SCHEDULE 8

DETERMINATION OF UNFORCED CAPACITY OBLIGATIONS

A. For each billing month during a Delivery Year, the Daily Unforced Capacity Obligation of a Party that has not elected the FRR Alternative for such Delivery Year shall be determined on a daily basis for each Zone as follows:

Daily Unforced Capacity Obligation = OPL x Final Zonal RPM Scaling Factor x FPR

Where:

OPL =Obligation Peak Load, defined as the daily summation of the weather-adjusted coincident summer peak, last preceding the Delivery Year, of the end-users in such Zone (net of operating Behind The Meter Generation for those loads served by Network Integration Transmission Service, but not to be less than zero) for which such Party was responsible on that billing day, as determined in accordance with the procedures set forth in the PJM Manuals, and as adjusted further to include the Obligation Peak Load associated with any Load Adjustment that may be allocated to the Party

Final Zonal RPM Scaling Factor = the factor determined as set forth in sections B and C of this Schedule

FPR = the Forecast Pool Requirement

Netting of Behind the Meter Generation for a Party with regard to Retail Behind The Meter Generation shall be subject to the limits set forth in PJM Tariff, Part III, section 34.2.

Netting of Behind the Meter Generation for a Party with regard to Non-Retail Behind the Meter Generation shall be subject to the following limitation:

For the 2006/2007 Planning Period, 100 percent of the operating Non-Retail Behind the Meter Generation shall be netted, provided that the total amount of Non-Retail Behind the Meter Generation in the PJM Region does not exceed 1500 megawatts ("Non-Retail Threshold"). For each Planning Period/Delivery Year thereafter, the Non-Retail threshold shall be proportionately increased based on load growth in the PJM Region but shall not be greater than 3000 megawatts. Load growth shall be determined by the Office of the Interconnection based on the most recent forecasted weather-adjusted coincident summer peak for the PJM Region divided by the weather-adjusted coincident peak for the previous summer for the same area. After the load growth factor is applied, the Non-Retail Threshold will be rounded up or down to the nearest whole megawatt and the rounded number shall be the Non-Retail Threshold for the current Planning Period and the base amount for calculating the Non-Retail Threshold for the succeeding planning period. If the

Non-Retail Threshold is exceeded, the amount of operating Non-Retail Behind the Meter Generation that a Party may net shall be adjusted according to the following formula:

Party Netting Credit = (NRT/ PJM NRBTMG) * Party Operating NRBTMG

Where: NRBTMG is Non-Retail Behind the Meter Generation

NRT is the Non-Retail Threshold

PJM NRBTMG is the total amount of Non-Retail Behind the Meter Generation in the PJM Region

The total amount of Non-Retail Behind the Meter Generation that is eligible for netting in the PJM Region is 3000 megawatts. Once this 3000 megawatt limit is reached, any additional Non-Retail Behind the Meter Generation which operates in the PJM Region will be ineligible for netting under this section.

In addition, the Party NRBTMG Netting Credit shall be adjusted pursuant to Schedule 16 of this Agreement, if applicable.

A Party shall be required to report to PJM such information as is required to facilitate the determination of its NRBTMG Netting Credit in accordance with the procedures set forth in the PJM Manuals.

B. Following the Base Residual Auction for a Delivery Year, the Office of the Interconnection shall determine the Base Zonal RPM Scaling Factor and the Base Zonal Unforced Capacity Obligation for each Zone for such Delivery Year as follows:

Base Zonal Unforced Capacity Obligation = (ZPLDY/RPLDY) * RUCO

and

Base Zonal RPM Scaling Factor = Base Zonal Unforced Capacity Obligation / (Adjusted ZWNSP * FPR)

Where:

ZPLDY = Preliminary Zonal Peak Load Forecast for such Delivery Year

RPLDY = RTO Preliminary Peak Load Forecast for such Delivery Year,

RUCO = the RTO Unforced Capacity Obligation satisfied in the Base Residual Auction for such Delivery Year,

FPR – the Forecast Pool Requirement, and,

Adjusted ZWNSP = Adjusted Zonal Weather Normalized Summer Peak = ZWNSP + [ZLA * (ZWNSP / (ZPLDY - ZLA))]

Where:

ZWNSP = Zonal Weather-Normalized Summer Peak for the summer season concluding four years prior to the commencement of such Delivery Year, and,

ZLA = the total zonal MW quantity of Load Adjustment for such Delivery Year.

For purposes of such determination, PJM shall determine the Preliminary RTO Peak Load Forecast, and the Preliminary Zonal Peak Load Forecasts for each Zone, in accordance with the PJM Manuals for each Delivery Year no later than one month prior to the Base Residual Auction for such Delivery Year. PJM shall determine the Updated RTO and Zonal Peak Load Forecasts in accordance with the PJM Manuals for each Delivery Year no later than one month prior to each of the First, Second, and Third Incremental Auctions for such Delivery Year. PJM shall determine the most recent Weather Normalized Summer Peak for each Zone no later than seven months prior to the start of the Delivery Year, and shall calculate the RTO Weather Normalized Summer Peak as the sum of the Weather Normalized Summer Peaks for all Zones. In addition, for each Zone, PJM shall determine, as applicable, the Adjusted Zonal Weather Normalized Summer Peak as set forth in Section B of this Schedule, where the Obligation Peak Load associated with such Load Adjustment is included. The Obligation Peak Load associated with such Load Adjustment MW will be calculated for each "zone/area" as determined by:

LAOPL = the Obligation Peak Load associated with the total MW quantity of Load Adjustment of a Zone or separate wholesale area within the zone for such Delivery Year = LAMW * (ZWNSP / (ZPLDY - ZLA))

Where:

LAMW = the total MW quantity of Load Adjustment of a Zone or of a separate wholesale area within the Zone for the relevant Delivery Year,

ZWNSP = Zonal Weather-Normalized Summer Peak from most recent summer season,

ZPLDY = Zonal Peak Load Forecast for such Delivery Year, and,

ZLA = the total zonal MW quantity of Load Adjustment for such Delivery Year.

C. This subsection C is effective through the end of the 2024/2025 Delivery Year. The Final RTO Unforced Capacity Obligation for a Delivery Year shall be equal to the sum of the unforced capacity obligations satisfied through the Base Residual Auction and the First, Second, Third, and any Conditional Incremental Auctions

for such Delivery Year. The unforced capacity obligation satisfied in an Incremental Auction may be negative if capacity is decommitted in such auction. The Final Zonal Unforced Capacity Obligation for a Zone shall be equal to such Zone's pro rata share of the Final RTO Unforced Capacity Obligation for the Delivery Year based on the Final Zonal Peak Load Forecast made one month prior to the Third Incremental Auction. The Final Zonal RPM Scaling Factor shall be equal to the Final Zonal Unforced Capacity Obligation divided by (FPR times the Zonal Weather Normalized Summer Peak for the summer concluding prior to the commencement of such Delivery Year).

C1. This subsection C1 is effective beginning with the 2025/2026 Delivery Year. The Final RTO Unforced Capacity Obligation for a Delivery Year shall be equal to the sum of the unforced capacity obligations satisfied through the Base Residual Auction and the First, Second, Third, and any Conditional Incremental Auctions for such Delivery Year. The unforced capacity obligation satisfied in an Incremental Auction may be negative if capacity is de-committed in such auction. The Final Zonal Unforced Capacity Obligation for a Zone shall be equal to such Zone's pro rata share of the Final RTO Unforced Capacity Obligation for the Delivery Year based on the Final Zonal Peak Load Forecast made one month prior to the Third Incremental Auction. The Final Zonal RPM Scaling Factor shall be equal to the Final Zonal Unforced Capacity Obligation divided by (FPR times the Adjusted Zonal Weather Normalized Summer Peak of such Delivery Year).

D. 1. No later than five months prior to the start of each Delivery Year, the Electric Distributor for a Zone shall allocate the most recent Zonal Weather Normalized Summer Peak for such Zone to each "zone/area" in the Zone to determine the Obligation Peak Load for each "zone/area" in such Zone.

2. During the Delivery Year, no later than 36 hours prior to the start of each Operating Day, the Electric Distributor shall provide to PJM for each Party to this Agreement serving load in such Electric Distributor's Zone the Obligation Peak Load for all end-use customers served by such Party in such Zone. The Electric Distributor may submit corrections to the Obligation Peak Load data up to 12:00PM Eastern Prevailing Time of the next Business Day following the Operating Day.

3. For purposes of such allocations, the daily sum of the Obligation Peak Loads of all Parties serving load in a given "zone/area" within the Zone must equal the Obligation Peak Load established for that "zone/area," including any Load Adjustment MW, determined as set forth in section B above.