if this is a transition period CSA subject to Tariff, Part VII} {use Part VIII if this is a new rules NUCRA subject to Part VIII}] of the Tariff. The standard terms and conditions set forth in Appendix 2 to this NUCRA are hereby specifically incorporated as provisions of this NUCRA.

3.0 Effective Date and Term.

3.1 Effective Date. This NUCRA shall become effective on the later of (i) the date the agreement has been executed by all parties to this NUCRA, or (ii) the date that all Project Developers have delivered all required Security to the Transmission Provider, provided, however, that if the NUCRA is filed with the FERC unexecuted, the Effective Date shall be the date specified by the FERC.

3.2 Term. This NUCRA shall continue in full force and effect from the Effective Date until the termination thereof pursuant to section 7 of Appendix 2 to this NUCRA.

4.0 Common Use Upgrades Construction and Scope. Common Use Upgrades subject to this NUCRA shall be described in the attached Schedule A. Construction of the Common Use Upgrades and changes to the scope of work shall be as set forth in the applicable agreements or projects as identified in section 1.0 above.

5.0 Schedule of Work. The Schedule of Work for construction of the Common Use Upgrades shall be as set forth in the applicable agreements or projects as identified in section 1.0 above.

6.0 Common Use Upgrade Cost Responsibility. The cost responsibility of each Project Developer for each Common Use Upgrade described in the attached Schedule A shall be described in the attached Schedule B. Cost responsibility shall be described as a percentage of the total estimated cost of each Common Use Upgrade.

7.0 Security. Security associated with this NUCRA shall be the Security provided by each Project Developer as set forth in the Project Developer's GIA, section 5, or the Construction Service Agreement or other relevant NUCRAs to which the Project Developer is a party.

. . .

APPENDIX 2

STANDARD TERMS AND CONDITIONS

Preamble The cost responsibility of any Common Use Upgrades required to interconnect a Generating Facility or Merchant Transmission Facility with the Transmission System shall be in accordance with the following Standard Construction Terms and Conditions.

. . .

7.2 Upon Default by Project Developer:

7.2.1 Consequences of Default by Project Developer:

If one or more, but not all, Project Developers that are parties to this NUCRA are in Default, such Project Developers shall remain liable for any portion of their cost responsibility for the Costs of the Common Use Upgrades, and Cancellation Costs, in accordance with Schedule B of this NUCRA. Transmission Provider shall draw on and apply such defaulting Project Developer's Security, or, in the case of a Vertically Integrated Project Developer may exercise its rights of setoff, recoupment and netting, to any amount under this NUCRA not paid by that Project Developer. Upon drawing on such Security, or the exercise of setoff, recoupment, and netting rights, Project Developer is automatically in default of this NUCRA, and Project Developer's GIA and Construction Service Agreement; and all such agreements shall be deemed terminated and withdrawn, and Project Developer's project shall be removed from the relevant Cycle.

7.2.2 Reallocation of Costs upon Default by Project Developer:

If a defaulting Project Developer cannot pay its amount due after exhausting all available Security, the unpaid costs shall be reallocated to the remaining Project Developers in proportion to the cost responsibility percentages set forth in Schedule B unless the defaulting Project Developer is a Vertically Integrated Project Developer. If the defaulting Project Developer is a Vertically Integrated Project Developer, any portion of cost responsibility for the Common Use Upgrades that are unpaid by such Project Developer shall not be reallocated to the non-defaulting Project Developers, and the Transmission Owner will hold non-defaulting Project Developers harmless from any cost responsibility for the Common Use Upgrades and Cancellation Costs that are allocated to the defaulting Project Developer through the rights of setoff, recoupment and netting conferred to Transmission Provider under the GIA. A remaining Project Developer shall be entitled to exercise such other rights and remedies as it may have in equity or at law against the defaulting Project Developer that caused the reallocation of Costs under this section.

7.3 Survival of Rights:

The obligations of the parties to this NUCRA with respect to payments, Cancellation Costs, warranties, liability and indemnification shall survive termination to the extent necessary to provide for the determination and enforcement of said obligations arising from acts or events that occurred while the NUCRA was in effect. In addition, applicable provisions of this NUCRA will

continue in effect after expiration, cancellation or termination to the extent necessary to provide for final billings, payments, and billing adjustments.

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 Project Developer subject to the Vertically Integrated Project Developer 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}.

. . .

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 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 a Vertically Integrated Project Developer. If at any time Developer Party and Transmission Owner no longer constitute a Vertically Integrated Project Developer, 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 Project Developer. 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.

. . .

Appendix 3

10.0 Assignment

10.1 Assignment with Prior Consent.

Subject to section 10.2 below, no Party shall assign its rights or delegate its duties, or any part of such rights or duties, under this CSA without the written consent of the other Parties, which consent shall not be unreasonably withheld, conditioned or delayed. Any such assignment or delegation made without such written consent shall be null and void.

In addition, Transmission Owner shall be entitled, subject to Applicable Laws and Regulations, to assign this CSA to any Affiliate or successor of Transmission Owner that owns and operates all or a substantial portion of such Transmission Owner's transmission facilities.

10.2 Assignment Without Prior Consent.

10.2.1 Assignment by Developer Party.

Developer Party may assign this CSA without Transmission Owner's or Transmission Provider's prior consent to any Affiliate or person that purchases or otherwise acquires, directly or indirectly, all or substantially all of Developer Party's assets provided that, prior to the effective date of any such assignment, the assignee shall demonstrate that, as of the effective date of the assignment, the assignee has the technical competence and financial ability to comply with the requirements of this CSA and assumes in a writing provided to Transmission Owner and Transmission Provider all rights, duties, and obligations of Developer Party arising under this CSA. However, any assignment described herein shall not relieve or discharge Developer Party from any of its obligations hereunder absent the written consent of Transmission Owner, such consent not to be unreasonably withheld, conditioned, or delayed.

In addition to the above, if Developer Party has not provided Security under the CSA because it and Transmission Owner are a Vertically Integrated Project Developer, the following additional conditions must be satisfied:

(a) Developer Party must provide PJM with at least sixty (60) days advance written notice prior to assignment of this CSA and any related PJM service agreements, including NUCRAs, that would terminate the Vertically Integrated Project Developer status.

(b) At least thirty (30) days prior to the effective date of the assignment, an amended CSA must be executed by the assignee, at which point the Security requirements referenced in amended CSA, section 2.1 (and any adjustments thereof) shall apply under the amended CSA.

(c) PJM must receive the required Security from the assignee (or someone on its behalf) in the amount and form required no later than thirty (30) days prior to the effective date of such assignment.

(d) After receipt of the executed amended CSA, any associated NUCRAs, and any other related service agreements, and all required Security is provided to PJM, PJM will file the amended agreement(s) with FERC or report them in PJM's Electric Quarterly Reports to the extent required by FERC regulation.

(e) 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.

. . .

13.0 Breach, Cure and Default

13.1 Breach.

A Breach of this CSA shall include:

(a) The failure to pay any amount when due;

(b) The failure to comply with any material term or condition of this Appendix III or of the other portions of the CSA or any attachments or Schedule hereto, including but not limited to any material breach of a representation, warranty or covenant (other than in subsections (a) and (c)-(e) of this section) made in this Appendix III;

(c) Assignment of the CSA in a manner inconsistent with its terms;

(d) Failure of an Interconnection Party to provide access rights, or an Interconnection Party's attempt to revoke or terminate access rights, that are provided under this Appendix III; or

(e) (e) Failure of an Interconnection Party to provide information or data required to be determined under this Appendix III to another Interconnection Party for such other Interconnection Party to satisfy its obligations under this Appendix III.

…

13.3 Notice of Breach.

An Interconnection Party not in Breach shall give written notice of an event of Breach to the Breaching Party, to Transmission Provider and to other persons that the Breaching Party identifies in writing to the other Interconnection Party in advance. Such notice shall set forth, in reasonable detail, the nature of the Breach, and where known and applicable, the steps necessary to cure such Breach. In the event of a Breach by Developer Party, Transmission Provider or Transmission Owner agree to provide notice of such Breach and in the same manner as its notice to Developer Party, to any Project Finance Entity provided that the Developer Party has provided the notifying Interconnection Party with notice of an assignment to such Project Finance Entity(ies) and identifies such Project Finance Entity(ies) as contacts for notice purposes pursuant to this CSA, Appendix III, section 5.0.

13.4 Cure and Default.

An Interconnection Party that commits a Breach and does not take steps to cure the Breach pursuant to this section 13.4 is automatically in Default of this CSA, and its project and this CSA shall be deemed terminated and withdrawn. Transmission Provider shall take all necessary steps to effectuate this termination, including submitting the necessary filings with FERC.

13.4.1 Cure of Breach.

13.4.1.1

Except for the event of Breach set forth in section 13.1(a) above, the Breaching Interconnection Party (a) may cure the Breach within 30 days of the time the Non-Breaching Party sends such notice; or (b) if the Breach cannot be cured within 30 days, may commence in good faith all steps that are reasonable and appropriate to cure the Breach within such 30 day time period and thereafter diligently pursue such action to completion pursuant to a plan to cure, which shall be developed and agreed to in writing by the Interconnection Parties. Such agreement shall not be unreasonably withheld.

13.4.1.2

In an event of Breach set forth in section 13.1(a) above, the Breaching Interconnection Party shall cure the Breach within five days from the receipt of notice of the Breach. If the Breaching Interconnection Party is Developer Party, and Developer Party fails to pay an amount due within five days from the receipt of notice of the Breach, Transmission Provider may use Security to cure such Breach. If Transmission Provider uses Security to cure such Breach, Developer Party shall be in automatic Default and its project and this CSA shall be deemed terminated and withdrawn.

13.4.1.3

The following additional provisions shall apply where the Developer Party and Transmission Owner under this CSA constitute a Vertically Integrated Project Developer:

If Developer Party defaults under this CSA, PJM retains its right to set off any amount owed by Developer Party under this CSA against any amounts owed to Transmission Owner under this CSA. 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 Project Developer is acting in different capacities under this CSA and PJM's governing documents. The Vertically Integrated Project Developer is recognized as a single legal entity for purposes of all such rights, and PJM may offset any amounts owed to the Transmission Owner under this CSA against any amounts owed to the Project Developer under this CSA.

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

13.4.1.4

The following additional conditions shall apply where the Developer Party and Transmission Owner under this CSA constitute a Vertically Integrated Project Developer and the CSA includes Common Use Upgrades for which a NUCRA is required:

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 all 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).

Tariff, Part X, Subpart C, section 603
Expedited Interconnection Track Process, Modifications, Costs, and Service Agreements

A. EIT Request process.

1. When an Application results in a valid EIT Request, in accordance with Tariff, Part X, Subpart B, section 602, Transmission Provider shall confirm the assigned EIT Request Number for such request. Generation Project Developer and Transmission Provider shall reference the EIT Request Number in all correspondence, submissions, wire transfers, documents, and other materials relating to the EIT Request. The EIT Request Number will indicate the serial position and priority of the EIT Request with respect to other EIT Requests.

2. Studies.

a. Transmission Provider will process valid EIT Requests in the order they are received, and shall perform any needed thermal or voltage, short circuit, stability, or electromagnetic transient analyses in accordance with the relevant PJM Manuals.

b. The relevant Transmission Owner(s) will identify planning level estimates of the Interconnection Facilities needed for the EIT Project. Engineering for the necessary Interconnection Facilities and Network Upgrades will be performed after the Generation Interconnection Agreement for the EIT Project is effective.

c. If Transmission Provider determines that a Network Upgrade is required to reliably interconnect an EIT Project, Transmission Provider will provide Generation Project Developer with a planning level estimate of the costs of the Network Upgrades.

d. Upon its completion of the required studies, which Transmission Provider anticipates will require 180 calendar days, Transmission Provider will provide Generation Project Developer with an Expedited Interconnection Track Study Report and applicable draft agreement(s) under Tariff, Part IX for the EIT Project.

e. Generation Project Developer will be required to post Security in the amount of 100% of the planning level estimates of the cost of the required Interconnection Facilities and Network Upgrades needed for the EIT Project. Notwithstanding the foregoing, Generation Project Developer shall be exempt from providing Security under this section where Generation Project Developer and Transmission Owner are a Vertically Integrated Project Developer.

i. Generation Project Developer is responsible for, and must pay, all actual study costs associated with Interconnection Facilities and Network Upgrades for the EIT Project.

ii. Should Interconnection Facilities and Network Upgrades costs increase, Generation Project Developer will be required to post Security in the amount of 100% for the cost of the Interconnection Facilities and Network Upgrades needed for the EIT Project. Notwithstanding the foregoing, Generation Project Developer shall be exempt from providing Security under this section where Generation Project Developer and Transmission Owner are a Vertically Integrated Project Developer.

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