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February 21, 2012

Honorable Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426-0001

Re: PJM Interconnection, L.L.C., Docket Nos. ER11-12-002 and ER11-3445-001
Compliance Filing Per Commission's January 19, 2012 Order - ER11-3445-002

Dear Secretary Bose:

In compliance with the Federal Energy Regulatory Commission's ("Commission") Order Granting Rehearing and Rejecting Compliance Filing issued on January 19, 2012,¹ PJM Interconnection, L.L.C. ("PJM") hereby submits revisions to Section 1.2A.2 of Schedule 1 of the Amended and Restated Operating Agreement of PJM Interconnection, L.L.C. ("Operating Agreement"), Section 14A.2 of the Operating Agreement, Section 1.2A.2 of Attachment K-Appendix of the PJM Open Access Transmission Tariff ("Tariff") and Section 3F.2 of Part I of the Tariff. The enclosed revisions reflect the same June 1, 2012 effective date as the revisions that were originally submitted in Docket No. ER11-12-000 on October 1, 2010.

I. Background

On October 1, 2010, PJM submitted revisions to its Tariff and Operating Agreement in Docket No. ER11-12-000 ("October Filing") as proposed improvements to the calculation of marginal losses on transmission lines in the PJM Region. The revisions were intended to reduce the disparity in the impacts of marginal loss

¹ *PJM Interconnection, L.L.C.*, 138 FERC ¶ 61,038 (2012) ("January 19th Order").

calculations across the various transmission zones, due to the varying levels of lower voltage level transmission and distribution facilities that are included in the PJM network model in different zones, by eliminating from the loss model all lower voltage facilities that PJM does not control or operate for congestion or reliability, as well as GSUs that are measured on the “high side” which the Market Seller owning or controlling that GCU has requested be removed from the loss calculation.² The Commission conditionally accepted the revisions, subject to PJM making an additional compliance filing to clarify whether PJM will “calculate and charge for losses that occur on all transmission facilities that it operates and controls.”³ PJM submitted its compliance filing on April 27, 2011.

In response to a request for rehearing, clarification, or in the alternative protest of PJM’s compliance filing filed by DC Energy Mid-Atlantic, LLC, the Commission issued a letter dated July 8, 2011 requesting additional information from PJM. PJM filed the requested additional information on July 22, 2011. In its January 19th Order, the Commission granted rehearing and rejected PJM’s April 27th compliance filing and proposed revisions to limit the calculation of marginal losses to Reliability Monitored Facilities.⁴ However, the Commission did not reject its prior acceptance of the proposal to only include in the calculation of marginal losses any GCU measured on the “high side” which the Market Seller owning or controlling that GCU has not requested be removed from the loss calculation.⁵ Therefore, the Commission required that PJM

² October Filing at 10.

³ *PJM Interconnection, L.L.C.*, 134 FERC ¶ 61,246 (2011) (“March 30th Order”) at P 17.

⁴ The Commission indicated in the January 19th Order that the following tariff records were rejected as well: O-P-Q, OATT Definitions – O – P – Q, 0.0.0, A, 6/1/2012; R-S, OATT Definitions – R – S, 0.0.0, A, 6/1/2012; O – P, OA Definitions O – P, 0.0.0, A, 6/1/2012; Q-R, OA Definitions Q – R, 0.0.0, A, 6/1/2012.

⁵ January 19th Order at P 20.

make a compliance filing within thirty days of the date of the order to correct the tariff records to remove the references that limited the calculation of marginal losses to Reliability Monitored Facilities.⁶

II. Proposed Revisions

In compliance with the January 19th Order, PJM hereby submits the following revised tariff records to delete the portion of its proposed revisions that the Commission rejected and incorporate only those revisions the Commission accepted: O – P – Q, OATT Definitions – O – P – Q, 0.1.0, A, 6/1/2012; R-S, OATT Definitions – R – S, 0.1.0, A, 6/1/2012; O – P, OA Definitions O – P, 0.1.0, A, 6/1/2012; Q-R, OA Definitions Q – R, 0.1.0, A, 6/1/2012; 3F, OATT 3F Transmission Losses, 0.1.0, A, 6/1/2012; 1.2A, OATT 1.2A Transmission Losses, 0.1.0, A, 6/1/2012; 14A.2, OA 14A.2 Inclusion of State Estimator Transmission Losses, 0.1.0, A, 6/1/2012; and 1.2A, OA 1.2A Transmission Losses, 0.1.0, A, 6/1/2012.⁷

As directed, the enclosed tariff records make no reference to limiting the calculation of marginal losses to Reliability Monitored Facilities. The original proposed revisions to the referenced sections were:

⁶ *Id.* The tariff records that need to be revised are: 3F, OATT 3F Transmission Losses, 0.0.0, A, 6/1/2012; 1.2A, OATT 1.2A Transmission Losses, 0.0.0, A, 6/1/2012; 14A.2, OA 14A.2 Inclusion of State Estimator Transmission Losses, 0.0.0, A, 6/1/2012; and 1.2A, OA 1.2A Transmission Losses, 0.0.0, A, 6/1/2012.

⁷ In this filing PJM also corrects the title of the Section 1.2A of Schedule 1 of the Operating Agreement and the parallel provision of Attachment K-Appendix of the Tariff in the tariff record meta-data to reflect that the sections are within Attachment K-Appendix of the Tariff and Schedule 1 of the Operating Agreement, as applicable. Making this meta-data correction will make it easier for PJM and the Commission to locate the sections in eTariff. The underlined text will thus be added to the meta-data for the referenced section titles: (a) Short Title – OATT ATT K Appx Sec 1.2A – Long Title -- OATT Attachment K Appendix, Section 1.2A Transmission Losses; and (b) Short Title – OA Sch 1 Sec 1.2A – Long Title - OA Schedule 1 Section 1.2A Transmission Losses.

Whenever . . . transmission losses are included in the determination of a charge, credit, load (including deviations), or demand reduction, it is explicitly so stated and such included losses shall be those losses incurred on (a) Reliability Monitored Facilities and (b) any generator step-up transformers that the Market Seller has not elected to remove from the loss calculation, which are included in the PJM network model and determined by, and reflected in, the PJM State Estimator. Absent such explicit statement, such losses are not included in the determination.

In this filing PJM has revised each of the referenced tariff records to provide as follows:

Whenever . . . transmission losses are included in the determination of a charge, credit, load (including deviations), or demand reduction, it is explicitly so stated and such included losses shall be those losses incurred on all facilities included in the PJM network model and determined by, and reflected in, the PJM State Estimator, except for generator step-up transformers that a Market Seller has elected to remove from the loss calculation. Absent such explicit statement, such losses are not included in the determination.

With these proposed revisions, PJM is fully compliant with the Commission's directives in the January 19th Order.

III. Related Filing

Today PJM is also filing a request for rehearing and clarification in the underlying dockets to clarify the record because PJM believes the Commission misunderstands which transmission facilities PJM includes in the calculation of the congestion component of Locational Marginal Prices ("LMPs"). In the January 19th Order, the Commission indicates that the Tariff requires that PJM "calculate LMPs that include marginal line losses for all transmission facilities under its OATT."⁸ However, PJM does not calculate the congestion component of LMPs with respect to all transmission facilities under its Tariff. Therefore, PJM asks in its rehearing/clarification request that

⁸ January 19th Order at P 18.

the Commission step back from its finding that the losses component of LMP should be based on all transmission facilities.

Additionally, because in PJM's view the January 19th Order will perpetuate an inconsistency between the calculation of LMPs and marginal losses that the Commission wants to prohibit, PJM plans to take this matter back to its stakeholders and propose an approach that would base the marginal losses component of LMP on the same facilities on which the congestion component of LMP is based. PJM expects to submit a separate Section 205 filing to address any Tariff and Operating Agreement changes resulting from this process, as the January 19th Order specifically permits.⁹

IV. Stakeholder Review

PJM made its stakeholders aware of its compliance filing requirement in a stakeholder notification issued on February 9, 2012, advising that because the January 19th Order was specific as to the required revisions, PJM would not seek stakeholder input regarding the same.

V. Effective Date

The effective date of the enclosed revisions is June 1, 2012, which is the same effective date as the revisions that were originally filed by PJM.

VI. Description of Submittal

PJM provides with this transmittal letter, in electronic tariff filing format as required by Order No. 714, copies of Section 1.2A.2 of Schedule 1 of the Operating Agreement, Section 14A.2 of the Operating Agreement, Section 1.2A.2 of Attachment

⁹ January 19th Order at P 20 ("We . . . reject PJM's proposal to limit the calculation of marginal losses to Reliability Monitored Facilities, without prejudice to PJM making a filing that responds to the concerns with respect to calculation of correct prices for transmission facilities.")

K-Appendix of the Tariff and Section 3F.2 of Part I the Tariff, in both marked and clean forms, and copies of the following definitions sections of the Tariff and Operating Agreement in clean form: O-P-Q, OATT Definitions – O – P – Q; R-S, OATT Definitions – R – S; O – P, OA Definitions O – P; and Q-R, OA Definitions Q – R.

VII. Correspondence

The following individuals are designated for inclusion on the official service list in this proceeding and for receipt of any communications regarding this filing:

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VIII. 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,¹⁰ PJM will post a copy of this filing to the FERC Filings section of its Web site, located at <http://www.pjm.com/documents/ferc-manuals/ferc-filings.aspx>, with a specific link to the newly-filed document, and will send an e-mail on the same date this filing is made to all PJM Members and all state utility

¹⁰ See 18C.F.R §§ 35.2(e) and 385.2010(f)(3).

regulatory commissions in the PJM Region¹¹ alerting them of the filing and its availability on PJM's Web site. PJM also serves the parties listed on the Commission's official service list for this docket. Notwithstanding the foregoing, if the document is not immediately available by using the referenced link, it will be available within 24 hours of the filing. A copy of this filing will also be available on the Commission's eLibrary Web site located at <http://www.ferc.gov/docs-filing/elibrary.asp> in accordance with the Commission's regulations and Order No. 714.

Respectfully submitted,

/s/ Jacquelyn B. Hugee

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¹¹ PJM already maintains updates and regularly uses e-mail lists for all PJM members and affected state commissions.

**Sections of the
PJM Tariff**

Marked Version / Redline

3F Transmission Losses

3F.1 Description of Transmission Losses.

Transmission losses refer to the loss of energy in the transmission of electricity from generation resources to load, which is dissipated as heat through transformers, transmission lines and other transmission facilities.

3F.2 Inclusion of State Estimator Transmission Losses.

Whenever in this Tariff transmission losses are included in the determination of a charge, credit, load (including deviations), or demand reduction, it is explicitly so stated and such included losses shall be those losses incurred on all facilities included in the PJM network model and determined by, and reflected in, the PJM State Estimator, except for generator step-up transformers that a Market Seller has elected to remove from the loss calculation. Absent such explicit statement, such losses are not included in the determination.

3F.3 Other Losses.

Losses incurred on facilities not included in the PJM network model and therefore not reflected in the PJM State Estimator may be included in the determination of charges, credits, load (including real-time deviations), or demand reductions, as determined by electric distribution companies, unless this Tariff explicitly excludes such losses.

1.2A Transmission Losses.

1.2A.1 Description of Transmission Losses.

Transmission losses refer to the loss of energy in the transmission of electricity from generation resources to load, which is dissipated as heat through transformers, transmission lines and other transmission facilities.

1.2A.2 Inclusion of State Estimator Transmission Losses.

Whenever in this Schedule 1, transmission losses are included in the determination of a charge, credit, load (including deviations), or demand reduction, it is explicitly so stated and such included losses shall be those losses incurred on all facilities included in the PJM network model and determined by, and reflected in, the PJM State Estimator, except for generator step-up transformers that a Market Seller has elected to remove from the loss calculation. Absent such explicit statement, such losses are not included in the determination.

1.2A.3 Other Losses.

Losses incurred on facilities not included in the PJM network model and therefore not reflected in the PJM State Estimator may be included in the determination of charges, credits, load (including real-time deviations) or demand reductions, as determined by electric distribution companies, unless this Schedule explicitly excludes such losses.

**Sections of the
PJM Operating Agreement**

Marked Version / Redline

14A.2 Inclusion of State Estimator Transmission Losses.

Whenever in this Agreement, transmission losses are included in the determination of a charge, credit, load (including deviations), or demand reduction, it is explicitly so stated and such included losses shall be those losses incurred on all facilities included in the PJM network model and determined by, and reflected in, the PJM State Estimator, except for generator step-up transformers that a Market Seller has elected to remove from the loss calculation. Absent such explicit statement, such losses are not included in the determination.

1.2A Transmission Losses.

1.2A.1 Description of Transmission Losses.

Transmission losses refer to the loss of energy in the transmission of electricity from generation resources to load, which is dissipated as heat through transformers, transmission lines and other transmission facilities.

1.2A.2 Inclusion of State Estimator Transmission Losses.

Whenever in this Schedule 1, transmission losses are included in the determination of a charge, credit, load (including deviations), or demand reduction, it is explicitly so stated and such included losses shall be those losses incurred on all facilities included in the PJM network model and determined by, and reflected in, the PJM State Estimator, except for generator step-up transformers that a Market Seller has elected to remove from the loss calculation. Absent such explicit statement, such losses are not included in the determination.

1.2A.3 Other Losses.

Losses incurred on facilities not included in the PJM network model and therefore not reflected in the PJM State Estimator may be included in the determination of charges, credits, load (including real-time deviations) or demand reductions, as determined by electric distribution companies, unless this Schedule explicitly excludes such losses.

Sections of the PJM Tariff

Clean

Definitions – O – P - Q

1.27C Office of the Interconnection:

Office of the Interconnection shall have the meaning set forth in the Operating Agreement.

1.28 Open Access Same-Time Information System (OASIS):

The information system and standards of conduct contained in Part 37 and Part 38 of the Commission's regulations and all additional requirements implemented by subsequent Commission orders dealing with OASIS.

1.28A Operating Agreement of the PJM Interconnection, L.L.C. or Operating Agreement:

That agreement dated as of April 1, 1997 and as amended and restated as of June 2, 1997 and as amended from time to time thereafter, among the members of the PJM Interconnection, L.L.C.

1.28A.01 Option to Build:

The option of the New Service Customer to build certain Customer-Funded Upgrades, as set forth in, and subject to the terms of, the Construction Service Agreement.

1.28B Optional Interconnection Study:

A sensitivity analysis of an Interconnection Request based on assumptions specified by the Interconnection Customer in the Optional Interconnection Study Agreement.

1.28C Optional Interconnection Study Agreement:

The form of agreement for preparation of an Optional Interconnection Study, as set forth in Attachment N-3 of the Tariff.

1.29 Part I:

Tariff Definitions and Common Service Provisions contained in Sections 2 through 12.

1.30 Part II:

Tariff Sections 13 through 27 pertaining to Point-To-Point Transmission Service in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.

1.31 Part III:

Tariff Sections 28 through 35 pertaining to Network Integration Transmission Service in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.

1.31A Part IV:

Tariff Sections 36 through 112 pertaining to generation or merchant transmission interconnection to the Transmission System in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.

1.31B Part V:

Tariff Sections 113 through 122 pertaining to the deactivation of generating units in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.

1.31C Part VI:

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

1.32 Parties:

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

1.32.01 PJM:

PJM Interconnection, L.L.C.

1.32A PJM Administrative Service:

The services provided by PJM pursuant to Schedule 9 of this Tariff.

1.32B PJM Control Area:

The Control Area that is recognized by NERC as the PJM Control Area.

1.32C PJM Interchange Energy Market:

The regional competitive market administered by the Transmission Provider for the purchase and sale of spot electric energy at wholesale interstate commerce and related services, as more fully set forth in Attachment K – Appendix to the Tariff and Schedule 1 to the Operating Agreement.

1.32D PJM Manuals:

The instructions, rules, procedures and guidelines established by the Transmission Provider for the operation, planning, and accounting requirements of the PJM Region and the PJM Interchange Energy Market.

1.32E PJM Region:

Shall mean the aggregate of the PJM West Region, the VACAR Control Zone, and the MAAC Control Zone.

1.32F PJM South Region:

The VACAR Control Zone.

1.32.F.01 PJM Settlement:

PJM Settlement, Inc. (or its successor).

1.32G PJM West Region:

The PJM West Region shall include the Zones of Allegheny Power; Commonwealth Edison Company (including Commonwealth Edison Co. of Indiana); AEP East Operating Companies; The Dayton Power and Light Company; the Duquesne Light Company, *American Transmission Systems, Incorporated, and Duke Energy Ohio, Inc. and Duke Energy Kentucky, Inc.*

1.33 Point(s) of Delivery:

Point(s) on the Transmission Provider's Transmission System where capacity and energy transmitted by the Transmission Provider will be made available to the Receiving Party under Part II of the Tariff. The Point(s) of Delivery shall be specified in the Service Agreement for Long-Term Firm Point-To-Point Transmission Service.

1.33A Point of Interconnection:

The point or points, shown in the appropriate appendix to the Interconnection Service Agreement and the Interconnection Construction Service Agreement, where the Customer Interconnection Facilities interconnect with the Transmission Owner Interconnection Facilities or the Transmission System.

1.34 Point(s) of Receipt:

Point(s) of interconnection on the Transmission Provider's Transmission System where capacity and energy will be made available to the Transmission Provider by the Delivering Party under Part II of the Tariff. The Point(s) of Receipt shall be specified in the Service Agreement for Long-Term Firm Point-To-Point Transmission Service.

1.35 Point-To-Point Transmission Service:

The reservation and transmission of capacity and energy on either a firm or non-firm basis from the Point(s) of Receipt to the Point(s) of Delivery under Part II of the Tariff.

1.36 Power Purchaser:

The entity that is purchasing the capacity and energy to be transmitted under the Tariff.

1.36.01 PRD Curve

PRD Curve shall have the meaning provided in the Reliability Assurance Agreement.

1.36.02 PRD Provider

PRD Provider shall have the meaning provided in the Reliability Assurance Agreement.

1.36.03 PRD Reservation Price

PRD Reservation Price shall have the meaning provided in the Reliability Assurance Agreement.

1.36.04 PRD Substation:

PRD Substation shall have the meaning provided in the Reliability Assurance Agreement.

1.36.05 Pre-Confirmed Application:

An Application that commits the Eligible Customer to execute a Service Agreement upon receipt of notification that the Transmission Provider can provide the requested Transmission Service.

1.36A Pre-Expansion PJM Zones:

Zones included in this Tariff, along with applicable Schedules and Attachments, for certain Transmission Owners – Atlantic City Electric Company, Baltimore Gas and Electric Company, Delmarva Power and Light Company, Jersey Central Power and Light Company, Metropolitan Edison Company, PECO Energy Company, Pennsylvania Electric Company, Pennsylvania Power & Light Group, Potomac Electric Power Company, Public Service Electric and Gas Company, Allegheny Power, and Rockland Electric Company.

1.36A.01 Price Responsive Demand

Price Responsive Demand shall have the meaning provided in the Reliability Assurance Agreement.

1.36A.02 Project Financing:

Shall mean: (a) one or more loans, leases, equity and/or debt financings, together with all modifications, renewals, supplements, substitutions and replacements thereof, the proceeds of which are used to finance or refinance the costs of the Customer Facility, any alteration, expansion or improvement to the Customer Facility, the purchase and sale of the Customer Facility or the operation of the Customer Facility; (b) a power purchase agreement pursuant to which Interconnection Customer's obligations are secured by a mortgage or other lien on the Customer Facility; or (c) loans and/or debt issues secured by the Customer Facility.

1.36A.03 Project Finance Entity:

Shall mean: (a) a holder, trustee or agent for holders, of any component of Project Financing; or (b) any purchaser of capacity and/or energy produced by the Customer Facility to which Interconnection Customer has granted a mortgage or other lien as security for some or all of Interconnection Customer's obligations under the corresponding power purchase agreement.

1.36B Queue Position:

The priority assigned to an Interconnection Request, a Completed Application, or an Upgrade Request pursuant to applicable provisions of Part VI.

Definitions – R - S

1.36C Reasonable Efforts:

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

1.37 Receiving Party:

The entity receiving the capacity and energy transmitted by the Transmission Provider to Point(s) of Delivery.

1.37A Regional Transmission Expansion Plan:

The plan prepared by the Office of the Interconnection pursuant to Schedule 6 of the Operating Agreement for the enhancement and expansion of the Transmission System in order to meet the demands for firm transmission service in the PJM Region.

1.38 Regional Transmission Group (RTG):

A voluntary organization of transmission owners, transmission users and other entities approved by the Commission to efficiently coordinate transmission planning (and expansion), operation and use on a regional (and interregional) basis.

1.38.01 Regulation Zone:

Any of those one or more geographic areas, each consisting of a combination of one or more Control Zone(s) as designated by the Office of the Interconnection in the PJM Manuals, relevant to provision of, and requirements for, regulation service.

1.38.01A Relevant Electric Retail Regulatory Authority:

An entity that has jurisdiction over and establishes prices and policies for competition for providers of retail electric service to end-customers, such as the city council for a municipal utility, the governing board of a cooperative utility, the state public utility commission or any other such entity.

1.38A Reliability Assurance Agreement:

The Reliability Assurance Agreement Among Load Serving Entities in the PJM Region, Rate Schedule No. 44, dated as of May 28, 2009, and as amended from time to time thereafter.

1.38B [RESERVED]

1.38C Required Transmission Enhancements:

Enhancements and expansions of the Transmission System that (1) a Regional Transmission Expansion Plan developed pursuant to Schedule 6 of the Operating Agreement or (2) the Coordinated System Plan periodically developed pursuant to the Joint Operating Agreement Between the Midwest Independent Transmission System Operator, Inc. and PJM Interconnection, L.L.C. designates one or more of the Transmission Owner(s) or the transmission owners within the Midwest Independent System Operator to construct and own or finance.

1.39 Reserved Capacity:

The maximum amount of capacity and energy that the Transmission Provider agrees to transmit for the Transmission Customer over the Transmission Provider's Transmission System between the Point(s) of Receipt and the Point(s) of Delivery under Part II of the Tariff. Reserved Capacity shall be expressed in terms of whole megawatts on a sixty (60) minute interval (commencing on the clock hour) basis.

1.39A Schedule of Work:

Shall mean that schedule attached to the Interconnection Construction Service Agreement setting forth the timing of work to be performed by the Constructing Entity pursuant to the Interconnection Construction Service Agreement, based upon the Facilities Study and subject to modification, as required, in accordance with Transmission Provider's scope change process for interconnection projects set forth in the PJM Manuals.

1.39B Scope of Work:

Shall mean that scope of the work attached as a schedule to the Interconnection Construction Service Agreement and to be performed by the Constructing Entity(ies) pursuant to the Interconnection Construction Service Agreement, provided that such Scope of Work may be modified, as required, in accordance with Transmission Provider's scope change process for interconnection projects set forth in the PJM Manuals.

1.39C Secondary Systems:

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

1.39D Security:

The security provided by the New Service Customer pursuant to Section 212.4 or Section 213.4 of the Tariff to secure the New Service Customer's responsibility for Costs under the Interconnection Service Agreement or Upgrade Construction Service Agreement and Section 217 of the Tariff.

1.40 Service Agreement:

The initial agreement and any amendments or supplements thereto entered into by the Transmission Customer and the Transmission Provider for service under the Tariff.

1.41 Service Commencement Date:

The date the Transmission Provider begins to provide service pursuant to the terms of an executed Service Agreement, or the date the Transmission Provider begins to provide service in accordance with Section 15.3 or Section 29.1 under the Tariff.

1.42 Short-Term Firm Point-To-Point Transmission Service:

Firm Point-To-Point Transmission Service under Part II of the Tariff with a term of less than one year.

1.42a Site:

All of the real property, including but not limited to any leased real property and easements, on which the Customer Facility is situated and/or on which the Customer Interconnection Facilities are to be located.

1.42.01 Small Inverter Facility:

An Energy Resource that is a certified small inverter-based facility no larger than 10 kW.

1.42.02 Small Inverter ISA:

An agreement among Transmission Provider, Interconnection Customer, and Interconnected Transmission Owner regarding interconnection of a Small Inverter Facility under section 112B of Part IV of the Tariff.

1.42A [RESERVED]

1.42B [RESERVED]

1.42C [RESERVED]

1.42D State:

The term “state” shall mean a state of the United States or the District of Columbia.

1.42D.01 Switching and Tagging Rules:

The switching and tagging procedures of Interconnected Transmission Owners and Interconnection Customer as they may be amended from time to time.

1.42E Synchronized Reserve Zone:

Any of those geographic areas consisting of a combination of one or more of the Control Zone(s) as designated by the Office of the Interconnection in the PJM Manuals, relevant to provision of, and requirements for, Synchronized Reserve service.

1.42F System Condition:

A specified condition on the Transmission Provider's system or on a neighboring system, such as a constrained transmission element or flowgate, that may trigger Curtailment of Long-Term Firm Point-to-Point Transmission Service using the curtailment priority pursuant to Section 13.6. Such conditions must be identified in the Transmission Customer's Service Agreement.

1.43 System Impact Study:

An assessment by the Transmission Provider of (i) the adequacy of the Transmission System to accommodate a Completed Application, an Interconnection Request or an Upgrade Request, (ii) whether any additional costs may be incurred in order to provide such transmission service or to accommodate an Interconnection Request, and (iii) with respect to an Interconnection Request, an estimated date that an Interconnection Customer's Customer Facility can be interconnected with the Transmission System and an estimate of the Interconnection Customer's cost responsibility for the interconnection; and (iv) with respect to an Upgrade Request, the estimated cost of the requested system upgrades or expansion, or of the cost of the system upgrades or expansion, necessary to provide the requested incremental rights.

1.43.01 System Protection Facilities:

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

3F Transmission Losses

3F.1 Description of Transmission Losses.

Transmission losses refer to the loss of energy in the transmission of electricity from generation resources to load, which is dissipated as heat through transformers, transmission lines and other transmission facilities.

3F.2 Inclusion of State Estimator Transmission Losses.

Whenever in this Tariff transmission losses are included in the determination of a charge, credit, load (including deviations), or demand reduction, it is explicitly so stated and such included losses shall be those losses incurred on all facilities included in the PJM network model and determined by, and reflected in, the PJM State Estimator, except for generator step-up transformers that a Market Seller has elected to remove from the loss calculation. Absent such explicit statement, such losses are not included in the determination.

3F.3 Other Losses.

Losses incurred on facilities not included in the PJM network model and therefore not reflected in the PJM State Estimator may be included in the determination of charges, credits, load (including real-time deviations), or demand reductions, as determined by electric distribution companies, unless this Tariff explicitly excludes such losses.

1.2A Transmission Losses.

1.2A.1 Description of Transmission Losses.

Transmission losses refer to the loss of energy in the transmission of electricity from generation resources to load, which is dissipated as heat through transformers, transmission lines and other transmission facilities.

1.2A.2 Inclusion of State Estimator Transmission Losses.

Whenever in this Schedule 1, transmission losses are included in the determination of a charge, credit, load (including deviations), or demand reduction, it is explicitly so stated and such included losses shall be those losses incurred on all facilities included in the PJM network model and determined by, and reflected in, the PJM State Estimator, except for generator step-up transformers that a Market Seller has elected to remove from the loss calculation. Absent such explicit statement, such losses are not included in the determination.

1.2A.3 Other Losses.

Losses incurred on facilities not included in the PJM network model and therefore not reflected in the PJM State Estimator may be included in the determination of charges, credits, load (including real-time deviations) or demand reductions, as determined by electric distribution companies, unless this Schedule explicitly excludes such losses.

**Sections of the
PJM Operating Agreement**

Clean

Definitions O - P

1.27 Office of the Interconnection.

“Office of the Interconnection” shall mean the LLC.

1.28 Operating Reserve.

“Operating Reserve” shall mean the amount of generating capacity scheduled to be available for a specified period of an Operating Day to ensure the reliable operation of a Control Zone, as specified in the PJM Manuals.

1.29 Original PJM Agreement.

“Original PJM Agreement” shall mean that certain agreement between certain of the Members, originally dated September 26, 1956, and as amended and supplemented up to and including December 31, 1996, relating to the coordinated operation of their electric supply systems and the interchange of electric capacity and energy among their systems.

1.30 Other Supplier.

“Other Supplier” shall mean a Member that: (i) is engaged in buying, selling or transmitting electric energy, capacity, ancillary services, financial transmission rights or other services available under PJM’s governing documents in or through the Interconnection or has a good faith intent to do so, and; (ii) does not qualify for the Generation Owner, Electric Distributor, Transmission Owner or End-Use Customer sectors.

1.31 PJM Board.

“PJM Board” shall mean the Board of Managers of the LLC, acting pursuant to this Agreement.

1.31A [Reserved].

1.32 PJM Control Area.

“PJM Control Area” shall mean the Control Area recognized by NERC as the PJM Control Area.

1.33 PJM Dispute Resolution Procedures.

“PJM Dispute Resolution Procedures” shall mean the procedures for the resolution of disputes set forth in Schedule 5 of this Agreement.

1.34 PJM Interchange Energy Market.

“PJM Interchange Energy Market” shall mean the regional competitive market administered by the Office of the Interconnection for the purchase and sale of spot electric energy at wholesale in interstate commerce and related services established pursuant to Schedule 1 to this Agreement.

1.35 PJM Manuals.

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

1.35.01 PJM Market Monitor.

“PJM Market Monitor” shall mean the Market Monitoring Unit established under Attachment M to the PJM Tariff.

1.35A PJM Region.

“PJM Region” shall mean the aggregate of the MAAC Control Zone, the PJM West Region, and VACAR Control Zone.

1.35B PJM South Region.

“PJM South Region” shall mean the VACAR Control Zone.

1.35C PJMSettlement.

“PJMSettlement” shall mean PJM Settlement, Inc. (or its successor), established by PJM as set forth in Section 3.3.

1.36 PJM Tariff.

“PJM Tariff” shall mean the PJM Open Access Transmission Tariff providing transmission service within the PJM Region, including any schedules, appendices, or exhibits attached thereto, as in effect from time to time.

1.36A [Reserved.]

1.36B PJM West Region.

“PJM West Region” shall mean the aggregate of the ECAR Control Zone(s) and MAIN Control Zone(s).

1.37 Planning Period.

“Planning Period” shall initially mean the 12 months beginning June 1 and extending through May 31 of the following year, or such other period established under the procedures of, as applicable, the Reliability Assurance Agreement.

1.38 President.

“President” shall have the meaning specified in Section 9.2.

Definitions Q - R

1.38.01 Regional RTEP Project.

“Regional RTEP Project” shall mean a transmission expansion or enhancement rated at 230 kV or above which is required for compliance with the following PJM criteria: system reliability, operational performance or economic criteria, pursuant to a determination by the Office of the Interconnection.

1.38.01A Relevant Electric Retail Regulatory Authority:

An entity that has jurisdiction over and establishes prices and policies for competition for providers of retail electric service to end-customers, such as the city council for a municipal utility, the governing board of a cooperative utility, the state public utility commission or any other such entity.

1.38A Regulation Zone.

“Regulation Zone” shall mean any of those one or more geographic areas, each consisting of a combination of one or more Control Zone(s) as designated by the Office of the Interconnection in the PJM Manuals, relevant to provision of, and requirements for, regulation service.

1.39 Related Parties.

“Related Parties” shall mean, solely for purposes of the governance provisions of this Agreement: (i) any generation and transmission cooperative and one of its distribution cooperative members; and (ii) any joint municipal agency and one of its members. For purposes of this Agreement, representatives of state or federal government agencies shall not be deemed Related Parties with respect to each other, and a public body's regulatory authority, if any, over a Member shall not be deemed to make it a Related Party with respect to that Member.

1.40 Reliability Assurance Agreement.

“Reliability Assurance Agreement” shall mean that certain Reliability Assurance Agreement Among Load-Serving Entities in the PJM Region, on file with FERC as PJM Interconnection, L.L.C. Rate Schedule FERC. No .42, establishing obligations, standards and procedures for maintaining the reliable operation of the PJM Region.

1.40A [Reserved].

1.40B [Reserved].

14A.2 Inclusion of State Estimator Transmission Losses.

Whenever in this Agreement, transmission losses are included in the determination of a charge, credit, load (including deviations), or demand reduction, it is explicitly so stated and such included losses shall be those losses incurred on all facilities included in the PJM network model and determined by, and reflected in, the PJM State Estimator, except for generator step-up transformers that a Market Seller has elected to remove from the loss calculation. Absent such explicit statement, such losses are not included in the determination.

1.2A Transmission Losses.

1.2A.1 Description of Transmission Losses.

Transmission losses refer to the loss of energy in the transmission of electricity from generation resources to load, which is dissipated as heat through transformers, transmission lines and other transmission facilities.

1.2A.2 Inclusion of State Estimator Transmission Losses.

Whenever in this Schedule 1, transmission losses are included in the determination of a charge, credit, load (including deviations), or demand reduction, it is explicitly so stated and such included losses shall be those losses incurred on all facilities included in the PJM network model and determined by, and reflected in, the PJM State Estimator, except for generator step-up transformers that a Market Seller has elected to remove from the loss calculation. Absent such explicit statement, such losses are not included in the determination.

1.2A.3 Other Losses.

Losses incurred on facilities not included in the PJM network model and therefore not reflected in the PJM State Estimator may be included in the determination of charges, credits, load (including real-time deviations) or demand reductions, as determined by electric distribution companies, unless this Schedule explicitly excludes such losses.