

The rationale for all of these revisions is the same – to correct minor formatting inconsistencies, delete extra spacing, delete or add quotation marks, and add a shorthand acronym, as necessary to ensure that the formatting of the definitions in each governing agreement is formatted consistently. These are not substantive changes to the definitions.

**GDECS Phase 2 - Proposed Clean-Up, Clarification and Corrections to Governing Documents – Definitions Formatting Only**  
**Dated: September 2, 2016**  
**For Discussion at GDECS September 9, 2016**

	Agreement, Attachment, Section, Title	Current Language	Proposed Revisions
1.	Operating Agreement, section 1 (Definitions)	<p><b>Capacity Resource:</b>  “Capacity Resource” have the meaning provided in the Reliability Assurance Agreement.</p> <p><b>Compliance Monitoring and Enforcement Program:</b>  The program to be used by the NERC and the Regional Entities to monitor, assess and enforce compliance with the NERC Reliability Standards. As part of a Compliance Monitoring and Enforcement Program, NERC and the Regional Entities may, among other things, conduct investigations, determine fault and assess monetary penalties.</p> <p><b>Consolidated Transmission Owners Agreement:</b>  “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.</p> <p><b>Designated Entity:</b>  An entity, including an existing Transmission Owner or Nonincumbent Developer, designated by the Office of the Interconnection with the responsibility to construct, own, operate, maintain, and finance Immediate-need Reliability Projects, Short-term Projects, Long-lead Projects, or Economic-based Enhancements or Expansions pursuant to Section 1.5.8 of Schedule 6 of this Agreement.</p> <p><b>Direct Load Control:</b>  Load reduction that is controlled directly by the Curtailment Service Provider’s market</p>	<p><b>Capacity Resource:</b>  “Capacity Resource” <u>shall</u> have the meaning provided in the Reliability Assurance Agreement.</p> <p><b>Compliance Monitoring and Enforcement Program:</b>  <u>“Compliance Monitoring and Enforcement Program” shall mean</u> <del>t</del>The program to be used by the NERC and the Regional Entities to monitor, assess and enforce compliance with the NERC Reliability Standards. As part of a Compliance Monitoring and Enforcement Program, NERC and the Regional Entities may, among other things, conduct investigations, determine fault and assess monetary penalties.</p> <p><b>Consolidated Transmission Owners Agreement:</b>  “Consolidated Transmission Owners Agreement” <u>-shall mean the agreement</u> 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.</p> <p><b>Designated Entity:</b>  <u>“Designated Entity” shall mean a</u>An entity, including an existing Transmission Owner or Nonincumbent Developer, designated by the Office of the Interconnection with the responsibility to construct, own, operate, maintain, and finance Immediate-need Reliability Projects, Short-term Projects, Long-lead Projects, or Economic-based Enhancements or Expansions pursuant to Section 1.5.8 of Schedule 6 of this Agreement.</p>

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		<p>operations center or its agent, in response to PJM instructions.</p> <p><b>Emergency Load Response Program</b></p> <p>The Emergency Load Response Program is the program by which Curtailment Service Providers may be compensated by PJM for Demand Resources that will reduce load when dispatched by PJM during emergency conditions, and is described in Section 8 of Schedule 1 of the Operating Agreement and the parallel provisions of Section 8 of Attachment K-Appendix of the Tariff.</p> <p><b>Immediate-need Reliability Project:</b>  A reliability-based transmission enhancement or expansion with an in-service date of three years or less from the year the Office of the Interconnection identified the existing or projected limitations on the Transmission System that gave rise to the need for such enhancement or expansion pursuant to the study process described in section 1.5.3 of this Schedule 6.</p> <p><b>Interregional Transmission Project:</b>  Interregional Transmission Project shall mean transmission facilities that would be located within two or more neighboring transmission planning regions and are determined by each of those regions to be a more efficient or cost effective solution to regional transmission needs.</p> <p><b>Long-lead Project:</b>  A transmission enhancement or expansion with an in-service date more than five years from the year in which, pursuant to section 1.5.8(c) of this Schedule 6, the Office of the Interconnection posts the violations, system conditions, or Public Policy Requirements to be addressed by the enhancement or expansion.</p>	<p><b>Direct Load Control:</b>  <u>“Direct Load Control” shall mean</u> Load reduction that is controlled directly by the Curtailment Service Provider’s market operations center or its agent, in response to PJM instructions.</p> <p><b>Emergency Load Response Program</b></p> <p><del>The</del>“Emergency Load Response Program” <u>is shall mean</u> the program by which Curtailment Service Providers may be compensated by PJM for Demand Resources that will reduce load when dispatched by PJM during emergency conditions, and is described in Section 8 of Schedule 1 of the Operating Agreement and the parallel provisions of Section 8 of Attachment K-Appendix of the Tariff.</p> <p><b>Immediate-need Reliability Project:</b>  <u>“Immediate-need Reliability Project” shall mean a A</u> reliability-based transmission enhancement or expansion with an in-service date of three years or less from the year the Office of the Interconnection identified the existing or projected limitations on the Transmission System that gave rise to the need for such enhancement or expansion pursuant to the study process described in section 1.5.3 of this Schedule 6.</p> <p><b>Interregional Transmission Project:</b>  <u>“Interregional Transmission Project”</u> shall mean transmission facilities that would be located within two or more neighboring transmission planning regions and are determined by each of those regions to be a more efficient or cost effective solution to regional transmission needs.</p> <p><b>Long-lead Project:</b>  <u>“Long-lead Project” shall mean a A</u> transmission enhancement or expansion with an in-service date more than five years from the year in which, pursuant to section 1.5.8(c) of this Schedule 6, the Office of the Interconnection posts the violations, system conditions, or</p>

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		<p><b>MISO:</b>  <i>Midcontinent Independent System Operator, Inc. or any successor thereto.</i></p> <p><b>NERC Functional Model:</b>                      Defines the set of functions that must be performed to ensure the reliability of the electric bulk power system. The NERC Reliability Standards establish the requirements of the responsible entities that perform the functions defined in the Functional Model.</p> <p><b>NERC Reliability Standards:</b>                      Those standards that have been developed by NERC and approved by FERC to ensure the reliability of the electric bulk power system.</p> <p><b>NERC Rules of Procedure:</b>                      The rules and procedures developed by NERC and approved by the FERC. These rules include the process by which a responsible entity, who is to perform a set of functions to ensure the reliability of the electric bulk power system, must register as the Registered Entity.</p> <p><b>New York ISO or NYISO:</b>                      New York Independent System Operator, Inc. or any successor thereto.</p> <p><b>PJM Governing Agreements:</b>                      The PJM Open Access Transmission Tariff, the Operating Agreement, the Consolidated Transmission Owners Agreement, the Reliability Assurance Agreement, or any other applicable agreement approved by the FERC and intended to govern the relationship by and among PJM and any of its Members.</p> <p><b>PRD Curve:</b></p>	<p>Public Policy Requirements to be addressed by the enhancement or expansion.</p> <p><b>MISO:</b>  <u>“MISO” shall mean the</u> Midcontinent Independent System Operator, Inc. or any successor thereto.</p> <p><b>NERC Functional Model:</b>  <u>“NERC Functional Model” shall mean</u> <del>Defines</del> the set of functions that must be performed to ensure the reliability of the electric bulk power system. The NERC Reliability Standards establish the requirements of the responsible entities that perform the functions defined in the Functional Model.</p> <p><b>NERC Reliability Standards:</b>  <u>“NERC Reliability Standards” shall mean</u> <del>t</del>Those standards that have been developed by NERC and approved by FERC to ensure the reliability of the electric bulk power system.</p> <p><b>NERC Rules of Procedure:</b>  <u>“NERC Rules of Procedure” shall mean</u> <del>t</del>The rules and procedures developed by NERC and approved by the FERC. These rules include the process by which a responsible entity, who is to perform a set of functions to ensure the reliability of the electric bulk power system, must register as the Registered Entity.</p> <p><b>New York ISO or NYISO:</b>  <u>“New York ISO” or “NYISO” shall mean</u> New York Independent System Operator, Inc. or any successor thereto.</p> <p><b>PJM Governing Agreements:</b>  <u>“PJM Governing Agreements” shall mean</u> <del>t</del>The PJM Open Access Transmission Tariff, the</p>

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		<p>PRD Curve shall have the meaning provided in the Reliability Assurance Agreement.</p> <p><b>PRD Provider:</b> PRD Provider shall have the meaning provided in the Reliability Assurance Agreement.</p> <p><b>PRD Reservation Price:</b> PRD Reservation Price shall have the meaning provided in the Reliability Assurance Agreement.</p> <p><b>PRD Substation:</b> PRD Substation shall have the meaning provided in the Reliability Assurance Agreement.</p> <p><b>Pre-Emergency Load Response Program:</b> The Pre-Emergency Load Response Program is the program by which Curtailment Service Providers may be compensated by PJM for Demand Resources that will reduce load when dispatched by PJM during pre-emergency conditions, and is described in Section 8 of Schedule 1 of the Operating Agreement and the parallel provisions of Section 8 of Attachment K-Appendix of the Tariff.</p> <p><b>Price Responsive Demand:</b> Price Responsive Demand shall have the meaning provided in the Reliability Assurance Agreement.</p> <p><b>Registered Entity:</b> The entity registered under the NERC Functional Model and NERC Rules of Procedures for the purpose of compliance with NERC Reliability Standards and responsible for carrying out the tasks within a NERC function without regard to whether a task or tasks are performed by another entity pursuant to the terms of the PJM Governing Agreements.</p>	<p>Operating Agreement, the Consolidated Transmission Owners Agreement, the Reliability Assurance Agreement, or any other applicable agreement approved by the FERC and intended to govern the relationship by and among PJM and any of its Members.</p> <p><b>PRD Curve:</b> “PRD Curve” shall have the meaning provided in the Reliability Assurance Agreement.</p> <p><b>PRD Provider:</b> “PRD Provider” shall have the meaning provided in the Reliability Assurance Agreement.</p> <p><b>PRD Reservation Price:</b> “PRD Reservation Price” shall have the meaning provided in the Reliability Assurance Agreement.</p> <p><b>PRD Substation:</b> “PRD Substation” shall have the meaning provided in the Reliability Assurance Agreement.</p> <p><b>Pre-Emergency Load Response Program:</b> <del>The</del>“Pre-Emergency Load Response Program” <u>is shall mean</u> the program by which Curtailment Service Providers may be compensated by PJM for Demand Resources that will reduce load when dispatched by PJM during pre-emergency conditions, and is described in Section 8 of Schedule 1 of the Operating Agreement and the parallel provisions of Section 8 of Attachment K-Appendix of the Tariff.</p> <p><b>Price Responsive Demand:</b> “Price Responsive Demand” shall have the meaning provided in the Reliability Assurance Agreement.</p>

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		<p><b>Relevant Electric Retail Regulatory Authority:</b> An entity that has jurisdiction over and establishes prices and policies for competition for providers of retail electric service to end-customers, such as the city council for a municipal utility, the governing board of a cooperative utility, the state public utility commission or any other such entity.</p> <p><b>Short-term Project:</b> A transmission enhancement or expansion with an in-service date of more than three years but no more than five years from the year in which, pursuant to section 1.5.8(c) of this Schedule 6, the Office of the Interconnection posts the violations, system conditions, or Public Policy Requirements to be addressed by the enhancement or expansion.</p> <p><b>Transmission Customer:</b> “Transmission Customer shall have the meaning set forth in the PJM Tariff.</p>	<p><b>Registered Entity:</b> <u>“Registered Entity” shall mean t</u><del>The</del> entity registered under the NERC Functional Model and NERC Rules of Procedures for the purpose of compliance with NERC Reliability Standards and responsible for carrying out the tasks within a NERC function without regard to whether a task or tasks are performed by another entity pursuant to the terms of the PJM Governing Agreements.</p> <p><b>Relevant Electric Retail Regulatory Authority:</b> <u>“Relevant Electric Retail Regulatory Authority” shall mean a</u>An entity that has jurisdiction over and establishes prices and policies for competition for providers of retail electric service to end-customers, such as the city council for a municipal utility, the governing board of a cooperative utility, the state public utility commission or any other such entity.</p> <p><b>Short-term Project:</b> <u>“Short-term Project” shall mean a</u> A transmission enhancement or expansion with an in-service date of more than three years but no more than five years from the year in which, pursuant to section 1.5.8(c) of this Schedule 6, the Office of the Interconnection posts the violations, system conditions, or Public Policy Requirements to be addressed by the enhancement or expansion.</p> <p><b>Transmission Customer:</b> “Transmission Customer” shall have the meaning set forth in the PJM Tariff.</p>
2.	Tariff, section 1 (Definitions)	<p><b>Abnormal Condition:</b> 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</p>	<p><b>Abnormal Condition:</b> <u>“Abnormal condition” shall mean a</u> 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</p>

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		<p>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.</p> <p><b>Affected System:</b> 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.</p> <p><b>Affected System Operator:</b> 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.</p> <p><b>Agreements:</b> Agreements are the Operating Agreement of PJM Interconnection, L.L.C., the PJM Open Access Transmission Tariff, the Reliability Assurance Agreement, the Reliability Assurance Agreement – West, and/or other agreements between PJM Interconnection, L.L.C. and its Members.</p> <p><b>Ancillary Services:</b> 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.</p> <p><b>Annual Transmission Costs:</b></p>	<p>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.</p> <p><b>Affected System:</b> <u>“Affected System” shall mean A</u>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.</p> <p><b>Affected System Operator:</b> <u>“Affected System Operator” shall mean a</u>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.</p> <p><b>Agreements:</b> <u>“Agreements” shall mean a</u>re the Operating Agreement of PJM Interconnection, L.L.C., the PJM Open Access Transmission Tariff, the Reliability Assurance Agreement, the Reliability Assurance Agreement – West, and/or other agreements between PJM Interconnection, L.L.C. and its Members.</p> <p><b>Ancillary Services:</b> <u>“Ancillary Services” shall mean t</u>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.</p>



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		<p>The total annual cost of the Transmission System for purposes of Network Integration Transmission Service shall be the amount specified in Attachment H for each Zone until amended by the applicable Transmission Owner or modified by the Commission.</p> <p><b>Applicable Laws and Regulations:</b> All duly promulgated applicable federal, State and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or 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.</p> <p><b>Applicable Regional Entity:</b> The Regional Entity for the region in which a Network Customer, Transmission Customer, New Service Customer, or Transmission Owner operates.</p> <p><b>Applicable Standards:</b> The requirements and guidelines of NERC, the Applicable Regional Entity, and the Control Area in which the Customer Facility is electrically located; the PJM Manuals; and Applicable Technical Requirements and Standards.</p> <p><b>Applicable Technical Requirements and Standards:</b> Those certain technical requirements and standards applicable to interconnections of generation and/or transmission facilities with the facilities of an Interconnected 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 provided, however, that, with respect to any generation facilities with maximum generating capacity of 2 MW or less for which the Interconnection Customer executes a Construction Service Agreement or Interconnection Service Agreement on or after March 19, 2005, "Applicable Technical Requirements and Standards" shall refer to the "PJM Small Generator Interconnection Applicable Technical</p>	<p><b>Annual Transmission Costs:</b> <u>"Annual Transmission Costs" shall mean t</u>The total annual cost of the Transmission System for purposes of Network Integration Transmission Service shall be the amount specified in Attachment H for each Zone until amended by the applicable Transmission Owner or modified by the Commission.</p> <p><b>Applicable Laws and Regulations:</b> <u>"Applicable Laws and Regulations" shall mean a</u>All duly promulgated applicable federal, State and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or 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.</p> <p><b>Applicable Regional Entity:</b> <u>"Applicable Regional Entity" shall mean t</u>The Regional Entity for the region in which a Network Customer, Transmission Customer, New Service Customer, or Transmission Owner operates.</p> <p><b>Applicable Standards:</b> <u>"Applicable Standards" shall mean t</u>The requirements and guidelines of NERC, the Applicable Regional Entity, and the Control Area in which the Customer Facility is electrically located; the PJM Manuals; and Applicable Technical Requirements and Standards.</p> <p><b>Applicable Technical Requirements and Standards:</b> <u>"Applicable Technical Requirements and Standards" shall mean T</u>those certain technical requirements and standards applicable to interconnections of generation and/or transmission facilities with the facilities of an Interconnected Transmission Owner or, as the case may be</p>

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		<p>Requirements and Standards.” All Applicable Technical Requirements and Standards shall be publicly available through postings on Transmission Provider’s internet website.</p> <p><b>Applicant:</b> Applicant is an entity desiring to become a PJM Member, or to take Transmission Service that has submitted the PJMSettlement Credit Application, PJMSettlement Credit Agreement and other required submittals as set forth in this policy.</p> <p><b>Application:</b> A request by an Eligible Customer for transmission service pursuant to the provisions of the Tariff.</p> <p><b>Attachment Facilities:</b> The facilities necessary to physically connect a Customer Facility to the Transmission System or interconnected distribution facilities.</p> <p><b>Attachment H</b> Attachment H shall refer collectively to the Attachments to the PJM Tariff with the prefix “H-“ that set forth, among other things, the Annual Transmission Rates for Network Integration Transmission Service in the PJM Zones.</p> <p><b>Behind The Meter Generation:</b> Behind The Meter Generation refers to a generation unit that delivers energy to load without using the Transmission System or any distribution facilities (unless the entity that owns or leases the distribution facilities has consented to such use of the distribution facilities and such consent has been demonstrated to the satisfaction of the Office of the Interconnection); provided, however, that Behind The Meter Generation does not include (i) at any time, any portion of such generating unit’s capacity that is designated as a Generation Capacity</p>	<p>and to the extent applicable, of an Electric Distributor, as published by Transmission Provider in a PJM Manual provided, however, that, with respect to any generation facilities with maximum generating capacity of 2 MW or less for which the Interconnection Customer executes a Construction Service Agreement or Interconnection Service Agreement on or after March 19, 2005, “Applicable Technical Requirements and Standards” shall refer to the “PJM Small Generator Interconnection Applicable Technical Requirements and Standards.” All Applicable Technical Requirements and Standards shall be publicly available through postings on Transmission Provider’s internet website.</p> <p><b>Applicant:</b> “Applicant” shall mean is an entity desiring to become a PJM Member, or to take Transmission Service that has submitted the PJMSettlement Credit Application, PJMSettlement Credit Agreement and other required submittals as set forth in this policy.</p> <p><b>Application:</b> “Application” shall mean a request by an Eligible Customer for transmission service pursuant to the provisions of the Tariff.</p> <p><b>Attachment Facilities:</b> “Attachment Facilities” shall mean tThe facilities necessary to physically connect a Customer Facility to the Transmission System or interconnected distribution facilities.</p> <p><b>Attachment H</b> “Attachment H” shall refer collectively to the Attachments to the PJM Tariff with the prefix “H-“ that set forth, among other things, the Annual Transmission Rates for Network Integration Transmission Service in the PJM Zones.</p>



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		<p>Resource; or (ii) in an hour, any portion of the output of such generating unit[s] that is sold to another entity for consumption at another electrical location or into the PJM Interchange Energy Market.</p> <p><b>Black Start Service:</b> Black Start Service is the capability of generating units to start without an outside electrical supply or the demonstrated ability of a generating unit with a high operating factor (subject to Transmission Provider concurrence) to automatically remain operating at reduced levels when disconnected from the grid.</p> <p><b>Breach:</b> The failure of a party to perform or observe any material term or condition of Part IV or Part VI of the Tariff, or any agreement entered into thereunder as described in the relevant provisions of such agreement.</p> <p><b>Breaching Party:</b> A party that is in Breach of Part IV or Part VI and/or an agreement entered into thereunder.</p> <p><b>Business Day:</b> A Business Day is a day in which the Federal Reserve System is open for business and is not a scheduled PJM holiday.</p> <p><b>Canadian Guaranty:</b> Canadian Guaranty is a Corporate Guaranty provided by an Affiliate of a Participant that is domiciled in Canada, and meets all of the provisions of this credit policy.</p> <p><b>Cancellation Costs:</b> The Costs and liabilities incurred in connection with: (a) cancellation of supplier and</p>	<p><b>Behind The Meter Generation:</b> “Behind The Meter Generation” <u>shall</u> refer to a generation unit that delivers energy to load without using the Transmission System or any distribution facilities (unless the entity that owns or leases the distribution facilities has consented to such use of the distribution facilities and such consent has been demonstrated to the satisfaction of the Office of the Interconnection); provided, however, that Behind The Meter Generation does not include (i) at any time, any portion of such generating 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[s] that is sold to another entity for consumption at another electrical location or into the PJM Interchange Energy Market.</p> <p><b>Black Start Service:</b> “Black Start Service” <u>shall mean</u> is the capability of generating units to start without an outside electrical supply or the demonstrated ability of a generating unit with a high operating factor (subject to Transmission Provider concurrence) to automatically remain operating at reduced levels when disconnected from the grid.</p> <p><b>Breach:</b> <u>“Breach” shall mean</u> the failure of a party to perform or observe any material term or condition of Part IV or Part VI of the Tariff, or any agreement entered into thereunder as described in the relevant provisions of such agreement.</p> <p><b>Breaching Party:</b> <u>“Breaching Party” shall mean</u> a party that is in Breach of Part IV or Part VI and/or an agreement entered into thereunder.</p> <p><b>Business Day:</b> A <u>“Business Day” shall mean</u> is a day in which the Federal Reserve System is open for</p>

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		<p>contractor written orders and agreements entered into to design, construct and install Attachment Facilities, Direct Assignment Facilities and/or Customer-Funded Upgrades, and/or (b) completion of some or all of the required Attachment Facilities, Direct Assignment 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 Part IV and/or Part VI of the Tariff.</p> <p><b>Capacity:</b> Capacity is the installed capacity requirement of the Reliability Assurance Agreement or similar such requirements as may be established.</p> <p><b>Capacity Interconnection Rights:</b> The rights to input generation as a Generation Capacity Resource into the Transmission System at the Point of Interconnection where the generating facilities connect to the Transmission System.</p> <p><b>Capacity Resource:</b> Shall have the meaning provided in the Reliability Assurance Agreement.</p> <p><b>Capacity Transmission Injection Rights:</b> The rights to schedule energy and capacity deliveries at a Point of Interconnection of a Merchant Transmission Facility with the Transmission System. Capacity Transmission Injection Rights may be awarded only to a Merchant D.C. Transmission Facility and/or Controllable A.C. Merchant Transmission Facilities that connects the Transmission System to another control area. Deliveries scheduled using Capacity Transmission Injection Rights have rights similar to those under Firm Point-to-Point Transmission Service or, if coupled with a generating unit external to the PJM Region that satisfies all applicable criteria</p>	<p>business and is not a scheduled PJM holiday.</p> <p><b>Canadian Guaranty:</b> “Canadian Guaranty” <del>shall mean</del> <u>is</u> a Corporate Guaranty provided by an Affiliate of a Participant that is domiciled in Canada, and meets all of the provisions of this credit policy.</p> <p><b>Cancellation Costs:</b> “Cancellation costs” <del>shall mean</del> <u>The c</u> Costs and liabilities incurred in connection with: (a) cancellation of supplier and contractor written orders and agreements entered into to design, construct and install Attachment Facilities, Direct Assignment Facilities and/or Customer-Funded Upgrades, and/or (b) completion of some or all of the required Attachment Facilities, Direct Assignment 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 Part IV and/or Part VI of the Tariff.</p> <p><b>Capacity:</b> “Capacity” <del>shall mean</del> <u>is</u> the installed capacity requirement of the Reliability Assurance Agreement or similar such requirements as may be established.</p> <p><b>Capacity Interconnection Rights:</b> “Capacity Interconnection Rights” <del>shall mean</del> <u>The</u> The rights to input generation as a Generation Capacity Resource into the Transmission System at the Point of Interconnection where the generating facilities connect to the Transmission System.</p> <p><b>Capacity Resource:</b> “Capacity Resource” <del>s</del> Shall have the meaning provided in the Reliability Assurance Agreement.</p>

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		<p>specified in the PJM Manuals, similar to Capacity Interconnection Rights.</p> <p><b>Collateral Call:</b> Collateral Call is a notice to a Participant that additional Financial Security, or possibly early payment, is required in order to remain in, or to regain, compliance with this policy.</p> <p><b>Commencement Date:</b> The date on which Interconnection Service commences in accordance with an Interconnection Service Agreement.</p> <p><b>Commission:</b> The Federal Energy Regulatory Commission or FERC.</p> <p><b>Completed Application:</b> An Application that satisfies all of the information and other requirements of the Tariff, including any required deposit.</p> <p><b>Confidential Information:</b> 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 New Service 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 New Service Customer, Transmission Owner, or other Interconnection Party or Construction Party to another such party prior to the execution of an Interconnection Service Agreement or a Construction Service Agreement.</p>	<p><b>Capacity Transmission Injection Rights:</b> “<u>Capacity Transmission Injection Rights</u>” shall mean <del>t</del>he rights to schedule energy and capacity deliveries at a Point of Interconnection of a Merchant Transmission Facility with the Transmission System. Capacity Transmission Injection Rights may be awarded only to a Merchant D.C. Transmission Facility and/or Controllable A.C. Merchant Transmission Facilities that connects the Transmission System to another control area. Deliveries scheduled using Capacity Transmission Injection Rights have rights similar to those under Firm Point-to-Point Transmission Service or, if coupled with a generating unit external to the PJM Region that satisfies all applicable criteria specified in the PJM Manuals, similar to Capacity Interconnection Rights.</p> <p><b>Collateral Call:</b> “Collateral Call” shall mean <del>the is</del>a notice to a Participant that additional Financial Security, or possibly early payment, is required in order to remain in, or to regain, compliance with this policy.</p> <p><b>Commencement Date:</b> “<u>Commencement Date</u>” shall mean <del>t</del>he date on which Interconnection Service commences in accordance with an Interconnection Service Agreement.</p> <p><b>Commission:</b> “<u>Commission</u>” shall mean <del>t</del>he Federal Energy Regulatory Commission or FERC.</p> <p><b>Completed Application:</b> “<u>Completed Application</u>” shall mean <del>a</del><u>a</u>An application that satisfies all of the information and other requirements of the Tariff, including any required deposit.</p>

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		<p><b>Consolidated Transmission Owners Agreement:</b>                      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.</p> <p><b>Constructing Entity:</b>                      Either the Transmission Owner or the New Services Customer, depending on which entity has the construction responsibility pursuant to Part VI and the applicable Construction Service Agreement; this term shall also be used to refer to an Interconnection Customer with respect to the construction of the Customer Interconnection Facilities.</p> <p><b>Construction Party:</b>                      A party to a Construction Service Agreement. "Construction Parties" shall mean all of the Parties to a Construction Service Agreement.</p> <p><b>Construction Service Agreement:</b>                      Either an Interconnection Construction Service Agreement or an Upgrade Construction Service Agreement.</p> <p><b>Control Area:</b>                      An electric power system or combination of electric power systems to which a common automatic generation control scheme is applied in order to:                      (1) match, at all times, the power output of the generators within the electric power system(s) and capacity 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;</p>	<p><b>Confidential Information:</b>  <u>"Confidential Information" shall mean a</u>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 New Service 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 New Service Customer, Transmission Owner, or other Interconnection Party or Construction Party to another such party prior to the execution of an Interconnection Service Agreement or a Construction Service Agreement.</p> <p><b>Consolidated Transmission Owners Agreement:</b>  <u>"Consolidated Transmission Owners Agreement" shall mean t</u>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.</p> <p><b>Constructing Entity:</b>  <u>"Construction Entity" shall mean e</u>Either the Transmission Owner or the New Services Customer, depending on which entity has the construction responsibility pursuant to Part VI and the applicable Construction Service Agreement; this term shall also be used to refer to an Interconnection Customer with respect to the construction of the Customer Interconnection Facilities.</p> <p><b>Construction Party:</b>  <u>"Construction Party" shall mean a</u>A party to a Construction Service Agreement.</p>

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		<p>(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.</p> <p><b>Control Zone:</b>                      Shall have the meaning given in the Operating Agreement.</p> <p><b>Controllable A.C. Merchant Transmission Facilities:</b>                      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 Part IV and Part VI of the Tariff.</p> <p><b>Corporate Guaranty:</b>                      Corporate Guaranty is a legal document used by one entity to guaranty the obligations of another entity.</p> <p><b>Costs:</b>                      As used in Part IV, Part VI and related attachments to the Tariff, 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.</p> <p><b>Credit Available for Export Transactions:</b>                      Credit Available for Export Transactions is a set-aside of credit to be used for Export Transactions that is allocated by each Market Participant from its Credit Available for Virtual</p>	<p>“Construction Parties” shall mean all of the Parties to a Construction Service Agreement.</p> <p><b>Construction Service Agreement:</b>  <u>“Construction Service Agreement” shall mean e</u>Either an Interconnection Construction Service Agreement or an Upgrade Construction Service Agreement.</p> <p><b>Control Area:</b>  <u>“Control Area” shall mean a</u>An electric power system or combination of electric power systems to which a common automatic generation control scheme is applied in order to:                      (1) match, at all times, the power output of the generators within the electric power system(s) and capacity and energy purchased from entities outside the electric power system(s), with the load within the electric power system(s);                      (2) maintain scheduled interchange with other Control Areas, within the limits of Good Utility Practice;                      (3) maintain the frequency of the electric power system(s) within reasonable limits in accordance with Good Utility Practice; and                      (4) provide sufficient generating capacity to maintain operating reserves in accordance with Good Utility Practice.</p> <p><b>Control Zone:</b>  <u>“Control Zone” s</u>Shall have the meaning given in the Operating Agreement.</p> <p><b>Controllable A.C. Merchant Transmission Facilities:</b>  <u>“Controllable A.C. Merchant Transmission Facilities” shall mean t</u>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 Part IV</p>

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		<p>Transactions, and which reduces the Market Participant's Credit Available for Virtual Transactions accordingly.</p> <p><b>Credit Available for Virtual Transactions:</b>  A Market Participant's Credit Available for Virtual Transactions is the Market Participant's Working Credit Limit for Virtual Transactions calculated on its credit provided in compliance with its Peak Market Activity requirement plus available credit submitted above that amount, less any unpaid billed and unbilled amounts owed to PJMSettlement, plus any unpaid unbilled amounts owed by PJMSettlement to the Market Participant, less any applicable credit required for Minimum Participation Requirements, FTR, Export Transactions, or other credit requirement determinants as defined in this policy.</p> <p><b>Credit Breach:</b>  Credit Breach is the status of a Participant that does not currently meet the requirements of Attachment Q or other provisions of this Agreement.</p> <p><b>Credit-Limited Offer:</b>  Credit-Limited Offer shall mean a Sell Offer that is submitted by a Market Seller in an RPM Auction subject to a maximum credit requirement specified by such Market Seller.</p> <p><b>Credit Score:</b>  Credit Score is a composite numerical score scaled from 0-100 as calculated by PJMSettlement that incorporates various predictors of creditworthiness.</p> <p><b>Curtailment:</b>  A reduction in firm or non-firm transmission service in response to a transfer capability shortage as a result of system reliability conditions.</p>	<p>and Part VI of the Tariff.</p> <p><b>Corporate Guaranty:</b>  "Corporate Guaranty" <del>shall mean is</del> a legal document used by one entity to guaranty the obligations of another entity.</p> <p><b>Costs:</b>  As used in Part IV, Part VI and related attachments to the Tariff, "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.</p> <p><b>Credit Available for Export Transactions:</b>  "Credit Available for Export Transactions" shall mean is a set-aside of credit to be used for Export Transactions that is allocated by each Market Participant from its Credit Available for Virtual Transactions, and which reduces the Market Participant's Credit Available for Virtual Transactions accordingly.</p> <p><b>Credit Available for Virtual Transactions:</b>  <del>A Market Participant's</del> "Credit Available for Virtual Transactions" shall mean <del>is</del> the Market Participant's Working Credit Limit for Virtual Transactions calculated on its credit provided in compliance with its Peak Market Activity requirement plus available credit submitted above that amount, less any unpaid billed and unbilled amounts owed to PJMSettlement, plus any unpaid unbilled amounts owed by PJMSettlement to the Market Participant, less any applicable credit required for Minimum Participation Requirements, FTR, Export Transactions, or other credit requirement determinants as defined in this policy.</p> <p><b>Credit Breach:</b></p>



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		<p><b>Customer Facility:</b> Generation facilities or Merchant Transmission Facilities interconnected with or added to the Transmission System pursuant to an Interconnection Request under Subparts A of Part IV of the Tariff.</p> <p><b>Customer-Funded Upgrade:</b> Any Network Upgrade, Local Upgrade, or Merchant Network Upgrade for which cost responsibility (i) is imposed on an Interconnection Customer or an Eligible Customer pursuant to Section 217 of the Tariff, or (ii) is voluntarily undertaken by a New Service Customer in fulfillment of an Upgrade Request. No Network Upgrade, Local 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.</p> <p><b>Customer Interconnection Facilities:</b> All facilities and equipment owned and/or controlled, operated and maintained by Interconnection Customer on Interconnection Customer’s side of the Point of Interconnection identified in the appropriate appendices to the Interconnection Service Agreement and to 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 Customer Facility with the Transmission System.</p> <p><b>Deactivation:</b> The retirement or mothballing of a generating unit governed by Part V of this Tariff.</p> <p><b>Deactivation Avoidable Cost Credit:</b> The credit paid to Generation Owners pursuant to section 114 of this Tariff.</p>	<p>“Credit Breach” <u>shall mean</u> <del>is</del> the status of a Participant that does not currently meet the requirements of Attachment Q or other provisions of this Agreement.</p> <p><b>Credit-Limited Offer:</b> “Credit-Limited Offer” shall mean a Sell Offer that is submitted by a Market Seller in an RPM Auction subject to a maximum credit requirement specified by such Market Seller.</p> <p><b>Credit Score:</b> “Credit Score” <u>shall mean</u> is a composite numerical score scaled from 0-100 as calculated by PJMSettlement that incorporates various predictors of creditworthiness.</p> <p><b>Curtailement:</b> “Curtailement” <u>shall mean a</u>A reduction in firm or non-firm transmission service in response to a transfer capability shortage as a result of system reliability conditions.</p> <p><b>Customer Facility:</b> “Customer Facility” <u>shall mean g</u>Generation facilities or Merchant Transmission Facilities interconnected with or added to the Transmission System pursuant to an Interconnection Request under Subparts A of Part IV of the Tariff.</p> <p><b>Customer-Funded Upgrade:</b> “Customer-Funded Upgrade” <u>shall mean a</u>Any Network Upgrade, Local Upgrade, or Merchant Network Upgrade for which cost responsibility (i) is imposed on an Interconnection Customer or an Eligible Customer pursuant to Section 217 of the Tariff, or (ii) is voluntarily undertaken by a New Service Customer in fulfillment of an Upgrade Request. No Network Upgrade, Local 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.</p>

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		<p><b>Deactivation Avoidable Cost Rate:</b> The formula rate established pursuant to section 115 of this Tariff.</p> <p><b>Deactivation Date:</b> The date a generating unit within the PJM Region is either retired or mothballed and ceases to operate.</p> <p><b>Default:</b> As used in the Interconnection Service Agreement and Construction Service Agreement, the failure of a Breaching Party to cure its Breach in accordance with the applicable provisions of an Interconnection Service Agreement or Construction Service Agreement.</p> <p><b>Delivering Party:</b> The entity supplying capacity and energy to be transmitted at Point(s) of Receipt.</p> <p><b>Delivery Year:</b> Delivery Year shall mean the Planning Period for which a Capacity Resource is committed pursuant to the auction procedures specified in Section 5, hereof, or pursuant to an FRR Capacity Plan.</p> <p><b>Designated Agent:</b> Any entity that performs actions or functions on behalf of the Transmission Provider, a Transmission Owner, an Eligible Customer, or the Transmission Customer required under the Tariff.</p> <p><b>Direct Assignment Facilities:</b> Facilities or portions of facilities that are constructed for the sole use/benefit of a particular Transmission Customer requesting service under the Tariff. Direct Assignment Facilities</p>	<p><b>Customer Interconnection Facilities:</b> <u>“Customer Interconnection Facilities” shall mean a</u>All facilities and equipment owned and/or controlled, operated and maintained by Interconnection Customer on Interconnection Customer’s side of the Point of Interconnection identified in the appropriate appendices to the Interconnection Service Agreement and to 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 Customer Facility with the Transmission System.</p> <p><b>Deactivation:</b> <u>“Deactivation” shall mean t</u>The retirement or mothballing of a generating unit governed by Part V of this Tariff.</p> <p><b>Deactivation Avoidable Cost Credit:</b> <u>“Deactivation Avoidable Cost Credit” shall mean t</u>The credit paid to Generation Owners pursuant to section 114 of this Tariff.</p> <p><b>Deactivation Avoidable Cost Rate:</b> <u>“Deactivation Avoidable Cost Rate” shall mean t</u>The formula rate established pursuant to section 115 of this Tariff.</p> <p><b>Deactivation Date:</b> <u>“Deactivation Date” shall mean t</u>The date a generating unit within the PJM Region is either retired or mothballed and ceases to operate.</p> <p><b>Default:</b> As used in the Interconnection Service Agreement and Construction Service Agreement,</p>

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		<p>shall be specified in the Service Agreement that governs service to the Transmission Customer and shall be subject to Commission approval.</p> <p><b>Direct Load Control:</b> Load reduction that is controlled directly by the Curtailment Service Provider’s market operations center or its agent, in response to PJM instructions.</p> <p><b>Emergency Condition:</b> 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 Interconnected 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 Interconnection Customer is imminently likely (as determined in a non-discriminatory manner) to cause damage to the Customer Facility or to the Customer Interconnection Facilities. System restoration and black start shall be considered Emergency Conditions, provided that a Generation Interconnection Customer is not obligated by an Interconnection Service 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.</p> <p><b>Emergency Load Response Program:</b> The Emergency Load Response Program is the program by which Curtailment Service Providers may be compensated by PJM for Demand Resources that will reduce load when</p>	<p><b>“Default” shall mean</b> the failure of a Breaching Party to cure its Breach in accordance with the applicable provisions of an Interconnection Service Agreement or Construction Service Agreement.</p> <p><b>Delivering Party:</b> <b>“Delivering Party” shall mean</b> <del>t</del>The entity supplying capacity and energy to be transmitted at Point(s) of Receipt.</p> <p><b>Delivery Year:</b> <b>“Delivery Year”</b> shall mean the Planning Period for which a Capacity Resource is committed pursuant to the auction procedures specified in Section 5, hereof, or pursuant to an FRR Capacity Plan.</p> <p><b>Designated Agent:</b> <b>“Designated Agent” shall mean a</b>Any entity that performs actions or functions on behalf of the Transmission Provider, a Transmission Owner, an Eligible Customer, or the Transmission Customer required under the Tariff.</p> <p><b>Direct Assignment Facilities:</b> <b>“Direct Assignment Facilities” shall mean f</b>Facilities or portions of facilities that are constructed for the sole use/benefit of a particular Transmission Customer requesting service under the Tariff. Direct Assignment Facilities shall be specified in the Service Agreement that governs service to the Transmission Customer and shall be subject to Commission approval.</p> <p><b>Direct Load Control:</b> <b>“Direct Load Control” shall mean l</b>Load reduction that is controlled directly by the Curtailment Service Provider’s market operations center or its agent, in response to PJM instructions.</p>

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		<p>dispatched by PJM during emergency conditions, and is described in Section 8 of Schedule 1 of the Operating Agreement and the parallel provisions of Section 8 of Attachment K-Appendix of the Tariff.</p> <p><b>Energy Resource:</b> A generating facility that is not a Capacity Resource.</p> <p><b>Energy Settlement Area:</b> The bus or distribution of busses that represents the physical location of Network Load and by which the obligations of the Network Customer to PJM are settled.</p> <p><b>Energy Transmission Injection Rights:</b> The rights to schedule energy deliveries at a specified point on the Transmission System. Energy Transmission Injection Rights may be awarded only to a Merchant D.C. Transmission Facility that connects the Transmission System to another control area. Deliveries scheduled using Energy Transmission Injection Rights have rights similar to those under Non-Firm Point-to-Point Transmission Service.</p> <p><b>Environmental Laws:</b> Applicable Laws or Regulations relating to pollution or protection of the environment, natural resources or human health and safety.</p> <p><b>Existing Generation Capacity Resource:</b> Existing Generation Capacity Resource shall have the meaning specified in the Reliability Assurance Agreement.</p> <p><b>Export Credit Exposure:</b></p>	<p><b>Emergency Condition:</b> <u>“Emergency Condition” shall mean a</u>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 Interconnected 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 Interconnection Customer is imminently likely (as determined in a non-discriminatory manner) to cause damage to the Customer Facility or to the Customer Interconnection Facilities. System restoration and black start shall be considered Emergency Conditions, provided that a Generation Interconnection Customer is not obligated by an Interconnection Service 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.</p> <p><b>Emergency Load Response Program:</b> <u>“Emergency Load Response Program” shall mean t</u>The Emergency Load Response Program is the program by which Curtailment Service Providers may be compensated by PJM for Demand Resources that will reduce load when dispatched by PJM during emergency conditions, and is described in Section 8 of Schedule 1 of the Operating Agreement and the parallel provisions of Section 8 of Attachment K-Appendix of the Tariff.</p> <p><b>Energy Resource:</b></p>

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		<p>Export Credit Exposure is determined for each Market Participant for a given Operating Day, and is the sum of credit exposures for the Market Participant’s Export Th time periods used in this calculation shall be January and February, March and April, May and June, July and August, September and October, and November and December.</p> <p><b>Export Transaction:</b> An Export Transaction is a transaction by a Market Participant that results in the transfer of energy from within the PJM Control Area to outside the PJM Control Area. Coordinated External Transactions that result in the transfer of energy from the PJM Control Area to an adjacent Control Area are one form of Export Transaction.</p> <p><b>Export Transaction Price Factor:</b> The Export Transaction Price Factor for a prospective time interval shall be the greater of (i) PJM’s forecast price for the time interval, if available, or (ii) the Export Nodal Reference Price, but shall not exceed the Export Transaction’s dispatch ceiling price cap, if any, for that time interval. The Export Transaction Price Factor for a past time interval shall be calculated in the same manner as for a prospective time interval, except that the Export Transaction Price Factor may use a tentative or final settlement price, as available. If an Export Nodal Reference Price is not available for a particular time interval, PJM may use an Export Transaction Price Factor for that time interval based on an appropriate alternate reference price.</p> <p><b>Export Transaction Screening:</b> Export Transaction Screening is the process PJM uses to review the Export Credit Exposure of Export Transactions against the Credit Available for Export Transactions, and deny or curtail all or a portion of an Export Transaction, if the credit required for such transactions is greater than the credit available for the transactions.</p>	<p><u>“Energy Resource” shall mean a</u>A generating facility that is not a Capacity Resource.</p> <p><b>Energy Settlement Area:</b> <u>“Energy Settlement Area” shall mean t</u>The bus or distribution of busses that represents the physical location of Network Load and by which the obligations of the Network Customer to PJM are settled.</p> <p><b>Energy Transmission Injection Rights:</b> <u>“Energy Transmission Injection Rights” shall mean t</u>The rights to schedule energy deliveries at a specified point on the Transmission System. Energy Transmission Injection Rights may be awarded only to a Merchant D.C. Transmission Facility that connects the Transmission System to another control area. Deliveries scheduled using Energy Transmission Injection Rights have rights similar to those under Non-Firm Point-to-Point Transmission Service.</p> <p><b>Environmental Laws:</b> <u>“Environmental Laws” shall mean</u> Applicable Laws or Regulations relating to pollution or protection of the environment, natural resources or human health and safety.</p> <p><b>Existing Generation Capacity Resource:</b> <u>“Existing Generation Capacity Resource”</u> shall have the meaning specified in the Reliability Assurance Agreement.</p> <p><b>Export Credit Exposure:</b> <u>“Export Credit Exposure” shall be is</u> determined for each Market Participant for a given Operating Day, and is the sum of credit exposures for the Market Participant’s Export Th time periods used in this calculation shall be January and February, March and April, May and June, July and August, September and October, and November and December.</p>

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		<p><b>Export Transactions Net Activity:</b> Export Transactions Net Activity shall mean the aggregate net total, resulting from Export Transactions, of (i) Spot Market Energy charges, (ii) Transmission Congestion Charges, and (iii) Transmission Loss Charges, calculated as set forth in Attachment K-Appendix. Export Transactions Net Activity may be positive or negative.</p> <p><b>Facilities Study:</b> 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 Study; and (2) complete any additional studies or analyses documented in the System Impact Study 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. The Facilities Study shall include the cost and scheduled completion date for such modifications, that will be required to provide the requested transmission service or to accommodate a New Service Request. As used in the Interconnection Service Agreement or Construction Service Agreement, Facilities Study shall mean that certain Facilities Study conducted by Transmission Provider (or at its direction) to determine the design and specification of the Customer Funded Upgrades necessary to accommodate the New Service Customer’s New Service Request in accordance with Section 207 of Part VI of the Tariff.</p> <p><b>Federal Power Act:</b> The Federal Power Act, as amended, 16 U.S.C. §§ 791a, et seq.</p>	<p><b>Export Transaction:</b> <del>An</del> “Export Transaction” <del>shall be is</del> a transaction by a Market Participant that results in the transfer of energy from within the PJM Control Area to outside the PJM Control Area. Coordinated External Transactions that result in the transfer of energy from the PJM Control Area to an adjacent Control Area are one form of Export Transaction.</p> <p><b>Export Transaction Price Factor:</b> <del>The</del> “Export Transaction Price Factor” for a prospective time interval shall be the greater of (i) PJM’s forecast price for the time interval, if available, or (ii) the Export Nodal Reference Price, but shall not exceed the Export Transaction’s dispatch ceiling price cap, if any, for that time interval. The Export Transaction Price Factor for a past time interval shall be calculated in the same manner as for a prospective time interval, except that the Export Transaction Price Factor may use a tentative or final settlement price, as available. If an Export Nodal Reference Price is not available for a particular time interval, PJM may use an Export Transaction Price Factor for that time interval based on an appropriate alternate reference price.</p> <p><b>Export Transaction Screening:</b> “Export Transaction Screening” <del>shall be is</del> the process PJM uses to review the Export Credit Exposure of Export Transactions against the Credit Available for Export Transactions, and deny or curtail all or a portion of an Export Transaction, if the credit required for such transactions is greater than the credit available for the transactions.</p> <p><b>Export Transactions Net Activity:</b> “Export Transactions Net Activity” shall mean the aggregate net total, resulting from Export Transactions, of (i) Spot Market Energy charges, (ii) Transmission Congestion Charges, and</p>



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		<p><b>FERC:</b> The Federal Energy Regulatory Commission or any successor federal agency, commission or department exercising jurisdiction over this Agreement.</p> <p><b>Financial Close:</b> Financial Close shall mean the Capacity Market Seller has demonstrated that the Capacity Market Seller or its agent has completed the act of executing the material contracts and/or other documents necessary to (1) authorize construction of the project and (2) establish the necessary funding for the project under the control of an independent third-party entity. A sworn, notarized certification of an independent engineer certifying to such facts, and that the engineer has personal knowledge of, or has engaged in a diligent inquiry to determine, such facts, shall be sufficient to make such demonstration. For resources that do not have external financing, Financial Close shall mean the project has full funding available, and that the project has been duly authorized to proceed with full construction of the material portions of the project by the appropriate governing body of the company funding such project. A sworn, notarized certification by an officer of such company certifying to such facts, and that the officer has personal knowledge of, or has engaged in a diligent inquiry to determine, such facts, shall be sufficient to make such demonstration.</p> <p><b>Financial Security:</b> Financial Security is a cash deposit or letter of credit in an amount and form determined by and acceptable to PJMSettlement, provided by a Participant to PJMSettlement as security in order to participate in the PJM Markets or take Transmission Service.</p> <p><b>Firm Point-To-Point Transmission Service:</b> Transmission Service under this Tariff that is reserved and/or scheduled between specified Points of Receipt and Delivery pursuant to Part II of this Tariff.</p>	<p>(iii) Transmission Loss Charges, calculated as set forth in Attachment K-Appendix. Export Transactions Net Activity may be positive or negative.</p> <p><b>Facilities Study:</b> <del>“Facilities Study” shall be a</del>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 Study; and (2) complete any additional studies or analyses documented in the System Impact Study 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. The Facilities Study shall include the cost and scheduled completion date for such modifications, that will be required to provide the requested transmission service or to accommodate a New Service Request. As used in the Interconnection Service Agreement or Construction Service Agreement, Facilities Study shall mean that certain Facilities Study conducted by Transmission Provider (or at its direction) to determine the design and specification of the Customer Funded Upgrades necessary to accommodate the New Service Customer’s New Service Request in accordance with Section 207 of Part VI of the Tariff.</p> <p><b>Federal Power Act:</b> <del>“Federal Power Act” shall mean t</del>The Federal Power Act, as amended, 16 U.S.C. §§ 791a, et seq.</p> <p><b>FERC:</b> <del>“FERC” shall mean</del>The Federal Energy Regulatory Commission or any successor federal agency, commission or department exercising jurisdiction over this Agreement.</p>

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		<p><b>Firm Transmission Withdrawal Rights:</b> The rights to schedule energy and capacity withdrawals from a Point of Interconnection of a Merchant Transmission Facility with the Transmission System. Firm Transmission Withdrawal Rights may be awarded only to a Merchant D.C. Transmission Facility that connects the Transmission System with another control area. Withdrawals scheduled using Firm Transmission Withdrawal Rights have rights similar to those under Firm Point-to-Point Transmission Service.</p> <p><b>Foreign Guaranty:</b> Foreign Guaranty is a Corporate Guaranty provided by an Affiliate of a Participant that is domiciled in a foreign country, and meets all of the provisions of this credit policy.</p> <p><b>FTR Credit Limit:</b> FTR Credit Limit will be equal to the amount of credit established with PJMSettlement that a Participant has specifically designated to PJMSettlement to be set aside and used for FTR activity. Any such credit so set aside shall not be considered available to satisfy any other credit requirement the Participant may have with PJMSettlement.</p> <p><b>FTR Credit Requirement:</b> FTR Credit Requirement is the amount of credit that a Participant must provide in order to support the FTR positions that it holds and/or is bidding for. The FTR Credit Requirement shall not include months for which the invoicing has already been completed, provided that PJMSettlement shall have up to two Business Days following the date of the invoice completion to make such adjustments in its credit systems.</p> <p><b>FTR Flow Undiversified:</b> FTR Flow Undiversified shall have the meaning established in section V.G of this Attachment Q.</p>	<p><b>Financial Close:</b> “Financial Close” shall mean the Capacity Market Seller has demonstrated that the Capacity Market Seller or its agent has completed the act of executing the material contracts and/or other documents necessary to (1) authorize construction of the project and (2) establish the necessary funding for the project under the control of an independent third-party entity. A sworn, notarized certification of an independent engineer certifying to such facts, and that the engineer has personal knowledge of, or has engaged in a diligent inquiry to determine, such facts, shall be sufficient to make such demonstration. For resources that do not have external financing, Financial Close shall mean the project has full funding available, and that the project has been duly authorized to proceed with full construction of the material portions of the project by the appropriate governing body of the company funding such project. A sworn, notarized certification by an officer of such company certifying to such facts, and that the officer has personal knowledge of, or has engaged in a diligent inquiry to determine, such facts, shall be sufficient to make such demonstration.</p> <p><b>Financial Security:</b> “Financial Security” shall mean <del>is</del> a cash deposit or letter of credit in an amount and form determined by and acceptable to PJMSettlement, provided by a Participant to PJMSettlement as security in order to participate in the PJM Markets or take Transmission Service.</p> <p><b>Firm Point-To-Point Transmission Service:</b> “Firm Point-To-Point Transmission Service” shall mean Transmission Service under this Tariff that is reserved and/or scheduled between specified Points of Receipt and Delivery pursuant to Part II of this Tariff.</p> <p><b>Firm Transmission Withdrawal Rights:</b> “Firm Transmission Withdrawal Rights” shall mean <del>t</del>The rights to schedule energy and</p>

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		<p><b>FTR Geographically Undiversified:</b> FTR Geographically Undiversified shall have the meaning established in section V.G of Attachment Q.</p> <p><b>FTR Historical Value:</b> FTR Historical Value – For each FTR for each month, this is the historical weighted average value over three years for the FTR path using the following weightings: 50% - most recent year; 30% - second year; 20% - third year. FTR Historical Values shall be calculated separately for on-peak, off-peak, and 24-hour FTRs for each month of the year. FTR Historical Values shall be adjusted by plus or minus ten percent (10%) for cleared counterflow or normal flow FTRs, respectively, in order to mitigate exposure due to uncertainty and fluctuations in actual FTR value.</p> <p><b>FTR Monthly Credit Requirement Contribution:</b> FTR Monthly Credit Requirement Contribution - For each FTR for each month, this is the total FTR cost for the month, prorated on a daily basis, less the FTR Historical Value for the month. For cleared FTRs, this contribution may be negative; prior to clearing, FTRs with negative contribution shall be deemed to have zero contribution.</p> <p><b>FTR Net Activity:</b> FTR Net Activity shall mean the aggregate net value of the billing line items for auction revenue rights credits, FTR auction charges, FTR auction credits, and FTR congestion credits, and shall also include day-ahead and balancing/real-time congestion charges up to a maximum net value of the sum of the foregoing auction revenue rights credits, FTR auction charges, FTR auction credits and FTR congestion credits.</p> <p><b>FTR Participant:</b></p>	<p>capacity withdrawals from a Point of Interconnection of a Merchant Transmission Facility with the Transmission System. Firm Transmission Withdrawal Rights may be awarded only to a Merchant D.C. Transmission Facility that connects the Transmission System with another control area. Withdrawals scheduled using Firm Transmission Withdrawal Rights have rights similar to those under Firm Point-to-Point Transmission Service.</p> <p><b>Foreign Guaranty:</b> “Foreign Guaranty” <del>shall mean</del> <b>is</b> a Corporate Guaranty provided by an Affiliate of a Participant that is domiciled in a foreign country, and meets all of the provisions of this credit policy.</p> <p><b>FTR Credit Limit:</b> “FTR Credit Limit” <del>shall will</del> <b>be</b> equal to the amount of credit established with PJMSettlement that a Participant has specifically designated to PJMSettlement to be set aside and used for FTR activity. Any such credit so set aside shall not be considered available to satisfy any other credit requirement the Participant may have with PJMSettlement.</p> <p><b>FTR Credit Requirement:</b> “FTR Credit Requirement” <del>shall be</del> <b>is</b> the amount of credit that a Participant must provide in order to support the FTR positions that it holds and/or is bidding for. The FTR Credit Requirement shall not include months for which the invoicing has already been completed, provided that PJMSettlement shall have up to two Business Days following the date of the invoice completion to make such adjustments in its credit systems.</p> <p><b>FTR Flow Undiversified:</b> “FTR Flow Undiversified” shall have the meaning established in section V.G of this Attachment Q.</p>

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		<p>FTR Participant shall mean any Market Participant that is required to provide Financial Security in order to participate in PJM's FTR auctions.</p> <p><b>FTR Portfolio Auction Value:</b> FTR Portfolio Auction Value shall mean for each Participant (or Participant account), the sum, calculated on a monthly basis, across all FTRs, of the FTR price times the FTR volume in MW.</p> <p><b>Full Notice to Proceed:</b> Full Notice to Proceed shall mean that all material third party contractors have been given the notice to proceed with construction by the Capacity Market Seller or its agent, with a guaranteed completion date backed by liquidated damages.</p> <p><b>Generation Interconnection Customer:</b> An entity that submits an 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.</p> <p><b>Generation Interconnection Facilities Study:</b> A Facilities Study related to a Generation Interconnection Request.</p> <p><b>Generation Interconnection Feasibility Study:</b> A study conducted by the Transmission Provider (in coordination with the affected Transmission Owner(s)) in accordance with Section 36.2 of this Tariff.</p> <p><b>Generation Interconnection Request:</b> A request by a Generation Interconnection Customer pursuant to Subpart A of Part IV of the Tariff to interconnect a generating unit with the Transmission System or to increase the</p>	<p><b>FTR Geographically Undiversified:</b> "FTR Geographically Undiversified" shall have the meaning established in section V.G of Attachment Q.</p> <p><b>FTR Historical Value:</b> <del>FTR Historical Value</del>— For each FTR for each month, "FTR Historical Value" shall mean <del>this is</del> the historical weighted average value over three years for the FTR path using the following weightings: 50% - most recent year; 30% - second year; 20% - third year. FTR Historical Values shall be calculated separately for on-peak, off-peak, and 24-hour FTRs for each month of the year. FTR Historical Values shall be adjusted by plus or minus ten percent (10%) for cleared counterflow or normal flow FTRs, respectively, in order to mitigate exposure due to uncertainty and fluctuations in actual FTR value.</p> <p><b>FTR Monthly Credit Requirement Contribution:</b> <del>FTR Monthly Credit Requirement Contribution</del>— For each FTR for each month, <del>this is</del> <u>FTR Monthly Credit Requirement Contribution shall mean</u> the total FTR cost for the month, prorated on a daily basis, less the FTR Historical Value for the month. For cleared FTRs, this contribution may be negative; prior to clearing, FTRs with negative contribution shall be deemed to have zero contribution.</p> <p><b>FTR Net Activity:</b> "FTR Net Activity" shall mean the aggregate net value of the billing line items for auction revenue rights credits, FTR auction charges, FTR auction credits, and FTR congestion credits, and shall also include day-ahead and balancing/real-time congestion charges up to a maximum net value of the sum of the foregoing auction revenue rights credits, FTR auction charges, FTR auction credits and FTR congestion credits.</p> <p><b>FTR Participant:</b></p>

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		<p>capacity of a generating unit interconnected with the Transmission System in the PJM Region.</p> <p><b>Generation Owner:</b> An entity that owns or otherwise controls and operates one or more operating generating units in the PJM Region.</p> <p><b>Good Utility Practice:</b> 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).</p> <p><b>Governmental Authority:</b> 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 an Interconnection Service Agreement or Construction Service Agreement, as applicable.</p> <p><b>Hazardous Substances:</b> Any chemicals, materials or substances defined as or included in the definition of “hazardous substances,” “hazardous wastes,” “hazardous materials,” “hazardous constituents,”</p>	<p>“FTR Participant” shall mean any Market Participant that is required to provide Financial Security in order to participate in PJM’s FTR auctions.</p> <p><b>FTR Portfolio Auction Value:</b> “FTR Portfolio Auction Value” shall mean for each Participant (or Participant account), the sum, calculated on a monthly basis, across all FTRs, of the FTR price times the FTR volume in MW.</p> <p><b>Full Notice to Proceed:</b> “Full Notice to Proceed” shall mean that all material third party contractors have been given the notice to proceed with construction by the Capacity Market Seller or its agent, with a guaranteed completion date backed by liquidated damages.</p> <p><b>Generation Interconnection Customer:</b> “<u>Generation Interconnection Customer</u>” shall mean <u>a</u>An entity that submits an 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.</p> <p><b>Generation Interconnection Facilities Study:</b> “<u>Generation Interconnection Facilities Study</u>” shall mean <u>a</u>A Facilities Study related to a Generation Interconnection Request.</p> <p><b>Generation Interconnection Feasibility Study:</b> “<u>Generation Interconnection Feasibility Study</u>” shall mean <u>a</u>A study conducted by the Transmission Provider (in coordination with the affected Transmission Owner(s)) in accordance with Section 36.2 of this Tariff.</p>

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		<p>“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.</p> <p><b>IDR Transfer Agreement:</b> An agreement to transfer, subject to the terms of Section 49B of the Tariff, Incremental Deliverability Rights to a party for the purpose of eliminating or reducing the need for Local or Network Upgrades that would otherwise have been the responsibility of the party receiving such rights.</p> <p><b>Incidental Expenses:</b> 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, Interconnected Transmission Owner expenses associated with, but not limited to, document preparation, design review, installation, monitoring, and construction-related operations and maintenance for the Customer Facility and for the Interconnection Facilities.</p> <p><b>Incremental Auction Revenue Rights:</b> 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.</p> <p><b>Incremental Available Transfer Capability Revenue Rights:</b> The rights to revenues that are derived from incremental Available Transfer Capability created by the addition of Merchant Transmission Facilities or of one of more Customer-</p>	<p><b>Generation Interconnection Request:</b> <u>“Generation Interconnection Request” shall mean a</u> A request by a Generation Interconnection Customer pursuant to Subpart A of Part IV of the Tariff 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.</p> <p><b>Generation Owner:</b> <u>“Generation Owner” shall mean a</u> An entity that owns or otherwise controls and operates one or more operating generating units in the PJM Region.</p> <p><b>Good Utility Practice:</b> <u>“Good Utility Practice” shall mean a</u> 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).</p> <p><b>Governmental Authority:</b> <u>“Governmental Authority” shall mean a</u> 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 an Interconnection Service Agreement or Construction Service Agreement, as applicable.</p>



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		<p>Funded Upgrades.</p> <p><b>Incremental Deliverability Rights (IDRs):</b> 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 Interconnection Customer, pursuant to an IDR Transfer Agreement, to satisfy, in part, the deliverability requirements necessary to obtain Capacity Interconnection Rights.</p> <p><b>Incremental Rights-Eligible Required Transmission Enhancements:</b> Regional Facilities and Necessary Lower Voltage Facilities or Lower Voltage Facilities (as defined in Schedule 12 of the Tariff) and meet one of the following criteria: (1) cost responsibility is assigned to non-contiguous Zones that are not directly electrically connected; or (2) cost responsibility is assigned to Merchant Transmission Providers that are Responsible Customers.</p> <p><b>Initial Operation:</b> The commencement of operation of the Customer Facility and Customer Interconnection Facilities after satisfaction of the conditions of Section 1.4 of Appendix 2 of an Interconnection Service Agreement.</p> <p><b>Initial Study:</b> A study of a Completed Application conducted by the Transmission Provider (in coordination with the affected Transmission Owner(s)) in accordance with Section 19 or Section 32 of the Tariff.</p> <p><b>Interconnected Entity:</b></p>	<p><b>Hazardous Substances:</b> <u>“Hazardous Substances” shall mean a</u>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.</p> <p><b>IDR Transfer Agreement:</b> <u>“IDR Transfer Agreement” shall mean a</u>An agreement to transfer, subject to the terms of Section 49B of the Tariff, Incremental Deliverability Rights to a party for the purpose of eliminating or reducing the need for Local or Network Upgrades that would otherwise have been the responsibility of the party receiving such rights.</p> <p><b>Incidental Expenses:</b> <u>“Incident Expenses” s</u>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, Interconnected Transmission Owner expenses associated with, but not limited to, document preparation, design review, installation, monitoring, and construction-related operations and maintenance for the Customer Facility and for the Interconnection Facilities.</p> <p><b>Incremental Auction Revenue Rights:</b> <u>“Incremental Auction Revenue Rights” shall mean t</u>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</p>

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		<p>Either the Interconnection Customer or the Interconnected Transmission Owner; Interconnected Entities shall mean both of them.</p> <p><b>Interconnected Transmission Owner:</b> The Transmission Owner to whose transmission facilities or distribution facilities Customer Interconnection Facilities are, or as the case may be, a Customer Facility is, being directly connected. When used in an Interconnection Construction Service Agreement, the term may refer to a Transmission Owner whose facilities must be upgraded pursuant to the Facilities Study, but whose facilities are not directly interconnected with those of the Interconnection Customer.</p> <p><b>Interconnection Construction Service Agreement:</b> The agreement entered into by an Interconnection Customer, Interconnected Transmission Owner and the Transmission Provider pursuant to Subpart B of Part VI of the Tariff and in the form set forth in Attachment P of the Tariff, relating to construction of Attachment Facilities, Network Upgrades, and/or Local Upgrades and coordination of the construction and interconnection of an associated Customer Facility. A separate Interconnection Construction Service Agreement will be executed with each Transmission Owner that is responsible for construction of any Attachment Facilities, Network Upgrades, or Local Upgrades associated with interconnection of a Customer Facility.</p> <p><b>Interconnection Customer:</b> A Generation Interconnection Customer and/or a Transmission Interconnection Customer.</p> <p><b>Interconnection Facilities:</b> The Transmission Owner Interconnection Facilities and the Customer Interconnection Facilities.</p>	<p>Customer-Funded Upgrades.</p> <p><b>Incremental Available Transfer Capability Revenue Rights:</b> <u>“Incremental Available Transfer Capability Revenue Rights” shall mean</u> <del>t</del>The rights to revenues that are derived from incremental Available Transfer Capability created by the addition of Merchant Transmission Facilities or of one of more Customer-Funded Upgrades.</p> <p><b>Incremental Deliverability Rights (IDRs):</b> <u>“Incremental Deliverability Rights” or “IDRs” shall mean</u> <del>t</del>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 Interconnection Customer, pursuant to an IDR Transfer Agreement, to satisfy, in part, the deliverability requirements necessary to obtain Capacity Interconnection Rights.</p> <p><b>Incremental Rights-Eligible Required Transmission Enhancements:</b> <u>“Incremental Rights-Eligible Required Transmission Enhancements” shall mean</u> Regional Facilities and Necessary Lower Voltage Facilities or Lower Voltage Facilities (as defined in Schedule 12 of the Tariff) and meet one of the following criteria: (1) cost responsibility is assigned to non-contiguous Zones that are not directly electrically connected; or (2) cost responsibility is assigned to Merchant Transmission Providers that are Responsible Customers.</p> <p><b>Initial Operation:</b> <u>“Initial Operation” shall mean</u> <del>t</del>The commencement of operation of the Customer Facility and Customer Interconnection Facilities after satisfaction of the conditions of Section 1.4 of Appendix 2 of an Interconnection Service Agreement.</p>

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		<p><b>Interconnection Feasibility Study:</b> Either a Generation Interconnection Feasibility Study or Transmission Interconnection Feasibility Study.</p> <p><b>Interconnection Party:</b> Transmission Provider, Interconnection Customer, or the Interconnected Transmission Owner. Interconnection Parties shall mean all of them.</p> <p><b>Interconnection Request:</b> A Generation Interconnection Request, a Transmission Interconnection Request and/or an IDR Transfer Agreement.</p> <p><b>Interconnection Service:</b> The physical and electrical interconnection of the Customer Facility with the Transmission System pursuant to the terms of Part IV and Part VI and the Interconnection Service Agreement entered into pursuant thereto by Interconnection Customer, the Interconnected Transmission Owner and Transmission Provider.</p> <p><b>Interconnection Service Agreement:</b> An agreement among the Transmission Provider, an Interconnection Customer and an Interconnected Transmission Owner regarding interconnection under Part IV and Part VI of the Tariff.</p> <p><b>Interconnection Studies:</b> The Interconnection Feasibility Study, the System Impact Study, and the Facilities Study described in Part IV and Part VI of the Tariff.</p> <p><b>Interregional Transmission Project:</b></p>	<p><b>Initial Study:</b> <u>“Initial Study” shall mean a</u>A study of a Completed Application conducted by the Transmission Provider (in coordination with the affected Transmission Owner(s)) in accordance with Section 19 or Section 32 of the Tariff.</p> <p><b>Interconnected Entity:</b> <u>“Interconnected Entity” shall mean e</u>Either the Interconnection Customer or the Interconnected Transmission Owner; Interconnected Entities shall mean both of them.</p> <p><b>Interconnected Transmission Owner:</b> <u>“Interconnected Transmission Owner” shall mean t</u>The Transmission Owner to whose transmission facilities or distribution facilities Customer Interconnection Facilities are, or as the case may be, a Customer Facility is, being directly connected. When used in an Interconnection Construction Service Agreement, the term may refer to a Transmission Owner whose facilities must be upgraded pursuant to the Facilities Study, but whose facilities are not directly interconnected with those of the Interconnection Customer.</p> <p><b>Interconnection Construction Service Agreement:</b> <u>“Interconnection Construction Service Agreement” shall mean t</u>The agreement entered into by an Interconnection Customer, Interconnected Transmission Owner and the Transmission Provider pursuant to Subpart B of Part VI of the Tariff and in the form set forth in Attachment P of the Tariff, relating to construction of Attachment Facilities, Network Upgrades, and/or Local Upgrades and coordination of the construction and interconnection of an associated Customer Facility. A separate Interconnection Construction Service Agreement will be executed with each Transmission Owner that is responsible for construction of any Attachment Facilities, Network Upgrades, or Local Upgrades associated with interconnection of a Customer Facility.</p>

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		<p>Interregional Transmission Project shall mean transmission facilities that would be located within two or more neighboring transmission planning regions and are determined by each of those regions to be a more efficient or cost effective solution to regional transmission needs.</p> <p><b>Interruption:</b> A reduction in non-firm transmission service due to economic reasons pursuant to Section 14.7.</p> <p><b>List of Approved Contractors:</b> A list developed by each Transmission Owner and published in a PJM Manual of (a) contractors that the Transmission Owner considers to be qualified to install or construct new facilities and/or upgrades or modifications to existing facilities on the Transmission Owner’s system, provided that such contractors may include, but need not be limited to, contractors that, in addition to providing construction services, also provide design and/or other construction-related services, and (b) manufacturers or vendors of major transmission-related equipment (e.g., high-voltage transformers, transmission line, circuit breakers) whose products the Transmission Owner considers acceptable for installation and use on its system.</p> <p><b>Load Ratio Share:</b> Ratio of a Transmission Customer’s Network Load to the Transmission Provider’s total load.</p> <p><b>Load Shedding:</b> The systematic reduction of system demand by temporarily decreasing load in response to transmission system or area capacity shortages, system instability, or voltage control considerations under Part II or Part III of the Tariff.</p> <p><b>Local Upgrades:</b></p>	<p><b>Interconnection Customer:</b> <u>“Interconnection Customer” shall mean a</u>A Generation Interconnection Customer and/or a Transmission Interconnection Customer.</p> <p><b>Interconnection Facilities:</b> <u>“Interconnection Facilities” shall mean t</u>he Transmission Owner Interconnection Facilities and the Customer Interconnection Facilities.</p> <p><b>Interconnection Feasibility Study:</b> <u>“Interconnection Feasibility Study” shall mean e</u>ither a Generation Interconnection Feasibility Study or Transmission Interconnection Feasibility Study.</p> <p><b>Interconnection Party:</b> <u>“Interconnection Party” shall mean a</u> Transmission Provider, Interconnection Customer, or the Interconnected Transmission Owner. Interconnection Parties shall mean all of them.</p> <p><b>Interconnection Request:</b> <u>“Interconnection Request” shall mean a</u>A Generation Interconnection Request, a Transmission Interconnection Request and/or an IDR Transfer Agreement.</p> <p><b>Interconnection Service:</b> <u>“Interconnection Service” shall mean t</u>he physical and electrical interconnection of the Customer Facility with the Transmission System pursuant to the terms of Part IV and Part VI and the Interconnection Service Agreement entered into pursuant thereto by Interconnection Customer, the Interconnected Transmission Owner and Transmission Provider.</p>

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		<p>Modifications or additions of facilities to abate any local thermal loading, voltage, short circuit, stability or similar engineering problem caused by the interconnection and delivery of generation to the Transmission System. Local Upgrades shall include:</p> <p>(i) Direct Connection Local Upgrades which are Local Upgrades that only serve the Customer Interconnection Facility and have no impact or potential impact on the Transmission System until the final tie-in is complete; and</p> <p>(ii) Non-Direct Connection Local Upgrades which are parallel flow Local Upgrades that are not Direct Connection Local Upgrades.</p> <p><b>Long-Term Firm Point-To-Point Transmission Service:</b> Firm Point-To-Point Transmission Service under Part II of the Tariff with a term of one year or more.</p> <p><b>Maximum Facility Output:</b> The maximum (not nominal) net electrical power output in megawatts, specified in the Interconnection Service Agreement, after supply of any parasitic or host facility loads, that a Generation Interconnection Customer's Customer Facility is expected to produce, provided that the specified Maximum Facility Output shall not exceed the output of the proposed Customer Facility that Transmission Provider utilized in the System Impact Study.</p> <p><b>Member:</b> Member shall have the meaning provided in the Operating Agreement.</p> <p><b>Merchant A.C. Transmission Facilities:</b> Merchant Transmission Facilities that are alternating current (A.C.) transmission facilities, other than those that are Controllable A.C. Merchant Transmission Facilities.</p> <p><b>Merchant D.C. Transmission Facilities:</b></p>	<p><b>Interconnection Service Agreement:</b> "<u>Interconnection Service Agreement</u>" shall mean <u>a</u>An agreement among the Transmission Provider, an Interconnection Customer and an Interconnected Transmission Owner regarding interconnection under Part IV and Part VI of the Tariff.</p> <p><b>Interconnection Studies:</b> "<u>Interconnection Studies</u>" shall mean <u>t</u>The Interconnection Feasibility Study, the System Impact Study, and the Facilities Study described in Part IV and Part VI of the Tariff.</p> <p><b>Interregional Transmission Project:</b> "<u>Interregional Transmission Project</u>" shall mean transmission facilities that would be located within two or more neighboring transmission planning regions and are determined by each of those regions to be a more efficient or cost effective solution to regional transmission needs.</p> <p><b>Interruption:</b> "<u>Interruption</u>" shall mean <u>a</u>A reduction in non-firm transmission service due to economic reasons pursuant to Section 14.7.</p> <p><b>List of Approved Contractors:</b> "<u>Lista of Approved Contractors</u>" shall mean <u>a</u>A list developed by each Transmission Owner and published in a PJM Manual of (a) contractors that the Transmission Owner considers to be qualified to install or construct new facilities and/or upgrades or modifications to existing facilities on the Transmission Owner's system, provided that such contractors may include, but need not be limited to, contractors that, in addition to providing construction services, also provide design and/or other construction-related services, and (b) manufacturers or vendors of major transmission-related equipment (e.g., high-voltage transformers, transmission line, circuit breakers) whose products the Transmission Owner considers acceptable for installation and use on its system.</p>

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		<p>Direct current (D.C.) transmission facilities that are interconnected with the Transmission System pursuant to Part IV and Part VI of the Tariff.</p> <p><b>Merchant Network Upgrades:</b> Additions to, or modifications or replacements of, physical facilities of the Interconnected Transmission Owner that, on the date of the pertinent Transmission Interconnection Customer's Upgrade Request, are part of the Transmission System or are included in the Regional Transmission Expansion Plan.</p> <p><b>Merchant Transmission Facilities:</b> A.C. or D.C. transmission facilities that are interconnected with or added to the Transmission System pursuant to Part IV and Part VI of the Tariff and that are so identified on Attachment T to the Tariff, provided, however, that Merchant Transmission Facilities shall not include (i) any Customer 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 Attachment T to the Tariff, or (iv) any transmission facilities that are included in the rate base of a public utility and on which a regulated return is earned.</p> <p><b>Merchant Transmission Provider:</b> An Interconnection Customer 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 Section 36 of the Tariff, 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</p>	<p><b>Load Ratio Share:</b> <u>"Load Ratio Share" shall mean a r</u>Ratio of a Transmission Customer's Network Load to the Transmission Provider's total load.</p> <p><b>Load Shedding:</b> <u>"Load Shedding" shall mean t</u>he systematic reduction of system demand by temporarily decreasing load in response to transmission system or area capacity shortages, system instability, or voltage control considerations under Part II or Part III of the Tariff.</p> <p><b>Local Upgrades:</b> <u>"Local Upgrades" shall mean m</u>odifications or additions of facilities to abate any local thermal loading, voltage, short circuit, stability or similar engineering problem caused by the interconnection and delivery of generation to the Transmission System. Local Upgrades shall include:  <ul style="list-style-type: none"> <li>(i) Direct Connection Local Upgrades which are Local Upgrades that only serve the Customer Interconnection Facility and have no impact or potential impact on the Transmission System until the final tie-in is complete; and</li> <li>(ii) Non-Direct Connection Local Upgrades which are parallel flow Local Upgrades that are not Direct Connection Local Upgrades.</li> </ul> </p> <p><b>Long-Term Firm Point-To-Point Transmission Service:</b> <u>"Long-Term Firm Point-To-Point Transmission Service" shall mean f</u>irm Point-To-Point Transmission Service under Part II of the Tariff with a term of one year or more.</p> <p><b>Maximum Facility Output:</b> <u>"Maximum Facility Output" shall mean t</u>he maximum (not nominal) net electrical power output in megawatts, specified in the Interconnection Service Agreement, after supply of any</p>



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		<p>Section 38 below.</p> <p><b>Metering Equipment:</b> All metering equipment installed at the metering points designated in the appropriate appendix to an Interconnection Service Agreement.</p> <p><b>Minimum Participation Requirements:</b> A set of minimum training, risk management, communication and capital or collateral requirements required for Participants in the PJM markets, as set forth herein and in the Form of Annual Certification set forth as Appendix 1 to this Attachment Q. Participants transacting in FTRs in certain circumstances will be required to demonstrate additional risk management procedures and controls as further set forth in the Annual Certification found in Appendix 1 to this Attachment Q</p> <p><b>MISO:</b> Midcontinent Independent System Operator, Inc. or any successor thereto.</p> <p><b>Native Load Customers:</b> The wholesale and retail power customers of a Transmission Owner on whose behalf the Transmission Owner, by statute, franchise, regulatory requirement, or contract, has undertaken an obligation to construct and operate the Transmission Owner’s system to meet the reliable electric needs of such customers.</p> <p><b>NERC:</b> The North American Electric Reliability Corporation or any successor thereto.</p> <p><b>Net Obligation:</b> Net Obligation is the amount owed to PJM Settlement and PJM for purchases from the PJM Markets, Transmission Service, (under both Part II and Part III of the O.A.T.T.), and other services pursuant to the Agreements, after applying a deduction for amounts owed to a</p>	<p>parasitic or host facility loads, that a Generation Interconnection Customer’s Customer Facility is expected to produce, provided that the specified Maximum Facility Output shall not exceed the output of the proposed Customer Facility that Transmission Provider utilized in the System Impact Study.</p> <p><b>Member:</b> “Member” shall have the meaning provided in the Operating Agreement.</p> <p><b>Merchant A.C. Transmission Facilities:</b> “Merchant Transmission Facilities” shall mean <del>that are</del> alternating current (A.C.) transmission facilities, other than those that are Controllable A.C. Merchant Transmission Facilities.</p> <p><b>Merchant D.C. Transmission Facilities:</b> “Merchant D.C. Transmission Facilities” shall mean <del>d</del>irect current (D.C.) transmission facilities that are interconnected with the Transmission System pursuant to Part IV and Part VI of the Tariff.</p> <p><b>Merchant Network Upgrades:</b> “Merchant Network Upgrades” shall mean <del>a</del>dditions to, or modifications or replacements of, physical facilities of the Interconnected Transmission Owner that, on the date of the pertinent Transmission Interconnection Customer’s Upgrade Request, are part of the Transmission System or are included in the Regional Transmission Expansion Plan.</p> <p><b>Merchant Transmission Facilities:</b> “Merchant Transmission Facilities” shall mean A.C. or D.C. transmission facilities that are interconnected with or added to the Transmission System pursuant to Part IV and Part VI of the Tariff and that are so identified on Attachment T to the Tariff, provided, however, that Merchant Transmission Facilities shall not include (i) any Customer Interconnection</p>

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		<p>Participant by PJM Settlement as it pertains to monthly market activity and services. Should other markets be formed such that Participants may incur future Obligations in those markets, then the aggregate amount of those Obligations will also be added to the Net Obligation.</p> <p><b>Net Sell Position:</b> Net Sell Position is the amount of Net Obligation when Net Obligation is negative.</p> <p><b>Network Customer:</b> An entity receiving transmission service pursuant to the terms of the Transmission Provider's Network Integration Transmission Service under Part III of the Tariff.</p> <p><b>Network Integration Transmission Service:</b> The transmission service provided under Part III of the Tariff.</p> <p><b>Network Load:</b> The load that a Network Customer designates for Network Integration Transmission Service under Part III of the Tariff. The Network Customer's Network Load shall include all load (including losses) served by the output of any Network Resources designated by the Network Customer. A Network Customer may elect to designate less than its total load as Network Load but may not designate only part of the load at a discrete Point of Delivery. Where an Eligible Customer has elected not to designate a particular load at discrete points of delivery as Network Load, the Eligible Customer is responsible for making separate arrangements under Part II of the Tariff for any Point-To-Point Transmission Service that may be necessary for such non-designated load.</p> <p><b>Network Operating Agreement:</b> An executed agreement that contains the terms and conditions under which the Network</p>	<p>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 Attachment T to the Tariff, or (iv) any transmission facilities that are included in the rate base of a public utility and on which a regulated return is earned.</p> <p><b>Merchant Transmission Provider:</b> <u>"Merchant Transmission Provider" shall mean a</u>An Interconnection Customer 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 Section 36 of the Tariff, 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 Section 38 below.</p> <p><b>Metering Equipment:</b> <u>"Metering Equipment" shall mean a</u>All metering equipment installed at the metering points designated in the appropriate appendix to an Interconnection Service Agreement.</p> <p><b>Minimum Participation Requirements:</b> <u>"Minimum Participation Requirements" shall mean a</u>A set of minimum training, risk management, communication and capital or collateral requirements required for Participants in the PJM markets, as set forth herein and in the Form of Annual Certification set forth as Appendix 1 to this Attachment Q. Participants transacting in FTRs in certain circumstances will be required to demonstrate additional risk management procedures and controls as further set forth in the Annual Certification found in Appendix 1 to this Attachment Q</p>

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		<p>Customer shall operate its facilities and the technical and operational matters associated with the implementation of Network Integration Transmission Service under Part III of the Tariff.</p> <p><b>Network Operating Committee:</b> A group made up of representatives from the Network Customer(s) and the Transmission Provider established to coordinate operating criteria and other technical considerations required for implementation of Network Integration Transmission Service under Part III of this Tariff.</p> <p><b>Network Resource:</b> Any designated generating resource owned, purchased, or leased by a Network Customer under the Network Integration Transmission Service Tariff. Network Resources do not include any resource, or any portion thereof, that is committed for sale to third parties or otherwise cannot be called upon to meet the Network Customer’s Network Load on a non-interruptible basis, except for purposes of fulfilling obligations under a reserve sharing program.</p> <p><b>Neutral Party:</b> Shall have the meaning provided in Section 9.3(v).</p> <p><b>New PJM Zone(s):</b> The Zone included in this Tariff, along with applicable Schedules and Attachments, for Commonwealth Edison Company, The Dayton Power and Light Company and the AEP East Operating Companies (Appalachian Power Company, Columbus Southern Power Company, Indiana Michigan Power Company, Kentucky Power Company, Kingsport Power Company, Ohio Power Company and Wheeling Power Company).</p>	<p><b>MISO:</b> <u>“MISO” shall mean</u> Midcontinent Independent System Operator, Inc. or any successor thereto.</p> <p><b>Native Load Customers:</b> <u>“Native Load Customers” shall mean t</u>The wholesale and retail power customers of a Transmission Owner on whose behalf the Transmission Owner, by statute, franchise, regulatory requirement, or contract, has undertaken an obligation to construct and operate the Transmission Owner’s system to meet the reliable electric needs of such customers.</p> <p><b>NERC:</b> <u>“NERC” shall mean t</u>The North American Electric Reliability Corporation or any successor thereto.</p> <p><b>Net Obligation:</b> <u>“Net Obligation” shall mean-is</u> the amount owed to PJMSettlement and PJM for purchases from the PJM Markets, Transmission Service, (under both Part II and Part III of the O.A.T.T.), and other services pursuant to the Agreements, after applying a deduction for amounts owed to a Participant by PJMSettlement as it pertains to monthly market activity and services. Should other markets be formed such that Participants may incur future Obligations in those markets, then the aggregate amount of those Obligations will also be added to the Net Obligation.</p> <p><b>Net Sell Position:</b> <u>“Net Sell Position” shall mean-is</u> the amount of Net Obligation when Net Obligation is negative.</p> <p><b>Network Customer:</b></p>

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		<p><b>New Service Customers:</b> All customers that submit an Interconnection Request, a Completed Application, or an Upgrade Request that is pending in the New Services Queue.</p> <p><b>New Service Request:</b> An Interconnection Request, a Completed Application, or an Upgrade Request.</p> <p><b>New Services Queue:</b> All Interconnection Requests, Completed Applications, and Upgrade Requests that are received within each three-month period ending on January 31, April 30, July 31, and October 31 of each year shall collectively comprise a New Services Queue.</p> <p><b>New Services Queue Closing Date:</b> Each January 31, April 30, July 31, and October 31 shall be the Queue Closing Date for the New Services Queue comprised of Interconnection Requests, Completed Applications, and Upgrade Requests received during the three-month period ending on such date.</p> <p><b>New York ISO or NYISO:</b> New York Independent System Operator, Inc. or any successor thereto.</p> <p><b>Nodal Reference Price:</b> The Nodal Reference Price at each location is the 97th percentile price differential between hourly day-ahead and real-time prices experienced over the corresponding two-month reference period in the prior calendar year. In order to capture seasonality effects and maintain a two-month reference period, reference months will be grouped by two, starting with January (e.g., Jan-Feb, Mar-Apr, ... , Jul-Aug, ... Nov-Dec). For any given current-year month, the reference period months will be the set of two months in the prior calendar year that include the month corresponding to the current month. For example, July and August</p>	<p><u>“Network Customer” shall mean a</u>An entity receiving transmission service pursuant to the terms of the Transmission Provider’s Network Integration Transmission Service under Part III of the Tariff.</p> <p><b>Network Integration Transmission Service:</b> <u>“Network Integration Transmission Service” shall mean</u>.The transmission service provided under Part III of the Tariff.</p> <p><b>Network Load:</b> <u>“Network Load” shall mean t</u>The load that a Network Customer designates for Network Integration Transmission Service under Part III of the Tariff. The Network Customer’s Network Load shall include all load (including losses) served by the output of any Network Resources designated by the Network Customer. A Network Customer may elect to designate less than its total load as Network Load but may not designate only part of the load at a discrete Point of Delivery. Where an Eligible Customer has elected not to designate a particular load at discrete points of delivery as Network Load, the Eligible Customer is responsible for making separate arrangements under Part II of the Tariff for any Point-To-Point Transmission Service that may be necessary for such non-designated load.</p> <p><b>Network Operating Agreement:</b> <u>“Network Operating Agreement” shall mean a</u>An executed agreement that contains the terms and conditions under which the Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of Network Integration Transmission Service under Part III of the Tariff.</p> <p><b>Network Operating Committee:</b> <u>“Network Operating Committee” shall mean a</u>A group made up of representatives from the Network Customer(s) and the Transmission Provider established to coordinate operating</p>

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		<p>2003 would each use July-August 2002 as their reference period.</p> <p><b>Nominal Rated Capability:</b> The nominal maximum rated capability in megawatts of a Transmission Interconnection Customer's Customer Facility or the nominal increase in transmission capability in megawatts of the Transmission System resulting from the interconnection or addition of a Transmission Interconnection Customer's Customer Facility, as determined in accordance with pertinent Applicable Standards and specified in the Interconnection Service Agreement.</p> <p><b>Non-Firm Point-To-Point Transmission Service:</b> Point-To-Point Transmission Service under the Tariff that is reserved and scheduled on an as-available basis and is subject to Curtailment or Interruption as set forth in Section 14.7 under Part II of this Tariff. Non-Firm Point-To-Point Transmission Service is available on a stand-alone basis for periods ranging from one hour to one month.</p> <p><b>Non-Firm Sale:</b> An energy sale for which receipt or delivery may be interrupted for any reason or no reason, without liability on the part of either the buyer or seller.</p> <p><b>Non-Firm Transmission Withdrawal Rights:</b> The rights to schedule energy withdrawals from a specified point on the Transmission System. Non-Firm Transmission Withdrawal Rights may be awarded only to a Merchant D.C. Transmission Facility that connects the Transmission System to another control area. Withdrawals scheduled using Non-Firm Transmission Withdrawal Rights have rights similar to those under Non-Firm Point-to-Point Transmission Service.</p> <p><b>Non-Retail Behind The Meter Generation:</b> Behind the Meter Generation that is used by municipal electric systems, electric</p>	<p>criteria and other technical considerations required for implementation of Network Integration Transmission Service under Part III of this Tariff.</p> <p><b>Network Resource:</b> <u>"Network Resource" shall mean a</u>Any designated generating resource owned, purchased, or leased by a Network Customer under the Network Integration Transmission Service Tariff. Network Resources do not include any resource, or any portion thereof, that is committed for sale to third parties or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis, except for purposes of fulfilling obligations under a reserve sharing program.</p> <p><b>Neutral Party:</b> <u>"Neutral Party" s</u>Shall have the meaning provided in Section 9.3(v).</p> <p><b>New PJM Zone(s):</b> <u>"New PJM Zone(s) shall mean t</u>The Zone included in this Tariff, along with applicable Schedules and Attachments, for Commonwealth Edison Company, The Dayton Power and Light Company and the AEP East Operating Companies (Appalachian Power Company, Columbus Southern Power Company, Indiana Michigan Power Company, Kentucky Power Company, Kingsport Power Company, Ohio Power Company and Wheeling Power Company).</p> <p><b>New Service Customers:</b> <u>"New Service Customers" shall mean a</u>All customers that submit an Interconnection Request, a Completed Application, or an Upgrade Request that is pending in the New Services Queue.</p> <p><b>New Service Request:</b></p>

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		<p>cooperatives, or electric distribution companies to serve load.</p> <p><b>Non-Zone Network Load:</b> Network Load that is located outside of the PJM Region.</p> <p><b>Obligation:</b> Obligation is all amounts owed to PJMSettlement for purchases from the PJM Markets, Transmission Service, (under both Part II and Part III of the O.A.T.T.), and other services or obligations pursuant to the Agreements. In addition, aggregate amounts that will be owed to PJMSettlement in the future for Capacity purchases within the PJM Capacity markets will be added to this figure. Should other markets be formed such that Participants may incur future Obligations in those markets, then the aggregate amount of those Obligations will also be added to the Net Obligation.</p> <p><b>Office of the Interconnection:</b> Office of the Interconnection shall mean the employees and agents of PJM Interconnection, L.L.C. subject to the supervision and oversight of the PJM Board, acting pursuant to the Operating Agreement.</p> <p><b>Open Access Same-Time Information System (OASIS):</b> The 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.</p> <p><b>Operating Agreement of the PJM Interconnection, L.L.C. or Operating Agreement:</b> That agreement 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.</p>	<p><u>“New Service Request” shall mean a</u>An Interconnection Request, a Completed Application, or an Upgrade Request.</p> <p><b>New Services Queue:</b> <u>“New Services Queue” shall mean a</u>All Interconnection Requests, Completed Applications, and Upgrade Requests that are received within each three-month period ending on January 31, April 30, July 31, and October 31 of each year shall collectively comprise a New Services Queue.</p> <p><b>New Services Queue Closing Date:</b> <u>“New Services Queue Closing Date” shall be e</u>Each January 31, April 30, July 31, and October 31 shall be the Queue Closing Date for the New Services Queue comprised of Interconnection Requests, Completed Applications, and Upgrade Requests received during the three-month period ending on such date.</p> <p><b>New York ISO or NYISO:</b> <u>“New York ISO” or “NYISO” shall mean</u> New York Independent System Operator, Inc. or any successor thereto.</p> <p><b>Nodal Reference Price:</b> The “Nodal Reference Price” at each location <del>is</del><u>shall be</u> the 97th percentile price differential between hourly day-ahead and real-time prices experienced over the corresponding two-month reference period in the prior calendar year. In order to capture seasonality effects and maintain a two-month reference period, reference months will be grouped by two, starting with January (e.g., Jan-Feb, Mar-Apr, ... , Jul-Aug, ... Nov-Dec). For any given current-year month, the reference period months will be the set of two months in the prior calendar year that include the month corresponding to the current month. For example, July and August 2003 would each use July-August 2002 as their reference period.</p>



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		<p><b>OPSI Advisory Committee:</b> “OPSI Advisory Committee” means the committee established under Section III.G.</p> <p><b>Option to Build:</b>  The option of the New Service Customer to build certain Customer-Funded Upgrades, as set forth in, and subject to the terms of, the Construction Service Agreement.</p> <p><b>Optional Interconnection Study:</b> A sensitivity analysis of an Interconnection Request based on assumptions specified by the Interconnection Customer in the Optional Interconnection Study Agreement.</p> <p><b>Optional Interconnection Study Agreement:</b> The form of agreement for preparation of an Optional Interconnection Study, as set forth in Attachment N-3 of the Tariff.</p> <p><b>Part I:</b> Tariff Definitions and Common Service Provisions contained in Sections 2 through 12.</p> <p><b>Part II:</b> Tariff Sections 13 through 27 pertaining to Point-To-Point Transmission Service in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.</p> <p><b>Part III:</b> Tariff Sections 28 through 35 pertaining to Network Integration Transmission Service in conjunction with the applicable Common Service Provisions of Part I and appropriate</p>	<p><b>Nominal Rated Capability:</b> <u>“Nominal Rated Capability” shall mean t</u>The nominal maximum rated capability in megawatts of a Transmission Interconnection Customer’s Customer Facility or the nominal increase in transmission capability in megawatts of the Transmission System resulting from the interconnection or addition of a Transmission Interconnection Customer’s Customer Facility, as determined in accordance with pertinent Applicable Standards and specified in the Interconnection Service Agreement.</p> <p><b>Non-Firm Point-To-Point Transmission Service:</b> <u>“Non-Firm Point-To-Point Transmission Service” shall mean</u> Point-To-Point Transmission Service under the Tariff that is reserved and scheduled on an as-available basis and is subject to Curtailment or Interruption as set forth in Section 14.7 under Part II of this Tariff. Non-Firm Point-To-Point Transmission Service is available on a stand-alone basis for periods ranging from one hour to one month.</p> <p><b>Non-Firm Sale:</b> <u>Non-Firm Sale shall mean a</u>An energy sale for which receipt or delivery may be interrupted for any reason or no reason, without liability on the part of either the buyer or seller.</p> <p><b>Non-Firm Transmission Withdrawal Rights:</b> <u>“Non-Firm Transmission Withdrawal Rights” shall mean t</u>The rights to schedule energy withdrawals from a specified point on the Transmission System. Non-Firm Transmission Withdrawal Rights may be awarded only to a Merchant D.C. Transmission Facility that connects the Transmission System to another control area. Withdrawals scheduled using Non-Firm Transmission Withdrawal Rights have rights similar to those under Non-Firm Point-to-Point Transmission Service.</p>

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		<p>Schedules and Attachments.</p> <p><b>Part IV:</b> Tariff Sections 36 through 112 pertaining to generation or merchant transmission interconnection to the Transmission System in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.</p> <p><b>Part V:</b> Tariff Sections 113 through 122 pertaining to the deactivation of generating units in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.</p> <p><b>Part VI:</b> Tariff 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 Part I and appropriate Schedules and Attachments.</p> <p><b>Participant:</b> A Participant is a Market Participant and/or Transmission Customer and/or Applicant requesting to be an active Market Participant and/or Transmission Customer.</p> <p><b>Parties:</b> 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.</p> <p><b>Peak Market Activity:</b></p>	<p><b>Non-Retail Behind The Meter Generation:</b>  <u>“Non-Retail Behind The Meter Generation” shall mean</u> Behind the Meter Generation that is used by municipal electric systems, electric cooperatives, or electric distribution companies to serve load.</p> <p><b>Non-Zone Network Load:</b>  <u>“Non-Zone Network Load” shall mean</u> Network Load that is located outside of the PJM Region.</p> <p><b>Obligation:</b>  <u>“Obligation” shall mean is</u> all amounts owed to PJMSettlement for purchases from the PJM Markets, Transmission Service, (under both Part II and Part III of the O.A.T.T.), and other services or obligations pursuant to the Agreements. In addition, aggregate amounts that will be owed to PJMSettlement in the future for Capacity purchases within the PJM Capacity markets will be added to this figure. Should other markets be formed such that Participants may incur future Obligations in those markets, then the aggregate amount of those Obligations will also be added to the Net Obligation.</p> <p><b>Office of the Interconnection:</b>  <u>“Office of the Interconnection” shall mean</u> the employees and agents of PJM Interconnection, L.L.C. subject to the supervision and oversight of the PJM Board, acting pursuant to the Operating Agreement.</p> <p><b>Open Access Same-Time Information System (OASIS):</b>  <u>“Open Access Same-Time Information System” or “OASIS” shall mean t</u>The 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.</p>

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**For Discussion at GDECS September 9, 2016**

	Agreement, Attachment, Section, Title	Current Language	Proposed Revisions
		<p>Peak Market Activity is a measure of exposure for which credit is required, involving peak exposures in rolling three-week periods over a year timeframe, with two semi-annual reset points, pursuant to provisions of section II.D of this Credit Policy.</p> <p><b>PJM Administrative Service:</b> The services provided by PJM pursuant to Schedule 9 of this Tariff.</p> <p><b>PJM Control Area:</b> The Control Area that is recognized by NERC as the PJM Control Area.</p> <p><b>PJM Interchange Energy Market:</b> The regional competitive market administered by the Transmission Provider for the purchase and sale of spot electric energy at wholesale interstate commerce and related services, as more fully set forth in Attachment K – Appendix to the Tariff and Schedule 1 to the Operating Agreement.</p> <p><b>PJM Liaison:</b> “PJM Liaison” means the liaison established under Section III.I.</p> <p><b>PJM Management:</b> “PJM Management” means the officers, executives, supervisors and employee managers of PJM.</p> <p><b>PJM Manuals:</b> 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.</p> <p><b>PJM Markets:</b></p>	<p><b>Operating Agreement of the PJM Interconnection, L.L.C. or Operating Agreement:</b> <u>Operating Agreement of the PJM Interconnection, L.L.C. or Operating Agreement shall mean</u> <del>t</del>That agreement 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.</p> <p><b>OPSI Advisory Committee:</b> “OPSI Advisory Committee” <u>shall</u> <del>s</del> mean the committee established under Section III.G.</p> <p><b>Option to Build:</b> <u>“Option to Build” shall mean</u> <del>t</del>The option of the New Service Customer to build certain Customer-Funded Upgrades, as set forth in, and subject to the terms of, the Construction Service Agreement.</p> <p><b>Optional Interconnection Study:</b> <u>“Optional Interconnection Study” shall mean</u> <del>a</del>A sensitivity analysis of an Interconnection Request based on assumptions specified by the Interconnection Customer in the Optional Interconnection Study Agreement.</p> <p><b>Optional Interconnection Study Agreement:</b> <u>“Optional Interconnection Study Agreement” shall mean</u> <del>t</del>The form of agreement for preparation of an Optional Interconnection Study, as set forth in Attachment N-3 of the Tariff.</p> <p><b>Part I:</b> <u>“Part I” shall mean the</u> Tariff Definitions and Common Service Provisions contained in Sections 2 through 12.</p>

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		<p>“PJM Markets” mean the PJM Interchange Energy and capacity markets, including the RPM auctions, together with all bilateral or other wholesale electric power and energy transactions, capacity transactions, ancillary services transactions (including black start service), transmission transactions and any other market operated under the PJM Tariff or Operating Agreement within the PJM Region, wherein Participants may incur Obligations to PJM Settlement.</p> <p><b>PJM Market Rules:</b>                      “PJM Market Rules” mean the rules, standards, procedures, and practices of the PJM Markets set forth in the PJM Tariff, the PJM Operating Agreement, the PJM Reliability Assurance Agreement, the PJM Consolidated Transmission Owners Agreement, the PJM Manuals, the PJM Regional Practices Document, the PJM-Midwest Independent Transmission System Operator Joint Operating Agreement or any other document setting forth market rules.</p> <p><b>PJM Open Access Transmission Tariff (“O.A.T.T.”):</b>                      The Open Access Transmission Tariff of PJM Interconnection, L.L.C., on file with the Federal Energy Regulatory Commission, and as revised from time to time.</p> <p><b>PJM Operating Agreement:</b>                      “PJM Operating Agreement” means the Amended and Restated Operating Agreement of PJM on file with the Commission.</p> <p><b>PJM Region:</b>                      Shall have the meaning specified in the Operating Agreement.</p> <p><b>PJM Regional Practices Document:</b></p>	<p><b>Part II:</b>                      “Part I” shall mean the Tariff Sections 13 through 27 pertaining to Point-To-Point Transmission Service in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.</p> <p><b>Part III:</b>                      “Part I” shall mean the Tariff Sections 28 through 35 pertaining to Network Integration Transmission Service in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.</p> <p><b>Part IV:</b>                      “Part I” shall mean the Tariff Sections 36 through 112 pertaining to generation or merchant transmission interconnection to the Transmission System in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.</p> <p><b>Part V:</b>                      “Part I” shall mean the Tariff Sections 113 through 122 pertaining to the deactivation of generating units in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.</p> <p><b>Part VI:</b>                      “Part I” shall mean the Tariff 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 Part I and appropriate Schedules and Attachments.</p> <p><b>Participant:</b>                      A-“Participant” shall mean <del>is</del> a Market Participant and/or Transmission Customer and/or</p>

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		<p>“PJM Regional Practices Document” means the document of that title that compiles and describes the practices in the PJM Markets and that is made available in hard copy and on the Internet.</p> <p><b>PJM Reliability Assurance Agreement:</b> “PJM Reliability Assurance Agreement” means the Reliability Assurance Agreement among Load Serving Entities in the PJM Region on file with the Commission.</p> <p><b>PJM Transmission Owners Agreement:</b> “PJM Transmission Owners Agreement” means the PJM Consolidated Transmission Owners Agreement on file with the Commission.</p> <p><b>Plan:</b> “Plan” means the PJM market monitoring plan set forth in this Attachment M.</p> <p><b>Planned External Financed Generation Capacity Resource:</b> Planned External Financed Generation Capacity Resource shall mean a Planned External Generation Capacity Resource that, prior to August 7, 2015, has an effective agreement that is the equivalent of an Interconnection Service Agreement, has submitted to the Office of the Interconnection the appropriate certification attesting achievement of Financial Close, and has secured at least 50 percent of the MWs of firm transmission service required to qualify such resource under the deliverability requirements of the Reliability Assurance Agreement.</p> <p><b>Planned Financed Generation Capacity Resource:</b> Planned Financed Generation Capacity Resource shall mean a Planned Generation Capacity Resource that, prior to August 7, 2015, has an effective Interconnection Service Agreement and has submitted to the Office of the Interconnection the appropriate</p>	<p>Applicant requesting to be an active Market Participant and/or Transmission Customer.</p> <p><b>Parties:</b> <u>“Parties” shall mean t</u><del>he</del> Transmission Provider, as administrator of the Tariff, and the Transmission Customer receiving service under the Tariff. PJMSettlement shall be the Counterparty to Transmission Customers.</p> <p><b>Peak Market Activity:</b> <u>“Peak Market Activity” shall mean is</u> a measure of exposure for which credit is required, involving peak exposures in rolling three-week periods over a year timeframe, with two semi-annual reset points, pursuant to provisions of section II.D of this Credit Policy.</p> <p><b>PJM Administrative Service:</b> <u>“PJM Administrative Service” shall mean t</u><del>he</del> services provided by PJM pursuant to Schedule 9 of this Tariff.</p> <p><b>PJM Control Area:</b> <u>“PJM Control Area” shall mean t</u><del>he</del> Control Area that is recognized by NERC as the PJM Control Area.</p> <p><b>PJM Interchange Energy Market:</b> <u>“PJM Interchange Energy Market” shall mean t</u><del>he</del> regional competitive market administered by the Transmission Provider for the purchase and sale of spot electric energy at wholesale interstate commerce and related services, as more fully set forth in Attachment K – Appendix to the Tariff and Schedule 1 to the Operating Agreement.</p> <p><b>PJM Liaison:</b> <u>“PJM Liaison” shall</u> <del>means</del> the liaison established under Section III.I.</p>

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		<p>certification attesting achievement of Financial Close.</p> <p><b>Point(s) of Delivery:</b>  Point(s) on the Transmission Provider’s Transmission System where capacity and energy transmitted by the Transmission Provider will be made available to the Receiving Party under Part II of the Tariff. The Point(s) of Delivery shall be specified in the Service Agreement for Long-Term Firm Point-To-Point Transmission Service.</p> <p><b>Point of Interconnection:</b>  The point or points, shown in the appropriate appendix to the Interconnection Service Agreement and the Interconnection Construction Service Agreement, where the Customer Interconnection Facilities interconnect with the Transmission Owner Interconnection Facilities or the Transmission System.</p> <p><b>Point(s) of Receipt:</b>  Point(s) of interconnection on the Transmission Provider’s Transmission System where capacity and energy will be made available to the Transmission Provider by the Delivering Party under Part II of the Tariff. The Point(s) of Receipt shall be specified in the Service Agreement for Long-Term Firm Point-To-Point Transmission Service.</p> <p><b>Point-To-Point Transmission Service:</b>  The reservation and transmission of capacity and energy on either a firm or non-firm basis from the Point(s) of Receipt to the Point(s) of Delivery under Part II of the Tariff.</p> <p><b>Power Purchaser:</b>  The entity that is purchasing the capacity and energy to be transmitted under the Tariff.</p> <p><b>PRD Curve</b></p>	<p><b>PJM Management:</b>  “PJM Management” <u>shall</u> mean the officers, executives, supervisors and employee managers of PJM.</p> <p><b>PJM Manuals:</b>  “PJM Manuals” <u>shall mean</u> 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.</p> <p><b>PJM Markets:</b>  “PJM Markets” <u>shall</u> mean the PJM Interchange Energy and capacity markets, including the RPM auctions, together with all bilateral or other wholesale electric power and energy transactions, capacity transactions, ancillary services transactions (including black start service), transmission transactions and any other market operated under the PJM Tariff or Operating Agreement within the PJM Region, wherein Participants may incur Obligations to PJM Settlement.</p> <p><b>PJM Market Rules:</b>  “PJM Market Rules” <u>shall</u> mean the rules, standards, procedures, and practices of the PJM Markets set forth in the PJM Tariff, the PJM Operating Agreement, the PJM Reliability Assurance Agreement, the PJM Consolidated Transmission Owners Agreement, the PJM Manuals, the PJM Regional Practices Document, the PJM-Midwest Independent Transmission System Operator Joint Operating Agreement or any other document setting forth market rules.</p> <p><b>PJM Open Access Transmission Tariff (“O.A.T.T.”):</b></p>



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		<p>PRD Curve shall have the meaning provided in the Reliability Assurance Agreement.</p> <p><b>PRD Provider</b> PRD Provider shall have the meaning provided in the Reliability Assurance Agreement.</p> <p><b>PRD Reservation Price</b> PRD Reservation Price shall have the meaning provided in the Reliability Assurance Agreement.</p> <p><b>PRD Substation:</b> PRD Substation shall have the meaning provided in the Reliability Assurance Agreement.</p> <p><b>Pre-Confirmed Application:</b> An Application that commits the Eligible Customer to execute a Service Agreement upon receipt of notification that the Transmission Provider can provide the requested Transmission Service.</p> <p><b>Pre-Emergency Load Response Program:</b> The Pre-Emergency Load Response Program is the program by which Curtailment Service Providers may be compensated by PJM for Demand Resources that will reduce load when dispatched by PJM during pre-emergency conditions, and is described in Section 8 of Schedule 1 of the Operating Agreement and the parallel provisions of Section 8 of Attachment K-Appendix of the Tariff.</p> <p><b>Pre-Expansion PJM Zones:</b> Zones included in this Tariff, along with applicable Schedules and Attachments, for certain Transmission Owners – Atlantic City Electric Company, Baltimore Gas and Electric Company, Delmarva Power and Light Company, Jersey Central Power and Light Company,</p>	<p><u>“PJM Open Access Transmission Tariff “ or “O.A.T.T.” shall mean t</u>The Open Access Transmission Tariff of PJM Interconnection, L.L.C., on file with the Federal Energy Regulatory Commission, and as revised from time to time.</p> <p><b>PJM Operating Agreement:</b> “PJM Operating Agreement” <u>shall</u> means the Amended and Restated Operating Agreement of PJM on file with the Commission.</p> <p><b>PJM Region:</b> <u>“PJM Region” s</u>shall have the meaning specified in the Operating Agreement.</p> <p><b>PJM Regional Practices Document:</b> “PJM Regional Practices Document” <u>shall</u> means the document of that title that compiles and describes the practices in the PJM Markets and that is made available in hard copy and on the Internet.</p> <p><b>PJM Reliability Assurance Agreement:</b> “PJM Reliability Assurance Agreement” <u>shall</u> means the Reliability Assurance Agreement among Load Serving Entities in the PJM Region on file with the Commission.</p> <p><b>PJM Transmission Owners Agreement:</b> “PJM Transmission Owners Agreement” <u>shall</u> means the PJM Consolidated Transmission Owners Agreement on file with the Commission.</p> <p><b>Plan:</b> “Plan” <u>shall</u> means the PJM market monitoring plan set forth in this Attachment M.</p> <p><b>Planned External Financed Generation Capacity Resource:</b></p>

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		<p>Metropolitan Edison Company, PECO Energy Company, Pennsylvania Electric Company, Pennsylvania Power &amp; Light Group, Potomac Electric Power Company, Public Service Electric and Gas Company, Allegheny Power, and Rockland Electric Company.</p> <p><b>Price Responsive Demand</b> Price Responsive Demand shall have the meaning provided in the Reliability Assurance Agreement.</p> <p><b>Project Financing:</b> Shall mean: (a) one or more loans, leases, equity and/or debt financings, together with all modifications, renewals, supplements, substitutions and replacements thereof, the proceeds of which are used to finance or refinance the costs of the Customer Facility, any alteration, expansion or improvement to the Customer Facility, the purchase and sale of the Customer Facility or the operation of the Customer Facility; (b) a power purchase agreement pursuant to which Interconnection Customer’s obligations are secured by a mortgage or other lien on the Customer Facility; or (c) loans and/or debt issues secured by the Customer Facility.</p> <p><b>Project Finance Entity:</b> 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 Customer Facility to which Interconnection Customer has granted a mortgage or other lien as security for some or all of Interconnection Customer’s obligations under the corresponding power purchase agreement.</p> <p><b>Queue Position:</b> The priority assigned to an Interconnection Request, a Completed Application, or an Upgrade Request pursuant to applicable provisions of Part VI.</p>	<p><u>“Planned External Financed Generation Capacity Resource”</u> shall mean a Planned External Generation Capacity Resource that, prior to August 7, 2015, has an effective agreement that is the equivalent of an Interconnection Service Agreement, has submitted to the Office of the Interconnection the appropriate certification attesting achievement of Financial Close, and has secured at least 50 percent of the MWs of firm transmission service required to qualify such resource under the deliverability requirements of the Reliability Assurance Agreement.</p> <p><b>Planned Financed Generation Capacity Resource:</b> <u>“Planned Financed Generation Capacity Resource”</u> shall mean a Planned Generation Capacity Resource that, prior to August 7, 2015, has an effective Interconnection Service Agreement and has submitted to the Office of the Interconnection the appropriate certification attesting achievement of Financial Close.</p> <p><b>Point(s) of Delivery:</b> <u>“Point(s) of Delivery” shall mean p</u>Point(s) on the Transmission Provider’s Transmission System where capacity and energy transmitted by the Transmission Provider will be made available to the Receiving Party under Part II of the Tariff. The Point(s) of Delivery shall be specified in the Service Agreement for Long-Term Firm Point-To-Point Transmission Service.</p> <p><b>Point of Interconnection:</b> <u>“Point of Interconnection” shall mean t</u>The point or points, shown in the appropriate appendix to the Interconnection Service Agreement and the Interconnection Construction Service Agreement, where the Customer Interconnection Facilities interconnect with the Transmission Owner Interconnection Facilities or the Transmission System.</p> <p><b>Point(s) of Receipt:</b> <u>“Point(s) of Receipt” shall mean p</u>Point(s) of interconnection on the Transmission Provider’s Transmission System where capacity and energy will be made available to the Transmission</p>

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		<p><b>Reasonable Efforts:</b> With respect to any action required to be made, attempted, or taken by an Interconnection Party or by a Construction Party under Part IV or Part VI of the Tariff, an Interconnection Service 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.</p> <p><b>Receiving Party:</b> The entity receiving the capacity and energy transmitted by the Transmission Provider to Point(s) of Delivery.</p> <p><b>Referral:</b> “Referral” means a formal report of the Market Monitoring Unit to the Commission for investigation of behavior of a Market Participant, of behavior of PJM, or of a market design flaw, pursuant to Section IV.I of Attachment M.</p> <p><b>Regional Entity</b>  Shall have the same meaning specified in the Operating Agreement.</p> <p><b>Regional Transmission Expansion Plan:</b>  The plan prepared by the Office of the Interconnection pursuant to Schedule 6 of the Operating Agreement for the enhancement and expansion of the Transmission System in</p>	<p>Provider by the Delivering Party under Part II of the Tariff. The Point(s) of Receipt shall be specified in the Service Agreement for Long-Term Firm Point-To-Point Transmission Service.</p> <p><b>Point-To-Point Transmission Service:</b> <u>“Point-To-Point Transmission Service” shall mean t</u><del>t</del>The reservation and transmission of capacity and energy on either a firm or non-firm basis from the Point(s) of Receipt to the Point(s) of Delivery under Part II of the Tariff.</p> <p><b>Power Purchaser:</b> <u>“Power Purchaser” shall mean t</u><del>t</del>The entity that is purchasing the capacity and energy to be transmitted under the Tariff.</p> <p><b>PRD Curve</b> <u>“PRD Curve”</u> shall have the meaning provided in the Reliability Assurance Agreement.</p> <p><b>PRD Provider</b> <u>“PRD Provider”</u> shall have the meaning provided in the Reliability Assurance Agreement.</p> <p><b>PRD Reservation Price</b> <u>“PRD Reservation Price”</u> shall have the meaning provided in the Reliability Assurance Agreement.</p> <p><b>PRD Substation:</b> <u>“PRD Substation”</u> shall have the meaning provided in the Reliability Assurance Agreement.</p> <p><b>Pre-Confirmed Application:</b> <u>“Pre-Confirmed Application” shall mean a</u><del>a</del>An Application that commits the Eligible Customer to execute a Service Agreement upon receipt of notification that the Transmission Provider</p>

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		<p>order to meet the demands for firm transmission service in the PJM Region.</p> <p><b>Regional Transmission Group (RTG):</b></p> <p>A voluntary organization of transmission owners, transmission users and other entities approved by the Commission to efficiently coordinate transmission planning (and expansion), operation and use on a regional (and interregional) basis.</p> <p><b>Regulation Zone:</b></p> <p>Any of those one or more geographic areas, each consisting of a combination of one or more Control Zone(s) as designated by the Office of the Interconnection in the PJM Manuals, relevant to provision of, and requirements for, regulation service.</p> <p><b>Relevant Electric Retail Regulatory Authority:</b></p> <p>An entity that has jurisdiction over and establishes prices and policies for competition for providers of retail electric service to end-customers, such as the city council for a municipal utility, the governing board of a cooperative utility, the state public utility commission or any other such entity.</p> <p><b>Required Transmission Enhancements:</b></p> <p>Enhancements and expansions of the Transmission System that (1) a Regional</p>	<p>can provide the requested Transmission Service.</p> <p><b>Pre-Emergency Load Response Program:</b>  <del>The</del> “Pre-Emergency Load Response Program” <u>shall mean</u> <del>is</del> the program by which Curtailment Service Providers may be compensated by PJM for Demand Resources that will reduce load when dispatched by PJM during pre-emergency conditions, and is described in Section 8 of Schedule 1 of the Operating Agreement and the parallel provisions of Section 8 of Attachment K-Appendix of the Tariff.</p> <p><b>Pre-Expansion PJM Zones:</b>  <u>“Pre-Expansion PJM Zones” shall mean</u> Zones included in this Tariff, along with applicable Schedules and Attachments, for certain Transmission Owners – Atlantic City Electric Company, Baltimore Gas and Electric Company, Delmarva Power and Light Company, Jersey Central Power and Light Company, Metropolitan Edison Company, PECO Energy Company, Pennsylvania Electric Company, Pennsylvania Power &amp; Light Group, Potomac Electric Power Company, Public Service Electric and Gas Company, Allegheny Power, and Rockland Electric Company.</p> <p><b>Price Responsive Demand</b>  <del>“Price Responsive Demand”</del> shall have the meaning provided in the Reliability Assurance Agreement.</p> <p><b>Project Financing:</b>  <u>“Project Financing” s</u> Shall mean: (a) one or more loans, leases, equity and/or debt financings, together with all modifications, renewals, supplements, substitutions and replacements thereof, the proceeds of which are used to finance or refinance the costs of the Customer Facility, any alteration, expansion or improvement to the Customer Facility, the purchase and sale of the Customer Facility or the operation of the Customer Facility; (b) a</p>

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		<p>Transmission Expansion Plan developed pursuant to Schedule 6 of the Operating Agreement or (2) any joint planning or coordination agreement between PJM and another region or transmission planning authority set forth in Schedule 12-Appendix B (“Appendix B Agreement”) designates one or more of the Transmission Owner(s) to construct and own or finance. Required Transmission Enhancements shall also include enhancements and expansions of facilities in another region or planning authority that meet the definition of transmission facilities pursuant to FERC’s Uniform System of Accounts or have been classified as transmission facilities in a ruling by FERC addressing such facilities constructed pursuant to an Appendix B Agreement cost responsibility for which has been assigned at least in part to PJM pursuant to such Appendix B Agreement.</p> <p><b>Reserved Capacity:</b></p> <p>The maximum amount of capacity and energy that the Transmission Provider agrees to transmit for the Transmission Customer over the Transmission Provider’s Transmission System between the Point(s) of Receipt and the Point(s) of Delivery under Part II of the Tariff. Reserved Capacity shall be expressed in terms of whole megawatts on a sixty (60) minute interval (commencing on the clock hour) basis.</p> <p><b>Reserve Sub-zone:</b></p> <p>Any of those geographic areas wholly contained within a Reserve Zone, consisting of a combination of a portion of one or more Control Zone(s) as designated by the Office of the Interconnection in the PJM Manuals, relevant to provision of, and requirements for, reserve</p>	<p>power purchase agreement pursuant to which Interconnection Customer’s obligations are secured by a mortgage or other lien on the Customer Facility; or (c) loans and/or debt issues secured by the Customer Facility.</p> <p><b>Project Finance Entity:</b>  <u>“Project Finance Entity” s</u>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 Customer Facility to which Interconnection Customer has granted a mortgage or other lien as security for some or all of Interconnection Customer’s obligations under the corresponding power purchase agreement.</p> <p><b>Queue Position:</b>  <u>“Queue Position” shall mean t</u>The priority assigned to an Interconnection Request, a Completed Application, or an Upgrade Request pursuant to applicable provisions of Part VI.</p> <p><b>Reasonable Efforts:</b>  <u>“Reasonable Efforts” shall mean w</u>With respect to any action required to be made, attempted, or taken by an Interconnection Party or by a Construction Party under Part IV or Part VI of the Tariff, an Interconnection Service 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.</p> <p><b>Receiving Party:</b>  <u>“Receiving Party” shall mean t</u>The entity receiving the capacity and energy transmitted by the Transmission Provider to Point(s) of Delivery.</p> <p><b>Referral:</b></p>

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		<p>service.</p> <p><b>Reserve Zone:</b></p> <p>Any of those geographic areas consisting of a combination of one or more Control Zone(s), as designated by the Office of the Interconnection in the PJM Manuals, relevant to provision of, and requirements for, reserve service.</p> <p><b>RPM Seller Credit:</b></p> <p>RPM Seller Credit is an additional form of Unsecured Credit defined in section IV of this document..</p> <p><b>Schedule of Work:</b></p> <p>Shall mean that schedule attached to the Interconnection Construction Service Agreement setting forth the timing of work to be performed by the Constructing Entity pursuant to the Interconnection Construction Service Agreement, based upon the Facilities Study and subject to modification, as required, in accordance with Transmission Provider’s scope change process for interconnection projects set forth in the PJM Manuals.</p> <p><b>Scope of Work:</b></p> <p>Shall mean that scope of the work attached as a schedule to the Interconnection Construction Service Agreement and to be performed by the Constructing Entity(ies) pursuant to the Interconnection Construction Service Agreement, provided that such Scope</p>	<p>“Referral” <del>shall</del> <b>mean</b> a formal report of the Market Monitoring Unit to the Commission for investigation of behavior of a Market Participant, of behavior of PJM, or of a market design flaw, pursuant to Section IV.I of Attachment M.</p> <p><b>Regional Entity</b></p> <p><b>“Regional Entity” shall</b> have the same meaning specified in the Operating Agreement.</p> <p><b>Regional Transmission Expansion Plan:</b></p> <p><b>“Regional Transmission Expansion Plan” shall mean</b> <del>t</del> The plan prepared by the Office of the Interconnection pursuant to Schedule 6 of the Operating Agreement for the enhancement and expansion of the Transmission System in order to meet the demands for firm transmission service in the PJM Region.</p> <p><b>Regional Transmission Group (RTG):</b></p> <p><b>“Regional Transmission Group” or “RTG” shall mean</b> <del>a</del> A voluntary organization of transmission owners, transmission users and other entities approved by the Commission to efficiently coordinate transmission planning (and expansion), operation and use on a regional (and interregional) basis.</p> <p><b>Regulation Zone:</b></p> <p><b>“Regulation Zone” shall mean</b> <del>a</del> Any of those one or more geographic areas, each consisting of a combination of one or more Control Zone(s) as designated by the Office of the Interconnection in the PJM Manuals, relevant to provision of, and requirements for,</p>



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		<p>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.</p> <p><b>Secondary Systems:</b></p> <p>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.</p> <p><b>Security:</b></p> <p>The security provided by the New Service Customer pursuant to Section 212.4 or Section 213.4 of the Tariff to secure the New Service Customer’s responsibility for Costs under the Interconnection Service Agreement or Upgrade Construction Service Agreement and Section 217 of the Tariff.</p> <p><b>Service Agreement:</b></p> <p>The initial agreement and any amendments or supplements thereto entered into by the Transmission Customer and the Transmission Provider for service under the Tariff.</p> <p><b>Service Commencement Date:</b></p> <p>The date the Transmission Provider begins to provide service pursuant to the terms of an executed Service Agreement, or the date the Transmission Provider begins to provide</p>	<p>regulation service.</p> <p><b>Relevant Electric Retail Regulatory Authority:</b></p> <p><u>“Relevant Electric Retail Regulatory Authority” shall mean a</u>An entity that has jurisdiction over and establishes prices and policies for competition for providers of retail electric service to end-customers, such as the city council for a municipal utility, the governing board of a cooperative utility, the state public utility commission or any other such entity.</p> <p><b>Required Transmission Enhancements:</b></p> <p><u>“Required Transmission Enhancements” shall mean e</u>Enhancements and expansions of the Transmission System that (1) a Regional Transmission Expansion Plan developed pursuant to Schedule 6 of the Operating Agreement or (2) any joint planning or coordination agreement between PJM and another region or transmission planning authority set forth in Schedule 12-Appendix B (“Appendix B Agreement”) designates one or more of the Transmission Owner(s) to construct and own or finance. Required Transmission Enhancements shall also include enhancements and expansions of facilities in another region or planning authority that meet the definition of transmission facilities pursuant to FERC’s Uniform System of Accounts or have been classified as transmission facilities in a ruling by FERC addressing such facilities constructed pursuant to an Appendix B Agreement cost responsibility for which has been assigned at least in part to PJM pursuant to such Appendix B Agreement.</p>

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		<p>service in accordance with Section 15.3 or Section 29.1 under the Tariff.</p> <p><b>Short-Term Firm Point-To-Point Transmission Service:</b></p> <p>Firm Point-To-Point Transmission Service under Part II of the Tariff with a term of less than one year.</p> <p><b>Site:</b></p> <p>All of the real property, including but not limited to any leased real property and easements, on which the Customer Facility is situated and/or on which the Customer Interconnection Facilities are to be located.</p> <p><b>Small Generation Resource</b></p> <p>An Interconnection Customer’s device of 20 MW or less for the production and/or storage for later injection of electricity identified in an Interconnection Request, but shall not include the Interconnection Customer’s Interconnection Facilities. This term shall include Energy Storage Resources and/or other devices for storage for later injection of energy.</p> <p><b>Small Inverter Facility:</b></p> <p>An Energy Resource that is a certified small inverter-based facility no larger than 10 kW.</p> <p><b>Small Inverter ISA:</b></p> <p>An agreement among Transmission Provider, Interconnection Customer, and Interconnected</p>	<p><b>Reserved Capacity:</b></p> <p><u>“Reserved Capacity” shall mean</u> <del>t</del>The maximum amount of capacity and energy that the Transmission Provider agrees to transmit for the Transmission Customer over the Transmission Provider’s Transmission System between the Point(s) of Receipt and the Point(s) of Delivery under Part II of the Tariff. Reserved Capacity shall be expressed in terms of whole megawatts on a sixty (60) minute interval (commencing on the clock hour) basis.</p> <p><b>Reserve Sub-zone:</b></p> <p><u>“Reserve Sub-zone” shall mean a</u>Any of those geographic areas wholly contained within a Reserve Zone, consisting of a combination of a portion of one or more Control Zone(s) as designated by the Office of the Interconnection in the PJM Manuals, relevant to provision of, and requirements for, reserve service.</p> <p><b>Reserve Zone:</b></p> <p><u>“Reserve Zone” shall mean a</u>Any of those geographic areas consisting of a combination of one or more Control Zone(s), as designated by the Office of the Interconnection in the PJM Manuals, relevant to provision of, and requirements for, reserve service.</p> <p><b>RPM Seller Credit:</b></p> <p><u>“RPM Seller Credit” shall mean</u> <del>is</del> an additional form of Unsecured Credit defined in section</p>

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		<p>Transmission Owner regarding interconnection of a Small Inverter Facility under section 112B of Part IV of the Tariff.</p> <p><b>State Commission:</b></p> <p>“<b>State Commission</b>” means any state regulatory agency having jurisdiction over retail electricity sales in any State in the PJM Region.</p> <p><b>Switching and Tagging Rules:</b></p> <p>The switching and tagging procedures of Interconnected Transmission Owners and Interconnection Customer as they may be amended from time to time.</p> <p><b>System Condition:</b></p> <p>A specified condition on the Transmission Provider’s system or on a neighboring system, such as a constrained transmission element or flowgate, that may trigger Curtailment of Long-Term Firm Point-to-Point Transmission Service using the curtailment priority pursuant to Section 13.6. Such conditions must be identified in the Transmission Customer’s Service Agreement.</p> <p><b>System Impact Study:</b></p> <p>An assessment by the Transmission Provider of (i) the adequacy of the Transmission System to accommodate a Completed Application, an Interconnection Request or an Upgrade Request, (ii) whether any additional costs may be incurred in order to provide such transmission service or to accommodate an Interconnection Request, and (iii) with respect to</p>	<p>IV of this document.</p> <p><b>Schedule of Work:</b></p> <p>“<b>Schedule of Work</b>” shall mean that schedule attached to the Interconnection Construction Service Agreement setting forth the timing of work to be performed by the Constructing Entity pursuant to the Interconnection Construction Service Agreement, based upon the Facilities Study and subject to modification, as required, in accordance with Transmission Provider’s scope change process for interconnection projects set forth in the PJM Manuals.</p> <p><b>Scope of Work:</b></p> <p>“<b>Scope of Work</b>” shall mean that scope of the work attached as a schedule to the Interconnection Construction Service Agreement and to be performed by the Constructing Entity(ies) pursuant to the Interconnection Construction Service Agreement, provided that such Scope of Work may be modified, as required, in accordance with Transmission Provider’s scope change process for interconnection projects set forth in the PJM Manuals.</p> <p><b>Secondary Systems:</b></p> <p>“<b>Secondary Systems</b>” shall mean cControl 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.</p>

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		<p>an Interconnection Request, an estimated date that an Interconnection Customer’s Customer Facility can be interconnected with the Transmission System and an estimate of the Interconnection Customer’s cost responsibility for the interconnection; 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.</p> <p><b>System Protection Facilities:</b></p> <p>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 Customer Facility, and (ii) the Customer 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 Customer Facility.</p> <p><b>Tangible Net Worth:</b></p> <p>Tangible Net Worth is all assets (not including any intangible assets such as goodwill) less all liabilities. Any such calculation may be reduced by PJMSettlement upon review of the available financial information.</p>	<p><b>Security:</b></p> <p><u>“Security” shall mean</u> <del>t</del>The security provided by the New Service Customer pursuant to Section 212.4 or Section 213.4 of the Tariff to secure the New Service Customer’s responsibility for Costs under the Interconnection Service Agreement or Upgrade Construction Service Agreement and Section 217 of the Tariff.</p> <p><b>Service Agreement:</b></p> <p><u>“Service Agreement” shall mean</u> <del>t</del>The initial agreement and any amendments or supplements thereto entered into by the Transmission Customer and the Transmission Provider for service under the Tariff.</p> <p><b>Service Commencement Date:</b></p> <p><u>“Service Commencement Date” shall mean</u> <del>t</del>The date the Transmission Provider begins to provide service pursuant to the terms of an executed Service Agreement, or the date the Transmission Provider begins to provide service in accordance with Section 15.3 or Section 29.1 under the Tariff.</p> <p><b>Short-Term Firm Point-To-Point Transmission Service:</b></p> <p><u>“Short-Term Firm Point-To-Point Transmission Service” shall mean</u> Firm Point-To-Point Transmission Service under Part II of the Tariff with a term of less than one year.</p> <p><b>Site:</b></p>

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		<p><b>Third-Party Sale:</b></p> <p>Any sale for resale in interstate commerce to a Power Purchaser that is not designated as part of Network Load under the Network Integration Transmission Service but not including a sale of energy through the PJM Interchange Energy Market established under the PJM Operating Agreement.</p> <p><b>Total Net Obligation:</b></p> <p>Total Net Obligation is all unpaid billed Net Obligations plus any unbilled Net Obligation incurred to date, as determined by PJMSettlement on a daily basis, plus any other Obligations owed to PJMSettlement at the time.</p> <p><b>Total Net Sell Position:</b></p> <p>Total Net Sell Position is all unpaid billed Net Sell Positions plus any unbilled Net Sell Positions accrued to date, as determined by PJMSettlement on a daily basis.</p> <p><b>Transmission Customer:</b></p> <p>Any Eligible Customer (or its Designated Agent) that (i) executes a Service Agreement, or (ii) requests in writing that the Transmission Provider file with the Commission, a proposed unexecuted Service Agreement to receive transmission service under Part II of the Tariff. This term is used in the Part I Common Service Provisions and in Part VI to include customers receiving transmission service under Part II and Part III of this Tariff.</p> <p>Where used in Attachment K-Appendix of the Tariff or Schedule 1 of the Operating</p>	<p><u>“Site” shall mean a</u>All of the real property, including but not limited to any leased real property and easements, on which the Customer Facility is situated and/or on which the Customer Interconnection Facilities are to be located.</p> <p><b>Small Generation Resource</b></p> <p><u>“Small Generation Resource” shall mean a</u>An Interconnection Customer’s device of 20 MW or less for the production and/or storage for later injection of electricity identified in an Interconnection Request, but shall not include the Interconnection Customer’s Interconnection Facilities. This term shall include Energy Storage Resources and/or other devices for storage for later injection of energy.</p> <p><b>Small Inverter Facility:</b></p> <p><u>“Small Inverter Facility” shall mean a</u>An Energy Resource that is a certified small inverter-based facility no larger than 10 kW.</p> <p><b>Small Inverter ISA:</b></p> <p><u>“Small Inverter ISA” shall mean a</u>An agreement among Transmission Provider, Interconnection Customer, and Interconnected Transmission Owner regarding interconnection of a Small Inverter Facility under section 112B of Part IV of the Tariff.</p> <p><b>State Commission:</b></p> <p>“State Commission” <u>shall</u> means any state regulatory agency having jurisdiction over retail</p>

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		<p>Agreement, Transmission Customer shall mean an entity using Point-to-Point Transmission Service.</p> <p><b>Transmission Facilities</b></p> <p>Transmission Facilities shall have the meaning set forth in the Operating Agreement.</p> <p><b>Transmission Injection Rights:</b></p> <p>Capacity Transmission Injection Rights and Energy Transmission Injection Rights.</p> <p><b>Transmission Interconnection Customer:</b></p> <p>An entity that submits an Interconnection 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 or an entity 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 Schedule 6 of the Operating Agreement).</p> <p><b>Transmission Interconnection Facilities Study:</b></p> <p>A Facilities Study related to a Transmission Interconnection Request.</p> <p><b>Transmission Interconnection Feasibility Study:</b></p>	<p>electricity sales in any State in the PJM Region.</p> <p><b>Switching and Tagging Rules:</b></p> <p><u>“Switching and Tagging Rules” shall mean t</u><del>he</del> switching and tagging procedures of Interconnected Transmission Owners and Interconnection Customer as they may be amended from time to time.</p> <p><b>System Condition:</b></p> <p><u>“System Condition” shall mean a</u><del>A</del> specified condition on the Transmission Provider’s system or on a neighboring system, such as a constrained transmission element or flowgate, that may trigger Curtailment of Long-Term Firm Point-to-Point Transmission Service using the curtailment priority pursuant to Section 13.6. Such conditions must be identified in the Transmission Customer’s Service Agreement.</p> <p><b>System Impact Study:</b></p> <p><u>“System Impact Study” shall mean a</u><del>An</del> assessment by the Transmission Provider of (i) the adequacy of the Transmission System to accommodate a Completed Application, an Interconnection Request or an Upgrade Request, (ii) whether any additional costs may be incurred in order to provide such transmission service or to accommodate an Interconnection Request, and (iii) with respect to an Interconnection Request, an estimated date that an Interconnection Customer’s Customer Facility can be interconnected with the Transmission System and an estimate of the Interconnection Customer’s cost responsibility for the</p>



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		<p>A study conducted by the Transmission Provider in accordance with Section 36.2 of the Tariff.</p> <p><b>Transmission Interconnection Request:</b></p> <p>A request by a Transmission Interconnection Customer pursuant to Part IV of the Tariff 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.</p> <p><b>Transmission Owner:</b></p> <p>Each entity that owns, leases or otherwise has a possessory interest in facilities used for the transmission of electric energy in interstate commerce under the Tariff. The Transmission Owners are listed in Attachment L.</p> <p><b>Transmission Owner Attachment Facilities:</b></p> <p>That portion of the Transmission Owner Interconnection Facilities comprised of all Attachment Facilities on the Interconnected Transmission Owner’s side of the Point of Interconnection.</p> <p><b>Transmission Owner Interconnection Facilities:</b></p> <p>All Interconnection Facilities that are not Customer Interconnection Facilities and that, after the transfer under Section 5.5 of Appendix 2 to Attachment P of the PJM Tariff to the Interconnected Transmission Owner of title to any Transmission Owner Interconnection</p>	<p>interconnection; 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.</p> <p><b>System Protection Facilities:</b></p> <p><u>“System Protection Facilities” shall mean</u> <del>t</del>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 Customer Facility, and (ii) the Customer 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 Customer Facility.</p> <p><b>Tangible Net Worth:</b></p> <p><u>“Tangible Net Worth” shall mean</u> <del>is</del> all assets (not including any intangible assets such as goodwill) less all liabilities. Any such calculation may be reduced by PJM Settlement upon review of the available financial information.</p> <p><b>Third-Party Sale:</b></p>

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		<p>Facilities that the Interconnection Customer constructed, are owned, controlled, operated and maintained by the Interconnected Transmission Owner on the Interconnected Transmission Owner’s side of the Point of Interconnection identified in appendices to the Interconnection Service Agreement and to 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 Customer Facility with the Transmission System or interconnected distribution facilities.</p> <p><b>Transmission Provider:</b></p> <p>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:</p> <p>(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;</p> <p>(b) Each Transmission Owner shall physically operate and maintain all of the facilities that it owns; and</p> <p>(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</p>	<p><b>“Third-Party Sale” shall mean a</b>Any sale for resale in interstate commerce to a Power Purchaser that is not designated as part of Network Load under the Network Integration Transmission Service but not including a sale of energy through the PJM Interchange Energy Market established under the PJM Operating Agreement.</p> <p><b>Total Net Obligation:</b></p> <p><b>“Total Net Obligation” shall mean is</b>-all unpaid billed Net Obligations plus any unbilled Net Obligation incurred to date, as determined by PJMSettlement on a daily basis, plus any other Obligations owed to PJMSettlement at the time.</p> <p><b>Total Net Sell Position:</b></p> <p><b>“Total Net Sell Position” shall mean is</b> all unpaid billed Net Sell Positions plus any unbilled Net Sell Positions accrued to date, as determined by PJMSettlement on a daily basis.</p> <p><b>Transmission Customer:</b></p> <p><b>“Transmission Customer “ shall mean a</b>Any Eligible Customer (or its Designated Agent) that (i) executes a Service Agreement, or (ii) requests in writing that the Transmission Provider file with the Commission, a proposed unexecuted Service Agreement to receive transmission service under Part II of the Tariff. This term is used in the Part I Common Service Provisions and in Part VI to include customers receiving transmission service under Part II and Part III of this Tariff.</p> <p>Where used in Attachment K-Appendix of the Tariff or Schedule 1 of the Operating</p>

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		<p>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.</p> <p><b>Transmission Provider’s Monthly Transmission System Peak:</b></p> <p>The maximum firm usage of the Transmission Provider’s Transmission System in a calendar month.</p> <p><b>Transmission Service:</b></p> <p>Point-To-Point Transmission Service provided under Part II of the Tariff on a firm and non-firm basis.</p> <p><b>Transmission Service Request:</b></p> <p>A request for Firm Point-To-Point Transmission Service or a request for Network Integration Transmission Service.</p> <p><b>Transmission System:</b></p> <p>The facilities controlled or operated by the Transmission Provider within the PJM Region that are used to provide transmission service under Part II and Part III of the Tariff.</p> <p><b>Transmission Withdrawal Rights:</b></p> <p>Firm Transmission Withdrawal Rights and Non-Firm Transmission Withdrawal Rights.</p>	<p>Agreement, Transmission Customer shall mean an entity using Point-to-Point Transmission Service.</p> <p><b>Transmission Facilities</b></p> <p><u>“Transmission Facilities”</u> shall have the meaning set forth in the Operating Agreement.</p> <p><b>Transmission Injection Rights:</b></p> <p><u>“Transmission Injection Rights” shall mean</u> Capacity Transmission Injection Rights and Energy Transmission Injection Rights.</p> <p><b>Transmission Interconnection Customer:</b></p> <p><u>“Transmission Interconnection Customer” shall mean a</u>An entity that submits an Interconnection 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 or an entity 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 Schedule 6 of the Operating Agreement).</p> <p><b>Transmission Interconnection Facilities Study:</b></p> <p><u>“Transmission Interconnection Facilities Study” shall mean a</u>A Facilities Study related to a</p>

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		<p><b>Uncleared Bid Exposure:</b></p> <p>Uncleared Bid Exposure is a measure of exposure from Increment Offers and Decrement Bids activity relative to a Participant’s established credit as defined in this policy. It is used only as a pre-screen to determine whether a Participant’s Increment Offers and Decrement Bids should be subject to Increment Offer and Decrement Bid Screening.</p> <p><b>Unsecured Credit:</b></p> <p>Unsecured Credit is any credit granted by PJMSettlement to a Participant that is not secured by a form of Financial Security.</p> <p><b>Unsecured Credit Allowance:</b></p> <p>Unsecured Credit Allowance is Unsecured Credit extended by PJMSettlement in an amount determined by PJMSettlement’s evaluation of the creditworthiness of a Participant. This is also defined as the amount of credit that a Participant qualifies for based on the strength of its own financial condition without having to provide Financial Security. See also: “Working Credit Limit.”</p> <p><b>Upgrade Construction Service Agreement:</b></p> <p>That agreement entered into by an Eligible Customer, Upgrade Customer or Interconnection Customer proposing Merchant Network Upgrades, a Transmission Owner, and the Transmission Provider, pursuant to Subpart B of Part VI of the Tariff, and in the form set forth in Attachment GG of the Tariff.</p>	<p>Transmission Interconnection Request.</p> <p><b>Transmission Interconnection Feasibility Study:</b></p> <p><u>“Transmission Interconnection Feasibility Study” shall mean a</u>A study conducted by the Transmission Provider in accordance with Section 36.2 of the Tariff.</p> <p><b>Transmission Interconnection Request:</b></p> <p><u>“Transmission Interconnection Request” shall mean a</u>A request by a Transmission Interconnection Customer pursuant to Part IV of the Tariff 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.</p> <p><b>Transmission Owner:</b></p> <p><u>“Transmission Owner” shall mean e</u>Each entity that owns, leases or otherwise has a possessory interest in facilities used for the transmission of electric energy in interstate commerce under the Tariff. The Transmission Owners are listed in Attachment L.</p> <p><b>Transmission Owner Attachment Facilities:</b></p> <p><u>“Transmission Owner Attachment Facilities” shall mean t</u>That portion of the Transmission Owner Interconnection Facilities comprised of all Attachment Facilities on the Interconnected Transmission Owner’s side of the Point of Interconnection.</p>

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		<p><b>Upgrade Customer:</b></p> <p>A customer that submits an Upgrade Request pursuant to Section 7.8 of Schedule 1 of the Operating Agreement.</p> <p><b>Upgrade-Related Rights:</b></p> <p>Incremental Auction Revenue Rights, Incremental Available Transfer Capability Revenue Rights, Incremental Deliverability Rights, and Incremental Capacity Transfer Rights.</p> <p><b>Upgrade Request:</b></p> <p>A request submitted in the form prescribed in Attachment EE of the Tariff, 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 Section 7.8 of Schedule 1 of the Operating Agreement.</p> <p><b>Up-to Congestion Counterflow Transaction:</b></p> <p>An Up-to Congestion Transaction will be deemed an Up-to Congestion Counterflow Transaction if the following value is negative: (a) when bidding, the lower of the bid price and the prior Up-to Congestion Historical Month’s average real-time value for the transaction; or (b) for cleared Virtual Transactions, the cleared day-ahead price of the Virtual Transactions.</p>	<p><b>Transmission Owner Interconnection Facilities:</b></p> <p><u>“Transmission Owner Interconnection Facilities” shall mean a</u>All Interconnection Facilities that are not Customer Interconnection Facilities and that, after the transfer under Section 5.5 of Appendix 2 to Attachment P of the PJM Tariff to the Interconnected Transmission Owner of title to any Transmission Owner Interconnection Facilities that the Interconnection Customer constructed, are owned, controlled, operated and maintained by the Interconnected Transmission Owner on the Interconnected Transmission Owner’s side of the Point of Interconnection identified in appendices to the Interconnection Service Agreement and to 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 Customer Facility with the Transmission System or interconnected distribution facilities.</p> <p><b>Transmission Provider:</b></p> <p>The <u>“Transmission Provider”</u> shall be the Office of the Interconnection for all purposes, provided that the Transmission Owners will have the responsibility for the following specified activities:</p> <p>(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;</p>

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		<p><b>Up-to Congestion Historical Month:</b></p> <p>An Up-to Congestion Historical Month is a consistently-defined historical period nominally one month long that is as close to a calendar month as PJM determines is practical.</p> <p><b>Up-to Congestion Prevailing Flow Transaction:</b></p> <p>An Up-to Congestion Transaction will be deemed an Up-to Congestion Prevailing Flow Transaction if it is not an Up-to Congestion Counterflow Transaction.</p> <p><b>Up-to Congestion Reference Price:</b></p> <p>The Up-to Congestion Reference Price for an Up-to Congestion Transaction is the specified percentile price differential between source and sink (defined as sink price minus source price) for hourly real-time prices experienced over the prior Up-to Congestion Historical Month, averaged with the same percentile value calculated for the second prior Up-to Congestion Historical Month. Up-to Congestion Reference Prices shall be calculated using the following historical percentiles:</p> <p style="padding-left: 40px;">For Up-to Congestion Prevailing Flow Transactions: 30<sup>th</sup> percentile</p> <p style="padding-left: 40px;">For Up-to Congestion Counterflow Transactions when bid: 20<sup>th</sup> percentile</p> <p style="padding-left: 40px;">For Up-to Congestion Counterflow Transactions when cleared: 5<sup>th</sup> percentile</p> <p><b>Virtual Credit Exposure:</b></p>	<p>(b) Each Transmission Owner shall physically operate and maintain all of the facilities that it owns; and</p> <p>(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.</p> <p><b>Transmission Provider’s Monthly Transmission System Peak:</b></p> <p><u>“Transmission Provider’s Monthly Transmission System Peak” shall mean</u> <del>t</del>the maximum firm usage of the Transmission Provider’s Transmission System in a calendar month.</p> <p><b>Transmission Service:</b></p> <p><u>“Transmission Service” shall mean</u> Point-To-Point Transmission Service provided under Part II of the Tariff on a firm and non-firm basis.</p> <p><b>Transmission Service Request:</b></p> <p><u>“Transmission Service Request” shall mean</u> <del>a</del>A request for Firm Point-To-Point Transmission Service or a request for Network Integration Transmission Service.</p> <p><b>Transmission System:</b></p>



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		<p>Virtual Credit Exposure is the amount of potential credit exposure created by a market participant's bid submitted into the Day-ahead market, as defined in this policy.</p> <p><b>Virtual Transaction Screening:</b> Virtual Transaction Screening is the process of reviewing the Virtual Credit Exposure of submitted Virtual Transactions against the Credit Available for Virtual Transactions. If the credit required is greater than credit available, then the Virtual Transactions will not be accepted.</p> <p><b>Virtual Transactions Net Activity:</b> Virtual Transactions Net Activity shall mean the aggregate net total, resulting from Virtual Transactions, of (i) Spot Market Energy charges, (ii) Transmission Congestion Charges, and (iii) Transmission Loss Charges, calculated as set forth in Attachment K-Appendix. Virtual Transactions Net Activity may be positive or negative.</p> <p><b>Wholesale Transaction:</b> As used in Part IV of the Tariff, "Wholesale Transaction" means any transaction involving the transmission or sale for resale of electricity in interstate commerce that utilizes any portion of the Transmission System.</p> <p><b>Working Credit Limit:</b> Working Credit Limit amount is 75% of the Market Participant's Unsecured Credit Allowance and/or 75% of the Financial Security provided by the Market Participant to PJMSettlement. The Working Credit Limit establishes the maximum amount of Total Net Obligation that a Market Participant may have outstanding at any time. The calculation of Working Credit Limit shall take into account applicable reductions for Minimum Participation Requirements, FTR, or other credit requirement determinants as defined in this policy.</p>	<p><u>"Transmission System" shall mean</u> <del>the</del> The facilities controlled or operated by the Transmission Provider within the PJM Region that are used to provide transmission service under Part II and Part III of the Tariff.</p> <p><b>Transmission Withdrawal Rights:</b> <u>"Transmission Withdrawal Rights" shall mean</u> Firm Transmission Withdrawal Rights and Non-Firm Transmission Withdrawal Rights.</p> <p><b>Uncleared Bid Exposure:</b> <u>"Uncleared Bid Exposure" shall be</u> <del>is</del> a measure of exposure from Increment Offers and Decrement Bids activity relative to a Participant's established credit as defined in this policy. It is used only as a pre-screen to determine whether a Participant's Increment Offers and Decrement Bids should be subject to Increment Offer and Decrement Bid Screening.</p> <p><b>Unsecured Credit:</b> <u>"Unsecured Credit" shall mean</u> <del>is</del> any credit granted by PJMSettlement to a Participant that is not secured by a form of Financial Security.</p> <p><b>Unsecured Credit Allowance:</b> <u>"Unsecured Credit Allowance" shall mean</u> <del>is</del> Unsecured Credit extended by PJMSettlement in an amount determined by PJMSettlement's evaluation of the creditworthiness of a Participant. This is also defined as the amount of credit that a Participant qualifies for based on the strength of its own financial condition without having to provide Financial Security.</p>

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		<p><b>Working Credit Limit for Virtual Transactions:</b>                      The Working Credit Limit for Virtual Transactions shall be calculated as 75% of the Market Participant’s Unsecured Credit Allowance and/or 75% of the Financial Security provided by the Market Participant to PJMSettlement when the Market Participant is at or below its Peak Market Activity credit requirements as specified in section II.D of this Credit Policy. When the Market Participant provides additional Unsecured Credit Allowance and/or Financial Security in excess of its Peak Market Activity credit requirements, such additional Unsecured Credit Allowance and/or Financial Security shall not be discounted by 25% when calculating the Working Credit Limit for Virtual Transactions. The Working Credit Limit for Virtual Transactions is a component in the calculation of Credit Available for Virtual Transactions. The calculation of Working Credit Limit for Virtual Transactions shall take into account applicable reductions for Minimum Participation Requirements, FTR, or other credit requirement determinants as defined in this policy</p> <p><b>Zone:</b>                      An area within the PJM Region, as set forth in Attachment J.</p> <p><b>Zone Network Load:</b>                      Network Load that is located inside of the area comprised of the PJM Region.</p>	<p>See also: “Working Credit Limit.”</p> <p><b>Upgrade Construction Service Agreement:</b>  <u>“Upgrade Construction Service Agreement” shall mean t</u>That agreement entered into by an Eligible Customer, Upgrade Customer or Interconnection Customer proposing Merchant Network Upgrades, a Transmission Owner, and the Transmission Provider, pursuant to Subpart B of Part VI of the Tariff, and in the form set forth in Attachment GG of the Tariff.</p> <p><b>Upgrade Customer:</b>  <u>“Upgrade Customer” shall mean a</u>A customer that submits an Upgrade Request pursuant to Section 7.8 of Schedule 1 of the Operating Agreement.</p> <p><b>Upgrade-Related Rights:</b>  <u>“Upgrade-Related Rights” shall mean</u> Incremental Auction Revenue Rights, Incremental Available Transfer Capability Revenue Rights, Incremental Deliverability Rights, and Incremental Capacity Transfer Rights.</p> <p><b>Upgrade Request:</b>  <u>“Upgrade Request” shall mean a</u>A request submitted in the form prescribed in Attachment EE of the Tariff, 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</p>

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			<p>Section 7.8 of Schedule 1 of the Operating Agreement.</p> <p><b>Up-to Congestion Counterflow Transaction:</b></p> <p>An “<u>Up-to Congestion Counterflow Transaction</u>” <u>shall mean</u> an Up-to Congestion Transaction <del>will be</del> deemed <u>to be</u> an Up-to Congestion Counterflow Transaction <del>if</del> <u>when</u> the following value is negative: (a) when bidding, the lower of the bid price and the prior Up-to Congestion Historical Month’s average real-time value for the transaction; or (b) for cleared Virtual Transactions, the cleared day-ahead price of the Virtual Transactions.</p> <p><b>Up-to Congestion Historical Month:</b></p> <p>An “Up-to Congestion Historical Month” <u>shall mean</u> <del>is</del> a consistently-defined historical period nominally one month long that is as close to a calendar month as PJM determines is practical.</p> <p><b>Up-to Congestion Prevailing Flow Transaction:</b></p> <p>An “Up-to Congestion Transaction” <u>shall</u> <del>will</del> be deemed an Up-to Congestion Prevailing Flow Transaction if it is not an Up-to Congestion Counterflow Transaction.</p> <p><b>Up-to Congestion Reference Price:</b></p> <p>The “Up-to Congestion Reference Price” <u>shall mean</u>, for an Up-to Congestion Transaction, <u>is</u> the specified percentile price differential between source and sink (defined as sink price minus source price) for hourly real-time prices experienced over the prior Up-to Congestion Historical Month, averaged with the same percentile value calculated for the second prior</p>

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			<p>Up-to Congestion Historical Month. Up-to Congestion Reference Prices shall be calculated using the following historical percentiles:</p> <p style="padding-left: 40px;">For Up-to Congestion Prevailing Flow Transactions: 30<sup>th</sup> percentile</p> <p style="padding-left: 40px;">For Up-to Congestion Counterflow Transactions when bid: 20<sup>th</sup> percentile</p> <p style="padding-left: 40px;">For Up-to Congestion Counterflow Transactions when cleared: 5<sup>th</sup> percentile</p> <p><b>Virtual Credit Exposure:</b></p> <p>“Virtual Credit Exposure” <del>shall mean</del> <b>is</b> the amount of potential credit exposure created by a market participant’s bid submitted into the Day-ahead market, as defined in this policy.</p> <p><b>Virtual Transaction Screening:</b></p> <p>“Virtual Transaction Screening” <del>shall mean</del> <b>is</b> the process of reviewing the Virtual Credit Exposure of submitted Virtual Transactions against the Credit Available for Virtual Transactions. If the credit required is greater than credit available, then the Virtual Transactions will not be accepted.</p> <p><b>Virtual Transactions Net Activity:</b></p> <p>“Virtual Transactions Net Activity” shall mean the aggregate net total, resulting from Virtual Transactions, of (i) Spot Market Energy charges, (ii) Transmission Congestion Charges, and (iii) Transmission Loss Charges, calculated as set forth in Attachment K-Appendix. Virtual Transactions Net Activity may be positive or negative.</p> <p><b>Wholesale Transaction:</b></p>

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			<p>As used in Part IV of the Tariff, “Wholesale Transaction” <u>shall</u> <del>means</del> any transaction involving the transmission or sale for resale of electricity in interstate commerce that utilizes any portion of the Transmission System.</p> <p><b>Working Credit Limit:</b>  <u>“Working Credit Limit” shall mean an</u> amount <u>that</u> is 75% of the Market Participant’s Unsecured Credit Allowance and/or 75% of the Financial Security provided by the Market Participant to PJMSettlement. The Working Credit Limit establishes the maximum amount of Total Net Obligation that a Market Participant may have outstanding at any time. The calculation of Working Credit Limit shall take into account applicable reductions for Minimum Participation Requirements, FTR, or other credit requirement determinants as defined in this policy.</p> <p><b>Working Credit Limit for Virtual Transactions:</b>  The <u>“Working Credit Limit for Virtual Transactions”</u> shall be calculated as 75% of the Market Participant’s Unsecured Credit Allowance and/or 75% of the Financial Security provided by the Market Participant to PJMSettlement when the Market Participant is at or below its Peak Market Activity credit requirements as specified in section II.D of this Credit Policy. When the Market Participant provides additional Unsecured Credit Allowance and/or Financial Security in excess of its Peak Market Activity credit requirements, such additional Unsecured Credit Allowance and/or Financial Security shall not be discounted by 25% when calculating the Working Credit Limit for Virtual Transactions. The Working Credit Limit for Virtual Transactions is a component in the calculation of Credit Available for Virtual Transactions. The calculation of Working Credit Limit for Virtual Transactions shall take into account applicable reductions for Minimum Participation Requirements, FTR, or other credit requirement determinants as defined in this policy</p> <p><b>Zone:</b></p>

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			<p><del>“Zone” shall mean a</del>An area within the PJM Region, as set forth in Attachment J.</p> <p><b>Zone Network Load:</b>  <del>“Zone Network Load” shall mean</del> Network Load that is located inside of the area comprised of the PJM Region.</p>
1.	RAA, article 1 (Definitions)	<p><b>Capacity Emergency Transfer Objective (“CETO”):</b>            Capacity Emergency Transfer Objective (“CETO”) shall mean the amount of electric energy that a given area must be able to import in order to remain within a loss of load expectation of one event in 25 years when the area is experiencing a localized capacity emergency, as determined in accordance with the PJM Manuals. Without limiting the foregoing, CETO shall be calculated based in part on EFORD determined in accordance with Paragraph C of Schedule 5.</p> <p><b>Capacity Emergency Transfer Limit (“CETL”):</b>            Capacity Emergency Transfer Limit (“CETL”) shall mean the capability of the transmission system to support deliveries of electric energy to a given area experiencing a localized capacity emergency as determined in accordance with the PJM Manuals.</p> <p><b>Compliance Aggregation Area (CAA):</b>            “Compliance Aggregation Area” or “CAA” shall have the same meaning as in the PJM Tariff.</p> <p><b>Demand Resource:</b>            Demand Resource or “DR” shall mean a Limited Demand Resource, Extended Summer Demand Resource, Annual Demand Resource, or Base Capacity Demand Resource with a demonstrated capability to provide a reduction in demand or otherwise control load in accordance with the requirements of Schedule 6 that offers and that clears load reduction</p>	<p><b>Capacity Emergency Transfer Objective (“CETO”):</b>            Capacity Emergency Transfer Objective <del>or (“CETO”)</del> shall mean the amount of electric energy that a given area must be able to import in order to remain within a loss of load expectation of one event in 25 years when the area is experiencing a localized capacity emergency, as determined in accordance with the PJM Manuals. Without limiting the foregoing, CETO shall be calculated based in part on EFORD determined in accordance with Paragraph C of Schedule 5.</p> <p><b>Capacity Emergency Transfer Limit (“CETL”):</b>            Capacity Emergency Transfer Limit <del>or (“CETL”)</del> shall mean the capability of the transmission system to support deliveries of electric energy to a given area experiencing a localized capacity emergency as determined in accordance with the PJM Manuals.</p> <p><del>“</del> <del>“</del>  <b>Compliance Aggregation Area (CAA):</b>  <del>“Compliance Aggregation Area” or “CAA”</del> shall have the same meaning as in the PJM Tariff.</p> <p><b>Demand Resource (DR):</b>            Demand Resource or <del>“DR”</del> shall mean a Limited Demand Resource, Extended Summer Demand Resource, Annual Demand Resource, or Base Capacity Demand Resource with a demonstrated capability to provide a reduction in demand or otherwise control load in accordance with the requirements of Schedule 6 that offers and that clears load reduction</p>



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		<p>capability in a Base Residual Auction or Incremental Auction or that is committed through an FRR Capacity Plan.</p> <p><b>Incremental Auction:</b> Incremental Auction shall mean the First Incremental Auction, the Second Incremental Auction, the Third Incremental Auction, or the Conditional Incremental Auction.</p> <p><b>PJM Tariff:</b> “PJM Tariff” or “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.</p> <p><b>Small Commercial Customer:</b> “Small Commercial Customer” shall have the same meaning as in the PJM Tariff.</p>	<p>capability in a Base Residual Auction or Incremental Auction or that is committed through an FRR Capacity Plan.</p> <p><b>Incremental Auction:</b> Incremental Auction shall mean the First Incremental Auction, the Second Incremental Auction, the Third Incremental Auction, or the Conditional Incremental Auction. <span style="color: red;">[Note: this revision is to delete the tab so the wording is aligned to the left]</span></p> <p><b>PJM Tariff (<u>Tariff</u>):</b> <del>“PJM Tariff” or “Tariff”</del> shall mean that certain <del>“PJM Open Access Transmission Tariff ,</del> including any schedules, appendices, or exhibits attached thereto, on file with FERC and as amended from time to time thereafter.</p> <p><b>Small Commercial Customer:</b> <del>“Small Commercial Customer”</del> shall have the same meaning as in the PJM Tariff.</p>