

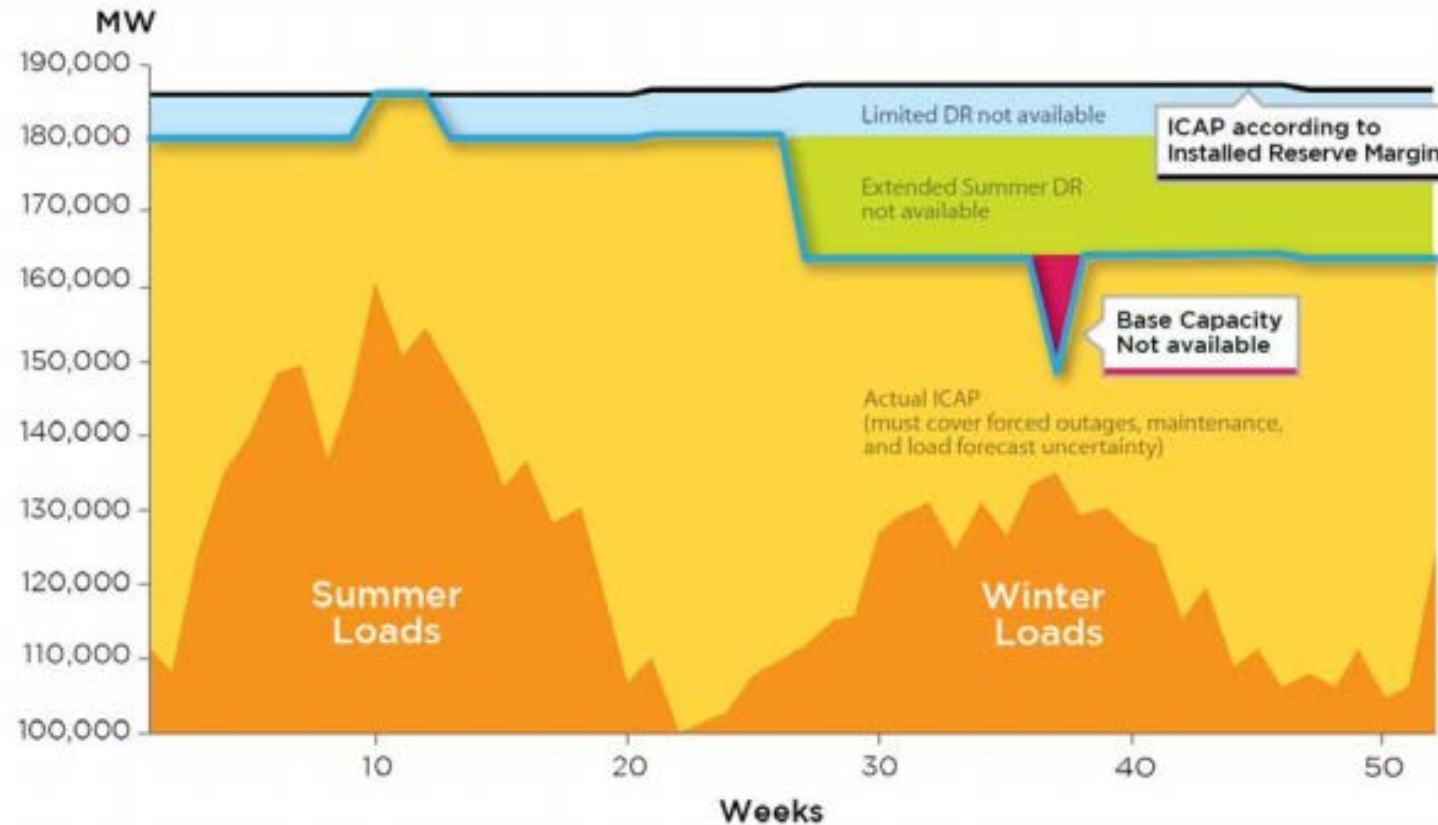


Capacity Performance Proposal

August 22, 2014

- Capacity Products
 - Capacity Performance Product
 - Base Capacity Product
 - Extended Summer Product
 - Limited DR
 - Storage Resources
 - Qualifying Transmission Upgrades
 - Resource Coupling
 - Limited Resource, Sub-Annual and Base Capacity Constraints
 - Auction Clearing Mechanism

- Methodology for Establishing Maximum Product Quantities



- Unforced Capacity Calculations and Installed Reserve Margin
 - ICAP vs. UCAP and Calculation of Unforced capacity
 - Energy Efficiency
 - Implications of PJM Proposal on Installed Reserve Margin

- Capacity Performance Availability and Flexibility Requirements

- Changes to Base Capacity Requirements
 - Flexibility
 - Storage Resource Eligibility

- Peak Period Performance Assurance
 - Proposed Performance Requirement
 - Non-Performance Penalty Calculation
 - Capacity Performance DR and EE Resources
 - Penalty Cap
 - Credit Requirement

- Product Offer Requirements

- Cost Allocation
 - Option 1 – Extension of Existing Method
 - Option 2 – Winter Peak Allocation

- Previously Proposed RPM Changes

- Transition Auction Mechanism for Delivery Years 2015/16, 2016/17, 2017/18

- Preparation
- PJM posts draft whitepaper part 1 (background material) – 8/1/14 – Complete
 - Education and dialogue sessions – 8/12/14 and 8/18/14 – Complete
 - PJM posts draft whitepaper part 2 (with package in matrix) – 8/20/14 – Complete
 - Stakeholder meeting to present the draft whitepaper – 8/22/14
 - ***Stakeholder meeting to discuss the draft whitepaper – 9/11/14***
 - Stakeholders submit written comments – ***9/17/14***
 - Stakeholder meeting for PJM to receive comments and get clarification – 9/24/14

- ELC Process
- PJM issues whitepaper – 10/7/14
 - Stakeholders form coalitions by 10/21/14
 - Coalition briefing papers submitted and posted by 10/28/14
 - Enhanced LC meeting with the Board – 11/4/14