

DECLARATION OF AUTHORITY

This DECLARATION OF AUTHORITY (“Declaration”) is a declaration and certification made on _____ by and between

_____,
a _____ with its principal place of business located at

 (“Party A”) and

_____,
a _____ with its principal place of business located at

 (“Party B” – a PJM Member),

for the benefit of PJM Interconnection, L.L.C. (“PJM LLC”) and PJM Settlement, Inc. (“PJM Settlement”). References to “PJM” in this Declaration are to PJM LLC and PJM Settlement, collectively, with regard to their respective functions.

RECITALS:

WHEREAS, PJM LLC is a Regional Transmission Organization and Independent System Operator subject to the jurisdiction of the Federal Energy Regulatory Commission;

WHEREAS, PJM Settlement is a Pennsylvania non-profit corporation, incorporated for the purpose of providing billing and settlement functions and credit and risk management functions for PJM.

WHEREAS, PJM LLC and PJM Settlement administer and settle centralized markets that clear various electric energy and energy-related products among multiple buyers and sellers; and,

WHEREAS, in capacities more fully described below, PARTY A and PARTY B (a member of PJM LLC (“PJM Member”)) seek to participate, either directly or indirectly, in the markets administered by PJM or engage in operations that use or affect the integrated transmission system operated by PJM.

DECLARATION:

NOW, THEREFORE, acknowledging that PJM will rely on the truth, accuracy, and completeness of the statements made below, PARTY A and PARTY B, as indicated below, provides the following certifications:

1. Acting as PJM’s Counterparty

(a) To the extent such PARTY A has load that is directly served by PJM including

station power, PARTY B hereby certifies that, in all activities with PJM regarding PARTY B's provision of energy, capacity, ancillary services, scheduling, and procurement of transmission service, congestion management, and all other required products, services, and costs/fees/charges necessary or appropriate to serve PARTY A's load, PARTY B is acting as PJM's counterparty and shall be billed and be primarily liable to PJM for all costs/fees/charges associated in its procurement of such products and services.

- (b) PARTY B hereby certifies that, in all activities with PJM regarding PARTY B's bidding, sale, scheduling, dispatch, and delivery of energy, capacity, and ancillary services from generation owned or controlled by PARTY A as such are identified in Paragraph 4, PARTY B is PJM's counterparty and is entitled to receive from PJM, in its name, all revenues associated with its sales of such products and services; PARTY B shall be billed and be primarily liable to PJM for all costs/fees/charges associated with such resources whether such costs/fees/charges arise pursuant to the provisions of the PJM Open Access Transmission Tariff ("Tariff"), Amended and Restated Operating Agreement of PJM Interconnection, L.L.C. or Reliability Assurance Agreement Among Load Serving Entities in the PJM Region (individually "PJM Governing Document," and collectively "PJM Governing Documents") or any service agreement.
- (c) PARTY A hereby certifies that, it is fully authorized to transfer and has in fact transferred, pursuant to a binding, legally enforceable agreement, to PARTY B the rights to PARTY A's generation. In this regard, PARTY A acknowledges that PARTY B, in acting as PJM's counterparty, is exclusively authorized to communicate and transact with PJM, as though PARTY B was the owner and operator of the identified generation. Furthermore, PARTY A acknowledges that PJM can communicate and transact directly with PARTY B in acting as PJM's counterparty, including directing PARTY A's generation in the event of system emergencies, as though PARTY B was the owner and operator of this generation. PARTY A accepts that it will follow any such direction, issued by PJM through PARTY B, affecting operation of its generation in the event of system emergencies.

2. Reliance By PJM On Certifications and Termination

- (a) Each party, PARTY A and PARTY B, recognizes and accepts that PJM is relying on the truth, accuracy, and completeness of the certifications herein made in making its assessments as to creditworthiness and in assuring PJM's own compliance with its tariff, operating agreement, reliability agreement, and business practices.
- (b) Each party, PARTY A and PARTY B, recognizes and accepts that each has a continuing duty to notify PJM if and when the certifications, herein made, cease to be accurate or complete. Written notice of changes to the certifications and/or identification of resources herein must be provided by PARTY B (a PJM

Member) to PJM at least thirty (30) days in advance of their effectiveness. If PARTY A is also a PJM Member, then both parties must provide thirty (30) days prior written notification in order for such changes to be effective. Such notification is required for changes to certifications and identification of resources.

- (c) Party A and Party B each recognizes and accepts that PJM or its members may suffer losses and damages if any certification is or becomes untrue, inaccurate, or incomplete. Party A and Party B agree to indemnify PJM for any losses and damages that it may suffer as a direct result of this Declaration. Nothing herein shall relieve Party A of its obligations pursuant to the PJM Governing Documents or any service agreement.
- (d) Nothing in this Declaration shall be construed to create or give rise to any liability on the part of PJM, and Party A and Party B expressly waive any claims that may arise against PJM under this Declaration. Party A and Party B, jointly and severally, agree to hold PJM harmless from any claims or disputes related to this Declaration, both prior to and after termination. This Declaration shall not be construed to modify any of the PJM Governing Documents and in the event of conflict between this Declaration and the PJM Governing Documents, the applicable PJM Governing Document shall control.
- (e) PJM LLC and PJM Settlement are third-party beneficiaries to this Declaration and are entitled to the benefit of all representations, commitments obligations, and rights hereunder and may enforce the provisions hereof as if they were parties hereto.
- (f) Party A and Party B acknowledge that this Declaration shall not become effective until after PJM's Law Department indicates its approval of the Declaration by initialing below.
- (g) In order to terminate this Declaration, PARTY B (a PJM Member) must give PJM at least forty five (45) days' prior written notice of termination, in a form acceptable to PJM, provided, however, that no such notice of termination shall become effective until the conditions precedent set forth below are fully satisfied. If PARTY A is also a PJM Member, both parties must provide a joint written notice of termination to PJM, in a form acceptable to PJM, at least forty five (45) days prior to the proposed termination date. Prior to the termination becoming effective, unless the resources identified herein are permanently deactivating on the proposed termination date, the following conditions precedent set forth below must be satisfied:
 - i. Identifying the Subsequent Counterparty: Party B shall identify a PJM Member (such PJM Member may be Party A) ("Subsequent Counterparty") to satisfy any obligation relating to the subject resources, including but not limited to any must-offer requirements.

- ii. **New Declaration of Authority:** Unless Party A is a PJM Member, Party A must provide a Declaration of Authority with a Subsequent Counterparty that shall have an effective date that is the day after the termination date of this Declaration.
- iii. **Credit:** The Subsequent Counterparty, or PARTY A if it is a PJM Member and is taking over its obligations for itself, shall establish credit with PJM in accordance with PJM’s Governing Documents.
- iv. **PJM Confirmation of Termination Effective Date:** Upon the satisfaction of the other conditions precedent set forth above, the parties must obtain written confirmation from PJM of the effective date of the termination of this Declaration. Unless and until such termination is effective, PJM shall be entitled to rely on this Declaration, as governing its relationship with PARTY A and PARTY B, as to the subject matter of this Declaration.

3. Advance Notice to PJM of Proposed Deactivation of Resource

Should PARTY A intend to deactivate any resource in the PJM region, it will provide advance notice to PJM, either directly or through PARTY B, in accordance with Tariff, Part V and otherwise adhere to the process applicable to the deactivation of generating resources in the PJM region, as set forth in Tariff, Part V.

4. Identification of Resources(s)

Pursuant to this section, PARTY B has been authorized to act on behalf of Party A for the following resources. The responsibility allocations requested in this section shall go into effect on the Effective Date of this Declaration.

Generator Name (ISA/WMPA/CSA)	Resource Name (Capacity Exchange)	Resource I.D. (Capacity Exchange)	Unit Name (Markets Gateway)	Unit I.D. (Markets Gateway)	PJM Queue Number

5. Effective Date(s).

Party B is authorized to act on behalf of Party A as of _____, 20__ (“Effective Date”). Notwithstanding the foregoing, *in all cases the fully executed Declaration must be received by PJM at least three (3) business days prior to the requested Effective Date.* If the fully executed Declaration is received by PJM less than three (3) business days before the requested Effective Date, the Declaration shall be void and Party B will not be permitted to act on behalf of Party A until a new Declaration with an Effective Date acceptable to PJM is received.

The Effective Date shall not be prior to the date on which the Declaration is fully executed by Party A and Party B.

6. Notices.

Any notice or request made to or by Party A, Party B, or PJM, shall be made to the representative indicated below.

If to PJM:

PJM Interconnection, L.L.C.
Attn: General Counsel
2750 Monroe Blvd.
Audubon, PA 19403

and

PJM Interconnection, L.L.C.
Attn: Member Relations
2750 Monroe Blvd.
Audubon, PA 19403

If to Party A:

Attn: _____

If to Party B:

Attn: _____

IN WITNESS WHEREOF, PARTY A and PARTY B execute this Declaration to be effective on the Effective Date.

PARTY A

PARTY B

SAMPLE