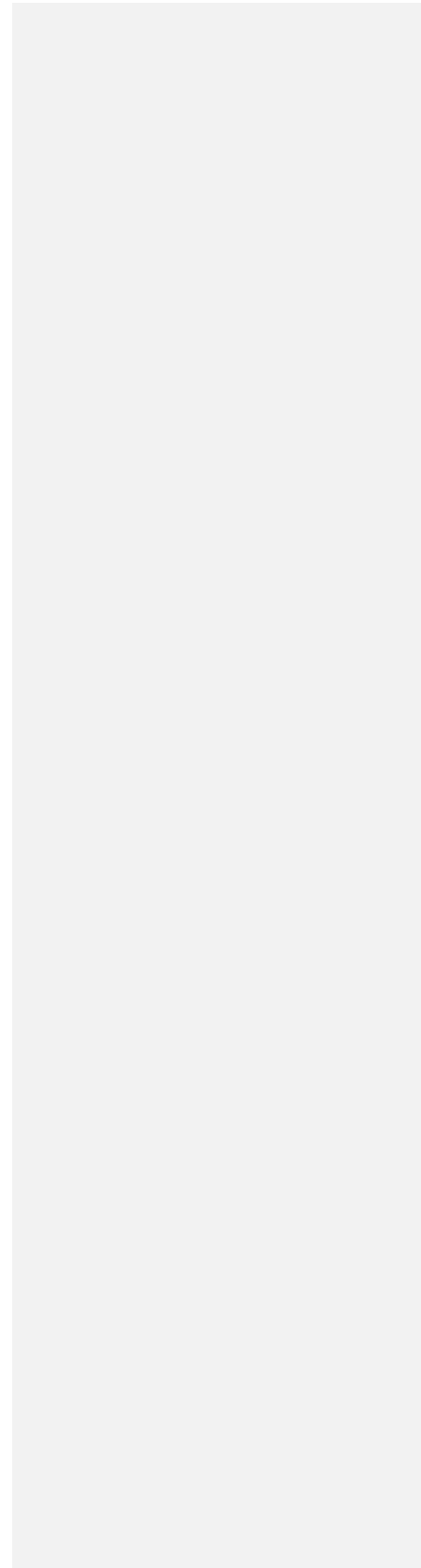


*1-3-14
Posting Draft
Work in Progress*

COORDINATION AND INTERCONNECTION AGREEMENT

**Between
PJM Interconnection, L.L.C.**

And



1-3-14
Posting Draft
Work in Progress

COORDINATION AND INTERCONNECTION AGREEMENT

**Between
PJM Interconnection, L.L.C.**

[Name of Designated Entity]

And

[Name of Transmission Owners]

This Coordination and Interconnection Agreement, including the Schedules attached hereto and incorporated herein (collectively, "Agreement") is made and entered into as of the Effective Date (as specified in Section 2.0) by and among PJM Interconnection, L.L.C. ("Transmission Provider" or "PJM"), [redacted] ("Designated Entity" [OPTIONAL: or "[short name]"]), and [redacted] ("Transmission Owner" [OPTIONAL: "[short name]"]) [If the Project interconnects to more than one Transmission Owner, include each interconnecting Transmission Owner as a Party]. Transmission Provider, Designated Entity, and Transmission Owner(s) may be referred to herein individually as "Party" and collectively as "the Parties." "Transmission Owner" may refer to one or more Transmission Owners that are Parties to this Agreement.

WITNESSETH

WHEREAS, in accordance with the federal law and regulation known generally in the electric industry as FERC Order No. 1000 and Schedule 6 of the Operating Agreement, Transmission Provider is required to designate among candidates, pursuant to a FERC-approved process, an entity to develop and construct a specified project to expand, replace and/or reinforce the Transmission System operated by Transmission Provider;

WHEREAS, pursuant to Section 1.5.8(i) of Schedule 6 of the Operating Agreement, the Transmission Provider notified Designated Entity that it was designated as the Designated Entity for the Project (described in Schedule A to this Agreement) to be included in the Regional Transmission Expansion Plan;

WHEREAS, pursuant to Section 1.5.8(j) of Schedule 6 of the Operating Agreement, Designated Entity accepted the designation as the Designated Entity for the Project and therefore has the obligation to build the Project;

WHEREAS, the Project will interconnect to the Transmission Owner(s)' system(s), and therefore Designated Entity and Transmission Owner(s) must coordinate certain activities, including but not limited to engineering, design, construction, and technical standards to facilitate such interconnection(s); and

Comment [C, JR1]: Additional detail from PJM regarding the specifics of what aspects of engineering, design, construction, and technical standards need coordination under the CIA is needed. As per section 4.2 of the draft DEA between the DE and PJM, the DE agrees to construct the project to required standards. If a CIA is determined necessary, coordinated activities should be limited to items such as outages, relay coordination, and final connection/commissioning.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, together with other good and valuable consideration, the receipt and sufficiency is hereby mutually acknowledged by each Party, the Parties mutually covenant and agree as follows:

Article 1 – Definitions And Other Documents

[Note – additional definitions may be added – and some may be deleted]

1.1 Defined Terms.

All capitalized terms used in this Agreement shall have the meanings ascribed to them in Part I of the Tariff or in definitions either in the body of this Agreement or its attached Schedules. In the event of any conflict between defined terms set forth in the Tariff or defined terms in this Agreement, including the Schedules, such conflict will be resolved in favor of the terms as defined in this Agreement.

1.1.1 Confidential Information

[To be inserted and consistent with definition in DEA]

1.1.2 Effective Date

Effective Date shall mean the date that this Agreement becomes effective pursuant to Section 2.0 of this Agreement.

1.1.3 Project

Project shall mean the enhancement or expansion included in the PJM Regional Transmission Expansion Plan described in Schedule A of this Agreement. **[Alternatively, the description of the project may be included here and not in a schedule]**

1.1.4 Reasonable Efforts

Reasonable Efforts shall mean such efforts as are consistent with ensuring the timely and effective design and construction of the Project in a manner, which ensures that the Project, once placed in service, meets the requirements as described in Schedule B of the Designated Entity Agreement associated with the Project and are consistent with Good Utility Practice

Comment [C, JR2]: PJM should clarify what “Project” refers to. As per the draft DEA “Project” appears to be defined as both the TO portion and the DE portion. PHI suggests that there should be a delineation between the portion of work the TO is responsible for and the portion of work the DE is responsible for. PHI furthers that the TO portion of the “Project” is under the authority of PJM, and should not be subject to requirements set forth by the DE.

Comment [C, JR3]: Since the TO is obligated to make every effort to complete projects as per the required PJM in-service dates, and the TO portion of the project will fall under the Construction Responsibility process, it does not seem appropriate for the TO to pledge this to the DE. The DE should adhere to the ISD set forth in the DEA, and the TO should adhere to the ISD set forth via the Construction Responsibility Letter.

1.1.5 Required Project In-Service Date

Required Project In-Service Date shall mean the date that the Project is required to: (i) be completed in accordance with the Scope of Work in Schedules B of the Designated Entity Agreement associated with the Project, (ii) meet the criteria outlined in Schedule D of the Designated Entity Agreement associated with the Project, and (iii) be under Transmission Provider operational dispatch.

Comment [C,JR4]: Does Schedule B of the DEA refer only to the DE portion of the work? It seems inappropriate for the TO scope of work to be outlined in the agreement between PJM and the DE. Today, if a TO has an issue and cannot meet a required RTEP date, they work with PJM to develop a mitigation plan. Within the draft DEA, Schedule D appears to be PJM Planning Requirements and Criteria. The TO is already obligated to adhere to these requirements. PHI suggests it may not be appropriate to supplement that process with additional milestones contained in a CIA.

1.2 Incorporation of Other Documents.

The PJM Tariff, the Operating Agreement, and the Reliability Assurance Agreement as they may be amended from time to time, are hereby incorporated herein and made a part hereof.

1.3 Consolidated Transmission Owners Agreement.

For the purposes of this Agreement, Transmission Owner(s) shall treat Designated Entity as if it were another signatory to the Consolidated Transmission Owners Agreement and, with regard to Designated Entity, shall comply with all obligations under the Consolidated Transmission Owners Agreement relating to other signatories.

Comment [C,JR5]: PJM needs to clarify what specific sections of the CTOA apply. It does not appear appropriate for the TO to apply all sections of the CTOA for a DE. If we are to proceed as though the DE is party to the CIA, there should be reciprocal obligation for the DE.

Article 2 – Effective Date and Term

2.1 Effective Date.

Subject to regulatory acceptance, this Agreement shall become effective on the date the Agreement has been executed by all Parties, or if this Agreement is individually filed with FERC for acceptance, upon the date specified by FERC.

2.2 Term.

This Agreement shall continue in full force and effect from the Effective Date until: (i) the Designated Entity Agreement associated with the Project expires or terminates; or (ii) the Agreement is terminated pursuant to Article 3 of this Agreement.

Article 3 – Early Termination

3.1 Termination by Transmission Provider.

In the event that: (i) the Designated Entity Agreement associated with the Project is terminated pursuant to Article 8.0 of that agreement, or (ii) the Project is modified such that it will not interconnect to Transmission Owner(s) facilities; Transmission Provider may terminate this Agreement by providing written notice of termination to Designated Entity and Transmission Owner, which shall become effective the later of sixty (60) calendar days after the Designated Entity receives such notice or other such date the FERC establishes for the termination.

3.2 Termination by Default.

This Agreement shall terminate in the event a Party is in default of this Agreement in accordance with Section 6.2 of this Agreement and such termination is approved by Transmission Provider in writing.

3.3 Filing at FERC.

To the extent required by law or regulation, Transmission Provider shall make the appropriate filing with FERC as required to effectuate the termination of this Agreement pursuant to this Article 3.

Article 4 -- Coordination

4.1 Designated Entity and Transmission Owner(s) Responsibilities

The Designated Entity and Transmission Owner(s) shall coordinate with each other to ensure that the interconnection of the Project to the Transmission Owner(s) facilities is reliable, safe, and completed in a timely manner to permit the Project to meet its Required Project In-Service Date.

4.2 Transmission Provider Responsibilities

Transmission Provider ~~will~~ facilitate the coordination between Designated Entity and Transmission Owner(s) required by this Agreement, including convening meetings with the Designated Entity and the Transmission Owner(s) to further facilitate coordination among the Parties, and to evaluate available steps or alternatives to avoid delays, and coordinating outages as described in Section 4.2 of this Agreement.

4.3 Outage Coordination

Designated Entity and Transmission Owner(s) acknowledge and agree that certain outages of transmission facilities owned by the Transmission Owner(s) to which the Project will interconnect may be necessary to complete the process of constructing and installing the Project. Designated Entity and Transmission Owner(s) further acknowledges and agree that any such outages shall be coordinated by and through Transmission Provider.

Article 5 – Insurance [Still under consideration]

Comment [C, JR6]: What if the TO RTEP project is delayed? Does a delay indicate a breach? The word "ensure" should be removed and the sentence rephrased to read "coordinate with respect to..."

Comment [C, JR7]: The language should be tightened up to include the "nuts and bolts" of how this "Coordination" will work. The specific language should be vetted at the committee level especially SOS and OC to discuss how this will work.

Will additional language in PJM Manuals be needed around "Outage Coordination" to support this document? We've discussed timeline for MRC approval; however, will this document need approval from any of the PJM committees?

Article 6 – Breach and Default

6.1 Breach.

Except as otherwise provided in Article 8 of this Agreement, a breach of this Agreement shall include the failure to comply with any term or condition of this Agreement, including the Schedules attached hereto.

6.2 Notice of Breach.

In the event of a breach, a Party not in Breach of this Agreement shall give written notice of such Breach to the Breaching Party, the other Non-Breaching Party and to any other persons that the breaching Party identifies in writing prior to the breach. Such notice shall set forth, in reasonable detail, the nature of the breach, and where known and applicable, the steps necessary to cure such breach.

6.3 Default.

A Party that commits a breach and does not take steps to cure the breach pursuant to Section 6.3 is in default of this Agreement.

6.4 Cure of Breach.

A breaching Party may (i) cure the breach within thirty days from the receipt of the notice of breach or other such date as determined by Transmission Provider to ensure that the Project meets its Required Project In-Service Date; or, (ii) if the breach cannot be cured within thirty days but may be cured in a manner that ensures that the Project meets its Required Project In-Service Date, the breaching Party, within such thirty day time period, commences in good faith steps that are reasonable and appropriate to cure the breach and thereafter diligently pursue such action to completion.

6.5 Remedies.

Upon the occurrence of an event of Default, the non-defaulting Party shall be entitled to: (i) commence an action to require the Defaulting Party to remedy such default and specifically perform its duties and obligations hereunder in accordance with the terms and conditions hereof; (ii) suspend performance hereunder; and (iii) exercise such other rights and remedies as it may have in equity or at law. Nothing in this Section 6.4 is intended in any way to affect the rights of a third-party to seek any remedy it may have in equity or at law from the Designated Entity resulting from Designated Entity's default of this Agreement.

6.6 Remedies Cumulative.

No remedy conferred by any provision of this Agreement is intended to be exclusive of any other remedy and each and every remedy shall be cumulative and shall be in addition to every other

Comment [C, JR8]: Clarity regarding what the TO is agreeing to here is necessary. If an RTEP milestone is missed, the accountability is to PJM regardless of if the milestone is missed by the TO or the DE.

remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise. The election of any one or more remedies shall not constitute a waiver of the right to pursue other available remedies.

6.7 Waiver.

Any waiver at any time by any Party of its rights with respect to a breach or default under this Agreement, or with respect to any other matters arising in connection with this Agreement, shall not be deemed a waiver or continuing waiver with respect to any other breach or default or other matter.

Article 7 – Liability and Indemnity

7.1 Liability.

Notwithstanding any other provision in the Tariff, Operating Agreement, Reliability Assurance Agreement, or this Agreement, Transmission Provider shall not be liable, whether based on contract, indemnification, warranty, tort, strict liability or otherwise, to Designated Entity or any Transmission Customer, Transmission Owner, third party or other person for any damages whatsoever, including, without limitation, direct, incidental, consequential, punitive, special, exemplary, or indirect damages arising or resulting from any act or omission in any way associated with this Agreement, except to the extent that any such act or omission is caused by Transmission Provider's gross negligence or willful misconduct in the performance of its obligations under this Agreement, in which circumstance, Transmission Provider's liability for damages shall be limited only to direct actual damages. This Section 7.0 shall survive the termination, expiration, or cancellation of this Agreement.

Comment [C, JR9]: Clarity regarding why PJM is the only party referenced in this Article is necessary.

7.2 Indemnity.

Notwithstanding any other provision in the PJM Tariff, Operating Agreement, Reliability Assurance Agreement, or this Agreement, Designated Entity and Transmission Owner shall at all times indemnify, defend, and save Transmission Provider its directors, managers, members, shareholders, officers and employees harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demands, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of, or in any way resulting from, or associated with, this Agreement ("losses"), except however, that Designated Entity shall not have any indemnification obligations under this Section 7.1 with respect to any loss to the extent the loss results from the gross negligence or willful misconduct of Transmission Provider. This Section 7.1 shall survive the termination, expiration, or cancellation of this Agreement.

Article 8 – Force Majeure

8.1 Force Majeure.

Force Majeure means any cause beyond the control of the affected Party, including but not restricted to, acts of God, flood, drought, earthquake, storm, fire, lightning, epidemic, war, riot, civil disturbance or disobedience, labor dispute, labor or material shortage, sabotage, acts of public enemy, explosions, orders, regulations or restrictions imposed by governmental, military, or lawfully established civilian authorities, which in any foregoing cases, by exercise of due diligence, it has been unable to overcome. Force Majeure does not include: (i) a failure of performance that is due to an affected Party's own negligence or intentional wrongdoing; (ii) any removable or remedial causes (other than settlement of a strike or labor dispute) which an affected Party fails to remove or remedy within a reasonable time, or (iii) economic hardship of an affected Party.

8.2 Notice.

A Party that is unable to carry out an obligation imposed on it by this Agreement due to Force Majeure shall notify the other Party in writing within a reasonable time after the occurrence of the cause relied on.

8.3 Duration of Force Majeure.

A Party shall not be responsible for any non-performance or considered in Breach or Default under this Agreement, for any deficiency or failure to perform any obligation under this Agreement to the extent that such failure or deficiency is due to Force Majeure. A Party shall be excused from whatever performance is affected only for the duration of the Force Majeure and while the Party exercises Reasonable Efforts to alleviate such situation. As soon as the non-performing Party is able to resume performance of its obligations excused because of the occurrence of Force Majeure, such Party shall resume performance and give prompt notice thereof to the other Party.

Article 9 – Assignment

9.0

Assignment.

A Party may assign all of its rights, duties, and obligations under this Agreement in accordance with this Section 9.0. No partial assignments are permitted. No Party may assign its rights or delegate its duties under this Agreement without prior written consent of the other Party. Any such assignment or delegation made without such written consent shall be null and void. Assignment by the Designated Entity shall be contingent upon, prior to the effective date of the assignment: (i) the Designated Entity or assignee demonstrating to the satisfaction of Transmission Provider that the assignee has the technical competence and financial ability to comply with the requirements of this Agreement and to construct the Project consistent with the assignor's cost estimates for the Project; and (ii) determination by the Transmission Provider that the assignee is eligible to be a Designated Entity for the Project pursuant to Sections 1.5.8(a) and (f) of Schedule 6 of the Operating Agreement. For all assignments by any Party, the assignee must assume in a writing, to be provided to the other Party, all rights, duties, and obligations of the assignor arising under this Agreement. Any assignment described herein shall not relieve or discharge the assignor from any of its obligations hereunder absent the written consent of the other Party, such consent not to be unreasonably withheld, conditioned or delayed.

Comment [C,JR10]: Confirmation that Article 9 is consistent with the CTOA is necessary. Additionally, the term "assignment" needs further discussion.

Article 10 – Information Exchange

10.1 Information Access.

Subject to Applicable Laws and Regulations, each Party shall make available to the other Party information necessary to carry out obligations and responsibilities under this Agreement. The Parties shall not use such information for purposes other than to carry out their obligations or enforce their rights under this Agreement.

Comment [C,JR11]: The TO needs to have a say in what specific information is released. The statement as written is overly broad and requires more specific information regarding what will constitute what showing the DE will have to provide if the TO deems the information not necessary to provide.

10.2 Reporting of Non-Force Majeure Events.

Each Party shall notify the other Party when it becomes aware of its inability to comply with the provisions of this Agreement for a reason other than Force Majeure. The Parties agree to cooperate with each other and provide necessary information regarding such inability to comply, including, but not limited to, the date, duration, reason for the inability to comply, and corrective actions taken or planned to be taken with respect to such inability to comply. Notwithstanding the foregoing, notification, cooperation or information provided under this Section 10.1 shall not entitle the receiving Party to allege a cause of action for anticipatory breach of this Agreement.

Article 11 – Confidentiality

11.0 Confidentiality.

To Be Inserted

Article 12 – Representations and Warranties

12.1 General.

The Parties hereby represent, warrant and covenant as follows, with these representations, warranties, and covenants effective during the full time this Agreement is effective:

12.1.1 Good Standing

The Party is duly organized or formed, as applicable, validly existing and in good standing under the laws of its State of organization or formation, and is in good standing under the laws of the respective State(s) in which it is incorporated.

12.1.2 Authority

The Party has the right, power and authority to enter into this Agreement, to become a Party thereto and to perform its obligations hereunder. This Agreement is a legal, valid and binding obligation of the Party, enforceable against the Party in accordance with its terms, except as the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws affecting creditors' rights generally and by general equitable principles (regardless of whether enforceability is sought in a proceeding in equity or at law).

12.1.3 No Conflict.

The execution, delivery and performance of this Agreement does not violate or conflict with the organizational or formation documents, or bylaws or operating agreement, of the Party, or any judgment, license, permit, order, material agreement or instrument applicable to or binding upon Designated Entity or any of its assets.

Article 13 – Survival

13.0 Survival of Rights.

The rights and obligations of the Parties in this Agreement shall survive the termination, expiration, or cancellation of this Agreement to the extent necessary to provide for the determination and enforcement of said obligations arising from acts or events that occurred while this Agreement was in effect. The Liability and Indemnity provisions in Article 8 also shall survive termination, expiration, or cancellation of this Agreement

Article 14 – Non-Standard Terms and Conditions

14.0 Schedule -- Addendum of Non-Standard Terms and Conditions.

Subject to FERC acceptance or approval, the Parties agree that the terms and conditions set forth in the attached Schedule E are hereby incorporated by reference, and made a part of, this Agreement. In the event of any conflict between a provision of Schedule that FERC has accepted and any provision of the standard terms and conditions set forth in this Agreement that relates to the same subject matter, the pertinent provision of Schedule shall control.

Article 15 – Schedules

[To Be Determined]

[Schedules may be needed to define what projects and upgrades are being coordinated]

Article 16 – Miscellaneous

16.1 Notices.

Any notice or request made to or by any Party regarding this Agreement shall be made to the Parties, as indicated below:

Transmission Provider:

PJM Interconnection, L.L.C.
955 Jefferson Avenue
Valley Forge Corporate Center
Norristown, PA 19403-2497

Designated Entity:

16.2 Standard of Review.

Future modifications to this Agreement by the Parties or the FERC shall be subject to the just and reasonable standard and not the “public interest” standard of review set forth in *United Gas Pipe Line Co. v. Mobile Gas Service Corp.*, 350 U.S. 332 (1956), and *Federal Power Commission v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956).

Comment [C, JR12]: This appears to be a new addition to the process. Clarity regarding why PJM thinks this is valuable is necessary, as it appears to allow easier modification.

16.3 No Partnership.

Notwithstanding any provision of this Agreement, the Parties do not intend to create hereby any joint venture, partnership, association, taxable as a corporation, or other entity for the conduct of any business for profit.

16.4 Headings.

The Article and Section headings used in this Agreement are for convenience only and shall not affect the construction or interpretation of any of the provisions of this Agreement.

16.5 Interpretation.

Wherever the context may require, any noun or pronoun used herein shall include the corresponding masculine, feminine or neuter forms. The singular form of nouns, pronouns and verbs shall include the plural and vice versa.

16.6 Severability.

Each provision of this Agreement shall be considered severable and if for any reason any provision is determined by a court or regulatory authority of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions of this Agreement shall continue in full force and effect and shall in no way be affected, impaired or invalidated, and such invalid, void or unenforceable provision shall be replaced with valid and enforceable provision or provisions which otherwise give effect to the original intent of the invalid, void or unenforceable provision.

16.7 Further Assurances.

Each Party hereby agrees that it shall hereafter execute and deliver such further instruments, provide all information and take or forbear such further acts and things as may be reasonably required or useful to carry out the intent and purpose of this Agreement and as are not inconsistent with the terms hereof.

16.8 Counterparts.

This Agreement may be executed in multiple counterparts to be construed as one effective as of the Effective Date.

16.9 Governing Law

This Agreement shall be governed under the Federal Power Act and Delaware law, as applicable.

[Signature Page Follows]

*Posting Draft
1-3-14
Work in Progress*

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective authorized officials.

Transmission Provider: PJM Interconnection, L.L.C.

By: _____
Name Title Date

Printed name of signer: _____

Designated Entity: [Name of Designated Entity]

By: _____
Name Title Date

Printed name of signer: _____

Transmission Owner: [Name of Transmission Owner]

By: _____
Name Title Date

Printed name of signer: _____

SCHEDULES

[TBD]

Comment [C, JR13]: Content review is necessary. These schedules should not place additional obligations on the TO to the DE.