

Manual 18, Section 8.8

- Any or all of a Delivery Year commitment of a Generation Capacity Resource, Demand Resource, or Energy Efficiency Resource may be replaced any time prior to the conduct of the Third Incremental Auction for that Delivery Year when the owner of the replaced resource provides transparent and verifiable evidence to support the expected final physical position of the resource at the time of request. Such requests shall be submitted in writing simultaneously to PJM rpm_hotline@pjm.com and the Independent Market Monitor rpmacr@monitoringanalytics.com documenting the reason for the early replacement. PJM will approve or deny a request for early Replacement Capacity, based upon the below criteria, with input from the Market Monitor, within 15 days of receiving a completed early Replacement Capacity request.

- o Acceptable reasons for early replacement are:

- Generator Deactivation (properly noticed to PJM and posted to the website)
- A pending request to PJM for removal of Generation Capacity Resource status (in accordance with Manual 18, section 5.4.7, and subject to PJM approval)
- Withdrawal of generation queue position / cancellation of generation project (accompanied by written notification to PJM Interconnection Projects manager)
- Generation delayed in-service date (accompanied by written notification to PJM Interconnection Projects manager)
- Permanent departure of load used as a basis for an existing DR or EE resource at the time of commitment

- A financially and physically firm commitment to an external sale of its capacity for the entire Delivery Year that is demonstrated with supporting evidence as specified in Tariff, Attachment DD, Section 6.6(g), for Delivery Years where there is only one Incremental Auction.

- o Generation replaced may not be recommitted for the Delivery Year. Therefore, the resource may not resell the replaced MW in a subsequent RPM auction for the applicable Delivery Year, and has no requirement to submit a Must-Offer Exception request for such auctions.

- o DR/EE sites replaced may not be registered or committed for the Delivery Year.

- A Replacement Resource used to reduce a Demand Resource commitment shall be specified for no less than the balance of the Delivery Year. An available Demand Resource may only be used as a Replacement Resource when the start date of the Replacement Capacity transaction is from June 1 through September 30th unless the Demand Resource can demonstrate through the prior summer's event or test compliance data that the Demand Resource met both its Summer Average RPM Commitment and the new daily RPM commitment level that would result if the Replacement Capacity transaction was approved.

- The desired change in Daily RPM Resource Commitments (in UCAP terms) for the resource being replaced and the replacement resource must be specified. The change in Daily RPM Resource Commitments cannot result in a negative value for the Daily RPM Resource Commitments for the resource being replaced. The desired change in Daily RPM Resource Commitments (in UCAP terms) for the resource being replaced must also indicate the product type (Capacity Performance) of the commitment being

replaced.

- The replacement resource must be located in the same sub-account as the resource that is being replaced.
- The replacement resource must be located in the same LDA as the resource that is being replaced or reside in the Sink LDA of the Qualifying Transmission Upgrade being replaced. However, if there is remaining import capability into the LDA after the Third Incremental Auction, a replacement resource may be located in a parent LDA, subject to the following restrictions. The ability to submit a replacement transaction from a parent LDA into a child LDA is limited by the import capability remaining into the LDA. After the Third Incremental Auction, the remaining import capability of each LDA is posted on the pjm website.
- Resources located in a constrained LDA can serve as replacement capacity for a generation resource located in a less constrained parent LDA.
- The replacement resource must have the same or better temporal availability characteristics as the resource that is being replaced.