

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

Service Agreement No. []

(Project Identifier #TC1-001)
CONSTRUCTION SERVICE AGREEMENT
By and Among
PJM Interconnection, L.L.C.
And
TC1 Project Developer
And
TC1 Additional TO

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

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Service Agreement No. []

CONSTRUCTION SERVICE AGREEMENT

**By and Among
PJM Interconnection, L.L.C.
And
TC1 Project Developer
And
TC1 Additional TO**

(Project Identifier #TC1-001)

This Construction Service Agreement, including the Appendices attached hereto and incorporated herein (collectively, “CSA”) is made and entered into as of the Effective Date (as defined in the attached Appendix III) by and among PJM Interconnection, L.L.C. (“Transmission Provider” or “PJM”), TC1 Project Developer (“Developer Party”) and TC1 Additional TO (“Transmission Owner” or “TC1 AdTO”). Transmission Provider, Developer Party and Transmission Owner are referred to herein individually as “Party” and collectively as “the Parties.” Developer Party is a Project Developer as defined ~~in~~ in the ~~CSA~~ GIP. For purposes of ~~this Agreement~~ this CSA, the terms “Generation Interconnection Procedures” or “GIP” will refer to the interconnection procedures set forth in Part VII.

WITNESSETH

WHEREAS, Developer Party (1) has requested Long-Term Firm Point-To-Point Transmission Service or Network Integration Transmission Service (“Transmission Service”) from Transmission Provider pursuant to Transmission Provider’s Open Access Transmission Tariff (the “PJM Tariff”); (2) is an Affected System Customer that requires Network Upgrades; or (3) is a Project Developer that requires Network Upgrades to the system of a Transmission Owner with which its Generation Facility or Merchant Transmission Facility does not directly interconnect;

WHEREAS, pursuant to Developer Party’s Completed Application, Affected System Customers’ Facilities Study Application and Agreement or Interconnection Request, Transmission Provider has conducted the required studies to determine whether such requests can be accommodated, and if so, under what terms and conditions, including the identification of any Network Upgrades that must be constructed in order to provide the service or rights requested by Developer Party;

WHEREAS, Transmission Provider’s studies have identified the Network Upgrades described in ~~Appendix I of~~ this CSA, Appendix I as necessary to provide Developer Party the service or rights it has requested; and

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WHEREAS, Developer Party: (i) desires that Transmission Owner construct the required Network Upgrades; and (ii) agrees to assume cost responsibility for the design, engineering, procurement and construction of such Network Upgrades in accordance with the PJM Tariff.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, together with other good and valuable consideration, the receipt and sufficiency is hereby mutually acknowledged by each Party, the Parties mutually covenant and agree as follows:

Article 1 – Definitions and Other Documents

1.0 Defined Terms.

All capitalized terms used in this CSA shall have the meanings ascribed to them in the GIP or in definitions either in the body of this CSA or its attached appendices. In the event of any conflict between defined terms set forth in the PJM Tariff or defined terms in this CSA, such conflict will be resolved in favor of the terms as defined in this CSA. Any provision of the PJM Tariff relating to this CSA that uses any such defined term shall be construed using the definition given to such defined term in this CSA.

1.1 Incorporation of Other Documents.

Subject to the provisions of section 1.0 above, all portions of the PJM Tariff and the Operating Agreement as of the date of this CSA, and as pertinent to the subject of this CSA, are hereby incorporated herein and made a part hereof.

Article 2 – Responsibility for Network Upgrades

2.0 Developer Party Financial Responsibilities.

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

2.1 Obligation to Provide Security.

Unless Security is provided pursuant to a Generation Interconnection Agreement, Developer Party shall provide Security to collateralize Developer Party's obligation to pay the Costs incurred by Transmission Owner to construct the Network Upgrades identified in this CSA, Appendix I ~~to this CSA~~, less any Costs already paid by Developer Party, in accordance with the GIP. Developer Party shall deliver such Security to Transmission Provider prior to the Effective Date of this CSA, as described in this CSA, Appendix III. Unless otherwise specified by ~~the~~ Transmission Provider, such Security shall take the form of a letter of credit, in the amount of \$0 naming ~~the~~ Transmission Provider and Transmission Owner as beneficiaries.

2.2 Failure to Provide Security.

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

2.3 Costs.

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

2.4 Transmission Owner Responsibilities.

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

Article 3 – Rights to Transmission Service

3.0 No Transmission Service.

This CSA does not entitle ~~the~~ Developer Party to take Transmission Service under the PJM Tariff. Transmission Provider shall provide Transmission Service to Developer Party pursuant to a separate service agreement by and between Developer Party and Transmission Provider dated as of the same effective date as this CSA (the "Transmission Service Agreement"), if applicable.

Article 4 – Early Termination

4.0 Termination by Developer Party.

Subject to the terms of this CSA, Appendix III, ~~section 14.0 of Appendix III~~, Developer Party may terminate this CSA at any time by providing written notice of termination to Transmission Provider and Transmission Owner. Developer Party's notice of termination shall become effective ~~sixty~~ 60 calendar days after either ~~the~~ Transmission Provider or Transmission Owner receives such notice.

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Article 5 – Miscellaneous

5.0 Notices.

Any notice, demand, or request required or permitted to be given by any Party to another and any instrument required or permitted to be tendered or delivered by any Party in writing to another may be so given, tendered, or delivered electronically, or 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 by personal delivery to the Party, at the address specified below.

Transmission Provider:

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

Developer Party:

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: 555-555-555

Transmission Owner:

TC1 Additional Transmission Owner
300 Ampere Road
Nowhere, OH 16000
Attn: George Westinghouse, Manager of Interconnections, or successor
Email: George.Westinghouse@TC1AdTO.com
Phone: 333-333-333

5.1 Waiver.

No waiver by any Party of one or more Defaults by another in performance of any of the provisions of this CSA shall operate or be construed as a waiver of any other or further Default or Defaults, whether of a like or different character.

5.2 Amendment.

This CSA or any part thereof, may not be amended, modified or waived other than by a writing signed by all Parties.

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5.3 No Partnership.

Notwithstanding any provision of this CSA, the Parties do not intend to create hereby any joint venture, partnership, association taxable as a corporation, or other entity for the conduct of any business for profit.

5.4 Counterparts.

This CSA may be executed in multiple counterparts to be construed as one effective as of the Effective Date.

5.5 Addendum of Developer Party~~Interconnection Customer~~'s Agreement to Conform with IRS Safe Harbor Provisions for Non-Taxable Status.

To the extent required, in accordance with ~~section 4.0 to Appendix III to~~ this CSA, Appendix III, section 4.0, Schedule E to this CSA, Schedule E shall set forth ~~the Interconnection Customer~~Developer Party's agreement to conform with the IRS safe harbor provisions for non-taxable status.

5.6 Addendum of Non-Standard Terms and Conditions for Construction Service.

Subject to FERC approval, the ~~p~~Parties agree that the terms and conditions set forth in ~~the attached this CSA,~~ this CSA, Schedule F are hereby incorporated by reference, and made a part of, this CSA. In the event of any conflict between a provision of this CSA, Schedule F that FERC has accepted and any provision of the standard terms and conditions set forth ~~in Appendix III to~~ this CSA, Appendix III that relates to the same subject matter, the pertinent provision of this CSA, Schedule F shall control.

[Signature Page Follows]

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IN WITNESS WHEREOF, the Parties have caused this CSA to be executed by their respective authorized officials.

(Project Identifier #TC1-001)

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

By: _____
 Name Title Date

Printed name of signer: _____

Developer Party: TC1 Project Developer

By: _____
 Name Title Date

Printed name of signer: _____

Transmission Owner: TC1 Additional TO

By: _____
 Name Title Date

Printed name of signer: _____

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APPENDIX I

**SCOPE AND SCHEDULE OF WORK FOR NETWORK UPGRADES TO BE BUILT BY
TRANSMISSION OWNER**

A. Scope of Work

Transmission Owner hereby agrees to provide the following Network Upgrades pursuant to the terms of this CSA:

Identifier	Description
nwwww	Rebuild/Recondutor 5.0 miles of BOBO ~ 954 ~ 45/7 ~ RAIL conductor to mitigate the overload
nyyyy	Rebuild Substation Juliet – Substation Kilo 345kV
nzzzz	Replace 2156 KCM ACSR 84/19 at Substation Lima
naaaa	Adjust Relay Compliance Trip Limit at Substation Mike

B. Schedule of Work

TC1 Additional TO shall commence the scope of work identified in Appendix I, Section A and Schedule C of this CSA one month after both full execution of this CSA and completion of the construction kickoff call.

TC1 Additional TO shall complete all Network Upgrades set forth in Appendix I, Section A and Schedule C of this CSA by **December 31, 2029**.

C. Costs

Developer Party shall be subject to the estimated charges detailed below, which shall be billed and paid in accordance with this CSA, Appendix III, section 9.0 ~~of Appendix III to this CSA~~.

Network Upgrades Charge: \$10,100,000.00

The above estimated charge related to PJM Network Upgrade Number nwwww, nyyyy, nzzzz, and naaaa are also included in corresponding TC1-001 GIA, Specifications, section 4.0.

D. Construction of Network Upgrades

1. The Network Upgrades regarding which Transmission Owner shall be the Constructing Entity are described ~~on the attached Appendix I~~, in this CSA, Appendix I,

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section A ~~to this CSA.~~

2. Election of Construction Option. Specify below whether the Constructing Entities have mutually agreed to construction of the Network Upgrades that will be built by ~~the~~ Transmission Owner pursuant to the Standard Option or the Negotiated Contract Option. (See this CSA, Appendix III, sections 6.1 and 6.1.1 ~~of Appendix III to this CSA.~~)

☒ **Standard Option.**

☐ **Negotiated Contract Option.**

If the parties have mutually agreed to use the Negotiated Contract Option, the permitted, negotiated terms on which they have agreed and which are not already set forth as part of the Scope of Work and/or Schedule of Work attached to this CSA, respectively, shall be as set forth in this CSA, Schedule A ~~attached to this CSA.~~ The Negotiated Option can only be used in connection with a Network Upgrade subject to the Network Upgrade Cost Responsibility Agreement to which all Project Developers and the relevant Transmission Owner agree.

3. Specify whether Developer Party has exercised the Option to Build in accordance with respect to some or all of the Stand Alone Network Upgrades:

☐ Yes

☒ No

If Yes is indicated, Developer Party shall build, in accordance with and subject to the conditions and limitations set forth in this CSA, Appendix III, section 6.2.3 ~~of Appendix III to this CSA~~, those portions of the Stand Alone Network Upgrades described ~~below~~ in this CSA, Schedule C.

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APPENDIX II

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 Customer Facilities Study Application and Agreement

“Affected System Customer Facilities Study Application and Agreement” shall mean the agreement set forth in Tariff, Part IX, Subpart L, Affected System Customer Facilities Study Application and Agreement.

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Affiliate:

“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:

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“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 a Transmission Owner or, as the case may be and to the extent 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 ~~IXVII~~, 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

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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 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~~ as set forth in GIA, Appendix 2, section 16.1.4 ~~of 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:

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“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:

“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:

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“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.

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~~ the agreement entered into by a Developer Party, Transmission Owner and the Transmission Provider pursuant to Tariff, Part VII or Tariff, Part VIII in the form set forth in Tariff, Part IX, Subpart J.

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;

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(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.

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 ~~P~~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.

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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.

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:

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(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 the Federal Power Act, 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 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. Open-Loop Hybrid Resources are not Energy Storage Resources.

Engineering and Procurement Agreement:

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“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.

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”):

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“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:

“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:

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“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 expense of temporary construction power, telecommunications charges, Transmission Owner expenses associated with, but not limited to, document preparation, design review, installation, monitoring, and construction-related operations and maintenance for the Generating 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”²²) 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.

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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 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

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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.

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:

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“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:

“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.

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Necessary Studies Agreement:

“Necessary Studies 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 GIA, 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 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 Studies 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 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, Specifications, section 3.0 ~~Schedule L~~ or in the Interconnection Construction Service Agreement, Schedule CD. 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:

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“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:

“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:

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“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.

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:

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“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 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.

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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.

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

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the Point of Change ~~of in~~ Ownership identified in ~~the GIA, 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 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.

Project Identifier:

“Project Identifier” shall mean, when an Application from a Project Developer or an Eligible Customer results in a valid New Service Request, in accordance with Tariff, Part VII, Subpart C, section 306 [or Part VIII, Subpart B, section 403], the assigned Project Identifier to such request as confirmed by Transmission Provider. For Project Developers and Eligible Customers, the Project Identifier will indicate the applicable Cycle, and will denote a number that represents the project within the Cycle. The Project Identifier is strictly for identification purposes, and does not indicate priority within a Cycle.

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:

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“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:

“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.

Request Number:

“Request Number” shall mean, when an Application from an Upgrade Customer results in a valid Upgrade Request, in accordance with Tariff, Part VII, section ~~337~~⁴³⁵ [or Part VIII, Subpart H, section 435], the assigned Request Number to such request as confirmed by Transmission Owner. The Request Number will indicate the serial position and priority.

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:

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

RRI Projects:

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“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 GIA, Schedule L, section 8.0 ~~of Schedule L of a GIA~~, or CSA, Appendix I ~~Schedule of a CSA~~, as applicable, setting forth the timing of work to be performed by the 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 GIA, Specifications, section 3.0 ~~of the GIA~~ to be performed by the Constructing Entity(ies) or scope of work set forth in ~~pursuant to the Interconnection Construction Service Agreement, Schedule C~~, 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.

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Security:

“Security” shall mean the financial guaranty provided by the Project Developer, Eligible Customer or Upgrade Customer pursuant to Tariff, Part VII, Subpart D, section 309(A)(2)(i), and Tariff, Part VII, Subpart D, section 309(A)(3)(a), and Tariff, Part VII, Subpart D, section 311(a)(2)(d)(i)(a), and Tariff, Part VII, Subpart D, section 311(A)(2)(h), and Tariff, Part VII, Subpart D, section 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 Tariff, Part VII, Subpart D, sections 309, and Tariff, Part VII, Subpart D, section 313.

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 GIA, 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.

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State of Charge:

“State of Charge” shall mean the quantity of physical energy stored in an Energy Storage Resource Model Participant or in a storage component of a Hybrid Resource 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.

Surplus Service Request Number:

“Surplus Service Request Number” shall mean, when an Application from a Surplus Interconnection Service Customer results in a valid Surplus Interconnection Service Request, in accordance with Tariff, Part VIII, Subpart E, section 414, the assigned Surplus Service Request Number to such request as confirmed by Transmission Provider. The Request Number will indicate the serial position and priority.

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.

Surplus Interconnection Study Agreement:

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“Surplus Interconnection Study Agreement” shall mean the form of the Surplus Interconnection Study Agreement set forth in Tariff, Part IX, Subpart I.

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:

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

Transmission Injection Rights:

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“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 GIA, 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~~fin 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.

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:

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- (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:

“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

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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 III

GENERAL TERMS AND CONDITIONS

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1.0 Effective Date and Term

1.1 Effective Date.

Subject to regulatory acceptance, this CSA shall become effective on the date ~~the agreement~~this CSA has been executed by all Parties, or if the agreement is filed with FERC unexecuted, upon the date specified by FERC. ~~The~~ Transmission Owner shall have no obligation to begin construction or preparation for construction of the Network Upgrades, identified in this CSA, Appendix I ~~to this CSA~~, until: (i) 30 days after ~~such agreement~~this CSA, if executed and nonconforming, has been filed with FERC; (ii) such agreement, if unexecuted and nonconforming, has been filed with and accepted by FERC; or (iii) the earlier of 30 days after such agreement, if conforming, has been executed or has been reported in Transmission Provider's Electronic Quarterly Reports.

1.2 Term.

This CSA shall continue in full force and effect from the Effective Date until the termination hereof.

1.3 Survival.

This CSA shall continue in effect after termination to the extent necessary to provide for final billings and payments, including billings and payments pursuant to this CSA, and to permit the determination and enforcement of liability and indemnification obligations arising from acts or events that occurred while this CSA was in effect.

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2.0 Facilitation by Transmission Provider

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

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3.0 Construction Obligations.

3.1 Network Upgrades.

3.1.1 Generally.

All Network Upgrades identified in this CSA, Appendix I~~to this CSA~~ shall be designed, engineered, procured, installed and constructed in accordance with this section 3.0, Applicable Standards, Applicable Laws and Regulations, Good Utility Practice, the Facilities Study and the Scope of Work under this CSA.

3.2 Scope of Applicable Technical Requirements and Standards.

Applicable ~~Technical~~ ~~Requirements~~ and ~~Standards~~ shall apply to the design, engineering, procurement, construction and installation of the Network Upgrades identified in this CSA, Appendix I~~to this CSA~~ only to the extent that the provisions thereof relate to the design, engineering, procurement, construction and/or installation of such Network Upgrades. Such provisions relating to the design, engineering, procurement, construction and/or installation of such Network Upgrades shall be contained in this CSA, Appendix I~~appended to this CSA~~. The Parties shall mutually agree upon, or in the absence of such agreement, Transmission Provider shall determine, which provisions of the ~~Applicable~~ ~~Technical~~ ~~Requirements~~ and ~~Standards~~ should be appended to this CSA. In the event of any conflict between the provisions of the ~~Applicable~~ ~~Technical~~ ~~Requirements~~ and ~~Standards~~ that are appended to this CSA and any later-modified provisions that are stated in the pertinent PJM Manuals, the provisions appended to this CSA shall control.

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4.0 Tax Liability

4.1 Safe Harbor Provisions.

Provided that Developer Party agrees to conform to all requirements of the Internal Revenue Service (“IRS”) (e.g., the “safe harbor” section 118(a) and 118(b) of the Internal Revenue Code of 1986, as amended and interpreted by Notice 2016-36, 2016-25 I.R.B. (6/20/2016)) that would confer nontaxable status on some or all of the transfer of property, including money, by Developer Party to ~~the~~ Transmission Owner for payment of the Costs of construction of the Network Upgrades, ~~the~~ Transmission Owner, based on such agreement and on current law, shall treat such transfer of property to it as nontaxable income and, except as provided in this CSA, Appendix III, section 4.4.2 ~~below~~, shall not include income taxes in the Costs of Network Upgrades that are payable by Developer Party under the Generation Interconnection Agreement or this CSA Agreement. Developer Party shall document its agreement to conform to IRS requirements for such non-taxable status in the Generation Interconnection Agreement or this CSA Agreement.

4.2 Tax Indemnity.

Developer Party shall indemnify ~~the~~ Transmission Owner for any costs that Transmission Owner incurs in the event that the IRS and/or a state department of revenue (“State”) determines that the property, including money, transferred by Developer Party to ~~the~~ Transmission Owner with respect to the construction of the Network Upgrades is taxable income to ~~the~~ Transmission Owner. Developer Party shall pay to ~~the~~ Transmission Owner, on demand, the amount of any income taxes that the IRS or a State assesses to ~~the~~ Transmission Owner in connection with such transfer of property and/or money, plus any applicable interest and/or penalty charged to ~~the~~ Transmission Owner. In the event that ~~the~~ Transmission Owner chooses to contest such assessment, either at the request of Developer Party or on its own behalf, and prevails in reducing or eliminating the tax, interest and/or penalty assessed against it, ~~the~~ Transmission Owner shall refund to Developer Party the excess of its demand payment made to ~~the~~ Transmission Owner over the amount of the tax, interest and penalty for which ~~the~~ Transmission Owner is finally determined to be liable. Developer Party’s tax indemnification obligation under this section shall survive any termination of the Generation Interconnection Agreement or this CSA Agreement.

4.3 Taxes Other Than Income Taxes.

Upon the timely request by Developer Party, and at Developer Party’s sole expense, ~~the~~ Transmission Owner shall appeal, protest, seek abatement of, or otherwise contest any tax (other than federal or state income tax) asserted or assessed against ~~the~~ Transmission Owner for which Developer Party may be required to reimburse Transmission Provider under the terms of this Appendix III2 or the GIP. Developer Party shall pay to ~~the~~ Transmission Owner on a periodic basis, as invoiced by ~~the~~ Transmission Owner, ~~the~~ Transmission Owner’s documented reasonable costs of prosecuting such appeal, protest, abatement, or other contest. Developer Party and ~~the~~ Transmission Owner shall cooperate in good faith with respect to any such contest. Unless the payment of such taxes is a prerequisite to an appeal or abatement or cannot be deferred, no amount shall be payable by Developer Party to ~~the~~ Transmission Owner for such contested taxes until they are assessed by a final, non-appealable order by any court or agency of competent jurisdiction. In

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the event that a tax payment is withheld and ultimately due and payable after appeal, Developer Party will be responsible for all taxes, interest and penalties, other than penalties attributable to any delay caused by ~~the~~ Transmission Owner.

4.4 Income Tax Gross-Up.

4.4.1 Additional Security.

In the event that Developer Party does not provide the safe harbor documentation required under this CSA, Appendix III, section 4.1 prior to execution of the Generation Interconnection Agreement or this CSA Agreement, within the later of 15 days after execution of the Generation Interconnection Agreement or this CSA Agreement, Transmission Provider shall notify Developer Party in writing of the amount of additional Security that Developer Party must provide. The amount of Security that a ~~Transmission~~ Developer Party must provide initially pursuant to the Generation Interconnection Agreement or this CSA Agreement shall include any amounts described as additional Security under this section 4.4 regarding income tax gross-up.

4.4.2 Amount.

The required additional Security shall be in an amount equal to the amount necessary to gross up fully for currently applicable federal and state income taxes the estimated Costs of any Network Upgrades for which Developer Party previously provided Security. Accordingly, the additional Security shall equal the amount necessary to increase the total Security provided to the amount that would be sufficient to permit ~~the~~ Transmission Owner to receive and retain, after the payment of all applicable income taxes (“Current Taxes”) and taking into account the present value of future tax deductions for depreciation that would be available as a result of the anticipated payments or property transfers (the “Present Value Depreciation Amount”), an amount equal to the estimated Costs of the Network Upgrades for which Developer Party is responsible under the Generation Interconnection Agreement or this CSA Agreement. For this purpose, Current Taxes shall be computed based on the composite federal and state income tax rates applicable to ~~the~~ Transmission Owner at the time the additional Security is received, determined using the highest marginal rates in effect at that time (the “Current Tax Rate”); and the Present Value Depreciation Amount shall be computed by discounting ~~the~~ Transmission Owner’s anticipated tax depreciation deductions associated with such payments or property transfers by its current weighted average cost of capital.

4.4.3 Time for Payment.

Developer Party must provide the additional Security, in a form and with terms as required by the GIP, within 15 days after its receipt of Transmission Provider’s notice under this section.

4.5 Tax Status.

Each Party shall cooperate with the other to maintain the other Party’s tax status. Nothing in the Generation Interconnection Agreement, this CSA Agreement or the GIP is intended to adversely affect any Transmission Owner’s tax exempt status with respect to the issuance of bonds including, but not limited to, local furnishing bonds.

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5.0 Safety

5.1 General.

Transmission Owner shall perform all work hereunder in accordance with Good Utility Practice and Applicable Standards and Applicable Laws and Regulations pertaining to the safety of persons or property.

5.2 Environmental Releases.

Transmission Owner shall notify Transmission Provider and Developer Party, first orally and then in writing, of the release of any Hazardous Substances, any asbestos or lead abatement activities, or any type of remediation activities related to the facility or the facilities, any of which may reasonably be expected to affect Transmission Provider or Developer Party. Transmission Owner shall: (i) provide the notice as soon as possible; (ii) make a good faith effort to provide the notice within 24 hours after it becomes aware of the occurrence; and (iii) promptly furnish to Transmission Provider and Developer Party copies of any publicly available reports filed with any governmental agencies addressing such events.

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6.0 Schedule of Work

6.1 Standard Option.

~~The~~ Transmission Owner shall use Reasonable Efforts to design, engineer, procure, construct and install the Network Upgrades, identified in ~~Appendix I to this CSA,~~ Appendix I, in accordance with the Schedule of Work and Scope of Work.

6.1.1 Negotiated Contract Option.

Consistent with this CSA, Appendix ~~I~~¹, section D ~~(=2-(negotiated contract option))~~, as an alternative to the Standard Option set forth in section 6.1 ~~above of this Appendix III,~~ the Transmission Owner and ~~the~~ Developer Party may mutually agree to a Negotiated Contract Option for ~~the~~ Transmission Owner's design, procurement, construction and installation of the Network Upgrades. Under the Negotiated Contract Option, the Developer Party ~~Affected System Customer~~ and ~~the~~ Transmission Owner may agree to terms different from those included in the Standard Option of section 6.1 above and the corresponding standard terms set forth in the applicable provisions of ~~Part VI of the Tariff~~ the GIP and this CSA, Appendix III. Under the Negotiated Contract Option, negotiated terms may include the work schedule applicable to ~~the~~ Transmission Owner's construction activities and changes to same; payment provisions, including the schedule of payments; incentives, penalties and/or liquidated damages related to timely completion of construction; use of third party contractors; and responsibility for Costs, but only as between the Developer Party ~~Affected System Customer~~ and ~~the~~ Transmission Owner that are parties to this CSA; no other Developer Party's responsibility for Costs under the GIP may be affected ~~(section 217 of the Tariff)~~. No other terms of the Tariff or this Appendix III shall be subject to modification under the Negotiated Contract Option. The terms and conditions of the Tariff that may be negotiated pursuant to the Negotiated Contract Option shall not be affected by use of the Negotiated Contract Option except as and to the extent that they are modified by the parties' agreement pursuant to such option. All terms agreed upon pursuant to the Negotiated Contract Option shall be stated in full in ~~an appendix to this CSA,~~ Schedule A.

6.2 Option to Build.

6.2.1 Option.

Developer Party shall have the option, ("Option to Build"), to design, procure, construct and install all or any portion of the Stand Alone Network Upgrades on the dates specified in this CSA, Appendix I ~~of this Agreement~~. Transmission Provider and Developer Party must agree as to what constitutes Stand Alone Network Upgrades in this CSA, Appendix III, Schedule C ~~of this Agreement~~. If the Transmission Provider and Developer Party disagree about whether a particular Network Upgrade is a Stand Alone Network Upgrade, the Transmission Provider must provide ~~the~~ Developer Party 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. Transmission Provider and Developer Party must agree as to what constitutes Stand Alone Network Upgrades and identify such Stand Alone Network Upgrades in this CSA, Appendix III, Schedule C, section B ~~(Option to Build) of this Agreement~~. Except for Stand Alone

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Network Upgrades, Developer Party shall have no right to construct Network Upgrades under this option. Unless a Developer ~~P~~arty is subject to a Generation Interconnection Agreement, in order to exercise this Option to Build, ~~the~~ Developer Party must provide Transmission Provider and ~~the~~ Transmission Owner with written notice of its election to exercise the option no later than 30 days from the date ~~the~~ Developer Party receives the results of the Facilities~~es~~ Study (or, if no Facilities Study was required, completion of the System Impact Study). Developer Party may not elect Option to Build after such date. Developer Party shall indicate its election to exercise the option in this CSA.

6.2.2 General Conditions Applicable to Option.

In addition to the other terms and conditions applicable to the construction of facilities under this Appendix III, the Option to Build is subject to the following conditions:

(a) If Developer Party assumes responsibility for the design, procurement and construction of Stand Alone Network Upgrades:

(i) Developer Party shall engineer, procure equipment, and construct Stand Alone Network Upgrades (or portions thereof) using Good Utility Practice and using standards and specifications provided in advance by Transmission Owner;

(ii) Developer Party's engineering, procurement and construction of Stand Alone Network Upgrades shall comply with all requirements of law to which Transmission Owner shall be subject in the engineering, procurement or construction of Stand Alone Network Upgrades;

(iii) Transmission Owner shall review and approve engineering design, equipment acceptance tests, and the construction of Stand Alone Network Upgrades;

(iv) Prior to commencement of construction, Developer Party shall provide to Transmission Owner a schedule for construction of Stand Alone Network Upgrades and shall promptly respond to requests for information from Transmission Owner;

(v) At any time during construction, Transmission Owner shall have the right to gain unrestricted access to the Stand Alone Network Upgrades and to conduct inspections of the same;

(vi) At any time during construction, should any phase of the engineering, equipment procurement, or construction of Stand Alone Network Upgrades not meet the standards and specifications provided by Transmission Owner, Developer Party shall be obligated to remedy deficiencies in that portion of the Stand Alone Network Upgrades;

(vii) Developer Party shall indemnify Transmission Owner and Transmission Provider for claims arising from Developer Party's construction of Network Upgrades that are ~~Direct Connection~~ Stand Alone Network Upgrades under the terms and procedures applicable to this ~~CSA~~, Appendix III, sections 12.1 ~~through, 12.2, 12.3, and~~ 12.4;

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(viii) Developer Party shall transfer control of Network Upgrades that are ~~Direct Connection~~Stand Alone Network Upgrades to Transmission Owner;

(ix) Unless the Parties otherwise agree, Developer Party shall transfer ownership of Stand Alone Network Upgrades to Transmission Owner;

(x) Transmission Owner shall approve and accept for operation and maintenance for Stand Alone Network Upgrades to the extent engineered, procured, and constructed in accordance with this CSA Agreement, Appendix III~~2~~, section 3.2~~3.2~~;

(xi) Developer Party shall deliver to Transmission Owner “as-built” drawings, information, and any other documents that are reasonably required by Transmission Provider to assure that the Stand Alone Network Upgrades are built to the standards and specifications required by Transmission Owner; and

(xii) If Developer Party exercises the Option to Build, Developer Party shall pay Transmission Owner to execute the responsibilities enumerated to Transmission Owner under this section 6.2.2. Transmission Owner shall invoice Developer Party for this total amount to be divided on a ~~monthly~~quarterly basis pursuant to this CSA, Appendix III, section 9.23.

(b) ~~The~~ Developer Party must obtain or arrange to obtain all necessary permits and authorizations for the construction and installation of the Stand Alone Network Upgrades that it is building, provided, however, that when ~~the~~ Transmission Owner’s assistance is required, ~~the~~ Transmission Owner shall assist ~~the~~ Developer Party in obtaining such necessary permits or authorizations with efforts similar in nature and extent to those that ~~the~~ Transmission Owner typically undertakes in acquiring permits and authorizations for construction of facilities on its own behalf;

(c) ~~The~~ Developer Party must obtain all necessary land rights for the construction and installation of the Stand Alone Network Upgrades that it is building, provided, however, that upon Developer Party’s reasonable request, ~~the~~ Transmission Owner shall assist ~~the~~ Developer Party in acquiring such land rights with efforts similar in nature and extent to those that ~~the~~ Transmission Owner typically undertakes in acquiring land rights for construction of facilities on its own behalf;

(d) Notwithstanding anything stated herein, each Transmission Owner shall have the exclusive right and obligation to perform the line attachments (tie-in work), and to calibrate remote terminal units and relay settings, required for the interconnection to such Transmission Owner’s existing facilities of any Stand Alone Network Upgrades that ~~the~~ Developer Party builds; and

(e) The Stand Alone Network Upgrades built by ~~the~~ Developer Party shall be successfully inspected, tested and energized pursuant to this CSA, Appendix III, sections 19 and 20 ~~of this Appendix III~~.

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6.2.3 Additional Conditions Regarding Network Facilities.

To the extent that ~~the~~ Developer Party utilizes the Option to Build for design, procurement, construction and/or installation of Stand Alone Network Upgrades in existence or under construction by or on behalf of ~~the~~ Transmission Owner on the date that ~~the~~ Developer Party solicits bids under section 6.2.7 below, or Stand Alone Network Upgrades to be located on land or in right-of-way owned or controlled by ~~the~~ Transmission Owner, and in addition to the other terms and conditions applicable to the design, procurement, construction and/or installation of facilities under this Appendix III, all work shall comply with the following further conditions:

(i) All work performed by or on behalf of ~~the~~ Developer Party shall be conducted by contractors, and using equipment manufacturers or vendors, that are listed on ~~the~~ Transmission Owner's List of Approved Contractors;

(ii) ~~The~~ Transmission Owner shall have full site control of, and reasonable access to, its property at all times for purposes of tagging or operation, maintenance, repair or construction of modifications to, its existing facilities and/or for performing all tie-ins of Network Upgrades built by or for ~~the~~ Developer Party; and for acceptance testing of any equipment that will be owned and/or operated by ~~the~~ Transmission Owner;

(iii) ~~The~~ Transmission Owner shall have the right to have a reasonable number of appropriate representatives present for all work done on its property/facilities or regarding the Stand Alone Network Upgrades, and the right to stop, or to order corrective measures with respect to, any such work that reasonably could be expected to have an adverse effect on reliability, safety or security of persons or of property of ~~the~~ Transmission Owner or any portion of the Transmission System, provided that, unless circumstances do not reasonably permit such consultations, ~~the~~ Transmission Owner shall consult with ~~the~~ Developer Party and with Transmission Provider before directing that work be stopped or ordering any corrective measures;

(iv) ~~The~~ Developer Party and its contractors, employees and agents shall comply with ~~the~~ Transmission Owner's safety, security and work rules, environmental guidelines and training requirements applicable to the area(s) where construction activity is occurring and shall provide all reasonably required documentation to ~~the~~ Transmission Owner, provided that ~~the~~ Transmission Owner previously has provided its safety, security and work rules and training requirements applicable to work on its facilities to Transmission Provider and ~~the~~ Developer Party within 20 ~~B~~usiness ~~D~~ays after a request therefore made by Developer Party following its receipt of the Facilities Study;

(v) ~~The~~ Developer Party shall be responsible for controlling the performance of its contractors, employees and agents; and

(vi) All activities performed by or on behalf of ~~the~~ Developer Party pursuant to its exercise of the Option to Build shall be subject to compliance with Applicable Laws and Regulations, including those governing union staffing and bargaining unit obligations, and Applicable Standards.

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6.2.4 Administration of Conditions.

To the extent that a Transmission Owner exercises any discretion in the application of any of the conditions stated in sections 6.2.2 and 6.2.3 ~~above of this Appendix III~~, it shall apply each such condition in a manner that is reasonable and not unduly discriminatory and it shall not unreasonably withhold, condition, or delay any approval or authorization that ~~the~~ Developer Party may require for the purpose of complying with any of those conditions.

6.2.5 Approved Contractors.

(a) Each Transmission Owner shall develop and shall provide to Transmission Provider a List of Approved Contractors. Each Transmission Owner shall include on its List of Approved Contractors no fewer than three contractors and no fewer than three manufacturers or vendors of major transmission-related equipment, unless a Transmission Owner demonstrates to Transmission Provider's reasonable satisfaction that it is feasible only to include a lesser number of construction contractors, or manufacturers or vendors, on its List of Approved Contractors. Transmission Provider shall publish each Transmission Owner's List of Approved Contractors in a PJM Manual and shall make such manual available on its internet website.

(b) Upon request of a Developer Party, a Transmission Owner shall add to its List of Approved Contractors (1) any design or construction contractor regarding which ~~the~~ Developer Party provides such information as ~~the~~ Transmission Owner may reasonably require which demonstrates to ~~the~~ Transmission Owner's reasonable satisfaction that the candidate contractor is qualified to design, or to install and/or construct new facilities or upgrades or modifications to existing facilities on ~~the~~ Transmission Owner's transmission system, or (2) any manufacturer or vendor of major transmission-related equipment (e.g., high-voltage transformers, transmission line, circuit breakers) regarding which ~~the~~ Developer Party provides such information as ~~the~~ Transmission Owner may reasonably require which demonstrates to ~~the~~ Transmission Owner's reasonable satisfaction that the candidate entity's major transmission-related equipment is acceptable for installation and use on ~~the~~ Transmission Owner's transmission system. No Transmission Owner shall unreasonably withhold, condition, or delay its acceptance of a contractor, manufacturer, or vendor proposed for addition to its List of Approved Contractors.

6.2.6 Construction by Multiple Developer Parties.

In the event that there are multiple Developer Parties that wish to exercise an Option to Build with respect to facilities of the types described in section 6.2.3 ~~to this Appendix III above~~, the Transmission Provider shall determine how to allocate the construction responsibility among them unless they reach agreement among themselves on how to proceed.

6.2.7 Option Procedures.

(a) Within 10 days after executing this CSA or directing that this CSA be filed, Developer Party shall solicit bids from one or more Approved Contractors named on ~~the~~ Transmission Owner's List of Approved Contractors to procure equipment for, and/or to design,

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construct and/or install, the Network Upgrades that ~~the~~ Developer Party seeks to build under the Option to Build on terms (i) that will meet ~~the~~ Developer Party's proposed schedule; (ii) that, if ~~the~~ Developer Party seeks to have an Approved Contractor construct or install Stand Alone Network Upgrades, will satisfy all of the conditions on construction specified in sections 6.2.2 and 6.2.3 ~~of this Appendix III above~~; and (iii) that will satisfy the obligations of a Constructing Entity (other than those relating to responsibility for the costs of facilities) under this CSA.

(b) Any additional costs arising from the bidding process or from the final bid of the successful Approved Contractor shall be the sole responsibility of ~~the~~ Developer Party.

(c) Upon receipt of a qualifying bid acceptable to it, ~~the~~ Developer Party shall contract with the Approved Contractor that submitted the qualifying bid. Such contract shall meet the standards stated in ~~paragraph subsection~~ (a) ~~above of this section~~.

(d) In the absence of a qualifying bid acceptable to ~~the~~ Developer Party in response to its solicitation, the Transmission Owner(s) shall be responsible for the design, procurement, construction and installation of the Network Upgrades in accordance with the Standard Option described in section 6.2.1 ~~above of this Appendix III~~.

6.2.8 Developer Party Drawings.

Developer Party shall submit to ~~the~~ Transmission Owner and Transmission Provider initial drawings, certified by a professional engineer, of the Network Upgrades that Developer Party arranges to build under the Option to Build. ~~The~~ Transmission Owner and Transmission Provider shall review the drawings to assess the consistency of Developer Party's design of the pertinent Network Upgrades with Applicable Standards and the Facilities Study. After consulting with ~~the~~ Transmission Owner, Transmission Provider shall provide comments on such drawings to Developer Party within ~~sixty~~60 days after its receipt thereof, after which time any drawings not subject to comment shall be deemed to be approved. All drawings provided hereunder shall be deemed to be Confidential Information.

6.2.9 Effect of Review.

Transmission Owner's and Transmission Provider's reviews of Developer Party's initial drawings of the Network Upgrades that ~~the~~ Developer Party is building shall not be construed as confirming, endorsing or providing a warranty as to the fitness, safety, durability or reliability of such facilities or the design thereof. At its sole cost and expense, Developer Party shall make such changes to the design of the pertinent Network Upgrades as may reasonably be required by Transmission Provider, in consultation with ~~the~~ Transmission Owner, to ensure that the Network Upgrades that Developer Party is building meet Applicable Standards and conform with the Facilities Study.

6.3 Revisions to Schedule and Scope of Work.

The Schedule of Work and Scope of Work shall be revised as required in accordance with Transmission Provider's scope change process for projects set forth in the PJM Manuals, or

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otherwise by mutual agreement of the Transmission Provider and Transmission Owner, which agreement shall not be unreasonably withheld, conditioned or delayed.

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7.0 Suspension of Work upon Default

Upon the occurrence of a Default by Developer Party, ~~the~~ Transmission Provider or ~~the~~ Transmission Owner may, by written notice to Developer Party, suspend further work associated with the Network Upgrades, identified in this CSA, Appendix I ~~to this CSA~~, Transmission Owner is responsible for constructing. Such suspension shall not constitute a waiver of any termination rights under this CSA, section 147.0. In the event of a suspension by Transmission Provider or Transmission Owner, ~~the~~ Developer Party shall be responsible for the Costs incurred in connection with any suspension hereunder.

7.1 Notification and Correction of Defects.

7.1.1 In the event that inspection and/or testing of any Network Upgrades, identified in this CSA, Appendix I ~~to this CSA~~, built by Transmission Owner identifies any defects or failures to comply with Applicable Standards in such Network Upgrades, then Transmission Owner shall take appropriate action to correct any such defects or failures within 20 days after it learns thereof. If such a defect or failure cannot reasonably be corrected within such 20-day period, Transmission Owner shall commence the necessary correction within that time and shall thereafter diligently pursue it to completion. Such acceptance does not modify and shall not limit the Project Developer's indemnification obligations set forth in this CSA, Appendix III, section 6.2.2 ~~Tariff, Attachment P, Appendix 2, section 3.2.3(e)~~.

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8.0 Transmission Outages

8.1 Outages; Coordination.

~~The~~ Transmission Provider and Transmission Owner acknowledge and agree that certain outages of transmission facilities owned by ~~the~~ Transmission Owner, as more specifically detailed in the Scope of Work, may be necessary in order to complete the process of constructing and installing the Network Upgrades identified in this CSA, Appendix I ~~to this CSA~~. ~~The~~ Transmission Provider and Transmission Owner further acknowledge and agree that any such outages shall be coordinated by and through Transmission Provider.

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9.0 Security, Billing and Payments

The following provisions shall apply with respect to charges for the Costs of ~~the~~ Transmission Owner for which ~~the~~ Developer Party is responsible.

9.1 Adjustments to Security.

The Security provided by Developer Party at or before the Effective Date of this CSA shall be: (a) reduced as portions of the work on Network Upgrades, identified in this CSA, Appendix I ~~to this CSA~~, are completed; and/or (b) increased or decreased as required to reflect adjustments to Developer Party's cost responsibility, to correspond with changes in the Scope of Work developed in accordance with Transmission Provider's scope change process for projects set forth in the PJM Manuals.

9.2 Invoice.

Transmission Owner shall provide Transmission Provider a quarterly statement of its scheduled expenditures during the next three months for, as applicable, the design, engineering and construction of, and/or for other charges related to, construction of the Network Upgrades identified in this CSA, Appendix I ~~to this CSA~~, or (b) in the event that ~~the~~ Developer Party exercises the Option to Build, for ~~the Interconnected~~ Transmission Owner's oversight costs (i.e. costs incurred by ~~the~~ Transmission Owner when engaging in oversight activities to satisfy itself that ~~the~~ Developer Party is complying with ~~the~~ Transmission Owner's standards and specifications for the construction of facilities) associated with ~~the~~ Developer Party's building Stand Alone Network Upgrades, including but not limited to Costs for tie-in work and Cancellation Costs. Transmission Owner's oversight costs shall be consistent with ~~Attachment G~~ this CSA, Appendix III, section 6.2.2(a)(~~xii~~12). If Developer Party exercises the Option to Build, Developer Party shall pay Transmission Owner costs associated with its responsibilities pursuant to section 6.2.1 and in accordance with the amount agreed to by ~~the~~ Transmission Owner and Developer Party pursuant to this CSA, Appendix III, section 6.2.~~2~~4(a)(~~xii~~12). Transmission Provider shall bill Developer Party, on behalf of Transmission Owner, for Transmission Owner's expected costs during the subsequent three months. Developer Party shall pay each bill within 20 days after receipt thereof. Upon receipt of each of Developer Party's payments of such bills, Transmission Provider shall reimburse ~~the~~ Transmission Owner. Developer Party may request that ~~the~~ Transmission Provider provide quarterly cost reconciliation. Such a quarterly cost reconciliation will have a one-quarter lag, e.g., reconciliation of costs for the first calendar quarter of work will be provided at the start of the third calendar quarter of work, provided, however, that section 9.3 ~~of this Appendix III~~ below shall govern the timing of the final cost reconciliation upon completion of the work.

9.3 Final Invoice.

Within 120 days after Transmission Owner completes construction and installation of the Network Upgrades under this CSA, Transmission Provider shall provide Developer Party with an accounting of, and the appropriate Party shall make any payment to the other that is necessary to resolve, any difference between: (a) Developer Party's responsibility under the Tariff for the Costs of the Network Upgrades identified in this CSA, Appendix I ~~to this CSA~~; and (b) Developer Party's

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previous aggregate payments to Transmission Provider for the Costs of the facilities identified in this CSA, Appendix I ~~to this CSA~~. Notwithstanding the foregoing, however, Transmission Provider shall not be obligated to make any payment to ~~the~~ Developer Party or ~~the~~ Transmission Owner that the preceding sentence requires it to make unless and until ~~the~~ Transmission Provider has received the payment that it is required to refund from the Party owing the payment.

9.4 Disputes.

In the event of a billing dispute among ~~the~~ Transmission Provider, Transmission Owner, and Developer Party, Transmission Provider and ~~the~~ Transmission Owner shall continue to perform their respective obligations pursuant to this CSA so long as: (a) ~~the~~ Developer Party continues to make all payments not in dispute, and the Security held by ~~the~~ Transmission Provider while the dispute is pending exceeds the amount in dispute; or (b) ~~the~~ Developer Party pays to Transmission Provider, or into an independent escrow account established by ~~the~~ Developer Party, the portion of the invoice in dispute, pending resolution of such dispute. If ~~the~~ Developer Party fails to meet any of these requirements, then Transmission Provider shall so inform the other Parties and Transmission Provider or ~~the~~ Transmission Owner may provide notice to Developer Party of a Breach pursuant to this CSA, Appendix III, section 13 ~~of this Appendix III~~.

9.5 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.

9.6 No Waiver.

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

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10.0 Assignment

10.1 Assignment with Prior Consent.

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

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

10.2 Assignment Without Prior Consent.

10.2.1 Assignment by Developer Party.

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

10.2.2 Assignment by Transmission Owner.

Transmission Owner shall be entitled, subject to ~~A~~pplicable ~~L~~aws and ~~R~~egulations, to assign this ~~Upgrade~~ CSA to an Affiliate or successor that owns and operates all or a substantial portion of Transmission Owner's transmission facilities.

10.2.3 Assignment to Lenders.

Developer Party may, without the consent of ~~the~~ Transmission Provider or ~~the~~ Transmission Owner, assign this CSA to any Project Finance Entity(ies), provided that such assignment shall not alter or diminish Developer Party's duties and obligations under this CSA. If Developer Party provides ~~the~~ Transmission Owner 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 this CSA, section 5.0 ~~Article 6 of this CSA~~, ~~the~~ Transmission Provider or Transmission Owner shall provide notice and reasonable opportunity for such entity(ies) to cure any Breach under ~~—~~ this CSA in accordance with this CSA. Transmission Provider or Transmission Owner shall, if requested by such lenders, provide such customary and reasonable documents, including consents to assignment, as may be reasonably requested with respect to the assignment and status of this CSA,

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provided that such documents do not alter or diminish the rights of ~~the~~ Transmission Provider or Transmission Owner under this CSA, except with respect to providing notice of Breach to a Project Finance Entity. Upon presentation of ~~the~~ Transmission Provider's and/or ~~the~~ Transmission Owner's invoice therefore, Developer Party shall pay ~~the~~ Transmission Provider and/or ~~the~~ Transmission Owner's reasonable documented cost of providing such documents and certificates. Any assignment described herein shall not relieve or discharge ~~the~~ Developer Party from any of its obligations hereunder absent the written consent of ~~the~~ Transmission Owner and Transmission Provider.

10.3 Successors and Assigns.

This CSA and all of its provisions are binding upon, and inure to the benefit of, ~~the~~ Transmission Provider and Transmission Owner and their respective successors and permitted assigns.

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11.0 Insurance

11.1 Required Coverages.

Constructing Entity shall maintain, at its own expense, insurance as described in paragraphs A through E below. All insurance shall be procured from insurance companies rated “A-,” VII or better by AM Best and authorized to do business in a State or States in which the Network Upgrades, identified in this CSA, Appendix I ~~to this CSA~~, will be located. Failure to maintain required insurance shall be a Breach of this CSA.

A. Workers Compensation Insurance with statutory limits, as required by the State and/or jurisdiction in which the work is to be performed, and employer’s liability insurance with limits of not less than one million dollars (\$1,000,000).

B. Commercial General Liability Insurance and/or Excess Liability Insurance covering liability arising out of premises, operations, personal injury, advertising, products and completed operations coverage, independent contractors coverage, liability assumed under an insured contract, coverage for pollution to the extent normally available and punitive damages to the extent allowable under applicable law, with limits of not less than one million dollars (\$1,000,000) per occurrence/one million dollars (\$1,000,000) general aggregate/one million dollars (\$1,000,000) each accident products and completed operations aggregate.

C. Business/Commercial Automobile Liability Insurance for coverage of owned and non-owned and hired vehicles, trailers or semi-trailers designed for travel on public roads, with a minimum, combined single limit of no less than one million dollars (\$1,000,000) each accident for bodily injury, including death, and property damage.

D. Excess and/or Umbrella Liability Insurance with a limit of liability of twenty million dollars (\$20,000,000) per occurrence. These limits apply in excess of the employer’s liability, commercial general liability and business/commercial automobile liability coverages described above. This requirement can be met alone or via a combination of primary, excess and/or umbrella insurance.

E. Professional Liability, including Contractors Legal Liability, providing errors, omissions and/or malpractice coverage. Coverage shall be provided for the Constructing Entity’s duties, responsibilities and performance outlined in this CSA, with limits of liability as follows:

\$10,000,000 each occurrence

\$10,000,000 aggregate

An entity may meet the Professional Liability Insurance requirements by requiring third-party contractors, designers, or engineers, or other parties that are responsible for design and engineering work associated with the Network Upgrades, identified in this CSA, Appendix I ~~to this CSA~~, necessary for the transmission service to procure professional liability insurance in the amounts and upon the terms prescribed by this section, and providing evidence of such insurance to the

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other entity. Such insurance shall be procured from companies rated “A-,” VII or better by AM Best and authorized to do business in a State or States in which the Network Upgrades, identified in this CSA, Appendix I ~~to this CSA~~, are located. Nothing in this section relieves the entity from complying with the insurance requirements. In the event that the policies of the designers, engineers, or other parties used to satisfy the entity’s insurance obligations under this section become invalid for any reason, including but not limited to: (i) the policy(ies) lapsing or otherwise terminating or expiring; (ii) the coverage limits of such policy(ies) are decreased; or (iii) the policy(ies) do not comply with the terms and conditions of the PJM Tariff; entity shall be required to procure insurance sufficient to meet the requirements of this section, such that there is no lapse in insurance coverage. Notwithstanding the foregoing, in the event an entity will not design, engineer or construct or cause to design, engineer or construct any new Network Upgrades, Transmission Provider, in its discretion, may waive the requirement that an entity maintain the Professional Liability Insurance pursuant to this section.

11.2 Additional Insureds.

The Commercial General Liability, Business/Commercial Automobile Liability and Excess and/or Umbrella Liability policies procured by each Constructing Entity (“Insuring Constructing Entity”) shall include each other party (the “Insured Party”), its officers, agents and employees as additional insureds, providing all standard coverages and covering liability of the Insured Party arising out of bodily injury and/or property damage (including loss of use) in any way connected with the operations, performance, or lack of performance under this CSA.

11.3 Other Required Terms.

The above-mentioned insurance policies (except workers’ compensation) shall provide the following:

(a) Each policy shall contain provisions that specify that it is primary and non-contributory for any liability arising out of that party’s negligence, and shall apply to such extent without consideration for other policies separately carried and shall state that each insured is provided coverage as though a separate policy had been issued to each, except the insurer’s liability shall not be increased beyond the amount for which the insurer would have been liable had only one insured been covered. Each Insuring Constructing Entity shall be responsible for its respective deductibles or retentions.

(b) If any coverage is written on a Claims First Made Basis, continuous coverage shall be maintained or an extended discovery period will be exercised for a period of not less than two years after termination of this CSA.

(c) Provide for a waiver of all rights of subrogation which the Insuring Constructing Entity’s insurance carrier might exercise against the Insured Party.

11.4 No Limitation of Liability.

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The requirements contained herein as to the types and limits of all insurance to be maintained by the Constructing Entities are not intended to and shall not in any manner, limit or qualify the liabilities and obligations assumed by the Parties under this CSA.

11.5 Self-Insurance.

Notwithstanding the foregoing, each Constructing Entity may self-insure to meet the minimum insurance requirements of this section to the extent it maintains a self-insurance program; provided that such Constructing Entity's senior secured debt is rated at investment grade or better by Standard & Poor's and its self-insurance program meets the minimum insurance requirements of this section 11.0. For any period of time that a Constructing Entity's senior secured debt is unrated by Standard & Poor's or is rated at less than investment grade by Standard & Poor's, ~~such senior secured debt~~ shall comply with the insurance requirements applicable to it under this section 11.0. In the event that a Constructing Entity is permitted to self-insure pursuant to this section, it shall notify the other Parties that it meets the requirements to self-insure and that its self-insurance program meets the minimum insurance requirements in a manner consistent with that specified in section 11.6 ~~of this Appendix III~~ below.

11.6 Notices; Certificates of Insurance.

Prior to the commencement of work pursuant to this CSA, the Constructing Entities agree to furnish certificate(s) of insurance evidencing the insurance coverage obtained in accordance with ~~this section 11.0 of this Appendix III~~. All certificates of insurance shall indicate that the certificate holder is included as an additional insured under the Commercial General Liability, Business/Commercial Automobile Liability and Excess and/or Umbrella Liability coverages, and that this insurance is primary with a waiver of subrogation in favor of the other Interconnected Entities. All policies of insurance shall provide for 30 days prior written notice of cancellation or material adverse change. If the policies of insurance do not or cannot be endorsed to provide 30 days prior written notice of cancellation or material adverse change, each Constructing Entity shall provide the other Constructing Entities with 30 days prior written notice of cancellation or material adverse change to any of the insurance required in this CSA.

11.7 Subcontractor Insurance.

In accord with Good Utility Practice, each Constructing Entity shall require each of its subcontractors to maintain and provide evidence of insurance coverage of types, and in amounts, commensurate with the risks associated with the services provided by the subcontractor. Bonding of contractors or subcontractors shall be at the hiring Constructing Entity's discretion, but regardless of bonding, ~~the~~ Transmission Owner shall be responsible for the performance or non-performance of any contractor or subcontractor it hires.

11.8 Reporting Incidents.

The Parties shall report to each other in writing as soon as practical all accidents or occurrences resulting in injuries to any person, including death, and any property damage arising out of this CSA.

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12.0 Indemnity

12.1 Indemnity.

Each Constructing Entity shall indemnify and hold harmless the other Parties, and the other Parties' officers, shareholders, stakeholders, members, managers, 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 of 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 Constructing Entity's breach of any of the representations or warranties made in, or failure of the indemnifying Constructing Entity or any of its subcontractors to perform any of its obligations under, this CSA; or (ii) the negligence or willful misconduct of the indemnifying Constructing Entity or its contractors; provided, however, that the neither Constructing Entity shall not have any indemnification obligations under this section in respect of any Loss to the extent the Loss results from the negligence or willful misconduct of the Party seeking indemnity.

12.2 Indemnity Procedures.

Promptly after receipt by a person 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 this section 12.0 may apply, the Indemnified Person shall notify the indemnifying Constructing Entity of such fact. Any failure of or delay in such notification shall not affect a Constructing Entity's indemnification obligation unless such failure or delay is materially prejudicial to the indemnifying Constructing Entity. The Indemnified Person shall cooperate with the indemnifying Constructing Entity with respect to the matter for which indemnification is claimed. The indemnifying Constructing Entity shall have the right to assume the defense thereof with counsel designated by such indemnifying Constructing Entity and reasonably satisfactory to the Indemnified Person. If the defendants in any such action include one or more Indemnified Persons and the indemnifying Constructing Entity 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 Constructing Entity, 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 Constructing Entity 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 Constructing Entity. Notwithstanding the foregoing, the indemnifying Constructing Entity shall not: (i) 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

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Person and the indemnifying Constructing Entity, in such event the indemnifying Constructing Entity shall pay the reasonable expenses of the Indemnified Person; and (ii) 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.

12.3 Indemnified Person.

If an Indemnified Person is entitled to indemnification under this section 12.0 as a result of a claim by a third party, and the indemnifying Constructing Entity fails, after notice and reasonable opportunity to proceed under this section 12.0, to assume the defense of such claim, such Indemnified Person may at the expense of the indemnifying Constructing Entity contest, settle or consent to the entry of any judgment with respect to, or pay in full, such claim.

12.4 Amount Owing.

If the indemnifying Constructing Entity is obligated to indemnify and hold any Indemnified Person harmless under this section 12.0, 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.

12.5 Limitation on Damages.

Except as otherwise provided in this section 12.0, the liability of a Party shall be limited to direct actual damages, and all other damages at law are waived. Under no circumstances shall any Party 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 12.5 are without regard to the cause or causes related thereto, including the negligence of any Party, 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 CSA. The provisions of this section 12.0 shall survive the termination or expiration of this CSA.

12.6 Limitation of Liability in Event of Breach.

A Breaching Party shall have no liability hereunder to any other Party, and each other Party hereby releases the Breaching Party, for all claims or damages it incurs that are associated with any interruption in the availability of the Network Upgrades identified in this CSA, Appendix I ~~to this CSA,~~ the Transmission System, or Transmission Service, or associated with damage to the Network Upgrades identified in this CSA, Appendix I ~~to this CSA,~~ except to the extent such interruption or damage is caused by the Breaching Party's gross negligence or willful misconduct in the performance of its obligations under this CSA.

12.7 Limited Liability in Emergency Conditions.

Except as otherwise provided in the PJM 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

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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 ~~the~~ Transmission Owner with respect to such Emergency Condition. Notwithstanding the above, Developer Party 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.

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13.0 Breach, Cure and Default

13.1 Breach.

A Breach of this CSA shall include:

- (a) The failure to pay any amount when due;
- (b) The failure to comply with any material term or condition of this Appendix ~~III~~2 or of the other portions of the CSA or any attachments or Schedule hereto, including but not limited to any material breach of a representation, warranty or covenant (other than in subsections (a) and (c)-(e) of this section) made in this Appendix ~~III~~2;
- (c) Assignment of the CSA in a manner inconsistent with its terms;
- (d) Failure of an Interconnection Party to provide access rights, or an Interconnection Party's attempt to revoke or terminate access rights, that are provided under this Appendix ~~III~~2; or
- (e) Failure of an Interconnection Party to provide information or data required to be determined under this Appendix ~~III~~2 to another Interconnection Party for such other Interconnection Party to satisfy its obligations under this Appendix ~~III~~2.

13.2 Continued Operation.

In the event of a Breach or Default by either Interconnected Entity, and subject to termination of this CSA under ~~section 16 of this CSA, Appendix 2III, section 14.0,~~ the Interconnected Entities shall continue to operate and maintain, as applicable, such DC power systems, protection and Metering Equipment, telemetering equipment, SCADA equipment, transformers, Secondary Systems, communications equipment, building facilities, software, documentation, structural components, and other facilities and appurtenances that are reasonably necessary for Transmission Provider and ~~the~~ Transmission Owner to operate and maintain the Transmission System and the Transmission Owner Upgrades and for Developer Party to operate and maintain the Generating Facility or Merchant Transmission Facility and the Developer Party Interconnection Facilities, in a safe and reliable manner.

13.3 Notice of Breach.

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

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identifies such Project Finance Entity(ies) as contacts for notice purposes pursuant to this CSA, Appendix III, section 245.0 of this Appendix 2.

13.4 Cure and Default.

An Interconnection Party that commits a Breach and does not take steps to cure the Breach pursuant to this section 13.4 is automatically in Default of this ~~Appendix 2 and of the~~ CSA, and its project and this ~~Agreement~~ CSA shall be deemed terminated and withdrawn. Transmission Provider shall take all necessary steps to effectuate this termination, including submitting the necessary filings with FERC.

13.4.1 Cure of Breach.

13.4.1.1

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

13.4.1.2

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

13.5 Right to Compel Performance.

Notwithstanding the foregoing, upon the occurrence of a Default, a non-Defaulting Interconnection Party shall be entitled to exercise such other rights and remedies as it may have in equity or at law. Subject to the Generation Interconnection Agreement, Appendix II, section 20.1, a Network Upgrade Cost Responsibility Agreement, Appendix II, section 11.1, or a Wholesale Market Participation Agreement, Appendix 2, section 10.1, no remedy conferred by any provision of this Appendix ~~2~~ III 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.

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14.0 Termination

14.1 Termination.

14.1.1 Upon Completion of Construction.

14.1.1.1 Conforming CSAs.

If this CSA is conforming and, therefore, is only reported to FERC ~~in~~ PJM's Electric Quarterly Report, ~~this CSA~~ shall terminate upon the date Transmission Provider receives written notice, in a form acceptable to ~~the~~ Transmission Provider, from ~~the~~ Transmission Owner that the following conditions have occurred: (i) completion of construction of all Transmission Owner Upgrades; (ii) if Developer Party exercised the Option to Build, transfer of title under this CSA, Appendix III, section 22.05.5 of this Appendix 2; (iii) final payment of all Costs due and owing under this CSA; and (iv) if Developer Party exercised the Option to Build, delivery to ~~the~~ Transmission Owner of final "as-built" drawings of any Stand Alone Network Upgrades built by ~~the~~ Developer Party in accordance with this CSA, Appendix III, section 3.2.3.26.2.2(a)(xi) of this Appendix 2.

14.1.1.2 Non-Conforming CSAs.

If this CSA is non-conforming and, therefore, has been filed with and accepted by FERC, ~~this CSA~~ shall terminate upon (a) Transmission Provider receiving written notice, in a form acceptable to Transmission Provider, from Transmission Owner that the following conditions have occurred: (i) completion of construction of all Transmission Owner Upgrades; (ii) if Developer Party exercised the Option to Build, transfer of title under this CSA, Appendix III, section 22.05.5 of this Appendix 2; (iii) final payment of all Costs due and owing under this CSA; and (iv) if Developer Party exercised the Option to Build, delivery to Transmission Owner of final "as-built" drawings of any Stand Alone Network Upgrade built by Developer Party in accordance with this CSA, Appendix III, section 3.2.3.26.2.2(a)(xi) of this CSA; and (b) the effective date of Transmission Provider's cancellation of ~~this~~ CSA in accordance with Commission rules and regulations. Transmission Provider shall serve ~~the~~ Transmission Owner and Developer Party with a copy of the notice of cancellation of any CSA in accordance with Commission rules and regulations.

14.1.2 Upon Default by Either Constructing Entity.

Either Constructing Entity may terminate its obligations hereunder in the event of a Default by the other Constructing Entity as defined in this CSA, Appendix III, section 13.43 of this Appendix 2. Transmission Provider may terminate ~~this~~ CSA upon the Default of Developer Party of its obligations under this CSA or the applicable Generation Interconnection Agreement by providing Developer Party and ~~the~~ Transmission Owner prior written notice of termination.

14.1.3 By Developer Party.

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Subject to its payment of Cancellation Costs as explained in section 14.2 below, ~~the~~ Developer Party may be relieved of its obligations hereunder upon ~~sixty~~60 days written notice to Transmission Provider and ~~the~~ Transmission Owner.

14.2 Cancellation by Developer Party.

14.2.1 Applicability.

The following provisions shall survive and shall apply in the event that Developer Party terminates the CSA pursuant to ~~this~~ise section 14.2.

14.2.1.1 Cancellation Cost Responsibility upon Termination.

Upon the unilateral termination of ~~the~~is CSA by ~~the~~ Developer Party, ~~the~~ Developer Party shall be liable to pay to ~~the~~ Transmission Owner or Transmission Provider all Cancellation Costs in connection with ~~c~~Construction ~~s~~Service for ~~the~~ Developer Party pursuant to this CSA, including section 14.2.1.2 ~~below of this Appendix 2~~. Cancellation costs may include costs for Network Upgrades assigned to Developer Party, in accordance with the Tariff and as reflected in this CSA, ~~that~~which remain the responsibility of Developer Party under the Tariff. This shall include costs including, but not limited to, the costs for such Network Upgrades to the extent such cancellation would be a Material Modification, or would have an adverse effect or impose costs on other Developer Parties. In the event ~~the~~ Transmission Owner incurs Cancellation Costs, ~~#~~Transmission Owner shall provide ~~the~~ Transmission Provider, with a copy to ~~the~~ Developer Party, with a written demand for payment and with reasonable documentation of such Cancellation Costs. ~~The~~ Developer Party shall pay ~~the~~ Transmission Provider each bill for Cancellation Costs within 30 days after, as applicable, ~~the~~ Transmission Owner's or Transmission Provider's presentation to ~~the~~ Developer Party of written demand therefor, provided that such demand includes reasonable documentation of the Cancellation Costs that the invoicing party seeks to collect. Upon receipt of each of Developer Party's payments of such bills of ~~the~~ Transmission Owner, Transmission Provider shall reimburse ~~the~~ Transmission Owner for Cancellation Costs incurred by Transmission Owner~~the latter~~.

14.2.1.2 Disposition of Facilities upon Termination.

Upon termination of ~~this~~ise CSA by a Developer Party, Transmission Provider, after consulting with ~~the~~ Transmission Owner, may, at the sole cost and expense of ~~the~~ Developer Party, authorize ~~the~~ Transmission Owner to (a) cancel supplier and contractor orders and agreements entered into by ~~the~~ Transmission Owner to design, construct, install, operate, maintain and own the Transmission Owner Upgrades, provided, however, that Developer Party shall have the right to choose to take delivery of any equipment ordered by ~~the~~ Transmission Owner for which Transmission Provider otherwise would authorize cancellation of the purchase order; or (b) remove any Transmission Owner= Upgrades built by ~~the~~ Transmission Owner or any Transmission Owner= Stand Alone Network Upgrade (only after title to the subject facilities has been transferred to ~~the~~ Transmission Owner) built by ~~the~~ Developer Party; or (c) partially or entirely complete the Transmission Owner Upgrades as necessary to preserve the integrity or reliability of the Transmission System, provided that Developer Party shall be entitled to receive any rights associated with such facilities and

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upgrades as determined in accordance with ~~this~~the CSA; or (d) undo any of the changes to the Transmission System that were made pursuant to this CSA. To the extent that ~~the~~ Developer Party has fully paid for equipment that is unused upon cancellation or which is removed pursuant to subsection (b) above, ~~the~~ Developer Party shall have the right to take back title to such equipment; alternatively, in the event that ~~the~~ Developer Party does not wish to take back title, ~~the~~ Transmission Owner may elect to pay ~~the~~ Developer Party a mutually agreed amount to acquire and own such equipment.

14.2.2 Termination upon Default.

In the event that Developer Party exercises its right to terminate under section 14.1.2 ~~of this Appendix 2~~above, and notwithstanding any other provision of this CSA, ~~the~~ Developer Party shall be liable for payment of ~~the~~ Transmission Owner's Costs incurred up to the date of Developer Party's notice of termination pursuant to section 14.1.2 above and the costs of completion of some or all of the ~~Transmission Owner~~ Transmission Owner Upgrades or specific unfinished portions thereof, and/or removal of any or all of such facilities which have been installed, to the extent that Transmission Provider determines such completion or removal to be required for ~~the~~ Transmission Provider and/or Transmission Owner to perform their respective obligations under the GIP of the Tariff or this CSA, provided, however, that Developer Party's payment of such costs shall be without prejudice to any remedies that otherwise may be available to it under this Appendix ~~2~~III for the Default of ~~the~~ Transmission Owner. Developer Party will also be subject to Cancellation Cost responsibility provisions of section 14.2.1.1 ~~of this Appendix 2~~above.

14.3 Survival of Rights.

Termination of this CSA or the applicable Generation Interconnection Agreement shall not relieve any Interconnection Party of any of its liabilities and obligations arising under this CSA or the applicable Generation Interconnection Agreement (including this Appendix ~~III~~2) prior to the date on which termination becomes effective, and each Interconnection Party may take whatever judicial or administrative actions it deems desirable or necessary to enforce its rights hereunder. Applicable provisions of this Appendix ~~III~~2 will continue in effect after termination to the extent necessary to provide for final billings, billing adjustments, and the determination and enforcement of liability and indemnification obligations arising from events or acts that occurred while the CSA or the applicable Generation Interconnection Agreement was in effect.

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15.0 Force Majeure

15.1 Notice.

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

15.2 Duration of Force Majeure.

A Construction 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 Construction 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 Construction 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~~ section shall be acknowledged in writing as soon as reasonably possible. The Construction 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 Construction Party affected has a continuing notice obligation to the other Construction Parties, and must update the particulars of the original Force Majeure notice and subsequent notices, in writing, as the particulars change. The affected Construction Party shall be excused from whatever performance is affected only for the duration of the Force Majeure and while the Construction Party exercises Reasonable Efforts to alleviate such situation. As soon as the non-performing Construction Party is able to resume performance of its obligations excused because of the occurrence of Force Majeure, such Construction Party shall resume performance and give prompt written notice thereof to the other Construction Parties.

15.3 Obligation to Make Payments.

Any Construction Party's obligation to make payments for services shall not be suspended by Force Majeure.

15.4 Definition of Force Majeure.

For the purposes of this section 15.0, an event of ~~F~~force ~~M~~majeure shall mean 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 Construction Party's control that, in any of the foregoing cases, by exercise of due diligence, such Construction Party could not reasonably have been expected to avoid, and which, by the exercise of due diligence, it has been unable to overcome. Force ~~M~~majeure does not include (i) a failure of performance that is due to an affected Construction Party's own negligence or

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intentional wrongdoing; (ii) any removable or remediable causes (other than settlement of a strike or labor dispute) which an affected Construction Party fails to remove or remedy within a reasonable time; or (iii) economic hardship of an affected Construction Party.

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16.0 Confidentiality

Information is Confidential Information only if it is clearly designated or marked in writing as confidential on the face of the document, or, if the information is conveyed orally or by inspection, if the Party providing the information orally informs the other Party receiving the information that the information is confidential. If requested by any Party, the disclosing Party shall provide in writing the basis for asserting that the information referred to in this section warrants confidential treatment, and the requesting Party may disclose such writing to an appropriate Governmental Authority. Any Party shall be responsible for the costs associated with affording confidential treatment to its information.

16.1 Term.

During the term of this CSA, and for a period of three years after the termination of this CSA, except as otherwise provided in this section 16.0 ~~of this CSA~~, each Party shall hold in confidence, and shall not disclose to any person, Confidential Information provided to it by any Party.

16.2 Scope.

Confidential Information shall not include information that the receiving Party can demonstrate: (i) is generally available to the public other than as a result of a disclosure by the receiving Party; (ii) was in the lawful possession of the receiving Party on a non-confidential basis before receiving it from the disclosing Party; (iii) was supplied to the receiving Party without restriction by a third party, who, to the knowledge of the receiving Party, after due inquiry, was under no obligation to the disclosing Party to keep such information confidential; (iv) was independently developed by the receiving Party without reference to Confidential Information of the disclosing Party; (v) is, or becomes, publicly known, through no wrongful act or omission of the receiving Party or breach of this CSA; or (vi) is required, in accordance with section 16.7 ~~below of this Appendix III~~, to be disclosed to any Governmental Authority or is otherwise required to be disclosed by law or subpoena, or is necessary in any legal proceeding establishing rights and obligations under this CSA. Information designated as Confidential Information shall no longer be deemed confidential if the Party that designated the information as confidential notifies the other Parties that it no longer is confidential.

16.3 Release of Confidential Information.

No Party shall disclose Confidential Information of another Party to any other person, except to its Affiliates (in accordance with FERC's Standards of Conduct requirements), subcontractors, employees, consultants or to parties who may be or considering providing financing to or equity participation in Developer Party on a need-to-know basis in connection with this CSA, unless such person has first been advised of the confidentiality provisions of this section and has agreed to comply with such provisions. Notwithstanding the foregoing, a Party that provides Confidential Information of another Party to any person shall remain responsible for any release of Confidential Information in contravention of this section.

16.4 Rights.

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Each Party retains all rights, title, and interest in the Confidential Information that it discloses to any other Party. A Party's disclosure to another Party of Confidential Information shall not be deemed a waiver by any Party or any other person or entity of the right to protect the Confidential Information from public disclosure.

16.5 No Warranties.

By providing Confidential Information, no Party makes any warranties or representations as to its accuracy or completeness. In addition, by supplying Confidential Information, no Party obligates itself to provide any particular information or Confidential Information to any other Party nor to enter into any further agreements or proceed with any other relationship or joint venture.

16.6 Standard of Care.

Each Party shall use at least the same standard of care to protect Confidential Information it receives as the Party uses to protect its own Confidential Information from unauthorized disclosure, publication or dissemination. Each Party may use Confidential Information solely to fulfill its obligations to the other Parties under this CSA or to comply with Applicable Laws and Regulations.

16.7 Order of Disclosure.

If a Governmental Authority with the right, power, and apparent authority to do so requests or requires a Party, by subpoena, oral deposition, interrogatories, requests for production of documents, administrative order, or otherwise, to disclose Confidential Information, that Party shall provide the Party that provided the information with prompt prior notice of such request(s) or requirement(s) so that the providing Party may seek an appropriate protective order, or waive compliance with the terms of this CSA. Notwithstanding the absence of a protective order, or agreement, or waiver, the Party subjected to the request or order may disclose such Confidential Information which, in the opinion of its counsel, the Party is legally compelled to disclose. Each Party shall use Reasonable Efforts to obtain reliable assurance that confidential treatment will be accorded any Confidential Information so furnished.

16.8 Termination of Construction Service Agreement.

Upon termination of this CSA for any reason, each Party shall, within 10 calendar days of receipt of a written request from another Party, use Reasonable Efforts to destroy, erase, or delete (with such destruction, erasure and deletion certified in writing to the requesting Party) or to return to the requesting Party, without retaining copies thereof, any and all written or electronic Confidential Information received from the requesting Party.

16.9 Remedies.

The Parties agree that monetary damages would be inadequate to compensate a Party for another Party's Breach of its obligations under this section 16.0. Each Party accordingly agrees that the

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other Party shall be entitled to equitable relief, by way of injunction or otherwise, if the first Party breaches or threatens to breach its obligations under this section, which equitable relief shall be granted without bond or proof of damages, and the receiving Party shall not plead in defense that there would be an adequate remedy at law. Such remedy shall not be deemed to be an exclusive remedy for the breach of this section 16.0, but shall be in addition to all other remedies available at law or in equity. The Parties further acknowledge and agree that the covenants contained herein are necessary for the protection of legitimate business interests and are reasonable in scope. No Party, however, shall be liable for indirect, incidental, consequential, or punitive damages of any nature or kind resulting from or arising in connection with a Breach of any obligation under this section 16.0.

16.10 Disclosure to FERC or its Staff.

Notwithstanding anything in this section to the contrary, and pursuant to 18 C.F.R. § 1b.20, if FERC or its staff, during the course of an investigation or otherwise, requests information from one of the Parties that is otherwise required to be maintained in confidence pursuant to this CSA, the Party, shall provide the requested information to FERC or its staff, within the time provided for in the request for information. In providing the information to FERC or its staff, the Party must, consistent with 18 C.F.R. § 388.112, request that the information be treated as confidential and non-public by FERC and its staff and that the information be withheld from public disclosure. Parties are prohibited from notifying the other Parties to this CSA prior to the release of the Confidential Information to FERC or its staff. A Party shall notify the other Parties when it is notified by FERC or its staff that a request to release Confidential Information has been received by FERC, at which time any of the Parties may respond before such information would be made public, pursuant to 18 C.F.R. § 388.112.

16.11 Non-Disclosure.

Subject to the exception noted above in section 16.10 ~~above of this Appendix III~~, no Party shall disclose another Party's Confidential Information ~~of Party~~ to any person not employed or retained by the disclosing Party, except to the extent disclosure is: (i) required by law; (ii) reasonably deemed by the disclosing Party to be required in connection with a dispute between or among the Parties, or the defense of litigation or dispute; (iii) otherwise permitted by consent of the Party that provided such Confidential Information, such consent not to be unreasonably withheld; or (iv) necessary to fulfill its obligations under this CSA or as a transmission service provider or a Control Area operator including disclosing the Confidential Information to an Regional Transmission Organization or Independent System Operator or to a regional or national reliability organization. Prior to any disclosures of another Party's Confidential Information under this subparagraph, the disclosing Party shall promptly notify the other Parties in writing and shall assert confidentiality and cooperate with the other Parties in seeking to protect the Confidential Information from public disclosure by confidentiality agreement, protective order or other reasonable measures.

16.12 Information in the Public Domain.

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This provision shall not apply to any information that was or is hereafter in the public domain (except as a result of a Breach of this provision).

16.13 Return or Destruction of Confidential Information.

If any Party provides any Confidential Information to another Party in the course of an audit or inspection, the providing Party may request the other Party to return or destroy such Confidential Information after the termination of the audit period and the resolution of all matters relating to that audit. Each Party shall make Reasonable Efforts to comply with any such requests for return or destruction within 10 days after receiving the request and shall certify in writing to the requesting Party that it has complied with such request.

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17.0 Information Access And Audit Rights

17.1 Information Access.

Subject to Applicable Laws and Regulations, each Party shall make available to the other Parties information necessary: (i) to verify the Costs incurred by the other Party for which the requesting Party is responsible under this CSA and the PJM Tariff; and (ii) to carry out obligations and responsibilities under this CSA and the PJM Tariff. The Parties shall not use such information for purposes other than those set forth in this section 17.0 and to enforce their rights under this CSA and the PJM Tariff.

17.2 Reporting of Non-Force Majeure Events.

Each Party shall notify the other Parties when it becomes aware of its inability to comply with the provisions of this CSA for a reason other than an event of ~~Force Majeure~~ as defined in this CSA, Appendix III, section 1.2115.4 of Appendix 2 of this Attachment GG. 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 17.0 shall not entitle the receiving Party to allege a cause of action for anticipatory breach of this CSA and the PJM Tariff.

17.3 Audit Rights.

Subject to the requirements of confidentiality of this CSA and the PJM Tariff, each Party 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 CSA and the PJM Tariff. Any audit authorized by this section 17.0 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 CSA. 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.

17.4 Waiver.

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

17.5 Amendments and Rights Under the Federal Power Act.

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Except as set forth in this section 17.0, this CSA may be amended, modified, or supplemented only by written agreement of the Parties. Such amendment shall become effective and a part of this CSA upon satisfaction of all Applicable Laws and Regulations.

Notwithstanding the foregoing, nothing contained in this CSA shall be construed as affecting in any way any of the 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 CSA 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.

17.6 Regulatory Requirements.

Each Party's performance of any obligation under this CSA 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.

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18.0 Representations and Warranties

18.1 General.

Each Constructing Entity hereby represents, warrants and covenants as follows, with these representations, warranties, and covenants effective as to the Constructing Entity during the full time this CSA is effective:

18.1.1 Good Standing.

Such Constructing Entity 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.

18.1.2 Authority.

Such Constructing Entity has the right, power and authority to enter into this CSA, to become a Party thereto and to perform its obligations thereunder. This CSA is a legal, valid and binding obligation of such Constructing Entity, enforceable against such Constructing Entity 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).

18.1.3 No Conflict.

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

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19.0 Inspection and Testing of Completed Facilities

19.1 Coordination.

Developer Party and ~~the~~ Transmission Owner shall coordinate the timing and schedule of all inspection and testing of the Network Upgrades, identified in this CSA, Appendix I ~~to this CSA~~.

19.2 Inspection and Testing.

Each Constructing Entity shall cause inspection and testing of any Network Upgrades that it constructs in accordance with the provisions of this section 19.0. The Parties acknowledge and agree that inspection and testing of facilities may be undertaken as facilities are completed and need not await completion of all of the facilities that a Constructing Entity is building.

19.2.1 Of Developer Party-Built Facilities.

Upon the completion of the construction and installation, but prior to energization, of any Network Upgrades constructed by ~~the~~ Developer Party shall have the same inspected and/or tested by an authorized electric inspection agency or qualified third party reasonably acceptable to ~~the~~ Transmission Owner to assess whether the facilities substantially comply with Applicable Standards. Said inspection and testing shall be held on a mutually agreed-upon date, and ~~the~~ Transmission Owner and Transmission Provider shall have the right to attend and observe, and to obtain the written results of, such testing.

19.2.2 Of Transmission Owner-Built Facilities.

Upon the completion of the construction and installation, but prior to energization, of any Network Upgrades constructed by ~~the~~ Transmission Owner, ~~the~~ Transmission Owner shall have the same inspected and/or tested by qualified personnel or a qualified contractor to assess whether the facilities substantially comply with Applicable Standards. Subject to Applicable Laws and Regulations, said inspection and testing shall be held on a mutually agreed-upon date, and ~~the~~ Developer Party and Transmission Provider shall have the right to attend and observe, and to obtain the written results of, such testing.

19.3 Review of Inspection and Testing by Transmission Owner.

In the event that the written report, or the observation of either Constructing Entity or Transmission Provider, of the inspection and/or testing pursuant to section 19.2 ~~above of this Appendix III~~ reasonably leads ~~the~~ Transmission Provider or Transmission Owner to believe that the inspection and/or testing of some or all of the Network Upgrades built by ~~the~~ Developer Party was inadequate or otherwise deficient, ~~the~~ Transmission Owner may, within 20 days after its receipt of the results of inspection or testing and upon reasonable notice to ~~the~~ Developer Party, perform its own inspection and/or testing of such Network Upgrades to determine whether the facilities are acceptable for energization, which determination shall not be unreasonably delayed, withheld or conditioned.

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19.4 Notification and Correction of Defects.

19.4.1 If the Transmission Owner, based on inspection or testing pursuant to sections 19.2 or 19.3 ~~above of this Appendix III~~, identifies any defects or failures to comply with Applicable Standards in the Network Upgrades constructed by ~~the~~ Developer Party, ~~the~~ Transmission Owner shall notify ~~the~~ Developer Party and Transmission Provider of any identified defects or failures within 20 days after ~~the~~ Transmission Owner's receipt of the results of such inspection or testing. ~~The~~ Developer Party shall take appropriate actions to correct any such defects or failure at its sole cost and expense, and shall obtain ~~the~~ Transmission Owner's acceptance of the corrections, which acceptance shall not be unreasonably delayed, withheld or conditioned.

19.4.2 In the event that inspection and/or testing of any Network Upgrades built by ~~the~~ Transmission Owner identifies any defects or failures to comply with Applicable Standards in such facilities, Transmission Owner shall take appropriate action to correct any such defects or failures within 20 days after it learns thereof. In the event that such a defect or failure cannot reasonably be corrected within such 20-day period, Transmission Owner shall commence the necessary correction within that time and shall thereafter diligently pursue it to completion.

19.5 Notification of Results.

Within 10 days after satisfactory inspection and/or testing of Network Upgrades built by ~~the~~ Developer Party (including, if applicable, inspection and/or testing after correction of defects or failures), ~~the~~ Transmission Owner shall confirm in writing to ~~the~~ Developer Party and Transmission Provider that the successfully inspected and tested facilities are acceptable for energization.

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NOT FOR NEGOTIATION OR EXECUTION**

20.0 Energization of Completed Facilities

(A) Unless otherwise provided in the Schedule of Work, energization, when applicable as determined by Transmission Provider, of the Network Upgrades, identified in this CSA, Appendix I~~to this CSA~~, shall occur in two stages. Stage One energization may occur prior to initial energization of the Network Upgrades. Stage Two energization shall consist of energization of the remainder of the Network Upgrades, identified in this CSA, Appendix I~~to the CSA~~.

(B) In the case of Network Upgrades for which ~~the~~ Transmission Provider determines that two-stage energization is inapplicable, energization shall occur in a single stage. Such a single-stage energization shall be regarded as Stage Two energization for the purposes of the remaining provisions of this section 20.0 and of this CSA, Appendix III, section 22.0~~of this Appendix III~~.

20.1 Stage One energization may not occur prior to the satisfaction of the following additional conditions:

(a) ~~The~~ Developer Party shall have delivered to ~~the~~ Transmission Owner and Transmission Provider a writing transferring to ~~the~~ Transmission Owner and Transmission Provider operational control over any Stand Alone Network Upgrades that Developer Party has constructed; and

(b) ~~The~~ Developer Party shall have provided a mark-up of construction drawings to ~~the~~ Transmission Owner to show the “as-built” condition of all Stand Alone Network Upgrades that Developer Party has constructed.

20.2 As soon as practicable after the satisfaction of the conditions for Stage One energization specified in section 20.1 above and this CSA, Appendix III, section 19.0~~sections 19 and 20.1 of this Appendix III~~, ~~the~~ Transmission Owner and ~~the~~ Developer Party shall coordinate and undertake the Stage One energization of facilities.

20.3 Stage Two energization of the remainder of the Network Upgrades, identified in Appendix I~~to this CSA~~, Appendix I, may not occur prior to the satisfaction of the following additional conditions:

(a) ~~The~~ Developer Party shall have delivered to ~~the~~ Transmission Owner and Transmission Provider a writing transferring to ~~the~~ Transmission Owner and Transmission Provider operational control over any Network Upgrades that Developer Party has constructed and operational control of which it has not previously transferred pursuant to section 20.1 above~~of this Appendix III~~; and

(b) ~~The~~ Developer Party shall have provided a mark-up of construction drawings to ~~the~~ Transmission Owner to show the “as-built” condition of all Network Upgrades that Developer Party has constructed and which were not included in the Stage One energization, but are included in the Stage Two energization.

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20.4 As soon as practicable after the satisfaction of the conditions for Stage Two energization specified in section 20.3 above and this CSA, Appendix III, section 19.0~~sections 19 and 20.3 of this Appendix III, the~~ Transmission Owner and ~~the~~ Developer Party shall coordinate and undertake the Stage Two energization of facilities.

20.5 To the extent defects in any Network Upgrades are identified during the energization process, the energization will not be deemed successful. In that event, the Constructing Entity shall take action to correct such defects in any Network Upgrades that it built as promptly as practical after the defects are identified. The affected Constructing Entity shall so notify the other Construction Parties when it has corrected any such defects, and the Constructing Entities shall recommence efforts, within 10 days thereafter, to energize the appropriate Network Upgrades in accordance with this section 20.0 ~~of this Appendix III~~; provided that ~~the~~ Transmission Owner may, in the reasonable exercise of its discretion and with the approval of Transmission Provider, require that further inspection and testing be performed in accordance with this CSA, Appendix III, section 19 ~~of this Appendix III~~.

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21.0 Transmission Owner’s Acceptance of Facilities Constructed by Developer Party

Within five days after determining that the Network Upgrades have been successfully energized, ~~the~~ Transmission Owner shall issue a written notice to ~~the~~ Developer Party accepting the Network Upgrades built by ~~the~~ Developer Party that were successfully energized. Such acceptance shall not be construed as confirming, endorsing or providing a warranty by ~~the~~ Transmission Owner as to the design, installation, construction, fitness, safety, durability or reliability of any Network Upgrades built by ~~the~~ Developer Party, or their compliance with Applicable Standards.

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22.0 Transfer of Title to Certain Facilities Constructed by Developer Party

Within 30 days after ~~the~~ Developer Party's receipt of notice of acceptance under this CSA, Appendix III, section 21.0 ~~of this Appendix III~~ following Stage Two energization of the Network Upgrades, ~~the~~ Developer Party shall deliver to ~~the~~ Transmission Owner, for ~~the~~ Transmission Owner's review and approval, all of the documents and filings necessary to transfer to ~~the~~ Transmission Owner title to any Network Upgrades constructed by ~~the~~ Developer Party, and to convey to ~~the~~ Transmission Owner any easements and other land rights to be granted by Developer Party that have not then already been conveyed. ~~The~~ Transmission Owner shall review and approve such documentation, such approval not to be unreasonably withheld, delayed, or conditioned. Within 30 days after its receipt of ~~the~~ Transmission Owner's written notice of approval of the documentation, ~~the~~ Developer Party, in coordination and consultation with ~~the~~ Transmission Owner, shall make any necessary filings at the FERC or other governmental agencies for regulatory approval of the transfer of title. Within 20 days after the issuance of the last order granting a necessary regulatory approval becomes final (i.e., is no longer subject to rehearing), ~~the~~ Developer Party shall execute all necessary documentation and shall make all necessary filings to record and perfect ~~the~~ Transmission Owner's title in such facilities and in the easements and other land rights to be conveyed to ~~the~~ Transmission Owner. Prior to such transfer to ~~the~~ Transmission Owner of title to the Network Upgrades built by ~~the~~ Developer Party, the risk of loss or damages to, or in connection with, such facilities shall remain with ~~the~~ Developer Party. Transfer of title to facilities under this section 22.0 shall not affect ~~the~~ Developer Party's receipt or use of the rights related to the Network Upgrades for which it otherwise may be eligible as provided in Tariff, Part VII, Subpart E and Part VIII, Subpart E, as applicable ~~Subpart C of Part VI of the Tariff~~.

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23.0 Liens

~~The~~ Developer Party shall take all reasonable steps to ensure that, at the time of transfer of title ~~in~~of the Network Upgrades built by ~~the~~ Developer Party to ~~the~~ Transmission Owner, those facilities shall be free and clear of any and all liens and encumbrances, including mechanics' liens. To the extent that ~~the~~ Developer Party cannot reasonably clear a lien or encumbrance prior to the time for transferring title to ~~the~~ Transmission Owner, Developer Party shall nevertheless convey title subject to the lien or encumbrance and shall indemnify, defend and hold harmless ~~the~~ Transmission Owner against any and all claims, costs, damages, liabilities and expenses (including without limitation reasonable attorneys' fees) which may be brought or imposed against or incurred by Transmission Owner by reason of any such lien or encumbrance or its discharge.

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24.0 Charges

24.1 Specified Charges.

If and to the extent required by ~~the~~ Transmission Owner, after the Initial Operation of the Network Upgrade, ~~Project~~ Developer Party shall pay one or more of the types of recurring charges described in this section 24.1 to compensate ~~the~~ Transmission Owner for costs incurred in performing certain of its obligations under this Appendix III. Transmission Provider will deliver a copy of such filing to ~~Project~~ Developer Party. Permissible charges under this section may include:

(a) Administration Charge - Any such charge may recover only the costs and expenses incurred by ~~the~~ Transmission Owner in connection with administrative obligations such as the preparation of bills. An Administration Charge shall not be permitted to the extent that ~~the~~ Transmission Owner's other charges to ~~the Project~~ Developer Party under ~~this same~~ CSA include an allocation of ~~the~~ Transmission Owner's administrative and general expenses and/or other corporate overhead costs.

(b) Network Upgrade Operations and Maintenance Charge - Any such charge may recover only ~~the~~ Transmission Owner's costs and expenses associated with operation and maintenance charges related to ~~the Project~~ Developer Party's Network Upgrade owned by ~~the~~ Transmission Owner.

(c) Other Charges - Any other charges applicable to ~~the Project~~ Developer Party, as mutually agreed upon by ~~the Project~~ Developer Party and ~~the~~ Transmission Owner and as accepted by the FERC as part of ~~this~~ CSA.

24.2 FERC Filings.

To the extent required by law or regulation, each Party shall seek FERC acceptance or approval of its respective charges or the methodology for the calculation of such charges.

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SCHEDULE A

NEGOTIATED CONTRACT OPTIONS

None.

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SCHEDULE B

**OPERATION AND MAINTENANCE CHARGES FOR
NETWORK UPGRADES**

None.

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SCHEDULE C

SCOPE OF WORK

A. Transmission Owner Upgrades to be Built by Transmission Owner

i. Facilities for which the Developer Party has sole cost responsibility

Identifier	Description
(None)	

ii. Facilities for which a Network Upgrade Cost Responsibility Service Agreement is required.

Identifier	Description
nwwww	Rebuild/Reconductor 5.0 miles of BOBO ~ 954 ~ 45/7 ~ RAIL conductor to mitigate the overload
nyyyy	Rebuild Substation Juliet – Substation Kilo 345kV
nzzzz	Replace 2156 KCM ACSR 84/19 at Substation Lima
naaaa	Adjust Relay Compliance Trip Limit at Substation Mike

B. Project Developer.

In the event Developer Party has exercised the Option to Build, it is hereby permitted to build in accordance with and subject to the conditions and limitations set forth in this CSA, the following Stand Alone Network Upgrades:

None.

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SCHEDULE D



APPLICABLE TECHNICAL REQUIREMENTS AND STANDARDS

The following Applicable Technical Requirements and Standards shall apply. To the extent that these Applicable Technical Requirements and Standards conflict with the terms and conditions of the Tariff or any other provision of this CSA, the Tariff and/or this CSA shall control.

The TC1 Additional Transmission Owner Interconnection Guidelines (Rev. 30) dated December 1, 2024, shall apply. The TC1 Additional Transmission Owner Interconnection Guidelines (Rev. 30) dated December 1, 2024, are available on the PJM website.

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SCHEDULE E

**DEVELOPER PARTY’S AGREEMENT TO CONFORM WITH IRS SAFE HARBOR
PROVISIONS FOR NON-TAXABLE STATUS**

As provided in ~~this CSA, Appendix III, section 4.0 of Appendix III to this CSA~~ and subject to the requirements thereof, Developer Party represents that it meets all qualifications and requirements as set forth in section 118(a) and 118(b) of the Internal Revenue Code of 1986, as amended and interpreted by Notice 2016-36, 2016-25 I.R.B. (6/20/2016) (the “IRS Notice”). Developer Party agrees to conform with all requirements of the safe harbor provisions specified in the IRS Notice, as they may be amended, as required to confer non-taxable status on some or all of the transfer of property, including money, by Developer Party to Transmission Owner with respect to the payment of the Costs of construction and installation of the Transmission Owner Interconnection Facilities and Transmission Owner Upgrades specified in this ~~GIACSA~~.

Nothing in Developer Party’s agreement pursuant to this Schedule E shall change Developer Party’s indemnification obligations under ~~this CSA, Appendix III, section 4.2 of Appendix III to this CSA~~.

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SCHEDULE F

SCHEDULE OF NON-STANDARD TERMS & CONDITIONS

None