Proposal Submittal Language regarding revenue requirement provisions

For binding cost containment proposals related to any revenue requirement determinants including Total ROE, including incentive adders, and Percent Equity in Capital Structure, the Developer shall be required to agree to the following language for inclusion as a non-conforming Term and Condition in the Designated Entity Agreement regarding its project to ensure that the appropriate submissions to the Federal Energy Regulatory Commission with respect to the Developer’s recovery of its revenue requirement for the project provide certainty of compliance with the binding cost commitments.

**DEA Language regarding revenue requirement commitments:**

Developer has made binding cost containment commitments as part of it proposal, which binding commitments impact the annual revenue requirement recoverable by the Developer for the Project. Specifically, Developer has agreed to a binding cost containment commitment for (insert number of years (expressed as “a period of X years for the date of designation) or if life of project (“the depreciable life of the project”)) regarding (insert all commitments – e.g., (1) to limit implementation costs to $X; (2) to limit its return on equity to X%, inclusive of any incentive rate adders, including RTO participation; (3) to limit the capital structure of the Developer so that the equity component is not more than X%; (4) etc.). To ensure that these commitments are maintained during the commitment period, Developer agrees that its initial rate filing will reflect all commitments and for the full term of the commitment, it will make no voluntary, additional rate filing with the Federal Energy Regulatory Commission that is inconsistent with the commitments unless ordered by the Federal Energy Regulatory Commission. In addition, the rate filings to the Federal Energy Regulatory Commission will reflect the numerical value of each commitment in a conspicuous manner for the full term of the rate commitment. Developer further acknowledges that the binding cost containment commitments are caps on the rates to be recovered and the Developer must acknowledge that it is limiting its proposal to the lesser of the amount reflected in the binding cost containment proposal or the amount the Federal Energy Regulatory Commission deems to be just and reasonable for the full term of the rate commitment. Developer further acknowledges that nothing in its Proposal, or PJM’s selection of such Proposal, shall limit any ratepayer, stakeholder or federal, state, or local government commission or agency its rights to protest, challenge the justness and reasonableness or other aspects of Developer’s rate filings, or appeal any order, opinion, judicial holding, investigation, or other action of FERC on such rate filings.”

If the Developer has or will have a Formula Rate, such Formula Rate shall specifically reflect the commitments, whether in the Formula itself or the notes thereto. If the Formula Rate includes more than one transmission facility, Developer agrees to submit for FERC approval an Attachment to the Formula Rate Template which reflects only the Project subject to this Designated Entity Agreement and the project specific commitments. In addition, Developer agrees that during the entirety of commitment period, during each annual revenue requirement update period, it will include in its Formula Rate Protocols a commitment to provide a separate Workpaper that identifies with specificity the rate commitments, Developer’s continued adherence to the commitments, and how adherence to the commitments is incorporated into the annual revenue requirement reflected in the annual update at issue.

If the designated Developer has a stated rate, the Developer shall provide similar information and transparency.