

SCHEDULE 9-PJM Settlement
PJM Settlement, Inc. Administrative Services

a) PJM Settlement, Inc. (“PJMSettlement”) is the entity that is (i) contracting with customers and conducting financial settlements regarding the use of the transmission capacity of the Transmission System; (ii) the Counterparty with respect to the agreements and “pool” transactions in the centralized markets that PJM Interconnection, L.L.C., as the Transmission Provider, administers under the Tariff and Operating Agreement; and (iii) the Counterparty to Financial Transmission Rights (“FTRs”) and Auction Revenue Rights instruments held by a Market Participant. PJMSettlement Services comprise all of the activities of PJMSettlement associated with PJMSettlement performing the services of being the Counterparty and conducting financial settlements.

b) The cost of operating PJMSettlement, including principal and/or depreciation expense, interest expense and financing costs, if any, shall be recovered from users of the PJMSettlement Services pursuant to the PJMSettlement Market Support Service Rate set forth in this Schedule 9-PJMSettlement.

c) **PJMSettlement Market Support Service Rate:** PJMSettlement will charge customers using Point-to-Point or Network Integration Transmission Service under the Tariff, Generation Providers, as defined below, and entities that submit offers to sell or bids to buy energy in the PJM Interchange Energy Market each month a charge equal to: the PJMSettlement Market Support Service Rate, as stated below, times the sum of (1) the total quantity in MWhs of energy delivered to load (including losses and net of operating Behind The Meter Generation, but not to be less than zero) in the PJM Region or for export from such region during such month by such user as a customer under Point-to-Point Transmission Service (other than Wheeling-Through Service, as defined below) or Network Integration Transmission Service, plus (2) the total quantity in MWhs of energy input into the Transmission System during such month by such user as a Generation Provider, as defined below, plus (3) the total quantity in MWhs of all accepted Increment Offers and accepted Decrement Bids, and all accepted Up-to Congestion Transactions submitted pursuant to Tariff, Attachment K-Appendix, section 1.10.1A(c) submitted by such user during such month

(A) For purposes of this Schedule 9-PJMSettlement, Wheeling-Through Service and Generation Provider shall have the same meanings as set forth in Tariff, Schedule 9-3.

(B) The PJMSettlement Market Support Service Rate is:

$$[\text{CYPMSC} / \text{VOL}] - \text{PQDRLB} / \text{VOLQA}] + [\text{PQDRAB} / \text{VOLQA}]$$

where

CYPMSC (Current Year PJMSettlement Market Support Service Costs) is the budgeted annual costs of PJMSettlement associated with PJMSettlement services recovered pursuant to PJMSettlement’s Market Support Service Rate for the current calendar year.

VOL (Volume) is PJMSettlement's estimate of the sum of (1) the total quantity in MWhs of energy to be delivered to load (including losses and net of operating Behind The Meter Generation, but not to be less than zero) in the PJM Region or to be exported from such region under Point-to-Point Transmission Service (other than Wheeling-Through Service) or Network Integration Transmission Service during the year for which the PJMSettlement Market Support Service Rate is being calculated, plus (2) the total quantity in MWhs of energy to be input into the Transmission System by Generation Providers during the year for which the PJMSettlement Market Support Service Rate is being calculated plus (3) the total quantity in MWhs of all accepted Increment Offers and accepted Decrement Bids, and all accepted Up-to Congestion Transactions submitted pursuant to Tariff, Attachment K-Appendix, section 1.10.1A(c), to be submitted during the year for which the PJMSettlement Market Support Service Rate is being calculated.

PQDRLB (Prior Quarter Deferred Regulatory Liability Balance) is the cumulative deferred regulatory liability balance as of the end of the prior quarter.

PQDRAB (Prior Quarter Deferred Regulatory Asset Balance) is the cumulative deferred regulatory asset balance as of the end of the prior quarter.

VOLQA (Volume Quarter Adjustment) is PJMSettlement's estimate of the sum of (1) the total quantity in MWhs of energy to be delivered to load (including losses and net of operating Behind The Meter Generation, but not to be less than zero) in the PJM Region or to be exported from such region under Point-to-Point Transmission Service (other than Wheeling-Through Service) or Network Integration Transmission Service during the quarter for which the PJMSettlement Market Support Service Rate is being calculated, plus (2) the total quantity in MWhs of energy to be input into the Transmission System by Generation Providers during the quarter for which the PJMSettlement Market Support Service Rate is being calculated plus (3) the total quantity in MWhs of all accepted Increment Offers and accepted Decrement Bids, and all accepted Up-to Congestion Transactions submitted pursuant to Tariff, Attachment K-Appendix, section 1.10.1A(c) to be submitted during the quarter for which the PJMSettlement Market Support Service Rate is being calculated.