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October 7, 2021

VIA ELECTRONIC FILING

Hon. Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

**Re: PJM Interconnection, L.L.C., Appalachian Power Company, Docket No.
ER19-2105-003, Offer of Settlement**

Dear Secretary Bose:

Pursuant to Rule 602 of the Federal Energy Regulatory Commission's ("Commission") Rules of Practice and Procedure, 18 C.F.R. § 385.602 (2021), the Settling Parties¹ respectfully submit the enclosed Offer of Settlement ("Settlement") for approval in the above-captioned docket.

¹ The "Settling Parties" are American Electric Power Service Corporation on behalf of its affiliates, Appalachian Power Company, Indiana Michigan Power Company, Kentucky Power Company, Kingsport Power Company, Ohio Power Company, Wheeling Power Company, AEP Appalachian Transmission Company, Inc., AEP Indiana Michigan Transmission Company, Inc., AEP Kentucky Transmission Company, Inc., AEP Ohio Transmission Company, Inc., and AEP West Virginia Transmission Company, Inc.; Dominion Energy Services, Inc. on behalf of Virginia Electric and Power Company d/b/a Dominion Energy Virginia; Duke Energy Corporation on behalf of its affiliates Duke Energy Ohio, Inc., Duke Energy Kentucky, Inc., and Duke Energy Business Services LLC; Exelon Corporation; FirstEnergy Service Company, on behalf of its affiliates American Transmission Systems, Incorporated, Jersey Central Power & Light Company, Mid-Atlantic Interstate Transmission LLC, West Penn Power Company, The Potomac Edison Company, Monongahela Power Company, Keystone Appalachian Transmission Company, and Trans-Allegheny Interstate Line Company; PPL Electric Utilities Corporation; Public Service Electric and Gas Company (collectively, "Indicated PJM Transmission Owners"); PJM Interconnection, L.L.C. ("PJM"); Long Island Power Authority; Neptune Regional Transmission System, LLC; New York Power Authority; Hudson Transmission Partners, LLC; and Linden VFT, LLC (collectively, "MTF Parties").

I. Description of this Filing

This Settlement resolves comprehensively all of the issues set for hearing in the above captioned docket, which involves the rate for Point-to-Point transmission service at the Border of PJM for delivery to neighboring regions (“Border Rate”). As explained in greater detail in the accompanying Explanatory Statement, the Settlement modifies the formula for calculating and updating the Border Rate and establishes procedures for inquiries into and challenges to the updated Border Rate. The Settlement also provides for discounts to the Border Rate for Border Rate customers reserving service for certain terms of service and specified transmission paths during the periods covered by the Settlement. The Settlement is supported by the PJM Transmission Owners, PJM and the Merchant Transmission Facility owners and customers actively participating in this proceeding.²

II. Proposed Tariff Provisions

As described in the Settlement and accompanying Explanatory Statement, the Settlement includes proposed revisions to PJM Open Access Transmission Tariff, Schedule 7. The Settling Parties request that, upon acceptance of the Settlement by the Commission, the revisions be implemented as of January 1, 2020, the date agreed upon in the Settlement.

III. Contents of this Filing

- Offer of Settlement and Settlement Agreement;
- Attachment A, redline/strikeout version of Schedule 7 (Long-Term Firm and Short-Term Firm Point-to-Point Transmission Service) to the PJM Tariff showing the changes proposed in the Settlement;
- Attachment B, clean version of Schedule 7 to the PJM Tariff³ with the proposed changes that are provided for in the Settlement; and

² Pursuant to Order No. 714, this filing is submitted by PJM on behalf of the Settling Parties as part of an XML filing package that conforms with the Commission’s regulations. PJM has agreed to make all filings on behalf of the PJM Transmission Owners in order to retain administrative control over the PJM Open Access Transmission Tariff (“PJM Tariff”). Thus, the Settling Parties have requested PJM submit the revised Tariff, Schedule 7 in the eTariff system as part of PJM’s electronic Intra PJM Tariff.

³ The Tariff revisions submitted herewith in eTariff reflect the effective date of January 1, 2020 previously established in this proceeding for the Tariff, Schedule 7 revisions, which were accepted subject to refund. To preserve intervening unrelated revisions to Schedule 7 accepted in Docket No. ER20-1150-002 (effective May 3, 2020) and in Docket No. ER21-253-000 (effective January 1, 2021), three versions of Schedule 7 are being submitted in eTariff. The changes required by the Settlement Agreement are identical in all three versions.

- Explanatory Statement.

IV. Comments

Pursuant to Rule 602(f) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.602(f)(2021), initial comments on the Settlement Agreement are due October 27, 2021, and reply comments are due November 8, 2021. Pursuant to Rule 602(f)(3), 18 C.F.R. § 385.602(f)(3), any failure to file a comment constitutes a waiver of all objections to the Settlement.

V. Service

Pursuant to Rules 602(d) and 2010 (18 C.F.R. §§ 385.602(d) and 385.2010 (2021)), The Settling Parties have served by electronic service, the Settlement Agreement and all related documents listed above on all parties listed on the official service list compiled by the Secretary in this proceeding and on all other persons required to be served by operation of Rule 602(d).

In addition, PJM has served a copy of this filing on all PJM Members and on all state utility regulatory commissions in the PJM Region by posting this filing electronically. In accordance with the Commission's regulations,⁴ PJM will post a copy of this filing to the FERC filings section of its internet site, located at the following link: <https://www.pjm.com/library/filing-order.aspx> with a specific link to the newly filed document, and will send an e-mail on the same date as this filing to all PJM Members and all state utility regulatory commissions in the PJM Region⁵ alerting them that this filing has been made by PJM and is available by following such link. If the document is not immediately available by using the referenced link, the document will be available through the referenced link within 24 hours of the filing.⁶ Also, a copy of this filing will be available on the Commission's eLibrary website located at the following link: <http://www.ferc.gov/docs-filing/elibrary.asp> in accordance with the Commission's regulations and Order No. 714.

VI. Requested Relief

The Settling Parties request that the Settlement be certified to the Commission for its approval, and that the Commission approve the Settlement Agreement without condition or modification.

⁴ See 18 C.F.R §§ 35.2(e) and 385.2010(f)(3).

⁵ PJM already maintains, updates and regularly uses e-mail lists for all PJM members and affected state commissions.

⁶ Also, a copy of this filing will be available on the Commission's eLibrary website located at the following link: <http://www.ferc.gov/docs-filing/elibrary.asp> in accordance with the Commission's regulations and Order No. 714.

VII. Conclusion

For the reasons set forth herein, the Settling Parties respectfully request that the Commission approve the Settlement Agreement without condition or modification. If there are any questions regarding this filing, please contact the undersigned.

Respectfully submitted,

/s/ Joseph B. Nelson

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On behalf of the MTF Parties

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Enclosures

cc: The Honorable Patricia M. French
Presiding Administrative Law Judge

All Parties in Docket No. ER19-2105

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

**PJM Interconnection, L.L.C.
Appalachian Power Company**

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Docket No. ER19-2105-003

**SETTLEMENT AGREEMENT
AND
OFFER OF SETTLEMENT**

This Offer of Settlement and Settlement Agreement (“Settlement”) is entered into as of October 5, 2021 by and among the Settling Parties. The Settling Parties are:

- (i) American Electric Power Service Corporation on behalf of its affiliates, Appalachian Power Company, Indiana Michigan Power Company, Kentucky Power Company, Kingsport Power Company, Ohio Power Company, Wheeling Power Company, AEP Appalachian Transmission Company, Inc., AEP Indiana Michigan Transmission Company, Inc., AEP Kentucky Transmission Company, Inc., AEP Ohio Transmission Company, Inc., and AEP West Virginia Transmission Company, Inc.; Dominion Energy Services, Inc. on behalf of Virginia Electric and Power Company d/b/a Dominion Energy Virginia; Duke Energy Corporation on behalf of its affiliates Duke Energy Ohio, Inc., Duke Energy Kentucky, Inc., and Duke Energy Business Services LLC; Exelon Corporation; FirstEnergy Service Company, on behalf of its affiliates American Transmission Systems, Incorporated, Jersey Central Power & Light Company, Mid-Atlantic Interstate Transmission LLC, West Penn Power Company, The Potomac Edison Company, Monongahela Power Company, Keystone Appalachian Transmission Company, and Trans-Allegheny Interstate Line Company; PPL Electric Utilities Corporation; and Public Service Electric and Gas Company (collectively, the “Indicated PJM Transmission Owners”);
- (ii) PJM Interconnection, L.L.C. (“PJM”); and
- (iii) Long Island Power Authority (“LIPA”), Neptune Regional Transmission System, LLC (“Neptune”), New York Power Authority (“NYPA”), Hudson Transmission Partners, LLC (“HTP”), and Linden VFT, LLC (“Linden”) (collectively, the “MTF Parties”);

This Settlement is filed with the Federal Energy Regulatory Commission (“Commission”), pursuant to Rule 602 of the Commission’s Rules of Practice and Procedure, 18 C.F.R. § 385.602 (2020), to resolve comprehensively all issues in this docket. Subject to the conditions in this

Settlement, including the approval by the Commission of this Settlement in its entirety without condition or modification unacceptable to the Settling Parties and with the understanding that each term of this Settlement, including any attachment or appendix to this Settlement, is in consideration and support of every other term, the Settling Parties agree as follows:

**ARTICLE I
BACKGROUND**

- 1.1.** On June 11, 2019, the PJM Transmission Owners, acting pursuant to the Consolidated Transmission Owners Agreement, Rate Schedule FERC No. 42 (June 12, 2013) (“CTOA”), filed revisions to the PJM Open Access Transmission Tariff (“PJM Tariff”) Schedule 7 (Firm Point-To-Point Transmission Service), Schedule 8 (Non-Firm Point-To-Point Transmission Service), and Attachment H-A (Non-Zone Network Load Transmission Service), in addition to including a new definition and other technical corrections. The revisions included updates to the rates for Firm and Non-Firm Point-To-Point Transmission Service to the border of the PJM Region (“Border Rate”), and replaced the existing stated rate with a formula rate that updates annually to reflect new transmission investments and new Transmission Owners.¹ The existing stated rate had not been changed since 2004. The filing also clarified the forms of transmission service that constitute Border Rate service and revised the Non-Zone Network Load Network Integration Transmission Service rate.

¹ Capitalized terms are terms defined in the PJM Tariff or the CTOA, unless otherwise specifically defined in this Settlement or the proposed amendments to the PJM Tariff attached hereto as Attachments A and B.

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DOCKET NO. ER19-2105**

- 1.2.** On November 5, 2019, the Commission accepted the proposed Tariff revisions for filing, suspended them until an effective date of January 1, 2020, subject to refund, resolved certain issues, and set the remaining issues for hearing and settlement procedures.² Several intervening parties sought rehearing of issues that were summarily resolved in the November 5 Order, and on August 21, 2020, the Commission addressed the arguments raised on rehearing and issued a decision modifying its earlier decision but reaching the same result.³ On October 2, 2020, the same intervening parties submitted a petition seeking review of the Commission’s November 5 Order and August 21 Order by the United States Court of Appeals for the District of Columbia Circuit, which remains pending and is being held in abeyance while this proceeding is ongoing.⁴
- 1.3.** On November 13, 2019, the Chief Administrative Law Judge designated Judge Andrew Satten as the Settlement Judge to facilitate settlement discussions between the participants.⁵ Three formal settlement conferences were attended in-person or virtually on December 18, 2019, February 12, 2020, and December 3, 2020, and the parties had numerous, additional informal discussions during that period.⁶ The Settlement Judge

² *PJM Interconnection, L.L.C.*, 169 FERC ¶ 61,095, at PP 61-62 (2019) (“November 5 Order”), *order on reh’g, PJM Interconnection, L.L.C.*, 172 FERC ¶ 61,156, at P 2 (2020) (“August 21 Order”).

³ See August 21 Order.

⁴ Petition for Review, *Long Island Power Auth. v. FERC*, Docket No. 20-1401 (D.C. Cir. Oct. 2, 2020).

⁵ Order of Chief Judge Designating Settlement Judge, *PJM Interconnection, L.L.C., Appalachian Power Co.*, Docket No. ER19-2105-000 (issued Nov. 13, 2019).

⁶ Order Scheduling Settlement Conference, *PJM Interconnection, L.L.C., Appalachian Power Co.*, Docket No. ER19-2105-000 (issued Nov. 21, 2019); Order Scheduling Second Settlement Conference, *PJM Interconnection, L.L.C., Appalachian Power Co.*, Docket No. ER19-2105-000 (issued Jan. 14, 2019); Order Scheduling Third Settlement Conference, *PJM Interconnection, L.L.C., Appalachian Power Co.*, Docket No. ER19-2105-000 (issued Nov. 13, 2020).

declared an impasse on February 12, 2021,⁷ and on February 16, 2021, the Chief Administrative Law Judge terminated settlement procedures and appointed Judge John P. Dring as the Presiding Judge for purposes of conducting a hearing and issuing an initial decision.⁸

- 1.4.** On March 1, 2021, a prehearing conference was held and several participants raised concerns as to the scope of issues that had been set for hearing.⁹ Judge Dring issued an interim ruling on the scope of the proceeding on March 30, 2021.¹⁰ On March 31, 2021, the Chief Administrative Law Judge ordered a substitution of the Presiding Judge, designating Judge Patricia M. French as the new Presiding Judge.¹¹ Judge French held a second prehearing conference on April 8, 2021. At the second prehearing conference, the PJM Transmission Owners requested permission to file an interlocutory appeal, which was denied.¹² On April 15, 2021, the PJM Transmission Owners submitted an

⁷ Final Status Report, *PJM Interconnection, L.L.C., Appalachian Power Co.*, Docket No. ER19-2105-000, at P 2 (issued Feb. 12, 2021).

⁸ Order of Chief Judge Terminating Settlement Judge Procedures, Designating Presiding Administrative Law Judge, and Establishing Track III Procedural Time Standards, *PJM Interconnection, L.L.C., Appalachian Power Co.*, Docket No. ER19-2105-000, at PP 1-2 (issued Feb. 16, 2021) (“February 16 Order”).

⁹ Transcript of Prehearing Conf. at 15:22 to 19:5, *PJM Interconnection, L.L.C.*, Docket No. ER19-2105-003 (dated Mar. 1, 2021).

¹⁰ Order Determining the Scope of the Evidentiary Hearing, *PJM Interconnection, L.L.C.*, Docket No. ER19-2105-003, at P 2 (issued Mar. 30, 2021).

¹¹ Order of Chief Judge Substituting Presiding Judge, *PJM Interconnection, L.L.C.*, Docket No. ER19-2105-003, at P 1 (issued Mar. 31, 2021).

¹² Transcript of Second Prehearing Conf. at 54:5 to 118:20, *PJM Interconnection, L.L.C.*, Docket No. ER19-2105-003 (dated Apr. 8, 2021); Order Confirming April 8 Bench Rulings, *PJM Interconnection, L.L.C.*, Docket No. ER19-2105-003, at P 10 (issued Apr. 12, 2021).

interlocutory appeal of the ruling on scope to the Chairman and Motions Commissioner, which was denied on April 22, 2021.¹³

- 1.5.** On April 28, 2021, Judge French issued an order adopting a procedural schedule as proposed and agreed-upon by the participants.¹⁴ Following that order, the participants re-engaged in settlement discussions, and on May 15, 2021, the PJM Transmission Owners and the MTF Parties jointly requested a suspension of the procedural schedule, which was not opposed. Motions to extend the suspension were made on June 21, 2021, July 12, 2021, and September 10, 2021, which were not opposed, in order to facilitate continued settlement discussions.¹⁵ Each of the suspension requests was granted,¹⁶ and those discussions have culminated in this Settlement.

¹³ Interlocutory Appeal of the PJM Transmission Owners, *PJM Interconnection, L.L.C.*, Docket No. ER19-2105-003 (filed Apr. 15, 2021).

¹⁴ Order Adopting Agreed-Upon Procedural Schedule and Amending Hearing Rules, *PJM Interconnection, L.L.C., Appalachian Power Co.*, Docket No. ER19-2105-003, at P 4 (issued Feb. 12, 2021).

¹⁵ Motion of the PJM Transmission Owners and the MTF Parties to Suspend Procedural Schedule and Shorten the Answering Period, *PJM Interconnection, L.L.C., Appalachian Power Co.*, Docket No. ER19-2105-003 (filed May 15, 2021); Motion of the PJM Transmission Owners and the MTF Parties to Continue Suspension of Procedural Schedule and to Shorten the Answering Period, *PJM Interconnection, L.L.C., Appalachian Power Co.*, Docket No. ER19-2105-003 (filed June 21, 2021); Motion of the PJM Transmission Owners and the MTF Parties to Postpone the Prehearing Conference, to Suspend the Procedural Schedule, and to Shorten the Answering Period, *PJM Interconnection, L.L.C., Appalachian Power Co.*, Docket No. ER19-2105-003 (filed July 12, 2021). Motion of the MTF Parties and the PJM Transmission Owners to Postpone the Prehearing Conference, to Suspend the Procedural Schedule, and to Shorten the Answering Period, ER19-2105-003 (filed September 10, 2021).

¹⁶ Order of Presiding Judge Granting Request to Suspend Procedural Schedule for Thirty Days, *PJM Interconnection, L.L.C., Appalachian Power Co.*, Docket No. ER19-2105-003 (issued May 21, 2021); Order of Presiding Judge Granting Request to Suspend Due Dates Under the Procedural Schedule for Twenty-One (21) Days, *PJM Interconnection, L.L.C., Appalachian Power Co.*, Docket No. ER19-2105-003 (issued June 24, 2021) (“June 24 Order”); Order of Presiding Judge Granting Third Request to Suspend Procedural Schedule and Cancelling July 19 Prehearing Conference, *PJM Interconnection, L.L.C., Appalachian Power Co.*, Docket No. ER19-2105-003 (issued July 15, 2021) (“July 15 Order”); Order of Presiding Judge Granting Fourth Request to Suspend Procedural Schedule and Cancelling September 15 Prehearing Conference, *PJM Interconnection, L.L.C., Appalachian Power Co.*, Docket No. ER19-2105-003 (issued September 14, 2021) (“September 14 Order”).

- 1.6. Pursuant to the Track III procedural time standards, the hearing is scheduled to commence on December 7, 2021, and the deadline for an initial decision is May 3, 2022, and these dates have not been modified by any of the aforementioned suspensions of the procedural schedule.¹⁷
- 1.7. During the pendency of these proceedings, pursuant to the annual updating process incorporated as part of the revisions to the PJM Tariff, Schedule 7, Schedule 8, and Attachment H-A,¹⁸ PJM submitted informational filings detailing the inputs and calculations used to calculate the Border Yearly Charge (“BYC”) for each of the 2020 and 2021 rate years. On November 27, 2019, PJM submitted the informational filing for the 2020 rate year, which included the inputs and calculations used to determine the BYC and a BYC variance report under the existing Tariff provisions.¹⁹ In a later informational filing, submitted on December 31, 2019, PJM submitted a correction to the BYC inputs and calculations for the 2020 rate year due to changes in the Network Service Peak Load of two of the PJM Transmission Owners.²⁰ On December 1, 2020, PJM submitted an informational filing containing the inputs and calculations used to determine the BYC for the 2021 rate year, in addition to the BYC variance report.²¹

¹⁷ See February 16 Order at P 3; June 24 Order at P 12; July 15 Order at P 10; September 14 Order at P 11.

¹⁸ 2020 Informational Filing, *PJM Interconnection, L.L.C.*, Docket No. ER19-2105-000 (filed Nov. 27, 2019) (“2020 Informational Filing”); 2021 Informational Filing, Docket No. ER19-2105-000 (filed Dec. 1, 2020) (“2021 Informational Filing”).

¹⁹ See 2020 Informational Filing.

²⁰ Informational Filing, *PJM Interconnection, L.L.C.*, Docket No. ER19-2105-000 (filed Dec. 31, 2019) (corrections to 2020 Informational Filing).

²¹ See 2021 Informational Filing.

- 1.8.** On October 4, 2021, the PJM Transmission Owners, acting pursuant to the CTOA, authorized the filing of the Settlement and the accompanying revisions to the PJM Tariff attached hereto which implement certain terms and conditions of this Settlement.

**ARTICLE II
TERMS OF SETTLEMENT**

- 2.1. *Implementation Date.*** The changes to the PJM Tariff and the rates and charges established by this Settlement shall apply as of January 1, 2020.
- 2.2. *Changes to the PJM Tariff, Schedule 7, Section (11).*** PJM Tariff, Schedule 7, Section (11) will be modified in accordance with the redlined and clean tariff sheets attached hereto as Attachments A and B.
- 2.3. *MTF Discount Rates.*** Pursuant to PJM Tariff, Schedule 7, Section 3, beginning as of January 1, 2021, the Transmission Provider shall offer discounted rates for delivery at the Border of PJM set forth in PJM Tariff, Schedule 7, Section 1 (“Border Rate Service”) to Transmission Customers taking Long-term and Short-term Firm Point-to-Point Transmission Service using the following transmission paths: “PJM to Linden,” “PJM to HTP” or “PJM to Neptune” (collectively, “MTF Paths”) in accordance with the rates set forth in Table 1 (“MTF Discount Rates”) and the terms and conditions set forth in Section 2.4:

Table 1

MTF Discount Rates

(Jan. 1, 2021-Dec. 31, 2027)

Year	Discounted Rate \$ per MW-Year
2021	\$21,500
2022	\$23,500
2023	\$27,000
2024	\$31,500
2025	\$36,500
2026	\$42,500
2027	\$51,000

2.4. *Applicability of MTF Discount Rates.* The discounts offered pursuant to Section 2.3 shall be posted by the Transmission Provider and shall be subject to the following terms and conditions.

2.4.1. The MTF Discount Rates set forth in Section 2.3 will expire as of December 31, 2027. The MTF Discount Rates will be charged and settled on the same basis and methodology used by the Transmission Provider for charging and settling rates for Border Rate Service under Tariff, Schedule 7, including charges for reservation periods of less than one year. This includes the Transmission Provider's practice of calculating charges based on the actual days of service during any period of less than one year. Nothing in the Settlement precludes an MTF Party from challenging any change to the Schedule 7, Section (1) specifications for how charges for periods shorter than one-year would be determined.

2.4.2. Effective January 1, 2028 through December 31, 2039, the rate for Border Rate Service to any MTF Path will be determined as set forth in PJM Tariff, Schedule 7, Section (11), provided that the MTF Discount Percentages as set forth in Sections 2.5 and 2.6 shall also apply.

2.4.3. Subject to the terms and conditions set forth in this Section 2.4, the MTF Discount Rates will be offered to any new or existing Transmission Customer taking Border Rate Service using any MTF Path. To the extent that such Transmission Customer previously executed a Transmission Service Agreement prior to the Effective Date of the Settlement Agreement, such MTF Discount Rate will be incorporated into any existing service agreement, as necessary.

2.4.4. The MTF Discount Rates will apply as follows:

2.4.4.1. The MTF Discount Rates will be offered to any and all Transmission Customers taking either:

- (1) Firm Yearly or Firm Monthly Border Rate Service using an MTF Path; or
- (2) Firm Weekly, Firm Daily On-Peak or Firm Daily Off-Peak Border Rate Service using an MTF Path if, during the prior rolling 365-day period (366-day period during leap years) (“Annual Rolling Period”) of Path Availability (as defined in Section 2.4.4.2), such customer has taken either: (A) Firm Yearly Service or (B) at least 12 weeks of Firm Service, through a combination of either Firm Monthly or Firm Weekly service as invoiced²² by the Transmission Provider. Such Firm Monthly or Firm Weekly service may

²² The Transmission Provider’s practice of treating seven (7) consecutive reservations of Firm Daily On-Peak and Firm Daily Off-Peak service as Firm Weekly service will be recognized as Firm Weekly service for purposes of Section 2.4.4.1.

be consecutive or nonconsecutive, at the Border Yearly Charge or the Discounted MTF Rate, as applicable, within the Annual Rolling Period. For purposes of this Section, requested service and the Annual Rolling Period are measured based on the date of Transmission Service (as distinct from the date of the reservation).²³ The actual time of any scheduled or forced outage preventing Path Availability, for any reason, shall be added to the Annual Rolling Period.

2.4.4.2. Path Availability shall mean any period in which an MTF Path and the applicable Merchant Transmission Facility (“MTF”) at the delivery point of such path are both available for the scheduling and transmission of power, or in which a customer redirected path is available for the scheduling and transmission of power. An MTF Path shall be determined as not available for the scheduling and transmission of power and determined to be available for the resumption of the scheduling and transmission of power following an interruption of Path Availability as follows: (A) if the interruption is caused by conditions in PJM, the interruption and resumption of Path Availability

²³ As of the Effective Date of the MTF Discount Rates, the Annual Rolling Period will consider reservations by each Transmission Customer in the prior rolling 365-day period. The following example is provided to guide the application of the Annual Rolling Period. Assuming an Effective Date of the Settlement as of October 1, 2021, the Transmission Provider would review the prior reservations made by each Transmission Customer between October 1, 2020 and September 30, 2021 (with any adjustments for Path Availability under the terms of this Settlement Agreement). If firm reservations over a specific MTF Path were made only for the entire months of June, July and September of 2021 (equaling 13 weeks), the Transmission Customer would be eligible for the MTF Discounted Rates using the MTF Path commencing October 1, 2021 and, if no additional firm reservations were made, its eligibility would continue through the June 7, 2022 service day. If additional firm reservations were made, the MTF Discount Rate eligibility would be extended accordingly (e.g., if an additional Firm Monthly reservation was made in March 2022, then the MTF Discount Rate eligibility would extend through the July 8, 2022 service day). For purposes of any refunds for 2021 charges, the Transmission Provider will apply the prior rolling 365-day period evaluation, specific to the historical records for transmission reservations of each Transmission Customer during 2020 and 2021 (as adjusted for Path Availability).

shall be determined by the Transmission Provider; or (B) if the interruption is caused by conditions in the New York ISO, the MTF or Transmission Customer shall be responsible for advising the Transmission Provider within three (3) business day of the occurrence of and basis for interruption as well as any resumption of Path Availability, and if the Transmission Provider concurs, it will determine the beginning and end of the Path Availability interruption.

- 2.4.4.3.** Transmission Service eligible for the MTF Discount Rates may be fully or partially redirected by the Transmission Customer during periods in which Path Availability is interrupted, in which case the discounts will apply to a redirected Transmission Service to another MTF Path or another path from PJM to the New York ISO for the period of such interruption. Redirected service will no longer be eligible for the MTF Discount Rates as of the first day that Transmission Service over the interrupted MTF Path is restored as determined in accordance with Section 2.4.4.2.
- 2.5. *MTF Discount Percentage.*** Pursuant to PJM Tariff, Schedule 7, Section 3, beginning as of January 1, 2028 and continuing through December 31, 2039, the Transmission Provider will offer discounted rates for Border Rate Service using an MTF Path in accordance with Sections 2.5 and 2.6 (“MTF Discount Percentage”). The MTF Discount Percentage will be a percentage reduction from the then applicable Border Yearly Charge and is based upon the total amounts owed (in dollars) for Transmission Enhancement Charges (“TECs”) assigned to a MTF or its Transmission Customers for any category of TEC assignment under PJM Tariff, Schedule 12 during the 12-month period ending October 31 of the year prior to the year in which the Border Rate Service using an MTF Path is taken (“Prior Year

Assigned TECs”). The MTF Discount Percentages will be determined separately with respect to each MTF Path subject to the terms and conditions of Section 2.6. The applicable discount will be determined in accordance with Table 2 in Section 2.6.2.

2.6. *Terms and Conditions of the MTF Discount Percentage.*

2.6.1. *MTF Discount Percentage Cap.* During any calendar year, for any service other than Firm Yearly Border Rate Service, the MTF Discount Percentage, as applied to each specific MTF Path, shall continue until the total dollar amount of the discount provided pursuant to the MTF Discount Percentage cumulatively to all Transmission Customers on such specific MTF Path exceeds a cap based on a percentage of total Prior Year Assigned TECs as set forth in Section 2.6.2 - Table 2 (“MTF Discount Percentage Cap”). Accrual towards the MTF Discount Percentage Cap will be calculated on a daily basis. Once the MTF Discount Percentage Cap is exceeded for a specific MTF Path, the MTF Discount Percentage, as applied to the MTF Path, will be suspended for the remainder of the calendar year, to be reinstituted and recalculated in accordance with this paragraph beginning with the next calendar year. The MTF Discount Percentage Cap will not be applied to Yearly Firm Border Rate reservations, but the dollar amount of the MTF Discount Percentage applied to Yearly Firm Border Rate Service for an MTF Path will be counted toward the MTF Discount Percentage Cap applied to other Firm Border Rate Service for that MTF Path. The Applicable MTF Discount Percentage Cap will be determined in accordance with Table 2.²⁴ Subject to the

²⁴ The following example is provided to guide the application of the MTF Discount Percentage and MTF Discount Percentage Cap. If there are \$36 million in amounts owed for TECs assigned to an MTF Path in the prior 12-month period ending October 31 and a Transmission Customer takes Yearly Firm

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terms and conditions set forth in Sections 2.5 and 2.6.1, the MTF Discount Percentage will be offered to any new or existing Transmission Customer taking Border Rate Service using any MTF Path until the MTF Discount Percentage Cap applicable to the specific MTF Path is exceeded, notwithstanding that an existing Transmission Customer has previously executed a Transmission Service Agreement and the MTF Discount Percentage will be incorporated into any existing service agreement, as necessary.

Border Rate Service with an applicable Border Yearly Charge of \$100,000 per MW-Year, an MTF Discount Percentage of 10% would apply and result in a net Border Yearly Charge of \$90,000 (\$100,000 times (100%-10%)) per MW-Year. For a Transmission Customer with a 685 MW Firm Yearly reservation using this MTF Path, this results in annual Border Rate Service charges of \$61,650,000 (\$90,000 times 685 MWs). Since, in this example, Yearly Border Rate Service is taken the MTF Discount Percentage Cap does not apply. If a Transmission Customer using this MTF Path takes Firm Monthly Border Rate Service, the MTF Discount Percentage Cap for the calendar year would be 15% of the Prior Year Assigned TECs (\$36 million times 15% = \$5,400,000). For each month of service, the MTF Path Transmission Customer would pay the discounted Border Rate Service charge of \$7,500 MW-month (\$100,000/12, which equals \$8,333.33, times 100%-10%) until the total dollar amount of the MTF Discount Percentage accrued calculated on a daily basis on that MTF Path equals \$5.4 million.

2.6.2. Table 2 - MTF Discount Percentage and MTF Discount Cap

**Table 2
(Jan. 1, 2028 - Dec. 31, 2039)**

MTF Path Prior Year Assigned TECs \$0 to \$9,999,999	MTF Path Prior Year Assigned TECs \$10,000,000 to \$19,999,999	MTF Path Prior Year Assigned TECs Amounts in excess of \$20,000,000
Discount to BYC: 4% per MW	Discount to BYC: 8% per MW	Discount to BYC: 10% per MW
Discount Cap: 10% of Prior Year Assigned TECs	Discount Cap: 12% of Prior Year Assigned TECs	Discount Cap: 15% of Prior Year Assigned TECs

- 2.7. Reservation of MTF Parties Rights with Respect to the Determination of the Border Yearly Charge After 2039.** The MTF Parties’ agreement to the MTF Discount Percentage and MTF Discount Percentage Cap set forth in Sections 2.5 and 2.6 of this Settlement does not constitute an admission or agreement that the underlying formula rate for calculation of the Border Yearly Charge and any resulting rates are just and reasonable under the Federal Power Act (“FPA”), and the MTF Parties (individually and collectively) reserve all rights to challenge, object to, or protest such formula rate methodology and any rates, terms or conditions for Border Rate Service, as applied to reservations after December 31, 2039.
- 2.8. Payment of Refunds.** No later than the first regular monthly billing date occurring after 180 days following the Effective Date as set forth in Section 3.1, the Transmission

Provider or PJM Settlement shall issue refunds in accordance with Commission procedures, including accrued interest pursuant to 18 C.F.R. § 35.19a, for all payments made by a Border Rate Service Transmission Customer for charges that were in excess of the rates and terms agreed upon in this Settlement. Such refunds shall reflect, as applicable: (i) the revisions to PJM Tariff, Schedule 7, Section (11) set forth in Attachments A and B and (ii) the MTF Discount Rates set forth in Sections 2.3 and 2.4 herein.

- 2.9. *Non-Firm MTF Path Rate Freeze.*** The rates set forth in PJM Tariff, Schedule 8 for Non-Firm Monthly, Non-Firm Weekly, Non-Firm Daily Off-Peak and Non-Firm Hourly Off-Peak Border Rate Service using an MTF Path will remain discounted pursuant to PJM Tariff, Schedule 8, Section 4 at the current rate of \$0.67 per MWh set forth in PJM Manual 27, Section 6.1.2 through December 31, 2027 (“Non-Firm MTF Path Rate Freeze”). The Non-Firm MTF Path Rate Freeze shall be posted as a discounted rate and incorporated into an amendment to any existing service agreement, as necessary. The MTF Parties’ agreement to the Non-Firm MTF Path Rate Freeze does not constitute an admission as to whether existing or future practices in the pricing of Non-Firm Point-to-Point Transmission Service, including pricing at, or near, the applicable rate for Firm Point-to-Point Transmission Service, is just and reasonable under the FPA. In the event that, prior to December 31, 2027, the rate for Non-Firm Daily On-Peak and Non-Firm Hourly On-Peak Border Rate Service using an MTF Path is increased above \$0.67 per MWh or the rate for Non-Firm Border Rate Service using paths other than the MTF Paths is increased above \$0.67 per MWh, the MTF Parties (individually and collectively) reserve all rights to challenge, object to, or protest, such changes. Further, the MTF

Parties reserve all rights to challenge, object to, or protest, any rates, terms or conditions applicable to the scheduling of Non-Firm Border Rate Service after December 31, 2027.

2.10. *TLR Loading Relief Rules.* Until January 1, 2028, the PJM Transmission Owners acting pursuant to the CTOA and the Indicated Transmission Owners acting individually will not oppose an effort by the MTF Parties to change Transmission Loading Relief rules currently applicable to Network Integration Transmission Service and Firm Point-to-Point Transmission Customers to make them applicable to a MTF customer taking service over a MTF with Firm Transmission Withdrawal Rights.

2.11. *Reservation of Rights With Respect to Funding Agreements.* Notwithstanding the Commission's acceptance of PJM Tariff, Schedule 7, Section (11) as amended by this Settlement, the MTF Parties (individually and collectively) reserve the right to challenge, object to, or protest the inclusion in the Border Yearly Charge formula the revenue requirement of a project subject to a funding agreement, including a Required Transmission Enhancement included in the PJM Regional Transmission Expansion Plan as a State Agreement Approach Public Policy Project. The MTF Parties' agreement to this Settlement Agreement does not constitute an admission that the inclusion of any such revenue requirement for a project subject to a funding agreement in the Border Yearly Charge is just and reasonable under the Federal Power Act.

2.12. *Resolution of Issues.* Upon the Commission's approval of this Settlement and the satisfaction of all conditions to its effectiveness, as set forth in Article III of this Settlement, this Settlement fully and finally resolves all remaining issues in all sub-dockets of Docket No. ER19-2105, including any issues raised in a request for rehearing, a petition for judicial review, or with the changes to the PJM Tariff accepted for filing by the Commission in the November 5 Order as modified by this Settlement, and no

**SETTLEMENT AGREEMENT
DOCKET NO. ER19-2105**

Settling Party shall retain any right to pursue any such issue, except as provided in Sections 2.7, 2.9, and 2.11. The MTF Parties will move to dismiss their petition(s) for review of the Commission's orders in this docket upon the Commission's approval of this Settlement. Except as set forth herein, this Settlement does not foreclose any of the Settling Parties' rights with respect to issues not explicitly addressed in the Settlement, nor shall it be deemed to bind any Settling Party (except in any proceeding to enforce this Settlement or as otherwise expressly provided for in the Settlement), in any future proceeding, and shall not be deemed precedential, or prejudicial to any Settling Party's rights.

- 2.13. *Entire Agreement.*** This Settlement, including Attachments A and B, constitutes the entire agreement between and among the Settling Parties, and no other agreement with regard to the matters addressed in this Settlement shall be binding on the Settling Parties except by written amendment to this Settlement. The Settling Parties intend that this Settlement is consistent with the specific revised PJM Tariff sheets contained in Attachments A and B. It is the intent of the Settling Parties that to the extent that the Commission or any court determines that anything in the PJM Tariff Sheets in Attachments A and B is ambiguous, the Commission or the courts should look to this Settlement to resolve any such ambiguity. Notwithstanding the foregoing, however, to the extent that there is a dispute regarding whether there is a conflict between this Settlement and the PJM Tariff Sheets in Attachments A and B, the PJM Tariff Sheets and this Settlement shall be read as a whole.

**ARTICLE III
EFFECTIVE DATE AND CONDITIONS**

- 3.1. *Effective Date.*** This Settlement shall take effect on the date the Settlement is approved by the Commission in an order within the meaning of 18 C.F.R. § 385.713 (a "Final Decision")

subject to Section 3.2, provided that if the Commission or Chief Administrative Law Judge grants a motion for interim rates, the rates and charges applicable under Schedule 7 revised by the Settlement, including the discounted rates set forth in Section 2.3, shall take effect on the date of the order granting the interim rates.

3.2. *Conditions to Effectiveness of the Settlement.* This Settlement is expressly conditioned upon the approval of all provisions hereof by the Commission in accordance with Rule 602, without condition or modification, provided that, if the Commission approves this Settlement with condition, modification, or severance of any issue or party, then subject to the requirements of Section 3.3, the Settlement shall not become effective and shall be null and void only if a Settling Party notifies the other Settling Parties and the Commission in writing within thirty (30) days of such Commission order that it does not accept such condition, modification, or severance. No Settling Party shall be bound by any part of this Settlement and the Settlement shall be null and void unless it becomes effective in the manner provided by this Article III.

3.3. *Negotiations in the Event of Modification.* If the Commission fails to approve the Settlement, or approves the Settlement with conditions or modifications, the Settling Parties will promptly undertake negotiations aimed at determining if the necessary conditions or modifications are acceptable, or, if not, reaching agreement on a modified settlement. The Settling Parties reserve their rights to litigate the issues that are the subject of this Settlement if they are unable to reach agreement on a modified settlement within thirty (30) days of the date of the Commission order failing to approve this Settlement or approving this Settlement with conditions or modifications.

3.4. *Cooperation in Filing and Approval of the Settlement.* Each Settling Party shall cooperate with, and shall not take any action inconsistent with: (i) the filing of this Settlement with

the Commission, and (ii) efforts to obtain Commission approval of this Settlement and the Attached Tariff Sheets without change or condition.

- 3.5. *Support for the Settlement.*** The Settling Parties will be obligated to make reasonable efforts to support and defend the terms of the Settlement against any attempt to modify or nullify any terms of the Settlement at the Commission, before other regulatory agencies, or in the courts. This agreement will not limit any Settling Party's right to respond to any pleading or other filing submitted by a Participant other than a Settling Party to the Commission or any other forum that seeks to alter or terminate the effectiveness of any term of the Settlement prior to the expiration of that term as set forth in this Settlement, provided that any such response is consistent with the Settling Party's obligation to support and defend the terms of the Settlement.

**ARTICLE IV
MODIFICATIONS TO SETTLEMENT
AND STANDARD OF REVIEW**

- 4.1. *Modifications in Writing.*** The terms of this Settlement shall be subject to change solely by written amendment executed by all Settling Parties and approved by the Commission. No provision of this Settlement may be waived except through a writing signed by an authorized representative of the waiving Settling Party or Parties. Waiver of any particular provision of this Settlement shall not be deemed to waive any other provision or provisions hereof.
- 4.2. *Standard of Review.*** Unless the Settling Parties otherwise agree in writing, any modification to this Settlement, including, but not limited to the MTF Discount Rate, MTF Discount Percentage(s), Non-Firm MTF Path Rate Freeze or to the Tariff language set forth in Attachments A and B to this Settlement (a "Modification") proposed by one of the

**SETTLEMENT AGREEMENT
DOCKET NO. ER19-2105**

Settling Parties after the Effective Date shall, as between them, be subject to the “public interest” application of the just and reasonable standard of review set forth in *United Gas Pipe Line Co. v. Mobile Gas Serv. Corp.*, 350 U.S. 332 (1956) and *Federal Power Comm’n v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956), as clarified in *Morgan Stanley Capital Grp., Inc. v. Public Util. Dist. No. 1 of Snohomish County*, 554 U.S. 527 (2008) and refined in *NRG Power Mktg. v. Maine Pub. Utils. Comm’n*, 558 U.S. 165 (2010). This standard of review applicable to Settling Parties described in this Section shall not apply to the exercise of the rights and reservations expressly preserved by the MTF Parties in Sections 2.7, 2.9 and 2.11. The standard of review for any Modifications requested by any party other than a Settling Party or initiated by the Commission acting *sua sponte* shall be the most stringent standard permissible under applicable law. *See NRG Power Mktg., LLC v. Maine Pub. Utils. Comm’n*, 558 U.S. at 174-75.

**ARTICLE V
MISCELLANEOUS PROVISIONS AND RESERVATIONS**

- 5.1. Declaration of Privilege.** The discussions that produced this Settlement have been conducted with the explicit understanding that all such discussions, including offers of settlement, are and shall remain privileged, and shall be without prejudice to the positions of any Settling Party or participant presenting any such offer or participating in any such discussion, and are not to be publicly disclosed, except that the Settlement as filed at the Commission and as approved by the Commission may be publicly disclosed. In the event the Commission rejects the Settlement, Rule 602(e) of the Commission’s Rules and Practice and Procedure will apply to bar the admissibility of this Settlement and of the negotiations leading up to this Settlement in this proceeding or otherwise.

- 5.2. *No Admission.*** This Settlement is entered into upon the understanding that it constitutes an integrated, negotiated agreement and, except as explicitly set forth herein, no Settling Party shall be deemed to have approved, accepted, agreed to, or consented to any principle or position advanced or taken in this proceeding by any other participant, or to have prejudiced positions taken or that may be taken by such Settling Party or Non-Opposing Party in this or any other proceeding.
- 5.3. *No Precedent or Settled Practice.*** This Settlement shall not be cited or relied upon as precedent for any purpose, including retail ratemaking, or as establishing any issue or principle, except to the extent of enforcing the terms and conditions of the Settlement itself. Nothing herein shall be deemed a “settled practice” as that term was interpreted and applied in *Public Serv. Comm’n of New York v. FERC*, 642 F.2d 1335 (D.C. Cir. 1980).
- 5.4. *Positions of Trial Staff Preserved.*** Nothing in this Settlement predetermines or prejudices any positions of Commission Trial Staff or non-parties in future proceedings.
- 5.5. *Headings.*** Section headings are used in this Settlement solely for convenience of reference and shall not be used to interpret or modify the terms of this Settlement.
- 5.6. *Execution in Counterparts.*** This Settlement may be executed in one or more counterparts, each of which shall be an original but all of which, taken together, shall constitute only one legal document
- 5.7. *Ambiguities.*** This Settlement is the result of negotiations among, and has been reviewed by, each Settling Party and its respective counsel. Accordingly, no ambiguity shall be construed in favor of or against any Settling Party.
- 5.8. *Authorization.*** Each person executing this Settlement represents and warrants that he or she is duly authorized and empowered to act on behalf of, and to sign for, the Settling Party on whose behalf he or she has signed.

SETTLEMENT AGREEMENT
DOCKET NO. ER19-2105

IN WITNESS WHEREOF, this Settlement is entered into as of the date first written above
by and between the Settling Parties through their authorized representatives, who represent that
they are fully authorized to do so on behalf of their principals.

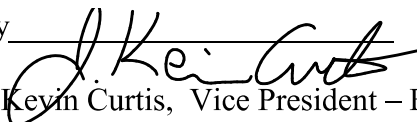


Amanda Riggs Conner
VP FERC : RTO Strategy : Policy
American Electric Power

Date: 10/5/21

SETTLEMENT AGREEMENT
DOCKET NO. ER19-2105

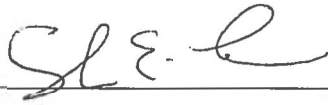
IN WITNESS WHEREOF, this Settlement is entered into as of the date first written above by and between the Settling Parties through their authorized representatives, who represent that they are fully authorized to do so on behalf of their principals.

By 
J. Kevin Curtis, Vice President – Electric Transmission
Dominion Energy
10900 Nuckols Rd., 4th Floor, Glen Allen, VA 23060
kevin.curtis@dominionenergy.com
(T): 804.819.2153

Date: September 30, 2021

**SETTLEMENT AGREEMENT
DOCKET NO. ER19-2105**

IN WITNESS WHEREOF, this Settlement is entered into as of the date first written above by and between the Settling Parties through their authorized representatives, who represent that they are fully authorized to do so on behalf of their principals.

By 

Sarah E. Lawler
VP Rates & Regulatory Strategy
Duke Energy Ohio, Inc and Duke Energy Kentucky, Inc.

Date: 10/5/21

**SETTLEMENT AGREEMENT
DOCKET NO. ER19-2105**

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By *Gary E. Guy*
Gary E. Guy

Title: Assistant General Counsel

Exelon Corporation
701 Ninth Street NW
Washington, DC 20068

Date: October 4, 2021

**SETTLEMENT AGREEMENT
DOCKET NO. ER19-2105**

IN WITNESS WHEREOF, this Settlement is entered into as of the date first written above by and between the Settling Parties through their authorized representatives, who represent that they are fully authorized to do so on behalf of their principals.

By Evan Dean


Evan K. Dean
Corporate Counsel
FirstEnergy Service Company
76 South Main Street
A-GO-15
Akron, OH 44308
Tel: (330) 761-4307
edean@firstenergycorp.com

Counsel for FirstEnergy Service Company on behalf of its affiliates American Transmission Systems, Incorporated, Jersey Central Power & Light Company, Mid-Atlantic Interstate Transmission LLC, West Penn Power Company, The Potomac Edison Company and Monongahela Power Company

Date: October 1, 2021

**SETTLEMENT AGREEMENT
DOCKET NO. ER19-2105**

IN WITNESS WHEREOF, this Settlement is entered into as of the date first written above
by and between the Settling Parties through their authorized representatives, who represent that
they are fully authorized to do so on behalf of their principals.

By _____


Steven M. Nadel
Senior Counsel
PPL Services Corp.
2 N. 9th Street
Allentown, PA 18101
SMNadel@pplweb.com

Counsel for PPL Electric Utilities Corp.

Date: September 30, 2021

**SETTLEMENT AGREEMENT
DOCKET NO. ER19-2105**

IN WITNESS WHEREOF, this Settlement is entered into as of the date first written above by and between the Settling Parties through their authorized representatives, who represent that they are fully authorized to do so on behalf of their principals.


By  _____

Michael A. Schmid
Vice President, Asset Management and Planning
Public Service Electric and Gas Company

Date: 10/4/2021

**SETTLEMENT AGREEMENT
DOCKET NO. ER19-2105**

IN WITNESS WHEREOF, this Settlement is entered into as of the date first written above by and between the Settling Parties through their authorized representatives, who represent that they are fully authorized to do so on behalf of their principals.

By 
Kenneth Seiler
VP, Planning
PJM Interconnection, L.L.C.

Date: October 5, 2021

SETTLEMENT AGREEMENT
DOCKET NO. ER19-2105

IN WITNESS WHEREOF, this Settlement is entered into as of the date first written above by and between the Settling Parties through their authorized representatives, who represent that they are fully authorized to do so on behalf of their principals.

By 

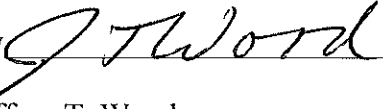
Name: Tom Falcone

Title: Chief Executive Officer, Long Island
Power Authority

Date: October 5, 2021

**SETTLEMENT AGREEMENT
DOCKET NO. ER19-2105**

IN WITNESS WHEREOF, this Settlement is entered into as of the date first written above by and between the Settling Parties through their authorized representatives, who represent that they are fully authorized to do so on behalf of their principals.

By 

Jeffrey T. Wood
Senior Vice President
Neptune Regional Transmission System, LLC
501 Kings Highway East, Suite 300
Fairchild, CT 06825
Telephone: (203) 416-5594
Email: jwood@powerbridge.us

Date: October 5, 2021

**SETTLEMENT AGREEMENT
DOCKET NO. ER19-2105**

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By 

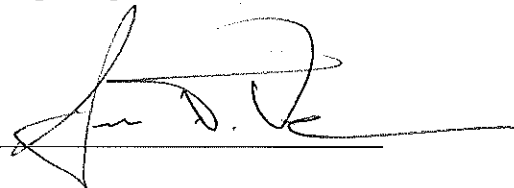
Jeffrey T. Wood
Senior Vice President
Hudson Transmission Partners, LLC
501 Kings Highway East, Suite 300
Fairchild, CT 06825
Telephone: (203) 416-5594
Email: jwood@powerbridge.us

Date: October 5, 2021

**SETTLEMENT AGREEMENT
DOCKET NO. ER19-2105**

IN WITNESS WHEREOF, this Settlement is entered into as of the date first written above
by and between the Settling Parties through their authorized representatives, who represent that
they are fully authorized to do so on behalf of their principals.

By

A handwritten signature in black ink, appearing to read 'A. F. Neuman', written over a horizontal line.

Andrew F. Neuman
New York Power Authority
Senior Vice President
Public & Regulatory Affairs

Date: 10/05/2021

**SETTLEMENT AGREEMENT
DOCKET NO. ER19-2105**

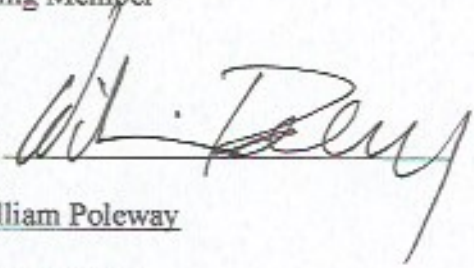
IN WITNESS WHEREOF, this Settlement is entered into as of the date first written above by and between the Settling Parties through their authorized representatives, who represent that they are fully authorized to do so on behalf of their principals.

LINDEN VFT, LLC

By: LINDEN VFT HOLDING, LLC,

By: POWER HOLDING LLC

its Managing Member

Signature: 

Name: William Poleway

Title: Vice President

Date: 10/05/21

Attachment A

Redline versions of Schedule 7 to the
PJM Interconnection, L.L.C. Open Access Transmission Tariff

Schedule 7

Version effective 1/1/2020

SCHEDULE 7
Long-Term Firm and Short-Term Firm Point-To-Point
Transmission Service

1) The Transmission Customer shall pay each month for Reserved Capacity at the sum of the applicable charges set forth below for the Point of Delivery:

Summary of Charges
(in \$/kW)

Point of Delivery	Yearly Charge	Monthly Charge	Weekly Charge	Daily On-Peak ^{1/} Charge	Daily Off-Peak ^{2/} Charge
Border of PJM ^{3/}	Border Yearly Charge established pursuant to section 11 below	Yearly Charge /12	Yearly Charge /52	Weekly Charge /5	Weekly Charge /7
AE Zone	23.809	1.984	0.4580	0.0920	0.0650
BGE Zone	15.675	1.306	0.3010	0.0600	0.0430
Delmarva Zone	19.378	1.615	0.3730	0.0750	0.0530
JCPL Zone	15.112	1.259	0.2906	0.0581	0.0414
MetEd Zone	15.112	1.259	0.2906	0.0581	0.0414
Penelec Zone	15.112	1.259	0.2906	0.0581	0.0414
PECO Zone	26.264	2.189	0.5051	0.1010	0.0722
PPL Zone: Total charge is the sum of the components	PPL: * AEC: 0.463 UGI: *	PPL: * AEC: 0.039 UGI: *	PPL: * AEC: 0.0089 UGI: *	PPL: * AEC: 0.0018 UGI: *	PPL: * AEC: 0.0013 UGI: *

Point of Delivery	Yearly Charge	Monthly Charge	Weekly Charge	Daily On-Peak^{1/} Charge	Daily Off-Peak^{2/} Charge
Pepco Zone	20.999	1.750	0.4040	0.0810	0.0580
PSE&G Zone	23.696	1.975	0.4557	0.0911	0.0651
AP Zone	20.847	1.737	0.4009	0.0802	0.0573
Rockland Zone	42.548	3.546	0.8182	0.1636	0.1169
ComEd Zone ^{4/}	^{5/}				
AEP East Zone ^{6/}	Rate Pursuant to Attachment H-14 and Attachment H-20	Rate Pursuant to Attachment H-14 and Attachment H-20	Rate Pursuant to Attachment H-14 and Attachment H-20	Rate Pursuant to Attachment H-14 and Attachment H-20	Rate Pursuant to Attachment H-14 and Attachment H-20
Dayton Zone	15.674	1.306	0.3014	0.0603	0.0431
Duquesne Zone	14.17	1.18	0.27	0.0540	0.0386
Dominion Zone ^{7/}					
ATSI Zone	Rate Pursuant to Attachment H-21	Rate Pursuant to Attachment H-21	Rate Pursuant to Attachment H-21	Rate Pursuant to Attachment H-21	Rate Pursuant to Attachment H-21
DEOK Zone	Rate Pursuant to Attachment H-22	Rate Pursuant to Attachment H-22	Rate Pursuant to Attachment H-22	Rate Pursuant to Attachment H-22	Rate Pursuant to Attachment H-22
EKPC Zone	Rate Pursuant to Attachment H-24	Rate Pursuant to Attachment H-24	Rate Pursuant to Attachment H-24	Rate Pursuant to Attachment H-24	Rate Pursuant to Attachment H-24
OVEC Zone	5.16	0.43	0.10	0.02	0.014

* PPL Electric Utilities Corporation's and UGI Utilities' respective component of the total charge is posted on the PJM Internet website.

- 1/ Monday – Friday except the following holidays: New Years Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.
- 2/ Saturday and Sunday and the following holidays: New Years Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.
- 3/ The charge for Points of Delivery at the Border of PJM shall not apply to any Reserved Capacity with a Point of Delivery of the Midcontinent Independent Transmission System Operator, Inc.
- 4/ Each month, revenue credits will be applied to the gross charge in accordance with section 8 below to determine the actual charge to the Transmission Customer.
- 5/ The charges for the ComEd zone are posted on PJM's website. In addition to other rates set forth in this schedule, customers within the ComEd zone shall be charged for recovery of RTO start-up costs at the following rates, each computed to four decimal places:

Annual Rate - \$/kW/year = \$1,523,039, divided by the 1 CP demand for the ComEd zone for the prior calendar year;

Monthly Rate - \$/kW/month. = Annual Rate divided by 12;

Weekly Rate - \$/kW/week = Annual Rate divided by 52;

Daily Rate - \$/kW/day = Weekly Rate divided by 5.

In order to ensure that the charge does not result in either an over-recovery or under-recovery of ComEd's start-up costs, PJM will institute an annual true-up mechanism in the month of May of each of the years 2008-2014. In May of each of those years, PJM will compare the amount collected under this charge for the previous 12 months with the target annual amount of \$1,523,039 and calculate any credits or surcharges that would be needed to ensure that \$1,523,039 is collected for each year. Any credit or surcharge will be assessed in the June bills for years 2008-2014, consistent with the above methodology.

- 6/ The rates for firm point-to-point transmission service in the AEP Zone will be charged at the yearly, monthly, weekly or daily rate equivalent to the rate effective in such period under Attachments H-14 and H-20. In addition to other rates set forth in this schedule, customers within the AEP East Zone shall be charged for recovery of RTO start-up costs at the following rates, each computed to four decimal places:

Annual Rate - \$/kW/year = \$2,362,185, plus any applicable true-up adjustment, divided by the 1 CP demand for the AEP East Zone for the prior calendar year;

Monthly Rate - \$/kW/month. = Annual Rate divided by 12;

Weekly Rate - \$/kW/week = Annual Rate divided by 52;

Daily Rate - \$/kW/day = Weekly Rate divided by 5.

For the period November 1, 2005 through March 31, 2006, the rate shall be \$8.94/MW-month; for the period April 1 through December 31, 2006, the rate shall be \$8.60/MW-month, thereafter, the rate will be subject to the following true-up:

In order to ensure that the charge does not result in either over-recovery or under-recovery of AEP's start-up costs, PJM will institute an annual true-up mechanism and implement revised charges as of January 1st of each of the years 2007-2019. In January of each of those years, PJM will compare the amount collected under this charge for the previous year or part thereof with the target annual amount of \$2,362,185 and calculate the rates that would be needed, given the expected billing demands, to collect \$2,362,185, adjusted for any prior year over-collection or under-collection. In the final year that the rate is collected, PJM will calculate the rate to collect five-twelfths of the annual amount (\$984,244), plus or minus any prior year true up amount, by May 31 of that year, and shall charge such rate until that amount is collected, whether that date be before or after May 31, 2020.

7/ The service period charges rounded to four decimal places for the Dominion Zone are as follows:

Yearly Charge - $\$/\text{kW}/\text{year}$ = the formula rate for Network Integration Transmission Service as described in Attachment H-16 and Attachment H-16A divided by 1000 kW/MW

Monthly Charge - $\$/\text{kW}/\text{month}$. = Yearly Charge divided by 12;

Weekly Charge - $\$/\text{kW}/\text{week}$ = Yearly Charge divided by 52;

Daily On-Peak Charge - $\$/\text{kW}/\text{day}$ = Weekly Charge divided by 5;

Daily Off-Peak Charge - $\$/\text{kW}/\text{day}$ = Weekly Charge divided by 7.

On a monthly basis, revenue credits shall be calculated based on the sum of VEPCO's share of revenues collected during the month from Schedule 7 and Network Integration Transmission Service to Non-Zone Network Load under Attachment H-A. The sum of these revenue credits will appear as an adjustment to the to the gross monthly service period charges produced by the above formula.

2) The total demand charge in any week, pursuant to a reservation for Daily On-Peak Delivery, or Daily Off-Peak Delivery shall not exceed the Weekly Delivery rate specified in section (1) above for weekly service times the highest amount in kilowatts of Reserved Capacity and any additional transmission service, if any, in any day during such week.

3) **Discounts:** Three principal requirements apply to discounts for transmission service as follows: (1) any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or

an Affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, the Transmission Provider must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on the Transmission System.

4) **Congestion, Losses and Capacity Export:** In addition to any payment under this Schedule, the Transmission Customer shall pay Redispatch Costs as specified in Section 27 of the Tariff. The Transmission Customer shall be responsible for losses as specified in the Tariff. Any Transmission Customer that is a Capacity Export Transmission Customer, shall pay any applicable charges, and receive any applicable credits, for such a customer pursuant to Attachment DD.

5) **Other Supporting Facilities and Taxes:** In addition to the rates set forth in section (1) of this schedule, the Transmission Customer shall pay charges determined on a case-by-case basis for facilities necessary to provide Transmission Service at voltages lower than those shown in Attachment H for the applicable Zone(s) and any amounts necessary to reimburse PJMSettlement for any amounts payable as sales, excise, "Btu," carbon, value-added or similar taxes (other than taxes based upon or measured by net income) with respect to the amounts payable pursuant to the Tariff.

6) **[Reserved]**

7) **Transmission Enhancement Charges.** Except for Points of Delivery at the Border of PJM, which are subject to the Border Yearly Charge determined under section 11, in addition to the rates set forth in section (1) of this Schedule and any other applicable charges, the Transmission Customer shall also pay any Transmission Enhancement Charges for which it is designated as a Responsible Customer under Schedule 12 appended to the Tariff.

8) **Determination of monthly charges for ComEd Zone:** On a monthly basis, revenue credits shall be calculated based on the sum of ComEd's share of revenues collected during the month from: (i) the PJM Border Rate under Schedule 7; (ii) Network Integration Transmission Service to Non-Zone Network Load under Attachment H-A; (iii) Seams Elimination Charge/Cost Adjustment/Assignment ("SECA") revenues allocable to ComEd under the Tariff; and (iv) any Point-To-Point Transmission Service where the Point of Receipt and the Point of Delivery are both internal to the ComEd Zone. On this basis, the sum of these revenues will appear as a reduction to the gross monthly rate stated above on a Transmission Customer's bill in that month for service under this schedule.

9) **Determination of monthly charges for AEP Zone:** On a monthly basis, revenue credits shall be calculated based on the sum of AEP's share of revenues collected during the month from: (i) the PJM Border Rate under Schedule 7; (ii) Network Integration Transmission Service to Non-Zone Network Load under Attachment H-A; and (iii) Firm Point-To-Point Transmission Service where the Point of Delivery is internal to the AEP Zone. The sum of these revenue credits will appear as an adjustment (reduction) to the gross monthly rate stated above on a Transmission Customer's bill in that month for service under this schedule.

10) **Resales:** The rates and rules governing charges and discounts stated above shall not apply to resales of transmission service, compensation for which shall be governed by section 23.1 of the Tariff.

11) **Determining the Border Yearly Charge**

(A) Formula for Determining the Border Yearly Charge:

~~—(A)(i)~~ Beginning with the calendar year 2020, the Border Yearly Charge shall be based on the following formula:

$$\text{BYC} = \text{SHRR}/\text{SZPL}$$

Where:

BYC is the Border Yearly Charge stated in dollars per kW of Reserved Capacity;

SHRR is the sum of the Revenue Requirements for each Transmission Owner used to determine charges for Network Integration Transmission Service either (a) stated in Attachment H for a Transmission Owner or (b) determined pursuant to a formula rate set forth in Attachment H-~~7~~, both as adjusted in accordance with this section (11)(A).

SZPL is the sum of each Zone's annual peak load (in kW) plus the peak day firm reservations for Point-to-Point service at the Border of PJM (in kW) subject to the charges set forth in section (1) herein (prior to any applicable discount) from the most recently completed 12-month period ending October 31.

(ii) Where the Revenue Requirement of a Transmission Owner is determined pursuant to a formula rate:~~7~~

(a) the Revenue Requirement shall be increased by the amount of any revenue included in the Transmission Owner's formula rate as credits in determining the Revenue Requirement for Network Integration Transmission Service from: (i) Transmission Enhancement Charges; (ii) Firm Point-to-Point Transmission Service charges under Schedule 7; or (iii) Network Integration Transmission Service to Non-Zone Network Load under Attachment H-A; ~~or (iv) other agreements for transmission service over PJM Transmission Facilities;~~ that are included in the Transmission Owner's formula rate as revenue credits in determining the Revenue Requirement for Network Integration Transmission Service, if such credits are identified in the Transmission Owner's formula rate annual update; and

(b) (I) the Revenue Requirement shall be reduced by the amount of any credit applied directly to Network Customers to offset the cost of Network Integration Transmission Service, including credits to Network Customers resulting from: (i) a Network Upgrade Funding Agreement, Tariff, Attachment O-2; (ii) a State Agreement Public Policy Project subject to Tariff, Schedule 12, section (b)(xii)(B); (iii) agreements for transmission service entered into prior to a Transmission Owner signing the Consolidated Transmission Owners Agreement or any of its predecessor agreements or (iv) an entity executing an agreement by which such entity is obligated to pay for some, or all, of the Revenue Requirement of Transmission Facilities for which Network Customers would otherwise be

responsible. (II) The Revenue Requirement for inclusion in the SHRR shall not be reduced by the amount of any credits for (i) Transmission Enhancement Charges; (ii) Firm Point-to-Point Transmission Service charges under this Schedule 7; or (iii) Network Integration Transmission Service to Non-Zone Network Load under Tariff, Attachment H-A.

(B) The Transmission Provider shall update the Border Yearly Charge annually based on the Revenue Requirements for each Transmission Owner used to determine charges for Network Integration Transmission Service in effect on January 1, provided that such Revenue Requirements were approved by FERC, stated in a formula rate update informational filing with FERC, or posted on the Transmission Provider's website no later than the preceding October 31. The Border Yearly Charge so updated shall become effective as of January 1 and remain in effect for the remainder of the calendar year. Except as provided in subsection (D) of this section ~~(11.1)~~, any change to the data used to determine the Border Yearly Charge following October 31, including any change in the number or identity of Transmission Owners filing Revenue Requirements for Network Integration Transmission Service under Attachment H, shall not be reflected in Border Yearly Charge until the next annual update.

(C) Not later than the first Business Day of December ~~4 of~~ each year, the Transmission Provider shall post on the Transmission Provider's website a "BYC Workbook" that shall include (1) all of the inputs and calculations used to determine the Border Yearly Charge. ~~The posting shall also include a variance report, which will document how the inputs used, (2) references to determine the Border Yearly Charge to go into effect as of January 1 have changed from the sources of~~ the inputs used to determine the Border Yearly Charge from each Transmission Owner's stated or formula rate filing or posting, (3) a variance report detailing all changes to the calculations, inputs, or procedures used to determine the proposed Border Yearly Charge as compared to the calculations, inputs or procedures used to determine the Border Yearly Charge then in effect, including any changes in the sources of such inputs and (4) contact information for the submission of inquiries or comments regarding the posted BYC Workbook. All inputs used to determine the SHRR must be taken either from a stated Revenue Requirement for Network Integration Transmission Service specified in Attachment H or from an identified entry in a Transmission Owner's formula rate update either filed with the FERC or posted on the Transmission Provider's website for the rate for Network Integration Transmission Service that will be in effect on January 1.

~~(D) If, at any time, it is brought to the Transmission Provider's attention or the Transmission Provider believes that the Border Yearly Charge may be based on an incorrect input or calculation and the Transmission Provider concludes that an incorrect input or calculation was used to determine the Border Yearly Charge, the Transmission Provider shall post on the Transmission Provider's website the correction to any inputs or calculations used to determine the Border Yearly Charge and a variance report documenting the changes from the Border Yearly Charge that was based on an incorrect input or calculation. If such correction affects a Border Yearly Charge currently in effect, the correction shall take effect on the first day of the month that begins at least 30 days after the correction is posted. To the extent permitted by section 10.4 of this Tariff, PJM Settlement, on behalf of itself or as agent for PJM, shall adjust the bills of Transmission Customers with respect to any month affected by the correction. Any correction under this subsection (D) shall be limited to the Transmission Provider's selection and use of Border Yearly Charge inputs and the calculations necessary to determine the Border Yearly Charge. Procedure for Review of and Challenge to the Border Yearly Charge Determination.~~

(i) Review of the Border Yearly Charge Determination.

(a) Within sixty (60) days of the posting of the BYC Workbook, Interested Parties, including entities with existing, requested or planned transmission service reservations for service at the Border of PJM (“Border Rate Transmission Customers”), state utility regulatory commissions, consumer advocacy agencies, state attorneys general, and any entity having standing under Section 206 of the Federal Power Act (“Interested Party”), may submit reasonable information requests to the Transmission Provider regarding its selection and use of inputs and the calculations performed in calculating the Border Yearly Charge, including the creation of the BYC Workbook, with respect to any adjustments made by the Transmission Provider, including adjustments made based on information provided by a Transmission Owner to the Transmission Provider: (1) to a Transmission Owner’s Revenue Requirement for Network Integration Transmission Service prior to its inclusion as an input into the calculation of the SHRR for the Border Yearly Charge; (2) to the data used in determining SZPL; (3) to the Revenue Requirement of a Transmission Owner in determining the Border Yearly Charge made in accordance with Section (11)(A)(ii); and (4) in response to any FERC orders approving or requiring changes to, or refunds associated with, a Transmission Owner’s formula rate or resulting annual Revenue Requirement.

(b) The Transmission Provider shall respond to such reasonable information requests as soon as practicable, but no later than within forty-five (45) days of the receipt of the information request, unless it determines that additional time is required to respond. The Transmission Provider shall post any information requests received and its responses thereto on the Transmission Provider’s website, provided that any responsive information that has been designated by a Transmission Owner as confidential pursuant to the provisions of the Operating Agreement or Consolidated Transmission Owners Agreement shall not be posted and shall be handled solely in accordance with such provisions. An Interested Party may request a meeting with the Transmission Provider and any interested Transmission Owner to discuss any response to an information request or any dispute regarding the calculation of the Border Yearly Charge annual update. The Transmission Provider and any interested Transmission Owner shall exercise good faith in responding to an Interested Party’s meeting request and shall not unreasonably deny or delay such meeting in a manner that prejudices an Interested Party’s opportunity to timely review the Border Yearly Charge annual update.

(c) At any time after posting of the BYC Workbook, but before a challenge pursuant to section (11)(D)(ii) (“Challenge”) is filed, at the request of an Interested Party, the Transmission Provider will be required to meet with the Interested Party within ten (10) Business Days of such request in an attempt to resolve any dispute regarding the calculation of the Border Yearly Charge raised by the Interested Party in its meeting request. If the dispute relates to information from one or more Transmission Owners’ Tariff, Attachment H stated or formula rate or Zonal peak load determination, the relevant Transmission Owner(s) will be notified by the Transmission Provider of the dispute and will be permitted to attend the meeting.

(d) If it is determined that the Border Yearly Charge is based on an incorrect input or calculation or FERC directs that a Transmission Owner’s Revenue Requirement, upon which the Border Yearly Charge is based, be changed and implemented as a change to the Transmission Owner’s rate for Network Integration Transmission Service at a time other than provided for in the Transmission Owner’s formula rate protocols (“Changed Revenue Requirement”), the Transmission Provider

shall change the Border Yearly Charge as necessary to account for such Changed Revenue Requirement and post on the Transmission Provider's website a revised BYC Workbook documenting the changes to the Border Yearly Charge to incorporate the correction or change. The correction to the Border Yearly Charge shall take effect no later than the first day of the month that begins 30 days after a correction is posted by the Transmission Provider or, if the correction or Changed Revenue Requirement results from a FERC order, on a schedule consistent with that order. Subject to the notice of correction described above, to the extent permitted by Tariff, Part I, section 10.4, PJM Settlement, on behalf of itself or as agent for the Transmission Provider, shall adjust the charges to Border Rate Transmission Customers with respect to any month prior to the effective date of the Changed Revenue Requirement being reflected in the Border Yearly Charge that is affected by the correction or Changed Revenue Requirement and refund or credit any amount paid in excess of the corrected Border Yearly Charge. Any correction under this subsection (D) shall be limited to any Changed Revenue Requirement and the Transmission Provider's selection and use of Border Yearly Charge inputs and the calculations necessary to determine the Border Yearly Charge. This section does not apply to a FERC order that changes a Transmission Owner's Revenue Requirement that is implemented through a true-up mechanism.

(e) If FERC issues an order directing or approving refunds associated with a Transmission Owner's Revenue Requirement that previously was, or currently is, incorporated into the SHRR to be paid to Network Integration Transmission Service customers, Border Rate Transmission Customers shall also receive a refund, to the extent that the changes in a Transmission Owner's Revenue Requirement upon which such refund is based affects the calculation of the Border Yearly Charge.

(f) Nothing in ~~this subsection (D)~~ section (11) shall authorize an inquiry into the data or information filed or posted by a Transmission Owner ~~which the Transmission Provider used to determine the Border Yearly Charge~~ as part of its transmission rate protocols pursuant to Tariff, Attachment H, or shall affect the rights that any Border Rate Transmission Customer may have under said protocols.

(ii) Challenge to the Border Yearly Charge Determination.

(a) An Interested Party may file with FERC a Challenge to the annual update of the Border Yearly Charge within ninety (90) days of the posting of the BYC Workbook or thirty (30) days of receiving a response to any information request it submitted under subsection (11)(D)(i)(a), whichever is later. Any such Challenge shall be served on Transmission Provider and each Transmission Owner with Revenue Requirements included in the BYC Workbook.

(b) A Challenge must specify and include adequate supporting documentation, detailing how the Transmission Provider's selection of inputs to or calculation of the Border Yearly Charge fails to comply with the provisions of this Schedule 7, section (11), identifying any input data or other BYC Workbook entry that is alleged to be missing or inaccurate or the Border Yearly Charge calculations alleged to be performed incorrectly.

(c) A Challenge must be limited to the Transmission Provider's selection and use of Border Yearly Charge inputs and the calculations necessary to determine the Border Yearly Charge and may not seek to modify Tariff, Schedules 7 and 8 or Attachment H-A or question the data or information filed or posted by a Transmission Owner pursuant to Tariff, Attachment H.

(d) The Transmission Provider and each Transmission Owner with Revenue Requirements included in the BYC Workbook shall have thirty (30) days to answer a Challenge.

(e) In any proceeding before the FERC in response to a Challenge, the Transmission Provider shall bear the burden, consistent with Section 205 of the FPA, of demonstrating that it has correctly applied the terms of this Schedule 7, section (11).

(E) When the Transmission Provider posts on its website a Border Yearly Charge annual update under subsection (C) or correction under subsection (D) of this section (11), it shall also make an informational filing with the FERC that includes such posting.

(F) ~~The Border Yearly Charge determined under this section (11) and any charge for~~ A Transmission Customer taking Point-to-Point Transmission Service at the Border of PJM ~~for shorter periods based under this Schedule 7, including any discounted service pursuant to Section (3), is relieved from, and shall not be separately allocated or assigned Transmission Enhancement Charges under Schedule 12 §(c)(5) on the Border Yearly Charge include all Transmission Enhancements Charges applicable to basis of its reservation of Firm~~ Point-to-Point Transmission Service at the Border of PJM. Payment of the charges set forth in this Schedule does not relieve ~~any the responsibility of a~~ Transmission Customer or Merchant Transmission Facility ~~of responsibility for to pay~~ Transmission Enhancement Charges assigned to such Merchant Transmission Facility, other than pursuant to ~~Schedule 12 of the PJM Tariff, Schedule 12, §(c)(5), nor does it determine other cost obligations of Transmission Customers or Merchant Transmission Facilities that may be imposed under other provisions of the Tariff.~~

(G) Point-to-Point Transmission Service at the Border of PJM includes service to a Point of Delivery at a Merchant Transmission Facility that provides service to a neighboring transmission system.

(H) Customers taking Point-to-Point Transmission Service at the Border of PJM with a Point of Delivery at a Merchant Transmission Facility ~~holding Firm Transmission Withdrawal Rights~~ and not receiving a discount from the Border Yearly Charge pursuant to this Schedule 7, section (3) under the settlement entered into in FERC Docket No. ER19-2105, shall receive a credit determined in accordance with the following formula:

$$MTFC = BYC * MTFTEC / SHRR$$

Where:

MTFC is the credit to the Border Yearly Charge per kW of reserved capacity;

BYC is the Border Yearly Charge;

MTFTEC is the total annual Transmission Enhancement Charges under Tariff, Schedule 12 applicable to the Merchant Transmission Facility to which the customer is taking Point-to-Point Transmission Service during the current calendar year; and

SHRR is the amount determined pursuant to subsection (A) of this section (11-2).

The MTFC shall be credited on a monthly basis only for those months during which the customer takes Firm Point-to-Point Transmission Service to the Merchant Transmission Facility.

Schedule 7

Version effective 5/3/2020

SCHEDULE 7
Long-Term Firm and Short-Term Firm Point-To-Point
Transmission Service

1) The Transmission Customer shall pay each month for Reserved Capacity at the sum of the applicable charges set forth below for the Point of Delivery:

Summary of Charges
(in \$/kW)

Point of Delivery	Yearly Charge	Monthly Charge	Weekly Charge	Daily On-Peak ^{1/} Charge	Daily Off-Peak ^{2/} Charge
Border of PJM ^{3/}	Border Yearly Charge established pursuant to section 11 below	Yearly Charge /12	Yearly Charge /52	Weekly Charge /5	Weekly Charge /7
AE Zone	23.809	1.984	0.4580	0.0920	0.0650
BGE Zone	15.675	1.306	0.3010	0.0600	0.0430
Delmarva Zone	19.378	1.615	0.3730	0.0750	0.0530
JCPL Zone	15.112	1.259	0.2906	0.0581	0.0414
MetEd Zone	15.112	1.259	0.2906	0.0581	0.0414
Penelec Zone	15.112	1.259	0.2906	0.0581	0.0414
PECO Zone	26.264	2.189	0.5051	0.1010	0.0722
PPL Zone: Total charge is the sum of the components	PPL: * AEC: 0.463 UGI: *	PPL: * AEC: 0.039 UGI: *	PPL: * AEC: 0.0089 UGI: *	PPL: * AEC: 0.0018 UGI: *	PPL: * AEC: 0.0013 UGI: *

Point of Delivery	Yearly Charge	Monthly Charge	Weekly Charge	Daily On-Peak ^{1/} Charge	Daily Off-Peak ^{2/} Charge
Pepco Zone	20.999	1.750	0.4040	0.0810	0.0580
PSE&G Zone	23.696	1.975	0.4557	0.0911	0.0651
AP Zone	20.847	1.737	0.4009	0.0802	0.0573
Rockland Zone	42.548	3.546	0.8182	0.1636	0.1169
ComEd Zone ^{4/}	^{5/}				
AEP East Zone ^{6/}	Rate Pursuant to Attachment H-14 and Attachment H-20	Rate Pursuant to Attachment H-14 and Attachment H-20	Rate Pursuant to Attachment H-14 and Attachment H-20	Rate Pursuant to Attachment H-14 and Attachment H-20	Rate Pursuant to Attachment H-14 and Attachment H-20
Dayton Zone	Rate Pursuant to Attachment H-15	Rate Pursuant to Attachment H-15	Rate Pursuant to Attachment H-15	Rate Pursuant to Attachment H-15	Rate Pursuant to Attachment H-15
Duquesne Zone	14.17	1.18	0.27	0.0540	0.0386
Dominion Zone ^{7/}					
ATSI Zone	Rate Pursuant to Attachment H-21	Rate Pursuant to Attachment H-21	Rate Pursuant to Attachment H-21	Rate Pursuant to Attachment H-21	Rate Pursuant to Attachment H-21
DEOK Zone	Rate Pursuant to Attachment H-22	Rate Pursuant to Attachment H-22	Rate Pursuant to Attachment H-22	Rate Pursuant to Attachment H-22	Rate Pursuant to Attachment H-22
EKPC Zone	Rate Pursuant to Attachment H-24	Rate Pursuant to Attachment H-24	Rate Pursuant to Attachment H-24	Rate Pursuant to Attachment H-24	Rate Pursuant to Attachment H-24
OVEC Zone	5.16	0.43	0.10	0.02	0.014

* PPL Electric Utilities Corporation's and UGI Utilities' respective component of the total charge is posted on the PJM Internet website.

- 1/ Monday – Friday except the following holidays: New Years Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.
- 2/ Saturday and Sunday and the following holidays: New Years Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.
- 3/ The charge for Points of Delivery at the Border of PJM shall not apply to any Reserved Capacity with a Point of Delivery of the Midcontinent Independent Transmission System Operator, Inc.
- 4/ Each month, revenue credits will be applied to the gross charge in accordance with section 8 below to determine the actual charge to the Transmission Customer.
- 5/ The charges for the ComEd zone are posted on PJM's website. In addition to other rates set forth in this schedule, customers within the ComEd zone shall be charged for recovery of RTO start-up costs at the following rates, each computed to four decimal places:

Annual Rate - $\$/kW/year = \$1,523,039$, divided by the 1 CP demand for the ComEd zone for the prior calendar year;

Monthly Rate - $\$/kW/month. = \text{Annual Rate divided by } 12$;

Weekly Rate - $\$/kW/week = \text{Annual Rate divided by } 52$;

Daily Rate - $\$/kW/day = \text{Weekly Rate divided by } 5$.

In order to ensure that the charge does not result in either an over-recovery or under-recovery of ComEd's start-up costs, PJM will institute an annual true-up mechanism in the month of May of each of the years 2008-2014. In May of each of those years, PJM will compare the amount collected under this charge for the previous 12 months with the target annual amount of \$1,523,039 and calculate any credits or surcharges that would be needed to ensure that \$1,523,039 is collected for each year. Any credit or surcharge will be assessed in the June bills for years 2008-2014, consistent with the above methodology.

- 6/ The rates for firm point-to-point transmission service in the AEP Zone will be charged at the yearly, monthly, weekly or daily rate equivalent to the rate effective in such period under Attachments H-14 and H-20. In addition to other rates set forth in this schedule, customers within the AEP East Zone shall be charged for recovery of RTO start-up costs at the following rates, each computed to four decimal places:

Annual Rate - $\$/kW/year = \$2,362,185$, plus any applicable true-up adjustment, divided by the 1 CP demand for the AEP East Zone for the prior calendar year;

Monthly Rate - $\$/kW/month. = \text{Annual Rate divided by } 12$;

Weekly Rate - $\$/kW/week = \text{Annual Rate divided by } 52$;

Daily Rate - $\$/kW/day = \text{Weekly Rate divided by } 5$.

For the period November 1, 2005 through March 31, 2006, the rate shall be \$8.94/MW-month; for the period April 1 through December 31, 2006, the rate shall be \$8.60/MW-month, thereafter, the rate will be subject to the following true-up:

In order to ensure that the charge does not result in either over-recovery or under-recovery of AEP's start-up costs, PJM will institute an annual true-up mechanism and implement revised charges as of January 1st of each of the years 2007-2019. In January of each of those years, PJM will compare the amount collected under this charge for the previous year or part thereof with the target annual amount of \$2,362,185 and calculate the rates that would be needed, given the expected billing demands, to collect \$2,362,185, adjusted for any prior year over-collection or under-collection. In the final year that the rate is collected, PJM will calculate the rate to collect five-twelfths of the annual amount (\$984,244), plus or minus any prior year true up amount, by May 31 of that year, and shall charge such rate until that amount is collected, whether that date be before or after May 31, 2020.

7/ The service period charges rounded to four decimal places for the Dominion Zone are as follows:

Yearly Charge - $\$/\text{kW}/\text{year}$ = the formula rate for Network Integration Transmission Service as described in Attachment H-16 and Attachment H-16A divided by 1000 kW/MW

Monthly Charge - $\$/\text{kW}/\text{month}$. = Yearly Charge divided by 12;

Weekly Charge - $\$/\text{kW}/\text{week}$ = Yearly Charge divided by 52;

Daily On-Peak Charge - $\$/\text{kW}/\text{day}$ = Weekly Charge divided by 5;

Daily Off-Peak Charge - $\$/\text{kW}/\text{day}$ = Weekly Charge divided by 7.

On a monthly basis, revenue credits shall be calculated based on the sum of VEPCO's share of revenues collected during the month from Schedule 7 and Network Integration Transmission Service to Non-Zone Network Load under Attachment H-A. The sum of these revenue credits will appear as an adjustment to the to the gross monthly service period charges produced by the above formula.

2) The total demand charge in any week, pursuant to a reservation for Daily On-Peak Delivery, or Daily Off-Peak Delivery shall not exceed the Weekly Delivery rate specified in section (1) above for weekly service times the highest amount in kilowatts of Reserved Capacity and any additional transmission service, if any, in any day during such week.

3) **Discounts:** Three principal requirements apply to discounts for transmission service as follows: (1) any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or

an Affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, the Transmission Provider must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on the Transmission System.

4) **Congestion, Losses and Capacity Export:** In addition to any payment under this Schedule, the Transmission Customer shall pay Redispatch Costs as specified in Section 27 of the Tariff. The Transmission Customer shall be responsible for losses as specified in the Tariff. Any Transmission Customer that is a Capacity Export Transmission Customer, shall pay any applicable charges, and receive any applicable credits, for such a customer pursuant to Attachment DD.

5) **Other Supporting Facilities and Taxes:** In addition to the rates set forth in section (1) of this schedule, the Transmission Customer shall pay charges determined on a case-by-case basis for facilities necessary to provide Transmission Service at voltages lower than those shown in Attachment H for the applicable Zone(s) and any amounts necessary to reimburse PJMSettlement for any amounts payable as sales, excise, "Btu," carbon, value-added or similar taxes (other than taxes based upon or measured by net income) with respect to the amounts payable pursuant to the Tariff.

6) **[Reserved]**

7) **Transmission Enhancement Charges.** Except for Points of Delivery at the Border of PJM, which are subject to the Border Yearly Charge determined under section 11, in addition to the rates set forth in section (1) of this Schedule and any other applicable charges, the Transmission Customer shall also pay any Transmission Enhancement Charges for which it is designated as a Responsible Customer under Schedule 12 appended to the Tariff.

8) **Determination of monthly charges for ComEd Zone:** On a monthly basis, revenue credits shall be calculated based on the sum of ComEd's share of revenues collected during the month from: (i) the PJM Border Rate under Schedule 7; (ii) Network Integration Transmission Service to Non-Zone Network Load under Attachment H-A; (iii) Seams Elimination Charge/Cost Adjustment/Assignment ("SECA") revenues allocable to ComEd under the Tariff; and (iv) any Point-To-Point Transmission Service where the Point of Receipt and the Point of Delivery are both internal to the ComEd Zone. On this basis, the sum of these revenues will appear as a reduction to the gross monthly rate stated above on a Transmission Customer's bill in that month for service under this schedule.

9) **Determination of monthly charges for AEP Zone:** On a monthly basis, revenue credits shall be calculated based on the sum of AEP's share of revenues collected during the month from: (i) the PJM Border Rate under Schedule 7; (ii) Network Integration Transmission Service to Non-Zone Network Load under Attachment H-A; and (iii) Firm Point-To-Point Transmission Service where the Point of Delivery is internal to the AEP Zone. The sum of these revenue credits will appear as an adjustment (reduction) to the gross monthly rate stated above on a Transmission Customer's bill in that month for service under this schedule.

10) **Resales:** The rates and rules governing charges and discounts stated above shall not apply to resales of transmission service, compensation for which shall be governed by section 23.1 of the Tariff.

11) **Determining the Border Yearly Charge**

(A) Formula for Determining the Border Yearly Charge:

~~—(A)(i)~~ Beginning with the calendar year 2020, the Border Yearly Charge shall be based on the following formula:

$$\text{BYC} = \text{SHRR}/\text{SZPL}$$

Where:

BYC is the Border Yearly Charge stated in dollars per kW of Reserved Capacity;

SHRR is the sum of the Revenue Requirements for each Transmission Owner used to determine charges for Network Integration Transmission Service either (a) stated in Attachment H for a Transmission Owner or (b) determined pursuant to a formula rate set forth in Attachment H-~~7~~, both as adjusted in accordance with this section (11)(A).

SZPL is the sum of each Zone's annual peak load (in kW) plus the peak day firm reservations for Point-to-Point service at the Border of PJM (in kW) subject to the charges set forth in section (1) herein (prior to any applicable discount) from the most recently completed 12-month period ending October 31.

(ii) Where the Revenue Requirement of a Transmission Owner is determined pursuant to a formula rate:~~7~~

(a) the Revenue Requirement shall be increased by the amount of any revenue included in the Transmission Owner's formula rate as credits in determining the Revenue Requirement for Network Integration Transmission Service from: (i) Transmission Enhancement Charges; (ii) Firm Point-to-Point Transmission Service charges under Schedule 7; or (iii) Network Integration Transmission Service to Non-Zone Network Load under Attachment H-A; ~~or (iv) other agreements for transmission service over PJM Transmission Facilities;~~ that are included in the Transmission Owner's formula rate as revenue credits in determining the Revenue Requirement for Network Integration Transmission Service, if such credits are identified in the Transmission Owner's formula rate annual update; and

(b) (I) the Revenue Requirement shall be reduced by the amount of any credit applied directly to Network Customers to offset the cost of Network Integration Transmission Service, including credits to Network Customers resulting from: (i) a Network Upgrade Funding Agreement, Tariff, Attachment O-2; (ii) a State Agreement Public Policy Project subject to Tariff, Schedule 12, section (b)(xii)(B); (iii) agreements for transmission service entered into prior to a Transmission Owner signing the Consolidated Transmission Owners Agreement or any of its predecessor agreements or (iv) an entity executing an agreement by which such entity is obligated to pay for some, or all, of the Revenue Requirement of Transmission Facilities for which Network Customers would otherwise be

responsible. (II) The Revenue Requirement for inclusion in the SHRR shall not be reduced by the amount of any credits for (i) Transmission Enhancement Charges; (ii) Firm Point-to-Point Transmission Service charges under this Schedule 7; or (iii) Network Integration Transmission Service to Non-Zone Network Load under Tariff, Attachment H-A.

(B) The Transmission Provider shall update the Border Yearly Charge annually based on the Revenue Requirements for each Transmission Owner used to determine charges for Network Integration Transmission Service in effect on January 1, provided that such Revenue Requirements were approved by FERC, stated in a formula rate update informational filing with FERC, or posted on the Transmission Provider's website no later than the preceding October 31. The Border Yearly Charge so updated shall become effective as of January 1 and remain in effect for the remainder of the calendar year. Except as provided in subsection (D) of this section ~~(11.1)~~, any change to the data used to determine the Border Yearly Charge following October 31, including any change in the number or identity of Transmission Owners filing Revenue Requirements for Network Integration Transmission Service under Attachment H, shall not be reflected in Border Yearly Charge until the next annual update.

(C) Not later than the first Business Day of December ~~4 of~~ each year, the Transmission Provider shall post on the Transmission Provider's website a "BYC Workbook" that shall include (1) all of the inputs and calculations used to determine the Border Yearly Charge. ~~The posting shall also include a variance report, which will document how the inputs used, (2) references to determine the Border Yearly Charge to go into effect as of January 1 have changed from the sources of~~ the inputs used to determine the Border Yearly Charge from each Transmission Owner's stated or formula rate filing or posting, (3) a variance report detailing all changes to the calculations, inputs, or procedures used to determine the proposed Border Yearly Charge as compared to the calculations, inputs or procedures used to determine the Border Yearly Charge then in effect, including any changes in the sources of such inputs and (4) contact information for the submission of inquiries or comments regarding the posted BYC Workbook. All inputs used to determine the SHRR must be taken either from a stated Revenue Requirement for Network Integration Transmission Service specified in Attachment H or from an identified entry in a Transmission Owner's formula rate update either filed with the FERC or posted on the Transmission Provider's website for the rate for Network Integration Transmission Service that will be in effect on January 1.

~~(D) If, at any time, it is brought to the Transmission Provider's attention or the Transmission Provider believes that the Border Yearly Charge may be based on an incorrect input or calculation and the Transmission Provider concludes that an incorrect input or calculation was used to determine the Border Yearly Charge, the Transmission Provider shall post on the Transmission Provider's website the correction to any inputs or calculations used to determine the Border Yearly Charge and a variance report documenting the changes from the Border Yearly Charge that was based on an incorrect input or calculation. If such correction affects a Border Yearly Charge currently in effect, the correction shall take effect on the first day of the month that begins at least 30 days after the correction is posted. To the extent permitted by section 10.4 of this Tariff, PJM Settlement, on behalf of itself or as agent for PJM, shall adjust the bills of Transmission Customers with respect to any month affected by the correction. Any correction under this subsection (D) shall be limited to the Transmission Provider's selection and use of Border Yearly Charge inputs and the calculations necessary to determine the Border Yearly Charge. Procedure for Review of and Challenge to the Border Yearly Charge Determination.~~

(i) Review of the Border Yearly Charge Determination.

(a) Within sixty (60) days of the posting of the BYC Workbook, Interested Parties, including entities with existing, requested or planned transmission service reservations for service at the Border of PJM (“Border Rate Transmission Customers”), state utility regulatory commissions, consumer advocacy agencies, state attorneys general, and any entity having standing under Section 206 of the Federal Power Act (“Interested Party”), may submit reasonable information requests to the Transmission Provider regarding its selection and use of inputs and the calculations performed in calculating the Border Yearly Charge, including the creation of the BYC Workbook, with respect to any adjustments made by the Transmission Provider, including adjustments made based on information provided by a Transmission Owner to the Transmission Provider: (1) to a Transmission Owner’s Revenue Requirement for Network Integration Transmission Service prior to its inclusion as an input into the calculation of the SHRR for the Border Yearly Charge; (2) to the data used in determining SZPL; (3) to the Revenue Requirement of a Transmission Owner in determining the Border Yearly Charge made in accordance with Section (11)(A)(ii); and (4) in response to any FERC orders approving or requiring changes to, or refunds associated with, a Transmission Owner’s formula rate or resulting annual Revenue Requirement.

(b) The Transmission Provider shall respond to such reasonable information requests as soon as practicable, but no later than within forty-five (45) days of the receipt of the information request, unless it determines that additional time is required to respond. The Transmission Provider shall post any information requests received and its responses thereto on the Transmission Provider’s website, provided that any responsive information that has been designated by a Transmission Owner as confidential pursuant to the provisions of the Operating Agreement or Consolidated Transmission Owners Agreement shall not be posted and shall be handled solely in accordance with such provisions. An Interested Party may request a meeting with the Transmission Provider and any interested Transmission Owner to discuss any response to an information request or any dispute regarding the calculation of the Border Yearly Charge annual update. The Transmission Provider and any interested Transmission Owner shall exercise good faith in responding to an Interested Party’s meeting request and shall not unreasonably deny or delay such meeting in a manner that prejudices an Interested Party’s opportunity to timely review the Border Yearly Charge annual update.

(c) At any time after posting of the BYC Workbook, but before a challenge pursuant to section (11)(D)(ii) (“Challenge”) is filed, at the request of an Interested Party, the Transmission Provider will be required to meet with the Interested Party within ten (10) Business Days of such request in an attempt to resolve any dispute regarding the calculation of the Border Yearly Charge raised by the Interested Party in its meeting request. If the dispute relates to information from one or more Transmission Owners’ Tariff, Attachment H stated or formula rate or Zonal peak load determination, the relevant Transmission Owner(s) will be notified by the Transmission Provider of the dispute and will be permitted to attend the meeting.

(d) If it is determined that the Border Yearly Charge is based on an incorrect input or calculation or FERC directs that a Transmission Owner’s Revenue Requirement, upon which the Border Yearly Charge is based, be changed and implemented as a change to the Transmission Owner’s rate for Network Integration Transmission Service at a time other than provided for in the Transmission Owner’s formula rate protocols (“Changed Revenue Requirement”), the Transmission Provider

shall change the Border Yearly Charge as necessary to account for such Changed Revenue Requirement and post on the Transmission Provider's website a revised BYC Workbook documenting the changes to the Border Yearly Charge to incorporate the correction or change. The correction to the Border Yearly Charge shall take effect no later than the first day of the month that begins 30 days after a correction is posted by the Transmission Provider or, if the correction or Changed Revenue Requirement results from a FERC order, on a schedule consistent with that order. Subject to the notice of correction described above, to the extent permitted by Tariff, Part I, section 10.4, PJM Settlement, on behalf of itself or as agent for the Transmission Provider, shall adjust the charges to Border Rate Transmission Customers with respect to any month prior to the effective date of the Changed Revenue Requirement being reflected in the Border Yearly Charge that is affected by the correction or Changed Revenue Requirement and refund or credit any amount paid in excess of the corrected Border Yearly Charge. Any correction under this subsection (D) shall be limited to any Changed Revenue Requirement and the Transmission Provider's selection and use of Border Yearly Charge inputs and the calculations necessary to determine the Border Yearly Charge. This section does not apply to a FERC order that changes a Transmission Owner's Revenue Requirement that is implemented through a true-up mechanism.

(e) If FERC issues an order directing or approving refunds associated with a Transmission Owner's Revenue Requirement that previously was, or currently is, incorporated into the SHRR to be paid to Network Integration Transmission Service customers, Border Rate Transmission Customers shall also receive a refund, to the extent that the changes in a Transmission Owner's Revenue Requirement upon which such refund is based affects the calculation of the Border Yearly Charge.

(f) Nothing in ~~this subsection (D)~~ section (11) shall authorize an inquiry into the data or information filed or posted by a Transmission Owner ~~which the Transmission Provider used to determine the Border Yearly Charge~~ as part of its transmission rate protocols pursuant to Tariff, Attachment H, or shall affect the rights that any Border Rate Transmission Customer may have under said protocols.

(ii) Challenge to the Border Yearly Charge Determination.

(a) An Interested Party may file with FERC a Challenge to the annual update of the Border Yearly Charge within ninety (90) days of the posting of the BYC Workbook or thirty (30) days of receiving a response to any information request it submitted under subsection (11)(D)(i)(a), whichever is later. Any such Challenge shall be served on Transmission Provider and each Transmission Owner with Revenue Requirements included in the BYC Workbook.

(b) A Challenge must specify and include adequate supporting documentation, detailing how the Transmission Provider's selection of inputs to or calculation of the Border Yearly Charge fails to comply with the provisions of this Schedule 7, section (11), identifying any input data or other BYC Workbook entry that is alleged to be missing or inaccurate or the Border Yearly Charge calculations alleged to be performed incorrectly.

(c) A Challenge must be limited to the Transmission Provider's selection and use of Border Yearly Charge inputs and the calculations necessary to determine the Border Yearly Charge and may not seek to modify Tariff, Schedules 7 and 8 or Attachment H-A or question the data or information filed or posted by a Transmission Owner pursuant to Tariff, Attachment H.

(d) The Transmission Provider and each Transmission Owner with Revenue Requirements included in the BYC Workbook shall have thirty (30) days to answer a Challenge.

(e) In any proceeding before the FERC in response to a Challenge, the Transmission Provider shall bear the burden, consistent with Section 205 of the FPA, of demonstrating that it has correctly applied the terms of this Schedule 7, section (11).

(E) When the Transmission Provider posts on its website a Border Yearly Charge annual update under subsection (C) or correction under subsection (D) of this section ~~(11);~~, it shall also make an informational filing with the FERC that includes such posting.

(F) ~~The Border Yearly Charge determined under this section (11) and any charge for~~ A Transmission Customer taking Point-to-Point Transmission Service at the Border of PJM ~~for shorter periods based under this Schedule 7, including any discounted service pursuant to Section (3), is relieved from, and shall not be separately allocated or assigned Transmission Enhancement Charges under Schedule 12 §(c)(5) on the Border Yearly Charge include all Transmission Enhancements Charges applicable to basis of its reservation of Firm~~ Point-to-Point Transmission Service at the Border of PJM. Payment of the charges set forth in this Schedule does not relieve ~~any the responsibility of a~~ Transmission Customer or Merchant Transmission Facility ~~of responsibility for to pay~~ Transmission Enhancement Charges assigned to such Merchant Transmission Facility, other than pursuant to ~~Schedule 12 of the PJM Tariff; Schedule 12, §(c)(5), nor does it determine other cost obligations of Transmission Customers or Merchant Transmission Facilities that may be imposed under other provisions of the Tariff.~~

(G) Point-to-Point Transmission Service at the Border of PJM includes service to a Point of Delivery at a Merchant Transmission Facility that provides service to a neighboring transmission system.

(H) Customers taking Point-to-Point Transmission Service at the Border of PJM with a Point of Delivery at a Merchant Transmission Facility ~~holding Firm Transmission Withdrawal Rights~~ and not receiving a discount from the Border Yearly Charge pursuant to this Schedule 7, section (3) under the settlement entered into in FERC Docket No. ER19-2105, shall receive a credit determined in accordance with the following formula:

$$MTFC = BYC * MTFTEC / SHRR$$

Where:

MTFC is the credit to the Border Yearly Charge per kW of reserved capacity;

BYC is the Border Yearly Charge;

MTFTEC is the total annual Transmission Enhancement Charges under Tariff, Schedule 12 applicable to the Merchant Transmission Facility to which the customer is taking Point-to-Point Transmission Service during the current calendar year; and

SHRR is the amount determined pursuant to subsection (A) of this section (11-2).

The MTFC shall be credited on a monthly basis only for those months during which the customer takes Firm Point-to-Point Transmission Service to the Merchant Transmission Facility.

Schedule 7

Version effective 1/1/2021

SCHEDULE 7
Long-Term Firm and Short-Term Firm Point-To-Point
Transmission Service

1) The Transmission Customer shall pay each month for Reserved Capacity at the sum of the applicable charges set forth below for the Point of Delivery:

Summary of Charges
(in \$/kW)

Point of Delivery	Yearly Charge	Monthly Charge	Weekly Charge	Daily On-Peak ^{1/} Charge	Daily Off-Peak ^{2/} Charge
Border of PJM ^{3/}	Border Yearly Charge established pursuant to section 11 below	Yearly Charge /12	Yearly Charge /52	Weekly Charge /5	Weekly Charge /7
AE Zone	23.809	1.984	0.4580	0.0920	0.0650
BGE Zone	15.675	1.306	0.3010	0.0600	0.0430
Delmarva Zone	19.378	1.615	0.3730	0.0750	0.0530
JCPL Zone	15.112	1.259	0.2906	0.0581	0.0414
MetEd Zone	15.112	1.259	0.2906	0.0581	0.0414
Penelec Zone	15.112	1.259	0.2906	0.0581	0.0414
PECO Zone	26.264	2.189	0.5051	0.1010	0.0722
PPL Zone: Total charge is the sum of the components	PPL: * AEC: 0.463 UGI: *	PPL: * AEC: 0.039 UGI: *	PPL: * AEC: 0.0089 UGI: *	PPL: * AEC: 0.0018 UGI: *	PPL: * AEC: 0.0013 UGI: *

Point of Delivery	Yearly Charge	Monthly Charge	Weekly Charge	Daily On-Peak ^{1/} Charge	Daily Off-Peak ^{2/} Charge
Pepco Zone	20.999	1.750	0.4040	0.0810	0.0580
PSE&G Zone	23.696	1.975	0.4557	0.0911	0.0651
AP Zone	Rate Pursuant to Attachment H-11 and Attachment H-34	Rate Pursuant to Attachment H- 11 and Attachment H-34	Rate Pursuant to Attachment H-11 and Attachment H-34	Rate Pursuant to Attachment H-11 and Attachment H-34	Rate Pursuant to Attachment H-11 and Attachment H-34
Rockland Zone	42.548	3.546	0.8182	0.1636	0.1169
ComEd Zone ^{4/}	^{5/}				
AEP East Zone ^{6/}	Rate Pursuant to Attachment H-14 and Attachment H-20	Rate Pursuant to Attachment H-14 and Attachment H-20	Rate Pursuant to Attachment H-14 and Attachment H-20	Rate Pursuant to Attachment H-14 and Attachment H-20	Rate Pursuant to Attachment H-14 and Attachment H-20
Dayton Zone	Rate Pursuant to Attachment H-15	Rate Pursuant to Attachment H-15	Rate Pursuant to Attachment H-15	Rate Pursuant to Attachment H-15	Rate Pursuant to Attachment H-15
Duquesne Zone	14.17	1.18	0.27	0.0540	0.0386
Dominion Zone ^{7/}					
ATSI Zone	Rate Pursuant to Attachment H-21	Rate Pursuant to Attachment H-21	Rate Pursuant to Attachment H-21	Rate Pursuant to Attachment H-21	Rate Pursuant to Attachment H-21
DEOK Zone	Rate Pursuant to Attachment H-22	Rate Pursuant to Attachment H-22	Rate Pursuant to Attachment H-22	Rate Pursuant to Attachment H-22	Rate Pursuant to Attachment H-22
EKPC Zone	Rate Pursuant to Attachment H-24	Rate Pursuant to Attachment H-24	Rate Pursuant to Attachment H-24	Rate Pursuant to Attachment H-24	Rate Pursuant to Attachment H-24

OVEC Zone	5.16	0.43	0.10	0.02	0.014
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* PPL Electric Utilities Corporation’s and UGI Utilities’ respective component of the total charge is posted on the PJM Internet website.

- 1/ Monday – Friday except the following holidays: New Years Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.
- 2/ Saturday and Sunday and the following holidays: New Years Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.
- 3/ The charge for Points of Delivery at the Border of PJM shall not apply to any Reserved Capacity with a Point of Delivery of the Midcontinent Independent Transmission System Operator, Inc.
- 4/ Each month, revenue credits will be applied to the gross charge in accordance with section 8 below to determine the actual charge to the Transmission Customer.
- 5/ The charges for the ComEd zone are posted on PJM’s website. In addition to other rates set forth in this schedule, customers within the ComEd zone shall be charged for recovery of RTO start-up costs at the following rates, each computed to four decimal places:

Annual Rate - \$/kW/year = \$1,523,039, divided by the 1 CP demand for the ComEd zone for the prior calendar year;

Monthly Rate - \$/kW/month. = Annual Rate divided by 12;

Weekly Rate - \$/kW/week = Annual Rate divided by 52;

Daily Rate - \$/kW/day = Weekly Rate divided by 5.

In order to ensure that the charge does not result in either an over-recovery or under-recovery of ComEd’s start-up costs, PJM will institute an annual true-up mechanism in the month of May of each of the years 2008-2014. In May of each of those years, PJM will compare the amount collected under this charge for the previous 12 months with the target annual amount of \$1,523,039 and calculate any credits or surcharges that would be needed to ensure that \$1,523,039 is collected for each year. Any credit or surcharge will be assessed in the June bills for years 2008-2014, consistent with the above methodology.

- 6/ The rates for firm point-to-point transmission service in the AEP Zone will be charged at the yearly, monthly, weekly or daily rate equivalent to the rate effective in such period under Attachments H-14 and H-20. In addition to other rates set forth in this schedule, customers within the AEP East Zone shall be charged for recovery of RTO start-up costs at the following rates, each computed to four decimal places:

Annual Rate - \$/kW/year = \$2,362,185, plus any applicable true-up adjustment, divided by the 1 CP demand for the AEP East Zone for the prior calendar year;

Monthly Rate - \$/kW/month. = Annual Rate divided by 12;

Weekly Rate - \$/kW/week = Annual Rate divided by 52;

Daily Rate - \$/kW/day = Weekly Rate divided by 5.

For the period November 1, 2005 through March 31, 2006, the rate shall be \$8.94/MW-month; for the period April 1 through December 31, 2006, the rate shall be \$8.60/MW-month, thereafter, the rate will be subject to the following true-up:

In order to ensure that the charge does not result in either over-recovery or under-recovery of AEP's start-up costs, PJM will institute an annual true-up mechanism and implement revised charges as of January 1st of each of the years 2007-2019. In January of each of those years, PJM will compare the amount collected under this charge for the previous year or part thereof with the target annual amount of \$2,362,185 and calculate the rates that would be needed, given the expected billing demands, to collect \$2,362,185, adjusted for any prior year over-collection or under-collection. In the final year that the rate is collected, PJM will calculate the rate to collect five-twelfths of the annual amount (\$984,244), plus or minus any prior year true up amount, by May 31 of that year, and shall charge such rate until that amount is collected, whether that date be before or after May 31, 2020.

7/ The service period charges rounded to four decimal places for the Dominion Zone are as follows:

Yearly Charge - \$/kW/year = the formula rate for Network Integration Transmission Service as described in Attachment H-16 and Attachment H-16A divided by 1000 kW/MW

Monthly Charge - \$/kW/month. = Yearly Charge divided by 12;

Weekly Charge - \$/kW/week = Yearly Charge divided by 52;

Daily On-Peak Charge - \$/kW/day = Weekly Charge divided by 5;

Daily Off-Peak Charge - \$/kW/day = Weekly Charge divided by 7.

On a monthly basis, revenue credits shall be calculated based on the sum of VEPCO's share of revenues collected during the month from Schedule 7 and Network Integration Transmission Service to Non-Zone Network Load under Attachment H-A. The sum of these revenue credits will appear as an adjustment to the to the gross monthly service period charges produced by the above formula.

2) The total demand charge in any week, pursuant to a reservation for Daily On-Peak Delivery, or Daily Off-Peak Delivery shall not exceed the Weekly Delivery rate specified in section (1) above for weekly service times the highest amount in kilowatts of Reserved Capacity and any additional transmission service, if any, in any day during such week.

- 3) **Discounts:** Three principal requirements apply to discounts for transmission service as follows: (1) any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an Affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, the Transmission Provider must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on the Transmission System.
- 4) **Congestion, Losses and Capacity Export:** In addition to any payment under this Schedule, the Transmission Customer shall pay Redispatch Costs as specified in Section 27 of the Tariff. The Transmission Customer shall be responsible for losses as specified in the Tariff. Any Transmission Customer that is a Capacity Export Transmission Customer, shall pay any applicable charges, and receive any applicable credits, for such a customer pursuant to Attachment DD.
- 5) **Other Supporting Facilities and Taxes:** In addition to the rates set forth in section (1) of this schedule, the Transmission Customer shall pay charges determined on a case-by-case basis for facilities necessary to provide Transmission Service at voltages lower than those shown in Attachment H for the applicable Zone(s) and any amounts necessary to reimburse PJMSettlement for any amounts payable as sales, excise, "Btu," carbon, value-added or similar taxes (other than taxes based upon or measured by net income) with respect to the amounts payable pursuant to the Tariff.
- 6) **[Reserved]**
- 7) **Transmission Enhancement Charges.** Except for Points of Delivery at the Border of PJM, which are subject to the Border Yearly Charge determined under section 11, in addition to the rates set forth in section (1) of this Schedule and any other applicable charges, the Transmission Customer shall also pay any Transmission Enhancement Charges for which it is designated as a Responsible Customer under Schedule 12 appended to the Tariff.
- 8) **Determination of monthly charges for ComEd Zone:** On a monthly basis, revenue credits shall be calculated based on the sum of ComEd's share of revenues collected during the month from: (i) the PJM Border Rate under Schedule 7; (ii) Network Integration Transmission Service to Non-Zone Network Load under Attachment H-A; (iii) Seams Elimination Charge/Cost Adjustment/Assignment ("SECA") revenues allocable to ComEd under the Tariff; and (iv) any Point-To-Point Transmission Service where the Point of Receipt and the Point of Delivery are both internal to the ComEd Zone. On this basis, the sum of these revenues will appear as a reduction to the gross monthly rate stated above on a Transmission Customer's bill in that month for service under this schedule.
- 9) **Determination of monthly charges for AEP Zone:** On a monthly basis, revenue credits shall be calculated based on the sum of AEP's share of revenues collected during the month from: (i) the PJM Border Rate under Schedule 7; (ii) Network Integration Transmission Service to Non-Zone Network Load under Attachment H-A; and (iii) Firm Point-To-Point Transmission Service where the Point of Delivery is internal to the AEP Zone. The sum of these revenue credits will appear as an adjustment (reduction) to the gross monthly rate stated above on a Transmission Customer's bill in that month for service under this schedule.

10) **Resales:** The rates and rules governing charges and discounts stated above shall not apply to resales of transmission service, compensation for which shall be governed by section 23.1 of the Tariff.

11) **Determining the Border Yearly Charge**

(A) Formula for Determining the Border Yearly Charge:

~~——(A)(i)~~ Beginning with the calendar year 2020, the Border Yearly Charge shall be based on the following formula:

$$\text{BYC} = \text{SHRR}/\text{SZPL}$$

Where:

BYC is the Border Yearly Charge stated in dollars per kW of Reserved Capacity;

SHRR is the sum of the Revenue Requirements for each Transmission Owner used to determine charges for Network Integration Transmission Service either (a) stated in Attachment H for a Transmission Owner or (b) determined pursuant to a formula rate set forth in Attachment H-~~;~~ both as adjusted in accordance with this section (11)(A).

SZPL is the sum of each Zone's annual peak load (in kW) plus the peak day firm reservations for Point-to-Point service at the Border of PJM (in kW) subject to the charges set forth in section (1) herein (prior to any applicable discount) from the most recently completed 12-month period ending October 31.

(ii) Where the Revenue Requirement of a Transmission Owner is determined pursuant to a formula rate:~~;~~

(a) the Revenue Requirement shall be increased by the amount of any revenue included in the Transmission Owner's formula rate as credits in determining the Revenue Requirement for Network Integration Transmission Service from: (i) Transmission Enhancement Charges; (ii) Firm Point-to-Point Transmission Service charges under Schedule 7; or (iii) Network Integration Transmission Service to Non-Zone Network Load under Attachment H-A; ~~or (iv) other agreements for transmission service over PJM Transmission Facilities;~~ that are included in the Transmission Owner's formula rate as revenue credits in determining the Revenue Requirement for Network Integration Transmission Service, if such credits are identified in the Transmission Owner's formula rate annual update; and

(b) (I) the Revenue Requirement shall be reduced by the amount of any credit applied directly to Network Customers to offset the cost of Network Integration Transmission Service, including credits to Network Customers resulting from: (i) a Network Upgrade Funding Agreement, Tariff, Attachment O-2; (ii) a State Agreement Public Policy Project subject to Tariff, Schedule 12, section (b)(xii)(B); (iii) agreements for transmission service entered into prior to a Transmission Owner signing the Consolidated Transmission Owners Agreement or any of its predecessor agreements or (iv) an entity executing an agreement by which such entity is obligated to pay for some, or all, of the Revenue Requirement of Transmission Facilities for which Network Customers would otherwise be responsible. (II) The Revenue Requirement for inclusion in the SHRR shall not be reduced by the amount of any credits for (i) Transmission Enhancement Charges; (ii) Firm Point-to-Point Transmission Service charges under this Schedule 7; or (iii) Network Integration Transmission Service to Non-Zone Network Load under Tariff, Attachment H-A.

(B) The Transmission Provider shall update the Border Yearly Charge annually based on the Revenue Requirements for each Transmission Owner used to determine charges for Network Integration Transmission Service in effect on January 1, provided that such Revenue Requirements were approved by FERC, stated in a formula rate update informational filing with FERC, or posted on the Transmission Provider's website no later than the preceding October 31. The Border Yearly Charge so updated shall become effective as of January 1 and remain in effect for the remainder of the calendar year. Except as provided in subsection (D) of this section ~~(11.7)~~, any change to the data used to determine the Border Yearly Charge following October 31, including any change in the number or identity of Transmission Owners filing Revenue Requirements for Network Integration Transmission Service under Attachment H, shall not be reflected in Border Yearly Charge until the next annual update.

(C) Not later than the first Business Day of December ~~1 of~~ each year, the Transmission Provider shall post on the Transmission Provider's website a "BYC Workbook" that shall include (1) all of the inputs and calculations used to determine the Border Yearly Charge. The posting shall also include a variance report, which will document how the inputs used, (2) references to determine the Border Yearly Charge to go into effect as of January 1 have changed from the sources of the inputs used to determine the Border Yearly Charge from each Transmission Owner's stated or formula rate filing or posting, (3) a variance report detailing all changes to the calculations, inputs, or procedures used to determine the proposed Border Yearly Charge as compared to the calculations, inputs or procedures used to determine the Border Yearly Charge then in effect, including any changes in the sources of such inputs and (4) contact information for the submission of inquiries or comments regarding the posted BYC Workbook. All inputs used to determine the SHRR must be taken either from a stated Revenue Requirement for Network Integration Transmission Service specified in Attachment H or from an identified entry in a Transmission Owner's formula rate update either filed with the FERC or posted on the Transmission Provider's website for the rate for Network Integration Transmission Service that will be in effect on January 1.

~~(D) If, at any time, it is brought to the Transmission Provider's attention or the Transmission Provider believes that the Border Yearly Charge may be based on an incorrect input or calculation and the Transmission Provider concludes that an incorrect input or calculation was used to determine the Border Yearly Charge, the Transmission Provider shall post on the Transmission Provider's website the correction to any inputs or calculations used to determine the Border Yearly Charge and a variance report documenting the changes from the Border Yearly Charge that was based on an incorrect input or calculation. If such correction affects a Border Yearly~~

~~Charge currently in effect, the correction shall take effect on the first day of the month that begins at least 30 days after the correction is posted. To the extent permitted by section 10.4 of this Tariff, PJM Settlement, on behalf of itself or as agent for PJM, shall adjust the bills of Transmission Customers with respect to any month affected by the correction. Any correction under this subsection (D) shall be limited to the Transmission Provider's selection and use of Border Yearly Charge inputs and the calculations necessary to determine the Border Yearly Charge.~~ Procedure for Review of and Challenge to the Border Yearly Charge Determination.

(i) Review of the Border Yearly Charge Determination.

(a) Within sixty (60) days of the posting of the BYC Workbook, Interested Parties, including entities with existing, requested or planned transmission service reservations for service at the Border of PJM ("Border Rate Transmission Customers"), state utility regulatory commissions, consumer advocacy agencies, state attorneys general, and any entity having standing under Section 206 of the Federal Power Act ("Interested Party"), may submit reasonable information requests to the Transmission Provider regarding its selection and use of inputs and the calculations performed in calculating the Border Yearly Charge, including the creation of the BYC Workbook, with respect to any adjustments made by the Transmission Provider, including adjustments made based on information provided by a Transmission Owner to the Transmission Provider: (1) to a Transmission Owner's Revenue Requirement for Network Integration Transmission Service prior to its inclusion as an input into the calculation of the SHRR for the Border Yearly Charge; (2) to the data used in determining SZPL; (3) to the Revenue Requirement of a Transmission Owner in determining the Border Yearly Charge made in accordance with Section (11)(A)(ii); and (4) in response to any FERC orders approving or requiring changes to, or refunds associated with, a Transmission Owner's formula rate or resulting annual Revenue Requirement.

(b) The Transmission Provider shall respond to such reasonable information requests as soon as practicable, but no later than within forty-five (45) days of the receipt of the information request, unless it determines that additional time is required to respond. The Transmission Provider shall post any information requests received and its responses thereto on the Transmission Provider's website, provided that any responsive information that has been designated by a Transmission Owner as confidential pursuant to the provisions of the Operating Agreement or Consolidated Transmission Owners Agreement shall not be posted and shall be handled solely in accordance with such provisions. An Interested Party may request a meeting with the Transmission Provider and any interested Transmission Owner to discuss any response to an information request or any dispute regarding the calculation of the Border Yearly Charge annual update. The Transmission Provider and any interested Transmission Owner shall exercise good faith in responding to an Interested Party's meeting request and shall not unreasonably deny or delay such meeting in a manner that prejudices an Interested Party's opportunity to timely review the Border Yearly Charge annual update.

(c) At any time after posting of the BYC Workbook, but before a challenge pursuant to section (11)(D)(ii) ("Challenge") is filed, at the request of an Interested Party, the Transmission Provider will be required to meet with the Interested Party within ten (10) Business Days of such request in an attempt to resolve any dispute regarding the calculation of the Border Yearly Charge raised by the Interested Party in its meeting request. If the dispute relates to information from one or more

Transmission Owners' Tariff, Attachment H stated or formula rate or Zonal peak load determination, the relevant Transmission Owner(s) will be notified by the Transmission Provider of the dispute and will be permitted to attend the meeting.

(d) If it is determined that the Border Yearly Charge is based on an incorrect input or calculation or FERC directs that a Transmission Owner's Revenue Requirement, upon which the Border Yearly Charge is based, be changed and implemented as a change to the Transmission Owner's rate for Network Integration Transmission Service at a time other than provided for in the Transmission Owner's formula rate protocols ("Changed Revenue Requirement"), the Transmission Provider shall change the Border Yearly Charge as necessary to account for such Changed Revenue Requirement and post on the Transmission Provider's website a revised BYC Workbook documenting the changes to the Border Yearly Charge to incorporate the correction or change. The correction to the Border Yearly Charge shall take effect no later than the first day of the month that begins 30 days after a correction is posted by the Transmission Provider or, if the correction or Changed Revenue Requirement results from a FERC order, on a schedule consistent with that order. Subject to the notice of correction described above, to the extent permitted by Tariff, Part I, section 10.4, PJM Settlement, on behalf of itself or as agent for the Transmission Provider, shall adjust the charges to Border Rate Transmission Customers with respect to any month prior to the effective date of the Changed Revenue Requirement being reflected in the Border Yearly Charge that is affected by the correction or Changed Revenue Requirement and refund or credit any amount paid in excess of the corrected Border Yearly Charge. Any correction under this subsection (D) shall be limited to any Changed Revenue Requirement and the Transmission Provider's selection and use of Border Yearly Charge inputs and the calculations necessary to determine the Border Yearly Charge. This section does not apply to a FERC order that changes a Transmission Owner's Revenue Requirement that is implemented through a true-up mechanism.

(e) If FERC issues an order directing or approving refunds associated with a Transmission Owner's Revenue Requirement that previously was, or currently is, incorporated into the SHRR to be paid to Network Integration Transmission Service customers, Border Rate Transmission Customers shall also receive a refund, to the extent that the changes in a Transmission Owner's Revenue Requirement upon which such refund is based affects the calculation of the Border Yearly Charge.

(f) Nothing in ~~this subsection (D)~~ section (11) shall authorize an inquiry into the data or information filed or posted by a Transmission Owner ~~which the Transmission Provider used to determine the Border Yearly Charge~~ as part of its transmission rate protocols pursuant to Tariff, Attachment H, or shall affect the rights that any Border Rate Transmission Customer may have under said protocols.

(ii) Challenge to the Border Yearly Charge Determination.

(a) An Interested Party may file with FERC a Challenge to the annual update of the Border Yearly Charge within ninety (90) days of the posting of the BYC Workbook or thirty (30) days of receiving a response to any information request it submitted under subsection (11)(D)(i)(a), whichever is later. Any such Challenge shall be served on Transmission Provider and each Transmission Owner with Revenue Requirements included in the BYC Workbook.

(b) A Challenge must specify and include adequate supporting documentation, detailing how the Transmission Provider's selection of inputs to or calculation of the Border Yearly Charge fails to comply with the provisions of this Schedule 7, section (11), identifying any input data or other BYC Workbook entry that is alleged to be missing or inaccurate or the Border Yearly Charge calculations alleged to be performed incorrectly.

(c) A Challenge must be limited to the Transmission Provider's selection and use of Border Yearly Charge inputs and the calculations necessary to determine the Border Yearly Charge and may not seek to modify Tariff, Schedules 7 and 8 or Attachment H-A or question the data or information filed or posted by a Transmission Owner pursuant to Tariff, Attachment H.

(d) The Transmission Provider and each Transmission Owner with Revenue Requirements included in the BYC Workbook shall have thirty (30) days to answer a Challenge.

(e) In any proceeding before the FERC in response to a Challenge, the Transmission Provider shall bear the burden, consistent with Section 205 of the FPA, of demonstrating that it has correctly applied the terms of this Schedule 7, section (11).

(E) When the Transmission Provider posts on its website a Border Yearly Charge annual update under subsection (C) or correction under subsection (D) of this section (11);, it shall also make an informational filing with the FERC that includes such posting.

(F) ~~The Border Yearly Charge determined under this section (11) and any charge for~~A Transmission Customer taking Point-to-Point Transmission Service at the Border of PJM ~~for shorter periods based~~under this Schedule 7, including any discounted service pursuant to Section (3), is relieved from, and shall not be separately allocated or assigned Transmission Enhancement Charges under Schedule 12 §(c)(5) on the ~~Border Yearly Charge include all Transmission Enhancements Charges applicable to~~basis of its reservation of Firm Point-to-Point Transmission Service at the Border of PJM. Payment of the charges set forth in this Schedule does not relieve ~~any~~the responsibility of a Transmission Customer or Merchant Transmission Facility ~~of responsibility for~~to pay Transmission Enhancement Charges assigned to such Merchant Transmission Facility, ~~other than pursuant to Schedule 12 of the PJM Tariff.~~Schedule 12, §(c)(5), nor does it determine other cost obligations of Transmission Customers or Merchant Transmission Facilities that may be imposed under other provisions of the Tariff.

(G) Point-to-Point Transmission Service at the Border of PJM includes service to a Point of Delivery at a Merchant Transmission Facility that provides service to a neighboring transmission system.

(H) Customers taking Point-to-Point Transmission Service at the Border of PJM with a Point of Delivery at a Merchant Transmission Facility ~~holding Firm Transmission Withdrawal Rights~~and not receiving a discount from the Border Yearly Charge pursuant to this Schedule 7, section (3) under the settlement entered into FERC Docket No. ER19-2105, shall receive a credit determined in accordance with the following formula:

$$\text{MTFC} = \text{BYC} * \text{MTFTEC} / \text{SHRR}$$

Where:

MTFC is the credit to the Border Yearly Charge per kW of reserved capacity;

BYC is the Border Yearly Charge;

MTFTEC is the total annual Transmission Enhancement Charges under Tariff, Schedule 12 applicable to the Merchant Transmission Facility to which the customer is taking Point-to-Point Transmission Service during the current calendar year; and

SHRR is the amount determined pursuant to subsection (A) of this section (11-7).

The MTFC shall be credited on a monthly basis only for those months during which the customer takes Firm Point-to-Point Transmission Service to the Merchant Transmission Facility.

Attachment B

Clean versions of Schedule 7 to the
PJM Interconnection, L.L.C. Open Access Transmission Tariff

Schedule 7

Version effective 1/1/2020

SCHEDULE 7
Long-Term Firm and Short-Term Firm Point-To-Point
Transmission Service

1) The Transmission Customer shall pay each month for Reserved Capacity at the sum of the applicable charges set forth below for the Point of Delivery:

Summary of Charges
(in \$/kW)

Point of Delivery	Yearly Charge	Monthly Charge	Weekly Charge	Daily On-Peak ^{1/} Charge	Daily Off-Peak ^{2/} Charge
Border of PJM ^{3/}	Border Yearly Charge established pursuant to section 11 below	Yearly Charge /12	Yearly Charge /52	Weekly Charge /5	Weekly Charge /7
AE Zone	23.809	1.984	0.4580	0.0920	0.0650
BGE Zone	15.675	1.306	0.3010	0.0600	0.0430
Delmarva Zone	19.378	1.615	0.3730	0.0750	0.0530
JCPL Zone	15.112	1.259	0.2906	0.0581	0.0414
MetEd Zone	15.112	1.259	0.2906	0.0581	0.0414
Penelec Zone	15.112	1.259	0.2906	0.0581	0.0414
PECO Zone	26.264	2.189	0.5051	0.1010	0.0722
PPL Zone: Total charge is the sum of the components	PPL: * AEC: 0.463 UGI: *	PPL: * AEC: 0.039 UGI: *	PPL: * AEC: 0.0089 UGI: *	PPL: * AEC: 0.0018 UGI: *	PPL: * AEC: 0.0013 UGI: *

Point of Delivery	Yearly Charge	Monthly Charge	Weekly Charge	Daily On-Peak^{1/} Charge	Daily Off-Peak^{2/} Charge
Pepco Zone	20.999	1.750	0.4040	0.0810	0.0580
PSE&G Zone	23.696	1.975	0.4557	0.0911	0.0651
AP Zone	20.847	1.737	0.4009	0.0802	0.0573
Rockland Zone	42.548	3.546	0.8182	0.1636	0.1169
ComEd Zone ^{4/}	^{5/}				
AEP East Zone ^{6/}	Rate Pursuant to Attachment H-14 and Attachment H-20	Rate Pursuant to Attachment H-14 and Attachment H-20	Rate Pursuant to Attachment H-14 and Attachment H-20	Rate Pursuant to Attachment H-14 and Attachment H-20	Rate Pursuant to Attachment H-14 and Attachment H-20
Dayton Zone	15.674	1.306	0.3014	0.0603	0.0431
Duquesne Zone	14.17	1.18	0.27	0.0540	0.0386
Dominion Zone ^{7/}					
ATSI Zone	Rate Pursuant to Attachment H-21	Rate Pursuant to Attachment H-21	Rate Pursuant to Attachment H-21	Rate Pursuant to Attachment H-21	Rate Pursuant to Attachment H-21
DEOK Zone	Rate Pursuant to Attachment H-22	Rate Pursuant to Attachment H-22	Rate Pursuant to Attachment H-22	Rate Pursuant to Attachment H-22	Rate Pursuant to Attachment H-22
EKPC Zone	Rate Pursuant to Attachment H-24	Rate Pursuant to Attachment H-24	Rate Pursuant to Attachment H-24	Rate Pursuant to Attachment H-24	Rate Pursuant to Attachment H-24
OVEC Zone	5.16	0.43	0.10	0.02	0.014

* PPL Electric Utilities Corporation's and UGI Utilities' respective component of the total charge is posted on the PJM Internet website.

- 1/ Monday – Friday except the following holidays: New Years Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.
- 2/ Saturday and Sunday and the following holidays: New Years Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.
- 3/ The charge for Points of Delivery at the Border of PJM shall not apply to any Reserved Capacity with a Point of Delivery of the Midcontinent Independent Transmission System Operator, Inc.
- 4/ Each month, revenue credits will be applied to the gross charge in accordance with section 8 below to determine the actual charge to the Transmission Customer.
- 5/ The charges for the ComEd zone are posted on PJM's website. In addition to other rates set forth in this schedule, customers within the ComEd zone shall be charged for recovery of RTO start-up costs at the following rates, each computed to four decimal places:

Annual Rate - \$/kW/year = \$1,523,039, divided by the 1 CP demand for the ComEd zone for the prior calendar year;

Monthly Rate - \$/kW/month. = Annual Rate divided by 12;

Weekly Rate - \$/kW/week = Annual Rate divided by 52;

Daily Rate - \$/kW/day = Weekly Rate divided by 5.

In order to ensure that the charge does not result in either an over-recovery or under-recovery of ComEd's start-up costs, PJM will institute an annual true-up mechanism in the month of May of each of the years 2008-2014. In May of each of those years, PJM will compare the amount collected under this charge for the previous 12 months with the target annual amount of \$1,523,039 and calculate any credits or surcharges that would be needed to ensure that \$1,523,039 is collected for each year. Any credit or surcharge will be assessed in the June bills for years 2008-2014, consistent with the above methodology.

- 6/ The rates for firm point-to-point transmission service in the AEP Zone will be charged at the yearly, monthly, weekly or daily rate equivalent to the rate effective in such period under Attachments H-14 and H-20. In addition to other rates set forth in this schedule, customers within the AEP East Zone shall be charged for recovery of RTO start-up costs at the following rates, each computed to four decimal places:

Annual Rate - \$/kW/year = \$2,362,185, plus any applicable true-up adjustment, divided by the 1 CP demand for the AEP East Zone for the prior calendar year;

Monthly Rate - \$/kW/month. = Annual Rate divided by 12;

Weekly Rate - \$/kW/week = Annual Rate divided by 52;

Daily Rate - \$/kW/day = Weekly Rate divided by 5.

For the period November 1, 2005 through March 31, 2006, the rate shall be \$8.94/MW-month; for the period April 1 through December 31, 2006, the rate shall be \$8.60/MW-month, thereafter, the rate will be subject to the following true-up:

In order to ensure that the charge does not result in either over-recovery or under-recovery of AEP's start-up costs, PJM will institute an annual true-up mechanism and implement revised charges as of January 1st of each of the years 2007-2019. In January of each of those years, PJM will compare the amount collected under this charge for the previous year or part thereof with the target annual amount of \$2,362,185 and calculate the rates that would be needed, given the expected billing demands, to collect \$2,362,185, adjusted for any prior year over-collection or under-collection. In the final year that the rate is collected, PJM will calculate the rate to collect five-twelfths of the annual amount (\$984,244), plus or minus any prior year true up amount, by May 31 of that year, and shall charge such rate until that amount is collected, whether that date be before or after May 31, 2020.

7/ The service period charges rounded to four decimal places for the Dominion Zone are as follows:

Yearly Charge - $\$/\text{kW}/\text{year}$ = the formula rate for Network Integration Transmission Service as described in Attachment H-16 and Attachment H-16A divided by 1000 kW/MW

Monthly Charge - $\$/\text{kW}/\text{month}$. = Yearly Charge divided by 12;

Weekly Charge - $\$/\text{kW}/\text{week}$ = Yearly Charge divided by 52;

Daily On-Peak Charge - $\$/\text{kW}/\text{day}$ = Weekly Charge divided by 5;

Daily Off-Peak Charge - $\$/\text{kW}/\text{day}$ = Weekly Charge divided by 7.

On a monthly basis, revenue credits shall be calculated based on the sum of VEPCO's share of revenues collected during the month from Schedule 7 and Network Integration Transmission Service to Non-Zone Network Load under Attachment H-A. The sum of these revenue credits will appear as an adjustment to the to the gross monthly service period charges produced by the above formula.

2) The total demand charge in any week, pursuant to a reservation for Daily On-Peak Delivery, or Daily Off-Peak Delivery shall not exceed the Weekly Delivery rate specified in section (1) above for weekly service times the highest amount in kilowatts of Reserved Capacity and any additional transmission service, if any, in any day during such week.

3) **Discounts:** Three principal requirements apply to discounts for transmission service as follows: (1) any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or

an Affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, the Transmission Provider must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on the Transmission System.

4) **Congestion, Losses and Capacity Export:** In addition to any payment under this Schedule, the Transmission Customer shall pay Redispatch Costs as specified in Section 27 of the Tariff. The Transmission Customer shall be responsible for losses as specified in the Tariff. Any Transmission Customer that is a Capacity Export Transmission Customer, shall pay any applicable charges, and receive any applicable credits, for such a customer pursuant to Attachment DD.

5) **Other Supporting Facilities and Taxes:** In addition to the rates set forth in section (1) of this schedule, the Transmission Customer shall pay charges determined on a case-by-case basis for facilities necessary to provide Transmission Service at voltages lower than those shown in Attachment H for the applicable Zone(s) and any amounts necessary to reimburse PJMSettlement for any amounts payable as sales, excise, "Btu," carbon, value-added or similar taxes (other than taxes based upon or measured by net income) with respect to the amounts payable pursuant to the Tariff.

6) **[Reserved]**

7) **Transmission Enhancement Charges.** Except for Points of Delivery at the Border of PJM, which are subject to the Border Yearly Charge determined under section 11, in addition to the rates set forth in section (1) of this Schedule and any other applicable charges, the Transmission Customer shall also pay any Transmission Enhancement Charges for which it is designated as a Responsible Customer under Schedule 12 appended to the Tariff.

8) **Determination of monthly charges for ComEd Zone:** On a monthly basis, revenue credits shall be calculated based on the sum of ComEd's share of revenues collected during the month from: (i) the PJM Border Rate under Schedule 7; (ii) Network Integration Transmission Service to Non-Zone Network Load under Attachment H-A; (iii) Seams Elimination Charge/Cost Adjustment/Assignment ("SECA") revenues allocable to ComEd under the Tariff; and (iv) any Point-To-Point Transmission Service where the Point of Receipt and the Point of Delivery are both internal to the ComEd Zone. On this basis, the sum of these revenues will appear as a reduction to the gross monthly rate stated above on a Transmission Customer's bill in that month for service under this schedule.

9) **Determination of monthly charges for AEP Zone:** On a monthly basis, revenue credits shall be calculated based on the sum of AEP's share of revenues collected during the month from: (i) the PJM Border Rate under Schedule 7; (ii) Network Integration Transmission Service to Non-Zone Network Load under Attachment H-A; and (iii) Firm Point-To-Point Transmission Service where the Point of Delivery is internal to the AEP Zone. The sum of these revenue credits will appear as an adjustment (reduction) to the gross monthly rate stated above on a Transmission Customer's bill in that month for service under this schedule.

10) **Resales:** The rates and rules governing charges and discounts stated above shall not apply to resales of transmission service, compensation for which shall be governed by section 23.1 of the Tariff.

11) **Determining the Border Yearly Charge**

(A) Formula for Determining the Border Yearly Charge

(i) Beginning with the calendar year 2020, the Border Yearly Charge shall be based on the following formula:

$$\text{BYC} = \text{SHRR} / \text{SZPL}$$

Where:

BYC is the Border Yearly Charge stated in dollars per kW of Reserved Capacity;

SHRR is the sum of the Revenue Requirements for each Transmission Owner used to determine charges for Network Integration Transmission Service either (a) stated in Attachment H for a Transmission Owner or (b) determined pursuant to a formula rate set forth in Attachment H, both as adjusted in accordance with this section (11)(A).

SZPL is the sum of each Zone's annual peak load (in kW) plus the peak day firm reservations for Point-to-Point service at the Border of PJM (in kW) subject to the charges set forth in section (1) herein (prior to any applicable discount) from the most recently completed 12-month period ending October 31.

(ii) Where the Revenue Requirement of a Transmission Owner is determined pursuant to a formula rate:

(a) the Revenue Requirement shall be increased by the amount of any revenue included in the Transmission Owner's formula rate as credits in determining the Revenue Requirement for Network Integration Transmission Service from: (i) Transmission Enhancement Charges; (ii) Firm Point-to-Point Transmission Service charges under Schedule 7; or (iii) Network Integration Transmission Service to Non-Zone Network Load under Attachment H-A that are included in the Transmission Owner's formula rate as revenue credits in determining the Revenue Requirement for Network Integration Transmission Service, if such credits are identified in the Transmission Owner's formula rate annual update; and

(b) (I) the Revenue Requirement shall be reduced by the amount of any credit applied directly to Network Customers to offset the cost of Network Integration Transmission Service, including credits to Network Customers resulting from: (i) a Network Upgrade Funding Agreement, Tariff, Attachment O-2; (ii) a State Agreement Public Policy Project subject to Tariff, Schedule 12, section (b)(xii)(B); (iii) agreements for transmission service entered into prior to a Transmission Owner signing the Consolidated Transmission Owners Agreement or any of its predecessor agreements or (iv) an entity executing an agreement by which such entity is obligated to pay for some, or all, of the Revenue Requirement of Transmission Facilities for which Network Customers would otherwise be responsible. (II) The Revenue Requirement for inclusion in the SHRR shall not be reduced by the amount of any credits for (i) Transmission Enhancement Charges;

(ii) Firm Point-to-Point Transmission Service charges under this Schedule 7; or (iii) Network Integration Transmission Service to Non-Zone Network Load under Tariff, Attachment H-A.

(B) The Transmission Provider shall update the Border Yearly Charge annually based on the Revenue Requirements for each Transmission Owner used to determine charges for Network Integration Transmission Service in effect on January 1, provided that such Revenue Requirements were approved by FERC, stated in a formula rate update informational filing with FERC, or posted on the Transmission Provider's website no later than the preceding October 31. The Border Yearly Charge so updated shall become effective as of January 1 and remain in effect for the remainder of the calendar year. Except as provided in subsection (D) of this section (11), any change to the data used to determine the Border Yearly Charge following October 31, including any change in the number or identity of Transmission Owners filing Revenue Requirements for Network Integration Transmission Service under Attachment H, shall not be reflected in Border Yearly Charge until the next annual update.

(C) Not later than the first Business Day of December each year, the Transmission Provider shall post on the Transmission Provider's website a "BYC Workbook" that shall include (1) all of the inputs and calculations used to determine the Border Yearly Charge, (2) references to the sources of the inputs used to determine the Border Yearly Charge from each Transmission Owner's stated or formula rate filing or posting, (3) a variance report detailing all changes to the calculations, inputs, or procedures used to determine the proposed Border Yearly Charge as compared to the calculations, inputs or procedures used to determine the Border Yearly Charge then in effect, and (4) contact information for the submission of inquiries or comments regarding the posted BYC Workbook. All inputs used to determine the SHRR must be taken either from a stated Revenue Requirement for Network Integration Transmission Service specified in Attachment H or from an identified entry in a Transmission Owner's formula rate update either filed with the FERC or posted on the Transmission Provider's website for the rate for Network Integration Transmission Service that will be in effect on January 1.

(D) Procedure for Review of and Challenge to the Border Yearly Charge Determination.

(i) Review of the Border Yearly Charge Determination.

(a) Within sixty (60) days of the posting of the BYC Workbook, Interested Parties, including entities with existing, requested or planned transmission service reservations for service at the Border of PJM ("Border Rate Transmission Customers"), state utility regulatory commissions, consumer advocacy agencies, state attorneys general, and any entity having standing under Section 206 of the Federal Power Act ("Interested Party"), may submit reasonable information requests to the Transmission Provider regarding its selection and use of inputs and the calculations performed in calculating the Border Yearly Charge, including the creation of the BYC Workbook, with respect to any adjustments made by the Transmission Provider, including adjustments made based on information provided by a Transmission Owner to the Transmission Provider: (1) to a Transmission Owner's Revenue Requirement for Network Integration Transmission Service prior to its inclusion as an input into the calculation of the SHRR for the Border Yearly Charge; (2) to the data used in determining SZPL; (3) to the Revenue Requirement of a

Transmission Owner in determining the Border Yearly Charge made in accordance with Section (11)(A)(ii); and (4) in response to any FERC orders approving or requiring changes to, or refunds associated with, a Transmission Owner's formula rate or resulting annual Revenue Requirement.

(b) The Transmission Provider shall respond to such reasonable information requests as soon as practicable, but no later than within forty-five (45) days of the receipt of the information request, unless it determines that additional time is required to respond. The Transmission Provider shall post any information requests received and its responses thereto on the Transmission Provider's website, provided that any responsive information that has been designated by a Transmission Owner as confidential pursuant to the provisions of the Operating Agreement or Consolidated Transmission Owners Agreement shall not be posted and shall be handled solely in accordance with such provisions. An Interested Party may request a meeting with the Transmission Provider and any interested Transmission Owner to discuss any response to an information request or any dispute regarding the calculation of the Border Yearly Charge annual update. The Transmission Provider and any interested Transmission Owner shall exercise good faith in responding to an Interested Party's meeting request and shall not unreasonably deny or delay such meeting in a manner that prejudices an Interested Party's opportunity to timely review the Border Yearly Charge annual update.

(c) At any time after posting of the BYC Workbook, but before a challenge pursuant to section (11)(D)(ii) ("Challenge") is filed, at the request of an Interested Party, the Transmission Provider will be required to meet with the Interested Party within ten (10) Business Days of such request in an attempt to resolve any dispute regarding the calculation of the Border Yearly Charge raised by the Interested Party in its meeting request. If the dispute relates to information from one or more Transmission Owners' Tariff, Attachment H stated or formula rate or Zonal peak load determination, the relevant Transmission Owner(s) will be notified by the Transmission Provider of the dispute and will be permitted to attend the meeting.

(d) If it is determined that the Border Yearly Charge is based on an incorrect input or calculation or FERC directs that a Transmission Owner's Revenue Requirement, upon which the Border Yearly Charge is based, be changed and implemented as a change to the Transmission Owner's rate for Network Integration Transmission Service at a time other than provided for in the Transmission Owner's formula rate protocols ("Changed Revenue Requirement"), the Transmission Provider shall change the Border Yearly Charge as necessary to account for such Changed Revenue Requirement and post on the Transmission Provider's website a revised BYC Workbook documenting the changes to the Border Yearly Charge to incorporate the correction or change. The correction to the Border Yearly Charge shall take effect no later than the first day of the month that begins 30 days after a correction is posted by the Transmission Provider or, if the correction or Changed Revenue Requirement results from a FERC order, on a schedule consistent with that order. Subject to the notice of correction described above, to the extent permitted by Tariff, Part I, section 10.4, PJM Settlement, on behalf of itself or as agent for the Transmission Provider, shall adjust the charges to Border Rate Transmission Customers with respect to any month prior to the effective date of the Changed Revenue Requirement being reflected in the Border Yearly Charge that is affected by the correction or Changed Revenue Requirement and refund or credit any amount paid in excess of the corrected Border Yearly Charge. Any correction under this subsection (D) shall be limited to any Changed Revenue Requirement and the Transmission Provider's selection and use of Border Yearly Charge inputs and the calculations necessary to determine the Border Yearly Charge. This section does not apply to a FERC order that changes a Transmission Owner's Revenue Requirement that is implemented through a true-up mechanism.

(e) If FERC issues an order directing or approving refunds associated with a Transmission Owner's Revenue Requirement that previously was, or currently is, incorporated into the SHRR to be paid to Network Integration Transmission Service customers, Border Rate Transmission Customers shall also receive a refund, to the extent that the changes in a Transmission Owner's Revenue Requirement upon which such refund is based affects the calculation of the Border Yearly Charge.

(f) Nothing in section (11) shall authorize an inquiry into the data or information filed or posted by a Transmission Owner as part of its transmission rate protocols pursuant to Tariff, Attachment H, or shall affect the rights that any Border Rate Transmission Customer may have under said protocols.

(ii) Challenge to the Border Yearly Charge Determination.

(a) An Interested Party may file with FERC a Challenge to the annual update of the Border Yearly Charge within ninety (90) days of the posting of the BYC Workbook or thirty (30) days of receiving a response to any information request it submitted under subsection (11)(D)(i)(a), whichever is later. Any such Challenge shall be served on Transmission Provider and each Transmission Owner with Revenue Requirements included in the BYC Workbook.

(b) A Challenge must specify and include adequate supporting documentation, detailing how the Transmission Provider's selection of inputs to or calculation of the Border Yearly Charge fails to comply with the provisions of this Schedule 7, section (11), identifying any input data or other BYC Workbook entry that is alleged to be missing or inaccurate or the Border Yearly Charge calculations alleged to be performed incorrectly.

(c) A Challenge must be limited to the Transmission Provider's selection and use of Border Yearly Charge inputs and the calculations necessary to determine the Border Yearly Charge and may not seek to modify Tariff, Schedules 7 and 8 or Attachment H-A or question the data or information filed or posted by a Transmission Owner pursuant to Tariff, Attachment H.

(d) The Transmission Provider and each Transmission Owner with Revenue Requirements included in the BYC Workbook shall have thirty (30) days to answer a Challenge.

(e) In any proceeding before the FERC in response to a Challenge, the Transmission Provider shall bear the burden, consistent with Section 205 of the FPA, of demonstrating that it has correctly applied the terms of this Schedule 7, section (11).

(E) When the Transmission Provider posts on its website a Border Yearly Charge annual update under subsection (C) or correction under subsection (D) of this section (11), it shall also make an informational filing with the FERC that includes such posting.

(F) A Transmission Customer taking Point-to-Point Transmission Service at the Border of PJM under this Schedule 7, including any discounted service pursuant to Section (3), is relieved from, and shall not be separately allocated or assigned Transmission Enhancement Charges under Schedule 12 §(c)(5) on the basis of its reservation of Firm Point-to-Point Transmission Service at the Border of PJM. Payment of the charges set forth in this Schedule does not relieve the responsibility of a Transmission Customer or Merchant Transmission Facility to pay Transmission Enhancement Charges assigned to such Merchant Transmission Facility, other than pursuant to Tariff, Schedule 12, §(c)(5), nor does it determine other cost obligations of Transmission Customers or Merchant Transmission Facilities that may be imposed under other provisions of the Tariff.

(G) Point-to-Point Transmission Service at the Border of PJM includes service to a Point of Delivery at a Merchant Transmission Facility that provides service to a neighboring transmission system.

(H) Customers taking Point-to-Point Transmission Service at the Border of PJM with a Point of Delivery at a Merchant Transmission Facility and not receiving a discount from the Border Yearly Charge pursuant to this Schedule 7, section (3) under the settlement entered into in FERC Docket No. ER19-2105, shall receive a credit determined in accordance with the following formula:

$$MTFC = BYC * MTFTEC / SHRR$$

Where:

MTFC is the credit to the Border Yearly Charge per kW of reserved capacity;

BYC is the Border Yearly Charge;

MTFTEC is the total annual Transmission Enhancement Charges under Tariff, Schedule 12 applicable to the Merchant Transmission Facility to which the customer is taking Point-to-Point Transmission Service during the current calendar year; and

SHRR is the amount determined pursuant to subsection (A) of this section (11).

The MTFC shall be credited on a monthly basis only for those months during which the customer takes Firm Point-to-Point Transmission Service to the Merchant Transmission Facility.

Schedule 7

Version effective 5/3/2020

SCHEDULE 7
Long-Term Firm and Short-Term Firm Point-To-Point
Transmission Service

1) The Transmission Customer shall pay each month for Reserved Capacity at the sum of the applicable charges set forth below for the Point of Delivery:

Summary of Charges
(in \$/kW)

Point of Delivery	Yearly Charge	Monthly Charge	Weekly Charge	Daily On-Peak ^{1/} Charge	Daily Off-Peak ^{2/} Charge
Border of PJM ^{3/}	Border Yearly Charge established pursuant to section 11 below	Yearly Charge /12	Yearly Charge /52	Weekly Charge /5	Weekly Charge /7
AE Zone	23.809	1.984	0.4580	0.0920	0.0650
BGE Zone	15.675	1.306	0.3010	0.0600	0.0430
Delmarva Zone	19.378	1.615	0.3730	0.0750	0.0530
JCPL Zone	15.112	1.259	0.2906	0.0581	0.0414
MetEd Zone	15.112	1.259	0.2906	0.0581	0.0414
Penelec Zone	15.112	1.259	0.2906	0.0581	0.0414
PECO Zone	26.264	2.189	0.5051	0.1010	0.0722
PPL Zone: Total charge is the sum of the components	PPL: * AEC: 0.463 UGI: *	PPL: * AEC: 0.039 UGI: *	PPL: * AEC: 0.0089 UGI: *	PPL: * AEC: 0.0018 UGI: *	PPL: * AEC: 0.0013 UGI: *

Point of Delivery	Yearly Charge	Monthly Charge	Weekly Charge	Daily On-Peak ^{1/} Charge	Daily Off-Peak ^{2/} Charge
Pepco Zone	20.999	1.750	0.4040	0.0810	0.0580
PSE&G Zone	23.696	1.975	0.4557	0.0911	0.0651
AP Zone	20.847	1.737	0.4009	0.0802	0.0573
Rockland Zone	42.548	3.546	0.8182	0.1636	0.1169
ComEd Zone ^{4/}	^{5/}				
AEP East Zone ^{6/}	Rate Pursuant to Attachment H-14 and Attachment H-20	Rate Pursuant to Attachment H-14 and Attachment H-20	Rate Pursuant to Attachment H-14 and Attachment H-20	Rate Pursuant to Attachment H-14 and Attachment H-20	Rate Pursuant to Attachment H-14 and Attachment H-20
Dayton Zone	Rate Pursuant to Attachment H-15	Rate Pursuant to Attachment H-15	Rate Pursuant to Attachment H-15	Rate Pursuant to Attachment H-15	Rate Pursuant to Attachment H-15
Duquesne Zone	14.17	1.18	0.27	0.0540	0.0386
Dominion Zone ^{7/}					
ATSI Zone	Rate Pursuant to Attachment H-21	Rate Pursuant to Attachment H-21	Rate Pursuant to Attachment H-21	Rate Pursuant to Attachment H-21	Rate Pursuant to Attachment H-21
DEOK Zone	Rate Pursuant to Attachment H-22	Rate Pursuant to Attachment H-22	Rate Pursuant to Attachment H-22	Rate Pursuant to Attachment H-22	Rate Pursuant to Attachment H-22
EKPC Zone	Rate Pursuant to Attachment H-24	Rate Pursuant to Attachment H-24	Rate Pursuant to Attachment H-24	Rate Pursuant to Attachment H-24	Rate Pursuant to Attachment H-24
OVEC Zone	5.16	0.43	0.10	0.02	0.014

* PPL Electric Utilities Corporation's and UGI Utilities' respective component of the total charge is posted on the PJM Internet website.

- 1/ Monday – Friday except the following holidays: New Years Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.
- 2/ Saturday and Sunday and the following holidays: New Years Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.
- 3/ The charge for Points of Delivery at the Border of PJM shall not apply to any Reserved Capacity with a Point of Delivery of the Midcontinent Independent Transmission System Operator, Inc.
- 4/ Each month, revenue credits will be applied to the gross charge in accordance with section 8 below to determine the actual charge to the Transmission Customer.
- 5/ The charges for the ComEd zone are posted on PJM's website. In addition to other rates set forth in this schedule, customers within the ComEd zone shall be charged for recovery of RTO start-up costs at the following rates, each computed to four decimal places:

Annual Rate - $\$/\text{kW}/\text{year} = \$1,523,039$, divided by the 1 CP demand for the ComEd zone for the prior calendar year;

Monthly Rate - $\$/\text{kW}/\text{month} = \text{Annual Rate divided by } 12$;

Weekly Rate - $\$/\text{kW}/\text{week} = \text{Annual Rate divided by } 52$;

Daily Rate - $\$/\text{kW}/\text{day} = \text{Weekly Rate divided by } 5$.

In order to ensure that the charge does not result in either an over-recovery or under-recovery of ComEd's start-up costs, PJM will institute an annual true-up mechanism in the month of May of each of the years 2008-2014. In May of each of those years, PJM will compare the amount collected under this charge for the previous 12 months with the target annual amount of \$1,523,039 and calculate any credits or surcharges that would be needed to ensure that \$1,523,039 is collected for each year. Any credit or surcharge will be assessed in the June bills for years 2008-2014, consistent with the above methodology.

- 6/ The rates for firm point-to-point transmission service in the AEP Zone will be charged at the yearly, monthly, weekly or daily rate equivalent to the rate effective in such period under Attachments H-14 and H-20. In addition to other rates set forth in this schedule, customers within the AEP East Zone shall be charged for recovery of RTO start-up costs at the following rates, each computed to four decimal places:

Annual Rate - $\$/\text{kW}/\text{year} = \$2,362,185$, plus any applicable true-up adjustment, divided by the 1 CP demand for the AEP East Zone for the prior calendar year;

Monthly Rate - $\$/\text{kW}/\text{month} = \text{Annual Rate divided by } 12$;

Weekly Rate - $\$/\text{kW}/\text{week} = \text{Annual Rate divided by } 52$;

Daily Rate - $\$/\text{kW}/\text{day} = \text{Weekly Rate divided by } 5$.

For the period November 1, 2005 through March 31, 2006, the rate shall be \$8.94/MW-month; for the period April 1 through December 31, 2006, the rate shall be \$8.60/MW-month, thereafter, the rate will be subject to the following true-up:

In order to ensure that the charge does not result in either over-recovery or under-recovery of AEP's start-up costs, PJM will institute an annual true-up mechanism and implement revised charges as of January 1st of each of the years 2007-2019. In January of each of those years, PJM will compare the amount collected under this charge for the previous year or part thereof with the target annual amount of \$2,362,185 and calculate the rates that would be needed, given the expected billing demands, to collect \$2,362,185, adjusted for any prior year over-collection or under-collection. In the final year that the rate is collected, PJM will calculate the rate to collect five-twelfths of the annual amount (\$984,244), plus or minus any prior year true up amount, by May 31 of that year, and shall charge such rate until that amount is collected, whether that date be before or after May 31, 2020.

7/ The service period charges rounded to four decimal places for the Dominion Zone are as follows:

Yearly Charge - $\$/kW/year$ = the formula rate for Network Integration Transmission Service as described in Attachment H-16 and Attachment H-16A divided by 1000 kW/MW

Monthly Charge - $\$/kW/month$. = Yearly Charge divided by 12;

Weekly Charge - $\$/kW/week$ = Yearly Charge divided by 52;

Daily On-Peak Charge - $\$/kW/day$ = Weekly Charge divided by 5;

Daily Off-Peak Charge - $\$/kW/day$ = Weekly Charge divided by 7.

On a monthly basis, revenue credits shall be calculated based on the sum of VEPCO's share of revenues collected during the month from Schedule 7 and Network Integration Transmission Service to Non-Zone Network Load under Attachment H-A. The sum of these revenue credits will appear as an adjustment to the to the gross monthly service period charges produced by the above formula.

2) The total demand charge in any week, pursuant to a reservation for Daily On-Peak Delivery, or Daily Off-Peak Delivery shall not exceed the Weekly Delivery rate specified in section (1) above for weekly service times the highest amount in kilowatts of Reserved Capacity and any additional transmission service, if any, in any day during such week.

3) **Discounts:** Three principal requirements apply to discounts for transmission service as follows: (1) any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or

an Affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, the Transmission Provider must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on the Transmission System.

4) **Congestion, Losses and Capacity Export:** In addition to any payment under this Schedule, the Transmission Customer shall pay Redispatch Costs as specified in Section 27 of the Tariff. The Transmission Customer shall be responsible for losses as specified in the Tariff. Any Transmission Customer that is a Capacity Export Transmission Customer, shall pay any applicable charges, and receive any applicable credits, for such a customer pursuant to Attachment DD.

5) **Other Supporting Facilities and Taxes:** In addition to the rates set forth in section (1) of this schedule, the Transmission Customer shall pay charges determined on a case-by-case basis for facilities necessary to provide Transmission Service at voltages lower than those shown in Attachment H for the applicable Zone(s) and any amounts necessary to reimburse PJMSettlement for any amounts payable as sales, excise, "Btu," carbon, value-added or similar taxes (other than taxes based upon or measured by net income) with respect to the amounts payable pursuant to the Tariff.

6) **[Reserved]**

7) **Transmission Enhancement Charges.** Except for Points of Delivery at the Border of PJM, which are subject to the Border Yearly Charge determined under section 11, in addition to the rates set forth in section (1) of this Schedule and any other applicable charges, the Transmission Customer shall also pay any Transmission Enhancement Charges for which it is designated as a Responsible Customer under Schedule 12 appended to the Tariff.

8) **Determination of monthly charges for ComEd Zone:** On a monthly basis, revenue credits shall be calculated based on the sum of ComEd's share of revenues collected during the month from: (i) the PJM Border Rate under Schedule 7; (ii) Network Integration Transmission Service to Non-Zone Network Load under Attachment H-A; (iii) Seams Elimination Charge/Cost Adjustment/Assignment ("SECA") revenues allocable to ComEd under the Tariff; and (iv) any Point-To-Point Transmission Service where the Point of Receipt and the Point of Delivery are both internal to the ComEd Zone. On this basis, the sum of these revenues will appear as a reduction to the gross monthly rate stated above on a Transmission Customer's bill in that month for service under this schedule.

9) **Determination of monthly charges for AEP Zone:** On a monthly basis, revenue credits shall be calculated based on the sum of AEP's share of revenues collected during the month from: (i) the PJM Border Rate under Schedule 7; (ii) Network Integration Transmission Service to Non-Zone Network Load under Attachment H-A; and (iii) Firm Point-To-Point Transmission Service where the Point of Delivery is internal to the AEP Zone. The sum of these revenue credits will appear as an adjustment (reduction) to the gross monthly rate stated above on a Transmission Customer's bill in that month for service under this schedule.

10) **Resales:** The rates and rules governing charges and discounts stated above shall not apply to resales of transmission service, compensation for which shall be governed by section 23.1 of the Tariff.

11) **Determining the Border Yearly Charge**

(A) Formula for Determining the Border Yearly Charge

(i) Beginning with the calendar year 2020, the Border Yearly Charge shall be based on the following formula:

$$\text{BYC} = \text{SHRR} / \text{SZPL}$$

Where:

BYC is the Border Yearly Charge stated in dollars per kW of Reserved Capacity;

SHRR is the sum of the Revenue Requirements for each Transmission Owner used to determine charges for Network Integration Transmission Service either (a) stated in Attachment H for a Transmission Owner or (b) determined pursuant to a formula rate set forth in Attachment H, both as adjusted in accordance with this section (11)(A).

SZPL is the sum of each Zone's annual peak load (in kW) plus the peak day firm reservations for Point-to-Point service at the Border of PJM (in kW) subject to the charges set forth in section (1) herein (prior to any applicable discount) from the most recently completed 12-month period ending October 31.

(ii) Where the Revenue Requirement of a Transmission Owner is determined pursuant to a formula rate:

(a) the Revenue Requirement shall be increased by the amount of any revenue included in the Transmission Owner's formula rate as credits in determining the Revenue Requirement for Network Integration Transmission Service from: (i) Transmission Enhancement Charges; (ii) Firm Point-to-Point Transmission Service charges under Schedule 7; or (iii) Network Integration Transmission Service to Non-Zone Network Load under Attachment H-A that are included in the Transmission Owner's formula rate as revenue credits in determining the Revenue Requirement for Network Integration Transmission Service, if such credits are identified in the Transmission Owner's formula rate annual update; and

(b) (I) the Revenue Requirement shall be reduced by the amount of any credit applied directly to Network Customers to offset the cost of Network Integration Transmission Service, including credits to Network Customers resulting from: (i) a Network Upgrade Funding Agreement, Tariff, Attachment O-2; (ii) a State Agreement Public Policy Project subject to Tariff, Schedule 12, section (b)(xii)(B); (iii) agreements for transmission service entered into prior to a Transmission Owner signing the Consolidated Transmission Owners Agreement or any of its predecessor agreements or (iv) an entity executing an agreement by which such entity is obligated to pay for some, or all, of the Revenue Requirement of Transmission Facilities for which Network Customers would otherwise be responsible. (II) The Revenue Requirement for inclusion in the SHRR shall not be reduced by the amount of any credits for (i) Transmission Enhancement Charges;

(ii) Firm Point-to-Point Transmission Service charges under this Schedule 7; or (iii) Network Integration Transmission Service to Non-Zone Network Load under Tariff, Attachment H-A.

(B) The Transmission Provider shall update the Border Yearly Charge annually based on the Revenue Requirements for each Transmission Owner used to determine charges for Network Integration Transmission Service in effect on January 1, provided that such Revenue Requirements were approved by FERC, stated in a formula rate update informational filing with FERC, or posted on the Transmission Provider's website no later than the preceding October 31. The Border Yearly Charge so updated shall become effective as of January 1 and remain in effect for the remainder of the calendar year. Except as provided in subsection (D) of this section (11), any change to the data used to determine the Border Yearly Charge following October 31, including any change in the number or identity of Transmission Owners filing Revenue Requirements for Network Integration Transmission Service under Attachment H, shall not be reflected in Border Yearly Charge until the next annual update.

(C) Not later than the first Business Day of December each year, the Transmission Provider shall post on the Transmission Provider's website a "BYC Workbook" that shall include (1) all of the inputs and calculations used to determine the Border Yearly Charge, (2) references to the sources of the inputs used to determine the Border Yearly Charge from each Transmission Owner's stated or formula rate filing or posting, (3) a variance report detailing all changes to the calculations, inputs, or procedures used to determine the proposed Border Yearly Charge as compared to the calculations, inputs or procedures used to determine the Border Yearly Charge then in effect, and (4) contact information for the submission of inquiries or comments regarding the posted BYC Workbook. All inputs used to determine the SHRR must be taken either from a stated Revenue Requirement for Network Integration Transmission Service specified in Attachment H or from an identified entry in a Transmission Owner's formula rate update either filed with the FERC or posted on the Transmission Provider's website for the rate for Network Integration Transmission Service that will be in effect on January 1.

(D) Procedure for Review of and Challenge to the Border Yearly Charge Determination.

(i) Review of the Border Yearly Charge Determination.

(a) Within sixty (60) days of the posting of the BYC Workbook, Interested Parties, including entities with existing, requested or planned transmission service reservations for service at the Border of PJM ("Border Rate Transmission Customers"), state utility regulatory commissions, consumer advocacy agencies, state attorneys general, and any entity having standing under Section 206 of the Federal Power Act ("Interested Party"), may submit reasonable information requests to the Transmission Provider regarding its selection and use of inputs and the calculations performed in calculating the Border Yearly Charge, including the creation of the BYC Workbook, with respect to any adjustments made by the Transmission Provider, including adjustments made based on information provided by a Transmission Owner to the Transmission Provider: (1) to a Transmission Owner's Revenue Requirement for Network Integration Transmission Service prior to its inclusion as an input into the calculation of the SHRR for the Border Yearly Charge; (2) to the data used in determining SZPL; (3) to the Revenue Requirement of a

Transmission Owner in determining the Border Yearly Charge made in accordance with Section (11)(A)(ii); and (4) in response to any FERC orders approving or requiring changes to, or refunds associated with, a Transmission Owner's formula rate or resulting annual Revenue Requirement.

(b) The Transmission Provider shall respond to such reasonable information requests as soon as practicable, but no later than within forty-five (45) days of the receipt of the information request, unless it determines that additional time is required to respond. The Transmission Provider shall post any information requests received and its responses thereto on the Transmission Provider's website, provided that any responsive information that has been designated by a Transmission Owner as confidential pursuant to the provisions of the Operating Agreement or Consolidated Transmission Owners Agreement shall not be posted and shall be handled solely in accordance with such provisions. An Interested Party may request a meeting with the Transmission Provider and any interested Transmission Owner to discuss any response to an information request or any dispute regarding the calculation of the Border Yearly Charge annual update. The Transmission Provider and any interested Transmission Owner shall exercise good faith in responding to an Interested Party's meeting request and shall not unreasonably deny or delay such meeting in a manner that prejudices an Interested Party's opportunity to timely review the Border Yearly Charge annual update.

(c) At any time after posting of the BYC Workbook, but before a challenge pursuant to section (11)(D)(ii) ("Challenge") is filed, at the request of an Interested Party, the Transmission Provider will be required to meet with the Interested Party within ten (10) Business Days of such request in an attempt to resolve any dispute regarding the calculation of the Border Yearly Charge raised by the Interested Party in its meeting request. If the dispute relates to information from one or more Transmission Owners' Tariff, Attachment H stated or formula rate or Zonal peak load determination, the relevant Transmission Owner(s) will be notified by the Transmission Provider of the dispute and will be permitted to attend the meeting.

(d) If it is determined that the Border Yearly Charge is based on an incorrect input or calculation or FERC directs that a Transmission Owner's Revenue Requirement, upon which the Border Yearly Charge is based, be changed and implemented as a change to the Transmission Owner's rate for Network Integration Transmission Service at a time other than provided for in the Transmission Owner's formula rate protocols ("Changed Revenue Requirement"), the Transmission Provider shall change the Border Yearly Charge as necessary to account for such Changed Revenue Requirement and post on the Transmission Provider's website a revised BYC Workbook documenting the changes to the Border Yearly Charge to incorporate the correction or change. The correction to the Border Yearly Charge shall take effect no later than the first day of the month that begins 30 days after a correction is posted by the Transmission Provider or, if the correction or Changed Revenue Requirement results from a FERC order, on a schedule consistent with that order. Subject to the notice of correction described above, to the extent permitted by Tariff, Part I, section 10.4, PJM Settlement, on behalf of itself or as agent for the Transmission Provider, shall adjust the charges to Border Rate Transmission Customers with respect to any month prior to the effective date of the Changed Revenue Requirement being reflected in the Border Yearly Charge that is affected by the correction or Changed Revenue Requirement and refund or credit any amount paid in excess of the corrected Border Yearly Charge. Any correction under this subsection (D) shall be limited to any Changed Revenue Requirement and the Transmission Provider's selection and use of Border Yearly Charge inputs and the calculations necessary to determine the Border Yearly Charge. This section does not apply to a FERC order that changes a Transmission Owner's Revenue Requirement that is implemented through a true-up mechanism.

(e) If FERC issues an order directing or approving refunds associated with a Transmission Owner's Revenue Requirement that previously was, or currently is, incorporated into the SHRR to be paid to Network Integration Transmission Service customers, Border Rate Transmission Customers shall also receive a refund, to the extent that the changes in a Transmission Owner's Revenue Requirement upon which such refund is based affects the calculation of the Border Yearly Charge.

(f) Nothing in section (11) shall authorize an inquiry into the data or information filed or posted by a Transmission Owner as part of its transmission rate protocols pursuant to Tariff, Attachment H, or shall affect the rights that any Border Rate Transmission Customer may have under said protocols.

(ii) Challenge to the Border Yearly Charge Determination.

(a) An Interested Party may file with FERC a Challenge to the annual update of the Border Yearly Charge within ninety (90) days of the posting of the BYC Workbook or thirty (30) days of receiving a response to any information request it submitted under subsection (11)(D)(i)(a), whichever is later. Any such Challenge shall be served on Transmission Provider and each Transmission Owner with Revenue Requirements included in the BYC Workbook.

(b) A Challenge must specify and include adequate supporting documentation, detailing how the Transmission Provider's selection of inputs to or calculation of the Border Yearly Charge fails to comply with the provisions of this Schedule 7, section (11), identifying any input data or other BYC Workbook entry that is alleged to be missing or inaccurate or the Border Yearly Charge calculations alleged to be performed incorrectly.

(c) A Challenge must be limited to the Transmission Provider's selection and use of Border Yearly Charge inputs and the calculations necessary to determine the Border Yearly Charge and may not seek to modify Tariff, Schedules 7 and 8 or Attachment H-A or question the data or information filed or posted by a Transmission Owner pursuant to Tariff, Attachment H.

(d) The Transmission Provider and each Transmission Owner with Revenue Requirements included in the BYC Workbook shall have thirty (30) days to answer a Challenge.

(e) In any proceeding before the FERC in response to a Challenge, the Transmission Provider shall bear the burden, consistent with Section 205 of the FPA, of demonstrating that it has correctly applied the terms of this Schedule 7, section (11).

(E) When the Transmission Provider posts on its website a Border Yearly Charge annual update under subsection (C) or correction under subsection (D) of this section (11), it shall also make an informational filing with the FERC that includes such posting.

(F) A Transmission Customer taking Point-to-Point Transmission Service at the Border of PJM under this Schedule 7, including any discounted service pursuant to Section (3), is relieved from, and shall not be separately allocated or assigned Transmission Enhancement Charges under Schedule 12 §(c)(5) on the basis of its reservation of Firm Point-to-Point Transmission Service at the Border of PJM. Payment of the charges set forth in this Schedule does not relieve the responsibility of a Transmission Customer or Merchant Transmission Facility to pay Transmission Enhancement Charges assigned to such Merchant Transmission Facility, other than pursuant to Tariff, Schedule 12, §(c)(5), nor does it determine other cost obligations of Transmission Customers or Merchant Transmission Facilities that may be imposed under other provisions of the Tariff.

(G) Point-to-Point Transmission Service at the Border of PJM includes service to a Point of Delivery at a Merchant Transmission Facility that provides service to a neighboring transmission system.

(H) Customers taking Point-to-Point Transmission Service at the Border of PJM with a Point of Delivery at a Merchant Transmission Facility and not receiving a discount from the Border Yearly Charge pursuant to this Schedule 7, section (3) under the settlement entered into in FERC Docket No. ER19-2105, shall receive a credit determined in accordance with the following formula:

$$MTFC = BYC * MTFTEC / SHRR$$

Where:

MTFC is the credit to the Border Yearly Charge per kW of reserved capacity;

BYC is the Border Yearly Charge;

MTFTEC is the total annual Transmission Enhancement Charges under Tariff, Schedule 12 applicable to the Merchant Transmission Facility to which the customer is taking Point-to-Point Transmission Service during the current calendar year; and

SHRR is the amount determined pursuant to subsection (A) of this section (11).

The MTFC shall be credited on a monthly basis only for those months during which the customer takes Firm Point-to-Point Transmission Service to the Merchant Transmission Facility.

Schedule 7

Version effective 1/1/2021

SCHEDULE 7
Long-Term Firm and Short-Term Firm Point-To-Point
Transmission Service

1) The Transmission Customer shall pay each month for Reserved Capacity at the sum of the applicable charges set forth below for the Point of Delivery:

Summary of Charges
(in \$/kW)

Point of Delivery	Yearly Charge	Monthly Charge	Weekly Charge	Daily On-Peak ^{1/} Charge	Daily Off-Peak ^{2/} Charge
Border of PJM ^{3/}	Border Yearly Charge established pursuant to section 11 below	Yearly Charge /12	Yearly Charge /52	Weekly Charge /5	Weekly Charge /7
AE Zone	23.809	1.984	0.4580	0.0920	0.0650
BGE Zone	15.675	1.306	0.3010	0.0600	0.0430
Delmarva Zone	19.378	1.615	0.3730	0.0750	0.0530
JCPL Zone	15.112	1.259	0.2906	0.0581	0.0414
MetEd Zone	15.112	1.259	0.2906	0.0581	0.0414
Penelec Zone	15.112	1.259	0.2906	0.0581	0.0414
PECO Zone	26.264	2.189	0.5051	0.1010	0.0722
PPL Zone: Total charge is the sum of the components	PPL: * AEC: 0.463 UGI: *	PPL: * AEC: 0.039 UGI: *	PPL: * AEC: 0.0089 UGI: *	PPL: * AEC: 0.0018 UGI: *	PPL: * AEC: 0.0013 UGI: *

Point of Delivery	Yearly Charge	Monthly Charge	Weekly Charge	Daily On-Peak ^{1/} Charge	Daily Off-Peak ^{2/} Charge
Pepco Zone	20.999	1.750	0.4040	0.0810	0.0580
PSE&G Zone	23.696	1.975	0.4557	0.0911	0.0651
AP Zone	Rate Pursuant to Attachment H-11 and Attachment H-34	Rate Pursuant to Attachment H-11 and Attachment H-34	Rate Pursuant to Attachment H-11 and Attachment H-34	Rate Pursuant to Attachment H-11 and Attachment H-34	Rate Pursuant to Attachment H-11 and Attachment H-34
Rockland Zone	42.548	3.546	0.8182	0.1636	0.1169
ComEd Zone ^{4/}	^{5/}				
AEP East Zone ^{6/}	Rate Pursuant to Attachment H-14 and Attachment H-20	Rate Pursuant to Attachment H-14 and Attachment H-20	Rate Pursuant to Attachment H-14 and Attachment H-20	Rate Pursuant to Attachment H-14 and Attachment H-20	Rate Pursuant to Attachment H-14 and Attachment H-20
Dayton Zone	Rate Pursuant to Attachment H-15	Rate Pursuant to Attachment H-15	Rate Pursuant to Attachment H-15	Rate Pursuant to Attachment H-15	Rate Pursuant to Attachment H-15
Duquesne Zone	14.17	1.18	0.27	0.0540	0.0386
Dominion Zone ^{7/}					
ATSI Zone	Rate Pursuant to Attachment H-21	Rate Pursuant to Attachment H-21	Rate Pursuant to Attachment H-21	Rate Pursuant to Attachment H-21	Rate Pursuant to Attachment H-21
DEOK Zone	Rate Pursuant to Attachment H-22	Rate Pursuant to Attachment H-22	Rate Pursuant to Attachment H-22	Rate Pursuant to Attachment H-22	Rate Pursuant to Attachment H-22
EKPC Zone	Rate Pursuant to Attachment H-24	Rate Pursuant to Attachment H-24	Rate Pursuant to Attachment H-24	Rate Pursuant to Attachment H-24	Rate Pursuant to Attachment H-24

OVEC Zone	5.16	0.43	0.10	0.02	0.014
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* PPL Electric Utilities Corporation’s and UGI Utilities’ respective component of the total charge is posted on the PJM Internet website.

- 1/ Monday – Friday except the following holidays: New Years Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.
- 2/ Saturday and Sunday and the following holidays: New Years Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.
- 3/ The charge for Points of Delivery at the Border of PJM shall not apply to any Reserved Capacity with a Point of Delivery of the Midcontinent Independent Transmission System Operator, Inc.
- 4/ Each month, revenue credits will be applied to the gross charge in accordance with section 8 below to determine the actual charge to the Transmission Customer.
- 5/ The charges for the ComEd zone are posted on PJM’s website. In addition to other rates set forth in this schedule, customers within the ComEd zone shall be charged for recovery of RTO start-up costs at the following rates, each computed to four decimal places:

Annual Rate - \$/kW/year = \$1,523,039, divided by the 1 CP demand for the ComEd zone for the prior calendar year;

Monthly Rate - \$/kW/month. = Annual Rate divided by 12;

Weekly Rate - \$/kW/week = Annual Rate divided by 52;

Daily Rate - \$/kW/day = Weekly Rate divided by 5.

In order to ensure that the charge does not result in either an over-recovery or under-recovery of ComEd’s start-up costs, PJM will institute an annual true-up mechanism in the month of May of each of the years 2008-2014. In May of each of those years, PJM will compare the amount collected under this charge for the previous 12 months with the target annual amount of \$1,523,039 and calculate any credits or surcharges that would be needed to ensure that \$1,523,039 is collected for each year. Any credit or surcharge will be assessed in the June bills for years 2008-2014, consistent with the above methodology.

- 6/ The rates for firm point-to-point transmission service in the AEP Zone will be charged at the yearly, monthly, weekly or daily rate equivalent to the rate effective in such period under Attachments H-14 and H-20. In addition to other rates set forth in this schedule, customers within the AEP East Zone shall be charged for recovery of RTO start-up costs at the following rates, each computed to four decimal places:

Annual Rate - \$/kW/year = \$2,362,185, plus any applicable true-up adjustment, divided by the 1 CP demand for the AEP East Zone for the prior calendar year;

Monthly Rate - \$/kW/month. = Annual Rate divided by 12;

Weekly Rate - \$/kW/week = Annual Rate divided by 52;

Daily Rate - \$/kW/day = Weekly Rate divided by 5.

For the period November 1, 2005 through March 31, 2006, the rate shall be \$8.94/MW-month; for the period April 1 through December 31, 2006, the rate shall be \$8.60/MW-month, thereafter, the rate will be subject to the following true-up:

In order to ensure that the charge does not result in either over-recovery or under-recovery of AEP's start-up costs, PJM will institute an annual true-up mechanism and implement revised charges as of January 1st of each of the years 2007-2019. In January of each of those years, PJM will compare the amount collected under this charge for the previous year or part thereof with the target annual amount of \$2,362,185 and calculate the rates that would be needed, given the expected billing demands, to collect \$2,362,185, adjusted for any prior year over-collection or under-collection. In the final year that the rate is collected, PJM will calculate the rate to collect five-twelfths of the annual amount (\$984,244), plus or minus any prior year true up amount, by May 31 of that year, and shall charge such rate until that amount is collected, whether that date be before or after May 31, 2020.

7/ The service period charges rounded to four decimal places for the Dominion Zone are as follows:

Yearly Charge - $\$/kW/year$ = the formula rate for Network Integration Transmission Service as described in Attachment H-16 and Attachment H-16A divided by 1000 kW/MW

Monthly Charge - $\$/kW/month$ = Yearly Charge divided by 12;

Weekly Charge - $\$/kW/week$ = Yearly Charge divided by 52;

Daily On-Peak Charge - $\$/kW/day$ = Weekly Charge divided by 5;

Daily Off-Peak Charge - $\$/kW/day$ = Weekly Charge divided by 7.

On a monthly basis, revenue credits shall be calculated based on the sum of VEPCO's share of revenues collected during the month from Schedule 7 and Network Integration Transmission Service to Non-Zone Network Load under Attachment H-A. The sum of these revenue credits will appear as an adjustment to the to the gross monthly service period charges produced by the above formula.

2) The total demand charge in any week, pursuant to a reservation for Daily On-Peak Delivery, or Daily Off-Peak Delivery shall not exceed the Weekly Delivery rate specified in section (1) above for weekly service times the highest amount in kilowatts of Reserved Capacity and any additional transmission service, if any, in any day during such week.

- 3) **Discounts:** Three principal requirements apply to discounts for transmission service as follows: (1) any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an Affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, the Transmission Provider must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on the Transmission System.
- 4) **Congestion, Losses and Capacity Export:** In addition to any payment under this Schedule, the Transmission Customer shall pay Redispatch Costs as specified in Section 27 of the Tariff. The Transmission Customer shall be responsible for losses as specified in the Tariff. Any Transmission Customer that is a Capacity Export Transmission Customer, shall pay any applicable charges, and receive any applicable credits, for such a customer pursuant to Attachment DD.
- 5) **Other Supporting Facilities and Taxes:** In addition to the rates set forth in section (1) of this schedule, the Transmission Customer shall pay charges determined on a case-by-case basis for facilities necessary to provide Transmission Service at voltages lower than those shown in Attachment H for the applicable Zone(s) and any amounts necessary to reimburse PJMSettlement for any amounts payable as sales, excise, "Btu," carbon, value-added or similar taxes (other than taxes based upon or measured by net income) with respect to the amounts payable pursuant to the Tariff.
- 6) **[Reserved]**
- 7) **Transmission Enhancement Charges.** Except for Points of Delivery at the Border of PJM, which are subject to the Border Yearly Charge determined under section 11, in addition to the rates set forth in section (1) of this Schedule and any other applicable charges, the Transmission Customer shall also pay any Transmission Enhancement Charges for which it is designated as a Responsible Customer under Schedule 12 appended to the Tariff.
- 8) **Determination of monthly charges for ComEd Zone:** On a monthly basis, revenue credits shall be calculated based on the sum of ComEd's share of revenues collected during the month from: (i) the PJM Border Rate under Schedule 7; (ii) Network Integration Transmission Service to Non-Zone Network Load under Attachment H-A; (iii) Seams Elimination Charge/Cost Adjustment/Assignment ("SECA") revenues allocable to ComEd under the Tariff; and (iv) any Point-To-Point Transmission Service where the Point of Receipt and the Point of Delivery are both internal to the ComEd Zone. On this basis, the sum of these revenues will appear as a reduction to the gross monthly rate stated above on a Transmission Customer's bill in that month for service under this schedule.
- 9) **Determination of monthly charges for AEP Zone:** On a monthly basis, revenue credits shall be calculated based on the sum of AEP's share of revenues collected during the month from: (i) the PJM Border Rate under Schedule 7; (ii) Network Integration Transmission Service to Non-Zone Network Load under Attachment H-A; and (iii) Firm Point-To-Point Transmission Service where the Point of Delivery is internal to the AEP Zone. The sum of these revenue credits will appear as an adjustment (reduction) to the gross monthly rate stated above on a Transmission Customer's bill in that month for service under this schedule.

10) **Resales:** The rates and rules governing charges and discounts stated above shall not apply to resales of transmission service, compensation for which shall be governed by section 23.1 of the Tariff.

11) **Determining the Border Yearly Charge**

(A) Formula for Determining the Border Yearly Charge

(i) Beginning with the calendar year 2020, the Border Yearly Charge shall be based on the following formula:

$$\text{BYC} = \text{SHRR}/\text{SZPL}$$

Where:

BYC is the Border Yearly Charge stated in dollars per kW of Reserved Capacity;

SHRR is the sum of the Revenue Requirements for each Transmission Owner used to determine charges for Network Integration Transmission Service either (a) stated in Attachment H for a Transmission Owner or (b) determined pursuant to a formula rate set forth in Attachment H, both as adjusted in accordance with this section (11)(A).

SZPL is the sum of each Zone's annual peak load (in kW) plus the peak day firm reservations for Point-to-Point service at the Border of PJM (in kW) subject to the charges set forth in section (1) herein (prior to any applicable discount) from the most recently completed 12-month period ending October 31.

(ii) Where the Revenue Requirement of a Transmission Owner is determined pursuant to a formula rate:

(a) the Revenue Requirement shall be increased by the amount of any revenue included in the Transmission Owner's formula rate as credits in determining the Revenue Requirement for Network Integration Transmission Service from: (i) Transmission Enhancement Charges; (ii) Firm Point-to-Point Transmission Service charges under Schedule 7; or (iii) Network Integration Transmission Service to Non-Zone Network Load under Attachment H-A that are included in the Transmission Owner's formula rate as revenue credits in determining the Revenue Requirement for Network Integration Transmission Service, if such credits are identified in the Transmission Owner's formula rate annual update; and

(b) (I) the Revenue Requirement shall be reduced by the amount of any credit applied directly to Network Customers to offset the cost of Network Integration Transmission Service, including credits to Network Customers resulting from: (i) a Network Upgrade Funding Agreement, Tariff, Attachment O-2; (ii) a

State Agreement Public Policy Project subject to Tariff, Schedule 12, section (b)(xii)(B); (iii) agreements for transmission service entered into prior to a Transmission Owner signing the Consolidated Transmission Owners Agreement or any of its predecessor agreements or (iv) an entity executing an agreement by which such entity is obligated to pay for some, or all, of the Revenue Requirement of Transmission Facilities for which Network Customers would otherwise be responsible. (II) The Revenue Requirement for inclusion in the SHRR shall not be reduced by the amount of any credits for (i) Transmission Enhancement Charges; (ii) Firm Point-to-Point Transmission Service charges under this Schedule 7; or (iii) Network Integration Transmission Service to Non-Zone Network Load under Tariff, Attachment H-A.

(B) The Transmission Provider shall update the Border Yearly Charge annually based on the Revenue Requirements for each Transmission Owner used to determine charges for Network Integration Transmission Service in effect on January 1, provided that such Revenue Requirements were approved by FERC, stated in a formula rate update informational filing with FERC, or posted on the Transmission Provider's website no later than the preceding October 31. The Border Yearly Charge so updated shall become effective as of January 1 and remain in effect for the remainder of the calendar year. Except as provided in subsection (D) of this section (11), any change to the data used to determine the Border Yearly Charge following October 31, including any change in the number or identity of Transmission Owners filing Revenue Requirements for Network Integration Transmission Service under Attachment H, shall not be reflected in Border Yearly Charge until the next annual update.

(C) Not later than the first Business Day of December each year, the Transmission Provider shall post on the Transmission Provider's website a "BYC Workbook" that shall include (1) all of the inputs and calculations used to determine the Border Yearly Charge, (2) references to the sources of the inputs used to determine the Border Yearly Charge from each Transmission Owner's stated or formula rate filing or posting, (3) a variance report detailing all changes to the calculations, inputs, or procedures used to determine the proposed Border Yearly Charge as compared to the calculations, inputs or procedures used to determine the Border Yearly Charge then in effect, and (4) contact information for the submission of inquiries or comments regarding the posted BYC Workbook. All inputs used to determine the SHRR must be taken either from a stated Revenue Requirement for Network Integration Transmission Service specified in Attachment H or from an identified entry in a Transmission Owner's formula rate update either filed with the FERC or posted on the Transmission Provider's website for the rate for Network Integration Transmission Service that will be in effect on January 1.

(D) Procedure for Review of and Challenge to the Border Yearly Charge Determination.

(i) Review of the Border Yearly Charge Determination.

(a) Within sixty (60) days of the posting of the BYC Workbook, Interested Parties, including entities with existing, requested or planned transmission service reservations for service at the Border of PJM ("Border Rate Transmission Customers"), state utility regulatory commissions, consumer advocacy agencies, state attorneys general, and any entity having standing under Section 206 of the Federal Power Act ("Interested Party"), may submit reasonable information

requests to the Transmission Provider regarding its selection and use of inputs and the calculations performed in calculating the Border Yearly Charge, including the creation of the BYC Workbook, with respect to any adjustments made by the Transmission Provider, including adjustments made based on information provided by a Transmission Owner to the Transmission Provider: (1) to a Transmission Owner's Revenue Requirement for Network Integration Transmission Service prior to its inclusion as an input into the calculation of the SHRR for the Border Yearly Charge; (2) to the data used in determining SZPL; (3) to the Revenue Requirement of a Transmission Owner in determining the Border Yearly Charge made in accordance with Section (11)(A)(ii); and (4) in response to any FERC orders approving or requiring changes to, or refunds associated with, a Transmission Owner's formula rate or resulting annual Revenue Requirement.

(b) The Transmission Provider shall respond to such reasonable information requests as soon as practicable, but no later than within forty-five (45) days of the receipt of the information request, unless it determines that additional time is required to respond. The Transmission Provider shall post any information requests received and its responses thereto on the Transmission Provider's website, provided that any responsive information that has been designated by a Transmission Owner as confidential pursuant to the provisions of the Operating Agreement or Consolidated Transmission Owners Agreement shall not be posted and shall be handled solely in accordance with such provisions. An Interested Party may request a meeting with the Transmission Provider and any interested Transmission Owner to discuss any response to an information request or any dispute regarding the calculation of the Border Yearly Charge annual update. The Transmission Provider and any interested Transmission Owner shall exercise good faith in responding to an Interested Party's meeting request and shall not unreasonably deny or delay such meeting in a manner that prejudices an Interested Party's opportunity to timely review the Border Yearly Charge annual update.

(c) At any time after posting of the BYC Workbook, but before a challenge pursuant to section (11)(D)(ii) ("Challenge") is filed, at the request of an Interested Party, the Transmission Provider will be required to meet with the Interested Party within ten (10) Business Days of such request in an attempt to resolve any dispute regarding the calculation of the Border Yearly Charge raised by the Interested Party in its meeting request. If the dispute relates to information from one or more Transmission Owners' Tariff, Attachment H stated or formula rate or Zonal peak load determination, the relevant Transmission Owner(s) will be notified by the Transmission Provider of the dispute and will be permitted to attend the meeting.

(d) If it is determined that the Border Yearly Charge is based on an incorrect input or calculation or FERC directs that a Transmission Owner's Revenue Requirement, upon which the Border Yearly Charge is based, be changed and implemented as a change to the Transmission Owner's rate for Network Integration Transmission Service at a time other than provided for in the Transmission Owner's formula rate protocols ("Changed Revenue Requirement"), the Transmission Provider shall change the Border Yearly Charge as necessary to account for such Changed Revenue Requirement and post on the Transmission Provider's website a revised BYC Workbook documenting the changes to the Border Yearly Charge to incorporate the correction or change. The correction to the Border Yearly Charge shall take effect no later than the first day of the month that begins 30 days after a correction is posted by the Transmission Provider or, if the correction or Changed Revenue Requirement results from a FERC order, on a schedule consistent with that order. Subject to the notice of correction described above, to the extent permitted by Tariff, Part I, section 10.4, PJM Settlement, on behalf of itself or as agent for the Transmission Provider, shall adjust the charges to Border Rate Transmission Customers with respect to any

month prior to the effective date of the Changed Revenue Requirement being reflected in the Border Yearly Charge that is affected by the correction or Changed Revenue Requirement and refund or credit any amount paid in excess of the corrected Border Yearly Charge. Any correction under this subsection (D) shall be limited to any Changed Revenue Requirement and the Transmission Provider's selection and use of Border Yearly Charge inputs and the calculations necessary to determine the Border Yearly Charge. This section does not apply to a FERC order that changes a Transmission Owner's Revenue Requirement that is implemented through a true-up mechanism.

(e) If FERC issues an order directing or approving refunds associated with a Transmission Owner's Revenue Requirement that previously was, or currently is, incorporated into the SHRR to be paid to Network Integration Transmission Service customers, Border Rate Transmission Customers shall also receive a refund, to the extent that the changes in a Transmission Owner's Revenue Requirement upon which such refund is based affects the calculation of the Border Yearly Charge.

(f) Nothing in section (11) shall authorize an inquiry into the data or information filed or posted by a Transmission Owner as part of its transmission rate protocols pursuant to Tariff, Attachment H, or shall affect the rights that any Border Rate Transmission Customer may have under said protocols.

(ii) Challenge to the Border Yearly Charge Determination.

(a) An Interested Party may file with FERC a Challenge to the annual update of the Border Yearly Charge within ninety (90) days of the posting of the BYC Workbook or thirty (30) days of receiving a response to any information request it submitted under subsection (11)(D)(i)(a), whichever is later. Any such Challenge shall be served on Transmission Provider and each Transmission Owner with Revenue Requirements included in the BYC Workbook.

(b) A Challenge must specify and include adequate supporting documentation, detailing how the Transmission Provider's selection of inputs to or calculation of the Border Yearly Charge fails to comply with the provisions of this Schedule 7, section (11), identifying any input data or other BYC Workbook entry that is alleged to be missing or inaccurate or the Border Yearly Charge calculations alleged to be performed incorrectly.

(c) A Challenge must be limited to the Transmission Provider's selection and use of Border Yearly Charge inputs and the calculations necessary to determine the Border Yearly Charge and may not seek to modify Tariff, Schedules 7 and 8 or Attachment H-A or question the data or information filed or posted by a Transmission Owner pursuant to Tariff, Attachment H.

(d) The Transmission Provider and each Transmission Owner with Revenue Requirements included in the BYC Workbook shall have thirty (30) days to answer a Challenge.

(e) In any proceeding before the FERC in response to a Challenge, the Transmission Provider shall bear the burden, consistent with Section 205 of the FPA, of demonstrating that it has correctly applied the terms of this Schedule 7, section (11).

(E) When the Transmission Provider posts on its website a Border Yearly Charge annual update under subsection (C) or correction under subsection (D) of this section (11), it shall also make an informational filing with the FERC that includes such posting.

(F) A Transmission Customer taking Point-to-Point Transmission Service at the Border of PJM under this Schedule 7, including any discounted service pursuant to Section (3), is relieved from, and shall not be separately allocated or assigned Transmission Enhancement Charges under Schedule 12 §(c)(5) on the basis of its reservation of Firm Point-to-Point Transmission Service at the Border of PJM. Payment of the charges set forth in this Schedule does not relieve the responsibility of a Transmission Customer or Merchant Transmission Facility to pay Transmission Enhancement Charges assigned to such Merchant Transmission Facility, other than pursuant to Tariff, Schedule 12, §(c)(5), nor does it determine other cost obligations of Transmission Customers or Merchant Transmission Facilities that may be imposed under other provisions of the Tariff.

(G) Point-to-Point Transmission Service at the Border of PJM includes service to a Point of Delivery at a Merchant Transmission Facility that provides service to a neighboring transmission system.

(H) Customers taking Point-to-Point Transmission Service at the Border of PJM with a Point of Delivery at a Merchant Transmission Facility and not receiving a discount from the Border Yearly Charge pursuant to this Schedule 7, section (3) under the settlement entered into in FERC Docket No. ER19-2105, shall receive a credit determined in accordance with the following formula:

$$MTFC = BYC * MTFTEC / SHRR$$

Where:

MTFC is the credit to the Border Yearly Charge per kW of reserved capacity;

BYC is the Border Yearly Charge;

MTFTEC is the total annual Transmission Enhancement Charges under Tariff, Schedule 12 applicable to the Merchant Transmission Facility to which the customer is taking Point-to-Point Transmission Service during the current calendar year; and

SHRR is the amount determined pursuant to subsection (A) of this section (11).

The MTFC shall be credited on a monthly basis only for those months during which the customer takes Firm Point-to-Point Transmission Service to the Merchant Transmission Facility.

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

**PJM Interconnection, L.L.C.
Appalachian Power Company**

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Docket No. ER19-2105-003

**EXPLANATORY STATEMENT IN SUPPORT OF
SETTLEMENT AGREEMENT
AND
OFFER OF SETTLEMENT**

This Explanatory Statement is submitted pursuant to Rule 602 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“FERC” or the “Commission”), 18 C.F.R. § 385.602 (2021) in support of the Settlement Agreement (“Settlement”) entered into as of October 5, 2021 by and among the Settling Parties. The Settling Parties are listed in the Preamble of the Settlement and include PJM Interconnection, L.L.C. (“PJM”) and all of the Merchant Transmission Facilities (“MTFs”), their customers and PJM Transmission Owners that actively participated in the docket.¹

The Settlement resolves comprehensively all issues in this docket, which have been the subject of active litigation before the Commission for more than two years. The Settlement provides for the filing of modifications to the PJM Open Access Transmission Tariff (“PJM Tariff”), Schedule 7, Section (11), and the implementation of discounted rates to Transmission Customers taking Long-term and Short-term Firm Point-to-Point Transmission Service over certain transmission paths for delivery at the border of the PJM Region from January 1, 2021 to December 31, 2027, subject to certain terms and conditions. Thereafter and until December 31, 2039, the rates for service over these transmission paths would be calculated according to the

¹ PSEG Power LLC and PSEG Energy Resources & Trade LLC state that they do not object to the Settlement.

formula rate provided in the revised PJM Tariff, Schedule 7, Section (11), subject to additional discounts as provided in the Settlement. All of these tariff revisions, rates and charges will apply as of January 1, 2020.

Subject to the conditions in the Settlement, including the approval by the Commission of the Settlement in its entirety, without condition or modification (unless deemed acceptable by the Settling Parties), the Settlement provides as follows.

I. Procedural Background

Article I of the Settlement summarizes the background of this proceeding. Section 1.1 states that on June 11, 2019, the PJM Transmission Owners, acting pursuant to the Consolidated Transmission Owners Agreement, Rate Schedule FERC No. 42 (June 12, 2013) (“CTOA”), filed revisions to the PJM Open Access Transmission Tariff (“PJM Tariff”) Schedule 7 (Firm Point-To-Point Transmission Service), Schedule 8 (Non-Firm Point-To-Point Transmission Service), and Attachment H-A (Non-Zone Network Load Transmission Service), in addition to including a new definition and other technical corrections. The revisions included updates to the rates for Firm and Non-Firm Point-To-Point Transmission Service to the border of the PJM Region (“Border Rate”), and replaced the existing stated rate with a formula rate that updates annually to reflect updated transmission revenue requirements and new Transmission Owners.² The existing stated rate had not been changed since 2004. The filing also clarified the forms of transmission service that constitute Border Rate service and revised the Non-Zone Network Load Network Integration Transmission Service rate.

Section 1.2 states that, on November 5, 2019, the Commission accepted the proposed Tariff

² Capitalized terms are terms defined in the PJM Tariff or the CTOA, unless otherwise specifically defined in the Settlement or the proposed amendments to the PJM Tariff attached to the Settlement as Attachments A and B.

revisions for filing, suspended them until an effective date of January 1, 2020, subject to refund, resolved certain issues, and set the remaining issues for hearing and settlement procedures.³ Several intervening parties sought rehearing of issues that were summarily resolved in the November 5 Order, and on August 21, 2020, the Commission addressed the arguments raised on rehearing and issued a decision modifying its earlier decision but reaching the same result.⁴ On October 2, 2020, the same intervening parties submitted a petition seeking review of the Commission's November 5 Order and August 21 Order by the United States Court of Appeals for the District of Columbia Circuit, which remains pending and is being held in abeyance while this proceeding is ongoing.⁵

Section 1.3 states that, on November 13, 2019, the Chief Administrative Law Judge designated Judge Andrew Satten as the Settlement Judge to facilitate settlement discussions between the participants.⁶ Three formal settlement conferences were attended in-person or virtually on December 18, 2019, February 12, 2020, and December 3, 2020, and the parties had numerous, additional informal discussions during that period.⁷ The Settlement Judge declared an impasse on February 12, 2021,⁸ and on February 16, 2021, the Chief Administrative Law Judge

³ *PJM Interconnection, L.L.C.*, 169 FERC ¶ 61,095, at PP 61-62 (2019) (“November 5 Order”), *order on reh’g, PJM Interconnection, L.L.C.*, 172 FERC ¶ 61,156, at P 2 (2020) (“August 21 Order”).

⁴ See August 21 Order.

⁵ Petition for Review, *Long Island Power Auth. v. FERC*, Docket No. 20-1401 (D.C. Cir. Oct. 2, 2020).

⁶ Order of Chief Judge Designating Settlement Judge, *PJM Interconnection, L.L.C., Appalachian Power Co.*, Docket No. ER19-2105-000 (issued Nov. 13, 2019).

⁷ Order Scheduling Settlement Conference, *PJM Interconnection, L.L.C., Appalachian Power Co.*, Docket No. ER19-2105-000 (issued Nov. 21, 2019); Order Scheduling Second Settlement Conference, *PJM Interconnection, L.L.C., Appalachian Power Co.*, Docket No. ER19-2105-000 (issued Jan. 14, 2019); Order Scheduling Third Settlement Conference, *PJM Interconnection, L.L.C., Appalachian Power Co.*, Docket No. ER19-2105-000 (issued Nov. 13, 2020).

⁸ Final Status Report, *PJM Interconnection, L.L.C., Appalachian Power Co.*, Docket No. ER19-2105-000, at P 2 (issued Feb. 12, 2021).

terminated settlement procedures and appointed Judge John P. Dring as the Presiding Judge for purposes of conducting a hearing and issuing an initial decision.⁹

Section 1.4 states that, on March 1, 2021, a prehearing conference was held and several participants raised concerns as to the scope of issues that had been set for hearing.¹⁰ Judge Dring issued an interim ruling on the scope of the proceeding on March 30, 2021.¹¹ On March 31, 2021, the Chief Administrative Law Judge ordered a substitution of the Presiding Judge, designating Judge Patricia M. French as the new Presiding Judge.¹² Judge French held a second prehearing conference on April 8, 2021. At the second prehearing conference, the PJM Transmission Owners requested permission to file an interlocutory appeal, which was denied.¹³ On April 15, 2021, the PJM Transmission Owners submitted an interlocutory appeal of the ruling on scope to the Chairman and Motions Commissioner, which was denied on April 22, 2021.¹⁴

Section 1.5 states that, on April 28, 2021, Judge French issued an order adopting a procedural schedule as proposed and agreed-upon by the participants.¹⁵ Following that order, the

⁹ Order of Chief Judge Terminating Settlement Judge Procedures, Designating Presiding Administrative Law Judge, and Establishing Track III Procedural Time Standards, *PJM Interconnection, L.L.C., Appalachian Power Co.*, Docket No. ER19-2105-000, at PP 1-2 (issued Feb. 16, 2021) (“February 16 Order”).

¹⁰ Transcript of Prehearing Conf. at 15:22 to 19:5, *PJM Interconnection, L.L.C.*, Docket No. ER19-2105-003 (dated Mar. 1, 2021).

¹¹ Order Determining the Scope of the Evidentiary Hearing, *PJM Interconnection, L.L.C.*, Docket No. ER19-2105-003, at P 2 (issued Mar. 30, 2021).

¹² Order of Chief Judge Substituting Presiding Judge, *PJM Interconnection, L.L.C.*, Docket No. ER19-2105-003, at P 1 (issued Mar. 31, 2021).

¹³ Transcript of Second Prehearing Conf. at 54:5 to 118:20, *PJM Interconnection, L.L.C.*, Docket No. ER19-2105-003 (dated Apr. 8, 2021); Order Confirming April 8 Bench Rulings, *PJM Interconnection, L.L.C.*, Docket No. ER19-2105-003, at P 10 (issued Apr. 12, 2021).

¹⁴ Interlocutory Appeal of the PJM Transmission Owners, *PJM Interconnection, L.L.C.*, Docket No. ER19-2105-003 (filed Apr. 15, 2021).

¹⁵ Order Adopting Agreed-Upon Procedural Schedule and Amending Hearing Rules, *PJM Interconnection, L.L.C., Appalachian Power Co.*, Docket No. ER19-2105-003, at P 4 (issued Feb. 12, 2021).

participants re-engaged in settlement discussions, and on May 15, 2021, the PJM Transmission Owners and the MTF Parties jointly requested a suspension of the procedural schedule, which was not opposed. Motions to extend the suspension were made on June 21, 2021, July 12, 2021, and September 10, 2021, which were not opposed, in order to facilitate continued settlement discussions.¹⁶ Each of the suspension requests was granted,¹⁷ and those discussions have culminated in the Settlement.

Section 1.6 states that pursuant to the Track III procedural time standards, the hearing is scheduled to commence on December 7, 2021, and the deadline for an initial decision is May 3, 2022, and these dates have not been modified by any of the aforementioned suspensions of the procedural schedule.¹⁸

Section 1.7 states that during the pendency of these proceedings, pursuant to the annual updating process incorporated as part of the revisions to the PJM Tariff, Schedule 7, Schedule 8,

¹⁶ Motion of the PJM Transmission Owners and the MTF Parties to Suspend Procedural Schedule and Shorten the Answering Period, *PJM Interconnection, L.L.C., Appalachian Power Co.*, Docket No. ER19-2105-003 (filed May 15, 2021); Motion of the PJM Transmission Owners and the MTF Parties to Continue Suspension of Procedural Schedule and to Shorten the Answering Period, *PJM Interconnection, L.L.C., Appalachian Power Co.*, Docket No. ER19-2105-003 (filed June 21, 2021); Motion of the PJM Transmission Owners and the MTF Parties to Postpone the Prehearing Conference, to Suspend the Procedural Schedule, and to Shorten the Answering Period, *PJM Interconnection, L.L.C., Appalachian Power Co.*, Docket No. ER19-2105-003 (filed July 12, 2021). Motion of the MTF Parties and the PJM Transmission Owners to Postpone the Prehearing Conference, to Suspend the Procedural Schedule, and to Shorten the Answering Period, ER19-2105-003 (filed September 10, 2021).

¹⁷ Order of Presiding Judge Granting Request to Suspend Procedural Schedule for Thirty Days, *PJM Interconnection, L.L.C., Appalachian Power Co.*, Docket No. ER19-2105-003 (issued May 21, 2021); Order of Presiding Judge Granting Request to Suspend Due Dates Under the Procedural Schedule for Twenty-One (21) Days, *PJM Interconnection, L.L.C., Appalachian Power Co.*, Docket No. ER19-2105-003 (issued June 24, 2021) (“June 24 Order”); Order of Presiding Judge Granting Third Request to Suspend Procedural Schedule and Cancelling July 19 Prehearing Conference, *PJM Interconnection, L.L.C., Appalachian Power Co.*, Docket No. ER19-2105-003 (issued July 15, 2021) (“July 15 Order”). Order of Presiding Judge Granting Fourth Request to Suspend Procedural Schedule and Cancelling September 15 Prehearing Conference, *PJM Interconnection, L.L.C., Appalachian Power Co.*, Docket No. ER19-2105-003 (issued September 14, 2021) (“September 14 Order”).

¹⁸ See February 16 Order at P 3; June 24 Order at P 12; July 15 Order at P 10; September 14 Order at P 11.

and Attachment H-A,¹⁹ PJM submitted informational filings detailing the inputs and calculations used to calculate the Border Yearly Charge (“BYC”) for each of the 2020 and 2021 rate years. On November 27, 2019, PJM submitted the informational filing for the 2020 rate year, which included the inputs and calculations used to determine the BYC and a BYC variance report under the existing Tariff provisions.²⁰ In a later informational filing, submitted on December 31, 2019, PJM submitted a correction to the BYC inputs and calculations for the 2020 rate year due to changes in the Network Service Peak Load of two of the PJM Transmission Owners.²¹ On December 1, 2020, PJM submitted an informational filing containing the inputs and calculations used to determine the BYC for the 2021 rate year, in addition to the BYC variance report.²²

Finally, Section 1.8 states that, on October 4, 2021 the PJM Transmission Owners, acting pursuant to the CTOA, authorized the filing of the Settlement and the accompanying revisions to the PJM Tariff, attached hereto, which implement certain terms and conditions of the Settlement.

II. Terms of the Settlement

Article II of the Settlement specifies the Settlement terms, which includes revisions that will be incorporated into the PJM Tariff, Schedule 7, Section (11), provided as Attachments A and B.

Section 2.1 specifies the implementation date of the Settlement and provides that the changes to the PJM Tariff and the rates and charges established by the Settlement shall apply as

¹⁹ 2020 Informational Filing, *PJM Interconnection, L.L.C.*, Docket No. ER19-2105-000 (filed Nov. 27, 2019) (“2020 Informational Filing”); 2021 Informational Filing, Docket No. ER19-2105-000 (filed Dec. 1, 2020) (“2021 Informational Filing”).

²⁰ See 2020 Informational Filing.

²¹ Informational Filing, *PJM Interconnection, L.L.C.*, Docket No. ER19-2105-000 (filed Dec. 31, 2019) (corrections to 2020 Informational Filing).

²² See 2021 Informational Filing.

of January 1, 2020.

Section 2.2 states that PJM Tariff, Schedule 7, Section (11) will be modified in accordance with the redlined and clean tariff sheets attached hereto as Attachments A and B. The changes to the Tariff are discussed in Section VI, below.

Section 2.3 describes the “MTF Discount Rates.” It provides that pursuant to PJM Tariff, Schedule 7, Section 3, beginning as of January 1, 2021, the Transmission Provider shall offer discounted rates for delivery at the Border of PJM set forth in PJM Tariff, Schedule 7, Section 1 (“Border Rate Service”) to Transmission Customers taking Long-term and Short-term Firm Point-to-Point Transmission Service using the following transmission paths: “PJM to Linden,” “PJM to HTP” or “PJM to Neptune” (collectively, “MTF Paths”) in accordance with the rates set forth in Table 1 (“MTF Discount Rates”) and the terms and conditions set forth in Section 2.4:

Table 1
MTF Discount Rates
(Jan. 1, 2021-Dec. 31, 2027)

Year	Discounted Rate \$ per MW-Year
2021	\$21,500
2022	\$23,500
2023	\$27,000
2024	\$31,500
2025	\$36,500
2026	\$42,500
2027	\$51,000

Section 2.4 addresses the applicability of MTF Discount Rates and states that the discounts offered pursuant to Section 2.3 shall be posted by the Transmission Provider and shall be subject

to the terms and conditions set forth in that section (i.e., Section 2.4.1 through Section 2.4.4.3).

Section 2.4.1 provides that the MTF Discount Rates set forth in Section 2.3 will expire as of December 31, 2027. The MTF Discount Rates will be charged and settled on the same basis and methodology used by the Transmission Provider for charging and settling rates for Border Rate Service under Tariff, Schedule 7, including charges for reservation periods of less than one year. This includes the Transmission Provider's practice of calculating charges based on the actual days of service during any period of less than one year. Nothing in the Settlement precludes an MTF Party from challenging any change to the Schedule 7, Section (1) specifications for how charges for periods shorter than one-year would be determined.

Section 2.4.2 further provides that effective January 1, 2028 through December 31, 2039, the rate for Border Rate Service to any MTF Path will be determined as set forth in PJM Tariff, Schedule 7, Section (11), provided that the MTF Discount Percentages as set forth in Sections 2.5 and 2.6 shall also apply.

Section 2.4.3 specifies that the MTF Discount Rates will be offered to any new or existing Transmission Customer taking Border Rate Service using any MTF Path, subject to the terms and conditions set forth in Section 2.4. To the extent that such Transmission Customer previously executed a Transmission Service Agreement prior to the Effective Date of the Settlement Agreement, such MTF Discount Rate will be incorporated into any existing service agreement, as necessary.

Section 2.4.4 describes circumstances under which the MTF Discount Rates will apply.

Section 2.4.4.1 provides that the MTF Discount Rates will be offered to any and all Transmission Customers taking either:

- (1) Firm Yearly or Firm Monthly Border Rate Service using an MTF Path; or
- (2) Firm Weekly, Firm Daily On-Peak or Firm Daily Off-Peak Border Rate Service

using a MTF Path if, during the prior rolling 365-day period (366-day period during leap years) (“Annual Rolling Period”) of Path Availability (as defined in Section 2.4.4.2), such customer has taken either: (A) Firm Yearly Service or (B) at least 12 weeks of Firm Service, through a combination of either Firm Monthly or Firm Weekly service as invoiced²³ by the Transmission Provider. Such Firm Monthly or Firm Weekly service may be consecutive or nonconsecutive, at the Border Yearly Charge or the Discounted MTF Rate, as applicable, within the Annual Rolling Period. For purposes of Section 2.4.4, requested service and the Annual Rolling Period are measured based on the date of Transmission Service (as distinct from the date of the reservation).²⁴ The actual time of any scheduled or forced outage preventing Path Availability, for any reason, shall be added to the Annual Rolling Period.

Section 2.4.4.2 defines “Path Availability” as any period in which an MTF Path and the applicable Merchant Transmission Facility (“MTF”) at the delivery point of such path are both available for the scheduling and transmission of power, or in which a customer redirected path is

²³ The Transmission Provider’s practice of treating seven (7) consecutive reservations of Firm Daily On-Peak and Firm Daily Off-Peak service as Firm Weekly service will be recognized as Firm Weekly service for purposes of Section 2.4.4.1.

²⁴ As of the Effective Date of the MTF Discount Rates, the Annual Rolling Period will consider reservations by each Transmission Customer in the prior rolling 365-day period. The following example is provided in the Settlement to guide the application of the Annual Rolling Period. Assuming an Effective Date of the Settlement as of October 1, 2021, the Transmission Provider would review the prior reservations made by each Transmission Customer between October 1, 2020 and September 30, 2021 (with any adjustments for Path Availability under the terms of the Settlement Agreement). If firm reservations over a specific MTF Path were made only for the entire months of June, July and September of 2021 (equaling 13 weeks), the Transmission Customer would be eligible for the MTF Discounted Rates using the MTF Path commencing October 1, 2021 and, if no additional firm reservations were made, its eligibility would continue through the June 7, 2022 service day. If additional firm reservations were made, the MTF Discount Rate eligibility would be extended accordingly (e.g., if an additional Firm Monthly reservation was made in March 2022, then the MTF Discount Rate eligibility would extend through the July 8, 2022 service day). For purposes of any refunds for 2021 charges, the Transmission Provider will apply the prior rolling 365-day period evaluation, specific to the historical records for transmission reservations of each Transmission Customer during 2020 and 2021 (as adjusted for Path Availability).

available for the scheduling and transmission of power.

Section 2.4.4.2 also provides that an MTF Path shall be determined as not available for the scheduling and transmission of power and determined to be available for the resumption of the scheduling and transmission of power following an interruption of Path Availability as follows: (A) if the interruption is caused by conditions in PJM, the interruption and resumption of Path Availability shall be determined by the Transmission Provider; or (B) if the interruption is caused by conditions in the New York ISO, the MTF or Transmission Customer shall be responsible for advising the Transmission Provider within three (3) business days of the occurrence of and basis for interruption as well as any resumption of Path Availability, and if the Transmission Provider concurs, it will determine the beginning and end of the Path Availability interruption.

Section 2.4.4.3 specifies that Transmission Service eligible for the MTF Discount Rates may be fully or partially redirected by the Transmission Customer during periods in which Path Availability is interrupted, in which case the discounts will apply to a redirected Transmission Service to another MTF Path or another path from PJM to the New York ISO for the period of such interruption. Redirected service will no longer be eligible for the MTF Discount Rates as of the first day that Transmission Service over the interrupted MTF Path is restored as determined in accordance with Section 2.4.4.2.

Section 2.5 sets forth terms and the time frame for implementation of an “MTF Discount Percentage.” Pursuant to PJM Tariff, Schedule 7, Section 3, beginning as of January 1, 2028 and continuing through December 31, 2039, the Transmission Provider will offer discounted rates for Border Rate Service using an MTF Path in accordance with Sections 2.5 and 2.6 of the Settlement (“MTF Discount Percentage”).

Section 2.5 further provides that the MTF Discount Percentage will be a percentage reduction from the then applicable Border Yearly Charge and is based upon the total amounts owed

(in dollars) for Transmission Enhancement Charges (“TECs”) assigned to a MTF or its Transmission Customers for any category of TEC assignment under PJM Tariff, Schedule 12 during the 12-month period ending October 31 of the year prior to the year in which the Border Rate Service using an MTF Path is taken (“Prior Year Assigned TECs”). The MTF Discount Percentages will be determined separately with respect to each MTF Path subject to the terms and conditions of Section 2.6. The applicable discount will be determined in accordance with Table 2 in Section 2.6.2.

Section 2.6 sets forth the terms and conditions of the MTF Discount Percentage.

Section 2.6.1 provides that during any calendar year, for any service other than Firm Yearly Border Rate Service, the MTF Discount Percentage, as applied to each specific MTF Path, shall continue until the total dollar amount of the discount provided pursuant to the MTF Discount Percentage cumulatively to all Transmission Customers on such specific MTF Path exceeds a cap based on a percentage of total Prior Year Assigned TECs as set forth in Section 2.6.2 - Table 2 (“MTF Discount Percentage Cap”).

Section 2.6.1 further provides that accrual towards the MTF Discount Percentage Cap will be calculated on a daily basis. Once the MTF Discount Percentage Cap is exceeded for a specific MTF Path, the MTF Discount Percentage, as applied to the MTF Path, will be suspended for the remainder of the calendar year, to be reinstituted and recalculated in accordance with that paragraph beginning with the next calendar year. The MTF Discount Percentage Cap will not be applied to Yearly Firm Border Rate reservations, but the dollar amount of the MTF Discount Percentage applied to Yearly Firm Border Rate Service for an MTF Path will be counted toward the MTF Discount Percentage Cap applied to other Firm Border Rate Service for that MTF Path.

The Applicable MTF Discount Percentage Cap will be determined in accordance with Table 2.²⁵

Section 2.6.1 also states that, subject to the terms and conditions set forth in Sections 2.5 and 2.6.1, the MTF Discount Percentage will be offered to any new or existing Transmission Customer taking Border Rate Service using any MTF Path until the MTF Discount Percentage Cap applicable to the specific MTF Path is exceeded, notwithstanding that an existing Transmission Customer has previously executed a Transmission Service Agreement the MTF Discount Percentage will be incorporated into any existing service agreement, as necessary.

Section 2.6.2 details the MTF Discount Percentage and MTF Discount Cap as provided in Table 2:

²⁵ The following example is provided to guide the application of the MTF Discount Percentage and MTF Discount Percentage Cap. If there are \$36 million in amounts owed for TECs assigned to a MTF Path in the prior 12-month period ending October 31 and a Transmission Customer takes Yearly Firm Border Rate Service with an applicable Border Yearly Charge of \$100,000 per MW-Year, an MTF Discount Percentage of 10% would apply and result in a net Border Yearly Charge of \$90,000 (\$100,000 times (100%-10%)) per MW-Year. For a Transmission Customer with a 685 MW Firm Yearly reservation using this MTF Path, this results in annual Border Rate Service charges of \$61,650,000 (\$90,000 times 685 MWs). Since, in this example, Yearly Border Rate Service is taken the MTF Discount Percentage Cap does not apply. If a Transmission Customer using this MTF Path takes Firm Monthly Border Rate Service, the MTF Discount Percentage Cap for the calendar year would be 15% of the Prior Year Assigned TECs (\$36 million times 15% = \$5,400,000). For each month of service, the MTF Path Transmission Customer would pay the discounted Border Rate Service charge of \$7,500 MW-month (\$100,000/12, which equals \$8,333.33, times 100%-10%) until the total dollar amount of the MTF Discount Percentage accrued calculated on a daily basis on that MTF Path equals \$5.4 million.

Table 2
(Jan. 1, 2028 - Dec. 31, 2039)

MTF Path	MTF Path	MTF Path
Prior Year Assigned TECs	Prior Year Assigned TECs	Prior Year Assigned TECs
\$0 to \$9,999,999	\$10,000,000 to \$19,999,999	Amounts in excess of \$20,000,000
Discount to BYC: 4% per MW	Discount to BYC: 8% per MW	Discount to BYC: 10% per MW
Discount Cap: 10% of Prior Year Assigned TECs	Discount Cap: 12% of Prior Year Assigned TECs	Discount Cap: 15% of Prior Year Assigned TECs

Section 2.7 sets forth a reservation of rights by the MTF Parties with respect to the determination of the Border Yearly Charge after 2039. This reservation states that the MTF Parties’ agreement to the MTF Discount Percentage and MTF Discount Percentage Cap set forth in Sections 2.5 and 2.6 of the Settlement does not constitute an admission or agreement that the underlying formula rate for calculation of the Border Yearly Charge and any resulting rates are just and reasonable under the Federal Power Act (“FPA”), and the MTF Parties (individually and collectively) reserve all rights to challenge, object to, or protest such formula rate methodology and any rates, terms or conditions for Border Rate Service, as applied to reservations after December 31, 2039.

Section 2.8 describes the Settling Parties agreement on a procedure for payment of refunds. No later than the first regular monthly billing date occurring after 180 days following the Effective Date as set forth in Section 3.1, the Transmission Provider or PJM Settlement shall issue refunds in accordance with Commission procedures, including accrued interest pursuant to 18 C.F.R. §

35.19a, for all payments made by a Border Rate Service Transmission Customer for charges that were in excess of the rates and terms agreed upon in the Settlement. Such refunds shall reflect, as applicable: (i) the revisions to PJM Tariff, Schedule 7, Section (11) set forth in Attachments A and B and (ii) the MTF Discount Rates set forth in Sections 2.3 and 2.4 herein.

Section 2.9 provides for a “Non-Firm MTF Path Rate Freeze” under which the rates set forth in PJM Tariff, Schedule 8 for Non-Firm Monthly, Non-Firm Weekly, Non-Firm Daily Off-Peak and Non-Firm Hourly Off-Peak Border Rate Service using a MTF Path will remain discounted pursuant to PJM Tariff, Schedule 8, Section 4 at the current rate of \$0.67 per MWh set forth in PJM Manual 27, Section 6.1.2 through December 31, 2027.

Section 2.9 further specifies that the Non-Firm MTF Path Rate Freeze shall be posted as a discounted rate and incorporated into an amendment to any existing service agreement, as necessary.

Section 2.9 also states that the MTF Parties’ agreement to the Non-Firm MTF Path Rate Freeze does not constitute an admission as to whether existing or future practices in the pricing of Non-Firm Point-to-Point Transmission Service, including pricing at, or near, the applicable rate for Firm Point-to-Point Transmission Service, is just and reasonable under the FPA. Further, in the event that, prior to December 31, 2027, the rate for Non-Firm Daily On-Peak and Non-Firm Hourly On-Peak Border Rate Service using a MTF Path is increased above \$0.67 per MWh or the rate for Non-Firm Border Rate Service using paths other than the MTF Paths is increased above \$0.67 per MWh, the MTF Parties (individually and collectively) reserve all rights to challenge, object to, or protest, such changes. Finally, Section 2.9 states that the MTF Parties reserve all rights to challenge, object to, or protest, any rates, terms or conditions applicable to the scheduling of Non-Firm Border Rate Service after December 31, 2027.

Section 2.10 states the agreement that until January 1, 2028, the PJM Transmission Owners

acting pursuant to the CTOA and the Indicated Transmission Owners acting individually will not oppose an effort by the MTF Parties to change Transmission Loading Relief rules currently applicable to Network Integration Transmission Service and Firm Point-to-Point Transmission Customers to make them applicable to an MTF customer taking service over an MTF with Firm Transmission Withdrawal Rights.

Section 2.11 sets forth the MTF Parties' reservation of rights with respect to funding agreements, and states that, notwithstanding the Commission's acceptance of PJM Tariff, Schedule 7, Section (11) as amended by the Settlement, the MTF Parties (individually and collectively) reserve the right to challenge, object to, or protest the inclusion in the Border Yearly Charge formula the revenue requirement of a project subject to a funding agreement, including a Required Transmission Enhancement included in the PJM Regional Transmission Expansion Plan as a State Agreement Approach Public Policy Project. Further, Section 2.11 provides that the MTF Parties' agreement to the Settlement Agreement does not constitute an admission that the inclusion of any such revenue requirement for a project subject to a funding agreement in the Border Yearly Charge is just and reasonable under the Federal Power Act.

Section 2.12 details the agreement of the Settling Parties that, upon the Commission's approval of the Settlement and the satisfaction of all conditions to its effectiveness, as set forth in Article III of the Settlement, the Settlement fully and finally resolves all remaining issues in all sub-dockets of Docket No. ER19-2105, including any issues raised in a request for rehearing, a petition for judicial review, or with the changes to the PJM Tariff accepted for filing by the Commission in the November 5 Order as modified by the Settlement, and no Settling Party shall retain any right to pursue any such issue, except as provided in Sections 2.7, 2.9, and 2.11 of the Settlement Agreement. Further, Section 2.12 reflects the agreement that the MTF Parties will move to dismiss their petition(s) for review of the Commission's orders in this docket upon the

Commission's approval of the Settlement. Finally, Section 2.12 provides that, except as set forth herein, the Settlement does not foreclose any of the Settling Parties' rights with respect to issues not explicitly addressed in the Settlement, nor shall it be deemed to bind any Settling Party (except in any proceeding to enforce the Settlement or as otherwise expressly provided for in the Settlement), in any future proceeding, and shall not be deemed precedential, or prejudicial to any Settling Party's rights.

Section 2.13 states that the Settlement, including Attachments A and B, constitutes the entire agreement between and among the Settling Parties, and no other agreement with regard to the matters addressed in the Settlement shall be binding on the Settling Parties except by written amendment to the Settlement. Section 2.13 further explains that the Settling Parties intend that the Settlement is consistent with the specific revised PJM Tariff sheets contained in Attachments A and B and that it is the intent of the Settling Parties that, to the extent that the Commission or any court determines that anything in the PJM Tariff Sheets in Attachments A and B is ambiguous, the Commission or the courts should look to the Settlement to resolve any such ambiguity. Notwithstanding the foregoing, however, to the extent that there is a dispute regarding whether there is a conflict between the Settlement and the PJM Tariff Sheets in Attachments A and B, the PJM Tariff Sheets and the Settlement shall be read as a whole.

III. Effective Date and Conditions

Article III of the Settlement concerns the effective date of the Settlement and specifies the conditions to which the Settlement is subject.

Section 3.1 states that the Settlement shall take effect on the date the Settlement is approved by the Commission in an order within the meaning of 18 C.F.R. § 385.713 (a "Final Decision") subject to Section 3.2, provided that if the Commission or Chief Administrative Law Judge grants a motion for interim rates, the rates and charges applicable under Schedule 7 revised by the

Settlement, including the discounted rates set forth in Section 2.3, shall take effect on the date of the order granting the interim rates.

Section 3.2 provides that the Settlement is expressly conditioned upon the approval of all provisions thereof by the Commission in accordance with Rule 602, without condition or modification, provided that, if the Commission approves the Settlement with condition, modification, or severance of any issue or party, then subject to the requirements of Section 3.3, the Settlement shall not become effective and shall be null and void only if a Settling Party notifies the other Settling Parties and the Commission in writing within thirty (30) days of such Commission order that it does not accept such condition, modification, or severance. No Settling Party shall be bound by any part of the Settlement and the Settlement shall be null and void unless it becomes effective in the manner provided by Article III.

Section 3.3 provides that if the Commission fails to approve the Settlement, or approves the Settlement with conditions or modifications, the Settling Parties will promptly undertake negotiations aimed at determining if the necessary conditions or modifications are acceptable, or, if not, reaching agreement on a modified settlement. Furthermore, the Settling Parties reserve their rights to litigate the issues that are the subject of the Settlement if they are unable to reach agreement on a modified settlement within thirty (30) days of the date of the Commission order failing to approve the Settlement or approving the Settlement with conditions or modifications.

Section 3.4 states that each Settling Party shall cooperate with, and shall not take any action inconsistent with: (i) the filing of the Settlement with the Commission, and (ii) efforts to obtain Commission approval of the Settlement and the Attached Tariff Sheets without change or condition.

Section 3.5 states that the Settling Parties will be obligated to make reasonable efforts to support and defend the terms of the Settlement against any attempt to modify or nullify any terms

of the Settlement at the Commission, before other regulatory agencies, or in the courts. The agreement will not limit any Settling Party's right to respond to any pleading or other filing submitted by a Participant other than a Settling Party to the Commission or any other forum that seeks to alter or terminate the effectiveness of any term of the Settlement prior to the expiration of that term as set forth in the Settlement, provided that any such response is consistent with the Settling Party's obligation to support and defend the terms of the Settlement.

IV. Modifications and Standard of Review

Article IV of the Settlement describes the terms for modifications to the Settlement and the standard of review for modifications to the Settlement or to the Tariff language set forth in Attachments A and B to the Settlement.

Section 4.1 states that the terms of the Settlement shall be subject to change solely by written amendment executed by all Settling Parties and approved by the Commission. No provision of the Settlement may be waived except through a writing signed by an authorized representative of the waiving Settling Party or Parties. Waiver of any particular provision of the Settlement shall not be deemed to waive any other provision or provisions hereof.

Section 4.2 states that, unless the Settling Parties otherwise agree in writing, any modification to the Settlement, including, but not limited to the MTF Discount Rate, MTF Discount Percentage(s), Non-Firm MTF Path Rate Freeze or to the Tariff language set forth in Attachments A and B to the Settlement (a "Modification") proposed by one of the Settling Parties after the Effective Date shall, as between them, be subject to the "public interest" application of the just and reasonable standard of review set forth in *United Gas Pipe Line Co. v. Mobile Gas Serv. Corp.*, 350 U.S. 332 (1956) and *Federal Power Comm'n v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956), as clarified in *Morgan Stanley Capital Grp., Inc. v. Public Util. Dist. No. 1 of Snohomish County*, 554 U.S. 527 (2008) and refined in *NRG Power Mktg. v. Maine Pub. Utils.*

Comm’n, 558 U.S. 165 (2010). The standard of review applicable to Settling Parties described in Section 4.2 shall not apply to the exercise of the rights and reservations expressly preserved by the MTF Parties in Sections 2.7, 2.9 and 2.11. The standard of review for any Modifications requested by any party other than a Settling Party or initiated by the Commission acting *sua sponte* shall be the most stringent standard permissible under applicable law. See *NRG Power Mktg., LLC v. Maine Pub. Utils. Comm’n*, 558 U.S. at 174-75.

V. Miscellaneous Provisions and Reservations

Article V of the Settlement contains certain miscellaneous provisions and reservations.

VI. Changes to Schedule 7, Section (11) in the Attached Tariff Sheets

Attachments A and B of the Settlement contain redlined and clean tariff sheets of the Tariff, Schedule 7. The changes are confined to Section (11), “Determining the Border Yearly Charge” and provides new subsection lettering and numbering for organizational purposes.

The subsection newly designated as Section (11)(A)(i) has been revised so that the definition of SHRR incorporates adjustments as provided by the revised Section (11)(A).

The subsection newly designated as Section (11)(A)(i) also contains revisions to the definition of SZPL to be the sum of each Zone’s annual peak load (in kW) plus the peak day firm reservations for Point-to-Point service at the Border of PJM (in kW) subject to the charges set forth in Schedule 7, Section (1), prior to any applicable discount.

The subsection newly designated as Section (11)(A)(ii)(a) has been revised to provide that, where the Revenue Requirement of a Transmission Owner is determined pursuant to a formula rate, the Revenue Requirement shall be increased by the amount of any revenue included in the Transmission Owner’s formula rate as credits in determining the Revenue Requirement for Network Integration Transmission Service from: (i) Transmission Enhancement Charges; (ii) Firm

Point-to-Point Transmission Service charges under Schedule 7; or (iii) Network Integration Transmission Service to Non-Zone Network Load under Attachment H-A that are included in the Transmission Owner's formula rate as revenue credits in determining the Revenue Requirement for Network Integration Transmission Service, if such credits are identified in the Transmission Owner's formula rate annual update, and removes "(iv) other agreements for transmission service over PJM Transmission Facilities".

Section (11)(A)(ii)(b) is new and states in subsection (I) the Revenue Requirement shall be reduced by the amount of any credit applied directly to Network Customers to offset the cost of Network Integration Transmission Service, including credits to Network Customers resulting from: (i) a Network Upgrade Funding Agreement, Tariff, Attachment O-2; (ii) a State Agreement Public Policy Project subject to Tariff, Schedule 12, section (b)(xii)(B); (iii) agreements for transmission service entered into prior to a Transmission Owner signing the Consolidated Transmission Owners Agreement or any of its predecessor agreements or (iv) an entity executing an agreement by which such entity is obligated to pay for some, or all, of the Revenue Requirement of Transmission Facilities for which Network Customers would otherwise be responsible. Subsection (II), however, specifies that the Revenue Requirement for inclusion in the SHRR shall not be reduced by the amount of any credits for (i) Transmission Enhancement Charges; (ii) Firm Point-to-Point Transmission Service charges under this Schedule 7; or (iii) Network Integration Transmission Service to Non-Zone Network Load under Tariff, Attachment H-A.

Section (11)(C) has been revised to state that not later than the first business day of December of each year, the Transmission Provider shall post on the Transmission Provider's website a "BYC Workbook" that shall include (1) all of the inputs and calculations used to determine the Border Yearly Charge, (2) references to the sources of the inputs used to determine the Border Yearly Charge from each Transmission Owner's stated or formula rate filing or posting,

(3) a variance report detailing all changes to the calculations, inputs, or procedures used to determine the proposed Border Yearly Charge as compared to the calculations, inputs or procedures used to determine the Border Yearly Charge then in effect, and (4) contact information for the submission of inquiries or comments regarding the posted BYC Workbook.

Section (11)(D) has been revised to provide the procedure for review of and challenge to the Border Yearly Charge determination.

Section (11)(D)(i) is new and sets forth the review procedure for the Border Yearly Charge Determination.

Section (11)(D)(i)(a) is new and states that within sixty (60) days of the posting of the BYC Workbook, Interested Parties, including entities with existing, requested or planned transmission service reservations for service at the Border of PJM (“Border Rate Transmission Customers”), state utility regulatory commissions, consumer advocacy agencies, state attorneys general, and any entity having standing under Section 206 of the Federal Power Act (“Interested Party”), may submit reasonable information requests to the Transmission Provider regarding its selection and use of inputs and the calculations performed in determining the Border Yearly Charge, including the creation of the BYC Workbook, with respect to any adjustments made by the Transmission Provider, including adjustments made based on information provided by a Transmission Owner to the Transmission Provider: (1) to a Transmission Owner’s Revenue Requirement for Network Integration Transmission Service prior to its inclusion as an input into the calculation of the SHRR for the Border Yearly Charge; (2) to the data used in determining SZPL; (3) to the Revenue Requirement of a Transmission Owner in determining the Border Yearly Charge made in accordance with Section (11)(A)(ii); and (4) in response to any FERC orders approving or requiring changes to, or refunds associated with, a Transmission Owner’s formula rate or resulting

annual Revenue Requirement.

Section (11)(D)(i)(b) is new and states that the Transmission Provider shall respond to such reasonable information requests as soon as practicable, but no later than within forty-five (45) days of the receipt of the information request, unless it determines that additional time is required to respond. The Transmission Provider shall post any information requests received and its responses thereto on the Transmission Provider's website, provided that any responsive information that has been designated by a Transmission Owner as confidential pursuant to the provisions of the Operating Agreement or Consolidated Transmission Owners Agreement shall not be posted and shall be handled solely in accordance with such provisions. An Interested Party may request a meeting with the Transmission Provider and any interested Transmission Owner to discuss any response to an information request or any dispute regarding the calculation of the Border Yearly Charge annual update. The Transmission Provider and any interested Transmission Owner shall exercise good faith in responding to an Interested Party's meeting request and shall not unreasonably deny or delay such meeting in a manner that prejudices an Interested Party's opportunity to timely review the Border Yearly Charge annual update.

Section (11)(D)(i)(c) is new and states that at any time after posting of the BYC Workbook, but before a challenge pursuant to section (11)(D)(ii) ("Challenge") is filed, at the request of an Interested Party, the Transmission Provider will be required to meet with the Interested Party within ten (10) Business Days of such request in an attempt to resolve any dispute regarding the calculation of the Border Yearly Charge raised by the Interested Party in its meeting request. If the dispute relates to information from one or more Transmission Owners' Tariff, Attachment H stated or formula rate or Zonal peak load determination, the relevant Transmission Owner(s) will be notified by the Transmission Provider of the dispute and will be permitted to attend the meeting.

Section (11)(D)(i)(d) is new and contains revised language regarding the effect of a

challenge, stating that if it is determined that the Border Yearly Charge is based on an incorrect input or calculation or FERC directs that a Transmission Owner's Revenue Requirement, upon which the Border Yearly Charge is based, be changed and implemented as a change to the Transmission Owner's rate for Network Integration Transmission Service at a time other than provided for in the Transmission Owner's formula rate protocols ("Changed Revenue Requirement"), the Transmission Provider shall change the Border Yearly Charge as necessary to account for such Changed Revenue Requirement and post on the Transmission Provider's website a revised BYC Workbook documenting the changes to the Border Yearly Charge to incorporate the correction or change. The correction to the Border Yearly Charge shall take effect no later than the first day of the month that begins 30 days after a correction is posted by the Transmission Provider or, if the correction or Changed Revenue Requirement results from a FERC order, on a schedule consistent with that order. Subject to the notice of correction described above, to the extent permitted by Tariff, Part I, section 10.4, PJM Settlement, on behalf of itself or as agent for the Transmission Provider, shall adjust the charges to Border Rate Transmission Customers with respect to any month prior to the effective date of the Changed Revenue Requirement being reflected in the Border Yearly Charge that is affected by the correction or Changed Revenue Requirement and refund or credit any amount paid in excess of the corrected Border Yearly Charge. Any correction under this Subsection (D) shall be limited to any Changed Revenue Requirement and the Transmission Provider's selection and use of Border Yearly Charge inputs and the calculations necessary to determine the Border Yearly Charge. This section does not apply to a FERC order that changes a Transmission Owner's Revenue Requirement that is implemented through a true-up mechanism.

Section (11)(D)(i)(e) is new and states that if FERC issues an order directing or approving refunds associated with a Transmission Owner's Revenue Requirement that previously was, or

currently is, incorporated into the SHRR to be paid to Network Integration Transmission Service customers, Border Rate Transmission Customers shall also receive a refund, to the extent that the changes in a Transmission Owner's Revenue Requirement upon which such refund is based affects the calculation of the Border Yearly Charge.

The subsection newly designated Section (11)(D)(i)(f) is revised to state that nothing in section (11) shall authorize an inquiry into the data or information filed or posted by a Transmission Owner as part of its transmission rate protocols pursuant to Tariff, Attachment H, or shall affect the rights that any Border Rate Transmission Customer may have under said protocols.

Section (11)(D)(ii) is new and sets forth the procedures for a challenge to the Border Yearly Charge determination.

Section (11)(D)(ii)(a) is new and states that an Interested Party may file with FERC a Challenge to the annual update of the Border Yearly Charge within ninety (90) days of the posting of the BYC Workbook or thirty (30) days of receiving a response to any information request it submitted under subsection (11)(D)(i)(a), whichever is later. Any such Challenge shall be served on Transmission Provider and each Transmission Owner with Revenue Requirements included in the BYC Workbook.

Section (11)(D)(ii)(b) is new and states that a Challenge must specify and include adequate supporting documentation, detailing how the Transmission Provider's selection of inputs to or calculation of the Border Yearly Charge fails to comply with the provisions of Schedule 7, section (11), identifying any input data or other BYC Workbook entry that is alleged to be missing or inaccurate or the Border Yearly Charge calculations alleged to be performed incorrectly.

Section (11)(D)(ii)(c) is new and states that a Challenge must be limited to the Transmission Provider's selection and use of Border Yearly Charge inputs and the calculations necessary to determine the Border Yearly Charge and may not seek to modify Tariff, Schedules 7

and 8 or Attachment H-A or question the data or information filed or posted by a Transmission Owner pursuant to Tariff, Attachment H.

Section (11)(D)(ii)(d) is new and states that the Transmission Provider and each Transmission Owner with Revenue Requirements included in the BYC Workbook shall have thirty (30) days to answer a Challenge.

Section (11)(D)(ii)(e) is new and states that in any proceeding before the FERC in response to a Challenge, the Transmission Provider shall bear the burden, consistent with Section 205 of the FPA, of demonstrating that it has correctly applied the terms of Schedule 7, section (11).

Section (11)(F) has been revised to state a Transmission Customer taking Point-to-Point Transmission Service at the Border of PJM under Schedule 7, including any discounted service pursuant to Section (3), is relieved from, and shall not be separately allocated or assigned Transmission Enhancement Charges under Schedule 12 §(c)(5) on the basis of its reservation of Firm Point-to-Point Transmission Service at the Border of PJM. Payment of the charges set forth in this Schedule does not relieve the responsibility of a Transmission Customer or Merchant Transmission Facility to pay Transmission Enhancement Charges assigned to such Merchant Transmission Facility, other than pursuant to Tariff, Schedule 12, §(c)(5), nor does it determine other cost obligations of Transmission Customers or Merchant Transmission Facilities that may be imposed under other provisions of the Tariff.

Section (11)(H) has been revised to state customers taking Point-to-Point Transmission Service at the Border of PJM with a point of Delivery at a Merchant Transmission Facility and not receiving a discount from the Border Yearly Charge pursuant to Schedule 7, section 3 under the settlement entered into in FERC Docket No. ER19-2105, shall receive a credit determined in

accordance with the following formula:

$$\text{MTFC} = \text{BYC} * \text{MTFTEC} / \text{SHRR}$$

Where:

MTFC is the credit to the Border Yearly Charge per kW of reserved capacity;

BYC is the Border Yearly Charge;

MTFTEC is the total annual Transmission Enhancement Charges under Tariff, Schedule 12 applicable to the Merchant Transmission Facility to which the customer is taking Point-to-Point Transmission Service during the current calendar year; and

SHRR is the amount determined pursuant to subsection (A) of section (11).

The MTFC shall be credited on a monthly basis only for those months during which the customer takes Firm Point-to-Point Transmission Service to the Merchant Transmission Facility.

VII. Policy Considerations of the Offer of Settlement

In compliance with Rule 602(c)(1)(ii) of the Commission's Rules of Practice and Procedure²⁶ and the October 15, 2003 notice of the Chief Administrative Law Judge titled *Information to be Provided with Settlement Agreements* (as modified by the Chief Administrative Law Judge's amended notice issued December 15, 2016),²⁷ the questions, and specific responses applicable to the Settlement, are as follows:

1. Does the settlement affect other pending cases?

No, the Settlement will not affect any other cases pending before the Commission.

2. Does the settlement involve issues of first impression?

No, the Settlement does not involve any issues of first impression.

²⁶ 18 C.F.R. § 385.602(c)(1)(ii).

²⁷ *Amended Notice to the Public on Information to be Provided with Settlement Agreements and Guidance on the Role of Settlement Judges* (Dec. 15, 2016).

3. Does the settlement depart from Commission precedent?

No, the Settlement does not depart from any Commission precedent.

4. Does the settlement seek to impose a standard of review other than the ordinary just and reasonable standard with respect to any changes to the settlement that might be sought by either a third party or the Commission acting *sua sponte*?

As specified in section 4.2 of the Settlement, the standard of review for any modifications to the Settlement, including, but not limited to the MTF Discount Rate, MTF Discount Percentage(s), Non-Firm MTF Path Rate Freeze or to the Tariff language set forth in Attachments A and B to the Settlement requested by any party other than a Settling Party or initiated by the Commission acting *sua sponte* shall be the most stringent standard permissible under applicable law, which may or may not be the ordinary just and reasonable standard. *See NRG Power Mktg., LLC v. Maine Pub. Utils. Comm'n*, 558 U.S. at 174-75.

IV. Conclusion

As discussed above and in the Settlement, the Settlement will resolve completely, upon its approval by the Commission without condition or modification (unless deemed acceptable by the Settling Parties), all issues that have arisen in connection with this proceeding. The Settling Parties believe that the Settlement is reasonable and adequate to resolve these issues and results in rates, terms and conditions of service that are just and reasonable and not unduly discriminatory or preferential. The Settlement is also consistent with the Commission's policies encouraging the resolution of litigation through settlements. Further, the Settlement is fair, reasonable and in both the public interest and the parties' interests in resolving this proceeding without further dispute or litigation. Accordingly, the Commission should approve the Settlement without condition or modification.

Respectfully submitted,

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October 7, 2021

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Washington, D.C., this 7th day of October 2021.

/s/ Elizabeth P. Trinkle

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