



PJM Interconnection, L.L.C.  
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April 27, 2023

The Honorable Kimberly D. Bose, Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E., Room 1A  
Washington, D.C. 20426-0001

*Re: PJM Interconnection, L.L.C., Docket No. ER23-1265-00\_1  
Amendment to PJM's Enhancements and Clarifications to the Tariff, Operating Agreement  
and Reliability Assurance Agreement Filed in Docket No. ER23-1265-000*

Dear Secretary Bose:

Pursuant to section 205 of the Federal Power Act,<sup>1</sup> Part 35 of the rules and regulations of the Federal Energy Regulatory Commission (“Commission”),<sup>2</sup> PJM Interconnection, L.L.C. (“PJM”) submits for filing an amendment to the above referenced filing submitted on March 8, 2023 (the March 8 Filing). In the March 8 Filing, PJM proposed non-substantive, clerical, ministerial, and substantive revisions to correct, clarify, and/or make consistent certain provisions of the PJM Open Access Transmission Tariff (“Tariff”), the Amended and Restated Operating Agreement of PJM Interconnection, L.L.C. (“Operating Agreement”), and the Reliability Assurance Agreement Among Load Serving Entities in the PJM Region (“RAA”) (“March 8 Filing”).

PJM is submitting this filing to correct two non-substantive, administrative errors made in March 8 Filing of PJM Tariff, Attachment K, Appendix, section 1.4 and PJM Tariff, Attachment DD redline records:

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<sup>1</sup> 16 U.S.C. § 824d (2016).

<sup>2</sup> 18 C.F.R. Part 35 (2019).

1. PJM Tariff, Attachment K, Appendix, section 1.4. 1b(ii) – “will be” has been corrected to read “will have”;<sup>3</sup> and
2. PJM Tariff, Attachment DD, section 4.6 - the word “tool” has been inserted where it was inadvertently deleted.

## I. DESCRIPTION OF SUBMITTAL

This filing consists of the following:

1. This transmittal letter;
2. Electronic versions of the revisions to the Tariff in marked (showing the changes) form (as Attachment A);
3. Electronic versions of the revisions to the Tariff in clean form (as Attachment B).

These corrections to the redline Tariff changes were inadvertent, administrative only and non-substantive. PJM respectfully requests that the Commission accept the enclosed corrections with an effective date of May 8, 2023, the same previously requested effective date.

Respectfully submitted,

By: /s/ Steve Pincus  
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cc:

PJM Members and the state utility regulatory commissions within the PJM Region;

Jason Rhee, FERC - [jason.rhee@ferc.gov](mailto:jason.rhee@ferc.gov)

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<sup>3</sup> The March 8 Filing Attachment C chart correctly described the changes to Tariff, Attachment K, Appendix, section 1.4. 1b(ii), and the parallel revisions to Operating Agreements, Schedule 1, section 1.4.1b(ii), were correct in the March 8 Filing redline record.

**CERTIFICATE OF SERVICE**

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

Dated at Audubon, PA this 27<sup>th</sup> day of April, 2023.

/s/ Steven R. Pincus

Steve Pincus

Associate General Counsel

PJM Interconnection, L.L.C.

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Attachment A  
OATT Revisions  
Redlined Format

## 1.4 Market Participant.

### 1.4.1 Qualification.

(a) To become a Market Participant, an Applicant shall submit an application to the Office of the Interconnection, in such form as shall be established by the Office of the Interconnection, and such further information detailed in Tariff, Attachment Q.

(b) An Applicant that is or will be a Load Serving Entity or that will purchase on behalf of or for ultimate delivery to a Load Serving Entity shall establish to the satisfaction of the Office of the Interconnection that the end-users that will be served through energy and related services purchased in the PJM Interchange Energy Market, are located electrically within the PJM Region, or will be brought within the PJM Region prior to any purchases from the PJM Interchange Energy Market. Such Applicant shall further demonstrate that:

i) The Load Serving Entity for the end users is or will be obligated to meet the requirements of the Reliability Assurance Agreement, as applicable; and

ii) The Load Serving Entity for the end users has or will have arrangements in place for Network Transmission Service or Point-To-Point Transmission Service for all PJM Interchange Energy Market purchases.

(c) An Applicant that is a Market Buyer and is not a Load Serving Entity or purchasing on behalf of or for ultimate delivery to a Load Serving Entity shall demonstrate that:

i) The Applicant has obtained or will obtain Network Transmission Service or Point-to-Point Transmission Service for all PJM Interchange Energy Market purchases; and

ii) The Applicant's PJM Interchange Energy Market purchases will ultimately be delivered to a load in another Control Area that is recognized by NERC and that complies with NERC's standards for operating and planning reliable bulk electric systems.

(d) An Applicant shall not be required to obtain transmission service for purchases from the PJM Interchange Energy Market to cover quantity deviations from its sales in the Day-ahead Energy Market.

(e) An Applicant applying to become a Market Participant shall demonstrate that it:

i) is capable of complying with all applicable metering, data storage and transmission, and other reliability, operation, planning and accounting standards and requirements for the operation of the PJM Region and the PJM Markets, as applicable;

ii) meets the creditworthiness standards established by the Office of the Interconnection and/or PJMSettlement, or has provided cash or a Credit Support Document acceptable to the Office of the Interconnection and/or PJMSettlement; and

iii) has paid all applicable fees and reimbursed the Office of the Interconnection and/or PJMSettlement for all unusual or extraordinary costs of processing and evaluating its application to become a Market Participant, and has agreed in its application to subject any disputes arising from its application to the PJM Dispute Resolution Procedures.

(f) The Applicant shall become a Market Participant upon a final favorable determination on its application by the Office of the Interconnection as specified below, which determination shall be made by the Office of the Interconnection in conjunction with input from PJMSettlement, and execution by the Applicant of counterparts of this Agreement.

#### **1.4.2 Submission of Information.**

The Applicant shall furnish all information reasonably requested by the Office of the Interconnection and/or PJMSettlement in order to determine the Applicant's qualification to be a Market Participant and whether the entity should be allowed to remain a Market Participant. The Office of the Interconnection and/or PJMSettlement may waive the submission of information relating to any of the foregoing criteria, to the extent the information in the Office of the Interconnection's and/or PJMSettlement's possession is sufficient to evaluate the application against such criteria.

#### **1.4.3 Fees and Costs.**

The Office of the Interconnection shall require all Applicants seeking to become a Market Participant to pay a uniform application fee, initially in the amount of \$2,000, to defray the ordinary costs of processing such applications. The application fee shall be revised from time to time as the Office of the Interconnection shall determine to be necessary to recover its ordinary costs of processing applications. Any unusual or extraordinary costs incurred by the Office of the Interconnection in processing an application shall be reimbursed by the Applicant.

#### **1.4.4 Office of the Interconnection Determination.**

Upon submission of the information specified above, and such other information as shall reasonably be requested by the Office of the Interconnection and/or PJMSettlement, the Office of the Interconnection and/or PJMSettlement shall undertake an evaluation to determine whether the Applicant meets the criteria specified above, and in accordance with Tariff, Attachment Q.

As soon as practicable, but in any event not later than ~~sixty (60) calendar~~ ninety (90) days after submission of the foregoing information, or such later date as may be necessary to satisfy the requirements of the Agreements, the Office of the Interconnection shall notify the Applicant and the Members Committee of its determination, along with a written summary of the basis for the

determination, and whether there are any actions the Applicant can take that might cause the Office of the Interconnection to change its determination, including but not limited to providing even further supplemental information, providing additional Restricted Collateral, the discontinuance of certain behaviors, implementing additional monitoring, and implementing of process or policy changes. The Office of the Interconnection and/or PJMSettlement shall respond promptly to any reasonable and timely request by an Applicant or a Member for additional information regarding the basis for the Office of the Interconnection's determination, and shall take such action as it shall deem appropriate in response to any request for reconsideration or other action submitted to the Office of the Interconnection not later than thirty (30) calendar days from the initial notification to the Members Committee. Notifications to the Members Committee shall be in compliance with Operating Agreement, section 18.17.1.

#### **1.4.5 Existing Participants.**

A Member that was previously qualified to participate as a Market Participant shall not automatically continue to be qualified to participate as a Market Participant under the Agreements. Rather, in order to retain its eligibility to continue to participate as a Market Participant in the PJM Markets, a Market Participant shall be subject to the requirements and ongoing risk evaluation in accordance with Tariff, Attachment Q.

#### **1.4.6 Withdrawal.**

(a) An Internal Market Buyer that is a Load Serving Entity may withdraw from this Agreement by giving written notice to the Office of the Interconnection specifying an effective date of withdrawal not earlier than the effective date of (i) its withdrawal from the Reliability Assurance Agreement, or (ii) the assumption of its obligations under the Reliability Assurance Agreement by an agent that is a Market Buyer.

(b) An External Market Buyer or an Internal Market Buyer that is not a Load Serving Entity may withdraw from this Agreement by giving written notice to the Office of the Interconnection specifying an effective date of withdrawal at least one day after the date of the notice.

(c) Withdrawal from this Agreement shall not relieve a Market Participant of any obligation to pay for electric energy or related services purchased from the PJM Markets prior to such withdrawal, to pay its share of any fees and charges incurred or assessed by the Office of the Interconnection and/or PJMSettlement prior to the date of such withdrawal, maintain and/or provide sufficient credit support until all of its transactions in the PJM Markets have been satisfied, or to fulfill any obligation to provide indemnification for the consequences of acts, omissions or events occurring prior to such withdrawal; and provided, further, that withdrawal from this Agreement shall not relieve any Market Participant of any obligations it may have under, or constitute withdrawal from, any other Related PJM Agreement.

(d) A Market Participant that has withdrawn from this Agreement may reapply to become a Market Participant in accordance with the provisions of this section 1.4, provided it is not in default of any obligation incurred under the Agreements.

#### **1.4.7 Limitation, Suspension, and Termination.**

The Office of the Interconnection requires that Market Participants certify and provide information required and requested by the Office of the Interconnection and/or PJMSettlement at least annually as indicated in section 1.4.1, 1.4.2 and 1.4.4 above and Tariff, Attachment Q. If the Office of the Interconnection determines that the entity no longer satisfies its requirements to be a Market Participant, the Office of the Interconnection may limit and/or suspend that entity's activity in the PJM Markets until such time as it can satisfy the requirements, and if the requirements are not satisfied the Office of the Interconnection may terminate that entity's approval to be a Market Participant. As soon as practicable, the Office of the Interconnection shall notify the entity and the Members Committee of its determination, along with a written summary of the basis for the determination, and whether there are any actions the entity can take that might cause the Office of the Interconnection to change its determination, including but not limited to providing even further additional information, providing additional Restricted Collateral, the discontinuance of certain behaviors, implementing additional monitoring, and implementing of process or policy changes. The Office of the Interconnection shall respond promptly to any reasonable and timely request by a Member for additional information regarding the basis for the Office of the Interconnection's determination, and shall take such action as it shall deem appropriate in response to any request for reconsideration or other action submitted to the Office of the Interconnection not later than thirty (30) calendar days from the initial notification to the Members Committee. Notifications to the Members Committee shall be in compliance with Operating Agreement, section 18.17.1.

#### **1.4.8. Re-entry of Defaulting Market Participant.**

An Applicant who previously defaulted on any obligations owed to PJM and/or PJMSettlement that resulted in a loss to any PJM Market which was never cured, or who is not eligible for reinstatement to PJM membership pursuant to Operating Agreement, section 15.1, shall not be allowed to re-enter the PJM Markets. In addition, PJM will evaluate relevant factors to determine if an Applicant seeking to participate in the PJM Markets under a different name, affiliation, or organization should be treated as the same Market Participant that experienced a previous default that resulted in a loss to the PJM Markets under this provision. Such factors may include, but are not limited to, the interconnectedness of the business relationships, overlap in relevant personnel, similarity of business activities, overlap of customer base, and the business engaged in prior to the attempted re-entry.



## **4. GENERAL PROVISIONS**

### **4.1 Capacity Market Sellers**

Only Capacity Market Sellers shall be eligible to submit Sell Offers into the Base Residual Auction and Incremental Auctions. Capacity Market Sellers shall comply with the terms and conditions of all Sell Offers, as established by the Office of the Interconnection in accordance with this Attachment DD, Tariff, Attachment M, Tariff, Attachment M - Appendix and the Operating Agreement.

### **4.2 Capacity Market Buyers**

Only Capacity Market Buyers shall be eligible to submit Buy Bids into an Incremental Auction. Capacity Market Buyers shall comply with the terms and conditions of all Buy Bids, as established by the Office of the Interconnection in accordance with this Attachment DD, Tariff, Attachment M, Tariff, Attachment M - Appendix and the Operating Agreement.

### **4.3 Agents**

A Capacity Market Seller may participate in a Base Residual Auction or Incremental Auction through an Agent, provided that the Capacity Market Seller informs the Office of the Interconnection in advance in writing of the appointment and authority of such Agent. A Capacity Market Buyer may participate in an Incremental Auction through an Agent, provided that the Capacity Market Buyer informs the Office of the Interconnection in advance in writing of the appointment and authority of such Agent. A Capacity Market Buyer or Capacity Market Seller participating in such an auction through an Agent shall be bound by all of the acts or representations of such Agent with respect to transactions in such auction. Any written instrument establishing the authority of such Agent shall provide that any such Agent shall comply with the requirements of this Attachment DD and the Operating Agreement.

### **4.4 General Obligations of Capacity Market Buyers and Capacity Market Sellers**

Each Capacity Market Buyer and Capacity Market Seller shall comply with all laws and regulations applicable to the operation of the Base Residual and Incremental Auctions and the use of these auctions shall comply with all applicable provisions of this Attachment DD, Tariff, Attachment M, Tariff, Attachment M - Appendix, Tariff, Attachment Q, the Operating Agreement, and the Reliability Assurance Agreement, Tariff, Attachment K-Appendix, section 1.4 and the parallel provisions of Operating Agreement, Schedule 1, section 1.4, and all procedures and requirements for the conduct of the Base Residual and Incremental Auctions and the PJM Region established by the Office of the Interconnection in accordance with the foregoing.

### **4.5 Confidentiality**

The following information submitted to the Office of the Interconnection in connection with any Base Residual Auction, Incremental Auction, Reliability Backstop Auction, or Capacity

Performance Transition Incremental Auction shall be deemed confidential information for purposes of Operating Agreement, section 18.17, Tariff, Attachment M and Tariff, Attachment M - Appendix: (i) the terms and conditions of the Sell Offers and Buy Bids; and (ii) the terms and conditions of any bilateral transactions for Capacity Resources.

#### **4.6 Bilateral Capacity Transactions**

(a) Unit-Specific Internal Capacity Bilateral Transaction Transferring All Rights and Obligations (“Section 4.6(a) Bilateral”).

(i) Market Participants may enter into unit-specific internal bilateral capacity contracts for the purchase and sale of title and rights to a specified amount of installed capacity from a specific generating unit or units. Such bilateral capacity contracts shall be for the transfer of rights to capacity to and from a Market Participant and shall be reported to the Office of the Interconnection in accordance with this Attachment DD and the Office of the Interconnection’s rules related to its “capacity exchange” ~~eRPM~~ tools.

(ii) For purposes of clarity, with respect to all Section 4.6(a) Bilateral transactions, the rights to, and obligations regarding, the capacity that is the subject of the transaction shall pass to the buyer under the contract at the location of the unit and further transactions and rights and obligations associated with such capacity shall be the responsibility of the buyer under the contract. Such obligations include any charges, including penalty charges, relating to the capacity under this Attachment DD. In no event shall the purchase and sale of the rights to capacity pursuant to a Section 4.6(a) Bilateral constitute a transaction with the Office of the Interconnection or PJMSettlement or a transaction in any auction under this Attachment DD.

(iii) All payments and related charges associated with a Section 4.6(a) Bilateral shall be arranged between the parties to the transaction and shall not be billed or settled by the Office of the Interconnection or PJMSettlement. The Office of the Interconnection, PJMSettlement, and the Members will not assume financial responsibility for the failure of a party to perform obligations owed to the other party under a Section 4.6(a) Bilateral reported to the Office of the Interconnection under this Attachment DD.

(iv) With respect to capacity that is the subject of a Section 4.6(a) Bilateral that has cleared an auction under this Attachment DD prior to a transfer, the buyer of the cleared capacity shall be considered in the Delivery Year the party to a transaction with PJMSettlement as Counterparty for the cleared capacity at the Capacity Resource Clearing Price published for the applicable auction.

(v) A buyer under a Section 4.6(a) Bilateral contract shall pay any penalties or charges associated with the capacity transferred under the contract. To the extent the capacity that is the subject of a Section 4.6(a) Bilateral contract has cleared an auction under this Attachment DD prior to a transfer, then the seller under the contract also shall guarantee and indemnify the Office of the Interconnection, PJMSettlement, and the Members for the buyer’s obligation to pay any penalties or charges associated with the capacity and for which payment is not made to PJMSettlement by the buyer as determined by the Office of the Interconnection. All

claims regarding a default of a buyer to a seller under a Section 4.6(a) Bilateral contract shall be resolved solely between the buyer and the seller.

(vi) To the extent the capacity that is the subject of the Section 4.6(a) Bilateral transaction already has cleared an auction under this Attachment DD, such bilateral capacity transactions shall be subject to the prior consent of the Office of the Interconnection and its determination that sufficient credit is in place for the buyer with respect to the credit exposure associated with such obligations.

(b) Bilateral Capacity Transaction Transferring Title to Capacity But Not Transferring Performance Obligations (“Section 4.6(b) Bilateral”).

(i) Market Participants may enter into bilateral capacity transactions for the purchase and sale of a specified megawatt quantity of capacity that has cleared an auction pursuant to this Attachment DD. The parties to a Section 4.6(b) Bilateral transaction shall identify (1) each unit from which the transferred megawatts are being sold, and (2) the auction in which the transferred megawatts cleared. Such bilateral capacity transactions shall transfer title and all rights with respect to capacity and shall be reported to the Office of the Interconnection on an annual basis prior to each Delivery Year in accordance with this Attachment DD and pursuant to the Office of the Interconnection’s rules related to its “capacity exchange” eRPM tools. Reported transactions with respect to a unit will be accepted by the Office of the Interconnection only to the extent that the total of all bilateral sales from the reported unit (including Section 4.6(a) Bilaterals, Section 4.6(b) Bilaterals, and Locational UCAP bilaterals) do not exceed the unit’s cleared unforced capacity.

(ii) For purposes of clarity, with respect to all Section 4.6(b) Bilateral transactions, the rights to the capacity shall pass to the buyer at the location of the unit(s) specified in the reported transaction. In no event shall the purchase and sale of the rights to capacity pursuant to a Section 4.6(b) Bilateral constitute a transaction with PJMSettlement or the Office of the Interconnection or a transaction in any auction under this Attachment DD.

(iii) With respect to a Section 4.6(b) Bilateral, the buyer of the cleared capacity shall be considered in the Delivery Year the party to a transaction with PJMSettlement as Counterparty for the cleared capacity at the Capacity Resource Clearing Price published for the applicable auction; provided, however, with respect to all Section 4.6(b) Bilateral transactions, such transactions do not effect a novation of the seller’s obligations to make RPM capacity available to PJM pursuant to the terms and conditions originally agreed to by the seller; provided further, however, the buyer shall indemnify PJMSettlement, the LLC, and the Members for any failure by a seller under a Section 4.6(b) Bilateral to meet any resulting obligations, including the obligation to pay deficiency penalties and charges owed to PJMSettlement, associated with the capacity.

(iv) All payments and related charges associated with a Section 4.6(b) Bilateral shall be arranged between the parties to the contract and shall not be billed or settled by the Office of the Interconnection or PJMSettlement. The Office of the Interconnection, PJMSettlement, and the Members will not assume financial responsibility for the failure of a

party to perform obligations owed to the other party under a Section 4.6(b) Bilateral capacity contract reported to the Office of the Interconnection under this Attachment DD.

(v) All claims regarding a default of a buyer to a seller under a Section 4.6(b) Bilateral shall be resolved solely between the buyer and the seller.

(c) Locational UCAP Bilateral Transactions Between Capacity Sellers.

(i) Market Participants may enter into Locational UCAP bilateral transactions which shall be reported to the Office of the Interconnection in accordance with this Attachment DD and the LLC's rules related to its "capacity exchange" ~~eRPM~~-tools.

(ii) For purposes of clarity, with respect to all Locational UCAP bilateral transactions, the rights to the Locational UCAP that are the subject of the Locational UCAP bilateral transaction shall pass to the buyer under the Locational UCAP bilateral contract subject to the provisions of Tariff, Attachment DD, section 5.3A. In no event, shall the purchase and sale of Locational UCAP pursuant to a Locational UCAP bilateral transaction constitute a transaction with the Office of the Interconnection or PJMSettlement, or a transaction in any auction under this Attachment DD.

(iii) A Locational UCAP Seller shall have the obligation to make the capacity available to PJM in the same manner as capacity that has cleared an auction under this Attachment DD and the Locational UCAP Seller shall have all obligations for charges and penalties associated with the capacity that is the subject of the Locational UCAP bilateral contract; provided, however, the buyer shall indemnify PJMSettlement, the LLC, and the Members for any failure by a seller to meet any resulting obligations, including the obligation to pay deficiency penalties and charges owed to PJMSettlement, associated with the capacity. All claims regarding a default of a buyer to a seller under a Locational UCAP bilateral contract shall be resolved solely between the buyer and the seller.

(iv) All payments and related charges for the Locational UCAP associated with a Locational UCAP bilateral contract shall be arranged between the parties to such bilateral contract and shall not be billed or settled by the Office of the Interconnection or PJMSettlement. The LLC, PJMSettlement, and the Members will not assume financial responsibility for the failure of a party to perform obligations owed to the other party under a Locational UCAP bilateral contract reported to the Office of the Interconnection under this Attachment DD.

(d) The bilateral transactions provided for in this section 4.6 shall be for the physical transfer of capacity to or from a Market Participant and shall be reported to and coordinated with the Office of the Interconnection in accordance with this Attachment DD and pursuant to the Office of the Interconnection's rules relating to its "capacity exchange" ~~eRPM~~-tools. Bilateral transactions that do not contemplate the physical transfer of capacity to and from a Market Participant are not subject to this Attachment DD and shall not be reported to and coordinated with the Office of the Interconnection.

(e) Effective with the 2022/2023 Delivery Year, any bilateral transaction provided for in this section 4.6 for replacement capacity shall be given no effect in satisfying the buyer's obligations under this Attachment DD to the extent that the resource that is the subject of the transaction is a Capacity Resource with State Subsidy for which the Capacity Market Seller has not elected to forego receipt of any State Subsidy for the relevant Delivery Year and does not qualify for one of the categorical exemptions described in Tariff, Attachment DD, sections 5.14(h-1)(5) through 5.14(h-1)(8) and the purchased capacity is then used to replace capacity from a Capacity Resource that (1) is not a Capacity Resource with State Subsidy or (2) is a Capacity Resource with State Subsidy for which the Capacity Market Seller elected the competitive exemption pursuant Tariff, Attachment DD, section 5.14(h-1)(4) or reported that it will forego receipt of any State Subsidy for the relevant Delivery Year, all as in accordance with the PJM Manuals.

**Attachment B**  
**OATT Revisions**

**Clean Format**

## **1.4 Market Participant.**

### **1.4.1 Qualification.**

(a) To become a Market Participant, an Applicant shall submit an application to the Office of the Interconnection, in such form as shall be established by the Office of the Interconnection, and such further information detailed in Tariff, Attachment Q.

(b) An Applicant that is or will be a Load Serving Entity or that will purchase on behalf of or for ultimate delivery to a Load Serving Entity shall establish to the satisfaction of the Office of the Interconnection that the end-users that will be served through energy and related services purchased in the PJM Interchange Energy Market, are located electrically within the PJM Region, or will be brought within the PJM Region prior to any purchases from the PJM Interchange Energy Market. Such Applicant shall further demonstrate that:

i) The Load Serving Entity for the end users is or will be obligated to meet the requirements of the Reliability Assurance Agreement, as applicable; and

ii) The Load Serving Entity for the end users has or will have arrangements in place for Network Transmission Service or Point-To-Point Transmission Service for all PJM Interchange Energy Market purchases.

(c) An Applicant that is a Market Buyer and is not a Load Serving Entity or purchasing on behalf of or for ultimate delivery to a Load Serving Entity shall demonstrate that:

i) The Applicant has obtained or will obtain Network Transmission Service or Point-to-Point Transmission Service for all PJM Interchange Energy Market purchases; and

ii) The Applicant's PJM Interchange Energy Market purchases will ultimately be delivered to a load in another Control Area that is recognized by NERC and that complies with NERC's standards for operating and planning reliable bulk electric systems.

(d) An Applicant shall not be required to obtain transmission service for purchases from the PJM Interchange Energy Market to cover quantity deviations from its sales in the Day-ahead Energy Market.

(e) An Applicant applying to become a Market Participant shall demonstrate that it:

i) is capable of complying with all applicable metering, data storage and transmission, and other reliability, operation, planning and accounting standards and requirements for the operation of the PJM Region and the PJM Markets, as applicable;

ii) meets the creditworthiness standards established by the Office of the Interconnection and/or PJMSettlement, or has provided cash or a Credit Support Document acceptable to the Office of the Interconnection and/or PJMSettlement; and

iii) has paid all applicable fees and reimbursed the Office of the Interconnection and/or PJMSettlement for all unusual or extraordinary costs of processing and evaluating its application to become a Market Participant, and has agreed in its application to subject any disputes arising from its application to the PJM Dispute Resolution Procedures.

(f) The Applicant shall become a Market Participant upon a final favorable determination on its application by the Office of the Interconnection as specified below, which determination shall be made by the Office of the Interconnection in conjunction with input from PJMSettlement, and execution by the Applicant of counterparts of this Agreement.

#### **1.4.2 Submission of Information.**

The Applicant shall furnish all information reasonably requested by the Office of the Interconnection and/or PJMSettlement in order to determine the Applicant's qualification to be a Market Participant and whether the entity should be allowed to remain a Market Participant. The Office of the Interconnection and/or PJMSettlement may waive the submission of information relating to any of the foregoing criteria, to the extent the information in the Office of the Interconnection's and/or PJMSettlement's possession is sufficient to evaluate the application against such criteria.

#### **1.4.3 Fees and Costs.**

The Office of the Interconnection shall require all Applicants seeking to become a Market Participant to pay a uniform application fee, initially in the amount of \$2,000, to defray the ordinary costs of processing such applications. The application fee shall be revised from time to time as the Office of the Interconnection shall determine to be necessary to recover its ordinary costs of processing applications. Any unusual or extraordinary costs incurred by the Office of the Interconnection in processing an application shall be reimbursed by the Applicant.

#### **1.4.4 Office of the Interconnection Determination.**

Upon submission of the information specified above, and such other information as shall reasonably be requested by the Office of the Interconnection and/or PJMSettlement, the Office of the Interconnection and/or PJMSettlement shall undertake an evaluation to determine whether the Applicant meets the criteria specified above, and in accordance with Tariff, Attachment Q.

As soon as practicable, but in any event not later than ninety (90) days after submission of the foregoing information, or such later date as may be necessary to satisfy the requirements of the Agreements, the Office of the Interconnection shall notify the Applicant and the Members Committee of its determination, along with a written summary of the basis for the determination,



and whether there are any actions the Applicant can take that might cause the Office of the Interconnection to change its determination, including but not limited to providing even further supplemental information, providing additional Restricted Collateral, the discontinuance of certain behaviors, implementing additional monitoring, and implementing of process or policy changes. The Office of the Interconnection and/or PJMSettlement shall respond promptly to any reasonable and timely request by an Applicant or a Member for additional information regarding the basis for the Office of the Interconnection's determination, and shall take such action as it shall deem appropriate in response to any request for reconsideration or other action submitted to the Office of the Interconnection not later than thirty (30) calendar days from the initial notification to the Members Committee. Notifications to the Members Committee shall be in compliance with Operating Agreement, section 18.17.1.

#### **1.4.5 Existing Participants.**

A Member that was previously qualified to participate as a Market Participant shall not automatically continue to be qualified to participate as a Market Participant under the Agreements. Rather, in order to retain its eligibility to continue to participate as a Market Participant in the PJM Markets, a Market Participant shall be subject to the requirements and ongoing risk evaluation in accordance with Tariff, Attachment Q.

#### **1.4.6 Withdrawal.**

(a) An Internal Market Buyer that is a Load Serving Entity may withdraw from this Agreement by giving written notice to the Office of the Interconnection specifying an effective date of withdrawal not earlier than the effective date of (i) its withdrawal from the Reliability Assurance Agreement, or (ii) the assumption of its obligations under the Reliability Assurance Agreement by an agent that is a Market Buyer.

(b) An External Market Buyer or an Internal Market Buyer that is not a Load Serving Entity may withdraw from this Agreement by giving written notice to the Office of the Interconnection specifying an effective date of withdrawal at least one day after the date of the notice.

(c) Withdrawal from this Agreement shall not relieve a Market Participant of any obligation to pay for electric energy or related services purchased from the PJM Markets prior to such withdrawal, to pay its share of any fees and charges incurred or assessed by the Office of the Interconnection and/or PJMSettlement prior to the date of such withdrawal, maintain and/or provide sufficient credit support until all of its transactions in the PJM Markets have been satisfied, or to fulfill any obligation to provide indemnification for the consequences of acts, omissions or events occurring prior to such withdrawal; and provided, further, that withdrawal from this Agreement shall not relieve any Market Participant of any obligations it may have under, or constitute withdrawal from, any other Related PJM Agreement.

(d) A Market Participant that has withdrawn from this Agreement may reapply to become a Market Participant in accordance with the provisions of this section 1.4, provided it is not in default of any obligation incurred under the Agreements.

#### **1.4.7 Limitation, Suspension, and Termination.**

The Office of the Interconnection requires that Market Participants certify and provide information required and requested by the Office of the Interconnection and/or PJM Settlement at least annually as indicated in section 1.4.1, 1.4.2 and 1.4.4 above and Tariff, Attachment Q. If the Office of the Interconnection determines that the entity no longer satisfies its requirements to be a Market Participant, the Office of the Interconnection may limit and/or suspend that entity's activity in the PJM Markets until such time as it can satisfy the requirements, and if the requirements are not satisfied the Office of the Interconnection may terminate that entity's approval to be a Market Participant. As soon as practicable, the Office of the Interconnection shall notify the entity and the Members Committee of its determination, along with a written summary of the basis for the determination, and whether there are any actions the entity can take that might cause the Office of the Interconnection to change its determination, including but not limited to providing even further additional information, providing additional Restricted Collateral, the discontinuance of certain behaviors, implementing additional monitoring, and implementing of process or policy changes. The Office of the Interconnection shall respond promptly to any reasonable and timely request by a Member for additional information regarding the basis for the Office of the Interconnection's determination, and shall take such action as it shall deem appropriate in response to any request for reconsideration or other action submitted to the Office of the Interconnection not later than thirty (30) calendar days from the initial notification to the Members Committee. Notifications to the Members Committee shall be in compliance with Operating Agreement, section 18.17.1.

#### **1.4.8. Re-entry of Defaulting Market Participant.**

An Applicant who previously defaulted on any obligations owed to PJM and/or PJM Settlement that resulted in a loss to any PJM Market which was never cured, or who is not eligible for reinstatement to PJM membership pursuant to Operating Agreement, section 15.1, shall not be allowed to re-enter the PJM Markets. In addition, PJM will evaluate relevant factors to determine if an Applicant seeking to participate in the PJM Markets under a different name, affiliation, or organization should be treated as the same Market Participant that experienced a previous default that resulted in a loss to the PJM Markets under this provision. Such factors may include, but are not limited to, the interconnectedness of the business relationships, overlap in relevant personnel, similarity of business activities, overlap of customer base, and the business engaged in prior to the attempted re-entry.

## **4. GENERAL PROVISIONS**

### **4.1 Capacity Market Sellers**

Only Capacity Market Sellers shall be eligible to submit Sell Offers into the Base Residual Auction and Incremental Auctions. Capacity Market Sellers shall comply with the terms and conditions of all Sell Offers, as established by the Office of the Interconnection in accordance with this Attachment DD, Tariff, Attachment M, Tariff, Attachment M - Appendix and the Operating Agreement.

### **4.2 Capacity Market Buyers**

Only Capacity Market Buyers shall be eligible to submit Buy Bids into an Incremental Auction. Capacity Market Buyers shall comply with the terms and conditions of all Buy Bids, as established by the Office of the Interconnection in accordance with this Attachment DD, Tariff, Attachment M, Tariff, Attachment M - Appendix and the Operating Agreement.

### **4.3 Agents**

A Capacity Market Seller may participate in a Base Residual Auction or Incremental Auction through an Agent, provided that the Capacity Market Seller informs the Office of the Interconnection in advance in writing of the appointment and authority of such Agent. A Capacity Market Buyer may participate in an Incremental Auction through an Agent, provided that the Capacity Market Buyer informs the Office of the Interconnection in advance in writing of the appointment and authority of such Agent. A Capacity Market Buyer or Capacity Market Seller participating in such an auction through an Agent shall be bound by all of the acts or representations of such Agent with respect to transactions in such auction. Any written instrument establishing the authority of such Agent shall provide that any such Agent shall comply with the requirements of this Attachment DD and the Operating Agreement.

### **4.4 General Obligations of Capacity Market Buyers and Capacity Market Sellers**

Each Capacity Market Buyer and Capacity Market Seller shall comply with all laws and regulations applicable to the operation of the Base Residual and Incremental Auctions and the use of these auctions shall comply with all applicable provisions of this Attachment DD, Tariff, Attachment M, Tariff, Attachment M - Appendix, Tariff, Attachment Q, the Operating Agreement, and the Reliability Assurance Agreement, Tariff, Attachment K-Appendix, section 1.4 and the parallel provisions of Operating Agreement, Schedule 1, section 1.4, and all procedures and requirements for the conduct of the Base Residual and Incremental Auctions and the PJM Region established by the Office of the Interconnection in accordance with the foregoing.

### **4.5 Confidentiality**

The following information submitted to the Office of the Interconnection in connection with any Base Residual Auction, Incremental Auction, Reliability Backstop Auction, or Capacity

Performance Transition Incremental Auction shall be deemed confidential information for purposes of Operating Agreement, section 18.17, Tariff, Attachment M and Tariff, Attachment M - Appendix: (i) the terms and conditions of the Sell Offers and Buy Bids; and (ii) the terms and conditions of any bilateral transactions for Capacity Resources.

#### **4.6 Bilateral Capacity Transactions**

(a) Unit-Specific Internal Capacity Bilateral Transaction Transferring All Rights and Obligations (“Section 4.6(a) Bilateral”).

(i) Market Participants may enter into unit-specific internal bilateral capacity contracts for the purchase and sale of title and rights to a specified amount of installed capacity from a specific generating unit or units. Such bilateral capacity contracts shall be for the transfer of rights to capacity to and from a Market Participant and shall be reported to the Office of the Interconnection in accordance with this Attachment DD and the Office of the Interconnection’s rules related to its “capacity exchange” tool.

(ii) For purposes of clarity, with respect to all Section 4.6(a) Bilateral transactions, the rights to, and obligations regarding, the capacity that is the subject of the transaction shall pass to the buyer under the contract at the location of the unit and further transactions and rights and obligations associated with such capacity shall be the responsibility of the buyer under the contract. Such obligations include any charges, including penalty charges, relating to the capacity under this Attachment DD. In no event shall the purchase and sale of the rights to capacity pursuant to a Section 4.6(a) Bilateral constitute a transaction with the Office of the Interconnection or PJMSettlement or a transaction in any auction under this Attachment DD.

(iii) All payments and related charges associated with a Section 4.6(a) Bilateral shall be arranged between the parties to the transaction and shall not be billed or settled by the Office of the Interconnection or PJMSettlement. The Office of the Interconnection, PJMSettlement, and the Members will not assume financial responsibility for the failure of a party to perform obligations owed to the other party under a Section 4.6(a) Bilateral reported to the Office of the Interconnection under this Attachment DD.

(iv) With respect to capacity that is the subject of a Section 4.6(a) Bilateral that has cleared an auction under this Attachment DD prior to a transfer, the buyer of the cleared capacity shall be considered in the Delivery Year the party to a transaction with PJMSettlement as Counterparty for the cleared capacity at the Capacity Resource Clearing Price published for the applicable auction.

(v) A buyer under a Section 4.6(a) Bilateral contract shall pay any penalties or charges associated with the capacity transferred under the contract. To the extent the capacity that is the subject of a Section 4.6(a) Bilateral contract has cleared an auction under this Attachment DD prior to a transfer, then the seller under the contract also shall guarantee and indemnify the Office of the Interconnection, PJMSettlement, and the Members for the buyer’s obligation to pay any penalties or charges associated with the capacity and for which payment is not made to PJMSettlement by the buyer as determined by the Office of the Interconnection. All

claims regarding a default of a buyer to a seller under a Section 4.6(a) Bilateral contract shall be resolved solely between the buyer and the seller.

(vi) To the extent the capacity that is the subject of the Section 4.6(a) Bilateral transaction already has cleared an auction under this Attachment DD, such bilateral capacity transactions shall be subject to the prior consent of the Office of the Interconnection and its determination that sufficient credit is in place for the buyer with respect to the credit exposure associated with such obligations.

(b) Bilateral Capacity Transaction Transferring Title to Capacity But Not Transferring Performance Obligations (“Section 4.6(b) Bilateral”).

(i) Market Participants may enter into bilateral capacity transactions for the purchase and sale of a specified megawatt quantity of capacity that has cleared an auction pursuant to this Attachment DD. The parties to a Section 4.6(b) Bilateral transaction shall identify (1) each unit from which the transferred megawatts are being sold, and (2) the auction in which the transferred megawatts cleared. Such bilateral capacity transactions shall transfer title and all rights with respect to capacity and shall be reported to the Office of the Interconnection on an annual basis prior to each Delivery Year in accordance with this Attachment DD and pursuant to the Office of the Interconnection’s rules related to its “capacity exchange” tool. Reported transactions with respect to a unit will be accepted by the Office of the Interconnection only to the extent that the total of all bilateral sales from the reported unit (including Section 4.6(a) Bilaterals, Section 4.6(b) Bilaterals, and Locational UCAP bilaterals) do not exceed the unit’s cleared unforced capacity.

(ii) For purposes of clarity, with respect to all Section 4.6(b) Bilateral transactions, the rights to the capacity shall pass to the buyer at the location of the unit(s) specified in the reported transaction. In no event shall the purchase and sale of the rights to capacity pursuant to a Section 4.6(b) Bilateral constitute a transaction with PJMSettlement or the Office of the Interconnection or a transaction in any auction under this Attachment DD.

(iii) With respect to a Section 4.6(b) Bilateral, the buyer of the cleared capacity shall be considered in the Delivery Year the party to a transaction with PJMSettlement as Counterparty for the cleared capacity at the Capacity Resource Clearing Price published for the applicable auction; provided, however, with respect to all Section 4.6(b) Bilateral transactions, such transactions do not effect a novation of the seller’s obligations to make RPM capacity available to PJM pursuant to the terms and conditions originally agreed to by the seller; provided further, however, the buyer shall indemnify PJMSettlement, the LLC, and the Members for any failure by a seller under a Section 4.6(b) Bilateral to meet any resulting obligations, including the obligation to pay deficiency penalties and charges owed to PJMSettlement, associated with the capacity.

(iv) All payments and related charges associated with a Section 4.6(b) Bilateral shall be arranged between the parties to the contract and shall not be billed or settled by the Office of the Interconnection or PJMSettlement. The Office of the Interconnection, PJMSettlement, and the Members will not assume financial responsibility for the failure of a

party to perform obligations owed to the other party under a Section 4.6(b) Bilateral capacity contract reported to the Office of the Interconnection under this Attachment DD.

(v) All claims regarding a default of a buyer to a seller under a Section 4.6(b) Bilateral shall be resolved solely between the buyer and the seller.

(c) Locational UCAP Bilateral Transactions Between Capacity Sellers.

(i) Market Participants may enter into Locational UCAP bilateral transactions which shall be reported to the Office of the Interconnection in accordance with this Attachment DD and the LLC's rules related to its "capacity exchange" tool.

(ii) For purposes of clarity, with respect to all Locational UCAP bilateral transactions, the rights to the Locational UCAP that are the subject of the Locational UCAP bilateral transaction shall pass to the buyer under the Locational UCAP bilateral contract subject to the provisions of Tariff, Attachment DD, section 5.3A. In no event, shall the purchase and sale of Locational UCAP pursuant to a Locational UCAP bilateral transaction constitute a transaction with the Office of the Interconnection or PJMSettlement, or a transaction in any auction under this Attachment DD.

(iii) A Locational UCAP Seller shall have the obligation to make the capacity available to PJM in the same manner as capacity that has cleared an auction under this Attachment DD and the Locational UCAP Seller shall have all obligations for charges and penalties associated with the capacity that is the subject of the Locational UCAP bilateral contract; provided, however, the buyer shall indemnify PJMSettlement, the LLC, and the Members for any failure by a seller to meet any resulting obligations, including the obligation to pay deficiency penalties and charges owed to PJMSettlement, associated with the capacity. All claims regarding a default of a buyer to a seller under a Locational UCAP bilateral contract shall be resolved solely between the buyer and the seller.

(iv) All payments and related charges for the Locational UCAP associated with a Locational UCAP bilateral contract shall be arranged between the parties to such bilateral contract and shall not be billed or settled by the Office of the Interconnection or PJMSettlement. The LLC, PJMSettlement, and the Members will not assume financial responsibility for the failure of a party to perform obligations owed to the other party under a Locational UCAP bilateral contract reported to the Office of the Interconnection under this Attachment DD.

(d) The bilateral transactions provided for in this section 4.6 shall be for the physical transfer of capacity to or from a Market Participant and shall be reported to and coordinated with the Office of the Interconnection in accordance with this Attachment DD and pursuant to the Office of the Interconnection's rules relating to its "capacity exchange" tool. Bilateral transactions that do not contemplate the physical transfer of capacity to and from a Market Participant are not subject to this Attachment DD and shall not be reported to and coordinated with the Office of the Interconnection.

(e) Effective with the 2022/2023 Delivery Year, any bilateral transaction provided for in this section 4.6 for replacement capacity shall be given no effect in satisfying the buyer's obligations under this Attachment DD to the extent that the resource that is the subject of the transaction is a Capacity Resource with State Subsidy for which the Capacity Market Seller has not elected to forego receipt of any State Subsidy for the relevant Delivery Year and does not qualify for one of the categorical exemptions described in Tariff, Attachment DD, sections 5.14(h-1)(5) through 5.14(h-1)(8) and the purchased capacity is then used to replace capacity from a Capacity Resource that (1) is not a Capacity Resource with State Subsidy or (2) is a Capacity Resource with State Subsidy for which the Capacity Market Seller elected the competitive exemption pursuant Tariff, Attachment DD, section 5.14(h-1)(4) or reported that it will forego receipt of any State Subsidy for the relevant Delivery Year, all as in accordance with the PJM Manuals.