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October 27, 2015

Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E., Room 1A
Washington, D.C. 20426

Re: *PJM Interconnection, L.L.C.*, Docket Nos. ER15-623-008, EL15-29-00_, EL15-41-00_, and EL15-80-00_

Dear Ms. Bose:

PJM Interconnection, L.L.C. ("PJM") hereby submits revisions to the PJM Open Access Transmission Tariff ("Tariff") and the Reliability Assurance Agreement among Load Serving Entities in the PJM Region ("RAA")[1] that are required to comply fully with the Commission's July 22, 2015 order in this proceeding.[2] The July 22 Order directed PJM to permit Demand Resources[3] and Energy Efficiency Resources to offer and commit as Capacity Performance Resources for the 2016/2017 and 2017/2018 Delivery Years. PJM's July 28, 2015 compliance filing in this proceeding submitted the Tariff changes needed to make clear that the transitional auctions to commit Capacity Performance Resources for those Delivery Years are not limited to generation resources. PJM has subsequently noted, however, other provisions of the Tariff and RAA that assume that Demand Resources and Energy Efficiency Resources cannot be committed as Capacity Performance Resources for the 2016/2017 and 2017/2018 Delivery Years. To implement the directives of the July 22 Order, these Tariff and RAA provisions must also be revised to accommodate the commitment of Demand Resources and Energy Efficiency Resources as Capacity Performance Resources for the 2016/2017 and 2017/2018 Delivery Years. In light of these circumstances, PJM seeks an extension, pursuant to 18 C.F.R. section 385.2008, of the August 6, 2015 compliance filing deadline set by the July 22 Order, to permit these further compliance revisions.

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1 For convenience, this transmittal letter sometimes refers collectively to these changed documents with the lower-case term "tariff."

2 *PJM Interconnection, L.L.C.*, 152 FERC ¶ 61,064 (2015) ("July 22 Order").

3 Capitalized terms used in this pleading (and not otherwise defined herein) have the meaning provided in the Tariff or RAA, as applicable.

In accordance with the July 22 Order, the enclosed revised Tariff and RAA sections reflect an effective date of July 22, 2015.

I. Background

On December 12, 2014, PJM filed revisions to the Tariff and RAA pursuant to section 205 of the Federal Power Act ("FPA"), 16 U.S.C. § 824d, to reform the Reliability Pricing Model ("RPM") to better ensure that committed capacity resources will perform when called upon to meet the reliability needs of the PJM Region ("December 12 Filing"). In the December 12 Filing, PJM proposed to establish a new capacity product – the Capacity Performance Resource – on a phased-in basis, such that 100 percent of PJM's capacity mix will be Capacity Performance Resources by the 2020/2021 Delivery Year. To achieve this objective, PJM proposed to hold Capacity Performance Transition Incremental Auctions for the 2016/2017 and 2017/2018 Delivery Years ("Transition Auctions") to procure Capacity Performance Resources up to a certain percentage of the PJM Region Reliability Requirement for each year. On June 9, 2015, the Commission accepted the December 12 Filing, including the Transition Auctions, subject to PJM submitting certain changes through a compliance filing.[4]

On June 29, 2015, the Advanced Energy Management Alliance Coalition ("AEMA Coalition") filed a complaint with the Commission alleging that the tariff provisions the Commission accepted in the June 9 Order were unjust and unreasonable insofar as the provisions excluded Demand Resources and Energy Efficiency Resources from participating in Transition Auctions and committing as Capacity Performance Resources for the 2016/2017 and 2017/2018 Delivery Years.

In the July 22 Order, the Commission granted the complaint and found that Demand Resources and Energy Efficiency Resources that are capable of performing as Capacity Performance Resources should be allowed to participate in the Transition Auctions.[5] The July 22 Order directed PJM to submit the tariff revisions to implement this change within 15 days, i.e., on or before August 6, 2015.[6] The July 22 Order also directed PJM to provide a revised timeline for the Transition Auctions, because the deadline for submissions to participate in those auctions had already passed.[7]

On July 28, 2015, PJM submitted a compliance filing revising section 5.14D(B)(3) of Attachment DD to the Tariff to make clear that the Transition Auctions

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4 *PJM Interconnection, L.L.C.*, 151 FERC ¶ 61,208 (2015) ("June 9 Order"). PJM submitted the required compliance filing on July 9, 2015.

5 July 22 Order at P 37.

6 July 22 Order at P 41.

7 *Id.*

are not limited solely to generation resources.[8] PJM also submitted a revised timeline, which scheduled the Transition Auctions for late August and early September.[9] PJM conducted the Transition Auctions in accordance with that schedule, and offers for Demand Resources and Energy Efficiency Resources cleared both auctions; such resources therefore are now committed as Capacity Performance Resources for both the 2016/2017 and 2017/2018 Delivery Years.

PJM has subsequently noted that several additional Tariff and RAA provisions are incompatible with the July 22 Order because they are premised on the principle that Demand Resources and Energy Efficiency Resources cannot be committed as Capacity Performance Resources for the 2016/2017 and 2017/2018 Delivery Years. As detailed below, these include existing non-performance charge provisions for such resources that assume *no* such resources are committed as Capacity Performance Resources for the 2016/2017 and 2017/2018 Delivery Years, as well as performance measurement provisions that likewise assume that no such resources are committed as Capacity Performance Resources for those Delivery Years. If conforming changes are not made to these provisions, then the effect would be, for example, that a Demand Resource committed as Capacity Performance for either of the next two Delivery Years would be subject to *both* the non-performance charge for Capacity Performance Resources *and* the legacy non-performance charge applicable to all other Demand Resources. Similarly, absent a correcting change, a Demand Resource committed as a Capacity Performance Resource would have its performance measured differently for the 2016/2017 and 2017/2018 Delivery Years than it would for all subsequent Delivery Years.

Therefore, to ensure compliance with the Commission's directive in the July 22 Order that Demand Resources and Energy Efficiency Resources must be allowed to offer and commit as Capacity Performance Resources for the 2016/2017 and 2017/2018 Delivery Years, PJM submits the additional compliance tariff revisions described below.

II. Conforming Compliance Changes Required to Implement the July 22 Order

A. Tariff, Attachment DD, Section 11

In the December 12 Filing, PJM revised section 11 of Tariff Attachment DD to provide that the current non-performance charge applicable to Demand Resources, i.e., the Demand Resource Compliance Penalty Charge, will sunset on May 31, 2018, which is the last day of the 2017/2018 Delivery Year. This change was required because, starting June 1, 2018, the non-performance charge set forth in new section 10A of Attachment DD will be applicable to all Capacity Resources, including all Demand Resources. Ending the current non-performance charge for Demand Resources on the last day of the 2017/2018 Delivery Year was intended to ensure that Demand Resources

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8 *See* Compliance Filing of PJM Interconnection, L.L.C. at 2-3 (July 28, 2015).

9 *Id.* at 3.

would not be assessed two non-performance charges for the same non-performance event.[10] No allowance was made for the possibility that Demand Resources could commit as Capacity Performance Resources earlier than June 1, 2018, because PJM's intent in the December 12 Filing (as the July 22 Order recognized[11]) was that Demand Resources could not participate in the transition auctions for the near-term Delivery Years.

However, the July 22 Order found the preclusion of Demand Resources and Energy Efficiency Resources from the Transition Auctions unjust and unreasonable, and directed PJM to allow such resources, if they qualify, to offer and commit as Capacity Performance Resources in the Transition Auctions. The July 22 Order consequently created the unintended circumstance in which a Demand Resource committed as a Capacity Performance Resource for either the 2016/2017 or 2017/2018 Delivery Year would be subject to non-performance charges under both section 11 and section 10A. Therefore, as a conforming change to ensure full compliance with the July 22 Order, section 11 must be revised so that such Demand Resources are not subject to two non-performance charges.

Accordingly, PJM is revising section 11 to add a preface, stating that "The provisions of this section 11 do not apply to Demand Resources committed as Capacity Performance Resources. All references to Demand Resources in this section specifically exclude Demand Resources committed as Capacity Performance Resources."[12] With this revision, any Demand Resource that commits as a Capacity Performance Resource for either or both of the 2016/2017 and 2017/2018 transition years will be subject only to the non-performance charge provisions of section 10A, while any Demand Resource that is not a Capacity Performance Resource and is committed during one or both of the transition years, will remain subject to the non-performance charge provisions of section 11. This revision merely applies to the 2016/2017 and 2017/2018 Delivery Years the rules that were accepted in the June 9 Order for Demand Resources that commit as Capacity Performance, without disturbing the pre-existing rules for all other Demand Resources.

B. Tariff, Attachment DD, Section 11A

A similar conforming change is required for another penalty charge applicable to Demand Resources, i.e., the Demand Resource Test Failure Charge in section 11A of Tariff Attachment DD. In the December 12 Filing, PJM revised section 11A to specify that the Demand Resource Test Failure Charge applies: (1) through the end of the

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10 *See* December 12 Filing at 52-53; *id.* at proposed Tariff, Attachment DD, section 11.

11 July 22 Order at P 34.

12 Proposed Tariff at Attachment DD, section 11.

2017/2018 Delivery Year to Limited Demand Resources, Extended Summer Demand Resources, and Annual Demand Resources, and (2) on and after June 1, 2018, to Base Capacity Demand Resources and Capacity Performance Resources.[13] Thus, like section 11 (discussed above), section 11A assumes that Demand Resources cannot commit as Capacity Performance Resources prior to June 1, 2018.

Because the July 22 Order permitted Demand Resources to commit as Capacity Performance Resources prior to the 2018/2019 Delivery Year, PJM is revising section 11A to specify that the Capacity Performance provisions in section 11A apply to "Demand Resources committed as Capacity Performance Resources for the 2016/2017 and 2017/2018 Delivery Years" and that the existing rules in place for other Demand Resources committed through the 2017/2018 Delivery Year do not apply to any Demand Resources committed as a Capacity Performance Resource.[14]

C. RAA, Schedule 6 and Tariff Attachment DD-1[15]

In the December 12 Filing, PJM proposed several revisions to Schedule 6 of the RAA, which contains many of the rules governing Demand Resource and Energy Efficiency Resource participation in RPM. As relevant here, PJM proposed to measure the quantity of non-summer load reduction provided by a Demand Resource committed as a Capacity Performance Resource using the same Customer Baseline Load ("CBL") methodology that is used for measuring load reductions in the energy market.[16] PJM also proposed expanded performance requirements for Energy Efficiency Resources that commit as Capacity Performance Resources.[17] The December 12 Filing proposed that both of these rule changes would be effective only beginning with the 2018/2019 Delivery Year, which was intended to be the first Delivery Year for which Demand Resources and Energy Efficiency Resources could commit as Capacity Performance Resources. The June 9 Order accepted these changes.[18]

As noted, however, the July 22 Order directed PJM to allow Demand Resources and Energy Efficiency Resources to offer and commit as Capacity Performance

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13 *See* December 12 Filing at 53; *id.* at proposed Tariff, Attachment DD, section 11A.

14 *See p*roposed Tariff, Attachment DD, section 11A(b)(ii).

15 Attachment DD-1 to the Tariff is identical to Schedule 6 of the RAA and is included in the Tariff "for ease of reference." Tariff, Attachment DD-1, preface. Accordingly, all changes described here for RAA Schedule 6 also are being made in Attachment DD-1.

16 December 12 Filing at 36; *id.* at proposed RAA Schedule 6, section K.

17 December 12 Filing at 38; *id.* at proposed RAA Schedule 6, section L.

18 June 9 Order at PP 28, 41.

Resources for the 2016/2017 and 2017/2018 Delivery Years. Absent conforming changes, therefore, the performance rules that the Commission found just and reasonable in the June 9 Order for Demand Resources and Energy Efficiency Resources that commit as Capacity Performance Resources would not apply to such resources for the 2016/2017 or 2017/2018 Delivery Years.

Consequently, conforming changes are needed to these rules to ensure implementation of the Commission's directive in the July 22 Order that qualifying Demand Resources and Energy Efficiency Resources can serve as Capacity Performance Resources during these two near-term Delivery Years.

Specifically, PJM is submitting a compliance change to section K of Schedule 6 to the RAA to apply to the 2016/2017 and 2017/2018 Delivery Years the rules that the Commission approved in the June 9 Order to measure performance by Demand Resources committed as Capacity Performance Resources, i.e., the CBL methodology during the non-summer months (October through May) and the non-CBL methodology for the summer months (June through September).[19] Correspondingly, Section K is being clarified to provide that compliance for Demand Resources *not committed* as Capacity Performance Resources during the Transition Years will continue to be measured using the non-CBL methodologies.[20]

Similarly, a conforming change is needed to RAA, Schedule 6, section L.2 to provide that all Energy Efficiency Resources committed as Capacity Performance Resources, *regardless of the applicable Delivery Year*, will be required to meet the extended (and year-round) permanent load reduction requirement that was approved in the June 9 Order for Capacity Performance Energy Efficiency Resources.[21] A corresponding change is needed to confirm that the existing Energy Efficiency performance requirement remains in place through the 2017/2018 Delivery Year for Energy Efficiency Resources that are *not committed* as Capacity Performance Resources.[22]

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19 *See* proposed Tariff, Attachment DD-1, section K; proposed RAA, Schedule 6, section K. PJM is also making a small clean up change to clarify that the cross-reference to the CBL provisions accurately states that they are located in "Schedule 1" of the Operating Agreement. *See id.*

20 *See* proposed Tariff, Attachment DD-1, section K; proposed RAA, Schedule 6, section K.

21 *See* proposed Tariff, Attachment DD-1, section L.2; proposed RAA, Schedule 6, section L.2.

22 *See* proposed Tariff, Attachment DD-1, section L.2; proposed RAA, Schedule 6, section L.2.

III. Request for Extension of Time to Submit Compliance Revisions

The July 22 Order directed PJM to submit by August 6, 2015 the changes needed to implement the Commission's directive to allow qualifying Demand Resources and Energy Efficiency Resources to offer and commit as Capacity Performance Resources for the 2016/2017 or 2017/2018 Delivery Years. PJM therefore requests, pursuant to Rule 2008, 18 C.F.R. § 385.2008, leave to submit these later-identified changes that are needed to comply with and implement that directive.

The requested extension of time is reasonable under the unique circumstances presented here. The July 22 Order focused on section 5.14D(B)(3) of Tariff Attachment DD, i.e., the provision that permitted only generation resources to participate in the Transition Auctions. The July 22 Order found that provision precluded Demand Resources and Energy Efficiency Resources from participation in the Transition Auctions,[23] found that provision unreasonable to that extent,[24] and directed PJM to revise that provision.[25] PJM timely revised that provision in the July 28 Compliance Filing. Given the focus on that provision in the July 22 Order, PJM understandably limited the July 28 Compliance Filing to that provision.

As the discussion in the preceding sections makes clear, however, other provisions of the Tariff and RAA are incompatible with the July 22 Order because they presume that Demand Resources and Energy Efficiency Resources are not permitted to commit as Capacity Performance Resources for the 2016/2017 or 2017/2018 Delivery Years. The sole basis for changing these provisions now is to implement the determination in the July 22 Order that such resources must be allowed to commit as Capacity Performance Resources for such Delivery Years. Each change described in this filing is a conforming compliance change, and therefore is properly submitted in this proceeding to ensure that the Tariff and the RAA fully comply with the July 22 Order.

PJM therefore respectfully requests that the Commission grant an extension of the August 6, 2015 compliance filing deadline to permit the present submission of these later-identified compliance revisions.

IV. Description of Submittal and Effective Date

Along with this transmittal letter, PJM submits electronic versions of the revisions to the Tariff and RAA in both marked and clean forms. The enclosed revised sections have an effective date of July 22, 2015, i.e., the effective date of the tariff changes directed by the July 22 Order.

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23 July 22 Order at P 41.

24 *Id.*

25 *Id.*

V. Service

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,[26] PJM will post a copy of this filing to the FERC filings section of its internet site, located at the following link: http://www.pjm.com/documents/ferc-manuals.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 Region[27] alerting them that this filing has been made by PJM today and is available by following such link. PJM also is serving all persons on the service list for Docket Nos. ER15-623, EL15-29, EL15-41, and EL15-80.

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[26] *See* 18 C.F.R §§ 35.2(e) and 385.2010(f)(3).

[27] PJM already maintains, updates, and regularly uses e-mail lists for all PJM members and affected commissions.

V. Conclusion

Accordingly, PJM respectfully requests that the Commission accept the enclosed Tariff and RAA revisions as required for further compliance with the July 22 Order, effective as proposed.

Respectfully submitted,

/s/ Paul M. Flynn

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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 these proceedings.

Dated at Washington, D.C., this 27th day of October, 2015.

/s/ *Ryan J. Collins*
Ryan J. Collins

Attachment A

Revisions to the
PJM Open Access Transmission Tariff
and PJM Reliability Assurance Agreement

(Marked / Redline Format)

Section(s) of the
PJM Open Access Transmission Tariff

(Marked / Redline Format)

11. DEMAND RESOURCE COMPLIANCE PENALTY CHARGE

The provisions of this section 11 do not apply to Demand Resources committed as Capacity Performance Resources. All references to Demand Resources in this section specifically exclude Demand Resources committed as Capacity Performance Resources.

(a) The Office of the Interconnection shall separately evaluate compliance of each Demand Resource committed for a Delivery Year, in accordance with procedures set forth in the PJM ManualsManuals and, for Delivery Years through May 31, 2018, shall assess a Demand Resource Compliance Penalty Charge on Capacity Market Sellers that committed Demand Resources and Locational UCAP Sellers that sold Demand Resources that cannot demonstrate the hourly performance of such resource in real-time. The compliance is evaluated separately by Load Management Event in each CAA for Demand Resources dispatched by the Office of Interconnection. The Demand Resource Compliance Penalty Charges will not be assessed to resources that are dispatched on a subzonal basis for the 2012/2013 and 2013/2014 Delivery Years. For the 2014/2015 Delivery Year, the Demand Resource Compliance Penalty Charge will not be assessed to resources that are dispatched on a subzonal basis unless such subzone is defined and publically posted the day before the Load Management Event as set forth in the PJM Manuals. To the extent a Demand Resource cannot respond, another Demand Resource in the same geographic location defined by the PJM dispatch instruction with the same designated lead time and comparable capacity commitment may be substituted. Any Demand Resource used as a substitute during a Load Management Event will have the same obligation to respond to future Load Management Event(s) as if it did not respond to such Load Management Event. Capacity Market Sellers that committed Demand Resources and Locational UCAP Sellers that sold Demand Resources that cannot demonstrate the hourly performance of such resource in real-time based on the capacity commitment shall be assessed a Demand Resource Compliance Penalty Charge; provided, however, that such under compliance shall be determined on an aggregate basis for all dispatched Demand Resources committed by the same Capacity Market Seller or same Locational UCAP Seller in a CAA.

(b) The Demand Resource Compliance Penalty Charge for a Capacity Market Seller in a CAA for the on-peak period, which includes all hours specified in the Reliability Assurance Agreement definition of the Limited Demand Resource, shall equal the lesser of (1/the number of Load Management Events during the on-peak period for which such Demand Resources were dispatched, or 0.50) times the weighted daily revenue rate for such seller resources dispatched, multiplied by the net under-compliance in such on-peak period, if any, for such seller resulting from all dispatched resources it has committed for such Delivery Year for such CAA for each Load Management Event called by the Office of the Interconnection. Net CAA under compliance for the Load Management Event will be prorated to individual under compliant registrations in the CAA based on performance of each registration in order to determine net under compliance(s). The Demand Resource Compliance Penalty Charge for a Capacity Market Seller in a CAA for the off-peak period, which includes all hours specified in the Reliability Assurance Agreement definitions of Extended Summer Demand Resource or Annual Demand Resource, but does not include all

hours in the on-peak period, shall equal 1/52 times the weighted daily revenue rate for resources dispatched for such seller, multiplied by the net undercompliance in such off-peak period, if any, for such seller resulting from all dispatched resources it has committed for such Delivery Year for such CAA for each Load Management Event called by the Office of the Interconnection. If a Load Management Event is comprised of both an on-peak period and an off-peak period then such Demand Resource Compliance Penalty Charge will be the higher of the charges calculated under the prior two sentences. The total Compliance Penalty Charge for the Delivery Year is not to exceed the annual revenue received for such resources. The net CAA undercompliance for each such Load Management Event shall be the following megawatt quantity, converted to an Unforced Capacity basis using the applicable DR Factor and Forecast Pool Requirement: (i) the megawatts of load reduction capability committed by such seller on the day of the Load Management Event for all dispatched resources minus (ii) the megawatts of load reduction actually provided by all such dispatched Demand Resources during such Load Management Event. A seller's net undercompliance in a CAA shall be reduced by the seller's total amount of Capacity Resource deficiency shortfalls on the day of the Load Management Event, determined pursuant to section 8 of Attachment DD of this Tariff, in a CAA for the seller's committed Demand Resources that are the same product(s) dispatched. The daily revenue rate for a Demand Resource shall be the Resource Clearing Price that the resource received in the auction in which it cleared, including any adjustment pursuant to Attachment DD-1, section C of this Tariff. The weighted daily revenue rate for a Capacity Market Seller shall be the average rate for all cleared Demand Resources, weighted by the megawatts cleared at each price. The total charge per megawatt that may be assessed on a Capacity Market Seller in a Delivery Year shall be capped at the weighted daily revenue rate the Capacity Market Seller would receive in the Delivery Year.

The Demand Resource Compliance Penalty Charges for a Load Management Event for Limited Demand Resources are assessed daily and initially billed by the later of the month of October during such Delivery Year or the third billing month following the Load Management Event that gave rise to such charge. The initial billing for a Load Management Event for Limited Demand Resources will reflect the amounts due from the start of the Delivery Year to the last day that is reflected in the initial billing. The remaining charges for such Load Management Event will be assessed daily and billed monthly through the remainder of the Delivery Year. The Demand Resource Compliance Penalty Charges for a Load Management Event for Annual or Extended Summer Demand Resources are assessed daily and billed by the later of the month of June following such Delivery Year or the third billing month following the Load Management Event that gave rise to such charge. The billing for the Load Management Event for Annual or Extended Summer Demand Resources will be in a lump sum and reflect the accrued charges for the entire Delivery Year.

c) Daily revenues from assessment of a Demand Resource Compliance Penalty Charge shall be distributed on a pro-rata basis to Demand Resource Providers and Locational UCAP Sellers that provided load reductions in excess of the amount such resources were committed to provide. Such revenue distribution, however, shall not exceed for any Capacity Market Seller the quantity of excess megawatts provided by such Capacity Market Seller during a single Load Management Event times 0.20 times the weighted daily revenue rate for such Capacity Market Seller for resources dispatched. To the extent any such revenues

remain after such distribution, the remaining revenues shall be distributed to LSEs based on each LSE's Daily Unforced Capacity Obligation.

11A DEMAND RESOURCES TEST FAILURE CHARGE

a) Beginning with the Delivery Year that commences on June 1, 2009, Capacity Market Sellers that commit Demand Resources may be charged to the extent their committed resources fail performance tests, as set forth herein.

b)

(i) For Demand Resources not committed as Capacity Performance Resources for Delivery Years through May 31, 2018:

For Limited Demand Resources: If a registration for a Limited Demand Resource committed by a Capacity Market Seller is not dispatched by the Office of the Interconnection for a Load Management event prior to August 15 of the relevant Delivery Year, then such registration must demonstrate that it was tested as described below in (iii), in a zone for a one-hour period during any hour when a PJM Load Management event may be called between June 1 and September 30, inclusive. If a registration for a Limited Demand Resource committed by a Capacity Market Seller is dispatched by the Office of the Interconnection for a PJM Load Management event in a zone between August 16 and September 30, no test will be required. If a registration for a Limited Demand Resource committed by a Capacity Market Seller is dispatched by the Office of Interconnection for a PJM Load Management event in a subzone between June 1 and September 30 of the 2012/2013 and 2013/2014 Delivery Years, and such registration performs at or above the nominated amount of capacity on the registration, no test will be required and no Demand Resources Test Failure Charges will be assessed for such registrations. If a registration for a Limited Demand Resource committed by a Capacity Market Seller is dispatched by the Office of the Interconnection for a PJM Load Management event in a zone between June 1 and September 30, inclusive, then Demand Resources Test Failure Charges will not be assessed.

For Annual Demand Resources: if an Annual Demand Resource registration is not dispatched by the Office of the Interconnection for a Load Management event in a Delivery Year, then the Annual Demand Resource registration committed by a Capacity Market Seller must demonstrate that the Annual Demand Resource registration committed in a zone was tested as described below in (iii), for a one-hour period during any hour when a PJM Load Management event may be called during June through October or the following May of the relevant Delivery Year. If an Annual Demand Resource registration is dispatched by the Office of the Interconnection for a Load

Management event during the Delivery Year, then no test will be required.

For Extended Summer Demand Resources: if an Extended Summer Demand Resource registration is not dispatched by the Office of the Interconnection for a Load Management event during June through October or the following May, then the Extended Summer Demand Resource registration committed by a Capacity Market Seller must demonstrate that the Extended Summer Demand Resource registration was tested as described below in (iii), for a one-hour period during any hour when a PJM Load Management event may be called during June through October or the following May of the relevant Delivery Year.

(ii) For Demand Resources committed as Capacity Performance Resources for the 2016/2017 and 2017/2018 Delivery Years and for all Demand Resources for the 2018/2019 Delivery Year and subsequent Delivery Years:

For Base Capacity Demand Resources: if an Base Capacity Demand Resource registration is not dispatched by the Office of the Interconnection for a Load Management event during June through September, then the Base Capacity Demand Resource registration committed by a Capacity Market Seller must demonstrate that the Base Capacity Demand Resource registration was tested as described below in (iii), for a one-hour period during any hour when a PJM Load Management event may be called during June through September of the relevant Delivery Year.

For Demand Resources that commit as Capacity Performance Resources: if a Demand Resource that is a Capacity Performance Resource registration is not dispatched by the Office of the Interconnection for a Load Management event in a Delivery Year, then that Demand Resource registration committed by a Capacity Market Seller must demonstrate that that Demand Resource registration committed in a zone was tested as described below in (iii), for a one-hour period during any hour when a PJM Load Management event may be called during June through October or the following May of the relevant Delivery Year. If an Annual Demand Resource registration is dispatched by the Office of the Interconnection for a Load Management event during the Delivery Year, then no test will be required.

(iii) All registrations in a zone required to test must be tested simultaneously for each product except that, when less than 25 percent (by megawatts) of a provider's total resources in a zone fail a test, the provider may conduct a re-test limited to all registrations that failed

the prior test, provided that such re-test must be at the same time of day and under approximately the same weather conditions as the prior test, and provided further that all affiliated registrations must test simultaneously, where affiliated means registrations that have any ability to shift load and are owned or controlled by the same entity. If less than 25 percent of resources fail the test and the provider chooses to conduct a retest, the provider may elect to maintain the performance compliance result for registration(s) achieved during the test if provider: (1) notifies the Office of the Interconnection 48 hours prior to the retest under this election; and (2) the provider retests affiliated registrations under this election as set forth in the PJM Manual.

c) a Capacity Market Seller that committed Demand Resources shall be assessed a Demand Resources Test Failure Charge equal to the net capability testing shortfall for such products tested in a Zone during such test in the aggregate of all of such Seller's Demand Resources tested in such Zone times the Demand Resources Test Failure Charge Rate. The net capability testing shortfall in such Zone shall be the following megawatt quantity, converted to an Unforced Capacity basis using the applicable DR Factor and Forecast Pool Requirement: (i) the summer daily average of the megawatts of load reduction capability committed by such seller in such Zone for such product(s) tested minus (ii) the megawatts of load reduction actually provided by all such Demand Resources in such Zone during such test. The net capability testing shortfall in such Zone for such product(s) tested shall be reduced by the provider's summer daily average of the Capacity Resource deficiency shortfalls, determined pursuant to section 8 of Attachment DD of this Tariff, in such Zone for all of the provider's committed Demand Resources that are of the same product(s) tested.

d) the Demand Resources Test Failure Charge Rate shall equal such Seller's Weighted Daily Revenue Rate in such Zone for the product(s) tested plus the greater of (0.20 times the Weighted Daily Revenue Rate in such Zone for the product(s) tested or $20/MW-day). The Daily Demand Resources Test Failure Charge in a zone for the product(s) tested shall be equal to the net capability testing shortfall in such Zone for such product(s) tested times the Demand Resources Test Failure Charge Rate. Such charge shall be assessed daily and charged monthly (or otherwise in accordance with customary PJM billing practices in effect at the time); provided, however, that a lump sum payment may be required to reflect amounts due, as a result of a test failure, from the start of the Delivery Year to the day that charges are reflected in regular billing.

e) revenues collected from assessment of Demand Resources Test Failure Charges shall be distributed to Load Serving Entities that were charged a Locational Reliability Charge for the Delivery Year for which the Demand Resources Test Failure Charge was assessed, pro-rata based on such Load Serving Entities' Daily Unforced Capacity Obligations.

ATTACHMENT DD-1

Preface: The provisions of this Attachment incorporate into the Tariff for ease of reference the provisions of Schedule 6 of the Reliability Assurance Agreement among Load Serving Entities in the PJM Region. As a result, this Attachment will be modified, subject to FERC approval, so that the terms and conditions set forth herein remain consistent with the corresponding terms and conditions of Schedule 6 of the RAA. Capitalized terms used herein that are not otherwise defined in Attachment DD or elsewhere in this Tariff have the meaning set forth in the RAA.

PROCEDURES FOR DEMAND RESOURCES AND ENERGY EFFICIENCY

A. Parties can partially or wholly offset the amounts payable for the Locational Reliability Charge with Demand Resources that are operated under the direction of the Office of the Interconnection. FRR Entities may reduce their capacity obligations with Demand Resources that are operated under the direction of the Office of the Interconnection and detailed in such entity's FRR Capacity Plan. Demand Resources qualifying under the criteria set forth below may be offered for sale or designated as Self-Supply in the Base Residual Auction, included in an FRR Capacity Plan, or offered for sale in any Incremental Auction, for any Delivery Year for which such resource qualifies. Qualified Demand Resources generally fall in one of three categories, i.e., Guaranteed Load Drop, Firm Service Level, or Legacy Direct Load Control (prior to June 1, 2016), as further specified in section G below and the PJM Manuals. Qualified Demand Resources may be provided by a Curtailment Service Provider, notwithstanding that such Curtailment Service Provider is not a Party to this Agreement. Such Curtailment Service Providers must satisfy the requirements hereof and the PJM Manuals.

1. A Party must formally notify, in accordance with the requirements of the PJM Manuals and section F hereof, as applicable, the Office of the Interconnection of the Demand Resource that it is placing under the direction of the Office of the Interconnection. A Party must further notify the Office of the Interconnection whether the resource is a Limited Demand Resource, an Extended Summer Demand Resource, a Base Capacity Demand Resource, or an Annual Demand Resource.

2. A Demand Resource must achieve its full load reduction within the following time period:

(a) For the 2014/2015 Delivery Year, Curtailment Service Providers may elect a notification time period from the Office of the Interconnection of 30, 60 or 120 minutes prior to their Demand Resources being required to fully respond to a Load Management Event.

(b) For the 2015/2016 Delivery Year and subsequent Delivery Years, a Demand Resource must be able to fully respond to a Load Management Event within 30 minutes of notification from the Office of the Interconnection. This default 30 minute prior notification shall apply unless a Curtailment Service Provider obtains an exception from the Office of the Interconnection due to physical operational limitations that prevent the Demand Resource from reducing load within that timeframe. In such case, the Curtailment Service Provider shall submit a request for an exception to the 30 minute prior notification requirement to the Office of the Interconnection, at the time the Registration Form for that resource is submitted in accordance

with Attachment K-Appendix of this Tariff. The only alternative notification times that the Office of Interconnection will permit, upon approval of an exception request, are 60 minutes and 120 minutes prior to a Load Management Event. The Curtailment Service Provider shall indicate in writing, in the appropriate application, that it seeks an exception to permit a prior notification time of 60 minutes or 120 minutes, and the reason(s) for the requested exception. A Curtailment Service Provider shall not submit a request for an exception to the default 30 minute notification period unless it has done its due diligence to confirm that the Demand Resource is physically incapable of responding within that timeframe based on one or more of the reasons set forth below and as may be further defined in the PJM Manuals and has obtained detailed data and documentation to support this determination.

In order to establish that a Demand Resource is reasonably expected to be physically unable to reduce load in that timeframe, the Curtailment Service Provider that registered the resource must demonstrate that:

1) The manufacturing processes for the Demand Resource require gradual reduction to avoid damaging major industrial equipment used in the manufacturing process, or damage to the product generated or feedstock used in the manufacturing process;

2) Transfer of load to back-up generation requires time-intensive manual process taking more than 30 minutes;

3) On-site safety concerns prevent location from implementing reduction plan in less than 30 minutes; or,

4) The Demand Resource is comprised of mass market residential customers or Small Commercial Customers which collectively cannot be notified of a Load Management Event within a 30-minute timeframe due to unavoidable communications latency, in which case the requested notification time shall be no longer than 120 minutes.

The Office of the Interconnection may request data and documentation from the Curtailment Service Provider and such Curtailment Service Provider shall provide to the Office of the Interconnection within three (3) business days of a request therefor, a copy of all of the data and documentation supporting the exception request. Failure to provide a timely response to such request shall cause the exception to terminate the following Operating Day.

At its sole option and discretion, the Office of the Interconnection may review the data and documentation provided by the Curtailment Service Provider to determine if the Demand Resource has met one or more of the criteria above. The Office of the Interconnection will notify the Curtailment Service Provider in writing of its determination by no later than ten (10) business days after receipt of the data and documentation.

The Curtailment Service Provider shall provide written notification to the Office of the Interconnection of a material change to the facts that supported its exception request within three (3) business days of becoming aware of such material change in facts, and, if the Office of Interconnection determines that the physical limitation criteria above are no longer being met, the

Demand Resource shall be subject to the default notification period of 30 minutes immediately upon such determination.

3. The initiation of load reduction, upon the request of the Office of the Interconnection, must be within the authority of the dispatchers of the Party. No additional approvals should be required.

4. The initiation of load reduction upon the request of the Office of the Interconnection is considered a pre-emergency or emergency action and must be implementable prior to a voltage reduction.

5. A Curtailment Service Provider intending to offer for sale or designate for self-supply, a Demand Resource in any RPM Auction, or intending to include a Demand Resource in any FRR Capacity Plan must demonstrate, to PJM's satisfaction, that such resource shall have the capability to provide a reduction in demand, or otherwise control load, on or before the start of the Delivery Year for which such resource is committed. As part of such demonstration, each such Curtailment Service Provider shall submit a Demand Resource Sell Offer Plan in accordance with the standards and procedures set forth in section A-1 of Schedule 6, Schedule 8.1 (as to FRR Capacity Plans) and the PJM Manuals, no later than 15 business days prior to, as applicable, the RPM Auction in which such resource is to be offered, or the deadline for submission of the FRR Capacity Plan in which such resource is to be included. PJM may verify the Curtailment Service Provider's adherence to the Demand Resource Sell Offer Plan at any time. A Curtailment Service Provider with a PJM-approved Demand Resource Sell Offer Plan will be permitted to offer up to the approved Demand Resource quantity into the subject RPM Auction or include such resource in its FRR Capacity Plan.

6. Selection of a Demand Resource in an RPM Auction results in commitment of capacity to the PJM Region. Demand Resources that are so committed must be registered to participate in the Full Program Option or as a Capacity Only resource of the Emergency Load Response and Pre-Emergency Load Response Program and thus available for dispatch during PJM-declared pre-emergency events and emergency events.

A-1. A Demand Resource Sell Offer Plan shall consist of a completed template document in the form posted on the PJM website, requiring the information set forth below and in the PJM Manuals, and a Demand Resource Officer Certification Form signed by an officer of the Demand Resource Provider that is duly authorized to provide such a certification. The Demand Resource Sell Offer Plan must provide information that supports the Demand Resource Provider's intended Demand Resource Sell Offers and demonstrates that the Demand Resources are being offered with the intention that the MW quantity that clears the auction is reasonably expected to be physically delivered through Demand Resource registrations for the relevant Delivery Year. The Demand Resource Sell Offer Plan shall include all Existing Demand Resources and all Planned Demand Resources that the Demand Resource Provider intends to offer into an RPM Auction or include in an FRR Capacity Plan.

1. Demand Resource Sell Offer Plan Template. The Demand Resource Sell Offer Plan template, in the form provided on the PJM website, shall require the Demand

Resource Provider to provide the following information and such other information as specified in the PJM Manuals:

(a) Summary Information. The completed template shall include the Demand Resource Provider's company name, contact information, and the Nominated DR Value in ICAP MWs by Zone/sub-Zone that the Demand Resource Provider intends to offer, stated separately for Existing Demand Resources and Planned Demand Resources. The total Nominated DR Value in MWs for each Zone/sub-Zone shall be the sum of the Nominated DR Value of Existing Demand Resources and the Nominated DR Value of Planned Demand Resources, and shall be the maximum MW amount the Provider intends to offer in the RPM Auction for the indicated Zone/sub-Zone, provided that nothing herein shall preclude the Demand Resource Provider from offering in the auction a lesser amount than the total Nominated DR Value shown in its Demand Resource Sell Offer Plan.

(b) Existing Demand Resources. The Demand Resource Provider shall identify all Existing Demand Resources by identifying end-use customer sites that are currently registered with PJM (even if not registered by such Demand Resource Provider) and that the Demand Resource Provider reasonably expects to have under a contract to reduce load based on PJM dispatch instructions by the start of the auction Delivery Year.

(c) Planned Demand Resources. The Demand Resource Provider shall provide the details of, and key assumptions underlying, the Planned Demand Resource quantities (i.e., all Demand Resource quantities in excess of Existing Demand Resource quantities) contained in the Demand Resource Sell Offer Plan, including:

(i) key program attributes and assumptions used to develop the Planned Demand Resource quantities, including, but not limited to, discussion of:

- method(s) of achieving load reduction at customer site(s);
- equipment to be controlled or installed at customer site(s), if any;
- plan and ability to acquire customers;
- types of customer targeted;
- support of market potential and market share for the target customer base, with adjustments for Existing Demand Resource customers within this market and the potential for other Demand Resource Providers targeting the same customers;
- assumptions regarding regulatory approval of program(s), if applicable; and
- Prior to June 1, 2016: if applicable, Legacy Direct Load Control (LDLC) program details such as: a description of the cycling control strategy, any assumptions regarding switch operability rate, and a list (and copy) of all load research studies used to develop the estimated nominated ICAP value per customer (i.e., the per-participant impact).

(ii) Zone/sub-Zone information by end-use customer segment for all Nominated DR Values for which an end-use customer site is not identified, to include the number in each segment of end-use customers expected to be registered for the subject Delivery Year, the average Peak Load Contribution per end-use customer for such segment, and the average Nominated DR Value per customer for such segment. End-use customer segments may include residential, commercial, small industrial, medium industrial, and large industrial, as identified and defined in the PJM Manuals, provided that nothing herein or in the Manuals shall preclude the Provider from identifying more specific customer segments within the commercial and industrial categories, if known.

(iii) Information by end-use customer site to the extent required by subsection A-1(1)(c)(iv) or, if not required by such subsection, to the extent known at the time of the submittal of the Demand Resource Sell Offer Plan, to include: customer EDC account number (if known), customer name, customer premise address, Zone/sub-Zone in which the customer is located, end-use customer segment, current Peak Load Contribution value (or an estimate if actual value not known) and an estimate of expected Peak Load Contribution for the subject Delivery Year, and an estimated Nominated DR Value.

(iv) End-use customer site-specific information shall be required for any Zones or sub-Zones identified by PJM pursuant to this subsection for the portion, if any, of a Demand Resource Provider's intended offer in such Zones or sub-Zones that exceeds a Sell Offer threshold determined pursuant to this subsection, as any such excess quantity under such conditions should reflect Planned Demand Resources from end-use customer sites that the Provider has a high degree of certainty it will physically deliver for the subject Delivery Year. In accordance with the procedures in subsection A-1(3) below, PJM shall identify, as requiring site-specific information, all Zones and sub-Zones that comprise any LDA group (from a list of LDA groups stated in the PJM Manuals) in which [the quantity of cleared Demand Resources from the most recent Base Residual Auction] plus [the quantity of Demand Resources included in FRR Capacity Plans for the Delivery Year addressed by the most recent Base Residual Auction] in any Zone or sub-Zone of such LDA group exceeds the greater of:

- the maximum Demand Resources quantity registered with PJM for such Zone for any Delivery Year from the current (at time of plan submission) Delivery Year and the two preceding Delivery Years; and

- the potential Demand Resource quantity for such Zone estimated by PJM based on an independent published assessment of demand

response potential that is reasonably applicable to such Zone, as identified in the PJM Manuals.

For each such Zone and sub-Zone, the Sell Offer threshold for each Demand Resource Provider shall be the higher of:

- the Demand Resource Provider's maximum Demand Resource quantity registered with PJM for such Zone/sub-Zone over the current Delivery Year (at the time of plan submission) and two preceding Delivery Years;

- the Demand Resource Provider's maximum for any single Delivery Year of [such provider's cleared Demand Resource quantity] plus [such provider's quantity of Demand Resources included in FRR Capacity Plans] from the three forward Delivery Years addressed by the three most recent Base Residual Auctions for such Zone/sub-Zone; and

- 10 MW.

(d) Schedule. The Demand Resource Provider shall provide an approximate timeline for procuring end-use customer sites as needed to physically deliver the total Nominated DR Value (for both Existing Demand Resources and Planned Demand Resources) by Zone/sub-Zone in the Demand Resource Sell Offer Plan. The Demand Resource Provider must specify the cumulative number of customers and the cumulative Nominated DR Value associated with each end-use customer segment within each Zone/sub-Zone that the Demand Resource Provider expects (at the time of plan submission) to have under contract as of June 1 each year between the time of the auction and the subject Delivery Year.

2. Demand Resource Officer Certification Form. Each Demand Resource Sell Offer Plan must include a Demand Resource Officer Certification, signed by an officer of the Demand Resource Provider that is duly authorized to provide such a certification, in the form shown in the PJM Manuals, which form shall include the following certifications:

(a) that the signing officer has reviewed the Demand Resource Sell Offer Plan and the information supplied to PJM in support of the Plan is true and correct as of the date of the certification; and

(b) that the Demand Resource Provider is submitting the Plan with the reasonable expectation, based upon its analyses as of the date of the certification, to physically deliver all megawatts that clear the RPM Auction through Demand Resource registrations by the specified Delivery Year.

As set forth in the form provided in the PJM manuals, the certification shall specify that it does not in any way abridge, expand, or otherwise modify the current provisions of the PJM Tariff, Operating Agreement and/or RAA, or the Demand Resource Provider's rights

and obligations thereunder, including the Demand Resource Provider's ability to adjust capacity obligations through participation in PJM incremental auctions and bilateral transactions.

3. Procedures. No later than December 1 prior to the Base Residual Auction for a Delivery Year, PJM shall post to the PJM website a list of Zones and sub-Zones, if any, for which end-use customer site-specific information shall be required under the conditions specified in subsection A-1(1)(c)(iv) above for all RPM Auctions conducted for such Delivery Year. Once so identified, a Zone or sub-Zone shall remain on the list for future Delivery Years until the threshold determined under subsection A-1(1)(c)(iv) above is not exceeded for three consecutive Delivery Years. No later than 15 business days prior to the RPM Auction in which a Demand Resource Provider intends to offer a Demand Resource, the Demand Resource Provider shall submit to PJM a completed Demand Resource Sell Offer Plan template and a Demand Resource Officer Certification Form signed by a duly authorized officer of the Provider. PJM will review all submitted DR Sell Offer Plans. No later than 10 business days prior to the subject RPM Auction, PJM shall notify any Demand Resource Providers that have identified the same end-use customer site(s) in their respective DR Sell Offer Plans for the same Delivery Year. In such event, the MWs associated with such site(s) will not be approved for inclusion in a Sell Offer in an RPM Auction by any of the Demand Resource Providers, unless a Demand Resource Provider provides a letter of support from the end-use customer indicating that it is likely to execute a contract with that Demand Resource Provider for the relevant Delivery Year, or provides other comparable evidence of likely commitment. Such letter of support or other supporting evidence must be provided to PJM no later than 7 business days prior to the subject RPM Auction. If an end-use customer provides letters of support for the same site for the same Delivery Year to multiple Demand Resource Providers, the MWs associated with such end-use customer site shall not be approved as a Demand Resource for any of the Demand Resource Providers. No later than 5 business days prior to the subject RPM Auction, PJM will notify each Demand Resource Provider of the approved Demand Resource quantity, by Zone/sub-Zone, that such Demand Resource Provider is permitted to offer into such RPM Auction.

B. The Unforced Capacity value of a Demand Resource will be determined as:

for the Delivery Years through May 31, 2018, or for FRR Capacity Plans for Delivery Years through May 31, 2019, the product of the Nominated Value of the Demand Resource times the DR Factor, times the Forecast Pool Requirement, and for the 2018/2019 Delivery Year and subsequent Delivery Years, or for FRR Capacity Plans for the 2019/2020 Delivery Year and subsequent Delivery Years, the product of the Nominated Value of the Demand Resource times the Forecast Pool Requirement. Nominated Values shall be determined and reviewed in accordance with sections I and J, respectively, and the PJM Manuals. The DR Factor is a factor established by the PJM Board with the advice of the Members Committee to reflect the increase in the peak load carrying capability in the PJM Region due to Demand Resources. Peak load carrying capability is defined to be the peak load that the PJM Region is able to serve at the loss of load expectation defined in the Reliability Principles and Standards. The DR Factor is the increase in the peak load carrying capability in the PJM Region due to Demand Resources, divided by the total Nominated Value of Demand Resources in the PJM Region. The DR Factor will be determined using an analytical program that uses a probabilistic approach to determine

reliability. The determination of the DR Factor will consider the reliability of Demand Resources, the number of interruptions, and the total amount of load reduction.

C. Demand Resources offered and cleared in a Base Residual or Incremental Auction shall receive the corresponding Capacity Resource Clearing Price as determined in such auction, in accordance with Attachment DD of the PJM Tariff. For Delivery Years beginning with the Delivery Year that commences on June 1, 2013, any Demand Resources located in a Zone with multiple LDAs shall receive the Capacity Resource Clearing Price applicable to the location of such resource within such Zone, as identified in such resource's offer. Further, the Curtailment Service Provider shall register its resource in the same location within the Zone as specified in its cleared sell offer, and shall be subject to deficiency charges under Attachment DD of this Tariff to the extent it fails to provide the resource in such location consistent with its cleared offer. For either of the Delivery Year commencing on June 1, 2010 or commencing on June 1, 2012, if the location of a Demand Resource is not specified by a Seller in the Sell Offer on an individual LDA basis in a Zone with multiple LDAs, then Demand Resources cleared by such Seller will be paid a DR Weighted Zonal Resource Clearing Price, determined as follows: (i) for a Zone that includes non-overlapping LDAs, calculated as the weighted average of the Resource Clearing Prices for such LDAs, weighted by the cleared Demand Resources registered by such Seller in each such LDA; or (ii) for a Zone that contains a smaller LDA within a larger LDA, calculated treating the smaller LDA and the remaining portion of the larger LDA as if they were separate LDAs, and weight-averaging in the same manner as (i) above.

D. The Party, Electric Distributor, or Curtailment Service Provider that establishes a contractual relationship (by contract or tariff rate) with a customer for load reductions is entitled to receive the compensation specified in section C for a committed Demand Resource, notwithstanding that such provider is not the customer's energy supplier.

E. Any Party hereto shall demonstrate that its Demand Resources performed during periods when load management procedures were invoked by the Office of the Interconnection. The Office of the Interconnection shall adopt and maintain rules and procedures for verifying the performance of such resources, as set forth in section K hereof and the PJM Manuals. In addition, committed Demand Resources that do not comply with the directions of the Office of the Interconnection to reduce load during an emergency shall be subject to the penalty charge set forth in Attachment DD to the PJM Tariff.

F. Parties may elect to place Demand Resources associated with Behind The Meter Generation under the direction of the Office of the Interconnection for a Delivery Year by submitting a Sell Offer for such resource (as Self Supply, or with an offer price) in the Base Residual Auction for such Delivery Year. This election shall remain in effect for the entirety of such Delivery Year. In the event such an election is made, such Behind The Meter Generation will not be netted from load for the purposes of calculating the Daily Unforced Capacity Obligations under this Agreement.

G. PJM measures Demand Resources in the following four ways:

Prior to June 1, 2016: Legacy Direct Load Control (LDLC) – Load management that is initiated directly by the Curtailment Service Provider's market operations center or its agent, employing a communication signal to cycle equipment (typically water heaters or central air conditioners). DLC programs are qualified based on load research and customer subscription data. Curtailment Service Providers may rely on the results of load research studies identified in the PJM Manuals to set the per-participant load reduction for LDLC programs. Each Curtailment Service Provider relying on DLC load management must periodically update its LDLC switch operability rates, in accordance with the PJM Manuals.

Firm Service Level (FSL) – Load management achieved by an end-use customer reducing its load to a pre-determined level (the Firm Service Level), upon notification from the Curtailment Service Provider's market operations center or its agent.

Guaranteed Load Drop (GLD) – Load management achieved by an end-use customer reducing its load by a pre-determined amount (the Guaranteed Load Drop), upon notification from the Curtailment Service Provider's market operations center or its agent. Typically, the load reduction is achieved through running customer-owned backup generators, or by shutting down process equipment.

Customer Baseline Load (CBL) - Load management achieved by an end-use customer as measured by comparing actual metered load to an end-use customer's Customer Baseline Load or alternative CBL determined in accordance with the provisions of Section 3.3A.2 or 3.3A.2.01 of the Operating Agreement.

H. Each Curtailment Service Provider must satisfy (or contract with another LSE, Curtailment Service Provider, or electric distribution company to provide) the following requirements:

- A point of contact with appropriate backup to ensure single call notification from PJM and timely execution of the notification process;
- Supplemental status reports, detailing Demand Resources available, as requested by PJM;
- Entry of customer-specific Demand Resource credit information, for planning and verification purposes, into the designated PJM electronic system.
- Customer-specific compliance and verification information for each PJM-initiated Demand Resource event, as well as aggregated Provider load drop data for Provider-initiated events, in accordance with established reporting guidelines.
- Load drop estimates for all Demand Resource events, prepared in accordance with the PJM Manuals.

I. The Nominated Value of each Demand Resource shall be determined consistent with the process for determination of the capacity obligation for the customer.

The Nominated Value for a Firm Service Level customer will be based on the peak load contribution for the customer, as determined by the 5CP methodology utilized to determine other ICAP obligation values. The maximum Demand Resource load reduction value for a Firm Service Level customer will be equal to Peak Load Contribution – Firm Contract Level adjusted for system losses.

The Nominated Value for a Guaranteed Load Drop customer will be the guaranteed load drop amount, adjusted for system losses, as established by the customer's contract with the Curtailment Service Provider. The maximum credit nominated shall not exceed the customer's Peak Load Contribution.

Prior to June 1, 2016, the Nominated Value for a Legacy Direct Load Control program will be based on load research and customer subscription. The maximum value of the program is equal to the approved per-participant load reduction multiplied by the number of active participants, adjusted for system losses. The per-participant impact is to be estimated at long-term average local weather conditions at the time of the summer peak.

Customer-specific Demand Resource information (EDC account number, peak load, notification period, etc.) will be entered into the designated PJM electronic system to establish credit values. Additional data may be required, as defined in sections J and K.

J. Nominated Values shall be reviewed based on documentation of customer-specific data and Demand Resource information, to verify the amount of load management available and to set a maximum allowable Nominated Value. Data is provided by both the zone EDC and the Curtailment Service Provider on templates supplied by PJM, and must include the EDC meter number or other unique customer identifier, Peak Load Contribution (5CP), contract firm service level or guaranteed load drop values, applicable loss factor, zone/area location of the load drop, number of active participants, etc. Such data must be uploaded and approved prior to the first day of the Delivery Year for such resource as a Demand Resource. Curtailment Service Providers must provide this information concurrently to host EDCs.

For Firm Service Level and Guaranteed Load Drop customers, the 5CP values, for the zone and affected customers, will be adjusted to reflect an "unrestricted" peak for a zone, based on information provided by the Curtailment Service Provider. Load drop levels shall be estimated in accordance with guidelines in the PJM Manuals.

Prior to June 1, 2016, for Legacy Direct Load Control programs, the Curtailment Service Provider must provide information detailing the number of active participants in each program. Other information on approved LDLC programs will be provided by PJM.

K. Compliance is the process utilized to review Provider performance during PJM-initiated Demand Resource events. Compliance will be established for each Provider on an event specific basis for the Curtailment Service Provider's Demand Resources dispatched by the Office

of the Interconnection during such event. PJM will establish and communicate reasonable deadlines for the timely submittal of event data to expedite compliance reviews. Compliance reviews will be completed as soon after the event as possible, with the expectation that reviews of a single event will be completed within two months of the end of the month in which the event took place. Curtailment Service Providers are responsible for the submittal of compliance information to PJM for each PJM-initiated event during the compliance period.

For Load Management Events for all Demand Resources not committed as a Capacity Performance Resource occurring through ~~the~~ May 31, 2018, and for Load Management Events for Demand Resources committed as a Base Capacity Resource or a Capacity Performance Resource occurring during the months of June through September ~~of the 2018/2019 Delivery Year and subsequent Delivery Years~~:

Prior to June 1, 2016, compliance for Legacy Direct Load Control programs will consider only the transmission of the control signal. Curtailment Service Providers are required to report the time period (during the Demand Resource event) that the control signal was actually sent.

Compliance is checked on an individual customer basis for Firm Service Level, by comparing actual load during the event to the firm service level. Current load for a statistical sample of end-use customers may be used for compliance for residential non-interval metered registrations in accordance with the PJM Manuals and subject to PJM approval. Curtailment Service Providers must submit actual customer load levels (for the event period) for the compliance report. Compliance for FSL will be based on:

> End use customer's current Delivery Year peak load contribution ("PLC") minus the metered load ("Load") multiplied by the loss factor ("LF"). The calculation is represented by:
>
> (PLC) - (Load *LF)

Compliance is checked on an individual customer basis for Guaranteed Load Drop. Current load for a statistical sample of end-use customers may be used for compliance for residential non-interval metered registrations in accordance with the PJM Manuals and subject to PJM approval. Guaranteed Load Drop compliance will be based on:

(i) the lesser of (a) comparison load used to best represent what the load would have been if PJM did not declare a Load Management Event or the CSP did not initiate a test as outlined in the PJM Manuals, minus the Load and then multiplied by the LF, or (b) the PLC minus the Load multiplied by the LF. A load reduction will only be recognized for capacity compliance if the Load multiplied by the LF is less than the PLC.

(ii) Curtailment Service Providers must submit actual loads and comparison loads for all hours during the day of the Load Management Event or the Load Management performance test, and for all hours during any other days as required by the Office of the Interconnection to calculate the load reduction. Comparison loads must be

developed from the guidelines in the PJM Manuals, and note which method was employed.

Compliance is averaged over the Load Management Event for non-interval metered LDLC programs, prior to June 1, 2016. Compliance is averaged over the Load Management Event-, for each FSL and GLD customer dispatched by the Office of the Interconnection, for at least 30 minutes of the clock hour (i.e., "partial dispatch compliance hour"). The registered capacity commitment for the partial dispatch compliance hour will be prorated based on the number of minutes dispatched during the clock hour and as defined in the Manuals. Curtailment Service Provider may submit 1 minute load data for use in capacity compliance calculations for partial dispatch compliance hours subject to PJM approval and in accordance with the PJM Manuals where: (a) metering meets all Tariff and Manual requirements, (b) 1 minute load data shall be submitted to PJM for all locations on the registration, and (c) 1 minute load data measures energy consumption over the minute.

For Load Management Events for Demand Resources committed as a Base Capacity Resource or as a Capacity Performance Resource occurring during the months of October through May ~~of the 2018/2019 Delivery Year and subsequent Delivery Years~~:

Compliance is determined on an individual customer basis by comparing actual metered load to an end-use customer's Customer Baseline Load or alternative CBL determined in accordance with the provisions of Section 3.3A.2 or 3.3A.2.01 of Schedule 1 of the Operating Agreement.

For all Delivery Years:

Demand Resources may not reduce their load below zero (i.e., export energy into the system). No compliance credit will be given for an incremental load drop below zero. Compliance will be totaled over all FSL and GLD customers and LDLC programs (prior to June 1, 2016) to determine a net compliance position for the event for each Provider by Zone, for all Demand Resources committed by such Provider and dispatched by the Office of the Interconnection in the zone. Deficiencies shall be as further determined in accordance with section 11 of Schedule DD to the PJM Tariff.

L. Energy Efficiency Resources

1. An Energy Efficiency Resource is a project, including installation of more efficient devices or equipment or implementation of more efficient processes or systems, exceeding then-current building codes, appliance standards, or other relevant standards, designed to achieve a continuous (during peak summer and winter periods as described herein) reduction in electric energy consumption at the End-Use Customer's retail site that is not reflected in the peak load forecast prepared for the Delivery Year for which the Energy Efficiency Resource is proposed, and that is fully implemented at all times during such Delivery Year, without any requirement of notice, dispatch, or operator intervention.

2. An Energy Efficiency Resource may be offered as a Capacity Resource in the Base Residual or Incremental Auctions for any Delivery Year beginning on or after June 1, 2012. No later than 30 days prior to the auction in which the resource is to be offered, the Capacity Market Seller shall submit to the Office of the Interconnection a notice of intent to offer the resource into such auction and a measurement and verification plan. The notice of intent shall include all pertinent project design data, including but not limited to the peak-load contribution of affected customers, a full description of the equipment, device, system or process intended to achieve the load reduction, the load reduction pattern, the project location, the project development timeline, and any other relevant data. Such notice also shall state the seller's proposed Nominated Energy Efficiency Value.

- For Delivery Years through May 31, 2018 for all Energy Efficiency Resources not committed as a Capacity Performance Resource, the seller's proposed Nominated Energy Efficiency Value shall be the expected average load reduction between the hour ending 15:00 EPT and the hour ending 18:00 EPT during all days from June 1 through August 31, inclusive, of such Delivery Year that is not a weekend or federal holiday;

- For the 2018/2019 and 2019/2020 Delivery Years, the seller's proposed Nominated Energy Efficiency Value for any Base Capacity Energy Efficiency Resource shall be the expected average load reduction between the hour ending 15:00 EPT and the hour ending 18:00 EPT during all days from June 1 through August 31, inclusive, of such Delivery Year that is not a weekend or federal holiday; and

The measurement and verification plan shall describe the methods and procedures, consistent with the PJM Manuals, for determining the amount of the load reduction and confirming that such reduction is achieved. The Office of the Interconnection shall determine, upon review of such notice, the Nominated Energy Efficiency Value that may be offered in the Reliability Pricing Model Auction.

- For the 2018/2019 Delivery Year and subsequent Delivery Years and for any Annual Energy Efficiency Resource committed as a Capacity Performance Resource for the 2016/2017 and 2017/2018 Delivery Years, the seller's proposed Nominated Energy Efficiency Value for any Annual Energy Efficiency Resources, shall be the expected average load reduction, for all days from June 1 through August 31, inclusive, of such Delivery Year that is not a weekend or federal holiday, between the hour ending 15:00 EPT and the hour ending 18:00 EPT. In addition, the expected average load reduction for all days from January 1 through February 28, inclusive, of such Delivery Year that is not a weekend or federal holiday, between the hour ending 8:00 EPT and the hour ending 9:00 EPT and between the hour ending 19:00 EPT and the hour ending 20:00 EPT shall not be less than the Nominated Energy Efficiency Value.

3. An Energy Efficiency Resource may be offered with a price offer or as Self-Supply. If an Energy Efficiency Resource clears the auction, it shall receive the applicable Capacity Resource Clearing Price, subject to section 5 below. A Capacity Market Seller offering an Energy Efficiency Resource must comply with all applicable credit requirements as set forth in Attachment Q to the PJM Tariff. For Delivery Years through May 31, 2018, or for FRR Capacity Plans for Delivery Years through May 31, 2019, the Unforced Capacity value of an

Energy Efficiency Resource offered into an RPM Auction shall be the Nominated Energy Efficiency value times the DR Factor and the Forecast Pool Requirement. For the 2018/2019 Delivery Year and subsequent Delivery Years, or for FRR Capacity Plans for the 2019/2020 Delivery Year and subsequent Delivery Years, the Unforced Capacity value of an Energy Efficiency Resource offered into an RPM Auction shall be the Nominated Energy Efficiency Value times the Forecast Pool Requirement.

4. An Energy Efficiency Resource that clears an auction for a Delivery Year may be offered in auctions for up to three additional consecutive Delivery Years, but shall not be assured of clearing in any such auction; provided, however, an Energy Efficiency Resource may not be offered for any Delivery Year in which any part of the peak season is beyond the expected life of the equipment, device, system, or process providing the expected load reduction; and provided further that a Capacity Market Seller that offers and clears an Energy Efficiency Resource in a BRA may elect a New Entry Price Adjustment on the same terms as set forth in section 5.14(c) of this Attachment DD.

5. For every Energy Efficiency Resource clearing an RPM Auction for a Delivery Year, the Capacity Market Seller shall submit to the Office of the Interconnection, by no later than 30 days prior to each Auction an updated project status and measurement and verification plan subject to the criteria set forth in the PJM Manuals.

6. For every Energy Efficiency Resource clearing an RPM Auction for a Delivery Year, the Capacity Market Seller shall submit to the Office of the Interconnection, by no later than the start of such Delivery Year, an updated project status and detailed measurement and verification data meeting the standards for precision and accuracy set forth in the PJM Manuals. The final value of the Energy Efficiency Resource during such Delivery Year shall be as determined by the Office of the Interconnection based on the submitted data.

7. The Office of the Interconnection may audit, at the Capacity Market Seller's expense, any Energy Efficiency Resource committed to the PJM Region. The audit may be conducted any time including the Performance Hours of the Delivery Year.

Section(s) of the
PJM Reliability Assurance Agreement

(Marked / Redline Format)

SCHEDULE 6

PROCEDURES FOR DEMAND RESOURCES AND ENERGY EFFICIENCY

A. Parties can partially or wholly offset the amounts payable for the Locational Reliability Charge with Demand Resources that are operated under the direction of the Office of the Interconnection. FRR Entities may reduce their capacity obligations with Demand Resources that are operated under the direction of the Office of the Interconnection and detailed in such entity's FRR Capacity Plan. Demand Resources qualifying under the criteria set forth below may be offered for sale or designated as Self-Supply in the Base Residual Auction, included in an FRR Capacity Plan, or offered for sale in any Incremental Auction, for any Delivery Year for which such resource qualifies. Qualified Demand Resources generally fall in one of three categories, i.e., Guaranteed Load Drop, Firm Service Level, or Legacy Direct Load Control (prior to June 1, 2016), as further specified in section G below and the PJM Manuals. Qualified Demand Resources may be provided by a Curtailment Service Provider, notwithstanding that such Curtailment Service Provider is not a Party to this Agreement. Such Curtailment Service Providers must satisfy the requirements hereof and the PJM Manuals.

1. A Party must formally notify, in accordance with the requirements of the PJM Manuals and section F hereof, as applicable, the Office of the Interconnection of the Demand Resource that it is placing under the direction of the Office of the Interconnection. A Party must further notify the Office of the Interconnection whether the resource is a Limited Demand Resource, an Extended Summer Demand Resource, a Base Capacity Demand Resource or an Annual Demand Resource.

2. A Demand Resource must achieve its full load reduction within the following time period:

(a) For the 2014/2015 Delivery Year, Curtailment Service Providers may elect a notification time period from the Office of the Interconnection of 30, 60 or 120 minutes prior to their Demand Resources being required to fully respond to a Load Management Event.

(b) For the 2015/2016 Delivery Year and subsequent Delivery Years, a Demand Resource must be able to fully respond to a Load Management Event within 30 minutes of notification from the Office of the Interconnection. This default 30 minute prior notification shall apply unless a Curtailment Service Provider obtains an exception from the Office of the Interconnection due to physical operational limitations that prevent the Demand Resource from reducing load within that timeframe. In such case, the Curtailment Service Provider shall submit a request for an exception to the 30 minute prior notification requirement to the Office of the Interconnection, at the time the Registration Form for that resource is submitted in accordance with Attachment K-Appendix of this Tariff. The only alternative notification times that the Office of Interconnection will permit, upon approval of an exception request, are 60 minutes and 120 minutes prior to a Load Management Event. The Curtailment Service Provider shall indicate in writing, in the appropriate application, that it seeks an exception to permit a prior notification time of 60 minutes or 120 minutes, and the reason(s) for the requested exception. A Curtailment Service Provider shall not submit a request for an exception to the default 30 minute notification period unless it has done its due diligence to confirm that the Demand Resource is physically

incapable of responding within that timeframe based on one or more of the reasons set forth below and as may be further defined in the PJM Manuals and has obtained detailed data and documentation to support this determination.

In order to establish that a Demand Resource is reasonably expected to be physically unable to reduce load in that timeframe, the Curtailment Service Provider that registered the resource must demonstrate that:

1) The manufacturing processes for the Demand Resource require gradual reduction to avoid damaging major industrial equipment used in the manufacturing process, or damage to the product generated or feedstock used in the manufacturing process;

2) Transfer of load to back-up generation requires time-intensive manual process taking more than 30 minutes;

3) On-site safety concerns prevent location from implementing reduction plan in less than 30 minutes; or,

4) The Demand Resource is comprised of mass market residential customers or Small Commercial Customers which collectively cannot be notified of a Load Management Event within a 30-minute timeframe due to unavoidable communications latency, in which case the requested notification time shall be no longer than 120 minutes.

The Office of the Interconnection may request data and documentation from the Curtailment Service Provider and such Curtailment Service Provider shall provide to the Office of the Interconnection within three (3) business days of a request therefor, a copy of all of the data and documentation supporting the exception request. Failure to provide a timely response to such request shall cause the exception to terminate the following Operating Day.

At its sole option and discretion, the Office of the Interconnection may review the data and documentation provided by the Curtailment Service Provider to determine if the Demand Resource has met one or more of the criteria above. The Office of the Interconnection will notify the Curtailment Service Provider in writing of its determination by no later than ten (10) business days after receipt of the data and documentation.

The Curtailment Service Provider shall provide written notification to the Office of the Interconnection of a material change to the facts that supported its exception request within three (3) business days of becoming aware of such material change in facts, and, if the Office of Interconnection determines that the physical limitation criteria above are no longer being met, the Demand Resource shall be subject to the default notification period of 30 minutes immediately upon such determination.

3. The initiation of load reduction, upon the request of the Office of the Interconnection, must be within the authority of the dispatchers of the Party. No additional approvals should be required.

4. The initiation of load reduction upon the request of the Office of the Interconnection is considered a pre-emergency or emergency action and must be implementable prior to a voltage reduction.

5. A Curtailment Service Provider intending to offer for sale or designate for self-supply, a Demand Resource in any RPM Auction, or intending to include a Demand Resource in any FRR Capacity Plan must demonstrate, to PJM's satisfaction, that such resource shall have the capability to provide a reduction in demand, or otherwise control load, on or before the start of the Delivery Year for which such resource is committed. As part of such demonstration, each such Curtailment Service Provider shall submit a Demand Resource Sell Offer Plan in accordance with the standards and procedures set forth in section A-1 of Schedule 6, Schedule 8.1 (as to FRR Capacity Plans) and the PJM Manuals, no later than 15 business days prior to, as applicable, the RPM Auction in which such resource is to be offered, or the deadline for submission of the FRR Capacity Plan in which such resource is to be included. PJM may verify the Curtailment Service Provider's adherence to the Demand Resource Sell Offer Plan at any time. A Curtailment Service Provider with a PJM-approved Demand Resource Sell Offer Plan will be permitted to offer up to the approved Demand Resource quantity into the subject RPM Auction or include such resource in its FRR Capacity Plan.

6. Selection of a Demand Resource in an RPM Auction results in commitment of capacity to the PJM Region. Demand Resources that are so committed must be registered to participate in the Full Program Option or as a Capacity Only resource of the Emergency Load Response and Pre-Emergency Load Response Program and thus available for dispatch during PJM-declared pre-emergency events and emergency events.

A-1. A Demand Resource Sell Offer Plan shall consist of a completed template document in the form posted on the PJM website, requiring the information set forth below and in the PJM Manuals, and a Demand Resource Officer Certification Form signed by an officer of the Demand Resource Provider that is duly authorized to provide such a certification. The Demand Resource Sell Offer Plan must provide information that supports the Demand Resource Provider's intended Demand Resource Sell Offers and demonstrates that the Demand Resources are being offered with the intention that the MW quantity that clears the auction is reasonably expected to be physically delivered through Demand Resource registrations for the relevant Delivery Year. The Demand Resource Sell Offer Plan shall include all Existing Demand Resources and all Planned Demand Resources that the Demand Resource Provider intends to offer into an RPM Auction or include in an FRR Capacity Plan.

1. Demand Resource Sell Offer Plan Template. The Demand Resource Sell Offer Plan template, in the form provided on the PJM website, shall require the Demand Resource Provider to provide the following information and such other information as specified in the PJM Manuals:

(a) Summary Information. The completed template shall include the Demand Resource Provider's company name, contact information, and the Nominated DR Value in ICAP MWs by Zone/sub-Zone that the Demand Resource Provider intends to offer, stated separately for Existing Demand Resources and Planned Demand Resources. The total

Nominated DR Value in MWs for each Zone/sub-Zone shall be the sum of the Nominated DR Value of Existing Demand Resources and the Nominated DR Value of Planned Demand Resources, and shall be the maximum MW amount the Provider intends to offer in the RPM Auction for the indicated Zone/sub-Zone, provided that nothing herein shall preclude the Demand Resource Provider from offering in the auction a lesser amount than the total Nominated DR Value shown in its Demand Resource Sell Offer Plan.

(b) Existing Demand Resources. The Demand Resource Provider shall identify all Existing Demand Resources by identifying end-use customer sites that are currently registered with PJM (even if not registered by such Demand Resource Provider) and that the Demand Resource Provider reasonably expects to have under a contract to reduce load based on PJM dispatch instructions by the start of the auction Delivery Year.

(c) Planned Demand Resources. The Demand Resource Provider shall provide the details of, and key assumptions underlying, the Planned Demand Resource quantities (i.e., all Demand Resource quantities in excess of Existing Demand Resource quantities) contained in the Demand Resource Sell Offer Plan, including:

(i) key program attributes and assumptions used to develop the Planned Demand Resource quantities, including, but not limited to, discussion of:

- method(s) of achieving load reduction at customer site(s);
- equipment to be controlled or installed at customer site(s), if any;
- plan and ability to acquire customers;
- types of customer targeted;
- support of market potential and market share for the target customer base, with adjustments for Existing Demand Resource customers within this market and the potential for other Demand Resource Providers targeting the same customers;
- assumptions regarding regulatory approval of program(s), if applicable; and
- Prior to June 1, 2016: if applicable, Legacy Direct Load Control (LDLC) program details such as: a description of the cycling control strategy, any assumptions regarding switch operability rate, and a list (and copy) of all load research studies used to develop the estimated nominated ICAP value per customer (i.e., the per-participant impact).

(ii) Zone/sub-Zone information by end-use customer segment for all Nominated DR Values for which an end-use customer site is not identified, to include the number in each segment of end-use customers expected to be registered for the subject Delivery Year, the average Peak Load Contribution per end-use customer for such segment, and the average Nominated DR Value per customer for such segment. End-use customer segments may include residential, commercial, small industrial, medium industrial, and large industrial, as identified and defined in the

PJM Manuals, provided that nothing herein or in the Manuals shall preclude the Provider from identifying more specific customer segments within the commercial and industrial categories, if known.

(iii) Information by end-use customer site to the extent required by subsection A-1(1)(c)(iv) or, if not required by such subsection, to the extent known at the time of the submittal of the Demand Resource Sell Offer Plan, to include: customer EDC account number (if known), customer name, customer premise address, Zone/sub-Zone in which the customer is located, end-use customer segment, current Peak Load Contribution value (or an estimate if actual value not known) and an estimate of expected Peak Load Contribution for the subject Delivery Year, and an estimated Nominated DR Value.

(iv) End-use customer site-specific information shall be required for any Zones or sub-Zones identified by PJM pursuant to this subsection for the portion, if any, of a Demand Resource Provider's intended offer in such Zones or sub-Zones that exceeds a Sell Offer threshold determined pursuant to this subsection, as any such excess quantity under such conditions should reflect Planned Demand Resources from end-use customer sites that the Provider has a high degree of certainty it will physically deliver for the subject Delivery Year. In accordance with the procedures in subsection A-1(3) below, PJM shall identify, as requiring site-specific information, all Zones and sub-Zones that comprise any LDA group (from a list of LDA groups stated in the PJM Manuals) in which [the quantity of cleared Demand Resources from the most recent Base Residual Auction] plus [the quantity of Demand Resources included in FRR Capacity Plans for the Delivery Year addressed by the most recent Base Residual Auction] in any Zone or sub-Zone of such LDA group exceeds the greater of:

- the maximum Demand Resources quantity registered with PJM for such Zone for any Delivery Year from the current (at time of plan submission) Delivery Year and the two preceding Delivery Years; and

- the potential Demand Resource quantity for such Zone estimated by PJM based on an independent published assessment of demand response potential that is reasonably applicable to such Zone, as identified in the PJM Manuals.

For each such Zone and sub-Zone, the Sell Offer threshold for each Demand Resource Provider shall be the higher of:

- the Demand Resource Provider's maximum Demand Resource quantity registered with PJM for such Zone/sub-Zone over the

current Delivery Year (at the time of plan submission) and two preceding Delivery Years;

- the Demand Resource Provider's maximum for any single Delivery Year of [such provider's cleared Demand Resource quantity] plus [such provider's quantity of Demand Resources included in FRR Capacity Plans] from the three forward Delivery Years addressed by the three most recent Base Residual Auctions for such Zone/sub-Zone; and

- 10 MW.

(d) Schedule. The Demand Resource Provider shall provide an approximate timeline for procuring end-use customer sites as needed to physically deliver the total Nominated DR Value (for both Existing Demand Resources and Planned Demand Resources) by Zone/sub-Zone in the Demand Resource Sell Offer Plan. The Demand Resource Provider must specify the cumulative number of customers and the cumulative Nominated DR Value associated with each end-use customer segment within each Zone/sub-Zone that the Demand Resource Provider expects (at the time of plan submission) to have under contract as of June 1 each year between the time of the auction and the subject Delivery Year.

2. Demand Resource Officer Certification Form. Each Demand Resource Sell Offer Plan must include a Demand Resource Officer Certification, signed by an officer of the Demand Resource Provider that is duly authorized to provide such a certification, in the form shown in the PJM Manuals, which form shall include the following certifications:

(a) that the signing officer has reviewed the Demand Resource Sell Offer Plan and the information supplied to PJM in support of the Plan is true and correct as of the date of the certification; and

(b) that the Demand Resource Provider is submitting the Plan with the reasonable expectation, based upon its analyses as of the date of the certification, to physically deliver all megawatts that clear the RPM Auction through Demand Resource registrations by the specified Delivery Year.

As set forth in the form provided in the PJM manuals, the certification shall specify that it does not in any way abridge, expand, or otherwise modify the current provisions of the PJM Tariff, Operating Agreement and/or RAA, or the Demand Resource Provider's rights and obligations thereunder, including the Demand Resource Provider's ability to adjust capacity obligations through participation in PJM incremental auctions and bilateral transactions.

3. Procedures. No later than December 1 prior to the Base Residual Auction for a Delivery Year, PJM shall post to the PJM website a list of Zones and sub-Zones, if any, for which end-use customer site-specific information shall be required under the conditions specified in subsection A-1(1)(c)(iv) above for all RPM Auctions conducted for such Delivery Year. Once so identified, a Zone or sub-Zone shall remain on the list for future Delivery Years until the

threshold determined under subsection A-1(1)(c)(iv) above is not exceeded for three consecutive Delivery Years. No later than 15 business days prior to the RPM Auction in which a Demand Resource Provider intends to offer a Demand Resource, the Demand Resource Provider shall submit to PJM a completed Demand Resource Sell Offer Plan template and a Demand Resource Officer Certification Form signed by a duly authorized officer of the Provider. PJM will review all submitted DR Sell Offer Plans. No later than 10 business days prior to the subject RPM Auction, PJM shall notify any Demand Resource Providers that have identified the same end-use customer site(s) in their respective DR Sell Offer Plans for the same Delivery Year. In such event, the MWs associated with such site(s) will not be approved for inclusion in a Sell Offer in an RPM Auction by any of the Demand Resource Providers, unless a Demand Resource Provider provides a letter of support from the end-use customer indicating that it is likely to execute a contract with that Demand Resource Provider for the relevant Delivery Year, or provides other comparable evidence of likely commitment. Such letter of support or other supporting evidence must be provided to PJM no later than 7 business days prior to the subject RPM Auction. If an end-use customer provides letters of support for the same site for the same Delivery Year to multiple Demand Resource Providers, the MWs associated with such end-use customer site shall not be approved as a Demand Resource for any of the Demand Resource Providers. No later than 5 business days prior to the subject RPM Auction, PJM will notify each Demand Resource Provider of the approved Demand Resource quantity, by Zone/sub-Zone, that such Demand Resource Provider is permitted to offer into such RPM Auction.

B. The Unforced Capacity value of a Demand Resource will be determined as:

for the Delivery Years through May 31, 2018, or for FRR Capacity Plans for Delivery Years through May 31, 2019, the product of the Nominated Value of the Demand Resource, times the DR Factor, times the Forecast Pool Requirement, and for the 2018/2019 Delivery Year and subsequent Delivery Years, or for FRR Capacity Plans the 2019/2020 Delivery Year and subsequent Delivery Years, the product of the Nominated Value of the Demand Resource times the Forecast Pool Requirement. Nominated Values shall be determined and reviewed in accordance with sections I and J, respectively, and the PJM Manuals. The DR Factor is a factor established by the PJM Board with the advice of the Members Committee to reflect the increase in the peak load carrying capability in the PJM Region due to Demand Resources. Peak load carrying capability is defined to be the peak load that the PJM Region is able to serve at the loss of load expectation defined in the Reliability Principles and Standards. The DR Factor is the increase in the peak load carrying capability in the PJM Region due to Demand Resources, divided by the total Nominated Value of Demand Resources in the PJM Region. The DR Factor will be determined using an analytical program that uses a probabilistic approach to determine reliability. The determination of the DR Factor will consider the reliability of Demand Resources, the number of interruptions, and the total amount of load reduction.

C. Demand Resources offered and cleared in a Base Residual or Incremental Auction shall receive the corresponding Capacity Resource Clearing Price as determined in such auction, in accordance with Attachment DD of the PJM Tariff. For Delivery Years beginning with the Delivery Year that commences on June 1, 2013, any Demand

Resources located in a Zone with multiple LDAs shall receive the Capacity Resource Clearing Price applicable to the location of such resource within such Zone, as identified in such resource's offer. Further, the Curtailment Service Provider shall register its resource in the same location within the Zone as specified in its cleared sell offer, and shall be subject to deficiency charges under Attachment DD of this Tariff to the extent it fails to provide the resource in such location consistent with its cleared offer. For either of the Delivery Year commencing on June 1, 2010 or commencing on June 1, 2012, if the location of a Demand Resource is not specified by a Seller in the Sell Offer on an individual LDA basis in a Zone with multiple LDAs, then Demand Resources cleared by such Seller will be paid a DR Weighted Zonal Resource Clearing Price, determined as follows: (i) for a Zone that includes non-overlapping LDAs, calculated as the weighted average of the Resource Clearing Prices for such LDAs, weighted by the cleared Demand Resources registered by such Seller in each such LDA; or (ii) for a Zone that contains a smaller LDA within a larger LDA, calculated treating the smaller LDA and the remaining portion of the larger LDA as if they were separate LDAs, and weight-averaging in the same manner as (i) above.

D. The Party, Electric Distributor, or Curtailment Service Provider that establishes a contractual relationship (by contract or tariff rate) with a customer for load reductions is entitled to receive the compensation specified in section C for a committed Demand Resource, notwithstanding that such provider is not the customer's energy supplier.

E. Any Party hereto shall demonstrate that its Demand Resources performed during periods when load management procedures were invoked by the Office of the Interconnection. The Office of the Interconnection shall adopt and maintain rules and procedures for verifying the performance of such resources, as set forth in section K hereof and the PJM Manuals. In addition, committed Demand Resources that do not comply with the directions of the Office of the Interconnection to reduce load during an emergency shall be subject to the penalty charge set forth in Attachment DD to the PJM Tariff.

F. Parties may elect to place Demand Resources associated with Behind The Meter Generation under the direction of the Office of the Interconnection for a Delivery Year by submitting a Sell Offer for such resource (as Self Supply, or with an offer price) in the Base Residual Auction for such Delivery Year. This election shall remain in effect for the entirety of such Delivery Year. In the event such an election is made, such Behind The Meter Generation will not be netted from load for the purposes of calculating the Daily Unforced Capacity Obligations under this Agreement.

G. PJM measures Demand Resources in the following four ways:

Prior to June 1, 2016: Legacy Direct Load Control (LDLC) – Load management that is initiated directly by the Curtailment Service Provider's market operations center or its agent, employing a communication signal to cycle equipment (typically water heaters or central air conditioners). DLC programs are qualified based on load research and customer subscription data. Curtailment Service Providers may rely on the results of load research studies identified in the PJM Manuals to set the per-participant load reduction

for LDLC programs. Each Curtailment Service Provider relying on LDLC load management must periodically update its DLC switch operability rates, in accordance with the PJM Manuals.

Firm Service Level (FSL) – Load management achieved by an end-use customer reducing its load to a pre-determined level (the Firm Service Level), upon notification from the Curtailment Service Provider's market operations center or its agent.

Guaranteed Load Drop (GLD) – Load management achieved by an end-use customer reducing its load by a pre-determined amount (the Guaranteed Load Drop), upon notification from the Curtailment Service Provider's market operations center or its agent. Typically, the load reduction is achieved through running customer-owned backup generators, or by shutting down process equipment.

Customer Baseline Load (CBL) - Load management achieved by an end-use customer as measured by comparing actual metered load to an end-use customer's Customer Baseline Load or alternative CBL determined in accordance with the provisions of Section 3.3A.2 or 3.3A.2.01 of the Operating Agreement.

H. Each Curtailment Service Provider must satisfy (or contract with another LSE, Curtailment Service Provider, or electric distribution company to provide) the following requirements:

- A point of contact with appropriate backup to ensure single call notification from PJM and timely execution of the notification process;
- Supplemental status reports, detailing Demand Resources available, as requested by PJM;
- Entry of customer-specific Demand Resource credit information, for planning and verification purposes, into the designated PJM electronic system.
- Customer-specific compliance and verification information for each PJM-initiated Demand Resource event, as well as aggregated Provider load drop data for Provider-initiated events, in accordance with established reporting guidelines.
- Load drop estimates for all Demand Resource events, prepared in accordance with the PJM Manuals.

I. The Nominated Value of each Demand Resource shall be determined consistent with the process for determination of the capacity obligation for the customer.

The Nominated Value for a Firm Service Level customer will be based on the peak load contribution for the customer, as determined by the 5CP methodology utilized to determine other ICAP obligation values. The maximum Demand Resource load

reduction value for a Firm Service Level customer will be equal to Peak Load Contribution – Firm Contract Level adjusted for system losses.

The Nominated Value for a Guaranteed Load Drop customer will be the guaranteed load drop amount, adjusted for system losses, as established by the customer's contract with the Curtailment Service Provider. The maximum credit nominated shall not exceed the customer's Peak Load Contribution.

Prior to June 1, 2016, the Nominated Value for a Legacy Direct Load Control program will be based on load research and customer subscription. The maximum value of the program is equal to the approved per-participant load reduction multiplied by the number of active participants, adjusted for system losses. The per-participant impact is to be estimated at long-term average local weather conditions at the time of the summer peak.

Customer-specific Demand Resource information (EDC account number, peak load, notification period, etc.) will be entered into the designated PJM electronic system to establish credit values. Additional data may be required, as defined in sections J and K.

J. Nominated Values shall be reviewed based on documentation of customer-specific data and Demand Resource information, to verify the amount of load management available and to set a maximum allowable Nominated Value. Data is provided by both the zone EDC and the Curtailment Service Provider on templates supplied by PJM, and must include the EDC meter number or other unique customer identifier, Peak Load Contribution (5CP), contract firm service level or guaranteed load drop values, applicable loss factor, zone/area location of the load drop, number of active participants, etc. Such data must be uploaded and approved prior to the first day of the Delivery Year for such resource as a Demand Resource. Curtailment Service Providers must provide this information concurrently to host EDCs.

For Firm Service Level and Guaranteed Load Drop customers, the 5CP values, for the zone and affected customers, will be adjusted to reflect an "unrestricted" peak for a zone, based on information provided by the Curtailment Service Provider. Load drop levels shall be estimated in accordance with guidelines in the PJM Manuals.

Prior to June 1, 2016, for Legacy Direct Load Control programs, the Curtailment Service Provider must provide information detailing the number of active participants in each program. Other information on approved LDLC programs will be provided by PJM.

K. Compliance is the process utilized to review Provider performance during PJM-initiated Demand Resource events. Compliance will be established for each Provider on an event specific basis for the Curtailment Service Provider's Demand Resources dispatched by the Office of the Interconnection during such event. PJM will establish and communicate reasonable deadlines for the timely submittal of event data to expedite compliance reviews. Compliance reviews will be completed as soon after the event as possible, with the expectation that reviews of a single event will be completed within two months of the end of the month in which the event took place. Curtailment Service Providers are

responsible for the submittal of compliance information to PJM for each PJM-initiated event during the compliance period.

For Load Management Events for all Demand Resources not committed as a Capacity Performance Resource occurring through ~~the~~ May 31, 2018, and for Load Management Events for Demand Resources committed as a Base Capacity Resource or a Capacity Performance Resource occurring during the months of June through September ~~of the 2018/2019 Delivery Year and subsequent Delivery Years~~:

Prior to June 1, 2016, compliance for Legacy Direct Load Control programs will consider only the transmission of the control signal. Curtailment Service Providers are required to report the time period (during the Demand Resource event) that the control signal was actually sent.

Compliance is checked on an individual customer basis for Firm Service Level, by comparing actual load during the event to the firm service level. Current load for a statistical sample of end-use customers may be used for compliance for residential non-interval metered registrations in accordance with the PJM Manuals and subject to PJM approval. Curtailment Service Providers must submit actual customer load levels (for the event period) for the compliance report. Compliance for FSL will be based on:

> End use customer's current Delivery Year peak load contribution ("PLC") minus the metered load ("Load") multiplied by the loss factor ("LF"). The calculation is represented by:
>
> (PLC) - (Load *LF)

Compliance is checked on an individual customer basis for Guaranteed Load Drop. Current load for a statistical sample of end-use customers may be used for compliance for residential non-interval metered registrations in accordance with the PJM Manuals and subject to PJM approval. Guaranteed Load Drop compliance will be based on:

(i) the lesser of (a) comparison load used to best represent what the load would have been if PJM did not declare a Load Management Event or the CSP did not initiate a test as outlined in the PJM Manuals, minus the Load and then multiplied by the LF, or (b) the PLC minus the Load multiplied by the LF. A load reduction will only be recognized for capacity compliance if the Load multiplied by the LF is less than the PLC.

(ii) Curtailment Service Providers must submit actual loads and comparison loads for all hours during the day of the Load Management Event or the Load Management performance test, and for all hours during any other days as required by the Office of the Interconnection to calculate the load reduction. Comparison loads must be developed from the guidelines in the PJM Manuals, and note which method was employed.

Compliance is averaged over the Load Management Event for non-interval metered LDLC programs, prior to June 1, 2016. Compliance is averaged over the Load Management Event, for each FSL and GLD customer dispatched by the Office of the Interconnection for at least 30 minutes of the clock hour (i.e., "partial dispatch compliance hour". The registered capacity commitment for the partial dispatch compliance hour will be prorated based on the number of minutes dispatched during the clock hour and as defined in the Manual. Curtailment Service Provider may submit 1 minute load data for use in capacity compliance calculations for partial dispatch compliance hours subject to PJM approval and in accordance with the PJM Manuals where: (a) metering meets all Tariff and Manual requirements, (b) 1 minute load data shall be submitted to PJM for all locations on the registration, and (c) 1 minute load data measures energy consumption over the minute.

For Load Management Events for Demand Resources committed as a Base Capacity Resource or as a Capacity Performance Resource occurring during the months of October through May ~~of the 2018/2019 Delivery Year and subsequent Delivery Years~~:

Compliance is determined on an individual customer basis by comparing actual metered load to an end-use customer's Customer Baseline Load or alternative CBL determined in accordance with the provisions of Section 3.3A.2 or 3.3A.2.01 of Schedule 1 of the Operating Agreement.

For all Delivery Years:

Demand Resources may not reduce their load below zero (i.e., export energy into the system). No compliance credit will be given for an incremental load drop below zero. Compliance will be totaled over all FSL and GLD customers and LDLC programs (prior to June 1, 2016) to determine a net compliance position for the event for each Provider by Zone, for all Demand Resources committed by such Provider and dispatched by the Office of the Interconnection in the zone. Deficiencies shall be as further determined in accordance with section 11 of Schedule DD to the PJM Tariff.

L. Energy Efficiency Resources

1. An Energy Efficiency Resource is a project, including installation of more efficient devices or equipment or implementation of more efficient processes or systems, exceeding then-current building codes, appliance standards, or other relevant standards, designed to achieve a continuous (during peak summer and winter periods as described herein) reduction in electric energy consumption at the End-Use Customer's retail site that is not reflected in the peak load forecast prepared for the Delivery Year for which the Energy Efficiency Resource is proposed, and that is fully implemented at all times during such Delivery Year, without any requirement of notice, dispatch, or operator intervention.

2. An Energy Efficiency Resource may be offered as a Capacity Resource in the Base Residual or Incremental Auctions for any Delivery Year beginning on or

after June 1, 2011. No later than 30 days prior to the auction in which the resource is to be offered, the Capacity Market Seller shall submit to the Office of the Interconnection a notice of intent to offer the resource into such auction and a measurement and verification plan. The notice of intent shall include all pertinent project design data, including but not limited to the peak-load contribution of affected customers, a full description of the equipment, device, system or process intended to achieve the load reduction, the load reduction pattern, the project location, the project development timeline, and any other relevant data. Such notice also shall state the seller's proposed Nominated Energy Efficiency Value.

- For Delivery Years through May 31, 2018 for all Energy Efficiency Resources not committed as a Capacity Performance Resource, the seller's proposed Nominated Energy Efficiency Value shall be the expected average load reduction between the hour ending 15:00 EPT and the hour ending 18:00 EPT during all days from June 1 through August 31, inclusive, of such Delivery Year that is not a weekend or federal holiday;

- For the 2018/2019 and 2019/2020 Delivery Years, the seller's proposed Nominated Energy Efficiency Value for any Base Capacity Energy Efficiency Resource shall be the expected average load reduction between the hour ending 15:00 EPT and the hour ending 18:00 EPT during all days from June 1 through August 31, inclusive, of such Delivery Year that is not a weekend or federal holiday; and

- For the 2018/2019 Delivery Year and subsequent Delivery Years and for any Annual Energy Efficiency Resource committed as a Capacity Performance Resource for the 2016/2017 and 2017/2018 Delivery Years, the seller's proposed Nominated Energy Efficiency Value for any Annual Energy Efficiency Resources, shall be the expected average load reduction, for all days from June 1 through August 31, inclusive, of such Delivery Year that is not a weekend or federal holiday, between the hour ending 15:00 EPT and the hour ending 18:00 EPT. In addition, the expected average load reduction for all days from January 1 through February 28, inclusive, of such Delivery Year that is not a weekend or federal holiday, between the hour ending 8:00 EPT and the hour ending 9:00 EPT and between the hour ending 19:00 EPT and the hour ending 20:00 EPT shall not be less than the Nominated Energy Efficiency Value.

  The measurement and verification plan shall describe the methods and procedures, consistent with the PJM Manuals, for determining the amount of the load reduction and confirming that such reduction is achieved. The Office of the Interconnection shall determine, upon review of such notice, the Nominated Energy Efficiency Value that may be offered in the Reliability Pricing Model Auction.

3. An Energy Efficiency Resource may be offered with a price offer or as Self-Supply. If an Energy Efficiency Resource clears the auction, it shall receive the

applicable Capacity Resource Clearing Price, subject to section 5 below. A Capacity Market Seller offering an Energy Efficiency Resource must comply with all applicable credit requirements as set forth in Attachment Q to the PJM Tariff. For Delivery Years through May 31, 2018, or for FRR Capacity Plans for Delivery Years through May 31, 2019, the Unforced Capacity value of an Energy Efficiency Resource offered into an RPM Auction shall be the Nominated Energy Efficiency value times the DR Factor and the Forecast Pool Requirement. For the 2018/2019 Delivery Year and subsequent Delivery Years, of for FRR Capacity Plans the 2019/2020 Delivery Year and subsequent Delivery Years, the Unforced Capacity value of an Energy Efficiency Resource offered into an RPM Auction shall be the Nominated Energy Efficiency Value times the Forecast Pool Requirement.

4. An Energy Efficiency Resource that clears an auction for a Delivery Year may be offered in auctions for up to three additional consecutive Delivery Years, but shall not be assured of clearing in any such auction; provided, however, an Energy Efficiency Resource may not be offered for any Delivery Year in which any part of the peak season is beyond the expected life of the equipment, device, system, or process providing the expected load reduction; and provided further that a Capacity Market Seller that offers and clears an Energy Efficiency Resource in a BRA may elect a New Entry Price Adjustment on the same terms as set forth in section 5.14(c) of this Attachment DD.

5. For every Energy Efficiency Resource clearing an RPM Auction for a Delivery Year, the Capacity Market Seller shall submit to the Office of the Interconnection, by no later than 30 days prior to each Auction an updated project status and measurement and verification plan subject to the criteria set forth in the PJM Manuals.

6. For every Energy Efficiency Resource clearing an RPM Auction for a Delivery Year, the Capacity Market Seller shall submit to the Office of the Interconnection, by no later than the start of such Delivery Year, an updated project status and detailed measurement and verification data meeting the standards for precision and accuracy set forth in the PJM Manuals. The final value of the Energy Efficiency Resource during such Delivery Year shall be as determined by the Office of the Interconnection based on the submitted data.

7. The Office of the Interconnection may audit, at the Capacity Market Seller's expense, any Energy Efficiency Resource committed to the PJM Region. The audit may be conducted any time including the Performance Hours of the Delivery Year.

Attachment B

PJM Open Access Transmission Tariff and PJM Reliability Assurance Agreement

(Clean Format)

Section(s) of the
PJM Open Access Transmission Tariff

(Clean Format)

11. DEMAND RESOURCE COMPLIANCE PENALTY CHARGE

The provisions of this section 11 do not apply to Demand Resources committed as Capacity Performance Resources. All references to Demand Resources in this section specifically exclude Demand Resources committed as Capacity Performance Resources.

(a) The Office of the Interconnection shall separately evaluate compliance of each Demand Resource committed for a Delivery Year, in accordance with procedures set forth in the PJM ManualsManuals and, for Delivery Years through May 31, 2018, shall assess a Demand Resource Compliance Penalty Charge on Capacity Market Sellers that committed Demand Resources and Locational UCAP Sellers that sold Demand Resources that cannot demonstrate the hourly performance of such resource in real-time. The compliance is evaluated separately by Load Management Event in each CAA for Demand Resources dispatched by the Office of Interconnection. The Demand Resource Compliance Penalty Charges will not be assessed to resources that are dispatched on a subzonal basis for the 2012/2013 and 2013/2014 Delivery Years. For the 2014/2015 Delivery Year, the Demand Resource Compliance Penalty Charge will not be assessed to resources that are dispatched on a subzonal basis unless such subzone is defined and publically posted the day before the Load Management Event as set forth in the PJM Manuals. To the extent a Demand Resource cannot respond, another Demand Resource in the same geographic location defined by the PJM dispatch instruction with the same designated lead time and comparable capacity commitment may be substituted. Any Demand Resource used as a substitute during a Load Management Event will have the same obligation to respond to future Load Management Event(s) as if it did not respond to such Load Management Event. Capacity Market Sellers that committed Demand Resources and Locational UCAP Sellers that sold Demand Resources that cannot demonstrate the hourly performance of such resource in real-time based on the capacity commitment shall be assessed a Demand Resource Compliance Penalty Charge; provided, however, that such under compliance shall be determined on an aggregate basis for all dispatched Demand Resources committed by the same Capacity Market Seller or same Locational UCAP Seller in a CAA.

(b) The Demand Resource Compliance Penalty Charge for a Capacity Market Seller in a CAA for the on-peak period, which includes all hours specified in the Reliability Assurance Agreement definition of the Limited Demand Resource, shall equal the lesser of (1/the number of Load Management Events during the on-peak period for which such Demand Resources were dispatched, or 0.50) times the weighted daily revenue rate for such seller resources dispatched, multiplied by the net under-compliance in such on-peak period, if any, for such seller resulting from all dispatched resources it has committed for such Delivery Year for such CAA for each Load Management Event called by the Office of the Interconnection. Net CAA under compliance for the Load Management Event will be prorated to individual under compliant registrations in the CAA based on performance of each registration in order to determine net under compliance(s). The Demand Resource Compliance Penalty Charge for a Capacity Market Seller in a CAA for the off-peak period, which includes all hours specified in the Reliability Assurance Agreement definitions of Extended Summer Demand Resource or Annual Demand Resource, but does not include all

hours in the on-peak period, shall equal 1/52 times the weighted daily revenue rate for resources dispatched for such seller, multiplied by the net undercompliance in such off-peak period, if any, for such seller resulting from all dispatched resources it has committed for such Delivery Year for such CAA for each Load Management Event called by the Office of the Interconnection. If a Load Management Event is comprised of both an on-peak period and an off-peak period then such Demand Resource Compliance Penalty Charge will be the higher of the charges calculated under the prior two sentences. The total Compliance Penalty Charge for the Delivery Year is not to exceed the annual revenue received for such resources. The net CAA undercompliance for each such Load Management Event shall be the following megawatt quantity, converted to an Unforced Capacity basis using the applicable DR Factor and Forecast Pool Requirement: (i) the megawatts of load reduction capability committed by such seller on the day of the Load Management Event for all dispatched resources minus (ii) the megawatts of load reduction actually provided by all such dispatched Demand Resources during such Load Management Event. A seller's net undercompliance in a CAA shall be reduced by the seller's total amount of Capacity Resource deficiency shortfalls on the day of the Load Management Event, determined pursuant to section 8 of Attachment DD of this Tariff, in a CAA for the seller's committed Demand Resources that are the same product(s) dispatched. The daily revenue rate for a Demand Resource shall be the Resource Clearing Price that the resource received in the auction in which it cleared, including any adjustment pursuant to Attachment DD-1, section C of this Tariff. The weighted daily revenue rate for a Capacity Market Seller shall be the average rate for all cleared Demand Resources, weighted by the megawatts cleared at each price. The total charge per megawatt that may be assessed on a Capacity Market Seller in a Delivery Year shall be capped at the weighted daily revenue rate the Capacity Market Seller would receive in the Delivery Year.

The Demand Resource Compliance Penalty Charges for a Load Management Event for Limited Demand Resources are assessed daily and initially billed by the later of the month of October during such Delivery Year or the third billing month following the Load Management Event that gave rise to such charge. The initial billing for a Load Management Event for Limited Demand Resources will reflect the amounts due from the start of the Delivery Year to the last day that is reflected in the initial billing. The remaining charges for such Load Management Event will be assessed daily and billed monthly through the remainder of the Delivery Year. The Demand Resource Compliance Penalty Charges for a Load Management Event for Annual or Extended Summer Demand Resources are assessed daily and billed by the later of the month of June following such Delivery Year or the third billing month following the Load Management Event that gave rise to such charge. The billing for the Load Management Event for Annual or Extended Summer Demand Resources will be in a lump sum and reflect the accrued charges for the entire Delivery Year.

c) Daily revenues from assessment of a Demand Resource Compliance Penalty Charge shall be distributed on a pro-rata basis to Demand Resource Providers and Locational UCAP Sellers that provided load reductions in excess of the amount such resources were committed to provide. Such revenue distribution, however, shall not exceed for any Capacity Market Seller the quantity of excess megawatts provided by such Capacity Market Seller during a single Load Management Event times 0.20 times the weighted daily revenue rate for such Capacity Market Seller for resources dispatched. To the extent any such revenues

remain after such distribution, the remaining revenues shall be distributed to LSEs based on each LSE's Daily Unforced Capacity Obligation.

11A DEMAND RESOURCES TEST FAILURE CHARGE

a) Beginning with the Delivery Year that commences on June 1, 2009, Capacity Market Sellers that commit Demand Resources may be charged to the extent their committed resources fail performance tests, as set forth herein.

b)

(i) For Demand Resources not committed as Capacity Performance Resources for Delivery Years through May 31, 2018:

For Limited Demand Resources: If a registration for a Limited Demand Resource committed by a Capacity Market Seller is not dispatched by the Office of the Interconnection for a Load Management event prior to August 15 of the relevant Delivery Year, then such registration must demonstrate that it was tested as described below in (iii), in a zone for a one-hour period during any hour when a PJM Load Management event may be called between June 1 and September 30, inclusive. If a registration for a Limited Demand Resource committed by a Capacity Market Seller is dispatched by the Office of the Interconnection for a PJM Load Management event in a zone between August 16 and September 30, no test will be required. If a registration for a Limited Demand Resource committed by a Capacity Market Seller is dispatched by the Office of Interconnection for a PJM Load Management event in a subzone between June 1 and September 30 of the 2012/2013 and 2013/2014 Delivery Years, and such registration performs at or above the nominated amount of capacity on the registration, no test will be required and no Demand Resources Test Failure Charges will be assessed for such registrations. If a registration for a Limited Demand Resource committed by a Capacity Market Seller is dispatched by the Office of the Interconnection for a PJM Load Management event in a zone between June 1 and September 30, inclusive, then Demand Resources Test Failure Charges will not be assessed.

For Annual Demand Resources: if an Annual Demand Resource registration is not dispatched by the Office of the Interconnection for a Load Management event in a Delivery Year, then the Annual Demand Resource registration committed by a Capacity Market Seller must demonstrate that the Annual Demand Resource registration committed in a zone was tested as described below in (iii), for a one-hour period during any hour when a PJM Load Management event may be called during June through October or the following May of the relevant Delivery Year. If an Annual Demand Resource registration is dispatched by the Office of the Interconnection for a Load

Management event during the Delivery Year, then no test will be required.

For Extended Summer Demand Resources: if an Extended Summer Demand Resource registration is not dispatched by the Office of the Interconnection for a Load Management event during June through October or the following May, then the Extended Summer Demand Resource registration committed by a Capacity Market Seller must demonstrate that the Extended Summer Demand Resource registration was tested as described below in (iii), for a one-hour period during any hour when a PJM Load Management event may be called during June through October or the following May of the relevant Delivery Year.

(ii) For Demand Resources committed as Capacity Performance Resources for the 2016/2017 and 2017/2018 Delivery Years and for all Demand Resources for the 2018/2019 Delivery Year and subsequent Delivery Years:

For Base Capacity Demand Resources: if an Base Capacity Demand Resource registration is not dispatched by the Office of the Interconnection for a Load Management event during June through September, then the Base Capacity Demand Resource registration committed by a Capacity Market Seller must demonstrate that the Base Capacity Demand Resource registration was tested as described below in (iii), for a one-hour period during any hour when a PJM Load Management event may be called during June through September of the relevant Delivery Year.

For Demand Resources that commit as Capacity Performance Resources: if a Demand Resource that is a Capacity Performance Resource registration is not dispatched by the Office of the Interconnection for a Load Management event in a Delivery Year, then that Demand Resource registration committed by a Capacity Market Seller must demonstrate that that Demand Resource registration committed in a zone was tested as described below in (iii), for a one-hour period during any hour when a PJM Load Management event may be called during June through October or the following May of the relevant Delivery Year. If an Annual Demand Resource registration is dispatched by the Office of the Interconnection for a Load Management event during the Delivery Year, then no test will be required.

(iii) All registrations in a zone required to test must be tested simultaneously for each product except that, when less than 25 percent (by megawatts) of a provider's total resources in a zone fail a test, the provider may conduct a re-test limited to all registrations that failed

the prior test, provided that such re-test must be at the same time of day and under approximately the same weather conditions as the prior test, and provided further that all affiliated registrations must test simultaneously, where affiliated means registrations that have any ability to shift load and are owned or controlled by the same entity. If less than 25 percent of resources fail the test and the provider chooses to conduct a retest, the provider may elect to maintain the performance compliance result for registration(s) achieved during the test if provider: (1) notifies the Office of the Interconnection 48 hours prior to the retest under this election; and (2) the provider retests affiliated registrations under this election as set forth in the PJM Manual.

c) a Capacity Market Seller that committed Demand Resources shall be assessed a Demand Resources Test Failure Charge equal to the net capability testing shortfall for such products tested in a Zone during such test in the aggregate of all of such Seller's Demand Resources tested in such Zone times the Demand Resources Test Failure Charge Rate. The net capability testing shortfall in such Zone shall be the following megawatt quantity, converted to an Unforced Capacity basis using the applicable DR Factor and Forecast Pool Requirement: (i) the summer daily average of the megawatts of load reduction capability committed by such seller in such Zone for such product(s) tested minus (ii) the megawatts of load reduction actually provided by all such Demand Resources in such Zone during such test. The net capability testing shortfall in such Zone for such product(s) tested shall be reduced by the provider's summer daily average of the Capacity Resource deficiency shortfalls, determined pursuant to section 8 of Attachment DD of this Tariff, in such Zone for all of the provider's committed Demand Resources that are of the same product(s) tested.

d) the Demand Resources Test Failure Charge Rate shall equal such Seller's Weighted Daily Revenue Rate in such Zone for the product(s) tested plus the greater of (0.20 times the Weighted Daily Revenue Rate in such Zone for the product(s) tested or $20/MW-day). The Daily Demand Resources Test Failure Charge in a zone for the product(s) tested shall be equal to the net capability testing shortfall in such Zone for such product(s) tested times the Demand Resources Test Failure Charge Rate. Such charge shall be assessed daily and charged monthly (or otherwise in accordance with customary PJM billing practices in effect at the time); provided, however, that a lump sum payment may be required to reflect amounts due, as a result of a test failure, from the start of the Delivery Year to the day that charges are reflected in regular billing.

e) revenues collected from assessment of Demand Resources Test Failure Charges shall be distributed to Load Serving Entities that were charged a Locational Reliability Charge for the Delivery Year for which the Demand Resources Test Failure Charge was assessed, pro-rata based on such Load Serving Entities' Daily Unforced Capacity Obligations.

ATTACHMENT DD-1

Preface: The provisions of this Attachment incorporate into the Tariff for ease of reference the provisions of Schedule 6 of the Reliability Assurance Agreement among Load Serving Entities in the PJM Region. As a result, this Attachment will be modified, subject to FERC approval, so that the terms and conditions set forth herein remain consistent with the corresponding terms and conditions of Schedule 6 of the RAA. Capitalized terms used herein that are not otherwise defined in Attachment DD or elsewhere in this Tariff have the meaning set forth in the RAA.

PROCEDURES FOR DEMAND RESOURCES AND ENERGY EFFICIENCY

A. Parties can partially or wholly offset the amounts payable for the Locational Reliability Charge with Demand Resources that are operated under the direction of the Office of the Interconnection. FRR Entities may reduce their capacity obligations with Demand Resources that are operated under the direction of the Office of the Interconnection and detailed in such entity's FRR Capacity Plan. Demand Resources qualifying under the criteria set forth below may be offered for sale or designated as Self-Supply in the Base Residual Auction, included in an FRR Capacity Plan, or offered for sale in any Incremental Auction, for any Delivery Year for which such resource qualifies. Qualified Demand Resources generally fall in one of three categories, i.e., Guaranteed Load Drop, Firm Service Level, or Legacy Direct Load Control (prior to June 1, 2016), as further specified in section G below and the PJM Manuals. Qualified Demand Resources may be provided by a Curtailment Service Provider, notwithstanding that such Curtailment Service Provider is not a Party to this Agreement. Such Curtailment Service Providers must satisfy the requirements hereof and the PJM Manuals.

1. A Party must formally notify, in accordance with the requirements of the PJM Manuals and section F hereof, as applicable, the Office of the Interconnection of the Demand Resource that it is placing under the direction of the Office of the Interconnection. A Party must further notify the Office of the Interconnection whether the resource is a Limited Demand Resource, an Extended Summer Demand Resource, a Base Capacity Demand Resource, or an Annual Demand Resource.

2. A Demand Resource must achieve its full load reduction within the following time period:

(a) For the 2014/2015 Delivery Year, Curtailment Service Providers may elect a notification time period from the Office of the Interconnection of 30, 60 or 120 minutes prior to their Demand Resources being required to fully respond to a Load Management Event.

(b) For the 2015/2016 Delivery Year and subsequent Delivery Years, a Demand Resource must be able to fully respond to a Load Management Event within 30 minutes of notification from the Office of the Interconnection. This default 30 minute prior notification shall apply unless a Curtailment Service Provider obtains an exception from the Office of the Interconnection due to physical operational limitations that prevent the Demand Resource from reducing load within that timeframe. In such case, the Curtailment Service Provider shall submit a request for an exception to the 30 minute prior notification requirement to the Office of the Interconnection, at the time the Registration Form for that resource is submitted in accordance

with Attachment K-Appendix of this Tariff. The only alternative notification times that the Office of Interconnection will permit, upon approval of an exception request, are 60 minutes and 120 minutes prior to a Load Management Event. The Curtailment Service Provider shall indicate in writing, in the appropriate application, that it seeks an exception to permit a prior notification time of 60 minutes or 120 minutes, and the reason(s) for the requested exception. A Curtailment Service Provider shall not submit a request for an exception to the default 30 minute notification period unless it has done its due diligence to confirm that the Demand Resource is physically incapable of responding within that timeframe based on one or more of the reasons set forth below and as may be further defined in the PJM Manuals and has obtained detailed data and documentation to support this determination.

In order to establish that a Demand Resource is reasonably expected to be physically unable to reduce load in that timeframe, the Curtailment Service Provider that registered the resource must demonstrate that:

1) The manufacturing processes for the Demand Resource require gradual reduction to avoid damaging major industrial equipment used in the manufacturing process, or damage to the product generated or feedstock used in the manufacturing process;

2) Transfer of load to back-up generation requires time-intensive manual process taking more than 30 minutes;

3) On-site safety concerns prevent location from implementing reduction plan in less than 30 minutes; or,

4) The Demand Resource is comprised of mass market residential customers or Small Commercial Customers which collectively cannot be notified of a Load Management Event within a 30-minute timeframe due to unavoidable communications latency, in which case the requested notification time shall be no longer than 120 minutes.

The Office of the Interconnection may request data and documentation from the Curtailment Service Provider and such Curtailment Service Provider shall provide to the Office of the Interconnection within three (3) business days of a request therefor, a copy of all of the data and documentation supporting the exception request. Failure to provide a timely response to such request shall cause the exception to terminate the following Operating Day.

At its sole option and discretion, the Office of the Interconnection may review the data and documentation provided by the Curtailment Service Provider to determine if the Demand Resource has met one or more of the criteria above. The Office of the Interconnection will notify the Curtailment Service Provider in writing of its determination by no later than ten (10) business days after receipt of the data and documentation.

The Curtailment Service Provider shall provide written notification to the Office of the Interconnection of a material change to the facts that supported its exception request within three (3) business days of becoming aware of such material change in facts, and, if the Office of Interconnection determines that the physical limitation criteria above are no longer being met, the

Demand Resource shall be subject to the default notification period of 30 minutes immediately upon such determination.

3. The initiation of load reduction, upon the request of the Office of the Interconnection, must be within the authority of the dispatchers of the Party. No additional approvals should be required.

4. The initiation of load reduction upon the request of the Office of the Interconnection is considered a pre-emergency or emergency action and must be implementable prior to a voltage reduction.

5. A Curtailment Service Provider intending to offer for sale or designate for self-supply, a Demand Resource in any RPM Auction, or intending to include a Demand Resource in any FRR Capacity Plan must demonstrate, to PJM's satisfaction, that such resource shall have the capability to provide a reduction in demand, or otherwise control load, on or before the start of the Delivery Year for which such resource is committed. As part of such demonstration, each such Curtailment Service Provider shall submit a Demand Resource Sell Offer Plan in accordance with the standards and procedures set forth in section A-1 of Schedule 6, Schedule 8.1 (as to FRR Capacity Plans) and the PJM Manuals, no later than 15 business days prior to, as applicable, the RPM Auction in which such resource is to be offered, or the deadline for submission of the FRR Capacity Plan in which such resource is to be included. PJM may verify the Curtailment Service Provider's adherence to the Demand Resource Sell Offer Plan at any time. A Curtailment Service Provider with a PJM-approved Demand Resource Sell Offer Plan will be permitted to offer up to the approved Demand Resource quantity into the subject RPM Auction or include such resource in its FRR Capacity Plan.

6. Selection of a Demand Resource in an RPM Auction results in commitment of capacity to the PJM Region. Demand Resources that are so committed must be registered to participate in the Full Program Option or as a Capacity Only resource of the Emergency Load Response and Pre-Emergency Load Response Program and thus available for dispatch during PJM-declared pre-emergency events and emergency events.

A-1. A Demand Resource Sell Offer Plan shall consist of a completed template document in the form posted on the PJM website, requiring the information set forth below and in the PJM Manuals, and a Demand Resource Officer Certification Form signed by an officer of the Demand Resource Provider that is duly authorized to provide such a certification. The Demand Resource Sell Offer Plan must provide information that supports the Demand Resource Provider's intended Demand Resource Sell Offers and demonstrates that the Demand Resources are being offered with the intention that the MW quantity that clears the auction is reasonably expected to be physically delivered through Demand Resource registrations for the relevant Delivery Year. The Demand Resource Sell Offer Plan shall include all Existing Demand Resources and all Planned Demand Resources that the Demand Resource Provider intends to offer into an RPM Auction or include in an FRR Capacity Plan.

1. Demand Resource Sell Offer Plan Template. The Demand Resource Sell Offer Plan template, in the form provided on the PJM website, shall require the Demand

Resource Provider to provide the following information and such other information as specified in the PJM Manuals:

(a) Summary Information. The completed template shall include the Demand Resource Provider's company name, contact information, and the Nominated DR Value in ICAP MWs by Zone/sub-Zone that the Demand Resource Provider intends to offer, stated separately for Existing Demand Resources and Planned Demand Resources. The total Nominated DR Value in MWs for each Zone/sub-Zone shall be the sum of the Nominated DR Value of Existing Demand Resources and the Nominated DR Value of Planned Demand Resources, and shall be the maximum MW amount the Provider intends to offer in the RPM Auction for the indicated Zone/sub-Zone, provided that nothing herein shall preclude the Demand Resource Provider from offering in the auction a lesser amount than the total Nominated DR Value shown in its Demand Resource Sell Offer Plan.

(b) Existing Demand Resources. The Demand Resource Provider shall identify all Existing Demand Resources by identifying end-use customer sites that are currently registered with PJM (even if not registered by such Demand Resource Provider) and that the Demand Resource Provider reasonably expects to have under a contract to reduce load based on PJM dispatch instructions by the start of the auction Delivery Year.

(c) Planned Demand Resources. The Demand Resource Provider shall provide the details of, and key assumptions underlying, the Planned Demand Resource quantities (i.e., all Demand Resource quantities in excess of Existing Demand Resource quantities) contained in the Demand Resource Sell Offer Plan, including:

(i) key program attributes and assumptions used to develop the Planned Demand Resource quantities, including, but not limited to, discussion of:

- method(s) of achieving load reduction at customer site(s);
- equipment to be controlled or installed at customer site(s), if any;
- plan and ability to acquire customers;
- types of customer targeted;
- support of market potential and market share for the target customer base, with adjustments for Existing Demand Resource customers within this market and the potential for other Demand Resource Providers targeting the same customers;
- assumptions regarding regulatory approval of program(s), if applicable; and
- Prior to June 1, 2016: if applicable, Legacy Direct Load Control (LDLC) program details such as: a description of the cycling control strategy, any assumptions regarding switch operability rate, and a list (and copy) of all load research studies used to develop the estimated nominated ICAP value per customer (i.e., the per-participant impact).

(ii) Zone/sub-Zone information by end-use customer segment for all Nominated DR Values for which an end-use customer site is not identified, to include the number in each segment of end-use customers expected to be registered for the subject Delivery Year, the average Peak Load Contribution per end-use customer for such segment, and the average Nominated DR Value per customer for such segment. End-use customer segments may include residential, commercial, small industrial, medium industrial, and large industrial, as identified and defined in the PJM Manuals, provided that nothing herein or in the Manuals shall preclude the Provider from identifying more specific customer segments within the commercial and industrial categories, if known.

(iii) Information by end-use customer site to the extent required by subsection A-1(1)(c)(iv) or, if not required by such subsection, to the extent known at the time of the submittal of the Demand Resource Sell Offer Plan, to include: customer EDC account number (if known), customer name, customer premise address, Zone/sub-Zone in which the customer is located, end-use customer segment, current Peak Load Contribution value (or an estimate if actual value not known) and an estimate of expected Peak Load Contribution for the subject Delivery Year, and an estimated Nominated DR Value.

(iv) End-use customer site-specific information shall be required for any Zones or sub-Zones identified by PJM pursuant to this subsection for the portion, if any, of a Demand Resource Provider's intended offer in such Zones or sub-Zones that exceeds a Sell Offer threshold determined pursuant to this subsection, as any such excess quantity under such conditions should reflect Planned Demand Resources from end-use customer sites that the Provider has a high degree of certainty it will physically deliver for the subject Delivery Year. In accordance with the procedures in subsection A-1(3) below, PJM shall identify, as requiring site-specific information, all Zones and sub-Zones that comprise any LDA group (from a list of LDA groups stated in the PJM Manuals) in which [the quantity of cleared Demand Resources from the most recent Base Residual Auction] plus [the quantity of Demand Resources included in FRR Capacity Plans for the Delivery Year addressed by the most recent Base Residual Auction] in any Zone or sub-Zone of such LDA group exceeds the greater of:

- the maximum Demand Resources quantity registered with PJM for such Zone for any Delivery Year from the current (at time of plan submission) Delivery Year and the two preceding Delivery Years; and

- the potential Demand Resource quantity for such Zone estimated by PJM based on an independent published assessment of demand

response potential that is reasonably applicable to such Zone, as identified in the PJM Manuals.

For each such Zone and sub-Zone, the Sell Offer threshold for each Demand Resource Provider shall be the higher of:

- the Demand Resource Provider's maximum Demand Resource quantity registered with PJM for such Zone/sub-Zone over the current Delivery Year (at the time of plan submission) and two preceding Delivery Years;

- the Demand Resource Provider's maximum for any single Delivery Year of [such provider's cleared Demand Resource quantity] plus [such provider's quantity of Demand Resources included in FRR Capacity Plans] from the three forward Delivery Years addressed by the three most recent Base Residual Auctions for such Zone/sub-Zone; and

- 10 MW.

(d) Schedule. The Demand Resource Provider shall provide an approximate timeline for procuring end-use customer sites as needed to physically deliver the total Nominated DR Value (for both Existing Demand Resources and Planned Demand Resources) by Zone/sub-Zone in the Demand Resource Sell Offer Plan. The Demand Resource Provider must specify the cumulative number of customers and the cumulative Nominated DR Value associated with each end-use customer segment within each Zone/sub-Zone that the Demand Resource Provider expects (at the time of plan submission) to have under contract as of June 1 each year between the time of the auction and the subject Delivery Year.

2. Demand Resource Officer Certification Form. Each Demand Resource Sell Offer Plan must include a Demand Resource Officer Certification, signed by an officer of the Demand Resource Provider that is duly authorized to provide such a certification, in the form shown in the PJM Manuals, which form shall include the following certifications:

(a) that the signing officer has reviewed the Demand Resource Sell Offer Plan and the information supplied to PJM in support of the Plan is true and correct as of the date of the certification; and

(b) that the Demand Resource Provider is submitting the Plan with the reasonable expectation, based upon its analyses as of the date of the certification, to physically deliver all megawatts that clear the RPM Auction through Demand Resource registrations by the specified Delivery Year.

As set forth in the form provided in the PJM manuals, the certification shall specify that it does not in any way abridge, expand, or otherwise modify the current provisions of the PJM Tariff, Operating Agreement and/or RAA, or the Demand Resource Provider's rights

and obligations thereunder, including the Demand Resource Provider's ability to adjust capacity obligations through participation in PJM incremental auctions and bilateral transactions.

3. Procedures. No later than December 1 prior to the Base Residual Auction for a Delivery Year, PJM shall post to the PJM website a list of Zones and sub-Zones, if any, for which end-use customer site-specific information shall be required under the conditions specified in subsection A-1(1)(c)(iv) above for all RPM Auctions conducted for such Delivery Year. Once so identified, a Zone or sub-Zone shall remain on the list for future Delivery Years until the threshold determined under subsection A-1(1)(c)(iv) above is not exceeded for three consecutive Delivery Years. No later than 15 business days prior to the RPM Auction in which a Demand Resource Provider intends to offer a Demand Resource, the Demand Resource Provider shall submit to PJM a completed Demand Resource Sell Offer Plan template and a Demand Resource Officer Certification Form signed by a duly authorized officer of the Provider. PJM will review all submitted DR Sell Offer Plans. No later than 10 business days prior to the subject RPM Auction, PJM shall notify any Demand Resource Providers that have identified the same end-use customer site(s) in their respective DR Sell Offer Plans for the same Delivery Year. In such event, the MWs associated with such site(s) will not be approved for inclusion in a Sell Offer in an RPM Auction by any of the Demand Resource Providers, unless a Demand Resource Provider provides a letter of support from the end-use customer indicating that it is likely to execute a contract with that Demand Resource Provider for the relevant Delivery Year, or provides other comparable evidence of likely commitment. Such letter of support or other supporting evidence must be provided to PJM no later than 7 business days prior to the subject RPM Auction. If an end-use customer provides letters of support for the same site for the same Delivery Year to multiple Demand Resource Providers, the MWs associated with such end-use customer site shall not be approved as a Demand Resource for any of the Demand Resource Providers. No later than 5 business days prior to the subject RPM Auction, PJM will notify each Demand Resource Provider of the approved Demand Resource quantity, by Zone/sub-Zone, that such Demand Resource Provider is permitted to offer into such RPM Auction.

B. The Unforced Capacity value of a Demand Resource will be determined as:

for the Delivery Years through May 31, 2018, or for FRR Capacity Plans for Delivery Years through May 31, 2019, the product of the Nominated Value of the Demand Resource times the DR Factor, times the Forecast Pool Requirement, and for the 2018/2019 Delivery Year and subsequent Delivery Years, or for FRR Capacity Plans for the 2019/2020 Delivery Year and subsequent Delivery Years, the product of the Nominated Value of the Demand Resource times the Forecast Pool Requirement. Nominated Values shall be determined and reviewed in accordance with sections I and J, respectively, and the PJM Manuals. The DR Factor is a factor established by the PJM Board with the advice of the Members Committee to reflect the increase in the peak load carrying capability in the PJM Region due to Demand Resources. Peak load carrying capability is defined to be the peak load that the PJM Region is able to serve at the loss of load expectation defined in the Reliability Principles and Standards. The DR Factor is the increase in the peak load carrying capability in the PJM Region due to Demand Resources, divided by the total Nominated Value of Demand Resources in the PJM Region. The DR Factor will be determined using an analytical program that uses a probabilistic approach to determine

reliability. The determination of the DR Factor will consider the reliability of Demand Resources, the number of interruptions, and the total amount of load reduction.

C. Demand Resources offered and cleared in a Base Residual or Incremental Auction shall receive the corresponding Capacity Resource Clearing Price as determined in such auction, in accordance with Attachment DD of the PJM Tariff. For Delivery Years beginning with the Delivery Year that commences on June 1, 2013, any Demand Resources located in a Zone with multiple LDAs shall receive the Capacity Resource Clearing Price applicable to the location of such resource within such Zone, as identified in such resource's offer. Further, the Curtailment Service Provider shall register its resource in the same location within the Zone as specified in its cleared sell offer, and shall be subject to deficiency charges under Attachment DD of this Tariff to the extent it fails to provide the resource in such location consistent with its cleared offer. For either of the Delivery Year commencing on June 1, 2010 or commencing on June 1, 2012, if the location of a Demand Resource is not specified by a Seller in the Sell Offer on an individual LDA basis in a Zone with multiple LDAs, then Demand Resources cleared by such Seller will be paid a DR Weighted Zonal Resource Clearing Price, determined as follows: (i) for a Zone that includes non-overlapping LDAs, calculated as the weighted average of the Resource Clearing Prices for such LDAs, weighted by the cleared Demand Resources registered by such Seller in each such LDA; or (ii) for a Zone that contains a smaller LDA within a larger LDA, calculated treating the smaller LDA and the remaining portion of the larger LDA as if they were separate LDAs, and weight-averaging in the same manner as (i) above.

D. The Party, Electric Distributor, or Curtailment Service Provider that establishes a contractual relationship (by contract or tariff rate) with a customer for load reductions is entitled to receive the compensation specified in section C for a committed Demand Resource, notwithstanding that such provider is not the customer's energy supplier.

E. Any Party hereto shall demonstrate that its Demand Resources performed during periods when load management procedures were invoked by the Office of the Interconnection. The Office of the Interconnection shall adopt and maintain rules and procedures for verifying the performance of such resources, as set forth in section K hereof and the PJM Manuals. In addition, committed Demand Resources that do not comply with the directions of the Office of the Interconnection to reduce load during an emergency shall be subject to the penalty charge set forth in Attachment DD to the PJM Tariff.

F. Parties may elect to place Demand Resources associated with Behind The Meter Generation under the direction of the Office of the Interconnection for a Delivery Year by submitting a Sell Offer for such resource (as Self Supply, or with an offer price) in the Base Residual Auction for such Delivery Year. This election shall remain in effect for the entirety of such Delivery Year. In the event such an election is made, such Behind The Meter Generation will not be netted from load for the purposes of calculating the Daily Unforced Capacity Obligations under this Agreement.

G. PJM measures Demand Resources in the following four ways:

Prior to June 1, 2016: Legacy Direct Load Control (LDLC) – Load management that is initiated directly by the Curtailment Service Provider's market operations center or its agent, employing a communication signal to cycle equipment (typically water heaters or central air conditioners). DLC programs are qualified based on load research and customer subscription data. Curtailment Service Providers may rely on the results of load research studies identified in the PJM Manuals to set the per-participant load reduction for LDLC programs. Each Curtailment Service Provider relying on DLC load management must periodically update its LDLC switch operability rates, in accordance with the PJM Manuals.

Firm Service Level (FSL) – Load management achieved by an end-use customer reducing its load to a pre-determined level (the Firm Service Level), upon notification from the Curtailment Service Provider's market operations center or its agent.

Guaranteed Load Drop (GLD) – Load management achieved by an end-use customer reducing its load by a pre-determined amount (the Guaranteed Load Drop), upon notification from the Curtailment Service Provider's market operations center or its agent. Typically, the load reduction is achieved through running customer-owned backup generators, or by shutting down process equipment.

Customer Baseline Load (CBL) - Load management achieved by an end-use customer as measured by comparing actual metered load to an end-use customer's Customer Baseline Load or alternative CBL determined in accordance with the provisions of Section 3.3A.2 or 3.3A.2.01 of the Operating Agreement.

H. Each Curtailment Service Provider must satisfy (or contract with another LSE, Curtailment Service Provider, or electric distribution company to provide) the following requirements:

- A point of contact with appropriate backup to ensure single call notification from PJM and timely execution of the notification process;
- Supplemental status reports, detailing Demand Resources available, as requested by PJM;
- Entry of customer-specific Demand Resource credit information, for planning and verification purposes, into the designated PJM electronic system.
- Customer-specific compliance and verification information for each PJM-initiated Demand Resource event, as well as aggregated Provider load drop data for Provider-initiated events, in accordance with established reporting guidelines.
- Load drop estimates for all Demand Resource events, prepared in accordance with the PJM Manuals.

I. The Nominated Value of each Demand Resource shall be determined consistent with the process for determination of the capacity obligation for the customer.

The Nominated Value for a Firm Service Level customer will be based on the peak load contribution for the customer, as determined by the 5CP methodology utilized to determine other ICAP obligation values. The maximum Demand Resource load reduction value for a Firm Service Level customer will be equal to Peak Load Contribution – Firm Contract Level adjusted for system losses.

The Nominated Value for a Guaranteed Load Drop customer will be the guaranteed load drop amount, adjusted for system losses, as established by the customer's contract with the Curtailment Service Provider. The maximum credit nominated shall not exceed the customer's Peak Load Contribution.

Prior to June 1, 2016, the Nominated Value for a Legacy Direct Load Control program will be based on load research and customer subscription. The maximum value of the program is equal to the approved per-participant load reduction multiplied by the number of active participants, adjusted for system losses. The per-participant impact is to be estimated at long-term average local weather conditions at the time of the summer peak.

Customer-specific Demand Resource information (EDC account number, peak load, notification period, etc.) will be entered into the designated PJM electronic system to establish credit values. Additional data may be required, as defined in sections J and K.

J. Nominated Values shall be reviewed based on documentation of customer-specific data and Demand Resource information, to verify the amount of load management available and to set a maximum allowable Nominated Value. Data is provided by both the zone EDC and the Curtailment Service Provider on templates supplied by PJM, and must include the EDC meter number or other unique customer identifier, Peak Load Contribution (5CP), contract firm service level or guaranteed load drop values, applicable loss factor, zone/area location of the load drop, number of active participants, etc. Such data must be uploaded and approved prior to the first day of the Delivery Year for such resource as a Demand Resource. Curtailment Service Providers must provide this information concurrently to host EDCs.

For Firm Service Level and Guaranteed Load Drop customers, the 5CP values, for the zone and affected customers, will be adjusted to reflect an "unrestricted" peak for a zone, based on information provided by the Curtailment Service Provider. Load drop levels shall be estimated in accordance with guidelines in the PJM Manuals.

Prior to June 1, 2016, for Legacy Direct Load Control programs, the Curtailment Service Provider must provide information detailing the number of active participants in each program. Other information on approved LDLC programs will be provided by PJM.

K. Compliance is the process utilized to review Provider performance during PJM-initiated Demand Resource events. Compliance will be established for each Provider on an event specific basis for the Curtailment Service Provider's Demand Resources dispatched by the Office

of the Interconnection during such event. PJM will establish and communicate reasonable deadlines for the timely submittal of event data to expedite compliance reviews. Compliance reviews will be completed as soon after the event as possible, with the expectation that reviews of a single event will be completed within two months of the end of the month in which the event took place. Curtailment Service Providers are responsible for the submittal of compliance information to PJM for each PJM-initiated event during the compliance period.

For Load Management Events for all Demand Resources not committed as a Capacity Performance Resource occurring through May 31, 2018, and for Load Management Events for Demand Resources committed as a Base Capacity Resource or a Capacity Performance Resource occurring during the months of June through September:

Prior to June 1, 2016, compliance for Legacy Direct Load Control programs will consider only the transmission of the control signal. Curtailment Service Providers are required to report the time period (during the Demand Resource event) that the control signal was actually sent.

Compliance is checked on an individual customer basis for Firm Service Level, by comparing actual load during the event to the firm service level. Current load for a statistical sample of end-use customers may be used for compliance for residential non-interval metered registrations in accordance with the PJM Manuals and subject to PJM approval. Curtailment Service Providers must submit actual customer load levels (for the event period) for the compliance report. Compliance for FSL will be based on:

> End use customer's current Delivery Year peak load contribution ("PLC") minus the metered load ("Load") multiplied by the loss factor ("LF"). The calculation is represented by:
>
> (PLC) - (Load *LF)

Compliance is checked on an individual customer basis for Guaranteed Load Drop. Current load for a statistical sample of end-use customers may be used for compliance for residential non-interval metered registrations in accordance with the PJM Manuals and subject to PJM approval. Guaranteed Load Drop compliance will be based on:

(i) the lesser of (a) comparison load used to best represent what the load would have been if PJM did not declare a Load Management Event or the CSP did not initiate a test as outlined in the PJM Manuals, minus the Load and then multiplied by the LF, or (b) the PLC minus the Load multiplied by the LF. A load reduction will only be recognized for capacity compliance if the Load multiplied by the LF is less than the PLC.

(ii) Curtailment Service Providers must submit actual loads and comparison loads for all hours during the day of the Load Management Event or the Load Management performance test, and for all hours during any other days as required by the Office of the Interconnection to calculate the load reduction. Comparison loads must be developed from the guidelines in the PJM Manuals, and note which method was employed.

Compliance is averaged over the Load Management Event for non-interval metered LDLC programs, prior to June 1, 2016. Compliance is averaged over the Load Management Event, for each FSL and GLD customer dispatched by the Office of the Interconnection, for at least 30 minutes of the clock hour (i.e., "partial dispatch compliance hour"). The registered capacity commitment for the partial dispatch compliance hour will be prorated based on the number of minutes dispatched during the clock hour and as defined in the Manuals. Curtailment Service Provider may submit 1 minute load data for use in capacity compliance calculations for partial dispatch compliance hours subject to PJM approval and in accordance with the PJM Manuals where: (a) metering meets all Tariff and Manual requirements, (b) 1 minute load data shall be submitted to PJM for all locations on the registration, and (c) 1 minute load data measures energy consumption over the minute.

For Load Management Events for Demand Resources committed as a Base Capacity Resource or as a Capacity Performance Resource occurring during the months of October through May:

Compliance is determined on an individual customer basis by comparing actual metered load to an end-use customer's Customer Baseline Load or alternative CBL determined in accordance with the provisions of Section 3.3A.2 or 3.3A.2.01 of Schedule 1 of the Operating Agreement.

For all Delivery Years:

Demand Resources may not reduce their load below zero (i.e., export energy into the system). No compliance credit will be given for an incremental load drop below zero. Compliance will be totaled over all FSL and GLD customers and LDLC programs (prior to June 1, 2016) to determine a net compliance position for the event for each Provider by Zone, for all Demand Resources committed by such Provider and dispatched by the Office of the Interconnection in the zone. Deficiencies shall be as further determined in accordance with section 11 of Schedule DD to the PJM Tariff.

L. Energy Efficiency Resources

1. An Energy Efficiency Resource is a project, including installation of more efficient devices or equipment or implementation of more efficient processes or systems, exceeding then-current building codes, appliance standards, or other relevant standards, designed to achieve a continuous (during peak summer and winter periods as described herein) reduction in electric energy consumption at the End-Use Customer's retail site that is not reflected in the peak load forecast prepared for the Delivery Year for which the Energy Efficiency Resource is proposed, and that is fully implemented at all times during such Delivery Year, without any requirement of notice, dispatch, or operator intervention.

2. An Energy Efficiency Resource may be offered as a Capacity Resource in the Base Residual or Incremental Auctions for any Delivery Year beginning on or after June 1, 2012. No later than 30 days prior to the auction in which the resource is to be offered, the Capacity Market Seller shall submit to the Office of the Interconnection a notice of intent to offer

the resource into such auction and a measurement and verification plan. The notice of intent shall include all pertinent project design data, including but not limited to the peak-load contribution of affected customers, a full description of the equipment, device, system or process intended to achieve the load reduction, the load reduction pattern, the project location, the project development timeline, and any other relevant data. Such notice also shall state the seller's proposed Nominated Energy Efficiency Value.

- For Delivery Years through May 31, 2018 for all Energy Efficiency Resources not committed as a Capacity Performance Resource, the seller's proposed Nominated Energy Efficiency Value shall be the expected average load reduction between the hour ending 15:00 EPT and the hour ending 18:00 EPT during all days from June 1 through August 31, inclusive, of such Delivery Year that is not a weekend or federal holiday;

- For the 2018/2019 and 2019/2020 Delivery Years, the seller's proposed Nominated Energy Efficiency Value for any Base Capacity Energy Efficiency Resource shall be the expected average load reduction between the hour ending 15:00 EPT and the hour ending 18:00 EPT during all days from June 1 through August 31, inclusive, of such Delivery Year that is not a weekend or federal holiday; and

The measurement and verification plan shall describe the methods and procedures, consistent with the PJM Manuals, for determining the amount of the load reduction and confirming that such reduction is achieved. The Office of the Interconnection shall determine, upon review of such notice, the Nominated Energy Efficiency Value that may be offered in the Reliability Pricing Model Auction.

- For the 2018/2019 Delivery Year and subsequent Delivery Years and for any Annual Energy Efficiency Resource committed as a Capacity Performance Resource for the 2016/2017 and 2017/2018 Delivery Years, the seller's proposed Nominated Energy Efficiency Value for any Annual Energy Efficiency Resources, shall be the expected average load reduction, for all days from June 1 through August 31, inclusive, of such Delivery Year that is not a weekend or federal holiday, between the hour ending 15:00 EPT and the hour ending 18:00 EPT. In addition, the expected average load reduction for all days from January 1 through February 28, inclusive, of such Delivery Year that is not a weekend or federal holiday, between the hour ending 8:00 EPT and the hour ending 9:00 EPT and between the hour ending 19:00 EPT and the hour ending 20:00 EPT shall not be less than the Nominated Energy Efficiency Value.

3. An Energy Efficiency Resource may be offered with a price offer or as Self-Supply. If an Energy Efficiency Resource clears the auction, it shall receive the applicable Capacity Resource Clearing Price, subject to section 5 below. A Capacity Market Seller offering an Energy Efficiency Resource must comply with all applicable credit requirements as set forth in Attachment Q to the PJM Tariff. For Delivery Years through May 31, 2018, or for FRR Capacity Plans for Delivery Years through May 31, 2019, the Unforced Capacity value of an Energy Efficiency Resource offered into an RPM Auction shall be the Nominated Energy Efficiency value times the DR Factor and the Forecast Pool Requirement. For the 2018/2019 Delivery Year and subsequent Delivery Years, or for FRR Capacity Plans for the 2019/2020 Delivery Year and subsequent Delivery Years, the Unforced Capacity value of an Energy

Efficiency Resource offered into an RPM Auction shall be the Nominated Energy Efficiency Value times the Forecast Pool Requirement.

4. An Energy Efficiency Resource that clears an auction for a Delivery Year may be offered in auctions for up to three additional consecutive Delivery Years, but shall not be assured of clearing in any such auction; provided, however, an Energy Efficiency Resource may not be offered for any Delivery Year in which any part of the peak season is beyond the expected life of the equipment, device, system, or process providing the expected load reduction; and provided further that a Capacity Market Seller that offers and clears an Energy Efficiency Resource in a BRA may elect a New Entry Price Adjustment on the same terms as set forth in section 5.14(c) of this Attachment DD.

5. For every Energy Efficiency Resource clearing an RPM Auction for a Delivery Year, the Capacity Market Seller shall submit to the Office of the Interconnection, by no later than 30 days prior to each Auction an updated project status and measurement and verification plan subject to the criteria set forth in the PJM Manuals.

6. For every Energy Efficiency Resource clearing an RPM Auction for a Delivery Year, the Capacity Market Seller shall submit to the Office of the Interconnection, by no later than the start of such Delivery Year, an updated project status and detailed measurement and verification data meeting the standards for precision and accuracy set forth in the PJM Manuals. The final value of the Energy Efficiency Resource during such Delivery Year shall be as determined by the Office of the Interconnection based on the submitted data.

7. The Office of the Interconnection may audit, at the Capacity Market Seller's expense, any Energy Efficiency Resource committed to the PJM Region. The audit may be conducted any time including the Performance Hours of the Delivery Year.

Section(s) of the
PJM Reliability Assurance Agreement

(Clean Format)

SCHEDULE 6

PROCEDURES FOR DEMAND RESOURCES AND ENERGY EFFICIENCY

A. Parties can partially or wholly offset the amounts payable for the Locational Reliability Charge with Demand Resources that are operated under the direction of the Office of the Interconnection. FRR Entities may reduce their capacity obligations with Demand Resources that are operated under the direction of the Office of the Interconnection and detailed in such entity's FRR Capacity Plan. Demand Resources qualifying under the criteria set forth below may be offered for sale or designated as Self-Supply in the Base Residual Auction, included in an FRR Capacity Plan, or offered for sale in any Incremental Auction, for any Delivery Year for which such resource qualifies. Qualified Demand Resources generally fall in one of three categories, i.e., Guaranteed Load Drop, Firm Service Level, or Legacy Direct Load Control (prior to June 1, 2016), as further specified in section G below and the PJM Manuals. Qualified Demand Resources may be provided by a Curtailment Service Provider, notwithstanding that such Curtailment Service Provider is not a Party to this Agreement. Such Curtailment Service Providers must satisfy the requirements hereof and the PJM Manuals.

1. A Party must formally notify, in accordance with the requirements of the PJM Manuals and section F hereof, as applicable, the Office of the Interconnection of the Demand Resource that it is placing under the direction of the Office of the Interconnection. A Party must further notify the Office of the Interconnection whether the resource is a Limited Demand Resource, an Extended Summer Demand Resource, a Base Capacity Demand Resource or an Annual Demand Resource.

2. A Demand Resource must achieve its full load reduction within the following time period:

(a) For the 2014/2015 Delivery Year, Curtailment Service Providers may elect a notification time period from the Office of the Interconnection of 30, 60 or 120 minutes prior to their Demand Resources being required to fully respond to a Load Management Event.

(b) For the 2015/2016 Delivery Year and subsequent Delivery Years, a Demand Resource must be able to fully respond to a Load Management Event within 30 minutes of notification from the Office of the Interconnection. This default 30 minute prior notification shall apply unless a Curtailment Service Provider obtains an exception from the Office of the Interconnection due to physical operational limitations that prevent the Demand Resource from reducing load within that timeframe. In such case, the Curtailment Service Provider shall submit a request for an exception to the 30 minute prior notification requirement to the Office of the Interconnection, at the time the Registration Form for that resource is submitted in accordance with Attachment K-Appendix of this Tariff. The only alternative notification times that the Office of Interconnection will permit, upon approval of an exception request, are 60 minutes and 120 minutes prior to a Load Management Event. The Curtailment Service Provider shall indicate in writing, in the appropriate application, that it seeks an exception to permit a prior notification time of 60 minutes or 120 minutes, and the reason(s) for the requested exception. A Curtailment Service Provider shall not submit a request for an exception to the default 30 minute notification period unless it has done its due diligence to confirm that the Demand Resource is physically

incapable of responding within that timeframe based on one or more of the reasons set forth below and as may be further defined in the PJM Manuals and has obtained detailed data and documentation to support this determination.

In order to establish that a Demand Resource is reasonably expected to be physically unable to reduce load in that timeframe, the Curtailment Service Provider that registered the resource must demonstrate that:

1) The manufacturing processes for the Demand Resource require gradual reduction to avoid damaging major industrial equipment used in the manufacturing process, or damage to the product generated or feedstock used in the manufacturing process;

2) Transfer of load to back-up generation requires time-intensive manual process taking more than 30 minutes;

3) On-site safety concerns prevent location from implementing reduction plan in less than 30 minutes; or,

4) The Demand Resource is comprised of mass market residential customers or Small Commercial Customers which collectively cannot be notified of a Load Management Event within a 30-minute timeframe due to unavoidable communications latency, in which case the requested notification time shall be no longer than 120 minutes.

The Office of the Interconnection may request data and documentation from the Curtailment Service Provider and such Curtailment Service Provider shall provide to the Office of the Interconnection within three (3) business days of a request therefor, a copy of all of the data and documentation supporting the exception request. Failure to provide a timely response to such request shall cause the exception to terminate the following Operating Day.

At its sole option and discretion, the Office of the Interconnection may review the data and documentation provided by the Curtailment Service Provider to determine if the Demand Resource has met one or more of the criteria above. The Office of the Interconnection will notify the Curtailment Service Provider in writing of its determination by no later than ten (10) business days after receipt of the data and documentation.

The Curtailment Service Provider shall provide written notification to the Office of the Interconnection of a material change to the facts that supported its exception request within three (3) business days of becoming aware of such material change in facts, and, if the Office of Interconnection determines that the physical limitation criteria above are no longer being met, the Demand Resource shall be subject to the default notification period of 30 minutes immediately upon such determination.

3. The initiation of load reduction, upon the request of the Office of the Interconnection, must be within the authority of the dispatchers of the Party. No additional approvals should be required.

4. The initiation of load reduction upon the request of the Office of the Interconnection is considered a pre-emergency or emergency action and must be implementable prior to a voltage reduction.

5. A Curtailment Service Provider intending to offer for sale or designate for self-supply, a Demand Resource in any RPM Auction, or intending to include a Demand Resource in any FRR Capacity Plan must demonstrate, to PJM's satisfaction, that such resource shall have the capability to provide a reduction in demand, or otherwise control load, on or before the start of the Delivery Year for which such resource is committed. As part of such demonstration, each such Curtailment Service Provider shall submit a Demand Resource Sell Offer Plan in accordance with the standards and procedures set forth in section A-1 of Schedule 6, Schedule 8.1 (as to FRR Capacity Plans) and the PJM Manuals, no later than 15 business days prior to, as applicable, the RPM Auction in which such resource is to be offered, or the deadline for submission of the FRR Capacity Plan in which such resource is to be included. PJM may verify the Curtailment Service Provider's adherence to the Demand Resource Sell Offer Plan at any time. A Curtailment Service Provider with a PJM-approved Demand Resource Sell Offer Plan will be permitted to offer up to the approved Demand Resource quantity into the subject RPM Auction or include such resource in its FRR Capacity Plan.

6. Selection of a Demand Resource in an RPM Auction results in commitment of capacity to the PJM Region. Demand Resources that are so committed must be registered to participate in the Full Program Option or as a Capacity Only resource of the Emergency Load Response and Pre-Emergency Load Response Program and thus available for dispatch during PJM-declared pre-emergency events and emergency events.

A-1. A Demand Resource Sell Offer Plan shall consist of a completed template document in the form posted on the PJM website, requiring the information set forth below and in the PJM Manuals, and a Demand Resource Officer Certification Form signed by an officer of the Demand Resource Provider that is duly authorized to provide such a certification. The Demand Resource Sell Offer Plan must provide information that supports the Demand Resource Provider's intended Demand Resource Sell Offers and demonstrates that the Demand Resources are being offered with the intention that the MW quantity that clears the auction is reasonably expected to be physically delivered through Demand Resource registrations for the relevant Delivery Year. The Demand Resource Sell Offer Plan shall include all Existing Demand Resources and all Planned Demand Resources that the Demand Resource Provider intends to offer into an RPM Auction or include in an FRR Capacity Plan.

1. Demand Resource Sell Offer Plan Template. The Demand Resource Sell Offer Plan template, in the form provided on the PJM website, shall require the Demand Resource Provider to provide the following information and such other information as specified in the PJM Manuals:

(a) Summary Information. The completed template shall include the Demand Resource Provider's company name, contact information, and the Nominated DR Value in ICAP MWs by Zone/sub-Zone that the Demand Resource Provider intends to offer, stated separately for Existing Demand Resources and Planned Demand Resources. The total

Nominated DR Value in MWs for each Zone/sub-Zone shall be the sum of the Nominated DR Value of Existing Demand Resources and the Nominated DR Value of Planned Demand Resources, and shall be the maximum MW amount the Provider intends to offer in the RPM Auction for the indicated Zone/sub-Zone, provided that nothing herein shall preclude the Demand Resource Provider from offering in the auction a lesser amount than the total Nominated DR Value shown in its Demand Resource Sell Offer Plan.

(b) Existing Demand Resources. The Demand Resource Provider shall identify all Existing Demand Resources by identifying end-use customer sites that are currently registered with PJM (even if not registered by such Demand Resource Provider) and that the Demand Resource Provider reasonably expects to have under a contract to reduce load based on PJM dispatch instructions by the start of the auction Delivery Year.

(c) Planned Demand Resources. The Demand Resource Provider shall provide the details of, and key assumptions underlying, the Planned Demand Resource quantities (i.e., all Demand Resource quantities in excess of Existing Demand Resource quantities) contained in the Demand Resource Sell Offer Plan, including:

(i) key program attributes and assumptions used to develop the Planned Demand Resource quantities, including, but not limited to, discussion of:

- method(s) of achieving load reduction at customer site(s);
- equipment to be controlled or installed at customer site(s), if any;
- plan and ability to acquire customers;
- types of customer targeted;
- support of market potential and market share for the target customer base, with adjustments for Existing Demand Resource customers within this market and the potential for other Demand Resource Providers targeting the same customers;
- assumptions regarding regulatory approval of program(s), if applicable; and
- Prior to June 1, 2016: if applicable, Legacy Direct Load Control (LDLC) program details such as: a description of the cycling control strategy, any assumptions regarding switch operability rate, and a list (and copy) of all load research studies used to develop the estimated nominated ICAP value per customer (i.e., the per-participant impact).

(ii) Zone/sub-Zone information by end-use customer segment for all Nominated DR Values for which an end-use customer site is not identified, to include the number in each segment of end-use customers expected to be registered for the subject Delivery Year, the average Peak Load Contribution per end-use customer for such segment, and the average Nominated DR Value per customer for such segment. End-use customer segments may include residential, commercial, small industrial, medium industrial, and large industrial, as identified and defined in the

PJM Manuals, provided that nothing herein or in the Manuals shall preclude the Provider from identifying more specific customer segments within the commercial and industrial categories, if known.

(iii) Information by end-use customer site to the extent required by subsection A-1(1)(c)(iv) or, if not required by such subsection, to the extent known at the time of the submittal of the Demand Resource Sell Offer Plan, to include: customer EDC account number (if known), customer name, customer premise address, Zone/sub-Zone in which the customer is located, end-use customer segment, current Peak Load Contribution value (or an estimate if actual value not known) and an estimate of expected Peak Load Contribution for the subject Delivery Year, and an estimated Nominated DR Value.

(iv) End-use customer site-specific information shall be required for any Zones or sub-Zones identified by PJM pursuant to this subsection for the portion, if any, of a Demand Resource Provider's intended offer in such Zones or sub-Zones that exceeds a Sell Offer threshold determined pursuant to this subsection, as any such excess quantity under such conditions should reflect Planned Demand Resources from end-use customer sites that the Provider has a high degree of certainty it will physically deliver for the subject Delivery Year. In accordance with the procedures in subsection A-1(3) below, PJM shall identify, as requiring site-specific information, all Zones and sub-Zones that comprise any LDA group (from a list of LDA groups stated in the PJM Manuals) in which [the quantity of cleared Demand Resources from the most recent Base Residual Auction] plus [the quantity of Demand Resources included in FRR Capacity Plans for the Delivery Year addressed by the most recent Base Residual Auction] in any Zone or sub-Zone of such LDA group exceeds the greater of:

- the maximum Demand Resources quantity registered with PJM for such Zone for any Delivery Year from the current (at time of plan submission) Delivery Year and the two preceding Delivery Years; and

- the potential Demand Resource quantity for such Zone estimated by PJM based on an independent published assessment of demand response potential that is reasonably applicable to such Zone, as identified in the PJM Manuals.

For each such Zone and sub-Zone, the Sell Offer threshold for each Demand Resource Provider shall be the higher of:

- the Demand Resource Provider's maximum Demand Resource quantity registered with PJM for such Zone/sub-Zone over the

current Delivery Year (at the time of plan submission) and two preceding Delivery Years;

- the Demand Resource Provider's maximum for any single Delivery Year of [such provider's cleared Demand Resource quantity] plus [such provider's quantity of Demand Resources included in FRR Capacity Plans] from the three forward Delivery Years addressed by the three most recent Base Residual Auctions for such Zone/sub-Zone; and

- 10 MW.

(d) Schedule. The Demand Resource Provider shall provide an approximate timeline for procuring end-use customer sites as needed to physically deliver the total Nominated DR Value (for both Existing Demand Resources and Planned Demand Resources) by Zone/sub-Zone in the Demand Resource Sell Offer Plan. The Demand Resource Provider must specify the cumulative number of customers and the cumulative Nominated DR Value associated with each end-use customer segment within each Zone/sub-Zone that the Demand Resource Provider expects (at the time of plan submission) to have under contract as of June 1 each year between the time of the auction and the subject Delivery Year.

2. Demand Resource Officer Certification Form. Each Demand Resource Sell Offer Plan must include a Demand Resource Officer Certification, signed by an officer of the Demand Resource Provider that is duly authorized to provide such a certification, in the form shown in the PJM Manuals, which form shall include the following certifications:

(a) that the signing officer has reviewed the Demand Resource Sell Offer Plan and the information supplied to PJM in support of the Plan is true and correct as of the date of the certification; and

(b) that the Demand Resource Provider is submitting the Plan with the reasonable expectation, based upon its analyses as of the date of the certification, to physically deliver all megawatts that clear the RPM Auction through Demand Resource registrations by the specified Delivery Year.

As set forth in the form provided in the PJM manuals, the certification shall specify that it does not in any way abridge, expand, or otherwise modify the current provisions of the PJM Tariff, Operating Agreement and/or RAA, or the Demand Resource Provider's rights and obligations thereunder, including the Demand Resource Provider's ability to adjust capacity obligations through participation in PJM incremental auctions and bilateral transactions.

3. Procedures. No later than December 1 prior to the Base Residual Auction for a Delivery Year, PJM shall post to the PJM website a list of Zones and sub-Zones, if any, for which end-use customer site-specific information shall be required under the conditions specified in subsection A-1(1)(c)(iv) above for all RPM Auctions conducted for such Delivery Year. Once so identified, a Zone or sub-Zone shall remain on the list for future Delivery Years until the

threshold determined under subsection A-1(1)(c)(iv) above is not exceeded for three consecutive Delivery Years. No later than 15 business days prior to the RPM Auction in which a Demand Resource Provider intends to offer a Demand Resource, the Demand Resource Provider shall submit to PJM a completed Demand Resource Sell Offer Plan template and a Demand Resource Officer Certification Form signed by a duly authorized officer of the Provider. PJM will review all submitted DR Sell Offer Plans. No later than 10 business days prior to the subject RPM Auction, PJM shall notify any Demand Resource Providers that have identified the same end-use customer site(s) in their respective DR Sell Offer Plans for the same Delivery Year. In such event, the MWs associated with such site(s) will not be approved for inclusion in a Sell Offer in an RPM Auction by any of the Demand Resource Providers, unless a Demand Resource Provider provides a letter of support from the end-use customer indicating that it is likely to execute a contract with that Demand Resource Provider for the relevant Delivery Year, or provides other comparable evidence of likely commitment. Such letter of support or other supporting evidence must be provided to PJM no later than 7 business days prior to the subject RPM Auction. If an end-use customer provides letters of support for the same site for the same Delivery Year to multiple Demand Resource Providers, the MWs associated with such end-use customer site shall not be approved as a Demand Resource for any of the Demand Resource Providers. No later than 5 business days prior to the subject RPM Auction, PJM will notify each Demand Resource Provider of the approved Demand Resource quantity, by Zone/sub-Zone, that such Demand Resource Provider is permitted to offer into such RPM Auction.

B. The Unforced Capacity value of a Demand Resource will be determined as:

for the Delivery Years through May 31, 2018, or for FRR Capacity Plans for Delivery Years through May 31, 2019, the product of the Nominated Value of the Demand Resource, times the DR Factor, times the Forecast Pool Requirement, and for the 2018/2019 Delivery Year and subsequent Delivery Years, or for FRR Capacity Plans the 2019/2020 Delivery Year and subsequent Delivery Years, the product of the Nominated Value of the Demand Resource times the Forecast Pool Requirement. Nominated Values shall be determined and reviewed in accordance with sections I and J, respectively, and the PJM Manuals. The DR Factor is a factor established by the PJM Board with the advice of the Members Committee to reflect the increase in the peak load carrying capability in the PJM Region due to Demand Resources. Peak load carrying capability is defined to be the peak load that the PJM Region is able to serve at the loss of load expectation defined in the Reliability Principles and Standards. The DR Factor is the increase in the peak load carrying capability in the PJM Region due to Demand Resources, divided by the total Nominated Value of Demand Resources in the PJM Region. The DR Factor will be determined using an analytical program that uses a probabilistic approach to determine reliability. The determination of the DR Factor will consider the reliability of Demand Resources, the number of interruptions, and the total amount of load reduction.

C. Demand Resources offered and cleared in a Base Residual or Incremental Auction shall receive the corresponding Capacity Resource Clearing Price as determined in such auction, in accordance with Attachment DD of the PJM Tariff. For Delivery Years beginning with the Delivery Year that commences on June 1, 2013, any Demand

Resources located in a Zone with multiple LDAs shall receive the Capacity Resource Clearing Price applicable to the location of such resource within such Zone, as identified in such resource's offer. Further, the Curtailment Service Provider shall register its resource in the same location within the Zone as specified in its cleared sell offer, and shall be subject to deficiency charges under Attachment DD of this Tariff to the extent it fails to provide the resource in such location consistent with its cleared offer. For either of the Delivery Year commencing on June 1, 2010 or commencing on June 1, 2012, if the location of a Demand Resource is not specified by a Seller in the Sell Offer on an individual LDA basis in a Zone with multiple LDAs, then Demand Resources cleared by such Seller will be paid a DR Weighted Zonal Resource Clearing Price, determined as follows: (i) for a Zone that includes non-overlapping LDAs, calculated as the weighted average of the Resource Clearing Prices for such LDAs, weighted by the cleared Demand Resources registered by such Seller in each such LDA; or (ii) for a Zone that contains a smaller LDA within a larger LDA, calculated treating the smaller LDA and the remaining portion of the larger LDA as if they were separate LDAs, and weight-averaging in the same manner as (i) above.

D. The Party, Electric Distributor, or Curtailment Service Provider that establishes a contractual relationship (by contract or tariff rate) with a customer for load reductions is entitled to receive the compensation specified in section C for a committed Demand Resource, notwithstanding that such provider is not the customer's energy supplier.

E. Any Party hereto shall demonstrate that its Demand Resources performed during periods when load management procedures were invoked by the Office of the Interconnection. The Office of the Interconnection shall adopt and maintain rules and procedures for verifying the performance of such resources, as set forth in section K hereof and the PJM Manuals. In addition, committed Demand Resources that do not comply with the directions of the Office of the Interconnection to reduce load during an emergency shall be subject to the penalty charge set forth in Attachment DD to the PJM Tariff.

F. Parties may elect to place Demand Resources associated with Behind The Meter Generation under the direction of the Office of the Interconnection for a Delivery Year by submitting a Sell Offer for such resource (as Self Supply, or with an offer price) in the Base Residual Auction for such Delivery Year. This election shall remain in effect for the entirety of such Delivery Year. In the event such an election is made, such Behind The Meter Generation will not be netted from load for the purposes of calculating the Daily Unforced Capacity Obligations under this Agreement.

G. PJM measures Demand Resources in the following four ways:

Prior to June 1, 2016: Legacy Direct Load Control (LDLC) – Load management that is initiated directly by the Curtailment Service Provider's market operations center or its agent, employing a communication signal to cycle equipment (typically water heaters or central air conditioners). DLC programs are qualified based on load research and customer subscription data. Curtailment Service Providers may rely on the results of load research studies identified in the PJM Manuals to set the per-participant load reduction

for LDLC programs. Each Curtailment Service Provider relying on LDLC load management must periodically update its DLC switch operability rates, in accordance with the PJM Manuals.

Firm Service Level (FSL) – Load management achieved by an end-use customer reducing its load to a pre-determined level (the Firm Service Level), upon notification from the Curtailment Service Provider's market operations center or its agent.

Guaranteed Load Drop (GLD) – Load management achieved by an end-use customer reducing its load by a pre-determined amount (the Guaranteed Load Drop), upon notification from the Curtailment Service Provider's market operations center or its agent. Typically, the load reduction is achieved through running customer-owned backup generators, or by shutting down process equipment.

Customer Baseline Load (CBL) - Load management achieved by an end-use customer as measured by comparing actual metered load to an end-use customer's Customer Baseline Load or alternative CBL determined in accordance with the provisions of Section 3.3A.2 or 3.3A.2.01 of the Operating Agreement.

H. Each Curtailment Service Provider must satisfy (or contract with another LSE, Curtailment Service Provider, or electric distribution company to provide) the following requirements:

- A point of contact with appropriate backup to ensure single call notification from PJM and timely execution of the notification process;
- Supplemental status reports, detailing Demand Resources available, as requested by PJM;
- Entry of customer-specific Demand Resource credit information, for planning and verification purposes, into the designated PJM electronic system.
- Customer-specific compliance and verification information for each PJM-initiated Demand Resource event, as well as aggregated Provider load drop data for Provider-initiated events, in accordance with established reporting guidelines.
- Load drop estimates for all Demand Resource events, prepared in accordance with the PJM Manuals.

I. The Nominated Value of each Demand Resource shall be determined consistent with the process for determination of the capacity obligation for the customer.

The Nominated Value for a Firm Service Level customer will be based on the peak load contribution for the customer, as determined by the 5CP methodology utilized to determine other ICAP obligation values. The maximum Demand Resource load

reduction value for a Firm Service Level customer will be equal to Peak Load Contribution – Firm Contract Level adjusted for system losses.

The Nominated Value for a Guaranteed Load Drop customer will be the guaranteed load drop amount, adjusted for system losses, as established by the customer's contract with the Curtailment Service Provider. The maximum credit nominated shall not exceed the customer's Peak Load Contribution.

Prior to June 1, 2016, the Nominated Value for a Legacy Direct Load Control program will be based on load research and customer subscription. The maximum value of the program is equal to the approved per-participant load reduction multiplied by the number of active participants, adjusted for system losses. The per-participant impact is to be estimated at long-term average local weather conditions at the time of the summer peak.

Customer-specific Demand Resource information (EDC account number, peak load, notification period, etc.) will be entered into the designated PJM electronic system to establish credit values. Additional data may be required, as defined in sections J and K.

J. Nominated Values shall be reviewed based on documentation of customer-specific data and Demand Resource information, to verify the amount of load management available and to set a maximum allowable Nominated Value. Data is provided by both the zone EDC and the Curtailment Service Provider on templates supplied by PJM, and must include the EDC meter number or other unique customer identifier, Peak Load Contribution (5CP), contract firm service level or guaranteed load drop values, applicable loss factor, zone/area location of the load drop, number of active participants, etc. Such data must be uploaded and approved prior to the first day of the Delivery Year for such resource as a Demand Resource. Curtailment Service Providers must provide this information concurrently to host EDCs.

For Firm Service Level and Guaranteed Load Drop customers, the 5CP values, for the zone and affected customers, will be adjusted to reflect an "unrestricted" peak for a zone, based on information provided by the Curtailment Service Provider. Load drop levels shall be estimated in accordance with guidelines in the PJM Manuals.

Prior to June 1, 2016, for Legacy Direct Load Control programs, the Curtailment Service Provider must provide information detailing the number of active participants in each program. Other information on approved LDLC programs will be provided by PJM.

K. Compliance is the process utilized to review Provider performance during PJM-initiated Demand Resource events. Compliance will be established for each Provider on an event specific basis for the Curtailment Service Provider's Demand Resources dispatched by the Office of the Interconnection during such event. PJM will establish and communicate reasonable deadlines for the timely submittal of event data to expedite compliance reviews. Compliance reviews will be completed as soon after the event as possible, with the expectation that reviews of a single event will be completed within two months of the end of the month in which the event took place. Curtailment Service Providers are

responsible for the submittal of compliance information to PJM for each PJM-initiated event during the compliance period.

For Load Management Events for all Demand Resources not committed as a Capacity Performance Resource occurring through May 31, 2018, and for Load Management Events for Demand Resources committed as a Base Capacity Resource or a Capacity Performance Resource occurring during the months of June through September:

Prior to June 1, 2016, compliance for Legacy Direct Load Control programs will consider only the transmission of the control signal. Curtailment Service Providers are required to report the time period (during the Demand Resource event) that the control signal was actually sent.

Compliance is checked on an individual customer basis for Firm Service Level, by comparing actual load during the event to the firm service level. Current load for a statistical sample of end-use customers may be used for compliance for residential non-interval metered registrations in accordance with the PJM Manuals and subject to PJM approval. Curtailment Service Providers must submit actual customer load levels (for the event period) for the compliance report. Compliance for FSL will be based on:

> End use customer's current Delivery Year peak load contribution ("PLC") minus the metered load ("Load") multiplied by the loss factor ("LF"). The calculation is represented by:
>
> (PLC) - (Load *LF)

Compliance is checked on an individual customer basis for Guaranteed Load Drop. Current load for a statistical sample of end-use customers may be used for compliance for residential non-interval metered registrations in accordance with the PJM Manuals and subject to PJM approval. Guaranteed Load Drop compliance will be based on:

(i) the lesser of (a) comparison load used to best represent what the load would have been if PJM did not declare a Load Management Event or the CSP did not initiate a test as outlined in the PJM Manuals, minus the Load and then multiplied by the LF, or (b) the PLC minus the Load multiplied by the LF. A load reduction will only be recognized for capacity compliance if the Load multiplied by the LF is less than the PLC.

(ii) Curtailment Service Providers must submit actual loads and comparison loads for all hours during the day of the Load Management Event or the Load Management performance test, and for all hours during any other days as required by the Office of the Interconnection to calculate the load reduction. Comparison loads must be developed from the guidelines in the PJM Manuals, and note which method was employed.

Compliance is averaged over the Load Management Event for non-interval metered LDLC programs, prior to June 1, 2016. Compliance is averaged over the Load

Management Event, for each FSL and GLD customer dispatched by the Office of the Interconnection for at least 30 minutes of the clock hour (i.e., "partial dispatch compliance hour". The registered capacity commitment for the partial dispatch compliance hour will be prorated based on the number of minutes dispatched during the clock hour and as defined in the Manual. Curtailment Service Provider may submit 1 minute load data for use in capacity compliance calculations for partial dispatch compliance hours subject to PJM approval and in accordance with the PJM Manuals where: (a) metering meets all Tariff and Manual requirements, (b) 1 minute load data shall be submitted to PJM for all locations on the registration, and (c) 1 minute load data measures energy consumption over the minute.

For Load Management Events for Demand Resources committed as a Base Capacity Resource or as a Capacity Performance Resource occurring during the months of October through May:

Compliance is determined on an individual customer basis by comparing actual metered load to an end-use customer's Customer Baseline Load or alternative CBL determined in accordance with the provisions of Section 3.3A.2 or 3.3A.2.01 of Schedule 1 of the Operating Agreement.

For all Delivery Years:

Demand Resources may not reduce their load below zero (i.e., export energy into the system). No compliance credit will be given for an incremental load drop below zero. Compliance will be totaled over all FSL and GLD customers and LDLC programs (prior to June 1, 2016) to determine a net compliance position for the event for each Provider by Zone, for all Demand Resources committed by such Provider and dispatched by the Office of the Interconnection in the zone. Deficiencies shall be as further determined in accordance with section 11 of Schedule DD to the PJM Tariff.

L. Energy Efficiency Resources

1. An Energy Efficiency Resource is a project, including installation of more efficient devices or equipment or implementation of more efficient processes or systems, exceeding then-current building codes, appliance standards, or other relevant standards, designed to achieve a continuous (during peak summer and winter periods as described herein) reduction in electric energy consumption at the End-Use Customer's retail site that is not reflected in the peak load forecast prepared for the Delivery Year for which the Energy Efficiency Resource is proposed, and that is fully implemented at all times during such Delivery Year, without any requirement of notice, dispatch, or operator intervention.

2. An Energy Efficiency Resource may be offered as a Capacity Resource in the Base Residual or Incremental Auctions for any Delivery Year beginning on or after June 1, 2011. No later than 30 days prior to the auction in which the resource is to be offered, the Capacity Market Seller shall submit to the Office of

the Interconnection a notice of intent to offer the resource into such auction and a measurement and verification plan. The notice of intent shall include all pertinent project design data, including but not limited to the peak-load contribution of affected customers, a full description of the equipment, device, system or process intended to achieve the load reduction, the load reduction pattern, the project location, the project development timeline, and any other relevant data. Such notice also shall state the seller's proposed Nominated Energy Efficiency Value.

- For Delivery Years through May 31, 2018 for all Energy Efficiency Resources not committed as a Capacity Performance Resource, the seller's proposed Nominated Energy Efficiency Value shall be the expected average load reduction between the hour ending 15:00 EPT and the hour ending 18:00 EPT during all days from June 1 through August 31, inclusive, of such Delivery Year that is not a weekend or federal holiday;

- For the 2018/2019 and 2019/2020 Delivery Years, the seller's proposed Nominated Energy Efficiency Value for any Base Capacity Energy Efficiency Resource shall be the expected average load reduction between the hour ending 15:00 EPT and the hour ending 18:00 EPT during all days from June 1 through August 31, inclusive, of such Delivery Year that is not a weekend or federal holiday; and

- For the 2018/2019 Delivery Year and subsequent Delivery Years and for any Annual Energy Efficiency Resource committed as a Capacity Performance Resource for the 2016/2017 and 2017/2018 Delivery Years, the seller's proposed Nominated Energy Efficiency Value for any Annual Energy Efficiency Resources, shall be the expected average load reduction, for all days from June 1 through August 31, inclusive, of such Delivery Year that is not a weekend or federal holiday, between the hour ending 15:00 EPT and the hour ending 18:00 EPT. In addition, the expected average load reduction for all days from January 1 through February 28, inclusive, of such Delivery Year that is not a weekend or federal holiday, between the hour ending 8:00 EPT and the hour ending 9:00 EPT and between the hour ending 19:00 EPT and the hour ending 20:00 EPT shall not be less than the Nominated Energy Efficiency Value.

  The measurement and verification plan shall describe the methods and procedures, consistent with the PJM Manuals, for determining the amount of the load reduction and confirming that such reduction is achieved. The Office of the Interconnection shall determine, upon review of such notice, the Nominated Energy Efficiency Value that may be offered in the Reliability Pricing Model Auction.

3. An Energy Efficiency Resource may be offered with a price offer or as Self-Supply. If an Energy Efficiency Resource clears the auction, it shall receive the applicable Capacity Resource Clearing Price, subject to section 5 below. A Capacity Market Seller offering an Energy Efficiency Resource must comply with

all applicable credit requirements as set forth in Attachment Q to the PJM Tariff. For Delivery Years through May 31, 2018, or for FRR Capacity Plans for Delivery Years through May 31, 2019, the Unforced Capacity value of an Energy Efficiency Resource offered into an RPM Auction shall be the Nominated Energy Efficiency value times the DR Factor and the Forecast Pool Requirement. For the 2018/2019 Delivery Year and subsequent Delivery Years, of for FRR Capacity Plans the 2019/2020 Delivery Year and subsequent Delivery Years, the Unforced Capacity value of an Energy Efficiency Resource offered into an RPM Auction shall be the Nominated Energy Efficiency Value times the Forecast Pool Requirement.

4. An Energy Efficiency Resource that clears an auction for a Delivery Year may be offered in auctions for up to three additional consecutive Delivery Years, but shall not be assured of clearing in any such auction; provided, however, an Energy Efficiency Resource may not be offered for any Delivery Year in which any part of the peak season is beyond the expected life of the equipment, device, system, or process providing the expected load reduction; and provided further that a Capacity Market Seller that offers and clears an Energy Efficiency Resource in a BRA may elect a New Entry Price Adjustment on the same terms as set forth in section 5.14(c) of this Attachment DD.

5. For every Energy Efficiency Resource clearing an RPM Auction for a Delivery Year, the Capacity Market Seller shall submit to the Office of the Interconnection, by no later than 30 days prior to each Auction an updated project status and measurement and verification plan subject to the criteria set forth in the PJM Manuals.

6. For every Energy Efficiency Resource clearing an RPM Auction for a Delivery Year, the Capacity Market Seller shall submit to the Office of the Interconnection, by no later than the start of such Delivery Year, an updated project status and detailed measurement and verification data meeting the standards for precision and accuracy set forth in the PJM Manuals. The final value of the Energy Efficiency Resource during such Delivery Year shall be as determined by the Office of the Interconnection based on the submitted data.

7. The Office of the Interconnection may audit, at the Capacity Market Seller's expense, any Energy Efficiency Resource committed to the PJM Region. The audit may be conducted any time including the Performance Hours of the Delivery Year.