Response to Dominion's proposed changes regarding VIUs

Tariff section	VEPCO's redlines for 11/18/26 MRC	PJM's Response	Proposed language or rejection
Part VII, Subpart D, section 313(A)(1)(a)(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.	Reject for Part VII. These changes will not apply to TC2 projects.	-
Part VIII, Subpart A, section 400 (Definitions V)	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.	Reject the term "Vertically Integrated Project Developer" and use "Vertically Integrated Utility". It is not just the Project Developer that is vertically integrated. Using the term "Utility" rather than making it specific to the developer is necessary for the set off provisions. Additionally, PJM's definition contains exemption from Security requirement.	**Vertically Integrated Utility:** "Vertically Integrated Utility" shall mean a single Member entity, operating as both a Project Developer, Upgrade Customer, Wholesale Market Participant, Developer Party, Eligible Customer, Affected System Customer, or Replacement Generation Project Developer (collectively, for the purpose of this definition, "Project Developer") and a Transmission Owner, and subject to the same New Service Request or interconnection agreement. Project Developer shall be exempt from providing Security where otherwise required under the Tariff and where Project Developer and Transmission Owner are a Vertically Integrated Utility. If at any time Project Developer and Transmission Owner no longer constitute a Vertically Integrated Utility, 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 Utility.
Part VIII, Subpart C, section 406(A)(2)(a)(i)(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.	Reject all changes to this section. The exemption is stated in PJM's proposed definition of "Vertically Integrated Utility"	-
Part VIII, Subpart C, section 406(A)(3)(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.	Reject all changes to this section. The exemption is stated in PJM's proposed definition of "Vertically Integrated Utility"	-
Part VIII, Subpart C, section 408(A)(2)(b)(i)(a)(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.	Reject all changes to this section. The exemption is stated in PJM's proposed definition of "Vertically Integrated Utility"	-
Part VIII, Subpart C, section 408(A)(2)(e)(i)(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 a Vertically Integrated Project Developer.	Reject all changes to this section. The exemption is stated in PJM's proposed definition of "Vertically Integrated Utility"	-

Part VIII, Subpart C, section 410(A)(1)(a)(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 a Vertically Integrated Project Developer.	Reject all changes to this section. The exemption is stated in PJM's proposed definition of "Vertically Integrated Utility"	-
Part VIII, Subpart H, section 435(G)(b)(i)	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.	Reject all changes to this section. The exemption is stated in PJM's proposed definition of "Vertically Integrated Utility"	-
Part IX, Subpart B (Generation Interconnection Agreement), section 1.0	[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.]	Reject the term "Vertically Integrated Project Developer"	[Use as/when applicable: Project Developer and Transmission Owner, together, constitute a Vertically Integrated Utility subject to the Vertically Integrated Utility provisions of this GIA.]
Part IX, Subpart B (Generation Interconnection Agreement), section 5.0	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	Reject. Exemption provided for in definition of "Vertically Integrated Utility" and PJM's proposed new Appendix 2, section 25 language.	See PJM's proposed GIA, Appendix 2, section 25, below.

	does not relieve Project Developer from cost responsibility for any Network Upgrade(s) under this GIA.		
Part IX, Subpart B (Generation Interconnection Agreement), Appendix 2, section 12.2.1	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. (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.	Reject. This language imposes execution deadlines for the assignee that may not be feasible and removes PJM's consent to the assignment.	See PJM's proposed GIA, Appendix 2, section 25, below.

Part IX, Subpart B (Generation Interconnection Agreement), Appendix 2, section 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.	Reject. Setoff rights are limited by removing the following: - insolvency, receivership, and bankruptcy language. - References to the Tariff, Operating Agreement, and PJM Settlement - Automatic default language	See PJM's proposed GIA, Appendix 2, section 25, below.
Part IX, Subpart B (Generation Interconnection Agreement), Appendix 2, section 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	Reject. This language is inconsistent with PJM's proposed Appendix 2, section 25 appendix language. "Default" is a defined term, and non-	See PJM's proposed GIA, Appendix 2, section 25, below.

	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).	party developers cannot be bound to GIA.	
Part IX, Subpart D (Engineering and Procurement Agreement), section 1.0	[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.]	Reject the term "Vertically Integrated Project Developer"	[Use as/when applicable: Project Developer and Transmission Owner constitute a Vertically Integrated Utility, subject to the Vertically Integrated Utility provisions in this E&P Agreement.]
Part IX, Subpart D (Engineering and Procurement Agreement), section 4.0	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	Reject all changes. Exemption provided in definition of "Vertically Integrated Utility" and addressed in proposed E&P, section 24.	See proposed E&P, section 24, below.

	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.		
Part IX, Subpart D (Engineering and Procurement Agreement), section 4.0	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 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	Reject all changes. Exemption provided in definition of "Vertically Integrated Utility" and addressed in proposed E&P, section 24.	See proposed E&P, section 24, below.

	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.		
Part IX, Subpart D (Engineering and Procurement Agreement), section 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.	Reject. Setoff rights are limited by removing the following: - insolvency, receivership, and bankruptcy language. - References to the Tariff, Operating Agreement, and PJM Settlement - Automatic default language	See proposed E&P, section 24, below.
Part IX, Subpart E (Upgrade Construction Service Agreement),	[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.]	Reject the term "Vertically Integrated Project Developer"	[Use as/when applicable: Upgrade Customer and Transmission Owner constitute a Vertically Integrated Utility subject to the Vertically Integrated Utility provisions in this Upgrade CSA.]

introductory paragraph			
Part IX, Subpart E (Upgrade Construction Service Agreement), section 2.1	Notwithstanding the foregoing, Upgrade Customer shall be exempt from providing additional 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.	Reject. Exemption provided in definition of "Vertically Integrated Utility" and addressed in proposed UCSA, Appendix III, section 22.	See PJM's proposed Upgrade Construction Service Agreement, Appendix III, section 22, below.
Part IX, Subpart E (Upgrade Construction Service Agreement), Appendix 3, section 10.2.1	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.	Reject. This language imposes execution deadlines for the assignee that may not be feasible and removes PJM's consent to the assignment.	See PJM's proposed Upgrade Construction Service Agreement, Appendix III, section 22, below.

	(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.		
Part IX, Subpart E (Upgrade Construction Service Agreement), Appendix 3, section 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	Reject. Setoff rights are limited by removing the following: - insolvency, receivership, and bankruptcy language.	See PJM's proposed Upgrade Construction Service Agreement, Appendix III, section 22, below.

	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.	- References to the Tariff, Operating Agreement, and PJM Settlement - Automatic default language	
Part IX, Subpart H (Network Upgrade Cost Responsibility Agreement), section 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.	Accept	
Part IX, Subpart H (Network Upgrade Cost Responsibility Agreement), section 7.2.1	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	Reject term "Vertically Integrated 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 Utility may exercise its rights of setoff, recoupment and netting, to any amount under this NUCRA not paid by that Project Developer. Upon drawing

	such agreements shall be deemed terminated and withdrawn, and Project Developer's project shall be removed from the relevant Cycle.		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.
Part IX, Subpart H (Network Upgrade Cost Responsibility Agreement), section 7.2.2	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.	Reject the term "Vertically Integrated Project Developer". Reject the use of the term "Transmission Owner" because the Transmission Owner is not a party to the NUCRA, and therefore cannot be bound by the NUCRA to hold the non-defaulting Project Developers harmless.	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 Utility. If the defaulting Project Developer is a Vertically Integrated Utility, 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 Vertically Integrated Utility 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, the Tariff, and the Operating Agreement.

			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.
Part IX, Subpart J (Construction Service Agreement), section 1.0	[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.]	Reject the term "Vertically Integrated Project Developer"	[Use as/when applicable: Developer Party and Transmission Owner constitute a Vertically Integrated Utility subject to the Vertically Integrated Utility provisions in this CSA.]
Part IX, Subpart J (Construction Service Agreement), section 2.1	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 Utility, Developer Party shall be required to provide Security at the earlier of any Tariff prescribed deadline, or at least thirty (30)	Reject changes. Exemption provided in definition of "Vertically Integrated Utility" and addressed in PJM's proposed language in CSA, Appendix III, section 25.	See PJM's Proposed Construction Service Agreement, Appendix III, section 25, below.

	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.		
Part IX, Subpart J, (Construction Service Agreement), Appendix III, section 10.2.1	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	Reject all changes. This language imposes execution deadlines for the assignee that may not be feasible and removes PJM's consent to the assignment.	See PJM's Proposed Construction Service Agreement, Appendix III, section 25, below.

	assignment will be the same as the effective date of the assignment.		
Part IX, Subpart J (Construction Service Agreement), Appendix III, section 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.	Reject all changes. Setoff rights are limited by removing the following: - insolvency, receivership, and bankruptcy language. - References to the Tariff, Operating Agreement, and PJM Settlement - Automatic default language	See PJM's Proposed Construction Service Agreement, Appendix III, section 25, below.
Part X, Subpart C, section 603(A)(2)(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.	Reject all changes to this section. The exemption is stated in PJM's proposed definition of "Vertically Integrated Utility"	-

Part X, Subpart C, section 603(A)(2)(e)(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, Project Developer shall be exempt from providing Security under this section where Project Developer and Transmission Owner are a Vertically Integrated Project Developer.	Reject all changes to this section. The exemption is stated in PJM's proposed definition of "Vertically Integrated Utility"	-

PJM's Proposed Generation Interconnection Agreement, Appendix 2, section 25

25 Vertically Integrated Utilities

25.1

The following provisions shall apply where Project Developer and Transmission Owner under this GIA constitute a Vertically Integrated Utility.

25.2 Security:

The Interconnection Parties recognize that the Project Developer is exempt from the Tariff requirement to provide Security as identified in this GIA, section 5.0 and GIA, Specifications, section 4.7, conditioned upon:

1. Project Developer and Transmission Owner under this GIA 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 GIA, section 5.0 and GIA, Specifications, section 4.7 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 Project Developer from any cost responsibility for the actual Costs for the facilities described in this GIA, including any cancellation Costs, arising from the termination or cancellation of this GIA. If at any time Project Developer and Transmission Owner no longer constitute a Vertically Integrated Utility, 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 Utility.

25.3 Default:

If Project Developer defaults under this GIA, PJM retains its right under the Operating Agreement, section 14B.4(d) to set off any amount owed by Project Developer under this GIA and the Tariff against any amounts owed to Transmission Owner as a Member under the Operating Agreement. 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 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 GIA 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 GIA 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 GIA, Appendix 2, section 15, if Project Developer 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, Project Developer 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.

25.4 Common Use Network Upgrades:

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

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 in accordance with the applicable NUCRA;

2. Further, 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 Developer(s); and,

3. Transmission Owner agrees to hold all non-Defaulting Project Developer(s) harmless from any cost responsibility that is allocated to a Defaulting Project Developer, in accordance with 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) for which the Project Developer defaults under the associated NUCRA(s).

25.5 Assignment:

Assignment to parties other than the Vertically Integrated Utility.

Notwithstanding the Assignment provisions in this Appendix 2, a Project Developer 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 GIA and any related PJM service agreements, including NUCRAs, that would terminate the Vertically Integrated Utility status. Consistent with this GIA, Appendix 2, section 12.2.1, any assignment herein shall not relieve or discharge Project Developer from any of its obligations hereunder absent prior written consent of PJM. Thus, the following conditions must be satisfied:

1. Project Developer shall not assign this GIA, 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 GIA, section 5.0 and this GIA, Specifications, section 4.7 (and any adjustments thereof) shall apply.
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 GIA.
4. This GIA, 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 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.

PJM's Proposed Engineering and Procurement Agreement, section 24

24 Vertically Integrated Utilities

24.1

The following provisions shall apply where Project Developer and Transmission Owner under this E&P Agreement constitute a Vertically Integrated Utility.

24.2 Security:

The Parties recognize that the Project Developer is exempt from the Tariff requirement to provide Security as identified in this E&P Agreement, section 4.0(a), conditioned upon:

1. Project Developer and Transmission Owner under this E&P Agreement 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 E&P Agreement, section 4.0(a) 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 Project Developer from any cost responsibility for the actual Costs for the facilities described in this E&P Agreement, including any cancellation Costs, arising from the termination or cancellation of this E&P Agreement. If at any time Project Developer and Transmission Owner no longer constitute a Vertically Integrated Utility, 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 Utility.

24.3 Default:

If Project Developer defaults under this E&P Agreement, PJM retains its right under the Operating Agreement, section 14B.4(d) to set off any amount owed by Project Developer under this E&P Agreement and the Tariff against any amounts owed to Transmission Owner as a Member under the Operating 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 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 E&P Agreement 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 E&P Agreement 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 E&P Agreement, section 21, if Project Developer 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, Project Developer shall be in automatic Default and its project and this Agreement shall be deemed terminated and withdrawn.

24.4 Assignment:

Assignment to parties other than the Vertically Integrated Utility.

A Project Developer 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 E&P Agreement and any related PJM service agreements, including NUCRAs, that would terminate the Vertically Integrated Utility status. Consistent with this E&P Agreement, Appendix III, section 12.2.1, any assignment herein shall not relieve or discharge Project Developer from any of its obligations hereunder absent prior written consent of PJM. Thus, the following conditions must be satisfied:

1. Project Developer shall not assign this E&P Agreement, 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 E&P Agreement, section 5.0 and this E&P Agreement, Specifications, section 4.7 (and any adjustments thereof) shall apply.
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 E&P Agreement.
4. This E&P Agreement, 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 E&P Agreement, 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.

PJM's Proposed Construction Service Agreement, Appendix III, section 25

25 Vertically Integrated Utilities

25.1

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

25.2 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:

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.

25.3 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.

25.4 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 to this exemption:

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 in accordance with the applicable NUCRA;

2. Further, 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 Developer(s); and,

3. Transmission Owner agrees to hold all non-Defaulting Project Developer(s) harmless from any cost responsibility that is allocated to a Defaulting Developer Party, in accordance with 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) for which the Developer Party defaults under the associated NUCRA(s).

25.5 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.
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.

PJM's Proposed Upgrade Construction Service Agreement, Appendix III, section 22

22 Vertically Integrated Utilities

22.1

The following provisions shall apply where Upgrade Customer and Transmission Owner under this Upgrade CSA constitute a Vertically Integrated Utility.

22.2 Security:

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

1. Upgrade Customer and Transmission Owner under this Upgrade 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 Upgrade 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 Upgrade Customer from any cost responsibility for the actual Costs for the facilities described in this Upgrade CSA, including any cancellation Costs, arising from the termination or cancellation of this Upgrade CSA. If at any time Upgrade Customer and Transmission Owner no longer constitute a Vertically Integrated Utility, 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 Utility.

22.3 Default:

If Upgrade Customer defaults under this Upgrade CSA, PJM retains its right under the Operating Agreement, section 14B.4(d) to set off any amount owed by Upgrade Customer under this Upgrade CSA and the Tariff against any amounts owed to Transmission Owner as a Member under the Operating Agreement. Similarly, if Upgrade Customer defaults under this Upgrade CSA, PJM may net remittances of Transmission Owner, against any amounts owed by Upgrade Customer, 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 Upgrade 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 Upgrade 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 Upgrade CSA, Appendix III, section 13, if Upgrade Customer 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, Upgrade Customer 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.

22.4 Assignment:

Assignment to parties other than the Vertically Integrated Utility.

Notwithstanding the Assignment provisions in this Appendix III, an Upgrade Customer 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 Upgrade CSA and any related PJM service agreements, including NUCRAs, that would terminate the Vertically Integrated Utility status. Consistent with this Upgrade CSA, Appendix III, section 10.2.1, any assignment herein shall not relieve or discharge Upgrade Customer from any of its obligations hereunder absent prior written consent of PJM. Thus, the following conditions must be satisfied:

1. Upgrade Customer shall not assign this Upgrade 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 Upgrade CSA, section 2.1 shall apply.
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 Upgrade CSA.
4. This Upgrade 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 Upgrade 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.