

Section 4: Upgrade Customers

Welcome to the *Upgrade Customers* section of the PJM Manual for ***Additional Information for Upgrade and Transmission Interconnection Projects***. In this section you will find an overview of Upgrade projects.

- Requirements to enter the New Services Queue
- Agreements applicable to Upgrade Customers
- An overview of rights, technical requirements, and operation and maintenance requirements

4.1 Entering the New Services Queue

PJM Manual 6 identifies that the interconnection planning process for an elective upgrade to obtain financial rights known as Incremental Auction Revenue Rights (IARRs) is triggered by the Upgrade Customer executing an Upgrade Request, or Tariff Attachment EE, and submitting the required study ~~fee of \$50,000~~ deposit of \$20,000. This ~~fee deposit~~ will be applied towards the Upgrade Customer's cost responsibility in the ~~System Impact Study~~ Upgrade Feasibility Study.

For IARR requests with specific financial transfer capability requested, the request itself constitutes the initial estimate of IARRs. The rights associated with the initial request, or estimate, are subject to a final binding determination of IARRs. The Tariff governs this analysis, and requires that the final assignment occur no less than 45 days prior to the in-service date of the associated Network Upgrades.

The reason for this process is that the financial viability of the rights is supported by the capability of the Transmission System, which can change subsequent to initial IARR estimates. Assigning the final determination of IARRs 45 days prior to the in-service date protects Auction Revenue Rights and Financial Transmission Rights holders from underfunding that may result from changes to the Transmission System that occur between the initial IARR estimate and the in-service date for the underlying upgrades. Financial Transmission Rights holders are the group that would be at the risk of underfunding.

Entities have a non-binding expectation of a certain amount of IARRs. To mitigate the potential for significant disparities between initial IARR requests, or estimates, and final determinations, an entity will receive a minimum of 80% and a maximum of 100% of the initial estimate of IARRs requested.

4.2 Agreements

The following agreements are applicable to Upgrade Customers:

- Attachment EE: Upgrade Request;
- Attachment N-1: System Impact Study Agreement;
- Attachment N-2: Facilities Study Agreement; and
- Attachment GG: Upgrade Construction Service Agreement.