

**FICTITIOUS NUCRA – FOR EDUCATIONAL AND DISCUSSION PURPOSES ONLY –  
NOT FOR NEGOTIATION OR EXECUTION**

Service Agreement No. [   ]

(Network Upgrade(s) #nxxxx)

**NETWORK UPGRADE COST RESPONSIBILITY AGREEMENT**

**By and Among  
PJM INTERCONNECTION, L.L.C.**

**And**

**TC1 Project Developer**

**And**

**TC1 Project Developer A**

**And**

**TC1 Project Developer B**

**And**

**TC1 Project Developer C**

**And**

**TC1 Project Developer D**

**And**

**TC1 Project Developer E**

**And**

**TC1 Project Developer F**

**And**

**TC1 Project Developer G**

**NOTE: THIS NUCRA HAS BEEN PREPARED AS A RESOURCE FOR  
STAKEHOLDER EDUCATION AND DISCUSSION PURPOSES. THE  
CONTENTS OF THIS NUCRA ARE BASED ON FICTITIOUS  
PROJECTS, PROJECT DEVELOPERS, AND TRANSMISSION OWNER.**

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TC1 Project Developer E  
And  
TC1 Project Developer F  
And  
TC1 Project Developer G**

(Network Upgrade (s) #nxxxx)

- 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”):

TC1 Project Developer G, Project Identifier # TC1-008, TC1-011/TC1-012

Name and location of Generating Facility or Merchant Transmission Facility

**Coil Solar**

Bluebird County, Arizona

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

TC1 Project Developer F, Project Identifier # TC1-007

Name and location of Generating Facility or Merchant Transmission Facility

Stator Solar

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Caterpillar County, Montana

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

TC1 Project Developer B, Project Identifier # TC1-003

Name and location of Generating Facility or Merchant Transmission Facility

**Rotor Solar**

Cardinal County, Oregon

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

TC1 Project Developer C, Project Identifier # TC1-004

Name and location of Generating Facility or Merchant Transmission Facility

**Resistivity Solar**

Dogwood County, Arkansas

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

TC1 Project Developer, Project Identifier # TC1-001

Name and location of Generating Facility or Merchant Transmission Facility

**Kite Solar**

Butterfly County, Texas

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

TC1 Project Developer E, Project Identifier # TC1-006/TC1-009/TC1-010

Name and location of Generating Facility or Merchant Transmission Facility

**Flux Wind Farm**

Redwood County, Nevada

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

TC1 Project Developer A, Project Identifier # TC1-002

Name and location of Generating Facility or Merchant Transmission Facility

**Impedance Storage**

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Oak County, North Dakota

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

TC1 Project Developer D, Project Identifier # TC1-005

Name and location of Generating Facility or Merchant Transmission Facility

Volt Wind Farm

Goldfinch County, Wisconsin

All capitalized terms herein shall have the meanings set forth in the appended definitions of such terms as stated in the GIP. For purposes of the Agreement, the terms “Generation Interconnection Procedures” or “GIP” will refer to the interconnection procedures set forth in Part VII .

- 2.0 Authority. This NUCRA is entered into pursuant to Part VII 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 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

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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.
- 8.0 Notices. Any notice or request made to or by any party regarding this NUCRA shall be made in accordance with the standard terms and conditions for construction set forth in Appendix 2 to this NUCRA to the representatives of the other parties, as indicated below:

Transmission Provider:

PJM Interconnection, L.L.C.  
2750 Monroe Blvd.  
Audubon, PA 19403  
interconnectionagreementnotices@pjm.com

Project Developer:

[Project Identifier # TC1-008, TC1-011/TC1-012](#)

TC1 Project Developer G

101 South Street

Anywhere, Pennsylvania 19000

Attn: Nikola Tesla, Vice President of Interconnection Projects, or successor

Email: Nikola.Tesla@TC1PDG.com

Phone: 555-555-5556

Project Developer:

[Project Identifier # TC1-007](#)

TC1 Project Developer F

102 South Street

Anywhere, Pennsylvania 19000

Attn: Michael Faraday, Vice President of Interconnection Projects, or successor

Email: Michael.Faraday@TC1PDF.com

Phone: 555-555-5557

Project Developer:

[Project Identifier # TC1-003](#)

TC1 Project Developer B

103 South Street

Anywhere, Pennsylvania 19000

Attn: Alessandro Volta, Vice President of Interconnection Projects, or successor

Email: Alessandro.Volta@TC1PDB.com

Phone: 555-555-5558

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Project Developer:

Project Identifier # TC1-004

TC1 Project Developer C

104 South Street

Anywhere, Pennsylvania 19000

Attn: Andre-Marie Ampere, Vice President of Interconnection Projects, or successor

Email: Andre-Marie.Ampere@TC1PDC.com

Phone: 555-555-5551

Project Developer:

Project Identifier # TC1-001

TC1 Project Developer

100 South Street

Anywhere, Pennsylvania 19000

Attn: Thomas Edison, Vice President of Interconnection Projects, or successor

Email: Thomas.Edison@TC1PD.com

Phone: 555-555-5555

Project Developer:

Project Identifier # TC1-006/TC1-009/TC1-010

TC1 Project Developer E

105 South Street

Anywhere, Pennsylvania 19000

Attn: Emil Lenz, Vice President of Interconnection Projects, or successor

Email: Emil.Lenz@TC1PDE.com

Phone: 555-555-5552

Project Developer:

Project Identifier # TC1-002

TC1 Project Developer A

106 South Street

Anywhere, Pennsylvania 19000

Attn: Georg Ohm, Vice President of Interconnection Projects, or successor

Email: Georg.Ohm@TC1PDA.com

Phone: 555-555-5553

Project Developer:

Project Identifier # TC1-005

TC1 Project Developer D

107 South Street

Anywhere, Pennsylvania 19000

Attn: James Watt, Vice President of Interconnection Projects, or successor

Email: James.Watt@TC1PDD.com

Phone: 555-555-555

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- 9.0 Waiver. No waiver by any party of one or more defaults by another in performance of any of the provisions of this NUCRA shall operate or be construed as a waiver of any other or further default or defaults, whether of a like or different character.
- 10.0 Amendment. Except as set forth in Appendix 2, sections 4 and 13.3 of this NUCRA, this NUCRA or any part thereof, may not be amended, modified, assigned, or waived other than by a writing signed by all parties. Parties acknowledge that, subsequent to execution of this agreement, errors may be corrected by replacing the page of the agreement containing the error with a corrected page, as agreed to and initialed by the parties, without modifying or altering the original date of execution, dates of any milestones, or obligations contained therein.
- 11.0 Incorporation of Other Documents. All portions of the agreements identified in section 1.0 above, ~~and~~ the Tariff, and the Operating Agreement (herein collectively referenced as “Other Documents”) pertinent to the subject of this NUCRA and not otherwise made a part hereof are hereby incorporated herein and made a part hereof. To the extent there is a conflict between the NUCRA and ~~Other Documents~~, the terms of this NUCRA shall control.
- 12.0 Addendum of Non-Standard Terms and Conditions. Subject to FERC acceptance, the parties agree that the terms and conditions set forth in the attached Schedule C are hereby incorporated by reference into, and made a part of, this NUCRA. In the event of any conflict between a provision of the attached Schedule C that FERC has accepted and any provision of the standard terms and conditions set forth in Appendix 2 to this NUCRA that relates to the same subject matter, the pertinent provision of the attached Schedule C shall control.
- 13.0 This Agreement shall be deemed a contract made under, and the interpretation and performance of this Agreement and each of its provisions shall be governed and construed in accordance with, the applicable Federal laws and/or laws of the State of Delaware without regard to conflicts of laws provisions that would apply the laws of another jurisdiction.

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IN WITNESS WHEREOF, the parties have caused this Network Upgrade Cost Responsibility Agreement to be executed by their respective authorized officials.

(Network Identifier(s) #nxxxx)

Transmission Provider: PJM Interconnection, L.L.C.

By: \_\_\_\_\_  
Name Title Date

Printed name of signer: \_\_\_\_\_

Project Developer: TC1 Project Developer  
Project Identifier # TC1-001

By: \_\_\_\_\_  
Name Title Date

Printed name of signer: \_\_\_\_\_

Project Developer: TC1 Project Developer A  
Project Identifier # TC1-002

By: \_\_\_\_\_  
Name Title Date

Printed name of signer: \_\_\_\_\_

Project Developer: TC1 Project Developer B  
Project Identifier # TC1-003

By: \_\_\_\_\_  
Name Title Date

Printed name of signer: \_\_\_\_\_

Project Developer: TC1 Project Developer C  
Project Identifier # TC1-004

By: \_\_\_\_\_  
Name Title Date

Printed name of signer: \_\_\_\_\_



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Project Developer: TC1 Project Developer D

Project Identifier # TC1-005

By: \_\_\_\_\_  
Name Title Date

Printed name of signer: \_\_\_\_\_

Project Developer: TC1 Project Developer E

Project Identifier # TC1-006/TC1-009/TC1-010

By: \_\_\_\_\_  
Name Title Date

Printed name of signer: \_\_\_\_\_

Project Developer: TC1 Project Developer F

Project Identifier # TC1-007

By: \_\_\_\_\_  
Name Title Date

Printed name of signer: \_\_\_\_\_

Project Developer: TC1 Project Developer G

Project Identifier # TC1-008, TC1-011/TC1-012

By: \_\_\_\_\_  
Name Title Date

Printed name of signer: \_\_\_\_\_

The signature below of the authorized officer of the Transmission Owner is for the limited purpose of acknowledging that an authorized officer of said Transmission Owner has read this Agreement as of this \_\_\_ day of 20\_\_.

Transmission Owner: TC1 Transmission Owner

By: \_\_\_\_\_  
Name Title Date

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Printed name of signer: \_\_\_\_\_

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**APPENDICES:**

- **APPENDIX 1 – DEFINITIONS**
- **APPENDIX 2 – STANDARD TERMS AND CONDITIONS**

**SCHEDULES:**

- **SCHEDULE A – COMMON USE UPGRADES**
- **SCHEDULE B – COST RESPONSIBILITY**
- **SCHEDULE C – SCHEDULE OF NON-STANDARD TERMS AND CONDITIONS**

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**APPENDIX 1**

**DEFINITIONS**

**From the Generation Interconnection Procedures accepted for filing by FERC as of the effective date of this agreement.**

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For purposes of these Generation Interconnection Procedures and any agreement set forth in Tariff, Part IX, in the event of a conflict between the definitions set forth herein and the definitions set forth in Tariff, Part I, the definitions set forth in these Generation Interconnection Procedures shall control.

**Abnormal Condition:**

“Abnormal Condition” shall mean any condition on the Interconnection Facilities which, determined in accordance with Good Utility Practice, is: (i) outside normal operating parameters such that facilities are operating outside their normal ratings or that reasonable operating limits have been exceeded; and (ii) could reasonably be expected to materially and adversely affect the safe and reliable operation of the Interconnection Facilities; but which, in any case, could reasonably be expected to result in an Emergency Condition. Any condition or situation that results from lack of sufficient generating capacity to meet load requirements or that results solely from economic conditions shall not, standing alone, constitute an Abnormal Condition.

**Affected System:**

“Affected System” shall mean an electric system other than the Transmission Provider’s Transmission System that may be affected by a proposed interconnection or on which a proposed interconnection or addition of facilities or upgrades may require modifications or upgrades to the Transmission System.

**Affected System Customer**

“Affected System Customer” shall mean the developer responsible for an Affected System Facility that requires Network Upgrades to Transmission Provider’s Transmission System,

**Affected System Facility**

“Affected System Facility” shall mean a new, expanded or upgraded generation or transmission facility outside of Transmission Provider’s Transmission System, the effect of which requires Network Upgrades to Transmission Provider’s Transmission System.

**Affected System Operator**

“Affected System Operator” shall mean an entity that operates an Affected System or, if the Affected System is under the operational control of an independent system operator or a regional transmission organization, such independent entity.

**Affected System Study Agreement**

“Affected System Study Agreement” shall mean the agreement set forth in Tariff, Part IX, Subpart N.

**Affiliate:**

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“Affiliate” shall mean any two or more entities, one of which Controls the other or that are under common Control. “Control,” as that term is used in this definition, shall mean the possession, directly or indirectly, of the power to direct the management or policies of an entity. Ownership of publicly-traded equity securities of another entity shall not result in Control or affiliation for purposes of the Tariff or Operating Agreement if the securities are held as an investment, the holder owns (in its name or via intermediaries) less than 10 percent of the outstanding securities of the entity, the holder does not have representation on the entity’s board of directors (or equivalent managing entity) or vice versa, and the holder does not in fact exercise influence over day-to-day management decisions. Unless the contrary is demonstrated to the satisfaction of the Members Committee, Control shall be presumed to arise from the ownership of or the power to vote, directly or indirectly, 10 percent or more of the voting securities of such entity.

**Ancillary Services:**

“Ancillary Services” shall mean those services that are necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of the Transmission Provider’s Transmission System in accordance with Good Utility Practice.

**Applicable Laws and Regulations:**

“Applicable Laws and Regulations” shall mean all duly promulgated applicable federal, State and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority having jurisdiction over the relevant parties, their respective facilities, and/or the respective services they provide.

**Applicable Regional Entity:**

“Applicable Regional Entity” shall mean the Regional Entity for the region in which a Network Customer, Transmission Customer, Project Developer, Eligible Customer, or Transmission Owner operates.

**Applicable Standards:**

“Applicable Standards” shall mean the requirements and guidelines of NERC, the Applicable Regional Entity, the Control Area in which the Generating Facility or Merchant Transmission Facility is electrically located and the Transmission Owner FERC Form No. 715 – Annual Transmission Planning and Evaluation Report for each Applicable Regional Entity; the PJM Manuals; and Applicable Technical Requirements and Standards.

**Applicable Technical Requirements and Standards:**

“Applicable Technical Requirements and Standards” shall mean those certain technical requirements and standards applicable to interconnections of generation and/or transmission facilities with the facilities of an Transmission Owner or, as the case may be and to the extent

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applicable, of an Electric Distributor, as published by Transmission Provider in a PJM Manual. All Applicable Technical Requirements and Standards shall be publicly available through postings on Transmission Provider's internet website.

**Application and Studies Agreement:**

"Application and Studies Agreement" shall mean the application that must be submitted by a Project Developer or Eligible Customer that seeks to initiate a New Service Request, a form of which is set forth in Tariff, Part VII, Subpart A. An Application and Studies Agreement must be submitted electronically through PJM's web site in accordance with PJM's Manuals.

**Application Deadline:**

"Application Deadline" shall mean the Cycle deadline for submitting a Completed New Service Request, as set forth in Tariff, Part VII, Subpart C, sections 306(A) and 306(E). If Project Developer's or Eligible Customer's Completed New Service Request is received by Transmission Provider after a particular Cycle deadline, such Completed New Service Request shall automatically be considered as part of the immediate subsequent Cycle.

**Application Phase:**

"Application Phase" shall mean the Cycle period encompassing both the submission and review of New Service Requests as set forth in Tariff, Part VII, Subpart C, section 306.

**Application Review Phase:**

"Application Review Phase" shall mean the review and procedures set forth in Tariff, Part VII, Subpart C, section 306(B).

**Base Project:**

"Base Project" shall mean: (1) a Generating Facility, Customer Facility, or Participant Facility with an executed and effective Generation Interconnection Agreement, Interconnection Service Agreement, or Wholesale Market Participation Agreement that has demonstrated commercial operation; (2) a commercially operational generation resource with a form of Commission-jurisdictional interconnection-related service agreement; or (3) a project with a valid Generation Interconnection Request that has been submitted and is subject to an interconnection study in a Cycle prior to Transition Cycle #2.

**Behind The Meter Generation:**

"Behind The Meter Generation" shall refer to a generation unit that delivers energy to load without using the Transmission System or any distribution facilities (unless the entity that owns or leases the distribution facilities has consented to such use of the distribution facilities and such consent has been demonstrated to the satisfaction of the Office of the Interconnection); provided, however, that Behind The Meter Generation does not include (i) at any time, any portion of such generating

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unit's capacity that is designated as a Generation Capacity Resource; or (ii) in an hour, any portion of the output of such generating unit that is sold to another entity for consumption at another electrical location or into the PJM Interchange Energy Market.

**Breach:**

“Breach” shall mean the failure of a party to perform or observe any material term or condition of the Tariff, Part VII, or any agreement entered into thereunder as described in the relevant provisions of such agreement.

**Breaching Party:**

“Breaching Party” shall mean a party that is in Breach of the Tariff, Part VII and/or an agreement entered into thereunder.

**Business Day:**

“Business Day” shall mean a day ending at 5 pm Eastern prevailing time in which the Federal Reserve System is open for business and is not a scheduled PJM holiday.

**Cancellation Costs:**

“Cancellation Costs” shall mean costs and liabilities incurred in connection with: (a) cancellation of supplier and contractor written orders and agreements entered into to design, construct and install Transmission Owner Interconnection Facilities, and/or Customer-Funded Upgrades, and/or (b) completion of some or all of the required Transmission Owner Interconnection Facilities, and/or Customer-Funded Upgrades, or specific unfinished portions and/or removal of any or all of such facilities which have been installed, to the extent required for the Transmission Provider and/or Transmission Owner(s) to perform their respective obligations under the Tariff, Part VII. Cancellation costs may include costs for Customer-Funded Upgrades assigned to Project Developer or Eligible Customer, in accordance with the Tariff and as reflected in this GIA, that remain the responsibility of Project Developer or Eligible Customer under the Tariff, even if such New Service Request is terminated or withdrawn.

**Capacity:**

“Capacity” shall mean the installed capacity requirement of the Reliability Assurance Agreement or similar such requirements as may be established.

**Capacity Interconnection Rights:**

“Capacity Interconnection Rights” shall mean the rights to input generation as a Generation Capacity Resource into the Transmission System at the Point of Interconnection.

**Capacity Resource:**



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“Capacity Resource” shall have the meaning provided in the Reliability Assurance Agreement.

**Commencement Date:**

“Commencement Date” shall mean the date on which Interconnection Service commences in accordance with a Generation Interconnection Agreement.

**Common Use Upgrade:**

“Common Use Upgrade” or “CUU” shall mean a Network Upgrade that is needed for the interconnection of Generating Facilities or Merchant Transmission Facilities of more than one Project Developer or Eligible Customer and which is the shared responsibility of each Project Developer or Eligible Customer.

**Completed Application:**

“Completed Application” shall mean an application that satisfies all of the information and other requirements of the Tariff, including any required deposit.

**Completed New Service Request:**

“Completed New Service Request” shall mean an application that satisfies all of the information and other requirements of the Tariff, including any required deposit(s). A Completed New Service Request, if accepted upon review, shall become a valid New Service Request.

**Confidential Information:**

“Confidential Information” shall mean any confidential, proprietary, or trade secret information of a plan, specification, pattern, procedure, design, device, list, concept, policy, or compilation relating to the present or planned business of a Project Developer, Eligible Customer, Transmission Owner, or other Interconnection Party or Construction Party, which is designated as confidential by the party supplying the information, whether conveyed verbally, electronically, in writing, through inspection, or otherwise, and shall include, without limitation, all information relating to the producing party’s technology, research and development, business affairs and pricing, and any information supplied by any Project Developer, Eligible Customer, Transmission Owner, or other Interconnection Party or Construction Party to another such party prior to the execution of an Generation Interconnection Agreement or a Construction Service Agreement.

**Consolidated Transmission Owners Agreement, PJM Transmission Owners Agreement or Transmission Owners Agreement:**

“Consolidated Transmission Owners Agreement,” “PJM Transmission Owners Agreement” or “Transmission Owners Agreement” shall mean the certain Consolidated Transmission Owners Agreement dated as of December 15, 2005, by and among the Transmission Owners and by and between the Transmission Owners and PJM Interconnection, L.L.C. on file with the Commission, as amended from time to time.

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**Constructing Entity:**

“Constructing Entity” shall mean either the Transmission Owner, Project Developer, Eligible Customer or Affected System Customer, depending on which entity has the construction responsibility pursuant to the Tariff, Part VII and the applicable GIA or Construction Service Agreement; this term shall also be used to refer to a Project Developer or Eligible Customer with respect to the construction of the Interconnection Facilities.

**Construction Party:**

“Construction Party” shall mean a party to a Construction Service Agreement, Network Upgrade Cost Responsibility Agreement or a party to a GIA that requires activities pursuant to a GIA.

**Construction Service Agreement:**

“Construction Service Agreement” shall mean either an Interconnection Construction Service Agreement, Network Upgrade Cost Responsibility Agreement or Upgrade Construction Service Agreement.

**Contingent Facilities:**

“Contingent Facilities” shall mean those unbuilt Interconnection Facilities and Network Upgrades upon which the Interconnection Request’s costs, timing, and study findings are dependent and, if delayed or not built, could cause a need for restudies of the Interconnection Request or a reassessment of the Interconnection Facilities and/or Network Upgrades and/or costs and timing.

**Control Area:**

“Control Area” shall mean an electric power system or combination of electric power systems bounded by interconnection metering and telemetry to which a common automatic generation control scheme is applied in order to:

- (1) match the power output of the generators within the electric power system(s) and energy purchased from entities outside the electric power system(s), with the load within the electric power system(s);
- (2) maintain scheduled interchange with other Control Areas, within the limits of Good Utility Practice;
- (3) maintain the frequency of the electric power system(s) within reasonable limits in accordance with Good Utility Practice; and
- (4) provide sufficient generating capacity to maintain operating reserves in accordance with Good Utility Practice.

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**Controllable A.C. Merchant Transmission Facilities:**

“Controllable A.C. Merchant Transmission Facilities” shall mean transmission facilities that (1) employ technology which Transmission Provider reviews and verifies will permit control of the amount and/or direction of power flow on such facilities to such extent as to effectively enable the controllable facilities to be operated as if they were direct current transmission facilities, and (2) that are interconnected with the Transmission System pursuant to the Tariff, Part VII.

**Cost Responsibility Agreement:**

“Cost Responsibility Agreement” shall mean a form of agreement between Transmission Provider and a Project Developer with an existing generating facility, intended to provide the terms and conditions for the Transmission Provider to perform certain modeling, studies or analysis to determine whether the Project Developer may enter into a GIA with PJM and the Transmission Owner. A form of the Cost Responsibility Agreement is set forth in Tariff, Part IX, Subpart F.

**Costs:**

As used in the Tariff, Part VII and related agreements and attachments, “Costs” shall mean costs and expenses, as estimated or calculated, as applicable, including, but not limited to, capital expenditures, if applicable, and overhead, return, and the costs of financing and taxes and any Incidental Expenses.

**Customer-Funded Upgrade:**

“Customer-Funded Upgrade” shall mean any Network Upgrade, Distribution Upgrade, or Merchant Network Upgrade for which cost responsibility (i) is imposed on a Project Developer or Eligible Customer pursuant to Tariff, Part VII, Subpart D, section 307(A)(5), or (ii) is voluntarily undertaken by an Upgrade Customer in fulfillment of an Upgrade Request. No Network Upgrade, Distribution Upgrade or Merchant Network Upgrade or other transmission expansion or enhancement shall be a Customer-Funded Upgrade if and to the extent that the costs thereof are included in the rate base of a public utility on which a regulated return is earned.

**Cycle:**

“Cycle” shall mean that period of time between the start of an Application phase and conclusion of the corresponding Final Agreement Negotiation Phase. The Cycle consists of the Application Phase, Phase I, Decision Point I, Phase II, Decision Point II, Phase III, Decision Point III, and the Final Agreement Negotiation Phase.

**Decision Point I:**

“Decision Point I” shall mean the time period that commences on the first Business Day immediately following Phase I of a Cycle, and shall end within 30 calendar days; however, if the 30th does not fall on a Business Day, this time period shall conclude on the next Business Day.

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**Decision Point II:**

“Decision Point II” shall mean the time period that commences on the first Business Day immediately following Phase II of a Cycle, and shall end within 30 calendar days; however, if the 30th does not fall on a Business Day, this time period shall conclude on the next Business Day.

**Decision Point III:**

“Decision Point III” shall mean the time period that commences on the first Business Day immediately following Phase III of a Cycle, and shall end within 30 calendar days; however, if the 30th does not fall on a Business Day, this time period shall conclude on the next Business Day.

**Default:**

As used in the Generation Interconnection Agreement, Construction Service Agreement, and Network Upgrade Cost Responsibility Agreement, “Default” shall mean the failure of a Breaching Party to cure its Breach in accordance with the applicable provisions of a Generation Interconnection Agreement, Construction Service Agreement, or Network Upgrade Cost Responsibility Agreement.

**Distribution System:**

“Distribution System” shall mean the Transmission Owner’s facilities and equipment used to transmit electricity to ultimate usage points such as homes and industries directly from nearby generators or from interchanges with higher voltage transmission networks which transport bulk power over longer distances. The voltage levels at which distribution systems operate differ among areas.

**Distribution Upgrades:**

“Distribution Upgrades” shall mean the additions, modifications, and upgrades to the Distribution System at or beyond the Point of Interconnection to facilitate interconnection of the Generating Facility and render the delivery service necessary to affect Project Developer’s wholesale sale of electricity in interstate commerce. Distribution Upgrades do not include Interconnection Facilities.

**Eligible Customer:**

“Eligible Customer” shall mean:

(i) Any electric utility (including any Transmission Owner and any power marketer), Federal power marketing agency, or any person generating electric energy for sale for resale is an Eligible Customer under the Tariff. Electric energy sold or produced by such entity may be electric energy produced in the United States, Canada or Mexico. However, with respect to transmission service that the Commission is prohibited from ordering by section 212(h) of the Federal Power Act, such entity is eligible only if the service is provided pursuant to a state requirement that the

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Transmission Provider or Transmission Owner offer the unbundled transmission service, or pursuant to a voluntary offer of such service by a Transmission Owner.

(ii) Any retail customer taking unbundled transmission service pursuant to a state requirement that the Transmission Provider or a Transmission Owner offer the transmission service, or pursuant to a voluntary offer of such service by a Transmission Owner, is an Eligible Customer under the Tariff. As used in Tariff, Part VII, Eligible Customer shall mean only those Eligible Customers that have submitted an Application and Study Agreement.

**Emergency Condition:**

“Emergency Condition” shall mean a condition or situation (i) that in the judgment of any Interconnection Party is imminently likely to endanger life or property; or (ii) that in the judgment of the Transmission Owner or Transmission Provider is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the Transmission System, the Interconnection Facilities, or the transmission systems or distribution systems to which the Transmission System is directly or indirectly connected; or (iii) that in the judgment of Project Developer is imminently likely (as determined in a non-discriminatory manner) to cause damage to the Generating Facility or to the Project Developer Interconnection Facilities. System restoration and black start shall be considered Emergency Conditions, provided that a Generation Project Developer is not obligated by a Generation Interconnection Agreement to possess black start capability. Any condition or situation that results from lack of sufficient generating capacity to meet load requirements or that results solely from economic conditions shall not constitute an Emergency Condition, unless one or more of the enumerated conditions or situations identified in this definition also exists.

**Energy Resource:**

“Energy Resource” shall mean a Generating Facility that is not a Capacity Resource.

**Energy Storage Resource:**

“Energy Storage Resource” shall mean a resource capable of receiving electric energy from the grid and storing it for later injection to the grid that participates in the PJM Energy, Capacity and/or Ancillary Services markets as a Market Participant

**Engineering and Procurement Agreement:**

“Engineering and Procurement Agreement” shall mean an agreement that authorizes Transmission Owner to begin engineering and procurement of long lead-time items necessary for the establishment of the interconnection in order to advance the implementation of the Interconnection Request. An Engineering and Procurement Agreement is not intended to be used for the actual construction of any Interconnection Facilities or Transmission Upgrades. A form of the Engineering and Procurement Agreement is set forth in Tariff, Part IX, Subpart D. An Engineering and Procurement Agreement can only be requested by a Project Developer, and can only be requested in Phase III.

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**Facilities Study:**

"Facilities Study" shall be an engineering study conducted by the Transmission Provider (in coordination with the affected Transmission Owner(s)) to: (1) determine the required modifications to the Transmission Provider's Transmission System necessary to implement the conclusions of the System Impact Studies; and (2) complete any additional studies or analyses documented in the System Impact Studies or required by PJM Manuals, and determine the required modifications to the Transmission Provider's Transmission System based on the conclusions of such additional studies.

**Federal Power Act:**

"Federal Power Act" shall mean the Federal Power Act, as amended, 16 U.S.C. §§ 791a, et seq.

**FERC or Commission:**

"FERC" or "Commission" shall mean the Federal Energy Regulatory Commission or any successor federal agency, commission or department exercising jurisdiction over the Tariff, Operating Agreement and Reliability Assurance Agreement.

**Final Agreement Negotiation Phase:**

"Final Agreement Negotiation Phase" shall mean the phase set forth in Tariff, Part VII, Subpart D, section 314 to tender, negotiate, and execute any service agreement in Tariff, Part IX.

**Generating Facility:**

"Generating Facility" shall mean Project Developer's device for the production and/or storage for later injection of electricity identified in the New Service Request, but shall not include the Project Developer's Interconnection Facilities. A Generating Facility consists of one or more generating unit(s) and/or storage device(s) which usually can operate independently and be brought online or taken offline individually.

**Generation Interconnection Agreement ("GIA"):**

"Generation Interconnection Agreement" ("GIA") shall mean the form of interconnection agreement applicable to a Generation Interconnection Request or Transmission Interconnection Request. A form of the GIA is set forth in Tariff, Part IX, Subpart B.

**Generation Interconnection Procedures ("GIP"):**

"Generation Interconnection Procedures" ("GIP") shall mean the interconnection procedures set forth in Tariff, Part VII.

**Generation Interconnection Request:**

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“Generation Interconnection Request” shall mean a request by a Generation Project Developer pursuant to Tariff, Part VII, Subpart C, section 306, to interconnect a generating unit with the Transmission System or to increase the capacity of a generating unit interconnected with the Transmission System in the PJM Region.

**Generation Project Developer:**

“Generation Project Developer” shall mean an entity that submits a Generation Interconnection Request to interconnect a new generation facility or to increase the capacity of an existing generation facility interconnected with the Transmission System in the PJM Region.

**Good Utility Practice:**

“Good Utility Practice” shall mean any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather is intended to include acceptable practices, methods, or acts generally accepted in the region; including those practices required by Federal Power Act, section 215(a)(4).

**Governmental Authority:**

“Governmental Authority” shall mean any federal, state, local or other governmental, regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, arbitrating body, or other governmental authority having jurisdiction over any Interconnection Party or Construction Party or regarding any matter relating to a Generation Interconnection Agreement or Construction Service Agreement, as applicable.

**Hazardous Substances:**

“Hazardous Substance” shall mean any chemicals, materials or substances defined as or included in the definition of “hazardous substances,” “hazardous wastes,” “hazardous materials,” “hazardous constituents,” “restricted hazardous materials,” “extremely hazardous substances,” “toxic substances,” “radioactive substances,” “contaminants,” “pollutants,” “toxic pollutants” or words of similar meaning and regulatory effect under any applicable Environmental Law, or any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any applicable Environmental Law.

**Incidental Expenses:**

“Incidental Expenses” shall mean those expenses incidental to the performance of construction pursuant to an Interconnection Construction Service Agreement, including, but not limited to, the



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expense of temporary construction power, telecommunications charges, Interconnected Transmission Owner expenses associated with, but not limited to, document preparation, design review, installation, monitoring, and construction-related operations and maintenance for the Customer Facility and for the Interconnection Facilities.

**Incremental Auction Revenue Rights:**

“Incremental Auction Revenue Rights” shall mean the additional Auction Revenue Rights, not previously feasible, created by the addition of Incremental Rights-Eligible Required Transmission Enhancements, Merchant Transmission Facilities, or of one or more Customer-Funded Upgrades.

**Incremental Capacity Transfer Rights:**

“Incremental Capacity Transfer Right” shall mean a Capacity Transfer Right allocated to a Generation Project Developer or Transmission Project Developer obligated to fund a transmission facility or upgrade, to the extent such upgrade or facility increases the transmission import capability into a Locational Deliverability Area, or a Capacity Transfer Right allocated to a Responsible Customer in accordance with Tariff, Schedule 12A.

**Incremental Deliverability Rights (IDRs):**

“Incremental Deliverability Rights” (“IDR”) shall mean the rights to the incremental ability, resulting from the addition of Merchant Transmission Facilities, to inject energy and capacity at a point on the Transmission System, such that the injection satisfies the deliverability requirements of a Capacity Resource. Incremental Deliverability Rights may be obtained by a generator or a Generation Project Developer, pursuant to an IDR Transfer Agreement, to satisfy, in part, the deliverability requirements necessary to obtain Capacity Interconnection Rights.

**Initial Operation:**

“Initial Operation” shall mean the commencement of operation of the Generating Facility and Project Developer Interconnection Facilities after satisfaction of the conditions of Tariff, Part IX, Subpart B, Appendix 2, section 1.4.

**Interconnected Entity:**

“Interconnected Entity” shall mean either the Project Developer or the Transmission Owner; Interconnected Entities shall mean both of them.

**Interconnection Construction Service Agreement:**

“Interconnection Construction Service Agreement” shall mean the agreement entered into by an Project Developer, Transmission Owner and the Transmission Provider pursuant to this Tariff, Part VII in the form set forth in Tariff, Part IX, Subpart J or Tariff, Part IX, Subpart H, relating to construction of Common Use Upgrades, Distribution Upgrades, Network Upgrades, Stand Alone



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Network Upgrades and/or Transmission Owner Interconnection Facilities and coordination of the construction and interconnection of an associated Generating Facility.

**Interconnection Facilities:**

“Interconnection Facilities” shall mean the Transmission Owner’s Interconnection Facilities and the Project Developer’s Interconnection Facilities. Collectively Interconnection Facilities include all facilities and equipment between the Generating Facility and the Point of Interconnection, including any modifications, additions, or upgrades that are necessary to physically and electrically interconnect the Generating Facility to the Transmission System. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades, or Network Upgrades.

**Interconnection Party:**

“Interconnection Party” shall mean a Transmission Provider, Project Developer, or the Transmission Owner. Interconnection Parties shall mean all of them.

**Interconnection Request:**

“Interconnection Request” shall mean a Generation Interconnection Request, a Transmission Interconnection Request and/or an IDR Transfer Agreement.

**Interconnection Service:**

“Interconnection Service” shall mean the physical and electrical interconnection of the Generating Facility with the Transmission System pursuant to the terms of this Tariff, Part VII and the Generation Interconnection Agreement entered into pursuant thereto by Project Developer, the Transmission Owner and Transmission Provider.

**List of Approved Contractors:**

“List of Approved Contractors” shall mean a list developed by each Transmission Owner and published in a PJM Manual of (a) contractors that the Transmission Owner considers to be qualified to install or construct new facilities and/or upgrades or modifications to existing facilities on the Transmission Owner’s system, provided that such contractors may include, but need not be limited to, contractors that, in addition to providing construction services, also provide design and/or other construction-related services, and (b) manufacturers or vendors of major transmission-related equipment (e.g., high-voltage transformers, transmission line, circuit breakers) whose products the Transmission Owner considers acceptable for installation and use on its system.

**Load Serving Entity (LSE):**

“Load Serving Entity” or “LSE” shall have the meaning specified in the Reliability Assurance Agreement.

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**Material Modification:**

“Material Modification” shall mean, as determined through a Necessary Study, any modification to a Generation Interconnection Agreement that has a material adverse effect on the cost or timing of Interconnection Studies related to, or any Distribution Upgrades, Network Upgrades, Stand Alone Network Upgrades or Transmission Owner Interconnection Facilities needed to accommodate, any Interconnection Request with a later Cycle.

**Maximum Facility Output:**

“Maximum Facility Output” shall mean the maximum (not nominal) net electrical power output in megawatts, specified in the Generation Interconnection Agreement, after supply of any parasitic or host facility loads, that a Generation Project Developer’s Generating Facility is expected to produce, provided that the specified Maximum Facility Output shall not exceed the output of the proposed Generating Facility that Transmission Provider utilized in the System Impact Study.

**Maximum State of Charge:**

“Maximum State of Charge” shall mean the maximum State of Charge that should not be exceeded, measured in units of megawatt-hours.

**Merchant A.C. Transmission Facilities:**

“Merchant A.C. Transmission Facility” shall mean Merchant Transmission Facilities that are alternating current (A.C.) transmission facilities, other than those that are Controllable A.C. Merchant Transmission Facilities.

**Merchant D.C. Transmission Facilities:**

“Merchant D.C. Transmission Facilities” shall mean direct current (D.C.) transmission facilities that are interconnected with the Transmission System pursuant to the Tariff.

**Merchant Network Upgrades:**

“Merchant Network Upgrades” shall mean additions to, or modifications or replacements of, or advancement of additions to, or modifications or replacement of, physical facilities of the Transmission Owner that, on the date of the pertinent Upgrade Customer’s Upgrade Request, are part of the Transmission System or are included in the Regional Transmission Expansion Plan, but that are not already subject to an already existing, fully executed interconnection related agreement, such as a Generation Interconnection Agreement, stand-alone Construction Service Agreement, Network Upgrade Cost Responsibility Agreement or Upgrade Construction Service Agreement.

**Merchant Transmission Facilities:**

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“Merchant Transmission Facilities” shall mean A.C. or D.C. transmission facilities that are interconnected with or added to the Transmission System pursuant to the Tariff, Part VII and that are so identified in Tariff, Attachment T, provided, however, that Merchant Transmission Facilities shall not include (i) any Project Developer Interconnection Facilities, (ii) any physical facilities of the Transmission System that were in existence on or before March 20, 2003 ; (iii) any expansions or enhancements of the Transmission System that are not identified as Merchant Transmission Facilities in the Regional Transmission Expansion Plan and Tariff, Attachment T, or (iv) any transmission facilities that are included in the rate base of a public utility and on which a regulated return is earned.

**Merchant Transmission Provider:**

“Merchant Transmission Provider” shall mean an Project Developer that (1) owns, controls, or controls the rights to use the transmission capability of, Merchant D.C. Transmission Facilities and/or Controllable A.C. Merchant Transmission Facilities that connect the Transmission System with another control area, (2) has elected to receive Transmission Injection Rights and Transmission Withdrawal Rights associated with such facility pursuant to this Tariff, Part VII, Subpart E, section 330, and (3) makes (or will make) the transmission capability of such facilities available for use by third parties under terms and conditions approved by the Commission and stated in the Tariff, consistent with Tariff, Part VII, Subpart E, section 319.

**Metering Equipment:**

“Metering Equipment” shall mean all metering equipment installed at the metering points designated in the appropriate appendix to a Generation Interconnection Agreement.

**Minimum State of Charge:**

“Minimum State of Charge” shall mean the minimum State of Charge that should be maintained in units of megawatt-hours.

**NERC:**

“NERC” shall mean the North American Electric Reliability Corporation or any successor thereto.

**Necessary Study Agreement:**

“Necessary Study Agreement” shall mean the form of agreement for preparation of one or more Necessary Studies, as set forth in Tariff, Part IX, Subpart G.

**Necessary Study:**

“Necessary Study(ies)” shall mean the assessment(s) undertaken by the Transmission Provider to determine whether a planned modification under Appendix 2, section 3.4.1 of the GIA will have a permanent material impact on the Transmission System and to identify the additions, modifications, or replacements to the Transmission System, if any, that are necessary, in

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accordance with Good Utility Practice, and/or to maintain compliance with Applicable Laws and Regulations or Applicable Standards, to accommodate the planned modifications. A form of the Necessary Study Agreement is set forth in Tariff, Part IX, Subpart G.

**Network Upgrade Cost Responsibility Agreement:**

“Network Upgrade Cost Responsibility Agreement” shall mean the agreement entered into by the Project Developer Parties and the Transmission Provider pursuant to this GIP, and in the form set forth in Tariff, Part IX, Subpart H, relating to construction of Common Use Upgrades and coordination of the construction and interconnection of associated Generating Facilities. In regard to Common Use Upgrades, a separate Network Upgrade Cost Responsibility Agreement will be executed for each set of Common Use Upgrades on the system of a specific Transmission Owner that is associated with the interconnection of a Generating Facility.

**Network Upgrades:**

“Network Upgrades” shall mean modifications or additions to transmission-related facilities that are integrated with and support the Transmission Provider's overall Transmission System for the general benefit of all users of such Transmission System. Network Upgrades shall include Stand Alone Network Upgrades which are Network Upgrades that are not part of an Affected System; only serve the Generating Facility or Merchant Transmission Facility; and have no impact or potential impact on the Transmission System until the final tie-in is complete. Both Transmission Provider and Project Developer must agree as to what constitutes Stand Alone Network Upgrades and identify them in the GIA, Schedule L or in the Interconnection Construction Service Agreement, Schedule D. If the Transmission Provider and Project Developer disagree about whether a particular Network Upgrade is a Stand Alone Network Upgrade, the Transmission Provider must provide the Project Developer a written technical explanation outlining why the Transmission Provider does not consider the Network Upgrade to be a Stand Alone Network Upgrade within 15 days of its determination.

**New Service Request:**

“New Service Request” shall mean an Interconnection Request or a Completed Application.

**Nominal Rated Capability:**

“Nominal Rated Capability” shall mean the nominal maximum rated capability in megawatts of a Transmission Project Developer's Generating Facility or the nominal increase in transmission capability in megawatts of the Transmission System resulting from the interconnection or addition of a Transmission Project Developer's Generating Facility, as determined in accordance with pertinent Applicable Standards and specified in the Generation Interconnection Agreement.

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

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

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

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

**Option to Build:**

“Option to Build” shall mean the option of the Project Developer to build certain Stand Alone Network Upgrades, as set forth in, and subject to the terms of, the Construction Service Agreement.

**Part I:**

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

**Part II:**

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

**Part III:**

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

**Part IV:**

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

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**Part VI:**

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

**Part VII:**

“Part VII” shall mean Tariff, Part VII, sections 300 through 337 pertaining to generation or merchant transmission interconnection to the Transmission System in conjunction with the applicable Common Service Provisions of Tariff, Part I and appropriate Schedules and Attachments.

**Part VIII:**

“Part VIII” shall mean Tariff, Part VIII, sections 400 through 435 pertaining to generation or merchant transmission interconnection to the Transmission System in conjunction with the applicable Common Service Provisions of Tariff, Part I and appropriate Schedules and Attachments.

**Part IX:**

“Part IX” shall mean Tariff, Part IX, section 500 and Subparts A through L pertaining to generation or merchant transmission interconnection to the Transmission System in conjunction with the applicable Common Service Provisions of Tariff, Part I and appropriate Schedules and Attachments.

**Parties:**

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

**Permissible Technological Advancement:**

"Permissible Technological Advancement" shall mean a proposed technological change such as an advancement to turbines, inverters, plant supervisory controls or other similar advancements to the technology proposed in the Interconnection Request that is submitted to the Transmission Provider no later than the end of Decision Point II. Provided such change may not: (i) increase the capability of the Generating Facility or Merchant Transmission Facility as specified in the original Interconnection Request; (ii) represent a different fuel type from the original Interconnection Request; or (iii) cause any material adverse impact(s) on the Transmission System with regard to short circuit capability limits, steady-state thermal and voltage limits, or dynamic system stability and response. If the proposed technological advancement is a Permissible Technological

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Advancement, no additional study will be necessary and the proposed technological advancement will not be considered a Material Modification.

**Phase I**

“Phase I” shall start on the first Business Day immediately after the close of the Application Phase of a Cycle, but no earlier than 30 calendar days following the distribution of the Phase I System Impact Study Base Case Data. During Phase I, Transmission Provider shall conduct the Phase I System Impact Study.

**Phase I System Impact Study:**

“Phase I System Impact Study” shall mean System Impact Study conducted during the Phase I System Impact Study Phase.

**Phase II**

“Phase II” shall start on the first Business Day immediately after the close of Decision Point I Phase unless the Decision Point III of the immediately preceding Cycle is still open. In no event, shall Phase II of a Cycle commence before the conclusion of Decision Point III of the immediately preceding Cycle. During Phase II, Transmission Provider shall conduct the Phase II System Impact Study.

**Phase II System Impact Study:**

“Phase II System Impact Study” shall mean System Impact Study conducted during the Phase II System Impact Study Phase.

**Phase III**

“Phase III” shall start on the first Business Day immediately after the close of Decision Point II, unless the Final Agreement Negotiation Phase of the immediately preceding Cycle is still open. In no event shall Phase III of a Cycle commence before the conclusion of the Final Agreement Negotiation Phase of the immediately preceding Cycle. During Phase III, Transmission Provider shall conduct the Phase III System Impact Study.

**Phase III System Impact Study:**

“Phase III System Impact Study” shall mean System Impact Study conducted during Phase III.

**PJM:**

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

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**PJM Manuals:**

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

**PJM Region:**

“PJM Region” shall have the meaning specified in the Operating Agreement.

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

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

**Point of Change in Ownership:**

“Point of Change in Ownership” shall mean the point, as set forth Schedule B of the Generation Interconnection Agreement, where the Project Developer’s Interconnection Facilities connect to the Transmission Owner’s Interconnection Facilities.

**Point of Interconnection:**

“Point of Interconnection” shall mean the point or points where the Interconnection Facilities connect with the Transmission System.

**Project Developer:**

“Project Developer” shall mean a Generation Project Developer and/or a Transmission Project Developer.

**Project Developer Interconnection Facilities:**

“Project Developer Interconnection Facilities” shall mean all facilities and equipment owned and/or controlled, operated and maintained by Project Developer on Project Developer’s side of the Point of Change of Ownership identified in the Schedule B of the Generation Interconnection Agreement, including any modifications, additions, or upgrades made to such facilities and equipment, that are necessary to physically and electrically interconnect the Generating Facility with the Transmission System.

**Project Finance Entity:**

“Project Finance Entity” shall mean: (a) a holder, trustee or agent for holders, of any component of Project Financing; or (b) any purchaser of capacity and/or energy produced by the Generating



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Facility to which Project Developer has granted a mortgage or other lien as security for some or all of Project Developer's obligations under the corresponding power purchase agreement.

**Provisional Interconnection Service:**

"Provisional Interconnection Service" shall mean interconnection service provided by Transmission Provider associated with interconnecting the Project Developer's Generating Facility to Transmission Provider's Transmission System and enabling that Transmission System to receive electric energy and capacity from the Generating Facility at the Point of Interconnection pursuant to the terms of the Interconnection Service Agreement and, if applicable, the Tariff.

**Qualifying Facility:**

"Qualifying Facility" shall mean means an electric energy generating facility that complies with the qualifying facility definition established by Public Utility Regulatory Policies Act ("PURPA") and any FERC rules as amended from time to time (18 C.F.R. part 292, section 292.203 et seq.) implementing PURPA and, to the extent required to obtain or maintain Qualifying Facility status, is self-certified as a Qualifying Facility or is certified as a Qualified Facility by the FERC.

**Readiness Deposit:**

"Readiness Deposit" shall mean the deposit or deposits required by Tariff, Part VII, Subpart A, section 301(A)(3)(b).

**Reasonable Efforts:**

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

**Regional Entity:**

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

**Regional Transmission Expansion Plan:**

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

**Reliability Assurance Agreement or PJM Reliability Assurance Agreement:**

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

**RRI:**

“RRI” shall mean the Reliability Resource Initiative, a PJM initiative in 2024.

**RRI Deposit:**

“RRI Deposit” shall mean the deposit required by Tariff, Part VII, Subpart C, section 306(E)(1)(a).

**RRI ELCC Class Rating:**

“RRR ELCC Class Rating” shall mean the rating set forth in Tariff, Part VII, Subpart C, section 306(E)(4)(a)(ii).

**RRI Projects:**

“RRI Projects” shall mean those Generation Interconnection Requests eligible to apply for participation in Transition Cycle #2 pursuant to Tariff, Part VII, Subpart C, sections 305(B) and 306(E).

**RRI Sunset Date:**

“RRI Sunset Date” shall mean the date at which all projects, including RRI Projects, in Transition Cycle #2 either have effective Generation Interconnection Agreements or Wholesale Market Participation Agreements or have withdrawn or been terminated, and is the date the provisions of Tariff, Part VII, Subpart C, section 305(B) and Tariff, Part VII, Subpart C, sections 306(E)(1) through (4) shall sunset and no longer apply.

**RRI Unforced Capacity:**

“RRI Unforced Capacity” shall mean the Unforced Capacity amount determined as set forth in Tariff, Part VII, Subpart C, section 306(E)(4)(a)(i).

**RRI Uprate:**

“RRI Uprate” shall mean, solely for purposes of Tariff, Part VII, Subpart C, section 306(E), a project for which a Generation Interconnection Request has been submitted to increase the generation capacity of a Base Project.

**Schedule of Work:**

“Schedule of Work” shall mean that Schedule of Work set forth in section 8.0 of a GIA, or Schedule of an ICSA, as applicable, setting forth the timing of work to be performed by the

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Constructing Entity(ies), based upon the System Impact Study(ies) and subject to modification, as required, in accordance with Transmission Provider’s scope change process for interconnection projects set forth in the PJM Manuals.

**Scope of Work:**

“Scope of Work” shall mean that scope of the work set forth in Specification section 3.0 of the GIA to be performed by the Constructing Entity(ies) pursuant to the Interconnection Construction Service Agreement, provided that such Scope of Work may be modified, as required, in accordance with Transmission Provider’s scope change process for interconnection projects set forth in the PJM Manuals.

**Secondary Systems:**

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

**Security:**

“Security” shall mean the financial guaranty provided by the Project Developer, Eligible Customer or Upgrade Customer pursuant to Tariff, Part VII, Subpart D, sections 309(A)(2)(i), 309(A)(3)(a), 311(a)(2)(d)(i)(a), 311(A)(2)(h), and 313(A)(1)(a), to secure the Project Developer’s, Eligible Customer’s or Upgrade Customer responsibility for Costs under an interconnection-related agreement set forth in Tariff, Part IX.

**Service Agreement:**

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

**Site:**

“Site” shall mean all of the real property including, but not limited to, any owned or leased real property, bodies of water and/or submerged land, and easements, or other forms of property rights acceptable to PJM, on which the Generating Facility or Merchant Transmission Facility is situated and/or on which the Project Developer Interconnection Facilities are to be located.

**Site Control:**

“Site Control” shall mean the evidentiary documentation provided by Project Developer in relation to a New Service Request demonstrating the requirements as set forth in the following Tariff, Part VII, Subpart A, section 302, and Tariff, Part VII, Subpart C, section 306, and Subpart D, sections 309 and 313.

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**Stand Alone Network Upgrades:**

“Stand Alone Network Upgrades” shall mean Network Upgrades, which are not part of an Affected System, which a Project Developer may construct without affecting day-to-day operations of the Transmission System during their construction. Transmission Provider, Transmission Owner and Project Developer must agree as to what constitutes Stand Alone Network Upgrades and identify them in Specifications section 3.0 of Appendix L of the GIA. If the Transmission Provider or Transmission Owner and Project Developer disagree about whether a particular Network Upgrade is a Stand Alone Network Upgrade, the Transmission Provider or Transmission Owner that disagrees with the Project Developer must provide the Project Developer a written technical explanation outlining why the Transmission Provider or Transmission Owner does not consider the Network Upgrade to be a Stand Alone Network Upgrade within 15 days of its determination.

**State:**

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

**State of Charge:**

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

**Station Power:**

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

**Study Deposit:**

“Study Deposit” shall mean the payment in the form of cash required to initiate and fund any study provided for in Tariff, Part VII, Subpart A, section 301(A)(3)(a).

**Surplus Project Developer:**

“Surplus Project Developer” shall mean either a Project Developer whose Generating Facility is already interconnected to the PJM Transmission System or one of its affiliates, or an unaffiliated entity that submits a Surplus Interconnection Request to utilize Surplus Interconnection Service within the Transmission System in the PJM Region.

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**Surplus Interconnection Service:**

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

**Switching and Tagging Rules:**

“Switching and Tagging Rules” shall mean the switching and tagging procedures of Transmission Owners and Project Developer as they may be amended from time to time.

**System Impact Study:**

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

**System Protection Facilities:**

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

**Transition Date:**

“Transition Date” shall mean the later of: (i) the effective date of Transmission Provider’s Docket Nos. ER22-2110-000, -001 transition cycle filing seeking FERC acceptance of this Tariff, Part VII or (ii) the date by which all AD2 and prior queue window Interconnection Service Agreements or wholesale market participation agreements have been executed or filed unexecuted.

**Transmission Facilities:**

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“Transmission Facilities” shall have the meaning set forth in the Operating Agreement.

**Transmission Injection Rights:**

“Transmission Injection Rights” shall mean Capacity Transmission Injection Rights and Energy Transmission Injection Rights.

**Transmission Interconnection Request:**

“Transmission Interconnection Request” shall mean a request by a Transmission Interconnection Project Developer pursuant to Tariff, Part VII, Subpart C, section 306(A)(4) to interconnect or add Merchant Transmission Facilities to the Transmission System or to increase the capacity of existing Merchant Transmission Facilities interconnected with the Transmission System in the PJM Region.

**Transmission Owner:**

“Transmission Owner” shall mean a Member that owns or leases with rights equivalent to ownership Transmission Facilities and is a signatory to the PJM Transmission Owners Agreement. Taking transmission service shall not be sufficient to qualify a Member as a Transmission Owner.

**Transmission Owner Interconnection Facilities:**

“Transmission Owner Interconnection Facilities” shall mean all Interconnection Facilities that are not Project Developer Interconnection Facilities and that, after the transfer under Appendix 2, section 23.3.5 of the GIA to the Transmission Owner of title to any Transmission Owner Interconnection Facilities that the Project Developer constructed, are owned, controlled, operated and maintained by the Transmission Owner on the Transmission Owner’s side of the Point of Change of Ownership identified in appendices to the Generation Interconnection Agreement and if applicable, the Interconnection Construction Service Agreement, including any modifications, additions or upgrades made to such facilities and equipment, that are necessary to physically and electrically interconnect the Generating Facility with the Transmission System or interconnected distribution facilities.

**Transmission Owner Upgrades:**

“Transmission Owner Upgrades” shall mean Distribution Upgrades, Merchant Transmission Upgrades, Network Upgrades and Stand-Alone Network Upgrades.

**Transmission Project Developer:**

“Transmission Project Developer” shall mean an entity that submits a request to interconnect or add Merchant Transmission Facilities to the Transmission System or to increase the capacity of Merchant Transmission Facilities interconnected with the Transmission System in the PJM Region.

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**Transmission Provider:**

The “Transmission Provider” shall be the Office of the Interconnection for all purposes, provided that the Transmission Owners will have the responsibility for the following specified activities:

- (a) The Office of the Interconnection shall direct the operation and coordinate the maintenance of the Transmission System, except that the Transmission Owners will continue to direct the operation and maintenance of those transmission facilities that are not listed in the PJM Designated Facilities List contained in the PJM Manual on Transmission Operations;
- (b) Each Transmission Owner shall physically operate and maintain all of the facilities that it owns; and
- (c) When studies conducted by the Office of the Interconnection indicate that enhancements or modifications to the Transmission System are necessary, the Transmission Owners shall have the responsibility, in accordance with the applicable terms of the Tariff, Operating Agreement and/or the Consolidated Transmission Owners Agreement to construct, own, and finance the needed facilities or enhancements or modifications to facilities.

**Transmission Service:**

“Transmission Service” shall mean Point-To-Point Transmission Service provided under Tariff, Part II on a firm and non-firm basis.

**Transmission System:**

“Transmission System” shall mean the facilities controlled or operated by the Transmission Provider within the PJM Region that are used to provide transmission service under Tariff, Part II and Part III.

**Transmission Withdrawal Rights:**

“Transmission Withdrawal Rights” shall mean Firm Transmission Withdrawal Rights and Non-Firm Transmission Withdrawal Rights.

**Upgrade Customer:**

“Upgrade Customer” shall mean an entity that submits an Upgrade Request pursuant to Operating Agreement, Schedule 1, section 7.8, and the parallel provisions of Tariff, Attachment K-Appendix, section 7.8, or that submits an Upgrade Request for Merchant Network Upgrades (including accelerating the construction of any transmission enhancement or expansion, other than Merchant Transmission Facilities, that is included in the Regional Transmission Expansion Plan prepared pursuant to Operating Agreement, Schedule 6).

**Upgrade Request:**

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“Upgrade Request” shall mean a request submitted in the form prescribed in Tariff, Part IX, Subpart K, for evaluation by the Transmission Provider of the feasibility and estimated costs of (a) a Merchant Network Upgrade or (b) the Customer-Funded Upgrades that would be needed to provide Incremental Auction Revenue Rights specified in a request pursuant to Operating Agreement, Schedule 1, section 7.8, and the parallel provisions of Tariff, Attachment K-Appendix, section 7.8.

**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 VII, Subpart C, section 306 (application requirements).

**Wholesale Market Participation Agreement (“WMPA”):**

“Wholesale Market Participation Agreement” (“WMPA”) shall mean the form of agreement intended to allow a Project Developer to effectuate in wholesale sales in the PJM markets. A form of the WMPA is set forth in Tariff, Part IX, Subpart C.

**Wholesale Transaction:**

“Wholesale Transaction” shall mean any transaction involving the transmission or sale for resale of electricity in interstate commerce that utilizes any portion of the Transmission System.



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**APPENDIX 2**

**STANDARD TERMS AND CONDITIONS**

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**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.

**1 Facilitation by Transmission Provider**

Transmission Provider shall keep itself apprised of the status of the construction-related activities of the parties to this NUCRA and, upon request of any of them, Transmission Provider shall meet with the parties separately or together to assist them in resolving issues between them regarding their respective activities, rights and obligations under this NUCRA. Each party shall cooperate in good faith with the other parties in Transmission Provider's efforts to facilitate resolution of disputes.

**2 Common Use Upgrade Cost Responsibility**

Responsibility for the Costs of Common Use Upgrades shall be assigned in accordance with the GIP. The cost responsibility of each Project Developer shall be shown in Schedule B.

**3 Security, Billing and Payments**

**3.1 Security:**

Security associated with this NUCRA shall be the Security provided by each Project Developer as set forth in section 7 of this NUCRA above.

**3.2 Adjustments to Security:**

The Security provided by each Project Developer at or before execution of the applicable GIA, Construction Service Agreement or other relevant NUCRAs the Project Developer is a party to shall be increased or decreased in accordance with the provisions of the applicable GIA, Construction Service Agreement or other relevant NUCRAs the Project Developer is a party to, and consistent with the Project Developer's cost responsibility set forth in Schedule B of this NUCRA.

**3.3 Invoice:**

In addition to the invoice provisions set forth in the applicable GIA, Construction Service Agreement, or other relevant NUCRAs to which the Project Developer is a party, for purposes of this NUCRA, Transmission Provider shall bill the Project Developers in accordance with the cost responsibility set forth in Schedule B of this NUCRA.

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**3.4 Final Invoice:**

In addition to the final invoice provisions set forth in the applicable GIA, Construction Service Agreement, or other relevant NUCRA to which the Project Developer is a party, for purposes of this NUCRA, the accounting and payments shall be in accordance with the cost responsibility set forth in Schedule B of this NUCRA.

**3.5 Disputes:**

In the event of a billing dispute between any of the parties to this NUCRA, Transmission Provider shall continue to perform its obligations pursuant to this NUCRA so long as (a) Project Developer continues to make all payments not in dispute, and (b) the Security held by the Transmission Provider while the dispute is pending exceeds the amount in dispute, or (c) Project Developer pays to Transmission Provider or into an independent escrow account the portion of the invoice in dispute, pending resolution of such dispute. If Project Developer fails to meet any of these requirements, then Transmission Provider shall so inform the other parties to this NUCRA and Transmission Provider may provide notice to Project Developer of a Breach pursuant to section 6 of this Appendix 2.

**3.6 No Waiver:**

Payment of an invoice shall not relieve Project Developer from any other responsibilities or obligations it has under this NUCRA, nor shall such payment constitute a waiver of any claims arising hereunder.

**3.7 Interest:**

Interest on any unpaid, delinquent amounts shall be calculated in accordance with the methodology specified for interest on refunds in the FERC's regulations at 18 C.F.R. § 35.19a(a)(2)(iii) and shall apply from the due date of the bill to the date of payment.

**4 Assignment**

**4.1 Assignment with Prior Consent:**

Except as provided in NUCRA, Appendix 2, section 4.2 ~~to this Appendix 2~~, no party to this NUCRA shall assign its rights or delegate its duties, or any part of such rights or duties, under this NUCRA 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. A party may make an assignment in connection with the sale, merger, or transfer of a substantial portion or all of the Common Use Upgrades which it owns or will own upon completion of construction and the transfer of title required by the applicable GIA or Construction Service Agreement, so long as the assignee in such a sale, merger, or transfer assumes in writing all rights, duties and obligations arising under this NUCRA.

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**4.2 Assignment Without Prior Consent:**

**4.2.1 Assignment to Owners:**

Project Developer may assign the NUCRA without the prior consent of any other party to the NUCRA to any Affiliate or person that purchases or otherwise acquires, directly or indirectly, all or substantially all of the Common Use Upgrades, 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 NUCRA and assumes in a writing provided to the Transmission Provider all rights, duties, and obligations of Project Developer arising under this NUCRA. 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.

**4.2.2 Assignment to Lenders:**

Project Developer may, without the consent of any other party to this NUCRA, assign the NUCRA to any Project Finance Entity(ies), provided that such assignment shall not alter or diminish Project Developer's duties and obligations under this NUCRA. If Project Developer provides the parties to this NUCRA with notice of an assignment to any Project Finance Entity(ies) and identifies such Project Finance Entity(ies) as contacts for notice purposes pursuant to section 12 of this Appendix 2, the Transmission Provider shall provide notice and reasonable opportunity for such entity(ies) to cure any Breach under this Appendix 2 in accordance with this Appendix 2. Transmission Provider 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 NUCRA, provided that such documents do not alter or diminish the rights of the Transmission Provider under this Appendix 2, except with respect to providing notice of Breach to a Project Finance Entity. Upon presentation of the Transmission Provider's invoice therefor, Project Developer shall pay the Transmission Provider 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 Provider.

**4.3 Successors and Assigns:**

This NUCRA and all of its provisions are binding upon, and inure to the benefit of, the parties to this NUCRA and their respective successors and permitted assigns.

**5 Indemnity**

**5.1 Indemnity:**

Each Project Developer to this NUCRA shall indemnify and hold harmless the other parties to this NUCRA, and the other parties' officers, shareholders, stakeholders, members, managers,

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representatives, directors, agents and employees, and Affiliates, from and against any and all loss, liability, damage, cost or expense to third parties, including damage and liability for bodily injury to or death of persons, or damage to property or persons (including reasonable attorneys' fees and expenses, litigation costs, consultant fees, investigation fees, sums paid in settlements of claims, penalties or fines imposed under Applicable Laws and Regulations, and any such fees and expenses incurred in enforcing this indemnity or collecting any sums due hereunder) (collectively, "Loss") to the extent arising out of, in connection with, or resulting from (i) the indemnifying party's breach of any of the representations or warranties made in, or failure of the indemnifying party or any of its subcontractors to perform any of its obligations under, this NUCRA (including Appendix 2), or (ii) the negligence or willful misconduct of the indemnifying party or its contractors; provided, however, that no party shall have any indemnification obligations under this section 5.1 in respect of any Loss to the extent the Loss results from the negligence or willful misconduct of the party seeking indemnity.

## **5.2 Indemnity Procedures:**

Promptly after receipt by a party entitled to indemnity ("Indemnified Person") of any claim or notice of the commencement of any action or administrative or legal proceeding or investigation as to which the indemnity provided for in section 5.1 may apply, the Indemnified Person shall notify the indemnifying party(ies) of such fact. Any failure of or delay in such notification shall not affect the indemnifying party's(ies') indemnification obligation unless such failure or delay is materially prejudicial to the indemnifying party(ies). The Indemnified Person shall cooperate with the indemnifying party(ies) with respect to the matter for which indemnification is claimed. The indemnifying party(ies) shall have the right to assume the defense thereof with counsel designated by such indemnifying party(ies) and reasonably satisfactory to the Indemnified Person. If the defendants in any such action include one or more Indemnified Persons and the indemnifying party(ies) and if the Indemnified Person reasonably concludes that there may be legal defenses available to it and/or other Indemnified Persons which are different from or additional to those available to the indemnifying party(ies), the Indemnified Person shall have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such action on its own behalf. In such instances, the indemnifying party(ies) shall only be required to pay the fees and expenses of one additional attorney to represent an Indemnified Person or Indemnified Persons having such differing or additional legal defenses. The Indemnified Person shall be entitled, at its expense, to participate in any action, suit or proceeding, the defense of which has been assumed by the indemnifying party(ies). Notwithstanding the foregoing, the indemnifying party(ies) (i) shall not be entitled to assume and control the defense of any such action, suit or proceedings if and to the extent that, in the opinion of the Indemnified Person and its counsel, such action, suit or proceeding involves the potential imposition of criminal liability on the Indemnified Person, or there exists a conflict or adversity of interest between the Indemnified Person and the indemnifying party(ies), in such event the indemnifying party(ies) shall pay the reasonable expenses of the Indemnified Person, and (ii) shall not settle or consent to the entry of any judgment in any action, suit or proceeding without the consent of the Indemnified Person, which shall not be unreasonably withheld, conditioned or delayed.

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**5.3 Indemnified Person:**

If an Indemnified Person is entitled to indemnification under this section 5 as a result of a claim by a third party, and the indemnifying party(ies) fails, after notice and reasonable opportunity to proceed under section 5.2 of this Appendix 2, to assume the defense of such claim, such Indemnified Person may at the expense of the indemnifying party(ies) contest, settle or consent to the entry of any judgment with respect to, or pay in full, such claim.

**5.4 Amount Owing:**

If an indemnifying party(ies) is obligated to indemnify and hold any Indemnified Person harmless under this section 5, the amount owing to the Indemnified Person shall be the amount of such Indemnified Person's actual Loss, net of any insurance or other recovery.

**5.5 Limitation on Damages:**

Except as otherwise provided in this section 5, the liability of a party(ies) under this Appendix 2 shall be limited to direct actual damages, and all other damages at law are waived. Under no circumstances shall any party(ies) or its Affiliates, directors, officers, employees and agents, or any of them, be liable to another party, whether in tort, contract or other basis in law or equity for any special, indirect punitive, exemplary or consequential damages, including lost profits. The limitations on damages specified in this section 5.5 are without regard to the cause or causes related thereto, including the negligence of any party(ies), whether such negligence be sole, joint or concurrent, or active or passive. This limitation on damages shall not affect any party's rights to obtain equitable relief as otherwise provided in this Appendix 2. The provisions of this section 5.5 shall survive the termination or expiration of this NUCRA.

**5.6 Limited Liability in Emergency Conditions:**

Except as otherwise provided in the Tariff or the Operating Agreement, no party shall be liable to any other party for any action that it takes in responding to an Emergency Condition, so long as such action is made in good faith, is consistent with Good Utility Practice and is not contrary to the directives of the Transmission Provider or of the Transmission Owner with respect to such Emergency Condition. Notwithstanding the above, Project Developer shall be liable in the event that it fails to comply with any instructions of Transmission Provider or the Transmission Owner related to an Emergency Condition.

**6 Breach, Cure and Default**

**6.1 Breach:**

A Breach of the NUCRA shall include, but not be limited to:

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

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(b) The failure to comply with any material term or condition of this NUCRA including but not limited to any material breach of a representation, warranty or covenant (other than in sections 6.1(a) and (c)-(d) hereof) made in this Appendix 2;

(c) Assignment of the NUCRA in a manner inconsistent with the terms of this Appendix 2; or

(d) Failure of any party to provide information or data required to be provided to another party under this Appendix 2 for such other party to satisfy its obligations under this NUCRA.

**6.2 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 agrees 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) as contacts for notice purposes pursuant to section 12 of this Appendix 2.

**6.3 Cure and Default:**

A party that commits a Breach and does not take steps to cure the Breach pursuant to this section 6.3 is automatically in Default of this Appendix 2 and of the NUCRA without further notice from the non-Breaching Parties.

**6.4 Cure of Breach:**

**6.4.1** Except for the event of Breach set forth in section 6.1(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 to the NUCRA. Such agreement shall not be unreasonably withheld.

**6.4.2** In an event of Breach set forth in section 6.1(a), the Breaching Party shall cure the Breach within five days from the receipt of notice of the Breach. If the Breaching Party is a 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 the Security provided by the Project Developer as set forth in section 7.0 of this NUCRA. Upon drawing on such Security, Project Developer shall automatically be deemed in default of this NUCRA.

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**6.5 Right to Compel Performance:**

Notwithstanding the foregoing, upon the occurrence of a Default, a non-Defaulting party(ies) shall be entitled to exercise such other rights and remedies as it may have in equity or at law. Subject to section 11 of this Appendix 2, 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.

**7 Termination**

**7.1 Termination of the NUCRA:**

This NUCRA may be terminated by the following means:

**7.1.1 By Mutual Consent:**

This NUCRA may be terminated as of the date on which the parties mutually agree to terminate this NUCRA.

**7.1.2 By All Project Developers:**

Subject to payment of Cancellation Costs and of all other unpaid Costs, all Project Developers that are parties to this NUCRA may at the same time unilaterally terminate the NUCRA pursuant to Applicable Laws and Regulations upon providing Transmission Provider sixty days prior written notice thereof. Termination under this section must be performed in parallel with the termination provisions of the applicable GIA, Construction Service Agreement or other relevant NUCRAs to which the Project Developer is a party. Project Developers' terminating under this section forfeit Security provided related to the applicable GIA, Construction Service Agreement or other relevant NUCRAs to which the Project Developer is a party.

**7.1.3 Notification of Final Payment:**

This NUCRA shall terminate upon the date Transmission Provider receives written notice, in a form acceptable to the Transmission Provider from the Transmission Owner that Transmission Owner has received final payment of all Costs for the Common Use Upgrades shown on Schedule A.

**7.2 Upon Default by Project Developer:**

**7.2.1 Consequences of Default by Project Developer:**



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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 to any amount under this NUCRA not paid by that Project Developer. Upon drawing on such Security, 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. 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.

**8 Force Majeure**

**8.1 Notice:**

A party that is unable to carry out an obligation imposed on it by this Appendix 2 due to Force Majeure shall notify each other party in writing or by telephone within a reasonable time after the occurrence of the cause relied on.

**8.2 Duration of Force Majeure:**

A party shall not be considered to be in Default with respect to any obligation hereunder, other than the obligation to pay money when due, if prevented from fulfilling such obligation by Force Majeure. A party unable to fulfill any obligation hereunder (other than an obligation to pay money when due) by reason of Force Majeure shall give notice and the full particulars of such Force Majeure to the other parties in writing as soon as reasonably possible after the occurrence of the cause relied upon. Those notices shall specifically state full particulars of the Force Majeure, the time and date when the Force Majeure occurred, and when the Force Majeure is reasonably expected to cease. Written notices given pursuant to this Article shall be acknowledged in writing

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as soon as reasonably possible. The party affected shall exercise Reasonable Efforts to remove such disability with reasonable dispatch, but shall not be required to accede or agree to any provision not satisfactory to it in order to settle and terminate a strike or other labor disturbance. The party affected has a continuing notice obligation to the other parties, and must update the particulars of the original Force Majeure notice and subsequent notices, in writing, as the particulars change. The affected party shall be excused from whatever performance is affected only for the duration of the Force Majeure and while the party exercises Reasonable Efforts to alleviate such situation. As soon as the non-performing party is able to resume performance of its obligations excused because of the occurrence of Force Majeure, such party shall resume performance and give prompt written notice thereof to the other parties.

### **8.3 Obligation to Make Payments:**

Any party's obligation to make payments pursuant to applicable GIA, Construction Service Agreement, this NUCRA, or other relevant NUCRAs to which the Project Developer is a party shall not be suspended by Force Majeure.

### **8.4 Definition of Force Majeure:**

For the purposes of this section, shall mean any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any order, regulation, or restriction imposed by governmental, military, or lawfully established civilian authorities, or any other cause beyond a party's control that, in any of the foregoing cases, by exercise of due diligence, such party could not reasonably have been expected to avoid, and which, by the exercise of due diligence, it has been unable to overcome. Force majeure does not include (i) a failure of performance that is due to an affected party's own negligence or intentional wrongdoing; (ii) any removable or remediable causes (other than settlement of a strike or labor dispute) which an affected party fails to remove or remedy within a reasonable time; or (iii) economic hardship of an affected party.

## **9 Confidentiality**

The Confidentiality provisions of the applicable GIA, Construction Service Agreement, or other relevant NUCRAs to which the Project Developer is a party are incorporated by reference and shall apply to this NUCRA.

## **10 Information Access and Audit Rights**

### **10.1 Information Access:**

Subject to Applicable Laws and Regulations, each party to this NUCRA shall make available to each other party information necessary (i) to verify the costs incurred by the other party for which the requesting party is responsible under this Appendix 2, and (ii) to carry out obligations and

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responsibilities under this Appendix 2. The parties shall not use such information for purposes other than those set forth in this section and to enforce their rights under this Appendix 2.

**10.2 Reporting of Non-Force Majeure Events:**

Each party to this NUCRA shall notify each other party when it becomes aware of its inability to comply with the provisions of this Appendix 2 for a reason other than an event of force majeure as defined in section 8 of this Appendix 2. The parties agree to cooperate with each other and provide necessary information regarding such inability to comply, including, but not limited to, the date, duration, reason for the inability to comply, and corrective actions taken or planned to be taken with respect to such inability to comply. Notwithstanding the foregoing, notification, cooperation or information provided under this section shall not entitle the receiving party to allege a cause of action for anticipatory breach of this Appendix 2.

**10.3 Audit Rights:**

Subject to the requirements of confidentiality under section 9 of this Appendix 2, each party to this NUCRA shall have the right, during normal business hours, and upon prior reasonable notice to the pertinent party, to audit at its own expense the other party's accounts and records pertaining to such party's performance and/or satisfaction of obligations arising under this NUCRA. Any audit authorized by this section shall be performed at the offices where such accounts and records are maintained and shall be limited to those portions of such accounts and records that relate to obligations under this Appendix 2. Any request for audit shall be presented to the other party not later than 24 months after the event as to which the audit is sought. Each party shall preserve all records held by it for the duration of the audit period.

**11 Disputes**

**11.1 Submission:**

Any claim or dispute that any party to this NUCRA may have against another party arising out of this Appendix 2 may be submitted for resolution in accordance with the dispute resolution provisions of Tariff, Part I, section 12.

**11.2 Rights Under The Federal Power Act:**

Nothing in this section shall restrict the rights of any party to file a complaint with FERC under relevant provisions of the Federal Power Act.

**11.3 Equitable Remedies:**

Nothing in this section shall prevent any party from pursuing or seeking any equitable remedy available to it under Applicable Laws and Regulations.

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## **12 Notices**

### **12.1 General:**

Any notice, demand or request required or permitted to be given by any party to this NUCRA to another and any instrument required or permitted to be tendered or delivered by any party, in writing to another shall be provided electronically or may be so given, tendered or delivered, by recognized national courier, or by depositing the same with the United States Postal Service with postage prepaid, for delivery by certified or registered mail, addressed to the party, or personally delivered to the party, at the electronic or other address specified in the NUCRA.

### **12.2 Operational Contacts:**

Each party shall designate, and shall provide to each other party contact information concerning, a representative to be responsible for addressing and resolving operational issues as they arise during the term of the NUCRA.

## **13 Miscellaneous**

### **13.1 Regulatory Filing:**

In the event that this NUCRA contains any terms that deviate materially from the form included in Tariff, Part IX or from the standard terms and conditions in this Appendix 2, the Transmission Provider shall file the executed NUCRA on behalf of itself with FERC as a service schedule under the Tariff. Project Developer may request that any information so provided be subject to the confidentiality provisions of section 9 of this Appendix 2. A Project Developer shall have the right, with respect to any NUCRA tendered to it, to request in writing (a) dispute resolution under Tariff, Part I, section 12 ~~of the Tariff~~ or, if concerning the Regional Transmission Expansion Plan, consistent with Schedule 5 of the Operating Agreement, or (b) that Transmission Provider file the agreement unexecuted with FERC. With the filing of any unexecuted NUCRA, Transmission Provider may, in its discretion, propose to FERC a resolution of any or all of the issues in dispute between any parties to this NUCRA.

### **13.2 Waiver:**

Any waiver at any time by any party of its rights with respect to a Breach or Default under this Appendix 2, or with respect to any other matters arising in connection with this Appendix 2, shall not be deemed a waiver or continuing waiver with respect to any other Breach or Default or other matter.

### **13.3 Amendments and Rights Under the Federal Power Act:**

This NUCRA may be amended or supplemented only by a written instrument duly executed by all parties to this NUCRA. An amendment to the NUCRA shall become effective and a part of this NUCRA upon satisfaction of all Applicable Laws and Regulations. Notwithstanding the foregoing, nothing contained in this NUCRA shall be construed as affecting in any way any of the

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rights of any party with respect to changes in applicable rates or charges under section 205 of the Federal Power Act and/or FERC's rules and regulations thereunder, or any of the rights of any party under section 206 of the Federal Power Act and/or FERC's rules and regulations thereunder. The terms and conditions of this NUCRA and every appendix referred to therein shall be amended, as mutually agreed by the parties, to comply with changes or alterations made necessary by a valid applicable order of any Governmental Authority having jurisdiction hereof.

**13.4 Binding Effect:**

This NUCRA, including this Appendix 2, and the rights and obligations thereunder shall be binding upon, and shall inure to the benefit of, the successors and assigns of the parties.

**13.5 Regulatory Requirements:**

Each party's performance of any obligation under this NUCRA for which such party requires approval or authorization of any Governmental Authority shall be subject to its receipt of such required approval or authorization in the form and substance satisfactory to the receiving party, or the party making any required filings with, or providing notice to, such Governmental Authorities, and the expiration of any time period associated therewith. Each party shall in good faith seek, and shall use Reasonable Efforts to obtain, such required authorizations or approvals as soon as reasonably practicable.

**14 Representations and Warranties**

**14.1 General:**

Each party to this NUCRA hereby represents, warrants and covenants as follows with these representations, warranties, and covenants effective as to the party during the time the NUCRA is effective:

**14.1.1 Good Standing:**

Such party is duly organized or formed, as applicable, validly existing and in good standing under the laws of its State of organization or formation, and is in good standing under the laws of the respective State(s) in which it is incorporated and operates as stated in the NUCRA.

**14.1.2 Authority:**

Such party has the right, power and authority to enter into the NUCRA, to become a party hereto and to perform its obligations hereunder. The NUCRA is a legal, valid and binding obligation of such party, enforceable against such party in accordance with its terms, except as the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws affecting creditors' rights generally and by general equitable principles (regardless of whether enforceability is sought in a proceeding in equity or at law).

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**14.1.3 No Conflict:**

The execution, delivery and performance of the NUCRA does not violate or conflict with the organizational or formation documents, or bylaws or operating agreement, of the party, or with any judgment, license, permit, order, material agreement or instrument applicable to or binding upon the party or any of its assets.

**14.1.4 Consent and Approval:**

Such party has sought or obtained, or, in accordance with the NUCRA will seek or obtain, each consent, approval, authorization, order, or acceptance by any Governmental Authority in connection with the execution, delivery and performance of the NUCRA and it will provide to any Governmental Authority notice of any actions under this [NUCRA](#), Appendix 2 that are required by Applicable Laws and Regulations.

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**SCHEDULE A**

**COMMON USE UPGRADES**

**PJM Network Upgrade Number nxxxx**

W Reconductor Substation Foxtrot – Substation Golf 345 kV Line, station conductor work and 345KV CB replacement.

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**SCHEDULE B**

**COST RESPONSIBILITY**  
(Network Upgrade #nxxxx)

TC1 Project Developer E				24.00 %
	TC1-006/TC1-009/TC1-010		24.00 %	
	TC1-006	8.00 %		
	TC1-009	8.00 %		
	TC1-010	8.00 %		
TC1 Project Developer A				3.75 %
	TC1-002	3.75 %	3.75 %	
TC1 Project Developer B				12.00 %
	TC1-003	12.00 %	12.00 %	
TC1 Project Developer C				6.25 %
	TC1-004	6.25 %	6.25 %	
TC1 Project Developer D				19.00 %
	TC1-005	19.00 %	19.00 %	
TC1 Project Developer				8.5 %
	TC1-001	8.5%	8.5 %	
TC1 Project Developer F				2.5 %
	TC1-007	2.5 %	2.5 %	
TC1 Project Developer G				24.00 %
	TC1-008	9 %	9 %	
	TC1-011/TC1-012		15 %	
	TC1-011	11 %		
	TC1-012	4 %		



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**SCHEDULE C**

**NON-STANDARD TERMS AND CONDITIONS**

None