PJM Membership Termination Request

Summary of Tariff References and Withdrawal Obligations

Relevant PJM Documents and Sections:

- PJM Operating Agreement §11.6: Withdrawal of Members and associated obligations.
- PJM Manual 33, Section 3.1.10: Procedures for membership termination and settlement of obligations.
- Reliability Assurance Agreement (RAA), Article 4.2: Requirement for maintaining reliability and performance standards.

Withdrawal Process Overview:
1. Submit formal withdrawal request through PJM Membership Management Community.
2. Settle all outstanding financial obligations and ensure compliance with PJM Operating Agreement.
3. Confirm termination date and obligations per PJM Tariff.

This document includes:
- Formal letter supporting membership termination.
- Technical appendix detailing catastrophic failure assessment.
- Consultant disclaimer outlining liability limitations.

Engineering Assessment Supporting Membership Termination Request

Dear PJM Membership Services Team,

I am writing in my capacity as an independent engineering consultant engaged by Mitsubishi HC Capital America, the owner of the energy storage asset registered under PJM through its project company: HD Project One, LLC, (Delaware LLC).

Following a comprehensive on-site inspection and technical evaluation, I have determined that the asset has suffered a catastrophic failure that renders it unfit for service and non-restorable. The failure involves critical components for which replacement parts and factory service are no longer available, eliminating any viable path to restoration within PJM operational standards.

Based on these findings, Mitsubishi HC Capital America has requested termination of its PJM membership, as continued participation is technically and commercially infeasible. This letter serves to formally support their request and confirm that the asset cannot be returned to operational status under current conditions.

Regulatory References:
- PJM Operating Agreement §11.6 – Withdrawal of Members and associated obligations.
- PJM Manual 33, Section 3.1.10 – Procedures for membership termination and settlement of obligations.
- Reliability Assurance Agreement (RAA), Article 4.2 – Requirement for maintaining reliability and performance standards.

Please advise on next steps to finalize membership termination and any settlement obligations. For further technical details or documentation, I am available at John@Kilows.com.

Thank you for your attention to this matter.

Sincerely,
John Strisower
CEO
Kilows, Inc.

C (530) 591-5991
John@Kilows.com

Technical Appendix: Failure Assessment Summary

Asset Identification:
- Manufacturer: Hitachi America, LTD.
- Model: CrystEna Energy Storage System
- PJM Registration ID: Zl-082
- Commissioning Date: September 8, 2014

Inspection Date:
- April 17-18, 2024

Observed Failure Mode:
- Complete failure of lithium ion battery modules and SCADA systems.
- Severe degradation of lithium-ion modules.
- Structural compromise of containment enclosure showing evidence of water damage suffered from a previous flood.

Root Cause Analysis:
- Failure initiated by calendar age and inconsistent charge/discharge cycles.
- Escalated due to lack of redundancy and inability to isolate faulted components.

Restoration Feasibility:
- Replacement parts unavailable due to discontinued product line.
- OEM factory service no longer offered for this model.
- No third-party service providers capable of restoring compliance with PJM standards.

Safety and Compliance Risks:
- Asset poses operational risk if energized.
- Non-compliance with PJM reliability and performance requirements under Manual 18 and Capacity Performance Standards.

Conclusion:
The asset is permanently non-operational and cannot be restored to service under current technical and commercial conditions.

Consultant Disclaimer

This assessment and recommendation are based solely on my professional engineering judgment and the information available at the time of inspection. I make no warranties, express or implied, regarding future performance or liability. Mitsubishi HC Capital America assumes all responsibility for decisions based on this report. I shall not be held liable for any direct, indirect, or consequential damages arising from actions taken in reliance on this letter.