

Tariff, Part VIII, Subpart A.1 Definitions

Abnormal Condition:

“Abnormal Condition” shall mean any condition on the Interconnection Facilities which, determined in accordance with Good Utility Practice, is: (i) outside normal operating parameters such that facilities are operating outside their normal ratings or that reasonable operating limits have been exceeded; and (ii) could reasonably be expected to materially and adversely affect the safe and reliable operation of the Interconnection Facilities; but which, in any case, could reasonably be expected to result in an Emergency Condition. Any condition or situation that results from lack of sufficient generating capacity to meet load requirements or that results solely from economic conditions shall not, standing alone, constitute an Abnormal Condition.

Affected System:

“Affected System” shall mean an electric system other than the Transmission Provider’s Transmission System that may be affected by a proposed interconnection or on which a proposed interconnection or addition of facilities or upgrades may require modifications or upgrades to the Transmission System.

Affected System Customer

“Affected System Customer” shall mean the developer responsible for an Affected System Facility that requires ~~Local Upgrades or~~ Network Upgrades to Transmission Provider’s Transmission System,

Affected System Facility

“Affected System Facility” shall mean a new, expanded or upgraded generation or transmission facility outside of Transmission Provider’s Transmission System, the effect of which requires ~~Local Upgrades or~~ Network Upgrades to Transmission Provider’s Transmission System.

Affected System Operator

“Affected System Operator” shall mean an entity that operates an Affected System or, if the Affected System is under the operational control of an independent system operator or a regional transmission organization, such independent entity.

Affected System Study Agreement

“Affected System Study Agreement” shall mean the agreement set forth in Tariff, Part IX, Subpart N.

Affiliate:

“Affiliate” shall mean any two or more entities, one of which Controls the other or that are under common Control. “Control,” as that term is used in this definition, shall mean the possession, directly or indirectly, of the power to direct the management or policies of an entity. Ownership of publicly-traded equity securities of another entity shall not result in Control or affiliation for purposes of the Tariff or Operating Agreement if the securities are held as an investment, the holder owns (in its name or via intermediaries) less than ten percent (10%) of the outstanding securities of the entity, the holder does not have representation on the entity’s board of directors (or equivalent managing entity) or vice versa, and the holder does not in fact exercise influence over day-to-day management decisions. Unless the contrary is demonstrated to the satisfaction of the Members Committee, Control shall be presumed to arise from the ownership of or the power to vote, directly or indirectly, ten percent or more of the voting securities of such entity.

Ancillary Services:

“Ancillary Services” shall mean those services that are necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of the Transmission Provider’s Transmission System in accordance with Good Utility Practice.

Applicable Laws and Regulations:

“Applicable Laws and Regulations” shall mean all duly promulgated applicable federal, State and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority having jurisdiction over the relevant parties, their respective facilities, and/or the respective services they provide.

Applicable Regional Entity:

“Applicable Regional Entity” shall mean the Regional Entity for the region in which a Network Customer, Transmission Customer, Project Developer, Eligible Customer, or Transmission Owner operates.

Applicable Standards:

“Applicable Standards” shall mean the requirements and guidelines of NERC, the Applicable Regional Entity, the Control Area in which the Generating Facility or Merchant Transmission Facility is electrically located and the Transmission Owner FERC Form No. 715 –Annual Transmission Planning and Evaluation Report for each Applicable Regional Entity; the PJM Manuals; and Applicable Technical Requirements and Standards.

Applicable Technical Requirements and Standards:

“Applicable Technical Requirements and Standards” shall mean those certain technical requirements and standards applicable to interconnections of generation and/or transmission facilities with the facilities of an Transmission Owner or, as the case may be and to the extent applicable, of an Electric Distributor, as published by Transmission Provider in a PJM Manual. All Applicable Technical Requirements and Standards shall be publicly available through postings on Transmission Provider’s internet website.

Application and Studies Agreement:

“Application and Studies Agreement” shall mean the application that must be submitted by a Project Developer or Eligible Customer that seeks to initiate a New Service Request, a form of which is set forth in Tariff, Part VIII, Subpart A. An Application and Studies Agreement must be submitted electronically through PJM’s web site in accordance with PJM’s Manuals.

Application Deadline:

“Application Deadline” shall mean the Cycle deadline for submitting a Completed New Service Request, as set forth in Tariff, Part VIII, section **[to be provided]**. If Project Developer’s or Eligible Customer’s Completed New Service Request is received by Transmission Provider after a particular Cycle deadline, such Completed New Service Request shall automatically be considered as part of the immediate subsequent Cycle.

Application Phase:

“Application Phase” shall mean the Cycle period encompassing both the submission and review of New Service Requests as set forth in Tariff, Part VIII, section **[to be provided]**.

Behind The Meter Generation:

“Behind The Meter Generation” shall refer to a generation unit that delivers energy to load without using the Transmission System or any distribution facilities (unless the entity that owns or leases the distribution facilities has consented to such use of the distribution facilities and such consent has been demonstrated to the satisfaction of the Office of the Interconnection); provided, however, that Behind The Meter Generation does not include (i) at any time, any portion of such generating unit’s capacity that is designated as a Generation Capacity Resource; or (ii) in an hour, any portion of the output of such generating unit that is sold to another entity for consumption at another electrical location or into the PJM Interchange Energy Market.

Breach:

“Breach” shall mean the failure of a party to perform or observe any material term or condition of the Tariff, Part VIII, or any agreement entered into thereunder as described in the relevant provisions of such agreement.

Breaching Party:

“Breaching Party” shall mean a party that is in Breach of the Tariff, Part VIII and/or an agreement entered into thereunder.

Business Day:

“Business Day” shall mean a day ending at 5 pm Eastern prevailing time in which the Federal Reserve System is open for business and is not a scheduled PJM holiday.

Cancellation Costs:

“Cancellation Costs” shall mean costs and liabilities incurred in connection with: (a) cancellation of supplier and contractor written orders and agreements entered into to design, construct and install Transmission Owner Interconnection Facilities, and/or Customer-Funded Upgrades, and/or (b) completion of some or all of the required Transmission Owner Interconnection Facilities, and/or Customer-Funded Upgrades, or specific unfinished portions and/or removal of any or all of such facilities which have been installed, to the extent required for the Transmission Provider and/or Transmission Owner(s) to perform their respective obligations under the Tariff, Part VIII. Cancellation costs may include costs for Customer-Funded Upgrades assigned to Project Developer or Eligible Customer, in accordance with the Tariff and as reflected in this GIA, that remain the responsibility of Project Developer or Eligible Customer under the Tariff, even if such New Service Request is terminated or withdrawn.

Capacity:

“Capacity” shall mean the installed capacity requirement of the Reliability Assurance Agreement or similar such requirements as may be established.

Capacity Interconnection Rights:

“Capacity Interconnection Rights” shall mean the rights to input generation as a Generation Capacity Resource into the Transmission System at the Point of Interconnection.

Capacity Resource:

“Capacity Resource” shall have the meaning provided in the Reliability Assurance Agreement.

Commencement Date:

“Commencement Date” shall mean the date on which Interconnection Service commences in accordance with a Generation Interconnection Agreement.

Common Use Upgrade:

“Common Use Upgrade” or “CUU” shall mean an Interconnection Facility, Network Upgrade and/or Distribution Upgrade that is needed for the interconnection of Generating Facilities of more than one Project Developer or Eligible Customer and which is the shared responsibility of such Project Developers or Eligible Customers.

Completed New Service Request:

“Completed New Service Request” shall mean an application that satisfies all of the information and other requirements of the Tariff, including any required deposit(s). A Completed New Service Request, if accepted upon review, shall become a Valid New Service Request.

Confidential Information:

“Confidential Information” shall mean any confidential, proprietary, or trade secret information of a plan, specification, pattern, procedure, design, device, list, concept, policy, or compilation relating to the present or planned business of a Project Developer, Eligible Customer, Transmission Owner, or other Interconnection Party or Construction Party, which is designated as confidential by the party supplying the information, whether conveyed verbally, electronically, in writing, through inspection, or otherwise, and shall include, without limitation, all information relating to the producing party’s technology, research and development, business affairs and pricing, and any information supplied by any Project Developer, Eligible Customer, Transmission Owner, or other Interconnection Party or Construction Party to another such party prior to the execution of an Generation Interconnection Agreement or a Construction Service Agreement.

Consolidated Transmission Owners Agreement, PJM Transmission Owners Agreement or Transmission Owners Agreement:

“Consolidated Transmission Owners Agreement,” “PJM Transmission Owners Agreement” or “Transmission Owners Agreement” shall mean the certain Consolidated Transmission Owners Agreement dated as of December 15, 2005, by and among the Transmission Owners and by and between the Transmission Owners and PJM Interconnection, L.L.C. on file with the Commission, as amended from time to time.

Constructing Entity:

“Constructing Entity” shall mean either the Transmission Owner, Project Developer or Eligible Customer, depending on which entity has the construction responsibility

pursuant to the Tariff, Part VIII and the applicable GIA or Construction Service Agreement; this term shall also be used to refer to a Project Developer or Eligible Customer with respect to the construction of the Interconnection Facilities.

Construction Party:

“Construction Party” shall mean a party to a Construction Service Agreement, or a party to a GIA that requires activities pursuant to a GIA. “Construction Parties” shall mean all of the Parties to a Construction Service Agreement, Multi-Party Facilities Construction Agreement, or a GIA that requires activities pursuant to a GIA.

Construction Service Agreement:

“Construction Service Agreement” shall mean either an Interconnection Construction Service Agreement, Multi-Party Facilities Construction Agreement or Upgrade Construction Service Agreement.

Contingent Facilities:

“Contingent Facilities” shall mean those unbuilt Interconnection Facilities and Network Upgrades upon which the Interconnection Request’s costs, timing, and study findings are dependent and, if delayed or not built, could cause a need for restudies of the Interconnection Request or a reassessment of the Interconnection Facilities and/or Network Upgrades and/or costs and timing.

Control Area:

“Control Area” shall mean an electric power system or combination of electric power systems bounded by interconnection metering and telemetry to which a common automatic generation control scheme is applied in order to:

- (1) match the power output of the generators within the electric power system(s) and energy purchased from entities outside the electric power system(s), with the load within the electric power system(s);
- (2) maintain scheduled interchange with other Control Areas, within the limits of Good Utility Practice;
- (3) maintain the frequency of the electric power system(s) within reasonable limits in accordance with Good Utility Practice; and
- (4) provide sufficient generating capacity to maintain operating reserves in accordance with Good Utility Practice.

Controllable A.C. Merchant Transmission Facilities:

“Controllable A.C. Merchant Transmission Facilities” shall mean transmission facilities that (1) employ technology which Transmission Provider reviews and verifies will permit control of the amount and/or direction of power flow on such facilities to such extent as to effectively enable the controllable facilities to be operated as if they were direct current transmission facilities, and (2) that are interconnected with the Transmission System pursuant to the Tariff, Part VIII.

Cost Responsibility Agreement:

“Cost Responsibility Agreement” shall mean a form of agreement applicable between Transmission Provider and a Project Developer, intended to be provide the terms and conditions for the Transmission Provider to perform certain modeling, studies or analysis to determine whether the Project Developer may enter into a GIA with PJM and the Transmission Owner. A form of the Cost Responsibility Agreement is set forth in Tariff, Part IX, Subpart E.

Costs:

As used in the Tariff, Part VIII and related agreements and attachments, “Costs” shall mean costs and expenses, as estimated or calculated, as applicable, including, but not limited to, capital expenditures, if applicable, and overhead, return, and the costs of financing and taxes and any Incidental Expenses.

Customer-Funded Upgrade:

“Customer-Funded Upgrade” shall mean any Network Upgrade, Distribution Upgrade, or Merchant Network Upgrade for which cost responsibility (i) is imposed on a Project Developer or Eligible Customer pursuant to Tariff, Part VIII. Section **[to be provided]**, or (ii) is voluntarily undertaken by an Upgrade Customer in fulfillment of an Upgrade Request. No Network Upgrade, Distribution Upgrade or Merchant Network Upgrade or other transmission expansion or enhancement shall be a Customer-Funded Upgrade if and to the extent that the costs thereof are included in the rate base of a public utility on which a regulated return is earned.

Cycle:

“Cycle” shall mean that period of time between the start of an Application phase and conclusion of the corresponding Final Agreement Negotiation Phase. The Cycle consists of the Application Phase, Phase I, Decision Point I, Phase II, Decision Point II, Phase III, Decision Point III, and the Final Agreement Negotiation Phase.

Cycle Window

Decision Point I:

“Decision Point I” shall mean the time period that commences on the first Business Day

immediately following Phase I of a Cycle, and shall end within thirty (30) calendar days; however, if the thirtieth (30th) does not fall on a Business Day, this time period shall conclude on the next Business Day.

Decision Point II:

“Decision Point II” shall mean the time period that commences on the first Business Day immediately following Phase II of a Cycle, and shall end within thirty (30) calendar days; however, if the thirtieth (30th) does not fall on a Business Day, this time period shall conclude on the next Business Day.

Decision Point III:

“Decision Point III” shall mean the time period that commences on the first Business Day immediately following Phase III of a Cycle, and shall end within thirty (30) calendar days; however, if the thirtieth (30th) does not fall on a Business Day, this time period shall conclude on the next Business Day.

Default:

As used in the Generation Interconnection Agreement and Construction Service Agreement, “Default” shall mean the failure of a Breaching Party to cure its Breach in accordance with the applicable provisions of a Generation Interconnection Agreement or Construction Service Agreement.

Distribution System:

“Distribution System” shall mean the Transmission Owner’s facilities and equipment used to transmit electricity to ultimate usage points such as homes and industries directly from nearby generators or from interchanges with higher voltage transmission networks which transport bulk power over longer distances. The voltage levels at which distribution systems operate differ among areas.

Distribution Upgrades:

“Distribution Upgrades” shall mean the additions, modifications, and upgrades to the Distribution System at or beyond the Point of Interconnection to facilitate interconnection of the Generating Facility and render the delivery service necessary to affect Project Developer’s wholesale sale of electricity in interstate commerce. Distribution Upgrades do not include Interconnection Facilities.

Eligible Customer:

“Eligible Customer” shall mean:

- (i) Any electric utility (including any Transmission Owner and any power marketer),

Federal power marketing agency, or any person generating electric energy for sale for resale is an Eligible Customer under the Tariff. Electric energy sold or produced by such entity may be electric energy produced in the United States, Canada or Mexico. However, with respect to transmission service that the Commission is prohibited from ordering by Section 212(h) of the Federal Power Act, such entity is eligible only if the service is provided pursuant to a state requirement that the Transmission Provider or Transmission Owner offer the unbundled transmission service, or pursuant to a voluntary offer of such service by a Transmission Owner.

(ii) Any retail customer taking unbundled transmission service pursuant to a state requirement that the Transmission Provider or a Transmission Owner offer the transmission service, or pursuant to a voluntary offer of such service by a Transmission Owner, is an Eligible Customer under the Tariff. As used in Tariff, Part VIII, Eligible Customer shall mean only those Eligible Customers that have submitted an Application and Study Agreement.

Emergency Condition:

“Emergency Condition” shall mean a condition or situation (i) that in the judgment of any Interconnection Party is imminently likely to endanger life or property; or (ii) that in the judgment of the Transmission Owner or Transmission Provider is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the Transmission System, the Interconnection Facilities, or the transmission systems or distribution systems to which the Transmission System is directly or indirectly connected; or (iii) that in the judgment of Project Developer is imminently likely (as determined in a non-discriminatory manner) to cause damage to the Generating Facility or to the Project Developer Interconnection Facilities. System restoration and black start shall be considered Emergency Conditions, provided that a Generation Project Developer is not obligated by a Generation Interconnection Agreement to possess black start capability. Any condition or situation that results from lack of sufficient generating capacity to meet load requirements or that results solely from economic conditions shall not constitute an Emergency Condition, unless one or more of the enumerated conditions or situations identified in this definition also exists.

Energy Resource:

“Energy Resource” shall mean a Generating Facility that is not a Capacity Resource.

Energy Storage Resource:

“Energy Storage Resource” shall mean a resource capable of receiving electric energy from the grid and storing it for later injection to the grid that participates in the PJM Energy, Capacity and/or Ancillary Services markets as a Market Participant

Engineering and Procurement Agreement:

“Engineering and Procurement Agreement” shall mean an agreement that authorizes Transmission Owner to begin engineering and procurement of long lead-time items necessary for the establishment of the interconnection in order to advance the implementation of the Interconnection Request. An Engineering and Procurement Agreement is not intended to be used for the actual construction of any Interconnection Facilities or Transmission Upgrades. A form of the Engineering and Procurement Agreement is set forth in Tariff, Part IX, Subpart D.

Federal Power Act:

“Federal Power Act” shall mean the Federal Power Act, as amended, 16 U.S.C. §§ 791a, et seq.

FERC or Commission:

“FERC” or “Commission” shall mean the Federal Energy Regulatory Commission or any successor federal agency, commission or department exercising jurisdiction over the Tariff, Operating Agreement and Reliability Assurance Agreement.

Final Agreement Negotiation Phase:

“Final Agreement Negotiation Phase” shall mean the phase set forth in Tariff, Part VIII, section [to be provided] to tender, negotiate, and execute any service agreement in Tariff, Part IX.

Generating Facility:

“Generating Facility” shall mean Project Developer’s device for the production and/or storage for later injection of electricity identified in the New Service Request, but shall not include the Project Developer’s Interconnection Facilities. A Generating Facility consists of one or more generating unit(s) and/or storage device(s) which usually can operate independently and be brought online or taken offline individually.

Generation Interconnection Agreement (“GIA”):

“Generation Interconnection Agreement” (“GIA”) shall mean the form of interconnection agreement applicable to a Generation Interconnection Request or Transmission Interconnection Request. A form of the GIA is set forth in Tariff, Part IX, Subpart B.

Generation Interconnection Procedures (“GIP”):

“Generation Interconnection Procedures” (“GIP”) shall mean the interconnection procedures set forth in Tariff, Part VIII.

Generation Interconnection Request:

“Generation Interconnection Request” shall mean a request by a Generation Project Developer pursuant to Tariff, Part VIII, Part **[[to be determined]]**, to interconnect a generating unit with the Transmission System or to increase the capacity of a generating unit interconnected with the Transmission System in the PJM Region.

Generation Project Developer:

“Generation Project Developer” shall mean an entity that submits a Generation Interconnection Request to interconnect a new generation facility or to increase the capacity of an existing generation facility interconnected with the Transmission System in the PJM Region.

Generator Upgrades:

“Generator Upgrades” shall mean the additions, modifications, and upgrades to the electric system of an Existing Generating Facility or of a higher queued Generating Facility at or beyond the Point of Interconnection to facilitate interconnection of the Generating Facility and render the Transmission Service necessary to affect Project Developer’s wholesale sale of electricity in interstate commerce.

Good Utility Practice:

“Good Utility Practice” shall mean any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather is intended to include acceptable practices, methods, or acts generally accepted in the region; including those practices required by Federal Power Act, section 215(a)(4).

Governmental Authority:

“Governmental Authority” shall mean any federal, state, local or other governmental, regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, arbitrating body, or other governmental authority having jurisdiction over any Interconnection Party or Construction Party or regarding any matter relating to a Generation Interconnection Agreement or Construction Service Agreement, as applicable.

Hazardous Substances:

“Hazardous Substance” shall mean any chemicals, materials or substances defined as or included in the definition of “hazardous substances,” “hazardous wastes,” “hazardous

materials,” “hazardous constituents,” “restricted hazardous materials,” “extremely hazardous substances,” “toxic substances,” “radioactive substances,” “contaminants,” “pollutants,” “toxic pollutants” or words of similar meaning and regulatory effect under any applicable Environmental Law, or any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any applicable Environmental Law.

Incidental Expenses:

“Incidental Expenses” shall mean those expenses incidental to the performance of construction pursuant to an Interconnection Construction Service Agreement, including, but not limited to, the expense of temporary construction power, telecommunications charges, 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.

Incremental Auction Revenue Rights:

“Incremental Auction Revenue Rights” shall mean the additional Auction Revenue Rights, not previously feasible, created by the addition of Incremental Rights-Eligible Required Transmission Enhancements, Merchant Transmission Facilities, or of one or more Customer-Funded Upgrades.

Incremental Capacity Transfer Rights:

“Incremental Capacity Transfer Right” shall mean a Capacity Transfer Right allocated to a Generation Project Developer or Transmission Project Developer obligated to fund a transmission facility or upgrade, to the extent such upgrade or facility increases the transmission import capability into a Locational Deliverability Area, or a Capacity Transfer Right allocated to a Responsible Customer in accordance with Tariff, Schedule 12A.

Incremental Deliverability Rights (IDRs):

“Incremental Deliverability Rights” (“IDR”) shall mean the rights to the incremental ability, resulting from the addition of Merchant Transmission Facilities, to inject energy and capacity at a point on the Transmission System, such that the injection satisfies the deliverability requirements of a Capacity Resource. Incremental Deliverability Rights may be obtained by a generator or a Generation Project Developer, pursuant to an IDR Transfer Agreement, to satisfy, in part, the deliverability requirements necessary to obtain Capacity Interconnection Rights.

Initial Operation:

“Initial Operation” shall mean the commencement of operation of the Generating Facility and Project Developer Interconnection Facilities after satisfaction of the conditions of

Appendix 2, section 1.4 of Tariff, Part IX, Subpart B.

Interconnected Entity:

“Interconnected Entity” shall mean either the Project Developer or the Transmission Owner; Interconnected Entities shall mean both of them.

Interconnection Construction Service Agreement:

“Interconnection Construction Service Agreement” shall mean the agreement entered into by an Project Developer, Transmission Owner and the Transmission Provider pursuant to this Tariff, Part VIII in the form set forth in Tariff, Part IX, Subpart J or Subpart [for Multi-Party CSA], relating to construction of Common Use Upgrades, Distribution Upgrades, Network Upgrades, Stand Alone Network Upgrades and/or Transmission Owner Interconnection Facilities and coordination of the construction and interconnection of an associated Generating Facility.

Interconnection Facilities:

“Interconnection Facilities” shall mean the Transmission Owner’s Interconnection Facilities and the Project Developer’s Interconnection Facilities. Collectively Interconnection Facilities include all facilities and equipment between the Generating Facility and the Point of Interconnection, including any modifications, additions, or upgrades that are necessary to physically and electrically interconnect the Generating Facility to the Transmission System. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades, or Network Upgrades.

Interconnection Party:

“Interconnection Party” shall mean a Transmission Provider, Project Developer, or the Transmission Owner. Interconnection Parties shall mean all of them.

Interconnection Request:

“Interconnection Request” shall mean a Generation Interconnection Request, a Transmission Interconnection Request and/or an IDR Transfer Agreement.

Interconnection Service:

“Interconnection Service” shall mean the physical and electrical interconnection of the Generating Facility with the Transmission System pursuant to the terms of this Tariff, Part VIII and the Generation Interconnection Agreement entered into pursuant thereto by Project Developer, the Transmission Owner and Transmission Provider.

List of Approved Contractors:

“List of Approved Contractors” shall mean a list developed by each Transmission Owner and published in a PJM Manual of (a) contractors that the Transmission Owner considers to be qualified to install or construct new facilities and/or upgrades or modifications to existing facilities on the Transmission Owner’s system, provided that such contractors may include, but need not be limited to, contractors that, in addition to providing construction services, also provide design and/or other construction-related services, and (b) manufacturers or vendors of major transmission-related equipment (e.g., high-voltage transformers, transmission line, circuit breakers) whose products the Transmission Owner considers acceptable for installation and use on its system.

Load Serving Entity (LSE):

“Load Serving Entity” or “LSE” shall have the meaning specified in the Reliability Assurance Agreement.

Material Modification:

“Material Modification” shall mean, as determined through a Necessary Study, any modification to a Generation Interconnection Agreement that has a material adverse effect on the cost or timing of Interconnection Studies related to, or any Distribution Upgrades, Network Upgrades, Stand Alone Network Upgrades or Transmission Owner Interconnection Facilities needed to accommodate, any Interconnection Request with a later Cycle.

Maximum Facility Output:

“Maximum Facility Output” shall mean the maximum (not nominal) net electrical power output in megawatts, specified in the Generation Interconnection Agreement, after supply of any parasitic or host facility loads, that a Generation Project Developer’s Generating Facility is expected to produce, provided that the specified Maximum Facility Output shall not exceed the output of the proposed Generating Facility that Transmission Provider utilized in the System Impact Study.

Maximum State of Charge:

“Maximum State of Charge” shall mean the maximum State of Charge that should not be exceeded, measured in units of megawatt-hours.

Merchant A.C. Transmission Facilities:

“Merchant A.C. Transmission Facility” shall mean Merchant Transmission Facilities that are alternating current (A.C.) transmission facilities, other than those that are Controllable A.C. Merchant Transmission Facilities.

Merchant D.C. Transmission Facilities:

“Merchant D.C. Transmission Facilities” shall mean direct current (D.C.) transmission facilities that are interconnected with the Transmission System pursuant to the Tariff.

Merchant Network Upgrades:

“Merchant Network Upgrades” shall mean additions to, or modifications or replacements of, or advancement of additions to, or modifications or replacement of, physical facilities of the Transmission Owner that, on the date of the pertinent Upgrade Customer’s Upgrade Request, are part of the Transmission System or are included in the Regional Transmission Expansion Plan, but that are not already subject to an already existing, fully executed interconnection related agreement, such as a Generation Interconnection Agreement, stand-alone Construction Service Agreement, Multi-Party Facility Construction Service Agreement or Upgrade Construction Service Agreement.

Merchant Transmission Facilities:

“Merchant Transmission Facilities” shall mean A.C. or D.C. transmission facilities that are interconnected with or added to the Transmission System pursuant to the Tariff, Part VIII and that are so identified in Tariff, Attachment T, provided, however, that Merchant Transmission Facilities shall not include (i) any Project Developer Interconnection Facilities, (ii) any physical facilities of the Transmission System that were in existence on or before March 20, 2003 ; (iii) any expansions or enhancements of the Transmission System that are not identified as Merchant Transmission Facilities in the Regional Transmission Expansion Plan and Tariff, Attachment T, or (iv) any transmission facilities that are included in the rate base of a public utility and on which a regulated return is earned.

Merchant Transmission Provider:

“Merchant Transmission Provider” shall mean an Project Developer that (1) owns, controls, or controls the rights to use the transmission capability of, Merchant D.C. Transmission Facilities and/or Controllable A.C. Merchant Transmission Facilities that connect the Transmission System with another control area, (2) has elected to receive Transmission Injection Rights and Transmission Withdrawal Rights associated with such facility pursuant to this Tariff, Part VIII, Section **[to be determined]**, and (3) makes (or will make) the transmission capability of such facilities available for use by third parties under terms and conditions approved by the Commission and stated in the Tariff, consistent with Tariff, Part VIII, section **[to be determined]**.

Metering Equipment:

“Metering Equipment” shall mean all metering equipment installed at the metering points designated in the appropriate appendix to a Generation Interconnection Agreement.

Minimum State of Charge:

“Minimum State of Charge” shall mean the minimum State of Charge that should be maintained in units of megawatt-hours.

Multi-Party Interconnection Construction Service Agreement:

“Multi-Party Interconnection Construction Service Agreement” shall mean the agreement entered into by the Project Developer Parties, Transmission Owner and the Transmission Provider pursuant to this GIP, and in the form set forth in Tariff, Part IX, Subpart [], relating to construction of Common Use Upgrades and coordination of the construction and interconnection of associated Generating Facilities. In regard to Common Use Upgrades, a separate Multi-Party Construction Service Agreement will be executed with each Transmission Owner that is associated with the interconnection of a Generating Facility.

NERC:

“NERC” shall mean the North American Electric Reliability Corporation or any successor thereto.

Necessary Study Agreement:

“Necessary Study Agreement” shall mean the form of agreement for preparation of one or more Necessary Studies, as set forth in Tariff, Part IX, Subpart G.

Necessary Study:

“Necessary Study” shall be the assessment(s) undertaken by the Transmission Provider to determine whether a change to an Interconnection Request made after Decision Point I constitutes a Material Modification, or to determine whether a planned modification under Appendix 2, section 3.4.1 of Tariff, Part IX, Subpart B will have a permanent material impact on the Transmission System and to identify the additions, modifications, or replacements to the Transmission System, if any, that are necessary, in accordance with Good Utility Practice and/or to maintain compliance with Applicable Laws and Regulations or Applicable Standards, to accommodate the Planned Modifications. A form of the Necessary Study Agreement is set forth in Tariff, Part IX, Subpart G.

Network Upgrades:

“Network Upgrades” shall mean modifications or additions to transmission-related facilities that are integrated with and support the Transmission Provider's overall Transmission System for the general benefit of all users of such Transmission System. Network Upgrades shall include Stand Alone Network Upgrades which are Network Upgrades that are not part of an Affected System; only serve the Customer Interconnection Facility; and have no impact or potential impact on the Transmission

System until the final tie-in is complete. Both Transmission Provider and Project Developer must agree as to what constitutes Direct Connection Network Upgrades and identify them in the GIA, Schedule L or in the Interconnection Construction Service Agreement, Schedule D. If the Transmission Provider and Project Developer disagree about whether a particular Network Upgrade is a Stand Alone Network Upgrade, the Transmission Provider must provide the Project Developer a written technical explanation outlining why the Transmission Provider does not consider the Network Upgrade to be a Stand Alone Network Upgrade within 15 days of its determination.

New Service Request:

“New Service Request” shall mean an Interconnection Request or a Completed Application.

Nominal Rated Capability:

“Nominal Rated Capability” shall mean the nominal maximum rated capability in megawatts of a Transmission Project Developer’s Generating Facility or the nominal increase in transmission capability in megawatts of the Transmission System resulting from the interconnection or addition of a Transmission Project Developer’s Generating Facility, as determined in accordance with pertinent Applicable Standards and specified in the Generation Interconnection Agreement.

Operating Agreement of the PJM Interconnection, L.L.C., Operating Agreement or PJM Operating Agreement:

“Operating Agreement of the PJM Interconnection, L.L.C.,” “Operating Agreement” or “PJM Operating Agreement” shall mean the Amended and Restated Operating Agreement of PJM Interconnection, L.L.C. dated as of April 1, 1997 and as amended and restated as of June 2, 1997, including all Schedules, Exhibits, Appendices, addenda or supplements hereto, as amended from time to time thereafter, among the Members of the PJM Interconnection, L.L.C., on file with the Commission.

Option to Build:

“Option to Build” shall mean the option of the Project Developer to build certain Customer-Funded Upgrades, as set forth in, and subject to the terms of, the Construction Service Agreement.

Part I:

“Part I” shall mean the Tariff Definitions and Common Service Provisions contained in Tariff, Part I, sections 1 through 12A.

Part II:

“Part II” shall mean Tariff, Part II, sections 13 through 27A pertaining to Point-To-Point Transmission Service in conjunction with the applicable Common Service Provisions of Tariff, Part I and appropriate Schedules and Attachments.

Part III:

“Part III” shall mean Tariff, Part III, sections 28 through 35 pertaining to Network Integration Transmission Service in conjunction with the applicable Common Service Provisions of Tariff, Part I and appropriate Schedules and Attachments.

Part IV:

“Part IV” shall mean Tariff, Part IV, sections 36 through 112C pertaining to generation or merchant transmission interconnection to the Transmission System in conjunction with the applicable Common Service Provisions of Tariff, Part I and appropriate Schedules and Attachments.

Part VI:

“Part VI” shall mean Tariff, Part VI, sections 200 through 237 pertaining to the queuing, study, and agreements relating to New Service Requests, and the rights associated with Customer-Funded Upgrades in conjunction with the applicable Common Service Provisions of Tariff, Part I and appropriate Schedules and Attachments.

Part VII:

“Part VII” shall mean Tariff, Part VII, sections ___ through ___ pertaining to generation or merchant transmission interconnection to the Transmission System in conjunction with the applicable Common Service Provisions of Tariff, Part I and appropriate Schedules and Attachments.

Part VIII:

“Part VIII” shall mean Tariff, Part VIII, sections ___ through ___ pertaining to generation or merchant transmission interconnection to the Transmission System in conjunction with the applicable Common Service Provisions of Tariff, Part I and appropriate Schedules and Attachments.

Part IX:

“Part IX” shall mean Tariff, Part IX, Subparts A through J pertaining to generation or merchant transmission interconnection to the Transmission System in conjunction with the applicable Common Service Provisions of Tariff, Part I and appropriate Schedules and Attachments.

Parties:

“Parties” shall mean the Transmission Provider, as administrator of the Tariff, and the Transmission Customer receiving service under the Tariff. PJMSettlement shall be the Counterparty to Transmission Customers.

Phase I

“Phase I” shall start on the first Business Day immediately after the close of the Application Phase of a Cycle, but no earlier than 30 calendar days following the distribution of the Phase I System Impact Study Base Case Data. During Phase I, Transmission Provider shall conduct the Phase I System Impact Study.

Phase I System Impact Study:

“Phase I System Impact Study” shall mean System Impact Study conducted during the Phase I System Impact Study Phase.

Phase II

“Phase II” shall start on the first Business Day immediately after the close of Decision Point I Phase unless the Decision Point III of the immediately preceding Cycle is still open. In no event, shall Phase II of a Cycle commence before the conclusion of Decision Point III of the immediately preceding Cycle. During Phase II, Transmission Provider shall conduct the Phase II System Impact Study.

Phase II System Impact Study:

“Phase II System Impact Study” shall mean System Impact Study conducted during the Phase II System Impact Study Phase.

Phase III

“Phase III” shall start on the first Business Day immediately after the close of Decision Point II, unless the Final Agreement Negotiation Phase of the immediately preceding Cycle is still open. In no event shall Phase III of a Cycle commence before the conclusion of the Final Agreement Negotiation Phase of the immediately preceding Cycle. During Phase III, Transmission Provider shall conduct the Phase III System Impact Study.

Phase III System Impact Study:

“Phase III System Impact Study” shall mean System Impact Study conducted during Phase III.

PJM:

“PJM” shall mean PJM Interconnection, L.L.C., including the Office of the Interconnection as referenced in the PJM Operating Agreement. When such term is being used in the RAA it shall also include the PJM Board.

PJM Manuals:

“PJM Manuals” shall mean the instructions, rules, procedures and guidelines established by the Office of the Interconnection for the operation, planning, and accounting requirements of the PJM Region and the PJM Interchange Energy Market.

PJM Region:

“PJM Region” shall have the meaning specified in the Operating Agreement.

PJM Tariff, Tariff, O.A.T.T., OATT or PJM Open Access Transmission Tariff:

“PJM Tariff,” “Tariff,” “O.A.T.T.,” “OATT,” or “PJM Open Access Transmission Tariff” shall mean that certain PJM Open Access Transmission Tariff, including any schedules, appendices or exhibits attached thereto, on file with FERC and as amended from time to time thereafter.

Point of Change in Ownership:

“Point of Change in Ownership” shall mean shall mean the point, as set forth Schedule B of the Generation Interconnection Agreement, where the Project Developer’s Interconnection Facilities connect to the Transmission Owner’s Interconnection Facilities.

Point of Interconnection:

“Point of Interconnection” shall mean the point or points where the Interconnection Facilities connect with the Transmission System.

Project Developer:

“Project Developer” shall mean a Generation Project Developer and/or a Transmission Project Developer.

Project Developer Interconnection Facilities:

“Project Developer Interconnection Facilities” shall mean all facilities and equipment owned and/or controlled, operated and maintained by Project Developer on Project Developer’s side of the Point of Change of Ownership identified in the Schedule B of the Generation Interconnection Agreement, including any modifications, additions, or upgrades made to such facilities and equipment, that are necessary to physically and electrically interconnect the Generating Facility with the Transmission System.

Project Developer Parties:

“Project Developer Parties” shall mean collectively the Project Developers that are signatories to the Multi-Party Interconnection Construction Service Agreement and that share responsibility for the Common Use Upgrades.

Project Finance Entity:

“Project Finance Entity” shall mean: (a) a holder, trustee or agent for holders, of any component of Project Financing; or (b) any purchaser of capacity and/or energy produced by the Generating Facility to which Project Developer has granted a mortgage or other lien as security for some or all of Project Developer’s obligations under the corresponding power purchase agreement.

Provisional Interconnection Service:

“Provisional Interconnection Service” shall mean interconnection service provided by Transmission Provider associated with interconnecting the Project Developer’s Generating Facility to Transmission Provider’s Transmission System and enabling that Transmission System to receive electric energy and capacity from the Generating Facility at the Point of Interconnection.

Qualifying Facility:

“Qualifying Facility” shall mean means an electric energy generating facility that complies with the qualifying facility definition established by Public Utility Regulatory Policies Act (“PURPA”) and any FERC rules as amended from time to time (18 Code of Federal Regulations Part 292, Section 292.203 et seq.) implementing PURPA and, to the extent required to obtain or maintain Qualifying Facility status, is self-certified as a Qualifying Facility or is certified as a Qualified Facility by the FERC.

Readiness Deposit:

“Readiness Deposit” shall mean the deposit or deposits required by Tariff, Part VIII, section [to be provided].

Reasonable Efforts:

“Reasonable Efforts” shall mean, with respect to any action required to be made, attempted, or taken by an Interconnection Party under the Tariff, Part VIII, a Generation Interconnection Agreement, or a Construction Service Agreement, such efforts as are timely and consistent with Good Utility Practice and with efforts that such party would undertake for the protection of its own interests.

Regional Entity:

“Regional Entity” shall have the same meaning specified in the Operating Agreement.

Regional Transmission Expansion Plan:

“Regional Transmission Expansion Plan” shall mean the plan prepared by the Office of the Interconnection pursuant to Operating Agreement, Schedule 6 for the enhancement and expansion of the Transmission System in order to meet the demands for firm transmission service in the PJM Region.

Reliability Assurance Agreement or PJM Reliability Assurance Agreement:

“Reliability Assurance Agreement” or “PJM Reliability Assurance Agreement” shall mean that certain Reliability Assurance Agreement Among Load Serving Entities in the PJM Region, on file with FERC as PJM Interconnection L.L.C. Rate Schedule FERC No. 44, and as amended from time to time thereafter.

Schedule of Work:

“Schedule of Work” shall mean that Schedule of Work set forth in section 8.0 of a GIA, or Schedule of an ICSA, as applicable, setting forth the timing of work to be performed by the Constructing Entity(ies), based upon the System Impact Study(ies) and subject to modification, as required, in accordance with Transmission Provider’s scope change process for interconnection projects set forth in the PJM Manuals.

Scope of Work:

“Scope of Work” shall mean that scope of the work set forth in Specification section 3.0 of the GIA 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.

Secondary Systems:

“Secondary Systems” shall mean control or power circuits that operate below 600 volts, AC or DC, including, but not limited to, any hardware, control or protective devices, cables, conductors, electric raceways, secondary equipment panels, transducers, batteries, chargers, and voltage and current transformers.

Security:

“Security” shall mean the financial guaranty provided by the Project Developer, Eligible Customer or Upgrade Customer pursuant to Tariff, Part VIII, sections **[to be determined]** to secure the Project Developer’s, Eligible Customer’s or Upgrade Customer responsibility for Costs under an interconnection-related agreement set forth in Tariff, Part IX.

Service Agreement:

“Service Agreement” shall mean the initial agreement and any amendments or supplements thereto entered into by the Transmission Customer and the Transmission Provider for service under the Tariff.

Site:

“Site” shall mean all of the real property, including but not limited to any leased real property and easements, on which the Generating Facility is situated and/or on which the Project Developer Interconnection Facilities are to be located.

Site Control:

“Site Control” shall mean the evidentiary documentation provided by Project Developer in relation to a New Service Request demonstrating the requirements as set forth in the following Tariff, Part VIII, Subpart A.3 [site control requirements], and Tariff, Part VIII, Part VIII, Application Phase, Decision Point I and Decision Point III sections.

Stand Alone Network Upgrades:

“Stand Alone Network Upgrades” shall mean Network Upgrades, which are not part of an Affected System, which a Project Developer may construct without affecting day-to-day operations of the Transmission System during their construction. Transmission Provider, Transmission Owner and Project Developer must agree as to what constitutes Stand Alone Network Upgrades and identify them in Specifications section 3.0 of Appendix L of the GIA. If the Transmission Provider or Transmission Owner and Project Developer disagree about whether a particular Network Upgrade is a Stand Alone Network Upgrade, the Transmission Provider or Transmission Owner that disagrees with the Project Developer must provide the Project Developer a written technical explanation outlining why the Transmission Provider or Transmission Owner does not consider the Network Upgrade to be a Stand Alone Network Upgrade within 15 days of its determination.

State:

“State” shall mean the District of Columbia and any State or Commonwealth of the United States.

State of Charge:

“State of Charge” shall mean the operating parameter that represents the quantity of physical energy stored (measured in units of megawatt-hours) in an Energy Storage Resource Model Participant in proportion to its maximum State of Charge capability. State of Charge is quantified as defined in the PJM Manuals.

Station Power:

“Station Power” shall mean energy used for operating the electric equipment on the site of a generation facility located in the PJM Region or for the heating, lighting, air-conditioning and office equipment needs of buildings on the site of such a generation facility that are used in the operation, maintenance, or repair of the facility. Station Power does not include any energy (i) used to power synchronous condensers; (ii) used for pumping at a pumped storage facility; (iii) used in association with restoration or black start service; or (iv) that is Direct Charging Energy.

Study Deposit:

“Study Deposit” shall mean the payment in the form of cash required to initiate and fund any study provided in Tariff, Part VIII, section **[to be provided]**

Surplus Project Developer:

“Surplus Project Developer” shall mean either a Project Developer whose Generating Facility is already interconnected to the PJM Transmission System or one of its affiliates, or an unaffiliated entity that submits a Surplus Interconnection Request to utilize Surplus Interconnection Service within the Transmission System in the PJM Region.

Surplus Interconnection Request:

“Surplus Interconnection Request” shall mean a request submitted by a Surplus Project Developer, pursuant to section **[to be determined]** of this Tariff, Part VIII, to utilize Surplus Interconnection Service within the Transmission System in the PJM Region. A Surplus Interconnection Request is not a New Service Request.

Surplus Interconnection Service:

“Surplus Interconnection Service” shall mean any unneeded portion of Interconnection Service established in a Generation Interconnection Agreement, such that if Surplus Interconnection Service is utilized, the total amount of Interconnection Service at the Point of Interconnection would remain the same.

Switching and Tagging Rules:

“Switching and Tagging Rules” shall mean the switching and tagging procedures of Transmission Owners and Project Developer as they may be amended from time to time.

System Impact Study:

“System Impact Study” shall mean an assessment(s) by the Transmission Provider of (i) the adequacy of the Transmission System to accommodate a New Service Request, (ii) whether any additional costs may be incurred in order to provide such transmission service

or to accommodate a New Service Request, and (iii) an estimated date that the New Service Requests can be interconnected with the Transmission System and an estimate of the cost responsibility for the interconnection of the New Service Request; and (iv) with respect to an Upgrade Request, the estimated cost of the requested system upgrades or expansion, or of the cost of the system upgrades or expansion, necessary to provide the requested incremental rights.

System Protection Facilities:

“System Protection Facilities” shall refer to the equipment required to protect (i) the Transmission System, other delivery systems and/or other generating systems connected to the Transmission System from faults or other electrical disturbance occurring at or on the Generating Facility, and (ii) the Generating Facility from faults or other electrical system disturbance occurring on the Transmission System or on other delivery systems and/or other generating systems to which the Transmission System is directly or indirectly connected. System Protection Facilities shall include such protective and regulating devices as are identified in the Applicable Technical Requirements and Standards or that are required by Applicable Laws and Regulations or other Applicable Standards, or as are otherwise necessary to protect personnel and equipment and to minimize deleterious effects to the Transmission System arising from the Generating Facility.

Transmission Facilities:

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

Transmission Injection Rights:

“Transmission Injection Rights” shall mean Capacity Transmission Injection Rights and Energy Transmission Injection Rights.

Transmission Interconnection Request:

“Transmission Interconnection Request” shall mean a request by a Transmission Interconnection Project Developer pursuant to Tariff, Part VIII, section **[to be determined]** to interconnect or add Merchant Transmission Facilities to the Transmission System or to increase the capacity of existing Merchant Transmission Facilities interconnected with the Transmission System in the PJM Region.

Transmission Owner:

“Transmission Owner” shall mean a Member that owns or leases with rights equivalent to ownership Transmission Facilities and is a signatory to the PJM Transmission Owners Agreement. Taking transmission service shall not be sufficient to qualify a Member as a Transmission Owner.

Transmission Owner Interconnection Facilities:

“Transmission Owner Interconnection Facilities” shall mean all Interconnection Facilities that are not Project Developer Interconnection Facilities and that, after the transfer under Appendix 2, section 23.3.5 of the GIA to the Transmission Owner of title to any Transmission Owner Interconnection Facilities that the Project Developer constructed, are owned, controlled, operated and maintained by the Transmission Owner on the Transmission Owner’s side of the Point of Change of Ownership identified in appendices to the Generation Interconnection Agreement and if applicable, the Interconnection Construction Service Agreement, including any modifications, additions or upgrades made to such facilities and equipment, that are necessary to physically and electrically interconnect the Generating Facility with the Transmission System or interconnected distribution facilities.

Transmission Owner Interconnection Study:

“Transmission Owner Interconnection Study” shall the facilities study conducted by the Transmission Owner associated with Interconnection Request of the Transmission Owner Interconnection Facilities.

Transmission Owner Upgrades:

“Transmission Owner Upgrades” shall mean Distribution Upgrades, Merchant Transmission Upgrades, Network Upgrades and Stand-Alone Network Upgrades.

Transmission Project Developer:

“Transmission Project Developer” shall mean an entity that submits a request to interconnect or add Merchant Transmission Facilities to the Transmission System or to increase the capacity of Merchant Transmission Facilities interconnected with the Transmission System in the PJM Region.

Transmission Provider:

The “Transmission Provider” shall be the Office of the Interconnection for all purposes, provided that the Transmission Owners will have the responsibility for the following specified activities:

- (a) The Office of the Interconnection shall direct the operation and coordinate the maintenance of the Transmission System, except that the Transmission Owners will continue to direct the operation and maintenance of those transmission facilities that are not listed in the PJM Designated Facilities List contained in the PJM Manual on Transmission Operations;
- (b) Each Transmission Owner shall physically operate and maintain all of the facilities that it owns; and

(c) When studies conducted by the Office of the Interconnection indicate that enhancements or modifications to the Transmission System are necessary, the Transmission Owners shall have the responsibility, in accordance with the applicable terms of the Tariff, Operating Agreement and/or the Consolidated Transmission Owners Agreement to construct, own, and finance the needed facilities or enhancements or modifications to facilities.

Transmission Service:

“Transmission Service” shall mean Point-To-Point Transmission Service provided under Tariff, Part II on a firm and non-firm basis.

Transmission System:

“Transmission System” shall mean the facilities controlled or operated by the Transmission Provider within the PJM Region that are used to provide transmission service under Tariff, Part II and Part III.

Transmission Withdrawal Rights:

“Transmission Withdrawal Rights” shall mean Firm Transmission Withdrawal Rights and Non-Firm Transmission Withdrawal Rights.

Upgrade Customer:

“Upgrade Customer” shall mean an entity that submits an Upgrade Request pursuant to Operating Agreement, Schedule 1, section 7.8, and the parallel provisions of Tariff, Attachment K-Appendix, section 7.8, or that submits an Upgrade Request for Merchant Network Upgrades (including accelerating the construction of any transmission enhancement or expansion, other than Merchant Transmission Facilities, that is included in the Regional Transmission Expansion Plan prepared pursuant to Operating Agreement, Schedule 6).

Upgrade Request:

“Upgrade Request” shall mean a request submitted in the form prescribed in Tariff, Part IX, Subpart K, for evaluation by the Transmission Provider of the feasibility and estimated costs of (a) a Merchant Network Upgrade or (b) the Customer-Funded Upgrades that would be needed to provide Incremental Auction Revenue Rights specified in a request pursuant to Operating Agreement, Schedule 1, section 7.8, and the parallel provisions of Tariff, Attachment K-Appendix, section 7.8.

Valid New Service Request:

“Valid New Service Request” shall mean a New Service Request that has been determined by Transmission Provider to meet the requirements of Tariff, Part VIII, Subpart C, section A (application submission)

Valid Upgrade Request:

“Valid Upgrade Request” shall mean an Upgrade Request that has been determined by Transmission Provider to meet the requirements of Tariff, Part VIII, Subpart __, section __ (application requirements).

Wholesale Market Participant Agreement (“WMPA”):

“Wholesale Market Participant Agreement” (“WMPA”) shall mean the form of agreement intended to allow a Project Developer to to effectuate in wholesale sales in the PJM markets. A form of the WMPA is set forth in Tariff, Part IX, Subpart C.

Tariff, Part VIII, Subpart A.2
Applications for Cycle Process
Introduction

A. Introduction

a. New Cycle Process

Part VIII of the Tariff applies to valid New Service Requests submitted on or after October 1, 2021, and sets forth the procedures and other terms governing the Transmission Provider's administration of the Cycle process; procedures and other terms regarding studies and other processing of New Service Requests; the nature and timing of the agreements required in connection with the studies and construction of required facilities; and terms and conditions relating to the rights available to Project Developers and Eligible Customers. A project's priority is defined by the Cycle in which a Project Developer or Eligible Customer submits a completed New Service Request. A Cycle's priority is established by the Application deadline. A given Cycle has priority over Cycles that commence at a later date.

b. Part VIII of the Tariff applies to (a) Generation Interconnection Requests; (b) Transmission Interconnection Requests; and (c) Completed Applications.

c. A Project Developer that proposes to (i) interconnect a Generating Facility to the Transmission System in the PJM Region, (ii) increase the capability of a Generating Facility in the PJM Region, (iii) interconnect Merchant Transmission Facilities with the Transmission System; (iv) increase the capability of existing Merchant Transmission Facilities interconnected to the Transmission System, or (v) interconnect a Generating Facility to distribution facilities located in the PJM Region that are used for transmission of power in interstate commerce, and to make wholesale sales using the output of the Generating Facility, shall request interconnection with the Transmission System pursuant to, and shall comply with, the terms, conditions, and procedures set forth in Tariff, Part VIII and related portions of the PJM Manuals.

d. Required Study Deposits and Readiness Deposits.

- i. Study Deposits. Pursuant to Tariff, Part VIII, Subpart ____, section____ Application rules, each New Service Request must submit with its Application a Study Deposit, the amount of which will be determined based upon the MWs requested in such Application. Ten percent of the Study Deposit is non-refundable. Project Developer and Eligible Customers are responsible for actual study costs which may exceed the Study Deposit amount.

1. If any Study Deposit monies remain after all System Impact Studies are completed and any outstanding monies

owed by Project Developer or Eligible Customer in connection with outstanding invoices related to the present or prior New Service Requests have been paid, such remaining deposit monies shall be returned to the Project Developer or Eligible Customer at the conclusion of the required studies for the New Service Request.

- ii. Readiness Deposits. Readiness Deposits are funds committed by the Project Developer or Eligible Customer based upon the MW size of the project and, where applicable, the study results.
 1. Readiness Deposits are due at the following Phases of a Cycle:
 - a. Readiness Deposit No. 1: Application Submission
 - b. Readiness Deposit No. 2: Decision Point I; and
 - c. Readiness Deposit No. 3: Decision Point II
 2. Readiness Deposits No. 2 and/or No. 3 may equal an amount equal to or greater than zero, but may never be a negative dollar amount.
 3. Readiness Deposit refunds will be handled as follows:
 - i. If the project is withdrawn or terminated, the Readiness Deposit refunds for the project will be determined by the study phase at which the project was withdrawn or terminated, and adverse study results tests, as set forth below in Tariff, Part VIII, Subparts_____, subsections_____
 - ii. When all Cycle New Service Requests have either entered into final agreements and the Decision Point III site control requirements have been met, or have been withdrawn, remaining Readiness Deposit funds will be dispositioned as follows:
 1. Transmission Provider will incorporate all project withdraws and retool analysis results to provide a final determination on the Network Upgrades that are required for the Cycle.
 2. Underfunded Network Upgrades will be identified as those where one or more withdrawn New Service Requests that were identified as having a cost allocation in the Phase 3 analysis results. In the event that

there are no underfunded Network Upgrades, all Readiness Deposits will be refunded.

3. Readiness Deposits will be applied to underfunded Network Upgrades on a pro-rata share of funds missing from the Phase III cost allocation. In the event that all underfunded Network Upgrades are made whole relative to the withdrawn New Service Requests, remaining Readiness Deposits will be refunded on a pro-rata share.
- iii. Study Deposits and Readiness Deposits are non-transferrable. Under no circumstances may refundable or non-refundable Study Deposit or Readiness Deposit monies for a specific New Service Request be applied in whole or in part to a different New Service Request.
- e. If Project Developer is proposing a Generating Facility that will physically connect to non-jurisdictional distribution or sub-transmission facilities for the purpose of engaging in wholesale sales in the PJM markets, such Project Developer must provide additional required information and documentation associated with the non-jurisdictional arrangements, as set forth in Tariff, Part VIII, Subpart [Decision Points and 1 and 3 __ and Tariff, Part IX, Subpart __.
 - f. A Project Developer or Eligible Customer cannot combine, swap or exchange all or part of a New Service Request with any other New Service Request within the same or a different Cycle.
 - g. Prior to entering into a final agreement from Tariff, Part IX, a Project Developer or Eligible Customer may assign its New Service Request to another entity only if the acquiring entity:
 - i. as applicable, accepts and acquires the rights to the same Point of Interconnection and Point of Change of Ownership as identified in the New Service Request for such project; and/or

as applicable, accepts, as applicable, the same receipt and delivery points or the same source and sink points as stated in the New Service Request for such project.

Tariff, Part VIII, Subpart A.3
Applications for Cycle Process
Site Control

Site Control Evidentiary Requirements

- B. Site Control is evidence provided by the Project Developer to Transmission Provider in relation to Project Developer's New Service Request demonstrating Project Developer's interest in and control over one or more parcels of land for the purpose of constructing a Generating Facility, Merchant Transmission Facilities, Interconnection Facilities, and, if applicable, the Transmission Owner's Interconnection Facilities and/or Network Upgrades at the Point of Interconnection. Specific Site Control phase requirements are set forth in the following Tariff, Part VIII, Application Phase, Decision Point I and Decision Point III sections.
- a. Site Control consistent with the requirements herein is required for a project to have a valid position within a Cycle.
 - b. Proof of Site Control can be in the form of one of the following: (1) deed; (2) lease; (3) option to lease or purchase; or (4) as deemed acceptable by the Transmission Provider, any other contractual or legal right to possess, occupy and control one or more parcels of land.
 - i. Memorandums are not acceptable.
 - ii. Documentation solely evidencing an intent to purchase or control land is not acceptable.
 - iii. Rights of Way are only acceptable for Project Developer Interconnection Facilities up to the Point of Interconnection.
 - c. Demonstration of Site Control must include verification, to PJM's satisfaction, that the total acreage of land is fully sufficient for the resource-specific technology and MWs requested for a proposed Generating Facility or Merchant Transmission Facility, as set forth in the PJM Manuals.
 - i. The Project Developer must submit a Geographic Information System (GIS) Site Plan map and data files acceptable to PJM demonstrating the arrangement of the resource-specific proposed facilities for the amount of MW requested.
 - ii. Any GIS Site Plan map and data files submitted in accordance with this section must be consistent with all other modeling data submitted in connection with Project Developer's New Service Request.
 - iii. In the event of a disagreement between the Transmission Provider and the Project Developer over whether the total acreage of land is fully sufficient for the resource-specific technology and MWs requested for a proposed Generating Facility, Merchant Transmission Facility, Transmission

Provider will accept a Professional Engineer (PE) stamped site plan drawing (licensed in the state of the facility location) that depicts the proposed generation arrangement and specified the Maximum Facility Output for that arrangement.

- a. Failure to verify to Transmission Provider's satisfaction that the total acreage of land is fully sufficient for the resource-specific technology and MWs requested for a proposed Generating Facility or Merchant Transmission Facility shall result in the New Service Request being deemed terminated and withdrawn.
- d. Site Control must be in the name of the Project Developer identified on the corresponding New Service Request. Otherwise, the Project Developer must demonstrate to PJM's satisfaction the relationship between the owner with Site Control and the Project Developer identified on the New Service Request.
- e. Project Developers are prohibited from submitting evidence of Site Control that utilizes the same land for multiple New Service Requests unless the total acreage amount of such land is adequate to support all such New Service Requests.
 - i. To the extent that multiple New Service Requests are submitted by a Project Developer using the same Site Control evidence and the total acreage amount of such land is not adequate to support all such New Service Requests, all such New Service Requests shall be deemed terminated and withdrawn.
 - ii. To the extent that a Project Developer submits a New Service Request with Site Control evidence utilizing land that is also the subject of Site Control in New Service Requests submitted by other Project Developer's, such Project Developer shall include with its New Service Request evidence, to Transmission Provider's satisfaction, demonstrating that the project referenced in the Project Developer's New Service Request is concurrently feasible with the development of any other projects that will share the land identified in the Site Control. Such proof of concurrent feasibility shall include:
 1. Identification of any other New Service Requests that will share all or a portion of the land identified in the Site Control; and
 2. Identification of the proposed location and space utilization of all projects that will share the land, including acreage and boundaries for all projects sharing the land identified in the Site Control; and

3. Any related technical information required by the Transmission Provider to enable the Transmission Provider to determine that development of the project referenced in the submitted New Service Request is not inconsistent with development of any of the other New Service Requests that will share all or a portion of the same land.
- f. Multiple projects may share Project Developer Interconnection Facilities. A shared facilities agreement is required if jointly owned common Interconnection Facilities are proposed.
- g. Project Developers are prohibited from submitting evidence of Site Control for land which is also the subject of an interconnect request submitted in an adjacent Regional Transmission Organization, Independent System Operator, or other system. To the extent that Project Developers submit evidence of Site Control for land which is also the subject of an interconnection request submitted in an adjacent Regional Transmission Organization, Independent System Operator, or other system, the relevant New Service Request submitted to Transmission Provider shall be deemed terminated and withdrawn.
- h. Site Control must demonstrate three key elements: conveyance, term, and exclusivity:

- i. Term

Term is the minimum duration required to evidence Site Control. The Term requirements vary, and are established in the following Tariff, Part VIII rules, at various points within a Cycle. The Term cannot be satisfied by an agreement with an initial term shorter than the requisite required term that has extensions, including unilateral extensions, unless those extensions have been exercised and any requisite conditions fulfilled, including any payment obligations, by the Project Developer at the time evidence of Site Control is provided to the Transmission Provider.

- ii. Exclusivity

With the exception of Tariff, Part VIII, subpart A.3, section C.A.(e), exclusivity is evidenced by written acknowledgement from the land owner as part of the Site Control that, for the Term, the land owner cannot make the Site Control identified land available for purchase or lease to any other person or entity other than the Project Developer.

- iii. Conveyance

The Site Control evidence submitted by the Project Developer must demonstrate that the subject land is conveyed to the Project Developer, e.g., through a deed or an option to purchase or lease, or that the Project Developer is guaranteed a right to future conveyance at Project Developer's sole discretion, e.g., through a deed or an option to purchase or lease.

- i. At each point within a Cycle where a Project Developer is required to provide Site Control, the Project Developer shall also provide Site Control certification in a form set forth in PJM Manual ____, executed by an officer or authorized representative of Project Developer, verifying that the site control requirements are met.
 - i. At PJM's request, Project Developer shall provide copies of landowner attestations or county recordings to validate such Site Control certifications.

Tariff, Part VIII, Subpart B
Application Rules

A. Application Submission

A Project Developer or Eligible Customer (collectively, “Applicant”) that seeks to initiate a New Service Request must submit to Transmission Provider, electronically through the PJM web site, an Application and Studies Agreement (“Application”), a form of which is provided in Tariff, Part IX, Subpart A.

To be considered in a Cycle, Applicant must submit a completed and signed Application, including the required Study Deposit and Readiness Deposit, to Transmission Provider prior to the Cycle’s Application Deadline. Transmission Provider will post a firm Application Deadline for a Cycle at the beginning of Phase II of the immediately prior Cycle, no less than 180 days in advance of the Application Deadline. Only Completed New Service Requests received by the Application Deadline will be considered for the corresponding Cycle. Transmission Provider will review and validate New Service Requests during the Application Phase, prior to Phase I of the corresponding Cycle. Only valid New Service Requests will proceed past the Application Phase.

(1) Generation Interconnection Request Requirements

For Transmission Provider to consider an Application for a Generation Interconnection Request complete, Applicant must include at a minimum each of the following, as further described in the Application and PJM Manuals:

- a) Provide all Applicant information required in the Application, including parent company information and banking and wire transfer information.
- b) Specify the location of the proposed Point of Interconnection to the Transmission System, including the substation name or the name of the line to be tapped (including the voltage), the estimated distance from the substation endpoints of a line tap, address, and GPS coordinates.
- c) Provide information about the Generating Facility project, including whether it is (1) a proposed new Generating Facility, (2) an increase in capability of an existing Generating Facility, or (3) the replacement of an existing Generating Facility.
- d) Indicate the type of Interconnection Service requested, whether (1) Energy Resource only or (2) Capacity Resource (includes Energy Resource) with Capacity Interconnection Rights.
- e) Specify the project location and provide a detailed site plan.
- f) Submit required evidence of Generating Facility Site Control (including the

location of the main step-up transformer), including a certification by an officer or authorized representative of Applicant; and, at Transmission Provider's request, copies of landowner attestations or county recordings.

- g) Provide information about Qualifying Facility status under the Public Utility Regulatory Policies Act, as applicable.
- h) Submit required information and documentation if the Generating Facility will share Applicant's Interconnection Facilities with another Generating Facility.
- i) For a new Generating Facility, specify requested Maximum Facility Output and Capacity Interconnection Rights.
- j) For a requested increase in generation capability of an existing Generating Facility, specify the existing Maximum Facility Output and Capacity Interconnection Rights, and requested increases.
- k) Provide a detailed description of the equipment configuration and electrical design specifications for the Generating Facility.
- l) Specify the fuel type for the Generating Facility; or, in the case of a multi-fuel Generating Facility, the fuel types.
- m) For a multi-fuel Generating Facility, provide a detailed description of the physical and electrical configuration.
- n) If the Generating Facility will include a storage component, provide detailed information about (1) whether and how the storage device(s) will charge using energy from the Transmission System, (2) the primary frequency response operating range for the storage device(s), (3) the MWh stockpile, and (4) the hour class, as applicable.
- o) Specify the proposed date that the project or uprate associated with the Application will be in service.
- p) Provide other relevant information, including whether Applicant or an affiliate has submitted a previous Application for the Generating Facility; and, if an increase in generation capability, information about existing PJM Service Agreements and associated Queue Position Nos. or Project Identifier Nos.

(2) Behind the Meter Generator Application Requirements

In addition to the above requirements for a Generating Facility, in order for Transmission Provider to consider an Application for behind-the-meter generation Interconnection Service complete, Applicant must include at a minimum each of the following, as further described in the Application and PJM Manuals:

- a) Specify gross output, behind the meter load, requested Maximum Facility Output, and requested Capacity Interconnection Rights.
- b) For a requested increase in generation capability of an existing Behind the Meter Generating Facility, specify existing and requested increase in gross output, behind the meter load, Maximum Facility Output, and Capacity Interconnection Rights.

(3) Long Term Firm Transmission Service Application Requirements

For Transmission Provider to consider an Application for Long Term Firm Transmission Service complete, Applicant must include at a minimum each of the following, as further described in the Application and PJM Manuals:

- a) Provide all Applicant information required in the Application, including parent company information and banking and wire transfer information.
- b) Specify the locations of the Point(s) of Receipt and Point(s) of Delivery.
- c) Specify the requested Service Commencement Date and term of service.
- d) Specify the transmission capacity requested for each Point of Receipt and each Point of Delivery on the Transmission System.

(4) Merchant Transmission Application Requirements

For Transmission Provider to consider an Application for a Transmission Interconnection Request complete, Applicant must include at a minimum each of the following, as further described in the Application and PJM Manuals:

- a) Provide all Applicant information required in the Application, including parent company information and banking and wire transfer information.
- b) Specify the location of the proposed facilities, and the name and description of the substation where Applicant proposes to interconnect or add its facilities.
- c) Specify the proposed voltage and nominal capability of new facilities or increase in capability of existing facilities.
- d) Provide a detailed description of the equipment configuration and electrical design specifications for the project.
- e) Specify the proposed date that the project or increase in capability will be in service.

- f) Specify whether the proposed facilities will be either (1) merchant A.C., (2) Merchant D.C. Transmission Facilities, or (3) Controllable A.C. Merchant Transmission Facilities.
- g) If Merchant D.C. Transmission Facilities or Controllable A.C. Merchant Transmission Facilities, specify whether Applicant elects to receive (1) Firm or Non-Firm Transmission Injection Rights (TIR) and/or Firm or Non-Firm Transmission Withdrawal Rights (TWR) or (2) Incremental Delivery Rights, Incremental Auction Revenue Rights, and/or Incremental Capacity Transfer Rights.
 - (1) If Applicant elects to receive TIRs or TWRs, specify (1) total project MWs to be evaluated as Firm (capacity) injection for TIR; (2) total project MWs to be evaluated as Non-firm (energy) injection for TIR; (3) total project MWs to be evaluated as Firm (capacity) withdrawal for TWR; and (4) total project MWs to be evaluated as Non-firm (energy) withdrawal for TWR.
 - (2) If Applicant elects to receive Incremental Delivery Rights, specify the location on the Transmission System where it proposes to receive Incremental Delivery Rights associated with its proposed facilities.
- h) If the proposed facilities will be Controllable A.C. Merchant Transmission Facilities, and provided that Applicant contractually binds itself in its interconnection-related service agreement always to operate its Controllable A.C. Merchant Transmission Facilities in a manner effectively the same as operation of D.C. transmission facilities, the interconnection-related service agreement will provide Applicant with the same types of transmission rights that are available under the Tariff for Merchant D.C. Transmission Facilities. In the Application, Applicant shall represent that, should it execute an interconnection-related service agreement for its project described in the Application, it will agree in the interconnection-related service agreement to operate its facilities continuously in a controllable mode.
- i) Specify the site where Applicant intends to install its major equipment, and provide a detailed site plan.
- j) Submit required evidence of site control for the major equipment, including a certification by an officer or authorized representative of Applicant; and, at Transmission Provider's request, copies of landowner attestations or county recordings.
- k) Provide evidence acceptable to Transmission Provider that Applicant has submitted a valid interconnection request with the adjacent Control Area(s) in which it is interconnecting, as applicable. Applicant shall maintain its queue position(s) with such adjacent Control Area(s) throughout the entire PJM Transmission Interconnection Request process for the relevant PJM

Transmission Interconnection Request. If Applicant fails to maintain its queue position(s) with such adjacent Control Area(s) throughout the entire PJM Transmission Interconnection Request process for the relevant PJM Transmission Interconnection Request, the relevant PJM Transmission Interconnection Request shall be deemed to be terminated and withdrawn.

(5) Additional Requirements Applicable to All Applications

a) Study Deposit: For Transmission Provider to consider an Application complete, Transmission Provider must receive from the Applicant the required Study Deposit by wire transfer, the amount of which is based on the size of the project as described below. Applicant's wire transfer must specify the Application reference number to which the Study Deposit corresponds, or Transmission Provider will not review or process the Application.

(1) 10% of the study deposit is non-refundable. If Applicant withdraws its New Service Request, or the New Service Request is otherwise deemed rejected or terminated and withdrawn, any unused portion of the non-refundable deposit monies shall be used to fund:

a. Any outstanding monies owed by Applicant in connection with outstanding invoices due to Transmission Provider, Transmission Owner(s), and/or third party contractors, as applicable, as a result of any failure of Applicant to pay actual costs associated with the New Service Request;

b. Any restudies required as a result of the rejection, termination, and/or withdrawal of such New Service Request; and/or

c. Any outstanding monies owed by Applicant in connection with outstanding invoices related to other New Service Requests.

(2) 90% of the study deposit is refundable, and Transmission Provider shall utilize, in no particular order, the refundable portion of each total deposit amount to cover the following:

a. The cost of the Application review;

b. The dollar amount of Applicant's cost responsibility for the System Impact Study; and

c. If the New Service Request is modified, rejected, terminated, and/or withdrawn, refundable deposit money shall be applied to cover all of the costs incurred by Transmission Provider up to the point of the New Service Request being modified, rejected, terminated and/or withdrawn, and any remaining refundable deposit monies shall be

applied to cover:

- i. The costs of any restudies required as a result of the modification, rejection, termination, and/or withdrawal of the New Service Request;
- ii. Any outstanding monies owed by Applicant in connection with outstanding invoices due to Transmission Provider, Transmission Owner(s), and/or third party contractors, as applicable, as a result of any failure of Applicant to pay actual costs associated with the New Service Request; and/or
- iii. Any outstanding monies owed by Applicant in connection with outstanding invoices related to other New Service Requests.
- iv. If any refundable deposit monies remain after all costs and outstanding monies owed, as described in this section, are covered, such remaining refundable deposit monies shall be returned to Applicant in accordance with the PJM Manuals.

(3) The Study Deposit is non-binding, and actual study costs may exceed the Study Deposit.

- a. Applicant is responsible for, and must pay, all actual study costs.
- b. If Transmission Provider sends Applicant notification of additional study costs, then Applicant must either: (i) pay all additional study costs within 20 Business Days of Transmission Provider sending the notification of such additional study costs or (ii) withdraw its New Service Request. If Applicant fails to complete either (i) or (ii), then Transmission Provider shall deem the New Service Request to be terminated and withdrawn.

(4) The Study Deposit shall be calculated as follows, based on the number of MW energy (e.g., Maximum Facility Output) or MW capacity (e.g., Capacity Interconnection Rights), whichever is greater:

- a. Up to 20 MW: \$75,000;
- b. Over 20 MW up to 50 MW: \$200,000;
- c. Over 50 MW up to 100 MW: \$250,000;

- d. Over 100 MW up to 250 MW: \$300,000;
- e. Over 250 MW up to 750 MW: \$350,000; and
- f. Over 750 MW: \$400,000.

b) Readiness Deposit: For Transmission Provider to consider an Application complete, Applicant must submit to Transmission Provider the required Readiness Deposit by wire transfer or letter of credit. Applicant's wire transfer or letter of credit must specify the Application reference number to which the Readiness Deposit corresponds, or Transmission Provider will not review or process the Application. Readiness Deposit No. 1 shall be an amount equal to \$4,000 per MW energy (e.g., Maximum Facility Output) or per MW capacity (e.g., Capacity Interconnection Rights), whichever is greater, as specified in the Application.

B. Application Review Phase

- (1) After the close of the Application Deadline, Transmission Provider will begin the Application Review Phase, wherein Transmission Provider reviews Applications for completeness and then establishes the validity of submitted New Service Requests, beginning with a deficiency review, as follows:
 - a) Transmission Provider will exercise Reasonable Efforts to inform Applicant of Application deficiencies within 15 Business Days after the Application Deadline.
 - b) Applicant then has 10 Business Days to respond to Transmission Provider's deficiency determination.
 - c) Transmission Provider then will exercise Reasonable Efforts to review Applicant's response within 15 Business Days, and then will either validate or reject the Application.
- (2) Transmission Provider will only review an Application during the Application Review Phase following the Application Deadline for which the Application was submitted and deemed complete, which will extend for 90 days or the amount of time it takes to complete all Application review activities for the relevant Cycle, whichever is greater.
- (3) During the Application Review Phase, and at least 30 days prior to initiating Phase I of the Cycle, Transmission Provider will post the Phase I Base Case data for review, subject to CEII protocols.
- (4) In the case of an Application for a Generating Facility, the Application Review Phase will include a site control review for the Generating Facility. Specifically,

Applicant shall provide site control evidence, as set forth in Tariff, Part VIII, Subpart A, section C, for at least a one-year term beginning from the Application Deadline, for 100% of the Generating Facility site including the location of the high-voltage side of the Generating Facility's main power transformer(s). In addition, Applicant shall provide a certification, executed by an officer or authorized representative of Applicant, verifying that the site control requirement is met. Further, at Transmission Provider's request, Applicant shall provide copies of landowner attestations or county recordings. The site control requirement in the Application includes an acreage requirement for the Generating Facility, as set forth in the PJM Manuals.

- (5) In the case of an Application for Merchant Transmission, the Application Review Phase will include a site control review for the site of the HVDC converter station(s), phase angle regulator (PAR), and/or variable frequency transformer, as applicable. Specifically, Applicant shall provide site control evidence, as set forth in Tariff, Part VIII, Subpart A, section C, for at least a one-year term beginning from the Application Deadline, for 100% of the site. In addition, Applicant shall provide a certification, executed by an officer or authorized representative of Applicant, verifying that the site control requirement is met. Further, at Transmission Provider's request, Applicant shall provide copies of landowner attestations or county recordings.

C. Scoping Meetings

- (1) During the Application Review Phase, Transmission Provider may hold a single, or several, scoping meetings for projects in each Transmission Owner zone, which are optional and may be waived by Applicants or Transmission Owner.
- (2) Scoping meetings may include discussion of potential Affected System needs, whereby Transmission Provider may coordinate with Affected System Operators the conduct of required studies.

D. Other Requirements

- (1) Applicant must submit any claim for Capacity Interconnection Rights from deactivating generation units with the Application, and it must be received by Transmission Provider prior to the Application Deadline.
- (2) When an Application results in a valid New Service Request, Transmission Provider shall assign a Project Identifier to the New Service Request, in accordance with Tariff, Part VIII, Subpart E, section 1. Applicant and Transmission Provider shall reference the Project Identifier in all correspondence, submissions, wire transfers, documents, and other materials relating to the New Service Request.

Tariff, Part VIII, Subpart C.1 Introduction

A. Phase I, Phase II and Phase III System Impact Studies

a. Introduction

Tariff, Part VIII, Subpart C sets forth the procedures and other terms governing the Transmission Provider's administration of the studies and procedures required under the Cycle process, and the nature and timing of such studies. The Cycle process set forth in Tariff, Part VIII includes three study Phases and the three Decision Points:

1. Phase I: Phase I System Impact Study and Decision Point I
2. Phase II: Phase II System Impact Study and Decision Point II; and
3. Phase III: Phase III System Impact Study and Decision Point III.

Procedures and other terms relative to the three study Phases are set forth separately below in Tariff, Part VIII, Subpart C, sections B, C and D.

b. Overview of System Impact Studies

- i. The Phase I, Phase II and Phase III System Impact Studies are a regional analysis of the effect of adding to the Transmission System the new facilities and services proposed by valid New Service Requests and an evaluation of their impact on deliverability to the aggregate of PJM Network Load.
 1. These studies identify the system constraints, identified with specificity by transmission element or flowgate, relating to the New Service Requests included therein and any resulting Interconnection Facilities, Network Upgrades, and/or Contingent Facilities required to accommodate such New Service Requests.
 2. These studies provide estimates of cost responsibility and construction lead times for new facilities required to interconnect the project and system upgrades.
 3. Transmission Provider, in its sole discretion, can aggregate multiple New Service Requests at the same Point of Interconnection for purposes of Phase I, Phase II and Phase III System Impact Studies.
 4. The scope of the studies may include (a) an assessment of sub-area import deliverability, (b) an assessment of sub-area export deliverability, (c) an assessment of project related system stability issues (only occurs in Phase II and Phase III); (d) an assessment of projected related short circuit duty issues (only occurs in Phase II and Phase III), (e) a contingency analysis consistent with NERC's and each Applicable Regional Entity's reliability criteria and

the transmission planning criteria, methods and procedures described in the "FERC Form No. 715 - Annual Transmission Planning and Evaluation Report" for each Applicable Regional Entity, (f) an assessment of regional transmission upgrades that most effectively meet identified needs, and (g) an analysis to determine cost allocation responsibility for required facilities and upgrades.

5. For purposes of determining necessary Interconnection Facilities and Network Upgrades, these studies shall consider the level of service requested in the New Service Request unless otherwise required to study the full electrical capability of the New Service Request due to safety or reliability concerns.
6. The studies' results shall include the list and facility loading of all reliability criteria violations specific to the New Service Requests.
7. If applicable, the studies for a Transmission Project Developer New Service Request shall also include a preliminary estimate of the Incremental Deliverability Rights associated with the customer's proposed Merchant Transmission Facilities.

c. **Contingent Facilities.**

Transmission Provider shall identify the Contingent Facilities in the System Impact Studies by reviewing unbuilt Interconnection Facilities and/or Network Upgrades, upon which the New Service Request's cost, timing and study findings are dependent and, if delayed or not built, could cause a need for interconnection restudies of the New Service Request or reassessment of the Network Upgrades. The method for identifying Contingent Facilities shall be sufficiently transparent to determine why a specific Contingent Facility was identified and how it relates to the New Service Request. Transmission Provider shall include the list of the Contingent Facilities in the System Impact Study(ies) and Generator Interconnection Agreement, including why a specific Contingent Facility was identified and how it relates to the New Service Request.

Transmission Provider shall also provide, upon request of the Project Developer or Eligible Customer, the estimated Interconnection Facility and/or Network Upgrade costs and estimated in-service completion time of each identified Contingent Facility when this information is readily available and non-commercially sensitive.

i. **Minimum Thresholds to Identify Contingent Facilities**

1. **Load Flow Violations**

Load flow violations will be identified based on an impact on an overload of at least 5 percent distribution factor (DFAX) or contributing at least 5 percent of the facility rating in the applicable model.

2. Short Circuit Violations

Short circuit violations will be identified based on the following criteria: any contribution to an overloaded facility where the New Service Request increases the fault current impact by at least 1% or greater of the rating in the applicable model.

3. Stability and Dynamic Criteria Violations

Stability and dynamic criteria violations will be identified based on any contribution to a stability violation.

d. Additional System Impact Study Procedures for Eligible Customers

The following provisions apply to System Impact Studies conducted for Eligible Customers:

- (i) The Transmission Provider will notify Eligible Customers of the need to conduct a System Impact Study whenever the Transmission Provider determines that available transmission capability may not be sufficient to provide the requested firm service(s). The purpose of the System Impact Study will be to determine the effect the requested service(s) will have on system operations, identify any system constraints, redispatch options and whether system expansion will be required to provide the requested service(s).
- (ii) The Commission's comparability standard will be applied in evaluating the impact of all requests. Specifically, the Transmission Provider will use the same due diligence in completing System Impact Studies for Eligible Customers that it uses when completing studies for any Transmission Owner that requests service from the Transmission Provider.
- (iii) Requests for long-term firm transmission service will be evaluated, to the extent possible, as a part of the on-going planning process for Bulk Transmission Supply in the PJM Region. Appropriate planning studies will be conducted annually to assess the capability of the PJM Region Transmission System to deliver the planned Network Resources to the Forecasted Network Loads of the existing load

serving entities and any prior committed Firm Point-to-Point Service transmission customers. The loads and resources of Eligible Customers requesting new or additional service during the normal planning cycle will be incorporated into this aggregate planning process along with the loads and resources of all other Firm Point-to-Point and load serving entities for which prior commitments to provide service have been made. Requests for long-term firm service made at times that will not permit the evaluation of impacts as part of the normal planning process, and requests for short-term firm service, will require that special impact studies be completed.

- (iv) The Transmission Provider plans and evaluates the PJM Region Transmission System in strict compliance with the following:
 - 1. North American Electric Reliability Council ("NERC") Reliability Principles and Guides
 - 2. Applicable Standards
 - 3. Transmission planning criteria, methods and procedures described in the "FERC Form No. 715 - Annual Transmission Planning and Evaluation Report" for each Applicable Regional Entity.
- (v) In evaluating the impact of any request for new or additional service(s), the Transmission Provider will first determine the capability of the system to reliably provide prior committed Network and Point-to-Point service for the term of the requested new or additional service(s), or the normal planning horizon (generally 10 years), whichever is shorter. Requests for new or additional service(s) will then be incorporated into the system representation data and the appropriate system analyses will be completed to evaluate the impacts of the requested services.

e. Cost Allocation for Network Upgrades:

- (i) General: Each Project Developer and Eligible Customer shall be obligated to pay for 100 percent of the costs of the minimum amount of Network Upgrades necessary to accommodate its New Service Request and that would not have been incurred under the Regional Transmission Expansion Plan but for such New Service Request, net of benefits resulting from the construction of the upgrades, such costs not to be less than zero. Such costs and benefits shall include costs and benefits

such as those associated with accelerating, deferring, or eliminating the construction of Network Upgrades included in the Regional Transmission Expansion Plan either for reliability, or to relieve one or more transmission constraints and which, in the judgment of the Transmission Provider, are economically justified; the construction of Network Upgrades resulting from modifications to the Regional Transmission Expansion Plan to accommodate the New Service Request; or the construction of Supplemental Projects.

Each Upgrade Customer shall be obligated to pay for 100 percent of the costs of the minimum amount of Network Upgrades necessary to accommodate its Upgrade Request and that would not have been incurred under the Regional Transmission Expansion Plan but for such Upgrade Request, net of benefits resulting from the construction of the upgrades, such costs not to be less than zero. Such costs and benefits shall include costs and benefits such as those associated with accelerating, deferring, or eliminating the construction of Network Upgrades included in the Regional Transmission Expansion Plan either for reliability, or to relieve one or more transmission constraints and which, in the judgment of the Transmission Provider, are economically justified; the construction of Network Upgrades resulting from modifications to the Regional Transmission Expansion Plan to accommodate the Upgrade Request; or the construction of Supplemental Projects.

(ii) Cost Responsibility for Accelerating Network Upgrades included in the Regional Transmission Expansion Plan: Where the New Service Request calls for accelerating the construction of Network Upgrades that is included in the Regional Transmission Expansion Plan and provided that the party(ies) with responsibility for such construction can accomplish such an acceleration, the New Service Customer shall pay all costs that would not have been incurred under the Regional Transmission Expansion Plan but for the acceleration of the construction of the upgrade. The Responsible Customer(s) designated pursuant to Schedule 12 of the Tariff as having cost responsibility for such Network Upgrade shall be responsible for payment of only those costs that the Responsible Customer(s) would have incurred under the Regional Transmission Expansion Plan in the absence of the New Service Request to accelerate the construction of the Network Upgrade.

Where the Upgrade Service Request calls for accelerating the construction of a Network Upgrade that is included in the Regional Transmission Expansion Plan and provided that the party(ies) with responsibility for such construction can accomplish such an acceleration, the Upgrade Customer shall pay all costs that would not have been incurred under the Regional Transmission Expansion Plan but for the acceleration of the construction of the upgrade. The Responsible Customer(s) designated pursuant to Schedule 12 of the Tariff as having cost responsibility for such

Network Upgrade shall be responsible for payment of only those costs that the Responsible Customer(s) would have incurred under the Regional Transmission Expansion Plan in the absence of the New Service Request to accelerate the construction of the ~~Local Upgrade or~~ Network Upgrade.

~~(i)~~(iii) The Transmission Provider shall determine the minimum amount of required Network Upgrades required to resolve each reliability criteria violation in each cluster, by studying the impact of the projects the Cycle in their entirety, and not incrementally. Interconnection Facilities and Network Upgrades shall be studied in their entirety and according to the following process:

The Transmission Provider shall identify the New Service Requests in the Cycle contributing to the need for the required Network Upgrades within the New Services Queue. The New Service Requests to cause the need for Network Upgrades will always receive a cost allocation. Costs for the minimum amount of Network Upgrades shall be further allocated to subsequent projects in the Cycle, pursuant to each New Service Request's megawatt contribution to the need for the Network Upgrades.

There will be no inter-Cycle of costs for Interconnection Facilities or Network Upgrades identified in the System Impact Study costs identified in a Cycle; all such costs shall be allocated to New Service Requests in that Cycle.

(f) Interconnection Facilities:

A Project Developer shall be obligated to pay 100% of the costs of the Interconnection Facilities necessary to accommodate its Interconnection Request.

~~(g)~~ **Facilities Study Procedures:**

The Facilities Studies will include good faith estimates of the cost, determined in accordance with Tariff, Part ___, Subpart ___, section ___, (a) to be charged to each affected New Service Customer for the Interconnection Facilities and Network Upgrades that are necessary to accommodate each New Service Request evaluated in the study; (b) the time required to complete detailed design and construction of the facilities and upgrades; (c) a description of any site-specific environmental issues or requirements that could reasonably be anticipated to affect the cost or time required to complete construction of such facilities and upgrades.

The Facilities Study will document the engineering design work necessary to begin construction of any required transmission facilities, including estimating the costs of the equipment, engineering, procurement and construction work needed to implement the

conclusions of the System Impact Study in accordance with Good Utility Practice and, when applicable, identifying the electrical switching configuration of the connection equipment, including without limitation: the transformer, switchgear, meters, and other station equipment; and the nature and estimated costs of Interconnection Facilities and Network Upgrades necessary to accommodate the New Service Request.

For purposes of determining necessary Interconnection Facilities and Network Upgrades, the Facilities Study shall consider the level of Interconnection Service requested by the Project Developer unless otherwise required to study the full electrical capability of the Generating Facility or Merchant Transmission Facility due to safety or reliability concerns. The Facilities Study will also identify any potential control equipment for requests for Interconnection Service that are lower than the full electrical capability of the Generating Facility or Merchant Transmission Facility.

Tariff, Part VIII, Subpart C.2
Phase I

B. Phase I

e. Phase I Rules

i. This Tariff, Part VIII, Subpart C, section B sets forth the procedures and other terms governing the Transmission Provider's administration of Phase I of the Cycle process. After the Application Phase of a Cycle is completed and a group of valid New Service Requests is established therein, Phase I of a Cycle will commence. During Phase I of a Cycle, the Transmission Provider shall conduct a Phase I System Impact Study.

1. The Phase I System Impact Study is conducted on an aggregate basis within a New Services Request's Cycle, and results are provided in a single Cycle format. The Phase I System Impact Study Results will be publicly available on Transmission Provider's website; Project Developers must obtain the results from the website.

2. Start and Duration of Phase I

A. Phase I shall start on the first Business Day immediately following the end of the Application Review phase, but no earlier than 30 days following the distribution of the Phase I Base Case Data. Transmission Provider shall use Reasonable Efforts to complete Phase I within 120 calendar days from the date such phase commenced. If the 120th day does not fall on a Business Day, Phase I shall be extended to the end of the next Business Day. If Transmission Provider is unable to complete Phase I within 120 calendar days, Transmission Provider shall notify all impacted Project Developers and Eligible Customers simultaneously by posting on Transmission Provider's website a revised estimated completion date along with an explanation of the reasons why additional time is required to complete Phase I.

B. During Phase I, and at least 30 days prior to initiating Decision Point I of the Cycle, Transmission Provider will post an estimated start date for Decision Point I in order for Project

developers and Eligible Customers to prepare to meet their Decision Point I requirements.

**Tariff, Part VIII, Subpart C.3
Decision Point I**

[x.x]

A. Decision Point I

a. Requirements

The Decision Point I shall commence on the first Business Day immediately following the end of Phase I. New Service Requests that are studied in Phase I will enter Decision Point I. Before the close of the Decision Point I, Project Developer or Eligible Customer shall choose either to remain in the Cycle subject to the terms set forth below, or to withdraw its New Service Request. If the 30th day does not fall on a Business Day, the phase shall be extended to end on the next Business Day.

i. For a New Service Request to remain in the Cycle, it must either proceed as set forth immediately below, or, if Transmission Provider determines a New Service Request qualifies to accelerate to a final interconnection related agreement (from Tariff, Part IX), such New Service Request must meet the requirements set forth below in Tariff, Part VIII, Subpart C.3, section _____.

a. For a New Service Request that is not otherwise eligible to accelerate to a final interconnection related agreement (from Tariff, Part IX) to remain in the Cycle, Transmission Provider must receive from the Project Developer all of the following required elements before the close of Decision Point I:

i. The applicable Readiness Deposit No. 2

1. The Decision Point I Readiness Deposit No. 2 is to be paid cumulatively, i.e., in addition to the Readiness Deposit No. 1 that was submitted with the New Service Request at the Application Phase. The Decision Point I Readiness Deposit No. 2 will be calculated by the Transmission Provider during Phase I, and shall not be reduced or refunded based upon subsequent New Service Request modifications or cost allocation changes.

ii. At Decision Point I, the Readiness Deposit No. 2 required shall be an amount equal to:

(a) the greater of (i) 10 percent of the cost allocation for the Network Upgrades as calculated in Phase I or (ii) the Readiness Deposit No. 1 paid by the Project Developer with its New Service Request during the Application Phase; minus

- (b) the Readiness Deposit No. 1 amount paid by the Project Developer with its New Service Request during the Application Phase
 - iii. The Readiness Deposit No. 2 amount due can be zero, but cannot be a negative number (i.e., there will not be any refunded amounts associated with Readiness Deposit No. 2).
 - b. Project Developers must provide evidence of Site Control that is in accordance with the Site Control rules set forth above in Tariff, Part VIII, Subsection A, section C, and is also in accordance with the following additional specifications:
 - i. Generating Facility or Merchant Transmission Facility site control evidence for an additional one-year term beginning from last day of the relevant Cycle, Phase I.
 - 1. Such site control evidence shall be identical to the Generating Facility or Merchant Transmission Facility site control evidence submitted for a New Service Request in the Application Phase, and shall continue to cover 100% of the Generating Facility or Merchant Transmission Facility site, including the location of the high-voltage side of the Generating Facility's main power transformer(s).
 - ii. Interconnection Facilities (to the Point of Interconnection) site control evidence for a one-year term beginning from the last day of the relevant Cycle, Phase I.
 - 1. Such site control evidence shall cover 50% of the linear distance for the identified required Interconnection Facilities associated with a New Service Request.
 - iii. Interconnection Switchyard, if applicable, site control evidence for a one-year term beginning from the last day of the relevant Cycle, Phase I.
 - 1. Such site control evidence shall cover 50% of the acreage required for the identified required Interconnection Switchyard facilities associated with a New Service Request.
 - c. For a Project Developer that has submitted a Transmission Interconnection Request, Project Developer shall provide evidence acceptable to the Transmission Provider that Project Developer has submitted and maintained a valid corresponding interconnection request with any required adjacent Control Area(s) in which it is interconnecting or is required to interconnect with as part of such Transmission

Interconnection Request. Project Developer shall maintain its interconnection request positions with such adjacent Control Area(s) throughout the entire PJM Transmission Interconnection Request process for the relevant PJM Transmission Interconnection Request. If Project Developer fails to maintain its interconnection request positions with such adjacent Control Area(s) throughout the entire PJM Transmission Interconnection Request process for the relevant PJM Transmission Interconnection Request, the relevant PJM Transmission Interconnection Request shall be deemed to be terminated and withdrawn, and will be removed from the Cycle.

- d. Evidence of air and water permits (if applicable)
- e. For state-level, non-jurisdictional interconnection projects, evidence of participation in the state-level interconnection process with the applicable entity.
- f. Submission of New Service Request data for Phase II System Impact Study.
- g. If Project Developer or Eligible Customer fails to submit all of the criteria in (a) through (f) above, before the close of the Decision Point I Phase, Project Developer's or Eligible Customer's New Service Request shall be deemed terminated and withdrawn.
- h. If Project Developer or Eligible Customer submits all elements in (a) through (f) above, then, at the close of the Decision Point I, Transmission Provider will begin the deficiency review of the elements set forth in parts (b) through (e) above, as follows:
 - i. Transmission Provider will exercise Reasonable Efforts to inform Project Developer or Eligible Customer of deficiencies within 10 Business Days after the close of Decision Point I.
 - ii. Project Developer or Eligible Customer then has 5 Business Days to respond to Transmission Provider's deficiency determination.
 - iii. Transmission Provider then will exercise Reasonable Efforts to review Project Developer's or Eligible Customer's response within 10 Business Days, and then will either terminate and withdraw the New Service Request, or include the New Service Request in Phase II.
 - iv. Transmission Provider's review of the above required elements may run co-extensively with Phase II.

- ii. Acceleration at Decision Point I. Upon completion of the Phase I System Impact Study, Transmission Provider may accelerate treatment of such New Service Request.
 - a. For (i) a jurisdictional project that qualifies to accelerate, or (ii) a non-jurisdictional project that qualifies to accelerate and which retains a fully executed state level interconnection agreement with the applicable entity, to remain in the Cycle, Transmission Provider must receive from the Project Developer all of the following required elements before the close of Decision Point I:
 - i. Security
 - 1. Security shall be calculated for New Service Requests based upon based upon Network Upgrades costs allocated pursuant to the Phase I System Impact Study Results.
 - ii. Notification in writing that Project Developer or Eligible Customer elects to proceed to a final agreement with respect to its New Service Request
 - iii. Project Developer must provide evidence of Site Control that is in accordance with the Site Control rules set forth above in Tariff, Part VIII, Subsection A, section C, and is also in accordance with the following additional specifications:
 - 1. Generating Facility or Merchant Transmission Facility site control evidence for an additional three year term beginning from last day of the relevant Cycle, Phase I.
 - a. Such site control evidence shall be identical to the Generating Facility or Merchant Transmission Facility site control evidence submitted for a New Service Request in the Application Phase, and shall continue to cover 100%

- of the Generating Facility site, including the location of the high-voltage side of the Generating Facility's main power transformer(s).
2. Interconnection Facilities (to the Point of Interconnection) site control evidence for a three year term beginning from the last day of the relevant Cycle, Phase I.
 - a. Such site control evidence shall cover 100% of the linear distance for the identified required Interconnection Facilities associated with a New Service Request.
 3. Interconnection Switchyard, if applicable, site control evidence for a three year term beginning from the last day of the relevant Cycle, Phase I.
 - a. Such site control evidence shall cover 100% of the acreage required identified required Interconnection Switchyard associated with a New Service Request.
- iv. If Project Developer fails to produce all required Site Control evidence in accordance with the Site Control rules set forth in Tariff, Part VIII, Subsection A, section C, and in accordance with (i), (ii) and (iii) above, then Project Developer must provide evidence acceptable to Transmission Provider demonstrating that Project Developer is in negotiations with appropriate entities to meet the Site Control rules set forth in Tariff, Part VIII, Subsection A, section C, and in accordance with (i), (ii) and (iii) above.
1. If Transmission Provider determines that the evidence of such negotiations is acceptable, then Transmission Provider shall add a condition precedent in the New Service Request final interconnection related agreement (from Tariff, Part IX) requiring that within 180 days from the effective date of such final agreement, all required Site Control evidence in accordance with the Site Control rules set forth in Tariff, Part VIII, Subsection A, section C, and in accordance with (i), (ii) and (iii) above, shall be met or, otherwise, such agreement shall automatically be deemed terminated and cancelled, and the related New Service Request shall automatically be deemed terminated and withdrawn from the Cycle.

- a. Such condition precedent shall not be extended under any circumstances for any reason.
- b. Project Developer must provide evidence that it has: (i) entered a fuel delivery agreement and water agreement, if necessary, and that it controls any necessary rights-of-way for fuel and water interconnections; (ii) obtained any necessary local, county, and state site permits; and (iii) signed a memorandum of understanding for the acquisition of major equipment.
- c. For a Project Developer that has submitted a Transmission Interconnection Request, Project Developer shall provide evidence acceptable to the Transmission Provider that Project Developer has submitted and maintained a valid corresponding interconnection request with any required adjacent Control Area(s) in which it is interconnecting or is required to interconnect with as part of such Transmission Interconnection Request. Project Developer shall maintain its interconnection request positions with such adjacent Control Area(s) throughout the entire PJM Transmission Interconnection Request process for the relevant PJM Transmission Interconnection Request. If Project Developer fails to maintain its interconnection request positions with such adjacent Control Area(s) throughout the entire PJM Transmission Interconnection Request process for the relevant PJM Transmission Interconnection Request, the relevant PJM Transmission Interconnection Request shall be deemed to be terminated and withdrawn, and will be removed from the Cycle.
- d. For a non-jurisdictional project, evidence of a fully executed state level interconnection agreement with the applicable entity.
- e. If Project Developer or Eligible Customer fails to submit all of the criteria in (a) through (d) above (noting the exception provided for site control), before the close of the Decision Point I Phase, Project Developer's or Eligible Customer's New Service Request shall be deemed terminated and withdrawn.
- f. If Project Developer or Eligible Customer subject to Acceleration at Decision Point I submits all elements in (a) through (d) above, then, at the close of the Decision Point I, Transmission Provider will begin the deficiency review of the elements set forth in parts (a) through (d) above, as follows:

- iii. Transmission Provider will exercise Reasonable Efforts to inform Project Developer or Eligible Customer of deficiencies within 10 Business Days after the close of Decision Point I.
- iv. Project Developer or Eligible Customer then has 5 Business Days to respond to Transmission Provider's deficiency determination.

iii. Transmission Provider then will exercise Reasonable Efforts to review Project Developer's or Eligible Customer's response within 10 Business Days, and then will either terminate and withdraw the New Service Request, or proceed to a final interconnection related agreement (from Tariff, Part IX). The final interconnection related agreement shall be negotiated and issued in accordance with the rules set forth in Tariff, Part VIII, Subpart __, sections _____ through ____

iii. For a New Service Request for a non-jurisdictional project that qualifies to accelerate to a final interconnection related agreement (from Tariff, Part IX) but which has not yet secured a fully executed state level interconnection agreement with the applicable entity before the close of Decision Point I to remain in the Cycle, Transmission Provider must receive from the Project Developer all of the following required elements, before the close of Decision Point III:

- a. Security. Security shall be calculated for New Service Requests based upon based upon Network Upgrades costs allocated pursuant to the Phase I System Impact Study Results.
- b. Notification in writing that Project Developer elects to proceed to a final agreement with respect to its New Service Request
- c. Evidence of Site Control that is in accordance with the Site Control rules set forth above in Tariff, Part VIII, Subsection A, section C, and is also in accordance with the following additional specifications:

ii.i. Generating Facility site control evidence is required to be maintained for an additional term beginning from last day of the relevant Cycle, Phase I that extends through full execution date of the relevant state level interconnection agreement with the applicable entity, plus three years beyond such full execution date of the

relevant state level interconnection agreement with the applicable entity.

1. Such site control evidence shall be identical to the Generating Facility site control evidence submitted for a New Service Request in the Application Phase, and shall continue to cover 100% of the Generating Facility site, including the location of the high-voltage side of the Generating Facility's main power transformer(s).

iii.ii. Interconnection Facilities (to the Point of Interconnection) site control evidence is required to be maintained for a term beginning from last day of the relevant Cycle, Phase I that extends through full execution date of the relevant state level interconnection agreement with the applicable entity, plus three years beyond such full execution date of the relevant state level interconnection agreement with the applicable entity.

1. Such site control evidence shall cover 100% of the linear distance for the identified required Interconnection Facilities associated with a New Service Request.

iv.iii. Interconnection Switchyard, if applicable, site control evidence is required to be maintained for a term beginning from last day of the relevant Cycle, Phase I that extends through full execution date of the relevant state level interconnection agreement with the applicable entity, plus three years beyond such full execution date of the relevant state level interconnection agreement with the applicable entity.

1. Such site control evidence shall cover 100% of the acreage required for the identified required Interconnection Switchyard associated with a New Service Request.

v.iv. PJM may request evidence of the required site control at any point beginning from last day of the relevant Cycle, Phase I through a date that extends three years beyond the full execution date of the relevant state level interconnection agreement with the applicable entity

vi.v. If Project Developer fails to produce all required Site Control evidence in accordance with the Site Control rules set forth in Tariff, Part VIII, Subsection A, section C, and in accordance with (i), (ii) and (iii) above, then Project Developer must provide evidence acceptable to Transmission Provider demonstrating that Project

Developer is in negotiations with appropriate entities to meet the Site Control rules set forth in Tariff, Part VIII, Subsection A, section C, and in accordance with (i), (ii) and (iii) above.

1. If Transmission Provider determines that the evidence of such negotiations is acceptable, then Transmission Provider shall add a condition precedent in the New Service Request final interconnection related agreement (from Tariff, Part IX) requiring that within 180 days from the effective date of such final agreement, all required Site Control evidence in accordance with the Site Control rules set forth in Tariff, Part VIII, Subsection A, section C, and in accordance with (i), (ii) and (iii) above, shall be met or, otherwise, such agreement shall automatically be deemed terminated and cancelled, and the related New Service Request shall automatically be deemed terminated and withdrawn from the Cycle.
 - a. Such condition precedent shall not be extended under any circumstances for any reason.
- d. For a Project Developer that has submitted a Transmission Interconnection Request, Project Developer shall provide evidence acceptable to the Transmission Provider that Project Developer has submitted and maintained a valid corresponding interconnection request with any required adjacent Control Area(s) in which it is interconnecting or is required to interconnect with as part of such Transmission Interconnection Request. Project Developer shall maintain its interconnection request positions with such adjacent Control Area(s) throughout the entire PJM Transmission Interconnection Request process for the relevant PJM Transmission Interconnection Request. If Project Developer fails to maintain its interconnection request positions with such adjacent Control Area(s) throughout the entire PJM Transmission Interconnection Request process for the relevant PJM Transmission Interconnection Request, the relevant PJM Transmission Interconnection Request shall be deemed to be terminated and withdrawn, and will be removed from the Cycle
- e. Evidence of a fully executed state level Interconnection Agreement with the applicable entity

- f. Project Developer must provide evidence that it has: (i) entered a fuel delivery agreement and water agreement, if necessary, and that it controls any necessary rights-of-way for fuel and water interconnections; (ii) obtained any necessary local, county, and state site permits; and (iii) signed a memorandum of understanding for the acquisition of major equipment.
- g. If Project Developer fails to submit all of the criteria in (a) through (f) above (noting the exception provided for site control), before the close of the Decision Point III Phase, Project Developer's New Service Request shall be deemed terminated and withdrawn.
- h. When Project Developer meets all of the requirements above, then, at the point at which the last required piece of evidence as set forth in (a) through (f) above was submitted, Transmission Provider will begin the deficiency review of the elements set forth in parts (a) through (f) above, as follows:
 - 1. Transmission Provider will exercise Reasonable Efforts to inform Project Developer of deficiencies within 10 Business Days after the close of Decision Point I.
 - 2. Project Developer then has 5 Business Days to respond to Transmission Provider's deficiency determination.
 - 3. Transmission Provider then will exercise Reasonable Efforts to review Project Developer's response within 10 Business Days, and then will either terminate and withdraw the New Service Request, or proceed to a final interconnection related agreement (from Tariff, Part IX). The final interconnection related agreement shall be negotiated and issued in accordance with the rules set forth in Tariff, Part VIII, Subpart D__, sections ____ through ____
- iv. **New Service Request Withdraw or Termination at Decision Point I.**
 - a. A Project Developer or Eligible Customer may withdraw its New Service Request during Decision Point I. If the Project Developer or Eligible Customer elects to withdraw its New Service Request during Decision Point I, the Transmission Provider must receive before the close of the Decision Point I Phase written notification from the Project Developer or Eligible Customer of Project Developer's or Eligible Customer's decision to withdraw its New Service Request.
 - b. Transmission Provider may deem a New Service Request

terminated and withdrawn for failing to meet any of the Decision Point I requirements, as set forth in this Tariff, Part VIII, Subpart C.3.

- c. If a New Service Request is either withdrawn or deemed terminated and withdrawn, it will be removed from the relevant Cycle, and Readiness Deposits and Study Deposits will be disbursed as follows:
 - i. For Readiness Deposits:
 - 1. At the conclusion of Transmission Provider's deficiency review for Decision Point I or upon voluntary withdrawal of a New Service Request, refund to the Project Developer or Eligible Customer 50 percent of Readiness Deposit No. 1 paid by the Project Developer or Eligible Customer with its New Service Request during the Application Phase, and 100 percent of Readiness Deposit No. 2 paid by the Project Developer or Eligible Customer during this Decision Point I.; and
 - 2. At the conclusion of the Cycle, refund to Project Developer or Eligible Customer up to 50% of Readiness Deposit No. 1 pursuant to Tariff Part VIII, Subpart C, [Readiness Deposit refund provisions in Application rules]
 - ii. At the conclusion of Transmission Provider's deficiency review for Decision Point I, refund to the Project Developer or Eligible Customer up to 90 percent of its Study Deposit submitted with its New Service Request during the Application Phase, less any actual costs.

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b. New Service Request Modification Requests at Decision Point I

- i. Reductions in Maximum Facility Output and/or Capacity Interconnection Rights. Project Developer may reduce the previously requested New Service Request Maximum Facility Output and/or Capacity Interconnection Rights values, up to 100 percent of the requested amount
 - ii. Fuel Changes. The fuel type specified in the New Service Request may not be changed or modified in any way for any reason, except that for New Service Requests that involve multiple fuel types, removal of a fuel type through these reduction rules will not constitute a fuel type change.
- iii. Point of Interconnection.
 - 1. The Point of Interconnection must be finalized before the close of the Decision Point I Phase.

- a. Project Developer may only move the location of the Point of Interconnection 1) along the same segment of transmission line, as defined by the two electrical nodes located on the transmission line as modeled in the Phase I Base Case Data, or 2) move the location of the Point of Interconnection to a different breaker position within the same substation, subject to Transmission Owner review and approval.
 - i. Project Developer must notify Transmission Provider in writing prior to the close of Decision Point I. No modifications to the Point of Interconnection will be accepted for any reason after the close of Decision Point I.
- iv. **Generating Facility or Merchant Transmission Facility Site Changes**
Project Developer may specify a change to the project Site only if:
 - 1. the Project Developer satisfied the requirements for Site Control for both the initial Site proposed in the New Service Request Application and the newly proposed site; and
 - 2. the initial Site and the proposed Site are adjacent parcels.
 - 3. Such site control is subject to the verification procedures set forth in Tariff, Subpart C, section (DP I site control verification).
- v. **Equipment Changes**
 - 1. During Decision Point I, Project Developer may modify its Interconnection Request for updated equipment data. Project Developer shall submit machine modeling data as specified in the PJM Manuals before the close of Decision Point I.

Tariff, Part VIII, Subpart C.4
Phase II

D. Phase II

f. Phase II Rules

i. This Tariff, Part VIII, Subpart C, section D sets forth the procedures and other terms governing the Transmission Provider's administration of Phase II of the Cycle process. After the Decision Point I phase of a Cycle is completed and a group of valid New Service Requests is established therein, Phase II of a Cycle will commence. During Phase II of a Cycle, the Transmission Provider shall conduct the Phase II System Impact Study. Only New Service Requests meeting the requirements of Tariff, Part VIII, Subpart C, section C, Decision Point I phase, will be included in the Phase II System Impact Study.

1. The Phase II System Impact Study analysis will retool load flow results based on decisions made during Decision Point I, and perform short circuit and stability analyses as required.
2. The Phase II System Impact Study will identify Affected Systems, if applicable.
 - a. If an Affected System Study Agreement is required, the Transmission Provider shall notify the Project Developer or Eligible Customer prior to the end of Phase II by posting on the Transmission Provider's website of the need for Project Developer or Eligible Customer to enter into an Affected System Study Agreement.
3. The Phase II System Impact Study Results will be publicly available on Transmission Provider's website; Project Developers and Eligible Customers must obtain the results from the website.
4. Facilities Study. During the Phase II System Impact Study, a Facilities Study shall also be conducted pursuant to Tariff, Part VIII, Subpart C.1 (System Impact Study intro). Phase II.
5. **Start and Duration of Phase II**
 - a. Phase II shall start on the first Business Day immediately following the end of the Decision

Point I unless the Decision Point III of the immediately preceding Cycle is still open. In no event shall Phase II of a Cycle commence before the conclusion of the Decision Point III Phase of the immediately preceding Cycle.

- b. The Transmission Provider shall use Reasonable Efforts to complete Phase II within 180 days from the date such Phase II commenced. If the 180th day does not fall on a Business Day, Phase II shall be extended to end on the next Business Day. If the Transmission Provider is unable to complete Phase II within 180 days, the Transmission Provider shall notify all impacted Project Developers simultaneously by posting on Transmission Provider's website a revised estimated completion date along with an explanation of the reasons why additional time is required to complete Phase II.

Tariff, Part VIII, Subpart C.5
Decision Point II

A. Decision Point II.

a. Requirements

Decision Point II shall commence on the first Business Day immediately following the end of Phase II. New Service Requests that are studied in Phase II will enter Decision Point II. Before the close of Decision Point II, Project Developer or Eligible Customer shall choose either to remain in the Cycle subject to the terms set forth below, or to withdraw its New Service Request. If the 30th day does not fall on a Business Day, the phase shall be extended to end on the next Business Day.

v. For a New Service Request to remain in the Cycle, it must either proceed as set forth immediately below, or, if Transmission Provider determines a New Service Request qualifies to accelerate to a final interconnection related agreement (from Tariff, Part IX), such new Service Request must meet the requirements set forth below in Tariff, Part VIII, Subpart C.3, section _____.

a. For a New Service Request that is not otherwise eligible to accelerate to a final interconnection related agreement (from Tariff, Part IX) to remain in the Cycle, Transmission Provider must receive from the Project Developer or Eligible Customer all of the following required elements before the close of Decision Point II:

a. The applicable Readiness Deposit No. 3

i. The Decision Point II Readiness Deposit No. 3 to be paid cumulatively, i.e., in addition to the Readiness Deposit No. 1 that was submitted with the New Service Request at the Application Phase, and the Readiness Deposit No. 2 that was submitted at Decision Point I. The Decision Point II Readiness Deposit No. 3 will be calculated by the Transmission Provider during Phase II, and shall not be reduced or refunded based upon subsequent New Service Request modifications or cost allocation changes.

ii. The Decision Point II Readiness Deposit No. 3 required amount shall be an amount equal to the greater of:

1. (i) 20 percent of the cost allocation for the Network Upgrades as calculated in Phase II or (ii) the Readiness Deposit No. 1 paid by

- the Project Developer or Eligible Customer with its New Service Request during the Application Phase plus the Readiness Deposit No. 2 paid by the Project Developer or Eligible Customer with its New Service Request during Decision Point I; minus
2. the Readiness Deposit No. 1 amount paid by the Project Developer with its New Service Request during the Application Phase, plus the Readiness Deposit No. 2 amount paid by the Project Developer or Eligible Customer with its New Service Request during Decision Point I.
 - iii. The Readiness Deposit No. 3 amount due can be zero, but cannot be a negative number (i.e., there will not be any refunded amounts associated with Readiness Deposit No. 3).
- b. Notification in writing that Project Developer or Eligible Customer elects to exercise the Option to Build for Stand Alone Network Upgrades identified with respect to its New Service Request
 - c. Evidence of Site Control. There are no Site Control evidentiary requirements at Decision Point II.
 - d. Evidence of air and water permits (if applicable)
 - e. For state-level, non-jurisdictional interconnection projects, evidence of participation in the state-level interconnection process with the applicable entity.
 - f. Submission of New Service Request Data for Phase II System Impact Study data.
 - g. Evidence that Project Developer or Eligible Customer entered into a fully executed Affected System Study Agreement, if applicable to its New Service Request by the later of Decision Point II or 60 days after notification from Transmission Provider that an Affected System Study Agreement is required.
 - h. For a Project Developer that has submitted a Transmission Interconnection Request, Project Developer shall provide evidence acceptable to the Transmission Provider that Project Developer has submitted and maintained a valid interconnection request with the adjacent Control Area(s) in which it is interconnecting. Project Developer shall maintain its queue position(s) with such adjacent Control

Area(s) throughout the entire PJM Transmission Interconnection Request process for the relevant PJM Transmission Interconnection Request. If Project Developer fails to maintain its queue position(s) with such adjacent Control Area(s) throughout the entire PJM Transmission Interconnection Request process for the relevant PJM Transmission Interconnection Request, the relevant PJM Transmission Interconnection Request shall be deemed to be terminated and withdrawn.

- i. If Project Developer or Eligible Customer fails to submit all of the criteria in (a) through (h) above, before the close of Decision Point II, Project Developer's or Eligible Customer's New Service Request shall be deemed terminated and withdrawn.
- ii. If Project Developer or Eligible Customer submits all elements in (a) through (h) above, then, at the close of the Decision Point II, Transmission Provider will begin the deficiency review of the elements set forth in parts (a) through (i) above, as follows:
 - v. Transmission Provider will exercise Reasonable Efforts to inform Project Developer or Eligible Customer of deficiencies within 10 Business Days after the close of Decision Point II.
 - vi. Project Developer or Eligible Customer then has 5 Business Days to respond to Transmission Provider's deficiency determination.
 - vi. Transmission Provider then will exercise Reasonable Efforts to review Project Developer's or Eligible Customer's response within 10 Business Days, and then will either terminate and withdraw the New Service Request, or include the New Service Request in Phase III.
 - a. Transmission Provider's review of the above required elements may run co-extensively with Phase III.
- vii. Acceleration at Decision Point II. Upon completion of the Phase II System Impact Study, Transmission Provider may accelerate treatment of such New Service Request.
 - a. For (i) a jurisdictional project that qualifies to accelerate, or (ii) a non-jurisdictional project that qualifies to accelerate and which retains a fully executed state level interconnection agreement with the applicable entity, to remain in the Cycle, Transmission Provider must receive

from the Project Developer or Eligible Customer all of the following required elements before the close of Decision Point II:

- i. Security
 - 1. Security shall be calculated for New Service Requests based upon based upon Network Upgrades costs allocated pursuant to the Phase II System Impact Study Results.
- ii. Notification in writing that Project Developer or Eligible Customer elects to proceed to a final agreement with respect to its New Service Request
 - i. Evidence of Site Control that is in accordance with the Site Control rules set forth above in Tariff, Part VIII, Subsection A, section C, and is also in accordance with the following additional specifications:
 - 1. Generating Facility or Merchant Transmission Facility site control evidence for an additional three year term beginning from last day of the relevant Cycle, Phase II.
 - a. Such site control evidence shall be identical to the Generating Facility or Merchant Transmission Facility site control evidence submitted for a New Service Request in the Application Phase, and shall continue to cover 100% of the Generating Facility site, including the location of the high-voltage side of the Generating Facility's main power transformer(s).
 - 2. Interconnection Facilities (to the Point of Interconnection) site control evidence for a three year term beginning from the last day of the relevant Cycle, Phase II.
 - a. Such site control evidence shall cover 100% of the linear distance for identified required Interconnection Facilities associated with a New Service Request.
 - 3. Interconnection Switchyard, if applicable, site control evidence for a three year term beginning from the last day of the relevant Cycle, Phase II.
 - a. Such site control evidence shall cover 100% of the acreage required for the

identified required Interconnection Switchyard associated with a New Service Request.

- ii. If Project Developer fails to produce all required Site Control evidence in accordance with the Site Control rules set forth in Tariff, Part VIII, Subsection A, section C, and in accordance with (i), (ii) and (iii) above, then Project Developer must provide evidence acceptable to Transmission Provider demonstrating that Project Developer is in negotiations with appropriate entities to meet the Site Control rules set forth in Tariff, Part VIII, Subsection A, section C, and in accordance with (i), (ii) and (iii) above.
 1. If Transmission Provider determines that the evidence of such negotiations is acceptable, then Transmission Provider shall add a condition precedent in the New Service Request final interconnection related agreement (from Tariff, Part IX) requiring that within 180 days from the effective date of such final agreement, all required Site Control evidence in accordance with the Site Control rules set forth in Tariff, Part VIII, Subsection A, section C, and in accordance with (i), (ii) and (iii) above, shall be met or, otherwise, such agreement shall automatically be deemed terminated and cancelled, and the related New Service Request shall automatically be deemed terminated and withdrawn from the Cycle.
 - a. Such condition precedent shall not be extended under any circumstances for any reason.
- b. Project Developer must provide evidence that it has: (i) entered a fuel delivery agreement and water agreement, if necessary, and that it controls any necessary rights-of-way for fuel and water interconnections; (ii) obtained any necessary local, county, and state site permits; and (iii) signed a memorandum of understanding for the acquisition of major equipment.
- c. For a Project Developer that has submitted a Transmission Interconnection Request, Project Developer shall provide evidence acceptable to the Transmission Provider that Project Developer has submitted and maintained a valid corresponding interconnection request with any required adjacent Control Area(s) in which it is interconnecting or is required to interconnect with as part of such Transmission Interconnection

Request. Project Developer shall maintain its interconnection request positions with such adjacent Control Area(s) throughout the entire PJM Transmission Interconnection Request process for the relevant PJM Transmission Interconnection Request. If Project Developer fails to maintain its interconnection request positions with such adjacent Control Area(s) throughout the entire PJM Transmission Interconnection Request process for the relevant PJM Transmission Interconnection Request, the relevant PJM Transmission Interconnection Request shall be deemed to be terminated and withdrawn, and will be removed from the Cycle.

- d. For a non-jurisdictional project, evidence of a fully executed state level interconnection agreement with the applicable entity
- e. If Project Developer or Eligible Customer fails to submit all of the criteria in (a) through (d) above (noting the exception provided for site control), before the close of Decision Point II, Project Developer's or Eligible Customer's New Service Request shall be deemed terminated and withdrawn.
- f. If Project Developer or Eligible Customer submits all elements in (a) through (d) above, then, at the close of the Decision Point II, Transmission Provider will begin the deficiency review of the elements set forth in parts (a) through (d) above, as follows:
 - 1. Transmission Provider will exercise Reasonable Efforts to inform Project Developer or Eligible Customer of deficiencies within 10 Business Days after the close of Decision Point I.
 - 2. Project Developer or Eligible Customer then has 5 Business Days to respond to Transmission Provider's deficiency determination.
 - 3. Transmission Provider then will exercise Reasonable Efforts to review Project Developer's or Eligible Customer's response within 10 Business Days, and then will either terminate and withdraw the New Service Request, or proceed to a final interconnection related agreement (from Tariff, Part IX). The final interconnection related agreement shall be negotiated and issued in accordance with the rules set forth in Tariff, Part VIII, Subpart D8, sections _____ through _____
- j. For a New Service Request for a non-jurisdictional project that qualifies to accelerate to a final interconnection related

agreement (from Tariff, Part IX) but which has not yet secured a fully executed state level interconnection agreement with the applicable entity before the close of Decision Point II to remain in the Cycle, Transmission Provider must receive from the Project Developer all of the following required elements, before the close of Decision Point III:

- k. Security. Security shall be calculated for New Service Requests based upon based upon Network Upgrades costs allocated pursuant to the Phase II System Impact Study Results.
- l. Notification in writing that Project Developer elects to proceed to a final agreement with respect to its New Service Request
- m. Evidence of Site Control that is in accordance with the Site Control rules set forth above in Tariff, Part VIII, Subsection A, section C, and is also in accordance with the following additional specifications:
 - i. Generating Facility site control evidence is required to be maintained for an additional term beginning from last day of the relevant Cycle, Phase II that extends through full execution date of the relevant state level interconnection agreement with the applicable entity, plus three years beyond such full execution date of the relevant state level interconnection agreement with the applicable entity.
 - 1. Such site control evidence shall be identical to the Generating Facility site control evidence submitted for a New Service Request in the Application Phase, and shall continue to cover 100% of the Generating Facility site, including the location of the high-voltage side of the Generating Facility's main power transformer(s).
 - ii. Interconnection Facilities (to the Point of Interconnection) site control evidence is required to be maintained for a term beginning from last day of the relevant Cycle, Phase II that extends through the full execution date of the relevant state level interconnection agreement with the applicable entity, plus three years beyond such full execution date of the

relevant state level interconnection agreement with the applicable entity.

1. Such site control evidence shall cover 100% of linear distance for the identified required Interconnection Facilities associated with a New Service Request.
- iii. Interconnection Switchyard, if applicable, site control evidence is required to be maintained for a term beginning from last day of the relevant Cycle, Phase II that extends through full execution date of the relevant state level interconnection agreement with the applicable entity, plus three years beyond such full execution date of the relevant state level interconnection agreement with the applicable entity.
1. Such site control evidence shall cover 100% of acreage required for the identified required Interconnection Switchyard associated with a New Service Request.
- iv. PJM may request evidence of the required site control at any point beginning from last day of the relevant Cycle, Phase II through a date that extends three years beyond the full execution date of the relevant state level interconnection agreement with the applicable entity
- v. If Project Developer fails to produce all required Site Control evidence in accordance with the Site Control rules set forth in Tariff, Part VIII, Subsection A, section C, and in accordance with (i), (ii) and (iii) above, then Project Developer must provide evidence acceptable to Transmission Provider demonstrating that Project Developer is in negotiations with appropriate entities to meet the Site Control rules set forth in Tariff, Part VIII, Subsection A, section C, and in accordance with (i), (ii) and (iii) above.
1. If Transmission Provider determines that the evidence of such negotiations is acceptable, then Transmission Provider shall add a condition precedent in the New Service Request final interconnection related agreement (from Tariff, Part IX) requiring that within 180 days from the effective date of such final agreement, all required Site Control evidence in accordance with the Site Control rules set forth in Tariff, Part VIII, Subsection A, section C, and in accordance with (i), (ii) and (iii) above, shall be met or, otherwise, such agreement shall automatically be deemed terminated and

cancelled, and the related New Service Request shall automatically be deemed terminated and withdrawn from the Cycle.

- a. Such condition precedent shall not be extended under any circumstances for any reason.
- n. For a Project Developer that has submitted a Transmission Interconnection Request, Project Developer shall provide evidence acceptable to the Transmission Provider that Project Developer has submitted and maintained a valid corresponding interconnection request with any required adjacent Control Area(s) in which it is interconnecting or is required to interconnect with as part of such Transmission Interconnection Request. Project Developer shall maintain its interconnection request positions with such adjacent Control Area(s) throughout the entire PJM Transmission Interconnection Request process for the relevant PJM Transmission Interconnection Request. If Project Developer fails to maintain its interconnection request positions with such adjacent Control Area(s) throughout the entire PJM Transmission Interconnection Request process for the relevant PJM Transmission Interconnection Request, the relevant PJM Transmission Interconnection Request shall be deemed to be terminated and withdrawn, and will be removed from the Cycle
- o. Evidence of a fully executed state level Interconnection Agreement with the applicable entity
- p. Project Developer must provide evidence that it has: (i) entered a fuel delivery agreement and water agreement, if necessary, and that it controls any necessary rights-of-way for fuel and water interconnections; (ii) obtained any necessary local, county, and state site permits; and (iii) signed a memorandum of understanding for the acquisition of major equipment.
- q. If Project Developer or Eligible Customer fails to submit all of the criteria in (a) through (h) above (noting the exception provided for site control), before the close of the Decision Point III Phase, Project Developer's or Eligible Customer's New Service Request shall be deemed terminated and withdrawn.
- h.—When Project Developer or Eligible Customer meets all of the requirements above, then, at the point at which the last required piece of evidence as set forth in (a) through (h) above was submitted, Transmission Provider will begin the deficiency

review of the elements set forth in parts (a) through (h) above, as follows:

4. Transmission Provider will exercise Reasonable Efforts to inform Project Developer or Eligible Customer of deficiencies within 10 Business Days after the close of Decision Point I.
5. Project Developer or Eligible Customer then has 5 Business Days to respond to Transmission Provider's deficiency determination.
6. Transmission Provider then will exercise Reasonable Efforts to review Project Developer's or Eligible Customer's response within 10 Business Days, and then will either terminate and withdraw the New Service Request, or proceed to a final interconnection related agreement (from Tariff, Part IX). The final interconnection related agreement shall be negotiated and ~~issued in accordance with the rules set forth in Tariff, Part VIII, Subpart D8, sections _____ through _____~~

~~**-New Service Request Withdraw or Termination at Decision Point II.**~~

- r. A Project Developer or Eligible Customer may withdraw its New Service Request during Decision Point II. If the Project Developer or Eligible Customer elects to withdraw its New Service Request during Decision Point II, the Transmission Provider must receive before the close of the Decision Point II Phase written notification from the Project Developer or Eligible Customer of Project Developer's or Eligible Customer's decision to withdraw its New Service Request.
- s. Transmission Provider may deem a New Service Request terminated and withdrawn for failing to meet any of the Decision Point II requirements, as set forth in this Tariff, Part VIII, Subpart C.3.
- t. If a New Service Request is either withdrawn or deemed terminated and withdrawn, it will be removed from the relevant Cycle, and Readiness Deposits and Study Deposits will be disbursed as follows:
 - iii. For Readiness Deposits:
 1. At the conclusion of Transmission Provider's deficiency review for Decision Point II, refund to Project Developer or Eligible Customer 100 percent of Readiness Deposit No. 2 paid by the Project Developer

or Eligible Customer during Decision Point I;

2. At the conclusion of the Cycle, refund to Project Developer or Eligible Customer up to 100% of Readiness Deposit No. 1 pursuant to Tariff Part VIII, Subpart C, [Readiness Deposit refund provisions in Application rules]

iv. For Study Deposits:

1. At the conclusion of Transmission Provider's deficiency review for Decision Point II, refund to the Project Developer or Eligible Customer up to 90 percent of its Study Deposit submitted with its New Service Request during the Application Phase, less any actual costs.

1. **Adverse Study Impact Calculation.** Notwithstanding the refund provisions in sections (1), (2) and (3) above, Transmission Provider shall refund to Project Developer or Eligible Customer the cumulative Readiness Deposit amounts paid by Project Developer at the Application Phase and at the Decision Point I Phase if the Project Developer's Network Upgrade cost from Phase I to Phase II:

- a. increases overall by 25 percent or more; and
- b. increases by more than \$10,000 per MW.

Network Upgrade costs shall include costs identified in Affected System studies in their respective phases.

b. New Service Request Modification Requests at Decision Point II

- v. Reductions in Maximum Facility Output and/or Capacity Interconnection Rights. Project Developer may reduce the previously requested New Service Request Maximum Facility Output and/or Capacity Interconnection Rights values, up to 10 percent of the values studied in Phase II.
- vi. Fuel Changes. The fuel type specified in the New Service Request may not be changed or modified in any way for any reason, except that for New Service Requests that involve multiple fuel types, removal of a fuel type through these reduction rules will not constitute a fuel type change.
- vii. Point of Interconnection. The Point of Interconnection may not be changed or modified in any way for any reason at this point in the Cycle process.

- viii. Generating Facility or Merchant Transmission Facility Site Changes. Project Developer may specify a change to the project Site only
- ix. if the Project Developer satisfied the requirements for Site Control for both the initial Site proposed in the New Service Request Application and the newly proposed site; and the initial Site and the proposed Site are adjacent parcels. Such site control is subject to the verification procedures set forth in Tariff, Subpart C, section (DP III site control verification).
- x. Equipment Changes
During Decision Point II, Project Developer is limited to modifying its New Service Request to Permissible Technological Advancement changes only. Project Developer shall submit machine modeling data as specified in the PJM Manuals associated with the Permissible Technological Advancement before the close of Decision Point II.

Tariff, Part VII, Subpart C.6
Phase III

a. Phase III Rules

- i. This Tariff, Part VIII, Subpart C, section D, subsection ____ sets forth the procedures and other terms governing the Transmission Provider's administration of Phase III of the Cycle process. After Decision Point II of a Cycle is completed and a group of valid New Service Requests is established therein, Phase III of a Cycle will commence. During Phase III of a Cycle, the Transmission Provider shall conduct a Phase III System Impact Study. Only New Service Requests meeting the requirements of Tariff, Part VIII, Subpart C, section D, Decision Point II, will be included in the Phase III System Impact Study.
 1. The Phase III System Impact Study analysis will retool load flow, short circuit, and stability results based on decisions made in Decision Point II.
 2. The Phase III System Impact Study will include a final Affected System study, if applicable.
 3. Phase III System Impact Study results will be publicly available on Transmission Provider's website; Project Developers and Eligible Customers must obtain the results from the website.

4. Facilities Study. During the Phase III System Impact Study, a Facilities Study shall also be conducted pursuant to Tariff, Part VIII, Subpart C.1 (System Impact Study intro).

5. **Start and Duration of Phase III**
 - a. Phase III shall start on the first Business Day immediately following the end of Decision Point II unless the Final Agreement Negotiation Phase of the immediately preceding Cycle is still open. In no event shall Phase III of a Cycle commence before the conclusion of the Final Agreement Negotiation Phase of the immediately preceding Cycle.
 - b. The Transmission Provider shall use Reasonable Efforts to complete Phase III within 180 days from the date such Phase III commenced. If the 180th day does not fall on a Business Day, Phase III shall be extended to end on the next Business Day. If the Transmission Provider is unable to complete Phase III within 180 days, the Transmission Provider shall

notify all impacted Project Developers or Eligible Customers simultaneously by posting on Transmission Provider's website a revised estimated completion date along with an explanation of the reasons why additional time is required to complete Phase III.

6. Draft Agreement

Prior to the Final Agreement Negotiation Phase, Transmission Provider shall provide in electronic form a draft interconnection related agreement from Tariff, Part IX, as applicable to the Project Developer's or Eligible Customer's New Service Request, along with any applicable draft schedules, to the parties to such interconnection related agreement.

Tariff, Part VIII, Subpart C.7
Decision Point III

- B. Decision Point III shall commence on the first Business Day immediately following the end of Phase II, and shall run concurrently with the Final Agreement Negotiation Phase. New Service Requests that are studied in Phase II will enter Decision Point III. Before the close of Decision Point III, Project Developer or Eligible Customer shall choose either to remain in the Cycle subject to the terms set forth below, or to withdraw its New Service Request. If the 30th day does not fall on a Business Day, the phase shall be extended to end on the next Business Day.
- viii. Transmission Provider must receive from the Project Developer or Eligible Customer all of the following required elements before the close of Decision Point III for a New Service Request to remain in the Cycle and proceed through the Final Agreement Negotiation Phase as set forth below:
 - a. Security
 - i. Security shall be calculated for New Service Requests based upon based upon Network Upgrades costs allocated pursuant to the Phase III System Impact Study Results.
 - b. Notification in writing that Project Developer or Eligible Customer elects to proceed to a final agreement with respect to its New Service Request
 - c. Project Developers must present evidence of Site Control that is in accordance with the Site Control rules set forth above in Tariff, Part VIII, Subsection A, section C, and is also in accordance with the following additional specifications:
 - i. Generating Facility or Merchant Transmission Facility site control evidence for an additional three year term beginning from last day of the relevant Cycle, Phase III.
 - 1. Such site control evidence shall be identical to the Generating Facility or Merchant Transmission Facility site control evidence submitted for a New Service Request in the Application Phase, and shall continue to cover 100% of the Generating Facility or Merchant Transmission Facility site, including the location of the high-voltage side of the Generating Facility's main power transformer(s).

- ii. Interconnection Facilities (to the Point of Interconnection) site control evidence for an additional three year term beginning from the last day of the relevant Cycle, Phase III.
 - 1. Such site control evidence shall cover 100% of the linear distance for the identified required Interconnection Facilities associated with a New Service Request.
- iii. Interconnection Switchyard, if applicable, site control evidence for an additional three year term beginning from the last day of the relevant Cycle, Phase III.
 - 1. Such site control evidence shall cover 100% of the acreage required for the identified required Interconnection Switchyard associated with a New Service Request.
- iv. If Project Developer or Eligible Customer fails to produce all required Site Control evidence in accordance with the Site Control rules set forth in Tariff, Part VIII, Subsection A, section C, and in accordance with (i), (ii) and (iii) above, then Project Developer or Eligible Customer must provide evidence acceptable to Transmission Provider demonstrating that Project Developer or Eligible Customer is in negotiations with appropriate entities to meet the Site Control rules set forth in Tariff, Part VIII, Subsection A, section C, and in accordance with (i), (ii) and (iii) above.
 - 1. If Transmission Provider determines that the evidence of such negotiations is acceptable, then Transmission Provider shall add a condition precedent in the New Service Request final interconnection related agreement (from Tariff, Part IX) requiring that within 180 days from the effective date of such final agreement, all required Site Control evidence in accordance with the Site Control rules set forth in Tariff, Part VIII, Subsection A, section C, and in accordance with (i), (ii) and (iii) above, shall be met or, otherwise, such agreement shall automatically be deemed terminated and cancelled, and the related New Service Request shall automatically be deemed terminated and withdrawn from the Cycle.

- a. Such condition precedent shall not be extended under any circumstances for any reason.
 - c. For a Project Developer that has submitted a Transmission Interconnection Request, Project Developer shall provide evidence acceptable to the Transmission Provider that Project Developer has submitted and maintained a valid interconnection request with the adjacent Control Area(s) in which it is interconnecting. Project Developer shall maintain its queue position(s) with such adjacent Control Area(s) throughout the entire PJM Transmission Interconnection Request process for the relevant PJM Transmission Interconnection Request. If Project Developer fails to maintain its queue position(s) with such adjacent Control Area(s) throughout the entire PJM Transmission Interconnection Request process for the relevant PJM Transmission Interconnection Request, the relevant PJM Transmission Interconnection Request shall be deemed to be terminated and withdrawn.
 - d. Project Developer or Eligible Customer must provide evidence that it has: (i) entered a fuel delivery agreement and water agreement, if necessary, and that it controls any necessary rights-of-way for fuel and water interconnections; (ii) obtained any necessary local, county, and state site permits; and (iii) signed a memorandum of understanding for the acquisition of major equipment. If Project Developer or Eligible Customer does not satisfy these requirements, these requirements can be addressed through a milestone in the applicable interconnection-related service agreement entered into pursuant to Tariff, Part IX.
 - e. For state-level, non-jurisdictional interconnection projects, evidence of a fully executed Interconnection Agreement with the applicable entity.
 - f. If Project Developer or Eligible Customer fails to submit all of the criteria in (a) through (e) above (noting the exception provided for site control), before the close of the Decision Point III Phase, Project Developer's or Eligible Customer's New Service Request shall be deemed terminated and withdrawn.
- II. If Project Developer or Eligible Customer submits all elements in (a) through (e) above, then, at the close of the Decision Point III, Transmission Provider will begin the deficiency review of the elements set forth in parts (a) through (e) above, as follows:

- i. Transmission Provider will exercise Reasonable Efforts to inform Project Developer or Eligible Customer of deficiencies within 10 Business Days after the close of Decision Point III.
- ii. Project Developer or Eligible Customer then has 5 Business Days to respond to Transmission Provider's deficiency determination.
- iii. Transmission Provider then will exercise Reasonable Efforts to review Project Developer's or Eligible Customer's response within 10 Business Days, and then will either terminate and withdraw the New Service Request, or proceed to the Final Agreement Negotiation Phase.

Transmission Provider's review of the above required elements may run co-extensively with the Final Agreement Negotiation Phase.

h. If the New Service Request is deemed terminated and withdrawn by the Transmission Provider, then Transmission Provider shall:

1. remove the withdrawn New Service Request from the Cycle and terminate the New Service Request;
2. Readiness Deposits will be treated pursuant to Tariff Part VIII, Subpart C, [Readiness Deposit refund provisions in Application rules] .
3. At the conclusion of Transmission Provider's deficiency review for Decision Point III, refund to the Project Developer or Eligible Customer up to 90 percent of its Study Deposit submitted with its New Service Request during the Application Phase, less any actual costs.

- ix. A Project Developer or Eligible Customer may withdraw its New Service Request during Decision Point III. If the Project Developer or Eligible Customer elects to withdraw its New Service Request during Decision Point III, the Transmission Provider must receive before the close of Decision Point III written notification from the Project Developer or Eligible Customer of Project Developer's or Eligible Customer's decision to withdraw its New Service Request. Following receipt of such written notification from the Project Developer or Eligible Customer, the Transmission Provider shall:

- x. remove the withdrawn New Service Request from the Cycle and terminate the New Service Request;
 - xi. Readiness Deposits will be treated pursuant to Tariff Part VIII, Subpart C, [Readiness Deposit refund provisions in Application rules]
 - 4. At the conclusion of Transmission Provider's deficiency review for Decision Point III, refund to the Project Developer or Eligible Customer up to 90 percent of its Study Deposit submitted with its New Service Request during the Application Phase, less any actual costs.
 - 5. **Adverse Study Impact Calculation.** Notwithstanding the refund provisions in sections (1), (2) and (3) above, Transmission Provider shall refund to Project Developer or Eligible Customer the cumulative Readiness Deposit amounts paid by Project Developer if the Project Developer's or Eligible Customer's Network Upgrade cost from Phase II to Phase III:
 - a. increases overall by 35 percent or more; and
 - b. increased by more than \$25,000 per MW.
 Network Upgrade costs shall include costs identified in Affected System studies in their respective phases
- b. **New Service Request Modification Requests at Decision Point III**
 New Service Requests may not be changed or modified in any way for any reason during Decision Point III. A New Service Request must be withdrawn and resubmitted in a subsequent Cycle to the extent a Project Developer or Eligible Customer wants to make any changes to such New Service Request at this point in the Cycle process.

Tariff, Part VIII, Subpart D
Final Agreement Negotiation Phase

- C. Transmission Provider shall use Reasonable Efforts to complete the Final Agreement Negotiation Phase within 60 days of the start of such Phase. The Final Agreement Negotiation Phase shall commence on the first Business Day immediately following the end of Phase III, and shall run concurrently with Decision Point III. New Service Requests that enter Decision Point III will also enter the Final Agreement Negotiation Phase. The purpose of the Final Agreement Phase is to negotiate, execute and enter into a final interconnection related service agreement found in Tariff, Part IX, as applicable to a New Service Request or Upgrade Request; adjust the Security obligation based on New Service Requests or Upgrade Request withdrawn during Decision Point III and/or during the Final Agreement Negotiation Phase; and conduct any remaining analyses or updated analyses based on New Service Requests or Upgrade Request withdrawn during Decision Point III. If the 60th day does not fall on a Business Day, the phase shall be extended to end on the next Business Day.
- a. If a New Service Request or Upgrade Request is withdrawn during the Final Agreement Negotiation Phase, the Transmission Provider shall remove the New Service Request or Upgrade Request from the Cycle, and adjust the Security obligations of other New Service Requests based on the withdrawal.
- D. Final Agreement Negotiation Phase Procedures. The Final Agreement Negotiation Phase shall consist of the following terms and procedures:
- Transmission Provider shall provide in electronic form a draft interconnection related agreement from Tariff, Part IX, as applicable to the Project Developer's or Eligible Customer's New Service Request, along with any applicable draft schedules, to the parties to such interconnection related agreement prior to the start of the Final Agreement Negotiation Phase.
- i. Subject to any withdrawn New Service Requests during Decision Point III that require Transmission Provider to update study results, the draft interconnection related agreement shall be prepared using the study results available from Phase III or the most-recently completed studies conducted during the Final Agreement Negotiation Phase.
 - 1. If a different New Service Request is withdrawn during Decision Point III after a draft agreement has been tendered to Project Developer or Eligible Customer, and that withdrawn New Service Request impacts the Project Developer's or Eligible Customer tendered draft, Transmission Provider shall use Reasonable Efforts to update and reissue the tendered draft within ___ Business Days.
 - b. Negotiation

Parties may use not more than 60 days following the start of the Final Agreement Negotiation Phase to conduct negotiations concerning the draft agreements. If the 60th day is not a Business Day, negotiations shall conclude on the next Business Day. Upon receipt of the draft agreements, Project Developer or Eligible Customer, and Transmission Owner, as applicable, shall have no more than 20 Business Days to return written comments on the draft agreements. Transmission Provider shall have no more than 10 Business Days to respond and, if appropriate, provide revised drafts of the agreements in electronic form. Transmission Provider, in its sole discretion, may allow more than 60 days for the Final Agreement Negotiation Phase.

c. Impasse

If the Project Developer or Eligible Customer, or Transmission Owner, as applicable, determines that final agreement negotiations are at an impasse, such party shall notify the other parties of the impasse, and such party may request Transmission Provider to file the unexecuted agreement with FERC and/or initiate Dispute Resolution procedures pursuant to Section 12 of the Tariff. If Transmission Provider, in its sole discretion, determines that the negotiations are at an impasse, Transmission Provider shall notify the other parties of the impasse, and may file the unexecuted agreement with the FERC.

d. Execution and Filing

Not later than 5 Business Days following the end of negotiations within the Final Agreement Negotiation Phase, Transmission Provider shall provide the final interconnection related agreement, along with any applicable schedules, to the parties in electronic form.

- i. Not later than 15 Business Days after receipt of the final interconnection related agreement, Project Developer or Eligible Customer shall either:
 1. execute the final interconnection related service agreement in electronic form and return it to Transmission Provider electronically; or
 2. request in writing that Transmission Provider file with FERC the final interconnection related service agreement in unexecuted form
 - a. The unexecuted interconnection related service agreement shall contain terms and conditions deemed appropriate by Transmission Provider for the New Service Request.
 3. provide any required adjustments to Security.
- ii. If Project Developer or Eligible Customer executes the final interconnection related service agreement, then, not later than 15 Business Days after execution by Project Developer or

Eligible Customer, the relevant Transmission Owner shall either:

1. execute the final interconnection related agreement in electronic form and return it to Transmission Provider electronically; or
2. request in writing that Transmission Provider file with FERC the final interconnection related serviced agreement in unexecuted form.

- a. The unexecuted interconnection related service agreement shall contain terms and conditions deemed appropriate by Transmission Provider for the New Service Request.

iii. Parties may not proceed under such interconnection related service agreement until: (i) thirty days after such agreement, if executed and nonconforming, has been filed with the Commission; (ii) such agreement, if unexecuted and nonconforming, has been filed with and accepted by the Commission; or (iii) the earlier of thirty days after such agreement, if conforming, has been executed or has been reported in Transmission Provider's Electronic Quarterly Reports.

Tariff, Part VIII, Subpart E, section 1
(former Sec 36.1.01(4))
Assignment of Project Identifier

1. _____

- a. When an Application from a Project Developer or an Eligible Customer results in a valid New Service Request, in accordance with Tariff, Part VIII, Subpart _____ Transmission Provider shall assign a Project Identifier to such request. For Project Developers and Eligible Customers, the Project Identifier will indicate the applicable Cycle, and will denote a number that represents the project within the Cycle. The Project Identifier is strictly for identification purposes, and does not indicate priority within a Cycle.

- b. When an Application from a Upgrade Customer results in a valid Upgrade Request, in accordance with Tariff, Part VIII, Subpart _____, Transmission Provider shall assign a Request Number to such request. The Request Number will indicate the serial position and priority.

- c. When an Application from a Surplus Interconnection Service Customer results in a valid Surplus Interconnection Service Request, in accordance with Tariff, Part VIII, Subpart _____, Transmission Provider shall assign a Surplus Service Request Number to such request. The Request Number will indicate the serial position and priority

Tariff, Part VIII, Subpart E, section 2
(former Part IV, Section 36.1.1A Service Below Generating Capability)

Section 2, Service Below Generating Capability

The Transmission Provider shall consider requests for Interconnection Service below the full electrical generating capability of the Generating Facility. These requests for Interconnection Service shall be studied at the level of Interconnection Service requested for purposes of determining Interconnection Facilities, Network Upgrades, and associated costs, but may be subject to other studies at the full electrical generating capability of the Generating Facility to ensure the safety and reliability of the system, with the study costs borne by the Project Developer. If after additional studies are complete, Transmission Provider determines that additional Network Upgrades are necessary, then Transmission Provider must: (i) specify which additional Network Upgrade costs are based on which studies; and (ii) provide a detailed explanation of why the additional Network Upgrades are necessary. Any Interconnection Facility and/or Network Upgrades costs required for safety and reliability also will be borne by the Project Developer. Project Developers may be subject to additional control technologies as well as testing and validation of these technologies as set forth in the GIA. The necessary control technologies and protection systems shall be established in Tariff, Part IX, Subpart B, Schedule K (Requirements for Interconnection Service Below Full Electrical Generating Capability) of the executed, or requested to be filed unexecuted GIA.

Tariff, Part VIII, Subpart E, section 3
(former Part IV, Section 36.1.1B Surplus Interconnection Service Request and 36.4
Surplus Interconnection Study)

Section 3, Surplus Interconnection Service

Section 3.A Surplus Interconnection Service Request

Requests for Surplus Interconnection Service may be made by the existing Project Developer whose Generating Facility is already interconnected, or one of its affiliates, or by an unaffiliated Project Developer. The existing Project Developer or one of its affiliates has priority to use this service; however, if they do not exercise this priority, Surplus Interconnection Requests also may be made available to an unaffiliated Surplus Project Developer. Surplus Interconnection Service is limited to utilizing or transferring an existing Generating Facility's Surplus Interconnection Service at the pre-existing Point of Interconnection of the existing Generating Facility and cannot exceed the existing Generating Facility's total amount of Interconnection Service, i.e., the total amount of Interconnection Service used by the Generating Facility requesting Surplus Interconnection Service and the existing Generating Facility shall not exceed the lesser of the Maximum Facility Output stated in the existing Generating Facility's Interconnection Service Agreement or Generator Interconnection Agreement, or the total "as-built capability" of the existing Generating Facility. If the Generating Facility requests Surplus Interconnection Service associated with an existing Generating Facility that is an Energy Resource, the Generating Facility requesting the Surplus Interconnection Service shall be an Energy Resource; and if the existing Generating Facility is a Capacity Resource, the Generating Facility requesting Surplus Interconnection Service associated with the Generating Facility may be an Energy Resource or a Capacity Resource (but only up to the amount of Capacity Interconnection Rights granted the existing Generating Facility). Surplus Interconnection Service cannot be granted if doing so would require new Network Upgrades or would have additional impacts affecting the determination of what Network Upgrades would be necessary to New Service Customers already in the New Services Queue or that have a material impact on short circuit capability limits, steady-state thermal and voltage limits, or dynamic system stability and response.

1. Surplus Interconnection Request Requirements. A Surplus Project Developer seeking Surplus Interconnection Service must submit a complete and fully executed Surplus Interconnection Study Agreement, which form is located at Tariff, Subpart IX. To be considered complete at the time of submission, the Surplus Project Developer's Surplus Interconnection Study Agreement must include, at a minimum, each of the following:
 - a. Specification of the location of the proposed surplus generating unit site or existing surplus generating unit (include both a written description (e.g., street address, global positioning coordinates) and attach a map in PDF format depicting the property boundaries and the location of the generating unit site); and

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-
- b. Evidence of an ownership interest in, or right to acquire or control the surplus generating unit site for a minimum of three years, such as a deed, option agreement, lease or other similar document acceptable to the Transmission Provider; and
-
- c. The MW size of the proposed surplus generating unit or the amount of increase in MW capability of an existing surplus generating unit; and
-
- d. Identification of the fuel type of the proposed surplus generating unit or upgrade thereto; and
-
- e. Identification of the fuel type of the proposed surplus generating unit or upgrade thereto; and
-
- f. A description of the equipment configuration, and a set of preliminary electrical design specifications, and, if the surplus generating unit is wind generation facility, then the set of preliminary electrical design specifications must depict the wind plant as a single equivalent generator; and
-
- g. The planned date the proposed surplus generating unit or increase in MW capability of an existing surplus generating unit will be in service; and
-
- h. Any additional information as may be prescribed by the Transmission Provider in the PJM Manuals; and
-
- i. A description of the circumstances under which Surplus Interconnection Service will be available at the existing Generating Facility's Point of Interconnection; and
-
- i. A deposit in the amount of \$10,000 plus \$100 for each MW requested provided that the maximum total deposit amount for a Surplus Interconnection Request shall not exceed \$110,000. If any deposit monies remain after the Surplus Interconnection Study is complete and any outstanding monies owed by the Surplus Project Developer in connection with outstanding invoices related to prior New Service Requests and/or Surplus Interconnection Requests by the Surplus Interconnection

Customer have been paid, such remaining deposit monies shall be returned to the Surplus Project Developer; and

-
j. Identification of the specific, existing Generating Facility already interconnected to the PJM Transmission System providing Surplus Interconnection Service, including whether the Surplus Project Developer requesting Surplus Interconnection Service is the owner or affiliate of the existing Generating Facility; and

-
k. If the Surplus Project Developer is an unaffiliated third party, the Surplus Project Developer must submit with its Surplus Interconnection Study Agreement the following information and documentation acceptable to the Transmission Provider:

i. Written evidence from the owner of the existing Generating Facility granting Surplus Project Developer permission to utilize the existing Generating Facility's unused portion of Interconnection Service established in the existing Generating Facility's Interconnection Service Agreement or Generation Interconnection Agreement; and

ii. Written documentation stating that the owner of the surplus generating unit and the owner of the existing Generating Facility will have entered into, prior to the owner of the existing Generating Facility executing a revised Interconnection Service Agreement or Generation Interconnection Agreement, a shared facilities agreement between the owner of the existing Generating Facility and the owner of the surplus generating unit detailing their respective roles and responsibilities relative to the Surplus Interconnection Service.

l. If an Energy Storage Resource, Surplus Project Developer must submit primary frequency response operating range for the surplus generating unit.

2. Deficiency Review. Following the receipt of the Surplus Interconnection Study Agreement and requisite information and/or monies listed above, Transmission Provider shall determine whether the listed requirements were submitted as valid or deficient. If deemed deficient by Transmission Provider, Surplus Project Developer must submit the requisite information and/or monies acceptable to the Transmission Provider within ten Business Days of receipt of the Transmission Provider's notice of deficiency. Failure of the Project Developer to timely provide information

and/or monies identified in the deficiency notice shall result in the Surplus Interconnection Request being terminated and withdrawn. The Surplus Interconnection Service Request shall be considered valid as of the date and time the Transmission Provider receives from the Project Developer the last piece of required information and/or monies deemed acceptable by the Transmission Provider to clear such deficiency notice.

Section 3.B Surplus Interconnection Study

After receiving a valid Surplus Interconnection Study Agreement seeking Surplus Interconnection Service and the requisite deposit set forth in Tariff, Part VIII, Subpart K, section 3.A.1.h from the Surplus Project Developer, the Transmission Provider shall conduct a Surplus Interconnection Study.

- (1) Scope of Surplus Interconnection Study. A Surplus Interconnection Study shall consist of reactive power, short circuit/fault duty, stability analysis and any other appropriate analyses. Steady-state (thermal/voltage) analyses may be performed as necessary to ensure that all required reliability conditions are studied under off-peak conditions. Off-peak steady state analyses shall be performed to the required level necessary to demonstrate reliable operation of the Surplus Interconnection Service. The Transmission Provider shall use Reasonable Efforts to complete the Surplus Interconnection Study within one hundred eighty (180) days of determination of a valid Surplus Interconnection Service Request. If the Transmission Provider is unable to complete the Surplus Interconnection Study within such time period, Transmission Provider shall notify the Surplus Project Developer and provide an estimated completion date and an explanation of the reasons why the additional time is required.
- (2) Once the Surplus Interconnection Study is completed and Transmission Provider confirms that (i) no new Network Upgrades are required, (ii) there are no impacts affecting the determination of what upgrades are necessary for New Service Customers in the New Services Queue, and (iii) there are no material impacts on short circuit capability limits, steady-state thermal and voltage limits or dynamic system stability and response, the Transmission Provider shall issue the Surplus Interconnection Study to the Surplus Project Developer. If the Surplus Project Developer is an unaffiliated third party, PJM shall issue a Surplus Interconnection Study to the owner of the existing Generating Facility. A revised Interconnection Service Agreement or Generation Interconnection Agreement will be prepared and issued to the owner of the existing Generating Facility within sixty (60) days of issuance of the Surplus Interconnection Study including the terms and conditions for Surplus Interconnection Service. Within sixty (60) days of receipt by the owner of the existing Generating Facility of the

revised Interconnection Service Agreement or Generation Interconnection Agreement, the owner of the existing Generating Facility will execute the revised Interconnection Service Agreement or Generation Interconnection Agreement, request dispute resolution or request that the Interconnection Service Agreement or Generator Interconnection Agreement be filed unexecuted in accordance.

(3) If the Transmission Provider determines from the Surplus Interconnection Study that Network Upgrades may be required or there may be impacts affecting the determination of what upgrades are necessary for New Service Customers in the New Services Queue, or there may be material impacts on short circuit capability limits, steady-state thermal and voltage limits or dynamic system stability and response, the Surplus Interconnection Request will be terminated and withdrawn upon issuance of the Surplus Interconnection Study.

(4) Deactivation of Existing Generating Facility

- a. Surplus Interconnection Service cannot be offered if the existing Generating Facility from which Surplus Interconnection is provided is deactivated or has submitted a Notice to Deactivate to Transmission Provider consistent with Tariff, Part V, before the surplus generating unit has commenced commercial operation.
- b. Limited Operation. A Generating Facility receiving Surplus Interconnection Service may continue to receive Surplus Interconnection Service for a period not to exceed one (1) year after the existing Generating Facility's Deactivation Date under the following conditions:
 - i. The surplus generating unit must have been studied by the Transmission Provider for the sole operation at the Point of Interconnection; and
 - ii. The owner of the existing Generating Facility must agree in writing that the Surplus Project Developer may continue to operate at either its limited share of the existing Generating Facility's capability under its Interconnection Service Agreement or Generator Interconnection Agreement, or any level below such capability upon the deactivation of the existing Generating Facility.
- c. If the Surplus Project Developer cannot satisfy the conditions of section this section 2.a (b) above, the revised Interconnection Service Agreement or Generator Interconnection Agreement for

the existing Generating Facility shall terminate consistent with the Interconnection Service Agreement or Generator Interconnection Agreement terms of termination for a deactivated Generating Facility.

Tariff, Part VIII, Subpart E, section 4
(formerly Part IV, Section 36.1A Behind The Meter Generation Interconnection
Request provisions)

4.1 Behind The Meter Generation:

- The following provisions shall apply with respect to Behind The Meter Generation:

4.1.1 New Service Requests:

- A Project Developer that desires to designate any Behind The Meter Generation, in whole or in part, as a Capacity Resource or Energy Resource must submit a New Service Request Application, a form of which is located in Tariff, Part IX, Subpart _____, section _____.

4.1.2 Information Required in New Service Requests:

- The Project Developer must provide the information set forth in Tariff, Part VIII, Subpart _____, Section _____ (Application Rules)

4.1.3 Transmission Provider Determination:

- During the Application Review Phase of a Cycle, Transmission Provider shall determine, based on the information included in the New Service Request Application, whether the proposed project meets the definition in Tariff, Part _____, Subpart _____ for Behind The Meter Generation. In the event that Transmission Provider finds that the subject project does not meet the definition of Behind The Meter Generation, it shall so notify the Project Developer during the deficiency review process pursuant to Tariff, Part VIII, Subpart (Application Review rules).

4.1.4 Treatment As Energy Resource:

- Any portion of the capacity of Behind The Meter Generation that a Project Developer identifies in its Application as capacity that it seeks to utilize, directly or indirectly, in Wholesale Transactions, but for which the customer does not seek Capacity Resource status, shall be deemed to be an Energy Resource.

4.1.5 Operation as Capacity Resource:

- To the extent that a Project Developer that owns or operates generation facilities that otherwise would be classified as Behind The Meter Generation elects to operate such facilities as a Capacity Resource, the provisions of the Tariff regarding Behind The Meter Generation shall not apply to such generation facilities for the period such election is in effect.

4.1.6 Other Requirements:

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Behind The Meter Generation for which a New Service Request is not required under Tariff, Part VIII may be subject to other interconnection-related requirements of a Transmission Owner or Electric Distributor with which the generation facility will be interconnected.

Tariff, Part VIII, Subpart E, section 5
(former Part IV, Section 36.1.7 Base Case Data)

[import in Part VII and Part VIII rules]

5. Base Case Data:

Transmission Provider shall maintain base case power flow, short circuit and stability databases, including all underlying assumptions, and contingency list on a password-protected website, subject to the confidentiality provisions of Tariff, Part VIII, _____. Such base case power flows and underlying assumptions should reasonably represent those used during the most recent Cycle. Transmission Provider may require Project Developers or Eligible Customers and password-protected website users to sign any required confidentiality agreement(s) before the release of commercially sensitive information or Critical Energy Infrastructure Information in the Base Case data. Such databases and lists, hereinafter referred to as Base Cases, shall include all (i) generation projects and (ii) transmission projects, including merchant transmission projects, that are included in the then-current, approved Regional Transmission Expansion Plan.

Tariff, Part VIII, Subpart E, section 6
(formerly Part IV, Section 38 Service on Merchant Transmission Facilities)

[import in Part VII and Part VIII rules]

[x.x] Service on Merchant Transmission Facilities:

(a) A Transmission Project Developer that will be a Merchant Transmission Provider shall:

(1) at least 90 days prior to the anticipated date of commencement of Interconnection Service under its Generator Interconnection Agreement, provide the Transmission Provider with terms and conditions for reservation, interruption and curtailment priorities for firm and non-firm transmission service on the Merchant Transmission Provider's Merchant Transmission Facilities. Such terms and conditions shall be non-discriminatory and shall be consistent with the terms of the Commission's approval of the Merchant Transmission Provider's right to charge negotiated (market-based) rates for service on its Merchant Transmission Facilities. Transmission Provider shall post such terms and conditions applicable to service on the Merchant Transmission Facilities on its OASIS and shall file them with the Commission as a separate service schedule under the Tariff, with a proposed effective date on or before the anticipated date of commencement of Interconnection Service for the affected Transmission Project Developer; and (2) at least 15 days prior to the anticipated date of commencement of Interconnection Service for Merchant D.C. Transmission Facilities and/or Controllable A.C. Merchant Transmission Facilities, provide the Transmission Provider with the results of a Commission-approved process for allocation of Transmission Injection Rights and Transmission Withdrawal Rights associated with such Merchant Transmission Provider's Merchant D.C. Transmission Facilities and/or Controllable A.C. Merchant Transmission Facilities, and with a listing of any Transmission Injection Rights and/or Transmission Withdrawal Rights not allocated in such process. Transmission Provider shall post such information on its OASIS.

(b) Should the Merchant Transmission Provider fail to provide the Transmission Provider with the terms and conditions for service on the Merchant Transmission Provider's Merchant Transmission Facilities required under subsection (a)(1) of this section, firm and non-firm transmission service on such Merchant Transmission Facilities shall be subject to the terms and conditions regarding reservation, interruption and curtailment priorities applicable to Firm or Non-Firm Point-to-Point Transmission Service on the Transmission System.

(c) Except as otherwise provided under this Section 38, transmission service on, and operation of, Merchant Transmission Facilities shall be subject to the terms and conditions (including in particular, but not limited to, those relating to Transmission Provider's authority in the event of an emergency) applicable to Transmission Service under the Tariff and the Operating Agreement.

Tariff, Part VIII, Subpart E, section 7
(Part IV, Section 39 Local Furnishing Bonds)

I

[x.x] Local Furnishing Bonds

Transmission Owners That Own Facilities Financed by Local Furnishing Bonds:

This provision is applicable only to a Transmission Owner that has financed facilities for the local furnishing of electric energy with tax-exempt bonds, as described in Section 142(f) of the Internal Revenue Code ("local furnishing bonds"). Notwithstanding any other provision of Part IV or Part VI, Transmission Provider shall not be required to provide Interconnection Service to Project Developer pursuant to Part IV or Part VI if the provision of such Interconnection Service would jeopardize the tax-exempt status of any local furnishing bond(s) used to finance the Transmission Owner's facilities that would be used in providing such Interconnection Service.

[x.x] Alternative Procedures for Requesting Interconnection Service:

A Transmission Owner that believes the provision of Interconnection Service would jeopardize the tax-exempt status of any local furnishing bond(s) used to finance the Transmission Owner's facilities that would be used in providing such Interconnection Service, it shall so notify Transmission Provider within 30 days after the Transmission Owner receives a copy of the Project Developer's Interconnection Request. If Transmission Provider determines that the provision of Interconnection Service requested by Project Developer would jeopardize the tax-exempt status of the Transmission Owner's local furnishing bonds, it shall so advise the Project Developer within thirty (30) days after receipt of notice of such jeopardy from the affected Transmission Owner. Project Developer thereafter may renew its request for interconnection using the process specified in Section 5.2(ii) of the Tariff.

Tariff, Part VIII, Subpart E, section 8
(formerly Tariff, Part IV, Section 40 Non-Binding Dispute Resolution Procedures
and Revisions to Tariff, Part I, section 12)

8.1 Internal Dispute Resolution Procedures:

Any dispute between a Transmission Customer or New Service Customer, an affected Transmission Owner, or the Transmission Provider involving transmission or interconnection service under the Tariff (excluding applications for rate changes or other changes to the Tariff which shall be presented directly to the Commission for resolution) shall be referred to a designated senior representative of each of the parties to the dispute for resolution on an informal basis as promptly as practicable. In the event the designated representatives are unable to resolve the dispute within thirty (30) days (or such other period as the parties to the dispute may agree upon) by mutual agreement, such dispute may be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below.

- i. To the extent these Internal Dispute Resolution Procedures are invoked with regard to an unpaid invoice, any additional related subsequent unpaid invoices shall be considered to be a part of the initial internal dispute invoked under this section in order to avoid multiple internal dispute claims involving the same matter.
 - a. If the additional related subsequent unpaid invoices arise after the determination of the initial internal dispute but no new material claims are raised, then these Internal Dispute Resolution Procedures shall not be available with regard to such additional related subsequent unpaid invoices, and the matter shall either be submitted directly to arbitration and resolved in accordance with the arbitration procedures set forth below.
 - b. To the extent a party repeatedly fails to pay invoices related to the same matter and subsequently invokes these Internal Dispute Resolution Procedures multiple times concerning the same matter, the Transmission Provider may refer the matter to the Federal Energy Regulatory Commission Office of Enforcement.

8. Non-Binding Dispute Resolution Procedures:

If a party has submitted a notice of dispute pursuant to Tariff, Part I, section 8.1 and the parties are unable to resolve the dispute through unassisted or assisted negotiation within the thirty (30) days (or such other period as the parties to the dispute may agree upon) provided in that section, and the parties cannot reach mutual agreement to pursue Tariff, Part I, section 8.2 arbitration process, a party may request that Transmission Provider engage in non-binding dispute resolution pursuant to this Tariff, Part VIII, Subpart E, section 8 by providing written notice to Transmission Provider. Conversely, either party may file a request for non-binding dispute resolution pursuant to this section

without first seeking mutual agreement to pursue Tariff, Part I, section 8.2 arbitration process. The process in this section shall serve as an alternative to, and not a replacement of, the Tariff, Part I, section 12.2 arbitration process. Pursuant to this process, the Transmission Provider must within thirty (30) days of receipt of the request for this non-binding dispute resolution appoint a neutral decision-maker that is an independent subcontractor that shall not have any current or past substantial business or financial relationships with either party. Unless otherwise agreed to by the parties, the decision-maker shall render a decision within sixty (60) days of appointment and shall notify the parties in writing of such decision and reasons therefore. This decision-maker shall be authorized only to interpret and apply the provisions of the Tariff and relevant service agreement and shall have no power to modify or change any provision of the Tariff or relevant service agreement in any manner. The result reached in this process is not binding, but, unless otherwise agreed, the parties may cite the record and decision in the non-binding dispute resolution process in future dispute resolution processes, including in a Tariff, Part I, section 12.2 arbitration, or in a Federal Power Act, section 206 complaint. Each party shall be responsible for its own costs incurred during the process and the cost of the decision-maker shall be divided equally among each party to the dispute.

Tariff, Part VII, Subpart E, section 9
(former Part VI, Section 204.2 Upgrade Requests)

Section 9 Upgrade Requests:

Section 9.1 Upgrade Requests pursuant to Section 7.8 of Schedule 1 of the Operating Agreement

Upon receiving an Upgrade Request pursuant to Tariff, Part IX, Subpart K, the Transmission Provider shall tender to the affected Upgrade Customer a combined Facilities/System Study Agreement. For an Upgrade Request to retain its assigned Project Identifier position pursuant to Tariff, Part VII, section [to be provided], within 30 days of receiving the tendered combined Facilities/System Study Agreement, the Upgrade Customer (i) shall execute the combined Facilities/System Study Agreement and return it to the Transmission Provider, and (ii) shall pay the Transmission Provider a deposit of \$150,000. If a terminated and withdrawn Upgrade Request was to be included in a System Impact Study evaluating more than one New Service Request, then the costs of the System Impact Study shall be re-determined and reallocated among the remaining participating New Service Customers as specified in this section 9.

Section 9.2 Upgrade Requests for Merchant Network Upgrades

After receiving an Upgrade Request for a Merchant Network Upgrade, the Transmission Provider shall acknowledge receipt of the Upgrade Request, pursuant to Tariff, Part VII, section 9.2.1. The Transmission Provider shall determine whether the Upgrade Request includes: (i) the substation or transmission line or lines where the upgrade(s) will be made; (ii) the nominal capability or increase in capability (in MW or MVA) of the proposed Merchant Network Upgrade; and (iii) the planned date the proposed Merchant Network Upgrade will be in service, such date to be no more than seven (7) years from the date the request is received by the Transmission Provider, unless the Project Developer demonstrates that engineering, permitting, and construction of the Merchant Network Upgrade will take more than seven (7) years.

The Transmission Provider shall maintain on the Transmission Provider's website a list of all Upgrade Requests that identifies (A) in megawatts the potential nominal capability or increase in capability; (B) the station or transmission line or lines where the upgrade(s) will be made; (C) the proposed in-service date; (D) the status of the Upgrade Request, including its Cycle; (E) the availability of any studies related to the Upgrade Request; (F) the date of the Upgrade Request; and (G) for each Upgrade Request that has not resulted in a completed upgrade, an explanation of why it was not completed. This list will not disclose the identity of the Project Developer, except as otherwise provided in Tariff, Part VII. The list and the priority of Upgrade Requests shall be included on the website.

Section 9.2.1 Acknowledgement of Upgrade Request for Merchant Network Upgrades

The Transmission Provider shall acknowledge receipt (electronically when available to all parties, otherwise written) of the Upgrade Request within five (5) Business Days after receipt of the Upgrade Request.

Section 9.2.2 Deficiencies in Upgrade Request for Merchant Network Upgrades

An Upgrade Request will not be considered a valid request if Project Developer has failed to pay any outstanding invoices related to prior Interconnection Requests submitted pursuant to this GIP or Tariff, Part IV or Tariff, Part VI **[I presume it is ok to reference to the old Tariff sections here]** by the Project Developer and until all information required under Tariff, Part IX, Subpart K is able to be studied by the Transmission Provider. If an Upgrade Request fails to meet the requirements, except as provided below regarding the deposit, or is in arrears as described above, the Transmission Provider shall use Reasonable Efforts consistent with the volume of the Cycle to notify the Project Developer (electronically when available to all parties, otherwise written) within fifteen (15) Business Days of receipt of the initial Upgrade Request. If Transmission Provider is unable to provide a deficiency review within fifteen Business Days from receipt of the initial Upgrade Request, Transmission Provider shall use Reasonable Efforts to complete and issue the deficiency review to the Project Developer as soon thereafter as practicable. Such notice shall explain that the Upgrade Request does not constitute a valid request and the reasons for such failure to meet the applicable requirements. Project Developer shall provide the additional information that the Transmission Provider's notice identifies as needed to constitute a valid request and shall make any payments on any outstanding invoices within ten (10) Business Days after receipt of such notice. Upon timely correction of the deficiency, the Upgrade Request shall be assigned a Project Identifier position pursuant to Tariff, Part VII, section _____ as of the date that the Transmission Provider first received the request. **[Do we want to tie the Project Identifier position to the date the request is received? I think in general, we don't have any intra-cycle priority.]** In the event the Project Developer fails to provide the further information and make payments on any outstanding invoices required by the Transmission Provider's deficiency notice under this section 9.2.2, its Upgrade Request shall be deemed to be terminated and withdrawn. Notwithstanding the above, the Project Developer must submit its deposit at the time it submits its Upgrade Request. Failure to do so will result in rejection of the Upgrade Request.

The Project Developer must submit a complete and fully executed Upgrade Request pursuant to Tariff, Part IX, Subpart K prior to the Application Deadline posted on the PJM web site.

Section 9.2.3 Scoping Meeting

Transmission Provider shall provide each Project Developer proposing Merchant Network Upgrades with an opportunity for a scoping meeting among the Transmission Provider, the prospective Interconnected Transmission Owner(s) and the Project Developer. The purpose of the scoping meeting will be to confirm all parties' understanding of the proposed Upgrade Request and confirm the expectation for project

completion or, if for acceleration of a Regional Transmission Expansion Plan Network Upgrade, the feasibility of the acceleration. After receipt of a valid Upgrade Request proposing Merchant Network Upgrades, the Transmission Provider shall offer to arrange for the scoping meeting, and shall provide a minimum of three (3) suggested meeting dates and times for the scoping meeting. The scoping meeting shall be held, or waived by mutual agreement of the parties within forty-five (45) days after receipt of a valid Upgrade Request, if the Upgrade Request is received in the first four calendar months of the current Cycle; or within thirty (30) days if the Upgrade Request is received within the fifth calendar month of the current Cycle; or within twenty (20) days if the Upgrade Request is received in the sixth calendar month of the date of the beginning of the current Cycle. The Project Developer may choose to divide the scoping meeting into two sessions, one between the Transmission Provider and Project Developer and one among the Transmission Provider, the Project Developer and the prospective Interconnected Transmission Owner. Such meetings may be held consecutively on the same day. Scoping meetings may be held in person, by telephone or video conference. In the event the Project Developer fails to waive or complete the scoping meeting requirement, its Upgrade Request shall be deemed terminated or withdrawn. Project Developer may reduce its Upgrade Request within ten (10) Business Days after the scoping meeting. Any reduction made within this ten (10) Business Day period shall not be a Material Modification; however, the reduction may not result in the project's MW capability being equal to or less than zero.

Section 9.2.4 Coordination with Affected Systems

Tariff, Part VII, section [to be provided] shall apply to Upgrade Requests for Merchant Network Upgrades.

Section 9.2.5 Base Case Data

Tariff, Part VII, section [to be provided] shall apply to Upgrade Requests for Merchant Network Upgrades.

Section 9.2.6 System Impact Study Agreement

Upon the Transmission Provider assigning the Upgrade Request a Project Identifier positioner Tariff, Part VII, Subpart K, section 9.2, for Upgrade Requests proposing Merchant Network Upgrades, and, if required, completing a scoping meeting per Tariff, Part VII, Subpart K, section 9.2.3, Transmission Provider shall tender a System Impact Study Agreement. For an Upgrade Request associated with a Merchant Network Upgrade request to retain its Cycle position, the Project Developer (i) shall execute the System Impact Study Agreement and return it to the Transmission Provider within thirty (30) days, and (ii) the \$50,000 deposit provided with Tariff, Part IX, Subpart K will be applied to the Project Developer's study cost responsibility. If the Project Developer elects not to execute the System Impact Study Agreement, its Upgrade Request shall be deemed terminated and withdrawn. Any remaining Tariff, Part IX, Subpart K deposit will be refunded.

Section 9.2.7 Modifications of Upgrade Requests for Merchant Network Upgrades After the System Impact Study Agreement, but Prior to Executing an Upgrade Construction Service Agreement

After the System Impact Study Agreement is executed and prior to execution of the Upgrade Construction Service Agreement, an Project Developer proposing Merchant Network Upgrades may modify its project to reduce the size of the project as provided in Tariff, Part VII, section [to be provided].

Tariff, Part VIII, Subpart E, section 10
(former Sec 210 Transmission Owner and Transmission Provider Responsibilities)

10. Responsibilities of Transmission Provider and Transmission Owners:

Transmission Provider shall be responsible for the preparation of all studies required by the Tariff. Transmission Provider may contract with consultants, including the affected Transmission Owner(s), to obtain services or expertise with respect to any such study, including but not limited to (1) the need for Interconnection Facilities, Network Upgrades, and Merchant Transmission Upgrades, (2) estimates of costs and construction times required by all such studies, and (3) information regarding distribution facilities. Transmission Owner(s) shall supply such information and data reasonably required by Transmission Provider to perform its obligations under this Part VIII.

Tariff, Part VIII, Subpart E, section 11
(former Part VI, Section 212.2 Upgrade-Related Rights)

11 Upgrade-Related Rights:

The GIA shall specify the Upgrade-Related Rights that the Project Developer shall receive pursuant to Tariff, Part VIII, Subpart E, sections [former Part VI, subpart C rights], except to the extent the applicable terms of Tariff, Part VIII, Subpart E, [former Part VI, subpart C rights], provide otherwise.

Tariff, Part VIII, Subpart E, section 12
(former Part VI, Section 213 Upgrade Construction Service Agreement)

12 Upgrade Construction Service Agreement:

Notwithstanding any other provision of the Tariff, this section 12 shall apply only with respect to Upgrade Customers that are proposing Merchant Network Upgrades only. For all New Service Requests of New Service Customers subject to this section and for which construction of facilities is required, upon completion of the Phase III System Impact Study (or completion of the final System Impact performed, if a Phase III System Impact Study was not required), the Transmission Provider shall tender to the New Service Customer an Upgrade Construction Service Agreement (a form of which is provided Tariff, Part IX, Subpart E), to be executed by the New Service Customer, the Transmission Owner whose facilities are affected by such construction, and the Transmission Provider. In the event that construction of facilities by more than one Transmission Owner is required, the Transmission Provider will tender a separate Upgrade Construction Service Agreement for each such Transmission Owner and the facilities to be constructed on its transmission system. In order to exercise the Option to Build, as set forth in Upgrade Construction Service Agreement, Tariff, Part IX, Subpart E, Appendix III, section 6.2.1, New Service Customer must provide Transmission Provider and the Transmission Owner with written notice of its election to exercise the option no later than thirty (30) days from the date the New Service Customer receives the results of the Definitive System Impact Study (or the final System Impact performed, if a Definitive System Impact Study was not required). New Service Customer may not elect Option to Build after such date.

12.1 Cost Reimbursement:

Pursuant to the Upgrade Construction Service Agreement, a New Service Customer shall agree to reimburse the Transmission Provider (for the benefit of the affected Transmission Owners) for the Costs, determined in accordance with Tariff, Part VIII, section [to be provided], of (i) constructing Distribution Upgrades, and/or Network Upgrades necessary to accommodate its New Service Request to the extent that the Transmission Owner is responsible for building such facilities pursuant to Tariff, Part VIII and the applicable Upgrade Construction Service Agreement, or (ii) in the event that the New Service Customer exercises the Option to Build pursuant to the Upgrade Construction Service Agreement, Tariff, Part IX, Subpart E, Appendix III, section 6.2.1, Transmission Owner's oversight costs (i.e., costs incurred by the Transmission Owner when engaging in oversight activities to satisfy itself that the New Service Customer is complying with the Transmission Owner's standards and specifications for the construction of facilities) associated with the New Service Customer's building Customer-Funded Upgrades that are Stand Alone Network Upgrades, including Costs for tie-in work and Cancellation Costs. Transmission Owner's oversight costs shall be consistent with Tariff, Part IX, Subpart E, Appendix III, section 6.2.2(a)(12). New Service Customer and the affected Transmission Owner shall inform the Transmission Provider of the rate agreed upon and such rate shall be specified in the Upgrade Construction Service Agreement, Appendix I. The Upgrade Construction Service

Agreement shall obligate the New Service Customer to reimburse the Transmission Provider (for the benefit of the affected Transmission Owner(s)) as the Transmission Owner's expenditures for the design, engineering, and construction of the facilities that it is responsible for building pursuant to the Upgrade Construction Service Agreement are made. The Transmission Provider shall distribute the revenues received under this section 12.1 to the affected Transmission Owner(s).

12.2 Upgrade-Related Rights:

The Upgrade Construction Service Agreement shall specify Upgrade-Related Rights to which the New Service Customer is entitled pursuant to Tariff, Part VIII, Subpart K, [former Part VI, Subpart C rights], except to the extent the applicable terms of Tariff, Part VIII, Subpart K, [former Part VI, Subpart C rights] provide otherwise.

12.3 Specification of Transmission Owners Responsible for Facilities and Upgrades:

The Definitive System Impact Study (or the final System Impact Study performed) shall specify the Transmission Owner(s) that will be responsible, subject to the terms of the applicable Upgrade Construction Service Agreement, for the construction of facilities and upgrades, determined in a manner consistent with Schedule 6 of the Operating Agreement.

12.4 Retaining Priority and Security:

(a) Retaining Priority: To retain the assigned Cycle of its New Service Request pursuant to Tariff, Part VIII, [to be provided], within fifteen (15) days after receipt of the Definitive System Impact Study (or the final System Impact performed, if a Definitive System Impact Study was not required, the New Service Customer either shall have executed the tendered Upgrade Construction Service Agreement and it must be in possession of the Transmission Provider or, alternatively, request (i) dispute resolution under Tariff, Part I, section 12 or, if concerning the Regional Transmission Expansion Plan, consistent with Operating Agreement, Schedule 5, or (ii) that the Upgrade Construction Service Agreement be filed unexecuted with the Commission. Such agreement shall be deemed terminated and withdrawn if Project Developer fails to comply with these requirements. Not later than fifteen (15) Business Days after execution by New Service Customer, Transmission Owner shall either: (i) execute the agreement; (ii) request in writing dispute resolution as allowed under Tariff, Part I, section 12 or, if concerning the Regional Transmission Expansion Plan, consistent with Operating Agreement, Schedule 5, or request that a consent to assignment agreement be filed unexecuted with the Commission, or (iii) request in writing that Transmission Provider file with FERC the agreement in unexecuted form. Following execution by Transmission Owner, Transmission Provider shall either: (i) execute the agreement; (ii) request in writing dispute resolution as allowed under Tariff, Part I, section 12 or, if concerning the Regional Transmission Expansion Plan, consistent with Operating Agreement, Schedule 5, or request that a consent to assignment agreement be filed

unexecuted with the Commission, or (iii) file with FERC the agreement in unexecuted form. Transmission Owner may also file the agreement with FERC if Transmission Owner does not comply with the requirements above.

(b) Security: (1) At the time the New Service Customer executes and returns to the Transmission Provider the Upgrade Construction Service Agreement (or requests dispute resolution or that it be filed unexecuted), the New Service Customer also shall provide the Transmission Provider (for the benefit of the affected Transmission Owner(s)) with a letter of credit or other reasonable form of security acceptable to the Transmission Provider that names the Transmission Provider as beneficiary and is in an amount equivalent to the sum of the estimated costs determined by the Transmission Provider of (i) the required Distribution Upgrades and/or Network Upgrades, (ii) the estimated cost of work that the New Service Customer will be responsible for performing on the required Distribution Upgrades and/or Network Upgrades that are scheduled to be completed during the first three months after such work commences in earnest, and (iii) in the event that the New Service Customer exercised the Option to Build pursuant to Upgrade Construction Service Agreement, Tariff, Part IX, Subpart E, Appendix III, section 6.2.1, all Cancellation Costs and the first three months of estimated Transmission Owner's oversight costs associated with the New Service Customer's building Network Upgrades, including but not limited to Costs for inspections, testing, and tie-in work, consistent with commercial practices as established by the Uniform Commercial Code. Transmission Owner oversight costs shall be consistent with Tariff, Part IX, Subpart E, Appendix III, section 6.2.2(a)(12). Notwithstanding the foregoing, for projects that are estimated to require three months or less to construct, the sum of such security and the payment for the first quarterly invoice for the project shall not exceed an amount equal to 125% of the total estimated cost of construction.

The Transmission Provider shall provide the affected Transmission Owner(s) with a copy of the letter of credit or other form of security. After execution of the Upgrade Construction Service Agreement, the amount of Security required may be adjusted from time to time in accordance with Tariff, Part IX, Subpart E, Appendix III, section 9.1 of the Upgrade Construction Service Agreement.

(2) Transmission Provider shall invoice New Service Customer for work by the Transmission Owner on a quarterly basis for the costs to be expended in the subsequent three months. Customer shall pay invoiced amounts within twenty (20) days of receipt of the invoice. New Service Customer may request in the Upgrade Construction Service Agreement that the Transmission Provider provide a quarterly cost reconciliation. Such a quarterly cost reconciliation will have a one-quarter lag, e.g., reconciliation of costs for the first calendar quarter of work will be provided at the start of the third calendar quarter of work, provided, however, that Tariff, Part IX, Subpart E, Appendix III, section 9.3 of the Upgrade Construction Service Agreement shall govern the timing of the final cost reconciliation upon completion of the work.

(3) Security related to construction of Distribution Upgrades and/or Network Upgrades may be reduced as construction progresses

(c) Withdrawal: If a New Service Customer fails to timely execute the Upgrade Construction Service Agreement (or request dispute resolution or that the agreement be filed unexecuted), or to provide the security prescribed in this Section, its New Service Request shall be deemed terminated and withdrawn. In the event that a terminated and withdrawn New Service Request was included in a System Impact Study that evaluated more than one New Service Request, or in the event that a New Service Customer's participation in and cost responsibility for a Network Upgrade or Distribution Upgrade is terminated in accordance with the Upgrade Construction Service Agreement, the Transmission Provider shall reevaluate the need for the facilities and upgrades indicated by the Definitive System Impact Study (or the final System Impact Study performed), shall re-determine the cost responsibility of each remaining New Service Customer for the necessary facilities and upgrades based on its assigned Cycle, and shall enter into an amended Generation Interconnection Agreement or Upgrade Construction Service Agreement, as applicable, with each remaining New Service Customer setting forth its revised cost obligation. In such event, if the amount of a New Service Customer's cost responsibility increases, the New Service Customer shall provide additional security pursuant to this section.

12.5 Commencement of Construction:

In the event that the New Service Customer, Transmission Owner or Transmission Provider has requested dispute resolution or that the Upgrade Construction Service Agreement be filed unexecuted, construction of facilities and upgrades shall be deferred until any disputes are resolved, unless otherwise agreed by the New Service Customer, the Transmission Owner and the Transmission Provider.

12.6 Procedures if The Affected Transmission Owners are Unable to Complete New Transmission Facilities for Firm Point-To-Point Transmission Service:

12.6.1 Delays in Construction of New Facilities:

If any event occurs that will materially affect the time for completion of new facilities or the ability to complete new facilities required to accommodate a Completed Application for new Firm Point-To-Point Transmission Service, the Transmission Provider shall promptly notify the Transmission Customer. In such circumstances, the Transmission Provider shall within thirty (30) days of notifying the Transmission Customer of such delays, convene a technical meeting with the Transmission Customer to evaluate the alternatives available to the Transmission Customer. The Transmission Provider also shall make available to the Transmission Customer studies and work papers related to the delay, including all information that is in the possession of the Transmission Provider that is reasonably needed by the Transmission Customer to evaluate any alternatives.

12.6.2 Alternatives to the Original Facility Additions:

When the review process of Section 12.6.1 determines that one or more alternatives exist to the originally planned construction project, the Transmission Provider shall present such alternatives for consideration by the Transmission Customer. If, upon review of any alternatives, the Transmission Customer desires to maintain its Completed Application subject to construction of the alternative facilities, it may request the Transmission Provider to submit, as applicable, a revised Service Agreement for Firm Point-To-Point Transmission Service and/or a revised Upgrade Construction Service Agreement. If the alternative approach solely involves Non-Firm Point-To-Point Transmission Service, the Transmission Provider shall promptly tender a Service Agreement for Non-Firm Point-To-Point Transmission Service providing for the service. In the event the Transmission Provider concludes that no reasonable alternative exists and the Transmission Customer disagrees, the Transmission Customer may seek relief under the dispute resolution procedures pursuant to Section 12 or it may refer the dispute to the Commission for resolution.

12.6.3 Refund Obligation for Unfinished Facility Additions:

If the Transmission Provider and the Transmission Customer mutually agree that no other reasonable alternatives exist and the requested service cannot be provided out of existing capability under the conditions of Part II of the Tariff, the obligation to provide the requested Firm Point-To-Point Transmission Service shall terminate and any deposit made by the Transmission Customer shall be returned with interest pursuant to the Commission's regulations at 18 C.F.R. § 35.17a(a)(2)(iii).

However, the Transmission Customer shall be responsible for all prudently incurred costs by the Transmission Provider or any Transmission Owner through the time construction was suspended

12.6.4 Supply of Data:

The Transmission Owners shall supply such information and data reasonably required by the Transmission Provider to perform its obligations under this Section 12.6.

12.7 Due Diligence in Completing New Facilities:

Each Transmission Owner shall use due diligence to add necessary facilities or upgrade the Transmission System within a reasonable time. A Transmission Owner will not upgrade the existing or planned Transmission System in order to provide requested Firm Point-To-Point Transmission Service if doing so would impair system reliability or otherwise impair or degrade existing firm service.

Tariff, Part VIII, Subpart E, section 13
(former Part VI, Section 217.4 Additional Upgrades)

Section 13, Additional Upgrades:

In the event that, in the context of the Regional Transmission Expansion Plan, it is determined that, to accommodate a New Service Request or Upgrade Request, it is more economical or beneficial to the Transmission System to construct upgrades in addition to the minimum necessary to accommodate the New Service Request or Upgrade Request, a New Service Customer shall be obligated to pay only the costs of the minimum upgrades necessary to accommodate its New Service Request or Upgrade Request. The remaining costs shall be borne by the Transmission Owners in accordance with Schedule 6 of the Operating Agreement and, subject to FERC approval, may be included in the revenue requirements of the Transmission Owners.

Tariff, Part VIII, Subpart E, section 14
(former Part VI, Section 217.6 and section 237 IDR Transfer Agreements)

14.1 Effect of IDR Transfer Agreement:

A Project Developer may modify its cost responsibility for Network Upgrades and/or Distribution Upgrades as determined under this Tariff, Part VIII, section [to be provided] by submitting an IDR Transfer Agreement in accordance with Tariff, Part VIII, Subpart K, section 14.2 that transfers to the Project Developer Incremental Deliverability Rights associated with Merchant Transmission Facilities. As provided in Tariff, Part VIII, Subpart K, section 14.2, the Project Developer's cost responsibility shall be modified only if it elects to terminate, and Transmission Provider confirms termination of, its participation in and cost responsibility for any Network Upgrade or Distribution Upgrade.

14.2 IDR Transfer Agreements:

14.2.1 Purpose:

A Project Developer (hereafter in this section 14.2 the "Buyer Customer") may acquire Incremental Deliverability Rights assigned to another Project Developer (hereafter in this Section 14.2, the "Seller Customer") by entering into an IDR Transfer Agreement with the Seller Customer. Subject to the terms of this section 14.2, the Buyer Customer may rely upon such Incremental Deliverability Rights to satisfy, in whole or in part, its responsibility for Network Upgrades and/or Distribution Upgrades otherwise necessary to accommodate the Buyer Customer's Interconnection Request.

14.2.2 Requirements:

A Buyer Customer may rely upon Incremental Deliverability Rights to satisfy, in whole or in part, the deliverability requirements applicable to its Interconnection Request only if it submits to Transmission Provider an IDR Transfer Agreement executed by both the Buyer Customer and the Seller Customer and only if such agreement meets all of the following requirements:

14.2.2.1 Required Elements:

Any IDR Transfer Agreement submitted to Transmission Provider under this section:

_____ (a) shall identify the Buyer Customer and the Seller Customer by full legal name, including the name of a contact person, with address and telephone number, for each party;

_____ (b) shall identify the System Impact Study in which the Transmission Provider determined and assigned the Incremental Deliverability Rights transferred under the agreement;

(c) if the Seller Customer acquired the Incremental Deliverability Rights to be transferred under the proffered agreement from another party, shall describe the chain of title of such Incremental Deliverability Rights from their original holder to the Seller Customer;

(d) shall provide for the unconditional and irrevocable transfer of the subject Incremental Deliverability Rights to the Buyer Customer;

(e) shall include a warranty of the Seller Customer to the Buyer Customer and to the Transmission Provider that the Seller Customer holds, or has a legal right to acquire, the Incremental Deliverability Rights to be transferred under the proffered agreement;

(f) shall identify the location and shall state unequivocally the quantity of Incremental Deliverability Rights transferred under the agreement, provided that the transferred quantity may not exceed the total quantity of Incremental Deliverability Rights that the Seller Customer holds or has legal rights to acquire at the relevant location; and

(g) shall identify any IDR Transfer Agreement under which the Seller Customer previously transferred any Incremental Deliverability Rights associated with the same location.

14.2.2.2 Optional Election:

When it submits the IDR Transfer Agreement to Transmission Provider, the Buyer Customer also (a) may identify any Network Upgrade or Distribution Upgrade for which the Buyer Customer has been assigned cost responsibility in association with a then-pending Interconnection Request submitted by it and for which it believes the Incremental Deliverability Rights transferred to it under the proffered IDR Transfer Agreement would satisfy the deliverability requirement applicable to such Interconnection Request; and (b) shall state whether it chooses to terminate its participation in (and cost responsibility for) any such Network Upgrade or Distribution Upgrade.

14.2.3 Subsequent Election:

A Buyer Customer that has submitted a valid IDR Transfer Agreement may elect to terminate its participation in any Network Upgrade or Distribution Upgrade for which it has not previously made such an election, at any time prior to its execution of an Interconnection Service Agreement related to the Interconnection Request with respect to which it was assigned responsibility for the affected facility or upgrade. The Buyer Customer must notify Transmission Provider in writing of such an election and its election shall be subject to Transmission Provider's determination and confirmation under Tariff, Part VIII, Subpart K, section 14.2.4.

14.2.4 Confirmation by Transmission Provider:

14.2.4.1

Transmission Provider shall determine whether and to what extent the Incremental Deliverability Rights transferred under an IDR Transfer Agreement would satisfy the deliverability requirements applicable to the Buyer Customer's Interconnection Request. Transmission Provider shall notify the parties to the IDR Transfer Agreement of its determination within 30 days after receipt of the agreement. If the Transmission Provider determines that the IDRs transferred under the proffered agreement would not satisfy, in whole or in part, the deliverability requirement applicable to the Buyer Customer's Interconnection Request, its notice to the parties shall explain the reasons for its determination and, to the extent of Transmission Provider's negative determination, the parties' IDR Transfer Agreement shall not be queued as an Interconnection Request pursuant to Tariff, Part VIII, Subpart K, section 14.2.6. Any dispute regarding Transmission Provider's determination may be submitted to dispute resolution under Section 12 of the Tariff or, if concerning the Regional Transmission Expansion Plan, consistent with Schedule 5 of the Operating Agreement.

14.2.4.2

To the extent that an election of the Buyer Customer under Tariff, Part VIII, Subpart K, section 14.2.2.2(b) or Section 14.2.3 to terminate participation in any Network Upgrade or Distribution Upgrade is consistent with Transmission Provider's determination, Transmission Provider shall confirm Buyer's termination election and shall recalculate accordingly the Buyer Customer's cost responsibility under Tariff, Part VIII, section ____, as applicable. Transmission Provider shall provide its confirmation, along with any recalculation of cost responsibility, under this section in writing to the Buyer Customer within 30 days after receipt of notice of the Buyer Customer's election to terminate participation.

14.2.5 Effect of Election On Interconnection Request:

In the event that the Buyer Customer, pursuant to a confirmed election under this Section 14.2, terminates its participation in any Network Upgrade or Distribution Upgrade and the Interconnection Request underlying the Incremental Deliverability Rights acquired by the Buyer Customer under its IDR Transfer Agreement subsequently is terminated and withdrawn, or deemed to be so, then the Buyer Customer's New Service Request also shall be deemed to be concurrently terminated and withdrawn.

14.2.6 Effect On Interconnection Studies:

Each IDR Transfer Agreement shall be deemed to be a New Service Request and shall be queued, and shall be reflected as appropriate in subsequent System Impact Studies, with other New Service Requests received under the Tariff. The Buyer Customer shall be the Project Developer for purposes of application of the provisions of Tariff, Part VIII, including, in the event that Transmission Provider determines that further analysis of the

relevant IDRs is necessary, provisions relating to responsibility for the costs of Interconnection Studies.

Tariff, Part VIII, Subpart E, section 15
(former Part VI, Section 217.7 Regional Transmission Expansion Plan)

15 Regional Transmission Expansion Plan:

15.1

Any Interconnection Facilities, Direct Assignment Facilities, Distribution Upgrades, or Network Upgrades constructed to accommodate a New Service Request or an Affected System facility shall be included in the Regional Transmission Expansion Plan upon their identification in an interconnection-related agreement in the form set forth in Tariff, Part IX. For purpose of this Part VI, section 15, an Affected System facility is a facility, that in the event that interconnection of a new or expanded generation or transmission facility with an Affected System, requires Distribution Upgrades or Network Upgrades to the Transmission Provider's Transmission System.

15.2

In the event that termination of a New Service Customer's participation in a previously identified Network Upgrade or Distribution Upgrade pursuant to Tariff, Part VIII, section 23, eliminates the need for such upgrade, Transmission Provider shall offer all New Service Customers whose New Service Requests preceded the IDR Transfer Agreement that facilitated such termination an opportunity to pursue and pay for (in whole or in part) such upgrade.

15.3

Transmission Provider shall remove from the Regional Transmission Expansion Plan any Network Upgrade or Distribution Upgrade in the event that the need for such upgrade is eliminated due to termination of a New Service Customer's participation in such upgrade and other New Service Customers do not pursue and pay for the upgrade pursuant to Section 15.2.

Tariff, Part VIII, Subpart E, section 16
(formerly Part VI, Section 221 Transmission Owner Construction Obligation for
Necessary Facilities and Upgrades)

[import in Part VII and Part VIII rules]

[x.x] Transmission Owner Construction Obligation for Necessary Facilities and Upgrades:

[x.x] Construction Obligation:

The determination of the Transmission Owners' obligations to build the necessary facilities and upgrades to accommodate New Service Requests, or interconnections with Affected Systems in accordance with Tariff, Part VIII, Subpart [Generation and Transmission Interconnecting with Affected Systems], shall be made in the same manner as such responsibilities are determined under Schedule 6 of the Operating Agreement. Except to the extent otherwise provided in a Generation Interconnection Agreement or Construction Service Agreement entered into pursuant to this Part VIII, the Transmission Owners shall own all Interconnection Facilities and Network Upgrades constructed to accommodate New Service Requests.

[x.x] Alternative Facilities and Upgrades:

Upon completion of the studies of a New Service Request or Upgrade Request prescribed in the Tariff, the Transmission Provider shall recommend the necessary facilities and upgrades to accommodate the New Service Request or Upgrade Request, and the Transmission Owner's construction obligation to build such facilities and upgrades. The Transmission Owner(s), or the Project Developer, Eligible Customer or Upgrade Customer, may offer alternatives to the Transmission Provider's recommendation. If, based upon its review of the relative costs and benefits, the ability of the alternative(s) to accommodate the New Service Request or Upgrade Request, and the alternative's(s') impact on the reliability of the Transmission System, the Transmission Provider does not adopt such alternative(s), the Transmission Owner(s), or the Project Developer, Eligible Customer, or Upgrade Customer, may require that the alternative(s) be submitted to Dispute Resolution in accordance with Section 12 of the Tariff or, if concerning the Regional Transmission Expansion Plan, consistent with Schedule 5 of the Operating Agreement. The affected Project Developer, Eligible Customer, Upgrade Customer may participate in any such Dispute Resolution process.

Tariff, Part VIII, Subpart E, section 17
(former Part VI, Section 222/223 Confidentiality and Confidential Information)

17 Confidentiality:

Except as otherwise provided in this section 17, all information provided to Transmission Provider by Project Developers, Eligible Customers, or Upgrade Customers relating to any study of a New Service Request or Upgrade Request, required under the Tariff shall be deemed Confidential Information under Tariff, Part VIII, Subpart E, section 17.1. Upon completion of each study, the study will be listed on Transmission Provider's website and, to the extent required by Commission regulations, will be made publicly available upon request. To the extent that Transmission Provider contracts with consultants or with one or more Transmission Owner(s) for services or expertise in the preparation of any of the studies required under the Tariff, the consultants and/or Transmission Owner(s) shall keep all information provided by Project Developers confidential, and shall use such information solely for the purpose of the study for which it was provided and for no other purpose.

17.1 Confidential Information:

For purposes of this section 17.1, the term "party" refers to Project Developer, Eligible Customer, Upgrade Customer, Transmission Provider, or a Transmission Owner, as applicable, and the term "parties" refers to all such entities collectively, or to any two or more of them, as the context indicates. Information is Confidential Information only if it is clearly designated or marked in writing as confidential on the face of the document, or, if the information is conveyed orally or by inspection, if the party providing the information orally informs the party receiving the information that the information is confidential. If requested by any party, the disclosing party shall provide in writing the basis for asserting that the information referred to in this section warrants confidential treatment, and the requesting party may disclose such writing to an appropriate Governmental Authority. Any party shall be responsible for the costs associated with affording confidential treatment to its information.

17.1.1 Term:

During the longest of the terms of (as and to the extent applicable) interconnection-related service agreement set forth in Tariff, Part IX and for a period of three (3) years after the expiration or termination thereof, and except as otherwise provided in this section 17.1, each party shall hold in confidence, and shall not disclose to any person, Confidential Information provided to it by any other party.

17.1.2 Scope:

Confidential Information shall not include information that the receiving party can demonstrate: (i) is generally available to the public other than as a result of a disclosure by the receiving party; (ii) was in the lawful possession of the receiving party on a non-confidential basis before receiving it from the disclosing party; (iii) was supplied to the

receiving party without restriction by a third party, who, to the knowledge of the receiving party, after due inquiry, was under no obligation to the disclosing party to keep such information confidential; (iv) was independently developed by the receiving party without reference to Confidential Information of the disclosing party; (v) is, or becomes, publicly known, through no wrongful act or omission of the receiving party or breach of the requirements of this section 17.1; or (vi) is required, in accordance with section 17.1.7 below, to be disclosed to any Governmental Authority or is otherwise required to be disclosed by law or subpoena, or is necessary in any legal proceeding establishing rights and obligations under the Tariff or any agreement entered into pursuant thereto. Information designated as Confidential Information shall no longer be deemed confidential if the party that designated the information as confidential notifies the other parties that it no longer is confidential.

17.1.3 Release of Confidential Information:

No party shall disclose Confidential Information to any other person, except to its Affiliates (limited by the Commission's Standards of Conduct requirements), subcontractors, employees, consultants or to parties who may be, or may be considering, providing financing to or equity participation in Project Developer, Eligible Customer, or Upgrade Customer, or to potential purchasers or assignees of Project Developer, Eligible Customer, or Upgrade Customer, on a need-to-know basis in connection with the interconnected-related service agreement, unless such person has first been advised of the confidentiality provisions of this section 17.1 and has agreed to comply with such provisions. Notwithstanding the foregoing, a party providing Confidential Information to any person shall remain primarily responsible for any release of Confidential Information in contravention of this section 17.1.

17.1.4 Rights:

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

17.1.5 No Warranties:

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

17.1.6 Standard of Care:

Each party shall use at least the same standard of care to protect Confidential Information it receives as the party uses to protect its own Confidential Information from

unauthorized disclosure, publication or dissemination. Each party may use Confidential Information solely to fulfill its obligations to the other parties under this Tariff, Part VIII or any agreement entered into pursuant to this Tariff, Part VIII.

17.1.7 Order of Disclosure:

If a Governmental Authority with the right, power, and apparent authority to do so requests or requires a party, by subpoena, oral deposition, interrogatories, requests for production of documents, administrative order, or otherwise, to disclose Confidential Information, that party shall provide the party that provided the information with prompt prior notice of such request(s) or requirement(s) so that the providing party may seek an appropriate protective order or waive compliance with the terms of this Tariff, Part VIII or any applicable agreement entered into pursuant to this Tariff, Part VIII.

Notwithstanding the absence of a protective order or agreement, or waiver, the party that is subjected to the request or order may disclose such Confidential Information which, in the opinion of its counsel, the party is legally compelled to disclose. Each party shall use Reasonable Efforts to obtain reliable assurance that confidential treatment will be accorded any Confidential Information so furnished.

17.1.8 Termination of Agreement(s):

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

17.1.9 Disclosure to FERC or its Staff:

Notwithstanding anything in this section 17.1 to the contrary, and pursuant to 18 C.F.R. § 1b.20, if FERC or its staff, during the course of an investigation or otherwise, requests information from one of the parties that is otherwise required to be maintained in confidence pursuant to this Tariff, Part VIII or any agreement entered into pursuant to this Tariff, Part VIII, the party receiving such request shall provide the requested information to FERC or its staff within the time provided for in the request for information.

In providing the information to FERC or its staff, the party must, consistent with 18 C.F.R. § 388.112, request that the information be treated as confidential and non-public by FERC and its staff and that the information be withheld from public disclosure. Parties are prohibited from notifying the other parties prior to the release of the Confidential Information to the Commission or its staff. A party shall notify the other party(ies) to any agreement entered into pursuant to this Tariff, Part VIII when it is notified by FERC or its staff that a request to release Confidential Information has been

received by FERC, at which time any of the parties may respond before such information would be made public, pursuant to 18 C.F.R. § 388.112.

17.1.10 Other Disclosures:

Subject to the exception in Tariff, section 17.1.9, no party shall disclose Confidential Information of another party to any person not employed or retained by the disclosing party, except to the extent disclosure is (i) required by law; (ii) reasonably deemed by the disclosing party to be required in connection with a dispute between or among the parties, or the defense of litigation or dispute; (iii) otherwise permitted by consent of the party that provided such Confidential Information, such consent not to be unreasonably withheld; or (iv) necessary to fulfill its obligations under this Tariff, Part VIII or any agreement entered into pursuant to this Tariff, Part VIII, or as a transmission service provider or a Control Area operator including disclosing the Confidential Information to an RTO or ISO or to a regional or national reliability organization. Prior to any disclosures of another party's Confidential Information under this section 17.1.10, the disclosing party shall promptly notify the other parties in writing and shall assert confidentiality and cooperate with the other parties in seeking to protect the Confidential Information from public disclosure by confidentiality agreement, protective order, or other reasonable measures.

17.1.11 Information in Public Domain:

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

17.1.12 Return or Destruction of Confidential Information:

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

Tariff, Part VIII, Subpart E, section 18
(formerly Part VI, Section 230 Capacity Interconnection Rights)

18 Capacity Interconnection Rights:

18.1 Purpose:

Capacity Interconnection Rights shall entitle the holder to deliver the output of a Generation Capacity Resource at the bus where the Generation Capacity Resource interconnects to the Transmission System. The Transmission Provider shall plan the enhancement and expansion of the Transmission System in accordance with Operating Agreement, Schedule 6 such that the holder of Capacity Interconnection Rights can integrate its Capacity Resources in a manner comparable to that in which each Transmission Owner integrates its Capacity Resources to serve its Native Load Customers.

18.2 Receipt of Capacity Interconnection Rights:

Generation accredited under the Reliability Assurance Agreement Among Load Serving Entities in the PJM Region (“RAA”) as a Generation Capacity Resource prior to the original effective date of Tariff, Part IV shall have Capacity Interconnection Rights commensurate with the size in megawatts of the accredited generation. When a Generation Project Developer’s generation is accredited as deliverable through the applicable procedures of the Tariff, the Generation Project Developer also shall receive Capacity Interconnection Rights commensurate with the size in megawatts of the generation as identified in the Generation Interconnection Agreement. Pursuant to the applicable terms of RAA, Schedule 10, a Transmission Project Developer may combine Incremental Deliverability Rights associated with Merchant Transmission Facilities with generation capacity that is not otherwise accredited as a Generation Capacity Resource for the purposes of obtaining accreditation of such generation as a Generation Capacity Resource and associated Capacity Interconnection Rights.

18.3 Loss of Capacity Interconnection Rights:

18.3.1 Operational Standards:

To retain Capacity Interconnection Rights, the Generation Capacity Resource associated with the rights must operate or be capable of operating at the capacity level associated with the rights. Operational capability shall be established consistent with RAA, Schedule 9 and the PJM Manuals. Generation Capacity Resources that meet these operational standards shall retain their Capacity Interconnection Rights regardless of whether they are available as a Generation Capacity Resource or are making sales outside the PJM Region.

18.3.2 Failure to Meet Operational Standards:

This section 18.3.2 shall apply only in circumstances other than Deactivation of a Generation Capacity Resource. In the event a Generation Capacity Resource fails to meet the operational standards set forth in Tariff, Part VIII, section 18.3.1 for any consecutive three-year period (with the first such period commencing on the date Generation Project Developer must demonstrate commercial operation of the generating unit(s) as specified in the Generation Interconnection Agreement), the holder of the Capacity Interconnection Rights associated with such Generation Capacity Resource will lose its Capacity Interconnection Rights in an amount commensurate with the loss of generating capability. Any period during which the Generation Capacity Resource fails to meet the standards set forth in Tariff, Part VIII, section 18.3.1 as a result of an event that meets the standards of a Force Majeure event as defined in Tariff, ___ shall be excluded from such consecutive three-year period, provided that the holder of the Capacity Interconnection Rights exercises due diligence to remedy the event. A Generation Capacity Resource that loses Capacity Interconnection Rights pursuant to this section may continue Interconnection Service, to the extent of such lost rights, as an Energy Resource in accordance with (and for the remaining term of) its Generation Interconnection Agreement and/or applicable terms of the Tariff.

18.3.3 Replacement of Generation:

In the event of the Deactivation of a Generation Capacity Resource (in accordance with Tariff, Part V and any Applicable Standards), or removal of Capacity Resource status (in accordance with Tariff, Attachment DD, section 6.6 or Tariff, Attachment DD, section 6.6A), any Capacity Interconnection Rights associated with such Generating Facility shall terminate one year from the Deactivation Date, or one year from the date the Capacity Resource status change takes effect, unless the holder of such rights (including any holder that acquired the rights after Deactivation or removal of Capacity Resource status) has submitted a completed Generation Interconnection Request up to one year after the Deactivation Date, or up to one year from the date the Capacity Resource status changes take effect, which claims the same Capacity Interconnection Rights in accordance with Tariff, Part VIII, Subpart C, section ___. A Generation Project Developer must submit any claim for Capacity Interconnection Rights from deactivating units concurrently with its Application for Interconnection Service, and the claim must be received by Transmission Provider prior to the Application Deadline, or Transmission Provider will not process the claim. Such new Generation Interconnection Request may include a request to increase Capacity Interconnection Rights in addition to the replacement of the previously deactivated amount, or amount removed from Capacity Resource status, as a single Generation Interconnection Request. Transmission Provider may perform thermal, short circuit, and/or stability studies, as necessary and in accordance with the PJM Manuals, due to any changes in the electrical characteristics of any newly proposed equipment, or where there is a change in Point of Interconnection, which may result in the loss of a portion or all of the Capacity Interconnection Rights as determined by such studies.

Upon execution of a Generation Interconnection Agreement reflecting its new Generation Interconnection Request, the holder of the Capacity Interconnection Rights will retain only such rights that are commensurate with the size in megawatts of the replacement generation, not to exceed the amount of the holder's Capacity Interconnection Rights associated with the facility upon Deactivation or removal of Capacity Resource status. Any desired increase in Capacity Interconnection Rights must be reflected in the new Generation Interconnection Request and be accredited through the applicable procedures in Tariff, Part IV and Tariff, Part VI. In the event the new Generation Interconnection Request to which this section refers is, or is deemed to be, terminated and/or withdrawn for any reason at any time, the pertinent Capacity Interconnection Rights shall not terminate until the end of the one-year period from the Deactivation Date, or the end of the one year period from the date the Capacity Resource status change takes effect.

18.3.4 Transfer of Capacity Interconnection Rights:

Capacity Interconnection Rights may be sold or otherwise transferred subject to compliance with such procedures as may be established by Transmission Provider regarding such transfer and notice to Transmission Provider of any Generating Facilities that will use the Capacity Interconnection Rights after the transfer. The transfer of Capacity Interconnection Rights shall not itself extend the periods set forth in Tariff, Part VIII, Subpart E, section 18.3.3 regarding loss of Capacity Interconnection Rights.

Tariff, Part VIII, Subpart E, section 19
(former Sec 231. 234 and 235 IARRs and other incremental rights)

19.1 Incremental Auction Revenue Rights:

19.1.1 Right of Transmission Project Developer, Eligible Customer, or Upgrade Customer to Incremental Auction Revenue Rights:

A Transmission Project Developer, Eligible Customer, or Upgrade Customer that (a) pursuant to this Tariff, Part VIII reimburses Transmission Provider for the costs of constructing or completing Network Upgrades required to accommodate its New Service Request, or (b) pursuant to its Construction Service Agreement undertakes responsibility for constructing or completing Network Upgrades required to accommodate its New Service Request, shall be entitled to receive the Incremental Auction Revenue Rights as determined in accordance with this section 19.1. However, a Transmission Project Developer that interconnects Merchant D.C. Transmission Facilities and/or Controllable A.C. Merchant Transmission Facilities with the Transmission System shall be entitled to Incremental Auction Revenue Rights associated with such Merchant D.C. Transmission Facilities and/or Controllable A.C. Merchant Transmission Facilities only if the Transmission Project Developer has elected, pursuant to Tariff, Part VIII, Subpart E, section 1, to receive Incremental Auction Revenue Rights, Incremental Capacity Transfer Rights, and Incremental Deliverability Rights in lieu of Transmission Injection Rights and/or Transmission Withdrawal Rights.

19.1.2 Procedures for Assigning Incremental Auction Revenue Rights:

No less than forty-five (45) days prior to the in-service date, as determined by the Office of the Interconnection, of the applicable transmission facility or upgrade related to a New Service Request, the Office of the Interconnection shall notify the Transmission Project Developer, Eligible Customer, or Upgrade Customer that has responsibility to reimburse the costs of, or responsibility for, constructing or completing the transmission facility or upgrade, that initial requests for Incremental Auction Revenue Rights associated with the transmission facility or upgrade must be submitted to the Office of the Interconnection within a time period specified by the Office of the Interconnection in the notification. The Office of the Interconnection then shall commence a three-round allocation process. In round one, one-third of the Incremental Auction Revenue Rights available for each point-to-point combination requested in that round will be assigned to the requesters of the specific combinations in accordance with Tariff, Part VIII, Subpart E, section 19.1.3.

In round two, two-thirds of the Incremental Auction Revenue Rights available for each requested point-to-point combination in that round will be assigned in accordance with Tariff, Part VIII, Subpart E, section 19.1.3. In round three, all available Incremental Auction Revenue Rights will be assigned for the requested point-to-point combinations in that round in accordance with Tariff, Part VIII, Subpart E, section 19.1.3. In each round, a requester may request the same point-to-point combination as in the previous rounds or submit a different combination. In rounds one and two, requesters may accept the

assignment of Incremental Auction Revenue Rights or refuse them. Acceptance of the assignment in rounds one and two will remove the assigned Incremental Auction Revenue Rights from availability in the next rounds. Refusal of an Incremental Auction Revenue Rights assignment in rounds one and two will result in the Incremental Auction Revenue Rights being available for the next round. The Incremental Auction Revenue Rights assignments made in round three will be final and binding. For each round, a request for Incremental Auction Revenue Rights shall specify a single point-to-point combination for which the Transmission Project Developer, Eligible Customer, or Upgrade Customer desires Incremental Auction Revenue Rights and shall be in a form specified by the Office of the Interconnection and in accordance with procedures set forth in the PJM Manuals. The Office of the Interconnection shall specify the deadlines for submission of requests in each round of the allocation process and shall complete the allocation process before the in-service date of the upgrade.

19.1.3 Determination of Incremental Auction Revenue Rights to be Provided to Transmission Project Developer, Eligible Customer, or Upgrade Customer:

The Office of the Interconnection shall determine the Incremental Auction Revenue Rights to be provided to a Transmission Project Developer, Eligible Customer, or Upgrade Customer associated with a particular transmission facility or upgrade pursuant to Tariff, Part VIII, Subpart E, section 19.1.2 using the tools described in Tariff, Attachment K, including an assessment of the simultaneous feasibility of any Incremental Auction Revenue Rights and all other outstanding Auction Revenue Rights. For each requested point-to-point combination, the Office of the Interconnection shall determine, simultaneously with all other requested point-to-point combinations, the base system Auction Revenue Rights capability, excluding the impact of any new transmission facilities or upgrades necessary to accommodate New Service Requests. The Office of the Interconnection then shall similarly determine, for each requested point-to-point combination, the Auction Revenue Rights capability, including the impact of any new transmission facilities or upgrades. For each point-to-point combination, the Incremental Auction Revenue Rights capability shall be the difference between the Auction Revenue Rights capability in the base system analysis and the Auction Revenue Rights capability in the analysis including the impact of the new transmission facilities and upgrades. When multiple Transmission Project Developers, Eligible Customers, or Upgrade Customers have cost responsibility for the same new transmission facility or upgrade, Incremental Auction Revenue Rights shall be assigned to each Transmission Project Developer, Eligible Customer, or Upgrade Customer in proportion to the Transmission Project Developer's, Eligible Customer's, or Upgrade Customer's relative cost responsibilities for the facility and in inverse proportion to the relative flow impact on constrained facilities or interfaces of the point-to-point combinations selected by the Transmission Project Developer, Eligible Customer, or Upgrade Customer.

19.1.4 Duration of Incremental Auction Revenue Rights:

Incremental Auction Revenue Rights received by a Transmission Project Developer, Eligible Customer, or Upgrade Customer pursuant to this Tariff, Part VIII, Subpart E,

section 19.1 shall be available as of the first day of the first month that the Network Upgrades required to accommodate its New Service Request that are associated with the Incremental Auction Revenue Rights are included in the transmission system model for the monthly FTR auction and shall continue to be available for thirty (30) years or for the life of the associated facility or upgrade, whichever is less, subject to any subsequent pro-rata reductions of all Auction Revenue Rights (including Incremental Auction Revenue Rights) in accordance with Tariff, Attachment K - Appendix. At any time during this thirty-year period (or the life of the facility or upgrade, whichever is less), in lieu of continuing this thirty-year Auction Revenue Right, the Transmission Project Developer, Eligible Customer, or Upgrade Customer shall have a one-time choice to switch to an optional mechanism, whereby, on an annual basis, the Transmission Project Developer, Eligible Customer, or Upgrade Customer has the choice to request an Auction Revenue Right during the annual Auction Revenue Rights allocation process (pursuant to Tariff, Attachment K – Appendix, section 7.4.2) between the same source and sink, provided the Auction Revenue Right is simultaneously feasible, pursuant to Tariff, Attachment K – Appendix, section 7.5. A Transmission Project Developer, Eligible Customer, or Upgrade Customer may return Incremental Auction Revenue Rights that it no longer desires at any time, provided that the Office of the Interconnection determines that it can simultaneously accommodate all remaining outstanding Auction Revenue Rights following the return of such Auction Revenue Rights. In the event a Transmission Project Developer, Eligible Customer, or Upgrade Customer returns Incremental Auction Revenue Rights, the Transmission Project Developer, Eligible Customer, or Upgrade Customer shall have no further rights regarding such Incremental Auction Revenue Rights.

19.1.5 Value of Incremental Auction Revenue Rights:

The value of Incremental Auction Revenue Right(s) to be provided to a Transmission Project Developer, Eligible Customer, or Upgrade Customer associated with a particular transmission facility or upgrade pursuant to Tariff, Part VIII, Subpart E, section 19.1.2 that become effective at the beginning of a Planning Period shall be determined in the same manner as annually allocated Auction Revenue Right(s) based on the nodal prices resulting from the annual Financial Transmission Rights auction. The value of such Incremental Auction Revenue Rights that become effective after the commencement of a Planning Period shall be determined on a monthly basis for each month in the Planning Period beginning with the month the Incremental Auction Revenue Right(s) becomes effective. The value of such Incremental Auction Revenue Right shall be equal to the megawatt amount of the Incremental Auction Revenue Rights multiplied by the LMP differential between the source and sink nodes of the corresponding FTR obligations in each prompt-month FTR auction that occurs from the effective date of the Incremental Auction Revenue Rights through the end of the relevant Planning Period. For each Planning Period thereafter, the value of such Incremental Auction Revenue Rights shall be determined in the same manner as Incremental Auction Revenue Rights that became effective at the beginning of a Planning Period.

19.1.6 Rate-based Facilities:

No Incremental Auction Revenue Rights shall be received by a Transmission Project Developer, Eligible Customer, or Upgrade Customer with respect to transmission investment that is included in the rate base of a public utility and on which a regulated return is earned.

19.2. Incremental Capacity Transfer Rights:

19.2.1 Right of Transmission Project Developer or Upgrade Customer to Incremental Capacity Transfer Rights:

A Transmission Project Developer that interconnects Merchant Transmission Facilities with the Transmission System shall be entitled to receive any Incremental Capacity Transfer Rights that are associated with the interconnection of such Merchant Transmission Facilities as determined in accordance with this Tariff, Part VIII, Subpart E, section 19.2. In addition, an Upgrade Customer that (a) reimburses Transmission Provider for the costs of constructing or completing Customer-Funded Upgrades, or (b) pursuant to its Construction Service Agreement undertakes responsibility for constructing or completing Customer-Funded Upgrades shall be entitled to receive any Incremental Capacity Transfer Rights associated with such required facilities and upgrades as determined in accordance with this Tariff, Part VIII, Subpart E, section 19.2.

19.2.1.1 Certain Merchant D.C. Transmission Facilities and/or Controllable A.C. Merchant Transmission Facilities:

A Transmission Project Developer (a) that interconnects Merchant D.C. transmission Facilities and/or Controllable A.C. Merchant Transmission Facilities with the Transmission System, one terminus of which is located outside the PJM Region and the other terminus of which is located within the PJM Region, and (b) that will be a Merchant Transmission Provider, shall not receive any Incremental Capacity Transfer Rights with respect to its Merchant D.C. Transmission Facilities and/or Controllable A.C. Merchant Transmission Facilities. Transmission Provider shall not include available transfer capability at the interface(s) associated with such Merchant D.C. Transmission Facilities and/or Controllable A.C. Merchant Transmission Facilities in its calculations of Available Transfer Capability under Tariff, Attachment C.

19.2.2 Procedures for Assigning Incremental Capacity Transfer Rights:

After execution of a Study Agreement but prior to the issuance of an Interconnection Agreement or Upgrade Construction Service Agreement, a Transmission Project Developer or Upgrade Customer may request the Office of the Interconnection to determine the Incremental Capacity Transfer Rights as measured by the increase in Capacity Emergency Transfer Limit resulting from the interconnection or addition of Merchant Transmission Facilities or a Customer-Funded Upgrade identified in the System Impact Study for the related New Service Request. At the time of such request, the Transmission Project Developer or Upgrade Customer must also specify no more than

three Locational Deliverability Areas in which to determine the Incremental Capacity Transfer Rights. Subject to the limitation of Tariff, Part VIII, Subpart E, section 19.2.1.1, the Office of the Interconnection shall allocate the Incremental Capacity Transfer Rights associated with Merchant Transmission Facilities to the Transmission Project Developer that is interconnecting such facilities. The Office of the Interconnection shall allocate the Incremental Capacity Transfer Rights associated with a Customer-Funded Upgrade to the Upgrade Customer(s) bearing cost responsibility for such facility or upgrade in proportion to each Upgrade Customer's cost responsibility for the facility or upgrade.

19.2.3 Determination of Incremental Capacity Transfer Rights to be Provided to Transmission Project Developer or Upgrade Customer:

The Office of the Interconnection shall determine the Incremental Capacity Transfer Rights to be provided to Transmission Project Developers or Upgrade Customers in accordance with the applicable terms of the Reliability Pricing Model, in Tariff, Attachment DD, and pursuant to the procedures specified in the PJM Manuals.

19.2.4 Duration of Incremental Capacity Transfer Rights:

Incremental Capacity Transfer Rights received by a Transmission Project Developer or Upgrade Customer shall be effective for thirty (30) years from, as applicable, commencement of Interconnection Service, Transmission Service, or Network Service for the affected Transmission Project Developer or Upgrade Customer or the life of the pertinent facility or upgrade, whichever is shorter, subject to any subsequent pro-rata reallocations of all Capacity Transfer Rights (including Incremental Capacity Transfer Rights) in accordance with the PJM Manuals.

19.2.5 Rate-based Facilities:

No Incremental Capacity Transfer Rights shall be received by a Transmission Project Developer or Upgrade Customer with respect to transmission investment that is included in the rate base of a public utility and on which a regulated return is earned.

19.3 Incremental Deliverability Rights:

19.3.1 Right of Transmission Interconnection Customer to Incremental Deliverability Rights:

A Transmission Project Developer shall be entitled to receive the Incremental Deliverability Rights associated with its Merchant Transmission Facilities as determined in accordance with this section, provided, however, that a Transmission Project Developer that proposes to interconnect Merchant D.C. Transmission Facilities and/or Controllable A.C. Merchant Transmission Facilities that connect the Transmission System with another control area shall be entitled to Incremental Deliverability Rights associated with such Merchant D.C. Transmission Facilities and/or Controllable A.C. Merchant Transmission Facilities only if the Interconnection Customer has elected,

pursuant to Tariff, Part VIII, Subpart E, section 1, to receive Incremental Auction Revenue Rights, Incremental Capacity Transfer Rights, and Incremental Deliverability Rights in lieu of Transmission Injection Rights and/or Transmission Withdrawal Rights.

19.3.2 Procedures for Assigning Incremental Deliverability Rights:

Transmission Provider shall include in the System Impact Study a determination of the Incremental Deliverability Rights associated with the Transmission Project Developer's Merchant Transmission Facilities. Transmission Provider shall post on its OASIS the Incremental Deliverability Rights that it assigns to the Transmission Project Developer under this section 19.3.2.

19.3.3 Determination of Incremental Deliverability Rights to be Provided to Transmission Project Developer:

Transmission Provider shall determine the Incremental Deliverability Rights to be provided to a Transmission Project Developer associated with proposed Merchant Transmission Facilities under Tariff, Part VIII, Subpart E, section 19.3.2 pursuant to procedures specified in the PJM Manuals.

19.3.4 Duration of Incremental Deliverability Rights:

Incremental Deliverability Rights assigned to a Transmission Project Developer shall be effective until the earlier of the date that is one year after the commencement of Interconnection Service for such customer or the date that such Transmission Project Developer's New Service Request is withdrawn and terminated, or deemed to be so, in accordance with the Tariff. Notwithstanding the preceding sentence, Incremental Deliverability Rights that are transferred pursuant to an IDR Transfer Agreement under the Tariff shall be deemed to be Capacity Interconnection Rights of the generation owner that acquires them under such agreement upon commencement of Interconnection Service related to the generation owner's Generating Facility and shall remain effective for the life of such Generating Facility, or for the life of the Merchant Transmission Facilities associated with the transferred IDRs, whichever is shorter. The deemed conversion of IDRs to Capacity Interconnection Rights under this section 19.3.4 shall not affect application to such IDRs of the other provisions of this Tariff, Part VIII, Subpart E, section 19.3. A Transmission Project Developer may return Incremental Deliverability Rights that it no longer desires at any time. In the event that a Transmission Project developer returns Incremental Deliverability Rights, it shall have no further rights regarding such Incremental Deliverability Rights.

19.3.5 Transfer of Incremental Deliverability Rights:

Incremental Deliverability Rights may be sold or otherwise transferred at any time after they are assigned pursuant to Tariff, Part VIII, Subpart E, section 19.3.2, subject to execution and submission of an IDR Transfer Agreement in accordance with the Tariff. The transfer of Incremental Deliverability Rights shall not itself extend the periods set

forth in Tariff, Part VIII, Subpart E, section 19.3.7 regarding loss of Incremental Deliverability Rights.

19.3.6 Effectiveness of Incremental Deliverability Rights:

Incremental Deliverability Rights shall not entitle the holder thereof to use the capability associated with such rights unless and until Transmission Provider commences Interconnection Service related to the Merchant Transmission Facilities associated with such rights.

19.3.7 Loss of Incremental Deliverability Rights:

Incremental Deliverability Rights shall be extinguished (a) in the event that the New Service Request of the Transmission Project Developer to which the rights were assigned is withdrawn and terminated, or deemed to be so, as provided in the Tariff, without regard for whether the rights have been transferred pursuant to an IDR Transfer Agreement, or (b) such rights are not transferred pursuant to an IDR Transfer Agreement on or before the date that is one year after the commencement of Interconnection Service related to the Merchant Transmission Facilities with which the rights are associated.

19.3.8 Rate-based Facilities:

No Incremental Deliverability Rights shall be received by a Transmission Project Developer with respect to transmission investment that is included in the rate base of a public utility and on which a regulated return is earned.

Tariff, Part VIII, Subpart E, section 20
(former Secs 232 and 236 TIR and TWR)

20 Rights for Transmission Interconnections:

20.1 Transmission Injection Rights and Transmission Withdrawal Rights:

20.1.1 Purpose:

Transmission Injection Rights shall entitle the holder, as provided in this section 20, to schedule energy transmitted on the associated Merchant D.C. Transmission Facilities and/or Controllable A.C. Merchant Transmission Facilities for injection into the Transmission System, at a Point of Interconnection of the Merchant D.C. Transmission Facilities and/or Controllable A.C. Merchant Transmission Facilities with the Transmission System. Transmission Withdrawal Rights shall entitle the holder, as provided in this section 20, to schedule for transmission on the associated Merchant D.C. Transmission Facilities and/or Controllable A.C. Merchant Transmission Facilities energy to be withdrawn from the Transmission System, at a Point of Interconnection of the Merchant D.C. Transmission Facilities and/or Controllable A.C. Merchant Transmission Facilities with the Transmission System.

20.1.2 Receipt of Transmission Injection Rights and Transmission Withdrawal Rights:

Subject to the terms of this section 20, a Transmission Project Developer that constructs Merchant D.C. Transmission Facilities and/or Controllable A.C. Merchant Transmission Facilities that interconnect with the Transmission System and with another control area outside the PJM Region shall be entitled to receive Transmission Injection Rights and/or Transmission Withdrawal Rights at each terminal where such Transmission Project Developer's Merchant D.C. Transmission Facilities and/or Controllable A.C. Merchant Transmission Facilities interconnect with the Transmission System. A Transmission Project Developer that is granted Firm Transmission Withdrawal Rights and/or transmission service customers that have a Point of Delivery at the border of the PJM Region where the Transmission System interconnects with the Merchant D.C. Transmission Facilities and/or Controllable A.C. Merchant Transmission Facilities, may be responsible for a reasonable allocation of transmission upgrade costs added to the Regional Transmission Expansion Plan, in accordance with Tariff, section 3E and Tariff, Schedule 12. Notwithstanding the foregoing, any Transmission Injection Rights and Transmission Withdrawal Rights awarded to a Transmission Project Developer that interconnects Controllable A.C. Merchant Transmission Facilities shall be, throughout the duration of the Service Agreement applicable to such interconnection, conditioned on such Transmission Project Developer's continuous operation of its Controllable A.C. Merchant Transmission Facilities in a controllable manner, i.e., in a manner effectively the same as operation of D.C. transmission facilities.

20.1.2.1 Total Capability:

A Transmission Project Developer or other party may hold Transmission Injection Rights and Transmission Withdrawal Rights simultaneously at the same terminal on the Transmission System. However, neither the aggregate Transmission Injection Rights nor the aggregate Transmission Withdrawal Rights held at a terminal may exceed the Nominal Rated Capability of the interconnected Merchant D.C. Transmission Facilities and/or Controllable A.C. Merchant Transmission Facilities, as stated in the associated Service Agreement(s).

20.1.3 Determination of Transmission Injection Rights and Transmission Withdrawal Rights to be Provided to Transmission Project Developer:

The Office of the Interconnection shall determine the Transmission Injection Rights and the Transmission Withdrawal Rights associated with Merchant D.C. Transmission Facilities and/or Controllable A.C. Merchant Transmission Facilities to be provided to eligible Transmission Project Developer(s) pursuant to the procedures specified in the PJM Manuals. The Office of the Interconnection shall state in the System Impact Studies the Transmission Injection Rights and Transmission Withdrawal Rights (including the quantity of each type of such rights) to be made available to the Transmission Project Developer at the terminal(s) where the pertinent Merchant D.C. Transmission Facilities and/or Controllable A.C. Merchant Transmission Facilities interconnect with the Transmission System. Such rights shall become available to the Transmission Project Developer pursuant to the Interconnection Agreement and upon commencement of Interconnection Service thereunder.

20.1.4 Duration of Transmission Injection Rights and Transmission Withdrawal Rights:

Subject to the terms of Tariff, Part VIII, Subpart E, section 20.1.7, Transmission Injection Rights and/or Transmission Withdrawal Rights received by a Transmission Project Developer shall be effective for the life of the associated Merchant D.C. Transmission Facilities and/or Controllable A.C. Merchant Transmission Facilities.

20.1.5 Rate-based Facilities:

No Transmission Injection Rights or Transmission Withdrawal Rights shall be received by a Transmission Project Developer with respect to transmission investment that is included in the rate base of a public utility and on which a regulated return is earned.

20.1.6 Transfer of Transmission Injection Rights and Transmission Withdrawal Rights:

Transmission Injection Rights and/or Transmission Withdrawal Rights may be sold or otherwise transferred subject to compliance with such procedures as Transmission Provider may establish, by publication in the PJM Manuals, regarding such transfer and required notice to Transmission Provider of use of such rights after the transfer. The transfer of Transmission Injection Rights or of Transmission Withdrawal Rights shall not itself extend the periods set forth in Tariff, Part VIII, Subpart E, section 20.1.7 regarding loss of such rights.

20.1.7 Loss of Transmission Injection Rights and Transmission Withdrawal Rights:

20.1.7.1 Operational Standards:

To retain Transmission Injection Rights and Transmission Withdrawal Rights, the associated Merchant D.C. Transmission Facilities and/or Controllable A.C. Merchant Transmission Facilities must operate or be capable of operating at the capacity level associated with the rights. Operational capability shall be established consistent with applicable criteria stated in the PJM Manuals. Merchant D.C. Transmission Facilities and/or Controllable A.C. Merchant Transmission Facilities that meet these operational standards shall retain their Transmission Injection Rights and Transmission Withdrawal Rights regardless of whether they are used to transmit energy within or to points outside the PJM Region.

20.1.7.2 Failure to Meet Operational Standards:

In the event that any Merchant D.C. Transmission Facilities and/or Controllable A.C. Merchant Transmission Facilities fail to meet the operational standards set forth in this section 20.1.7 for any consecutive three-year period, the holder(s) of the associated Transmission Injection Rights and Transmission Withdrawal Rights will lose such rights in an amount reflecting the loss of first contingency transfer capability. Any period during which the transmission facility fails to meet the standards set forth in this section 20.1.7 as a result of an event that meets the standards of a Force Majeure event shall be excluded from such consecutive three-year period, provided that the owner of the Merchant D.C. Transmission Facilities and/or Controllable A.C. Merchant Transmission Facilities exercises due diligence to remedy the event.

20.2 Interconnection Rights for Certain Transmission Interconnections:

20.2.1 Qualification to Receive Certain Rights:

In order to obtain the rights associated with Merchant Transmission Facilities (other than Merchant Network Upgrades) provided under the Tariff, prior to the commencement of Interconnection Service associated with such facilities, a Transmission Interconnection Customer that interconnects or adds Merchant Transmission Facilities (other than Merchant Network Upgrades) to the Transmission System must become and remain a signatory to the Consolidated Transmission Owners Agreement.

20.2.2 Upgrades to Merchant Transmission Facilities:

In the event that Transmission Provider determines in accordance with the Regional Transmission Expansion Planning Protocol of Operating Agreement, Schedule 6 that an addition or upgrade to Merchant A.C. Transmission Facilities is necessary, the owner of such Merchant A.C. Transmission Facilities shall undertake such addition or upgrade and shall operate and maintain all facilities so constructed or installed in accordance with

Good Utility Practice and with applicable terms of the Operating Agreement and the Consolidated Transmission Owners Agreement, as applicable. Cost responsibility for each such addition or upgrade shall be assigned in accordance with Operating Agreement, Schedule 6. Each Transmission Owner to whom cost responsibility for such an upgrade is assigned shall further be responsible for all costs of operating and maintaining the addition or upgrade in proportion to its respective assigned cost responsibilities.

20.2.3 Limited Duration of Rights in Certain Cases:

Notwithstanding any other provision of this section 20, in the case of any Merchant Transmission Facilities that solely involves advancing the construction of a transmission enhancement or expansion other than a Merchant Transmission Facility that is included in the Regional Transmission Expansion Plan, any rights available to such facility under this section 20 shall be limited in duration to the period from the inception of Interconnection Service for the affected Merchant Transmission Facilities until the time when the Regional Transmission Expansion Plan originally provided for the pertinent transmission enhancement or expansion to be completed.

Tariff, Part VIII, Subpart E, section 21
(former Part VI, section 217.8 NUFA)

Section 21 Transmission Owner Initial Funding of Network Upgrades:

(a) Transmission Owner's Right: Notwithstanding anything in this Tariff to the contrary, the Transmission Owner shall have the right to elect to fund the capital cost for the Network Upgrades associated with the interconnection of an Project Developer, including in cases where the Project Developer exercises the Option to Build under a GIA, Tariff, Part IX, Subpart B, Appendix 2, section 15.2.3 or an Interconnection Construction Service Agreement, Tariff, Part IX, Subpart J, Appendix 2, section 3.2.3.1. If the Transmission Owner elects to fund the capital costs of the Network Upgrades, the Transmission Owner shall provide the Transmission Provider and Project Developer with written notice pursuant to Tariff, Part VIII, section 21, and the Parties shall enter into a Network Upgrade Funding Agreement to memorialize the terms of repayment for those Network Upgrades that the Transmission Owner elected to self-fund. The Network Upgrade Funding Agreement shall take the form of the *pro forma* Network Upgrade Funding Agreement that is included in Tariff, Part IX, Subpart L. The Project Developer or Transmission Owner may request in writing that Transmission Provider file the Network Upgrade Funding Agreement with FERC in unexecuted form.

(b) Definition: Transmission Owner is defined in Tariff, Part I, section 1. However, for purposes of this section and the Network Upgrade Funding Agreement, Transmission Owner may also refer to a Transmission Owner whose facilities must be upgraded pursuant to a System Impact Study, but whose facilities are not directly interconnected with those of the Project Developer.

(c) Timing: Transmission Provider will maintain on its website a Transmission Owner's general non-binding indication as to whether the Transmission Owner intends to elect to fund the capital costs (self-fund) for Network Upgrades. Transmission Provider will also maintain on its website a list of the projects for which a Transmission Owner has elected to self-fund Network Upgrades. Each impacted Transmission Owner shall indicate whether it intends to self-fund each specific Network Upgrade prior to the completion of the System Impact Study. Any such election to self-fund Network Upgrades shall be identified in the System Impact Study or Transmission Owner shall be deemed to have waived its self-fund election option for the Network Upgrades identified in the System Impact Study.

If the Transmission Owner has elected to fund the capital for the Network Upgrades, the Transmission Provider shall tender to the Project Developer a Network Upgrade Funding Agreement at the same time that it tenders the Interconnection Construction Service Agreement. In the event that construction of facilities by more than one Transmission Owner is required, the Transmission Provider will tender a separate Network Upgrade Funding Agreement for each such Transmission Owner and the facilities to be constructed on its transmission system. The Transmission Provider shall provide to the

Transmission Owner(s) a copy of the Network Upgrade Funding Agreement when these agreements are provided to the Project Developer for execution.

Unless otherwise specified in the project specific milestones of the Interconnection Service Agreement, Project Developer either shall have executed the tendered Network Upgrade Funding Agreement and it must be in the possession of the Transmission Provider and the Transmission Owner at the same time as the executed Interconnection Construction Service Agreement, or, alternatively, shall request dispute resolution in accordance with the dispute resolution provisions of the Tariff, or that the Network Upgrade Funding Agreement be filed unexecuted with the Commission. In the event that a Project Developer or a Transmission Owner has requested dispute resolution proceedings or that the Network Upgrade Funding Agreement be filed unexecuted, construction of facilities and upgrades addressed in the Network Upgrade Funding Agreement shall be deferred until any disputes are resolved, unless otherwise agreed by the Project Developer, the Transmission Owner and the Transmission Provider.

Following execution of the Network Upgrade Funding Agreement by the Project Developer, the Transmission Provider shall forward the Network Upgrade Funding Agreement to the Transmission Owner named as party to the Network Upgrade Funding Agreement. The Transmission Owner shall execute and return the Network Upgrade Funding Agreement to the Transmission Provider no later than fifteen (15) Business Days following date of receipt of Network Upgrade Funding Agreement from the Transmission Provider, or, alternatively, request that the Network Upgrade Funding Agreement be filed unexecuted with the Commission unless the Transmission Owner requests dispute resolution under the Tariff. However, in the event the Project Developer has made changes to the Network Upgrade Funding Agreement tendered to the Project Developer by the Transmission Provider which were not previously reviewed and approved by a representative of the Transmission Owner, the requirement for the Transmission Owner to return the document in the time specified shall not be applicable and the parties to the Network Upgrade Funding Agreement shall use due diligence to execute the Network Upgrade Funding Agreement as expeditiously as possible. In the event the Transmission Owner does not execute and return the Network Upgrade Funding Agreement in the time specified above, the Transmission Provider shall advise the Project Developer of the status of the execution of the Network Upgrade Funding Agreement. The Project Developer may then request: (i) dispute resolution under the Tariff; or (ii) that the Network Upgrade Funding Agreement be filed unexecuted with the Commission. In all cases, the Project Developer, Transmission Owner, and Transmission Provider may mutually agree to extend the time in which Transmission Owner must execute and return the Network Upgrade Funding Agreement.

(d) Cross-Defaults: A breach by the Project Developer of any provision, covenant, or other term or condition contained in the Network Upgrade Funding Agreement shall be considered a breach under the Interconnection Service Agreement. Such breach shall be subject to the terms of the Interconnection Service Agreement, Appendix 2, section 15. If the default under the Interconnection Service Agreement results from the Project Developer's breach of the Network Upgrade Funding Agreement and subsequent failure

to cure, the Transmission Owner and the Transmission Provider shall be entitled, but in no event required, to apply all rights and remedies available by reason of default under the Interconnection Service Agreement and the Network Upgrade Funding Agreement.

(e) Transmission Owner's Reimbursement Obligations under the Option to Build: If the Project Developer exercises the Option to Build under the Interconnection Construction Service Agreement and the Transmission Owner has elected to fund the Network Upgrades pursuant to this section 32, then prior to the Project Developer incurring any construction costs relating to the Option to Build and by the date specified in the GIA, section 8.0 or Interconnection Construction Service Agreement, Schedule D, the Project Developer shall provide Transmission Provider a quarterly statement of Project Developer's scheduled expenditures during the next three months for the design, engineering and construction of, and/or for other charges related to the Network Upgrades. Transmission Provider shall invoice the Transmission Owner on behalf of the Project Developer for the estimated amount to be expended by the Project Developer to construct any Network Upgrades for which the Project Developer has exercised its Option to Build. Transmission Provider shall invoice Transmission Owner on a quarterly basis for the costs estimated to be expended in the subsequent three months. Transmission Owner shall pay Transmission Provider within twenty (20) calendar days of receipt of the invoice. Upon receipt of Transmission Owner's payments, Transmission Provider shall remit to the Project Developer. The timing of quarterly invoices and payments shall ensure that payment is received by Project Developer prior to the date by which Project Developer must make any construction payment for such Network Upgrades.

Transmission Owner may request in the Network Upgrade Funding Agreement that the Transmission Provider provide a quarterly cost reconciliation. Such a quarterly cost reconciliation will have a one-quarter lag, e.g., reconciliation of costs for the first calendar quarter of work will be provided at the start of the third calendar quarter of work, provided, however, that this section shall govern the timing of the final cost reconciliation upon completion of the work.

After completion of the construction of Network Upgrades by the Project Developer, Project Developer shall provide an invoice of the final cost of the Network Upgrades and shall set forth such costs in sufficient detail to enable the Transmission Owner to compare the actual costs with the estimates and to ascertain deviations, if any, from the cost estimates. In the event that the actual costs exceed the estimated costs previously invoiced by Project Developer and paid by Transmission Owner, Transmission Owner shall pay to Project Developer the difference between the amount previously paid and the actual costs within thirty (30) calendar days after receipt of a final construction invoice from Project Developer. In the event that the actual costs are less than the estimated costs previously invoiced by Project Developer and paid by Transmission Owner, Project Developer shall refund, with interest (calculated in accordance with 18 C.F.R. Section 35.19a(a)(2)(iii)), to Transmission Owner any amount by which the actual payment by Transmission Owner for estimated costs exceeds the actual costs of construction within thirty (30) calendar days of the issuance of such final construction invoice. Following the

transfer of the Network Upgrades from the Project Developer to the Transmission Owner, the Project Developer shall make payments for such facilities to the Transmission Owner pursuant to the terms and conditions of the Network Upgrade Funding Agreement among the Parties.

(f) Transition to the Implementation of the Transmission Owner Funding Mechanism: For any Customer Facility for which the Project Developer has not executed a Facilities Study Agreement pursuant to Tariff, Attachment N-2 on or before October 1, 2021, the Transmission Owner shall have the right to elect to fund the Network Upgrades associated with that Customer Facility in accordance with the provisions of this section 32.

(g) Nothing in this section 32 or the Network Upgrade Funding Agreement is intended to affect in any way the rights to which a Project Developer is entitled pursuant to Tariff, Part VIII, except to the extent the applicable terms of Subpart C provide otherwise.

Tariff, Part VIII, Subpart E, section 22
(former Tariff, Part IV, section 212.5 Milestones)

22. Milestones:

- A. In order to proceed with Generation Interconnection Agreement, within 60 days after receipt of the Phase III System Impact Study (or, if no Phase III System Impact Study was required, then after the results of either the Phase I or Phase II System Impact Study were provided on Transmission Provider's website):
- (a) Project Developer must demonstrate that it has:
- (i) entered a fuel delivery agreement and water agreement, if necessary, and that it controls any necessary rights-of-way for fuel and water interconnections; and
 - (ii) obtained any necessary local, county, and state site permits; and
 - (iii) signed a memorandum of understanding for the acquisition of major equipment; and
 - iv) if applicable, obtained any necessary local, county, and state siting permits or other required approvals for the construction of its proposed Merchant D.C. Transmission Facilities or Merchant Controllable A.C. Transmission Facilities.
- B. The Transmission Provider may include any additional related milestone dates beyond those included in Tariff, Part IX, Subpart _____, section _____ in the Generation Interconnection Agreement for the construction of the project Developer's generation project that, if not met, shall relieve the Transmission Provider and the Transmission Owner(s) from the requirement to construct the necessary facilities and upgrades.
- a. If the milestone dates in the Generation Interconnection Agreement are not met, such Generation Interconnection Agreement may be deemed to be terminated and Transmission Provider may cancel such agreement with the Federal Energy Regulatory Commission, and the New Service Agreement may simultaneously be deemed to be terminated and withdrawn.
 - b. Such milestones may include site acquisition, permitting, regulatory certifications (if required), acquisition of any necessary third-party financial commitments, commercial operation, and similar events.
 - c. The Transmission Provider may reasonably extend any such milestone dates (including those required in order to proceed with an Generation Interconnection Agreement) in the event of delays not caused by the Project Developer, such as unforeseen regulatory or construction delays that could not be remedied by the Project Developer through the exercise of due diligence.
 - d. The Generation Interconnection Agreement set forth in Tariff, Part IX, Subpart B, provides Project Developer shall also have a one-time option to extend any milestone (other than any milestone related to site control) for a total period of one year regardless of cause. Other milestone dates stated in the Generation Interconnection Agreement shall be deemed to be extended coextensively with Project Developer's use this provision.

e. Termination and withdrawal of a New Service Request for failure to meet a milestone shall not relieve the Project Developer from reimbursing the Transmission Provider (for the benefit of the affected Transmission Owner(s)) for the costs incurred prior to such termination and withdrawal. Applicable provisions of this Part VIII, Appendix 2 will continue in effect after termination to the extent necessary to provide for final billings, billing adjustments, and the determination and enforcement of liability and indemnification obligations arising from events or acts that occurred while the CSA or the applicable Generation Interconnection Agreement was in effect.

Tariff, Part VIII, Subpart E, section 23
(former Part IV Preamble - excerpt)

By August 31 of each calendar year, PJM shall solicit requests from Generation Owners of Intermittent Resources and Environmentally Limited Resources which seek to obtain additional Capacity Interconnection Rights related to the winter period (defined as November through April of a Delivery Year) for the purposes of aggregation under the Tariff, Attachment DD. Such additional Capacity Interconnection Rights would be for a one-year period as specified by PJM in the solicitation. Responses to such solicitation must be submitted by such interested Generation Owners by October 31 prior to the upcoming Base Residual Auction. Such requests shall be studied for deliverability similar to any Generation Project Developer that seeks to submit a New Service Request; however, such requests shall not be required to submit a New Service Request. PJM shall study such requests in a manner so as to prevent infringement on available system capabilities of any resource which is already in service, or which has an executed service agreement from Tariff, Part IX, or that has a valid New Service Request in a Cycle.

Tariff, Part VII, Subpart E, section 24
(former Part IV, section 41)

24.1 Phase I System Impact Studies Processing Time.

- (A) Number of New Service Requests that had Phase I System Impact Studies completed within the six month reporting period,
- (B) Number of New Service Requests that had Phase I System Impact Studies completed within Transmission Provider's coordinated region during the six month reporting period that were completed more than 120 days, as determined in conformance with Tariff, Part VIII, Subpart C.2, section _____ (calendar day deadline).
- (C) At the end of the six month reporting period, the number of active valid New Service Requests with ongoing incomplete Phase I System Impact Studies exceeding 120 days, as determined in conformance with Tariff, Part VIII, Subpart C.2, section _____ (calendar day deadline).
- (D) Mean time (in days), for Phase I System Impact Studies completed within Transmission Provider's coordinated region during the six-month reporting period, from the date when Transmission Provider initiated the performance of the System Impact Studies to the date when Transmission Provider provided the completed Phase I System Impact Study to Project Developers.
- (E) Percentage of New Service Requests with Phase I System Impact Studies exceeding 120 days as determined in conformance with Tariff, Part VIII, Subpart C.4, section _____ (calendar day deadline) to complete this six month reporting period , calculated as the sum of this section 24.1(B) plus 24.1(C) divided by the sum of 24.1(A) plus 24.1(C).

24.2 Phase II System Impact Studies Processing Time.

- (A) Number of New Service Requests that had Phase II System Impact Studies completed within Transmission Provider's coordinated region during the six-month reporting period.
- (B) Number of New Service Requests that had Phase II System Impact Studies completed within Transmission Provider's coordinated region during the six month reporting period that were completed more than 180 days as determined in conformance with Tariff, Part VIII, Subpart C.4, section _____ (calendar day deadline) after the date the end of Decision Point I.
- (C) At the end of the six month reporting period, the number of active valid New Service Requests with ongoing incomplete Phase II System Impact Studies exceeding 180 days as determined in conformance with Tariff,

Part VIII, Subpart C.4, section _____ (calendar day deadline) after the end of Decision Point I.

- (D) Mean time (in days), for Phase II System Impact Studies completed within Transmission Provider's coordinated region during the six-month reporting period from the day after the end of Decision Point to the date when Transmission Provider provided the completed Phase II Interconnection System Impact Study to Project Developers.
- (E) Percentage of New Service Requests with Phase II System Impact Studies exceeding 180 days as determined in conformance with Tariff, Part VIII, Subpart C.4, section _____ (calendar day deadline), to complete this six month reporting period, calculated as the sum of 24.2(B) plus 24.2(C) divided by the sum of 24.2(A) plus 24.2(C).

24.3 Phase III System Impact Studies Processing Time.

- (A) Number of New Service Requests that had Phase III System Impact Studies completed within Transmission Provider's coordinated region during the six month reporting period.
- (B) Number of New Service Requests that had Phase III System Impact Studies completed within Transmission Provider's coordinated region during the six month reporting period that were completed more 180 days as determined in conformance with Tariff, Part VIII, Subpart C.6 section _____ (calendar day deadline) after the end of Decision Point II.
- (C) At the end of the six month reporting period, the number of active valid New Service Requests with ongoing incomplete Phase III System Impact Studies exceeding 180 days as determined in conformance with Tariff, Part VIII, Subpart C.6, section _____ (calendar day deadline) after the end of Decision Point II.
- (D) Mean time (in days), for Phase III System Impact Studies completed within Transmission Provider's coordinated region during the six month reporting period, from the day after the end of Decision Point II to the date when Transmission Provider provided the completed Phase III Interconnection System Impact Study to the Project Developers.
- (E) Percentage of New Service Requests with Phase III System Impact Studies exceeding the sum of 180 days as determined in conformance with Tariff, Part VIII, Subpart C.6, section _____ (calendar day deadline) to complete this six month reporting period, calculated as the sum of 24.3(B) plus 24.3(C) divided by the sum of 24.3(A) plus 24.3(C).

24.4 Withdrawn New Service Requests.

- (A) Number of New Service Requests withdrawn from Transmission Provider's interconnection queue during the six month reporting period.
- (B) Number of New Service Requests withdrawn from Transmission Provider's interconnection queue during the six month reporting period before the start of Planning Phase I.
- (C) Number of New Service Requests withdrawn from Transmission Provider's interconnection queue during the six month reporting period from start of Phase I, to at or before the end of Decision Point I.
- (D) Number of New Service Requests withdrawn from Transmission Provider's interconnection queue during the six month reporting period after the end of Decision Point I to at or before the end of Decision Point II.
- (E) Number of New Service Requests withdrawn from Transmission Provider's interconnection queue during the six month reporting period after the end of Decision Point II to before execution of an interconnection-related service agreement or transmission service agreement, or Project Developer or Eligible Customer requests the filing of an unexecuted, new interconnection agreement.
- (F) Number of New Service Requests withdrawn from Transmission Provider's interconnection queue after execution of an interconnection-related service agreement or transmission service agreement, or Project Developer or Eligible Customer requests the filing of an unexecuted, new interconnection agreement.
- (G) Mean time (in days), for all withdrawn New Service Requests, from the date when the request was determined to be valid to when Transmission Provider received the request to withdraw from the Cycle.

24.5 Posting Requirements.

Transmission Provider is required to post on its website the measures in Tariff, Part VIII, Subpart E, sections 24.1 through 24.4 for each six-month reporting period within thirty (30) days of the end of the reporting period; however, if the thirtieth (30th) does not fall on a Business Day, this time period shall conclude on the next Business Day. Transmission Provider will keep the measures posted on its website for three (3) calendar years with the first required reporting year to be 2020.

24.6 Additional Compliance Requirements

In the event that any of the values calculated in Tariff, Part VIII, Subpart E, section 24.1(e), Tariff, Part VIII, Subpart E, section 24.2(e) or Tariff, Part VIII, Subpart E, section 24.3(e) exceeds 25 percent for two consecutive reporting periods, Transmission Provider will have to comply with the measures below for the next two (2) six-month reporting periods and must continue reporting this information until Transmission

Provider reports two (2) consecutive six-month reporting periods without the values calculated in Tariff, Part VIII, Subpart E, section 24.1(e), Tariff, Part VIII, Subpart E, section 24.2(e) or Tariff, Part VIII, Subpart E, section 24.3(e) exceeding 25 percent for two (2) consecutive six-month reporting periods:

- (a) Transmission Provider must submit a report to the Commission describing the reason for each study or group of clustered studies pursuant to a New Service Request that exceeded its deadline (i.e., 45, 90 or 180 days) for completion (excluding any allowance for Reasonable Efforts). Transmission Provider must describe the reasons for each study delay and any steps taken to remedy these specific issues and, if applicable, prevent such delays in the future. The report must be filed at the Commission within 45 days of the end of the reporting period.
- (b) Transmission Provider shall aggregate the total number of employee hours and third party consultant hours expended towards interconnection studies within its coordinated region that reporting period and post on its website. This information is to be posted within thirty (30) days of the end of the reporting period.

Tariff Part VIII, Sub. E, section 25
(former section 36.1.01(6))

Transmission Provider Website Postings:

Transmission Provider shall maintain, on Transmission Provider's website, with regard to Project Developers, Eligible Customers and Upgrade Customers, the following:

- i. the Project Identifier;
- ii. the proposed or incremental Maximum Facility Output and Capacity Interconnection Rights;
- iii. the location of the project by state;
- iv. the station or transmission line or lines where the interconnection will be made;
- v. the project's projected in-service date;
- vi. the project's status;
- vii. the type of service requested;
- viii. the availability of any related studies;
- ix. the type of project to be constructed.

Tariff, Part VIII, Subpart F
WMPA/Non-Jurisdictional Agreements

1. In some instances, Generation Project Developer may physically connect its Generating Facility to non-jurisdictional distribution or sub-transmission facilities in order to access the electrical Point of Interconnection on the Transmission System (the “POI”), for the purpose of engaging in FERC-jurisdictional Wholesale Transactions. In those instances, Generation Project Developer must enter into both a (1) non-jurisdictional interconnection agreement with the owner or operator of the non-jurisdictional distribution or sub-transmission facilities, which governs the physical connection of the Generating Facility to those non-jurisdictional facilities; and (2) a three-party Wholesale Market Participation Agreement (“WMPA”) with PJM and the affected Transmission Owner in order to effectuate Wholesale Transactions in PJM’s markets.

2. Generation Project Developer shall follow the Application Rules of Tariff, Part VIII, Subpart C that apply to a Generating Facility, and shall complete the Form of Application and System Impact Studies Agreement set forth in Tariff, Part IX, Subpart A (the “Application”). In the Application, Generation Project Developer shall indicate its intent to physically connect its Generating Facility to distribution or sub-transmission facilities that currently are not subject to FERC jurisdiction, for the purpose of injecting energy at the POI and engaging in FERC-jurisdictional Wholesale Transactions.

3. Generation Project Developer shall provide with the Application a copy of the executed interconnection agreement that governs the physical connection of the Generating Facility to the non-jurisdictional distribution or sub-transmission facilities, if the interconnection agreement is available. If the interconnection agreement is not yet available, Generation Project Developer shall provide with the Application all available documentation demonstrating that Generation Project Developer has requested or applied for interconnection through the relevant non-jurisdictional process, and Generation Project Developer shall provide a status report.

4. In order to proceed to the execution of a WMPA, Generation Project Developer must demonstrate that it has executed the non-jurisdictional interconnection agreement by no later than Decision Point III in the applicable Cycle.

Tariff, Part VIII, Subpart G
Affected System Rules

Affected System Rules

a. New Service Request Affected System Rules Where Affected System is an Electric System other than Transmission Provider's Transmission System

aa. The Transmission Provider will coordinate with Affected System Operators the conduct of any studies required to determine the impact of a New Service Request on any Affected System and will include those results in the Phase II System Impact Study, if available from the Affected System.

- i. The Transmission Provider will invite such Affected System Operators to participate in meetings held with the Project Developer as necessary, as determined by the Transmission Provider.
- ii. The Project Developer or Eligible Customer will cooperate with the Transmission Provider in all matters related to the conduct of studies by Affected System Operators and the determination of modifications to Affected Systems needed to accommodate the New Service Request.
- iii. Transmission Provider shall contact any potential Affected System Operators and provide or otherwise coordinate information regarding each relevant New Service Request as required for the Affected System Operator's studies of the effects of such request.
- iv. If an affected system study agreement is required by the Affected System Operator, in order to remain in the relevant Cycle, Project Developer or Eligible Customer shall enter into an affected system study agreement with the Affected System Operator the later of: (i) the conclusion of Decision Point II of the relevant Cycle, or (ii) 60 days of Transmission Provider sending notification to Project Developer or Eligible Customer of the need to enter into such Affected System Study Agreement. If Project Developer or Eligible Customer fails to comply with these requirements, its New Service Request at issue shall be deemed terminated and withdrawn.
- v. Affected System Study results will be provided by Phase II of the relevant Cycle, if available. To the extent Affected System results are included in the Phase II System Impact Study, the Project Developer shall be provided the opportunity to review such study results consistent with Tariff, Part VIII, section _____, as applicable
- vi. .

- i. The Project Developer or Eligible Customer shall be responsible for the costs of any identified facilities to the commensurate with the Affected System Operator's tariff's allocation of responsibility for such costs to such Project Developer or Eligible Customer its their project request been initiated pursuant to such Affected System Operator's tariff.
- ii. Neither the Transmission Provider, the relevant Transmission Owner(s) associated with such New Service Request, nor the Affected System Operator shall be responsible for making arrangements for any necessary engineering, permitting, and/or construction of transmission or distribution facilities on any Affected System or for obtaining any regulatory approval for such facilities.
 - 1. The Transmission Provider and the relevant Transmission Owner(s) will undertake Reasonable Efforts to assist the Project Developer or Eligible Customer in obtaining such arrangements, including, without limitation, providing any information or data required by such other Affected System Operator pursuant to Good Utility Practice.

bb. In no event shall the need for upgrades to an Affected System delay Initial Operation of a Project Developer's Generating Facility or Merchant Transmission Facility. Notwithstanding the start of Initial Operation, Transmission Provider reserves the right to limit Generating Facility injections in the event of potential Affected System impacts, in accordance with Good Utility Practice. Total injections may be limited pending coordination and completion of any necessary deliverability studies by the Affect System Operator..

b. Affected System Rules Where Transmission Provider's Transmission System is the Affected System

aa. An Affected System Customer responsible for an Affected System Facility that requires Network Upgrades to Transmission Provider's Transmission System must contact Transmission Provider as set forth in the PJM Manuals. Upon contact by the Affected System Customer, Transmission Provider will provide Affected System Customer with an Affected System Customer Facility Study Agreement (a form of which is found in Tariff, Part IX). The Affected System Customer must electronically sign Affected System Customer Facility Study Agreement, and concurrently provide the required study deposit, by wire transfer, of \$100,000.

i. Affected System Customer shall include the project identification or reference number assigned to the Affected System Facility by the Affected System Operator and attach the relevant Affected System Operator Study that identified the need for such Facilities Study Agreement.

1. Transmission Provider shall assign to Affected System Customer's project the same project identification or reference number used by the Affected System Operator.

ii. Transmission Provider shall not start the review of the Affected System Customer Facility Study Agreement until such agreement is complete and the required study deposit is received by the Transmission Provider.

iii. The Study Deposit is non-binding, and actual study costs may exceed the Study Deposit.

1. Affected System Customer is responsible for, and must pay, all actual study costs.

2. If Transmission Provider sends Affected System Customer notification of additional study costs, then Affected System Customer must either: (i) pay all additional study costs within 20 Business Days of Transmission Provider sending the notification of such additional study costs or (ii) withdraw its Affected System Customer Facility Study Agreement. If Affected System Customer fails to complete either (i) or (ii), then Transmission Provider shall deem the Affected System Customer Facility Study Agreement to be terminated and withdrawn..

- bb. Transmission Provider shall cooperate with the Affected System Operator in all matters related to the conduct of studies and the determination of modifications to Transmission Provider's Transmission System.
- cc. Upon receipt of the Affected System Customer Facility Study report, Transmission Provider and the Affected System Customer shall enter into a stand-alone Construction Service Agreement or a Multi-Party Facility Construction Service Agreement (forms of which are found in Tariff, Part IX) for the construction of the upgrades with each Transmission Owner responsible for constructing such upgrades. Transmission Provider shall provide in electronic form a draft stand-alone Construction Service Agreement or a Multi-Party Facility Construction Service Agreement in electronic form.
- i. For purposes of applying the stand-alone Construction Service Agreement or a Multi-Party Facility Construction Service Agreement (forms of which are found in Tariff, Part IX) to the construction of such upgrades, the developer of the Affected System Facility shall be deemed to be a Project Developer pursuant to Tariff, Part VIII.
 - ii. Such stand-alone Construction Service Agreement or a Multi-Party Facility Construction Service Agreement (forms of which are found in Tariff, Part IX) shall be negotiated and executed within 60 days of the Transmission Provider's issuance of a draft version thereof. If the 60th day does not fall on a Business Day, the phase shall be extended to end on the next Business Day. The 60 days shall run concurrently with the relevant Cycle process.
 1. Security is required within 30 days of the Transmission Provider's issuance of the draft stand-alone Construction Service Agreement or a Multi-Party Facility Construction Service Agreement (forms of which are found in Tariff, Part IX). The Security obligation may be adjusted based on additional factors, including, but not limited to, New Service Requests or Upgrade Requests being withdrawn in the relevant Cycle. If the 30th day does not fall on a Business Day, the phase shall be extended to end on the next Business Day.
 2. Parties may use not more than 60 days to conduct negotiations concerning the draft Construction Service Agreement or a Multi-Party Facility Construction

Service Agreement. Upon receipt of the draft agreement(s), Affected System Customer and Transmission Owner(s), as applicable, shall have no more than 20 Business Days to return written comments on the draft agreement(s). Transmission Provider shall have no more than 10 Business Days to respond and, if appropriate, provide revised draft(s) of the agreement(s) in electronic form. Transmission Provider, in its sole discretion, may allow more than 60 days for the Final Agreement Negotiation Phase.

iii. If the Affected System Customer or Transmission Owner, as applicable, determines that final agreement negotiations are at an impasse, such party shall notify the other parties of the impasse, and such party may request Transmission Provider to file the unexecuted Construction Service Agreement or a Multi-Party Facility Construction Service Agreement with FERC and/or initiate Dispute Resolution procedures pursuant to Section 12 of the Tariff. If Transmission Provider, in its sole discretion, determines that the negotiations are at an impasse, Transmission Provider shall notify the other parties of the impasse, and may file the unexecuted Construction Service Agreement or a Multi-Party Facility Construction Service Agreement with the FERC.

iv. Not later than 15 Business Days after receipt of the final Construction Service Agreement or a Multi-Party Facility Construction Service Agreement, Project Developer or Affected System Customer shall either:

1. execute the final Construction Service Agreement or a Multi-Party Facility Construction Service Agreement in electronic form and return it to Transmission Provider electronically; or
2. request in writing that Transmission Provider file with FERC the final Construction Service Agreement or a Multi-Party Facility Construction Service Agreement in unexecuted form
 - a. The unexecuted Construction Service Agreement or a Multi-Party Facility Construction Service Agreement shall contain

terms and conditions deemed appropriate by Transmission Provider.

3. Provide any required adjustments to Security
- v. If Affected System Customer executes the final interconnection related service agreement, then, not later than 15 Business Days after execution by Affected System Customer, the relevant Transmission Owner shall either:
 1. execute the final Construction Service Agreement or a Multi-Party Facility Construction Service Agreement in electronic form and return it to Transmission Provider electronically; or
 2. request in writing that Transmission Provider file with FERC the final Construction Service Agreement or a Multi-Party Facility Construction Service Agreement in unexecuted form.
 - a. The unexecuted Construction Service Agreement or a Multi-Party Facility Construction Service Agreement shall contain terms and conditions deemed appropriate by Transmission Provider.
- vi. Parties may not proceed under such Construction Service Agreement or a Multi-Party Facility Construction Service Agreement until: (i) thirty days after such agreement, if executed and nonconforming, has been filed with the Commission; (ii) such agreement, if unexecuted and nonconforming, has been filed with and accepted by the Commission; or (iii) the earlier of thirty days after such agreement, if conforming, has been executed or has been reported in Transmission Provider's Electronic Quarterly Reports.

Tariff, Part VIII, Subpart H
Upgrade Requests (Formerly Known as Attachment EE Requests)

A. Applicability

Tariff, Part VIII Subpart H applies to valid Upgrade Requests submitted on or after October 1, 2021, and sets forth the procedures and other terms governing the Transmission Provider's administration of Upgrade Requests for Upgrade Customers; procedures and other terms regarding studies and other processing of Upgrade Requests; the nature and timing of the agreements required in connection with the studies and construction of required facilities; and terms and conditions relating to the rights available to Upgrade Customers.

i. The Upgrade Request process applies to:

- (i) Incremental Auction Revenue Rights (IARRs) requested Pursuant to the Operating Agreement of the PJM Interconnection, L.L.C. (Operating Agreement), Schedule 1, section 7.8, and the parallel provisions of Tariff, Attachment K-Appendix, section 7.8; and
- (ii) Merchant Network Upgrades that either upgrade facilities or advance existing Network Upgrades

B. Overview

a. Upgrade Requests are initiated by submission of a complete and executed Upgrade Application and Studies Agreement (a form of which is located in Tariff, Part IX, Subpart K).

i. Upgrade Requests are processed serially, in the order in which an Upgrade Request is received.

- (i) An Upgrade Request shall be assigned a Request Number.
- (ii) Priority for Upgrade Requests is determined by the Request Number assigned.
- (iii) If the Upgrade Request is withdrawn or deemed to be terminated, such Upgrade Request project shall concurrently lose its priority position and will not be included in any further studies.

ii. Transmission Provider will use Reasonable Efforts to process an Upgrade Request within 15 months of receiving a valid Upgrade Request.

- (i) A valid Upgrade Request that completes the Upgrade Request process shall ultimately enter into an Upgrade Construction Service Agreement (a form of which is located in Tariff, Part IX, Subpart E)
- (ii) If the Transmission Provider is unable to process an Upgrade Request within 15 months of receiving a valid Upgrade Request, the Transmission Provider shall notify the impacted Upgrade Customer by posting on

Transmission Provider's website a revised estimated completion date along with an explanation of the reasons why additional time is required to complete the Upgrade Request process.

b. Required Study Deposits and Readiness Deposits.

1. Upgrade Customers must submit, by wire transfer, a \$150,000 Study Deposit together with a completed and fully executed Upgrade Request. Ten percent of the Study Deposit is non-refundable. Upgrade Customers are responsible for actual study costs, which may exceed the Study Deposit amount.

a. If an Study Deposit monies remain after the System Impact Study is completed and any outstanding monies owed by Upgrade Customer in connection with outstanding invoices related to the present or prior Upgrade Requests or other New Service Requests have been paid, such remaining deposit monies shall be either:

i. If Upgrade Customer decides to remain in the Upgrade Request process, applied to the Facilities Study; or

ii. If Upgrade Customer decides to withdraw its Upgrade Request from the Upgrade Request process, such remaining monies shall be returned, less actual study costs incurred, to the Upgrade Customer at the conclusion of the required studies for the Upgrade Request.

b. The Study Deposit is non-binding, and actual study costs may exceed the Study Deposit.

i. Upgrade Customer is responsible for, and must pay, all actual study costs.

ii. If Transmission Provider sends Upgrade Customer notification of additional study costs, then Upgrade Customer must either: (i) pay all additional study costs within 20 days of Transmission Provider sending the notification of such additional study costs or (ii) withdraw its Upgrade Request. If Upgrade Customer fails to complete either (i) or (ii), then Transmission Provider shall deem the Upgrade Request to be terminated and

withdrawn.

2. If, after receiving the System Impact Study report, Upgrade Customer decides to remain in the Upgrade Request process, then Upgrade Customer must submit by wire transfer a Readiness Deposit within 30 days from the date that Transmission Provider provides the System Impact Study Report. The Readiness Deposit shall equal 20% of the cost of the Network Upgrades identified in the Upgrade Customer's System Impact Study. If the 30th day does not fall on a Business Day, then the Readiness Deposit shall be due on the next Business Day thereafter.

a. Readiness Deposit refunds will be handled as follows:

i. If the Upgrade Request is withdrawn or terminated after the Readiness Deposit has been provided, the Readiness Deposit refund amount will be determined by point at which the Upgrade Request was withdrawn or terminated, and the need for any additional subsequent restudies as a result of the withdraw or termination.

ii. If the project proceeds to a final Upgrade Construction Service Agreement (a form of which is located in Tariff, Part IX, Subpart E), the Readiness Deposit will be refunded upon Upgrade Customer fully executing such agreement.

3. Study Deposits and Readiness Deposits are non-transferrable. Under no circumstances may refundable or non-refundable Study Deposit or Readiness Deposit monies for a specific Upgrade Request be applied in whole or in part to a different Upgrade Request, a New Service Request, or any other type of request.

c. Upgrade Request scope cannot include upgrades that are already included in the Regional Transmission Expansion Plan (with the exception of advancements) or subject to an existing, fully executed interconnection related agreement, such as a Generation Interconnection Agreement, stand-alone Construction Service Agreement, Multi-Party Facility Construction Service Agreement or Upgrade Construction Service Agreement.

- d. No Incremental Auction Revenue Rights shall be received by an Upgrade Customer with respect to transmission investment that is included in the rate base of a public utility and on which a regulated return is earned.
- e. An Upgrade Customer cannot transfer, combine, swap or exchange all or part of an Upgrade Request with any other Upgrade Request or any other New Service Request within the same cycle.
- f. Tariff, Part VIII, Subpart C (Base Case Data) requirements shall apply to Upgrade Requests. Transmission Provider will coordinate with Affected Systems as needed as set forth in the PJM Manuals.
- g. Prior to entering into a final Upgrade Construction Service Agreement (a form of which is located in Tariff, Part IX, Subpart E), an Upgrade Customer may assign its Upgrade Request to another entity only if the acquiring entity accepts and acquires all rights and obligations as identified in the Upgrade Request for such project.

C. Initiating an Upgrade Request

An Upgrade Customer must submit to Transmission Provider, electronically through Transmission Provider's website, a completed and signed Upgrade Application and Studies Agreement ("Application"), a form of which is provided in Tariff, Part IX, Subpart K, including the required Study Deposit.

- (i) A Request Number shall be assigned based upon the date and time a completed and executed Upgrade Application and Studies Agreement and deposit is received by the Transmission Provider.
- (ii) A valid Upgrade Request shall be established when the Transmission Provider receives the last required agreement element, including the required deposits, from the Upgrade Customer, and the deficiency review for such Upgrade Request is complete.

a. Application Requirements for Upgrade Requests Pursuant to Operating Agreement, Schedule 1, Section 7.8

For Transmission Provider to consider an Application complete, the Upgrade Customer must include, at a minimum, each of the following, as further described in the Application and PJM Manuals:

- (1) The MW amount of requested Incremental Auction Revenue Rights (IARRs), including the source and sink locations and desired commencement date, and;
- (2) A Study Deposit in the amount of \$150,000, in accordance with Tariff, Part VIII, Subpart I, section B, Overview, above.

b. Application Requirements for Merchant Network Upgrade Requests

For Transmission Provider to consider an Application complete, the Upgrade Customer must include, at a minimum, each of the following, as further described in the Application and PJM Manuals:

- (1) The MVA or MW amount by which the normal or emergency rating of the identified facility is to be increased, together with the desired in-service date; or the Regional Transmission Expansion Plan project number and planned and requested advancement dates;
- (2) the substation or transmission facility or facilities where the upgrade(s) will be made;
- (3) the increase in capability (in MW or MVA) of the proposed Merchant Network Upgrade;
- (4) the planned date the proposed Merchant Network Upgrade will be in service, such date to be no more than seven (7) years from the date the request is received by the Transmission Provider, unless the Upgrade Customer demonstrates that engineering, permitting, and construction of the Merchant Network Upgrade will take more than seven (7) years; and
- (5) A Study Deposit in the amount of \$150,000, in accordance with Tariff, Part VIII, Subpart I, section B, Overview, above.

D. Deficiency Review

Upon receiving a completed and executed Application, together with the Study Deposit, Transmission Provider will review the Application and establish the validity of the request, beginning with a deficiency review, as follows:

- d) Transmission Provider will exercise Reasonable Efforts to inform Upgrade Customer of Application deficiencies within 15 Business Days after Transmission Provider's receipt of the completed Application.
- e) Upgrade Customer then has 10 Business Days to respond to Transmission Provider's deficiency determination.
- f) Transmission Provider then will exercise Reasonable Efforts to review Upgrade Customer's response within 15 Business Days, and then will either validate or reject the Application.

E. System Impact Study

After receiving a valid Upgrade Request, the Transmission Provider, in collaboration with the Transmission Owner, conducts a System Impact Study. Prior to the commencement of the System Impact Study, the Transmission

Provider may have a scoping meeting with the Upgrade Customer to discuss the Upgrade Request.

a. System Impact Study Requirements

The System Impact Study shall identify the system constraints, identified with specificity by transmission element or flowgate, relating to the Upgrade Request included therein and any resulting Network Upgrades or Contingent Facilities required to accommodate such Upgrade Request.

The System Impact Study shall also include:

- (i) the list and facility loading of all reliability criteria violations specific to the Upgrade Request.
- (ii) estimates of cost responsibility and construction lead times for new facilities and system upgrades.
- (iii) include the amount of incremental rights available, as applicable

b. Contingent Facilities.

Transmission Provider shall identify the Contingent Facilities in the System Impact Studies by reviewing unbuilt Network Upgrades, upon which the Upgrade Customer's cost, timing and study findings are dependent and, if delayed or not built, could cause a need for interconnection restudies of the Upgrade Request or reassessment of the unbuilt Network Upgrades. The method for identifying Contingent Facilities shall be sufficiently transparent to determine why a specific Contingent Facility was identified and how it relates to the Upgrade Request. Transmission Provider shall include the list of the Contingent Facilities in the System Impact Study(ies), including why a specific Contingent Facility was identified and how it relates to the Upgrade Request. Transmission Provider shall also provide, upon request of the Upgrade Customer, the Network Upgrade costs and estimated in-service completion time of each identified Contingent Facility when this information is readily available and non-commercially sensitive.

i. Minimum Thresholds to Identify Contingent Facilities

(i) Load Flow Violations

Load flow violations will be identified based on an impact on an overload of at least 5 percent distribution factor (DFAX) or contributing at least 5 percent of the facility rating in the applicable model.

(ii) Short Circuit Violations

Short circuit violations will be identified based on the following criteria: any contribution to an overloaded facility where the New Service Request increases the fault current impact by at least 1% or greater of the rating in the applicable model.

(iii) Stability and Dynamic Criteria Violations

Stability and dynamic criteria violations will be identified based on any contribution to a stability violation.

c. System Impact Study Results

Transmission Provider shall conduct a System Impact Study, and provide the Upgrade Customer a System Impact report on Transmission Provider's website.

To proceed with the Upgrade Request process, within 30 days of Transmission Provider issuing the System Impact Study report, Transmission Provider must receive from the Upgrade Customer a Readiness Deposit, by wire transfer, equal to 20 percent of the cost allocation for the Network Upgrades as calculated in the System Impact Study report. If the 30th day does not fall on a Business Day, then the Readiness Deposit shall be due on the next Business Day thereafter.

- i. If Transmission Provider does not receive the Readiness Deposit equal to 20 percent from the Upgrade Customer within 30 days of Transmission Provider issuing the System Impact Study report, then Transmission Provider shall deem the Upgrade Request to be terminated and withdrawn, and the Upgrade Request will be removed from all studies and will lose its priority position.
- ii. No modifications of any type for any reason are permitted to the Upgrade Request at this point in the Upgrade Request process.

d. If the Readiness Deposit is received by the Transmission Provider within 30 days of the Transmission Provider issuing the System Impact Study report, Transmission Provider will proceed with the Facilities Study for the Upgrade Request.

F. Facilities Study

The Facilities Study will provide the final details regarding the type, scope and construction schedule of Network Upgrades and any other facilities that may be required to accommodate the Upgrade Request, and will provide the Upgrade Customer with a final estimate of the Upgrade Customer's cost responsibility for the Upgrade Request.

- a. Upon completion of the Facilities Study, the Transmission Provider will simultaneously provide the Facilities Study report on Transmission Provider's website, and a draft Upgrade Construction Service Agreement (a form of which is located in Tariff, Part IX, Subpart E).
 - i. Transmission Provider and Upgrade Customer shall enter into a final Upgrade Construction Service Agreement (a form of which is located in Tariff, Part IX, Subpart E) for the construction of the upgrades with each Transmission Owner responsible for constructing such upgrades. Transmission Provider shall provide the draft Upgrade Construction Service Agreement in electronic form.
 - ii. The Upgrade Construction Service Agreement (a form of which is located in Tariff, Part IX, Subpart E) shall be negotiated and executed within 60 days of the Transmission Provider's issuance of a draft version thereof. If the 60th day does not fall on a Business Day, the phase shall be extended to end on the next Business Day. The 60 days shall run concurrently with the relevant Cycle process.
 - (i) Security is required within 30 days of the Transmission Provider's issuance of the Upgrade Construction Service Agreement (a form of which is located in Tariff, Part IX, Subpart E). The Security obligation may be adjusted based on additional factors, including, but not limited to, New Service Requests or Upgrade Requests being withdrawn in the Cycle process. If the 30th day does not fall on a Business Day, the phase shall be extended to end on the next Business Day.
 - (ii) Parties may use not more than 60 days to conduct negotiations concerning the draft Upgrade Construction Service Agreement. Upon receipt of the draft agreement, Upgrade Customer and Transmission Owner(s), as applicable, shall have no more than 20 Business Days to return written comments on the draft agreement(s). Transmission Provider shall have no more than 10 Business

Days to respond and, if appropriate, provide revised draft(s) of the agreement(s) in electronic form.

- iii. If the Upgrade Customer or Transmission Owner, as applicable, determines that final agreement negotiations are at an impasse, such party shall notify the other parties of the impasse, and such party may request Transmission Provider to file the unexecuted Upgrade Construction Service Agreement with FERC and/or initiate Dispute Resolution procedures pursuant to Section 12 of the Tariff. If Transmission Provider, in its sole discretion, determines that the negotiations are at an impasse, Transmission Provider shall notify the other parties of the impasse, and may file the unexecuted Upgrade Construction Service Agreement with the FERC.

- iv. Not later than 15 Business Days after receipt of the final Upgrade Construction Service Agreement, Upgrade Customer shall either:
 - (i) execute the final Upgrade Construction Service Agreement in electronic form and return it to Transmission Provider electronically; or
 - (ii) request in writing that Transmission Provider file with FERC the final Upgrade Construction Service Agreement in unexecuted form
 - a. The unexecuted Upgrade Construction Service Agreement shall contain terms and conditions deemed appropriate by Transmission Provider.

- v. If Upgrade Customer executes the final Upgrade Construction Service Agreement, then, not later than 15 Business Days after execution by Upgrade Customer, the relevant Transmission Owner shall either:
 - (i) execute the final Upgrade Construction Service Agreement in electronic form and return it to Transmission Provider electronically; or
 - (ii) request in writing that Transmission Provider file with FERC the final Upgrade Construction Service Agreement in unexecuted form.
 - a. The unexecuted Construction Service Agreement shall contain terms and conditions deemed appropriate by Transmission Provider.

- vi. Parties may not proceed under such Upgrade Construction Service Agreement until: (i) thirty days after such agreement, if executed and nonconforming, has been filed with the Commission; (ii) such

agreement, if unexecuted and non-conforming, has been filed with and accepted by the Commission; or (iii) the earlier of thirty days after such agreement, if conforming, has been executed or has been reported in Transmission Provider's Electronic Quarterly Reports.

G. Withdraw or Termination

- i. If an Upgrade Customer decides to withdraw its Upgrade Request, Transmission Provider must receive written notification from the Upgrade Customer of Upgrade Customer's decision to withdraw its Upgrade Request.
- ii. Transmission Provider may deem an Upgrade Request terminated and withdrawn for failing to meet any of the requirements, as set forth in this Tariff, Part VIII, Subpart H.
- iii. If an Upgrade Request is either withdrawn or deemed terminated and withdrawn, it will be removed from the Upgrade Request process and all relevant models, and, as applicable, the Readiness Deposits and Study Deposits will be disbursed as follows:
 - (i) For Readiness Deposits: At the conclusion of Transmission Provider's Facility Study, refund to the Upgrade Customer 100 percent of Readiness Deposit paid by the Upgrade Customer.
 - (ii) For Study Deposits: At the point at which the Upgrade Customer requested to withdraw the Upgrade Request or the Transmission Provider terminated the Upgrade Request, refund to the Upgrade Customer up to 90 percent of its Study Deposit submitted with its Upgrade Request during the Application less any actual costs for studies conducted up to and including the point of withdraw or termination of such Upgrade Request.
 - (iii) Up to and including the point of withdraw or termination of such Upgrade Request.

H. Transmission Provider Website Postings

The Transmission Provider shall maintain on the Transmission Provider's website a list of all Upgrade Requests. The list will identify, as applicable:

- (A) the increase in capability in megawatts (MW) or megavolt-amperes (MVA);
- (B) the megawatt amount of requested Incremental Auction Revenue Rights (IARRs);
- (C) the station or transmission line or lines where the upgrade(s) will be made;
- (D) the requested source and sink locations

(E) the proposed in-service or commencement date;

(F) the status of the Upgrade Request, including its Request Number;

(G) the availability of any studies related to the Upgrade Request;

(H) the date of the Upgrade Request; and

(G) for each Upgrade Request that has not resulted in a completed upgrade, an explanation of why it was not completed.
