

Phase 2 - Proposed Clean-Up, Clarification and Corrections to Governing Documents

SECOND READ

Dated: October 7, 2016

For Discussion at GDECS October 20, 2016

	Agreement, Attachment, Section, Title	Current Language	Proposed Revisions	Rationale
1.	<p>Tariff, Att. K-App., §2.5(c) (Calculation of Real-time Prices)</p> <p>Operating Agreement, Schedule 1, §2.5(c) (Calculation of Real-time Prices)</p>	<p>The Office of the Interconnection shall issue day-ahead alerts to PJM Members of the possible need to use emergency procedures during the following Operating Day. Such emergency procedures may be required to alleviate real-time emergency conditions such as a transmission emergency or potential reserve shortage. The alerts issued by the Office of the Interconnection may include, but are not limited to, the Maximum Emergency Generation Alert, Primary Reserve Alert and/or Voltage Reduction Alert. These alerts shall be issued to keep all affected system personnel informed of the forecasted status of the PJM bulk power system. The Office of the Interconnection shall notify PJM Members of all alerts and the cancellation thereof via the methods described in the PJM Manuals. The alerts shall be issued as soon as practicable to allow PJM Members sufficient time to prepare for such operating conditions. The day-ahead alerts issued by the Office of the Interconnection are for informational purposes only and by themselves will not impact price calculation during the Operating Day.</p>	<p>The Office of the Interconnection shall issue day-ahead alerts to PJM Members of the possible need to use emergency procedures during the following Operating Day. Such emergency procedures may be required to alleviate real-time emergency conditions such as a transmission emergency or potential reserve shortage. The alerts issued by the Office of the Interconnection may include, but are not limited to, the Maximum Generation Emergency Generation Alert, Primary Reserve Alert and/or Voltage Reduction Alert. These alerts shall be issued to keep all affected system personnel informed of the forecasted status of the PJM bulk power system. The Office of the Interconnection shall notify PJM Members of all alerts and the cancellation thereof via the methods described in the PJM Manuals. The alerts shall be issued as soon as practicable to allow PJM Members sufficient time to prepare for such operating conditions. The day-ahead alerts issued by the Office of the Interconnection are for informational purposes only and by themselves will not impact price calculation during the Operating Day.</p>	<p>This revision is needed to correct the incorrect reference from “Maximum Emergency Generation Alert” to “Maximum Generation Emergency Alert” which is the correct defined term.</p>
2.	<p>Tariff, Part I, § 1 (Definitions)</p>	<p>Agreements:</p> <p>Agreements are the Operating Agreement of PJM Interconnection, L.L.C., the PJM Open Access Transmission Tariff, the Reliability Assurance Agreement, the Reliability Assurance Agreement – West, and/or other agreements between PJM Interconnection, L.L.C. and its Members.</p>	<p>Agreements:</p> <p>Agreements are the Amended and Restated Operating Agreement of PJM Interconnection, L.L.C., the PJM Open Access Transmission Tariff, the Reliability Assurance Agreement, the Reliability Assurance Agreement – West, and/or other agreements between PJM Interconnection, L.L.C. and its</p>	<p>Revisions are needed to correct the title of one agreement and to delete reference to an agreement that is no longer in effect.</p>

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			Members.	
3.	Tariff, Part I, § 1 (Definitions)	N/A	<p><u>Voltage Reduction Warning</u> <u>Voltage Reduction Warning shall mean a notification from PJM to warn Members that PJM's available Synchronized Reserve is less than the Synchronized Reserve Requirement and that present operations have deteriorated such that a voltage reduction may be required.</u></p> <p><u>Voltage Reduction Action</u> <u>Voltage Reduction Action shall mean a notification during capacity deficient conditions in which PJM notifies Members to reduce load in order to provide a sufficient amount of reserves, maintain tie flow schedules and preserve limited energy sources.</u></p> <p><u>Primary Reserve Alert</u> <u>Primary Reserve Alert shall mean a notification from PJM to alert Members of an anticipated shortage of Operating Reserve capacity for a future critical period.</u></p> <p><u>Voltage Reduction Alert</u> <u>Voltage Reduction Alert shall mean a notification from PJM to alert Members that a voltage reduction may be required during a future critical period.</u></p> <p><u>Manual Load Dump Warning</u> <u>Manual Load Dump Warning shall mean a notification from PJM to warn Members of an increasingly critical condition of present</u></p>	The terms Voltage Reduction Warning, Voltage Reduction Action, Primary Reserve Alert, Voltage Reduction Alert, Manual Load Dump Warning, and Manual Load Dump Action are used in the Tariff and OA but are not defined

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			<p><u>operations that may require manually dumping load.</u></p> <p><u>Manual Load Dump Action</u> <u>Manual Load Dump Action shall mean a notification from PJM to provide load relief when all other possible means of supplying internal PJM load have been used to prevent a catastrophe within the PJM Region or to maintain tie schedules so as not to jeopardize the reliability of other interconnected regions.</u></p>	
4.	<p>Tariff, Att. K-App., §3.2.3(f) (Operating Reserves)</p> <p>Operating Agreement, Schedule 1, §3.2.3(f) (Operating Reserves)</p> <p>Tariff, Att. K-App., §3.2.3(f-4) (Operating Reserves)</p> <p>Operating Agreement, Schedule 1, §3.2.3(f-4)</p>	<p>§3.2.3(f) ...</p> <p>For pool-scheduled generating units, their applicable offer for energy is the offer on which the resource was committed. For self-scheduled generating units, their applicable offer for energy shall equal the real-time scheduled offer curve on which the unit was operating, unless such schedule was a price-based schedule and the offer associated with that price schedule is less than the cost-based offer provided for the unit, in which case the offer for the unit will be determined from the cost-based schedule.</p> <p>§3.2.3(f-4) ...</p> <p>The deviation of the generating unit's output is equal to the lesser of the PJM forecasted output for the unit or level of output for the unit determined according to the point on the scheduled offer curve on which the unit was operating corresponding to the hourly</p>	<p>§3.2.3(f) ...</p> <p>For pool-scheduled generating units, their applicable offer for energy is the offer on which the resource was committed. For self-scheduled generating units, their applicable offer for energy shall equal the real-time scheduled offer curve on which the unit was operating, unless such schedule was a price-based schedule and the offer associated with that price schedule is less than the cost-based offer provided for the unit, in which case the offer for the unit will be determined from the cost-based schedule.</p> <p>§3.2.3(f-4) ...</p> <p>The deviation of the generating unit's output is equal to the lesser of the PJM forecasted output for the unit or level of output for the unit determined according to the point on the scheduled offer curve on which the unit was operating corresponding to the hourly</p>	<p>Change "price-based" to "market-based" throughout the Tariff and Operating Agreement to reflect the correct terminology.</p>

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	<p>(Operating Reserves)</p> <p>Tariff, Att. K-App., §3.2.3B(c) (Reactive Services)</p> <p>Operating Agreement, Schedule 1, §3.2.3B(c) (Reactive Services)</p> <p>Tariff, Att. K-App., §3.2.3B(d)(ii) (Reactive Services)</p>	<p>integrated real time Locational Marginal Price, and shall be limited to the lesser of the unit's Economic Maximum or the unit's Maximum Facility Output, minus the actual hourly integrated output of the unit. For pool-scheduled generating units, their applicable offer for energy is the offer on which the resource was committed. For self-scheduled generating units, their applicable offer for energy shall equal the real-time scheduled offer curve on which the unit was operating, unless such schedule was a price-based schedule and the offer associated with that price schedule is less than the cost-based offer provided for the unit, in which case the offer for the unit will be determined from the cost-based schedule.</p> <p>§3.2.3B(c)</p> <p>...</p> <p>For pool-scheduled generating units, their applicable offer for energy is the offer on which the resource was committed. For self-scheduled generating units, their applicable offer for energy shall equal the real-time scheduled offer curve on which the unit was operating, unless such schedule was a price-based schedule and the offer associated with that price schedule is less than the cost-based offer provided for the unit, in which case the offer for the unit will be determined from the cost-based schedule.</p> <p>§3.2.3B(d)(ii)</p>	<p>integrated real time Locational Marginal Price, and shall be limited to the lesser of the unit's Economic Maximum or the unit's Maximum Facility Output, minus the actual hourly integrated output of the unit. For pool-scheduled generating units, their applicable offer for energy is the offer on which the resource was committed. For self-scheduled generating units, their applicable offer for energy shall equal the real-time scheduled offer curve on which the unit was operating, unless such schedule was a market-price-based- schedule and the offer associated with that price schedule is less than the cost-based offer provided for the unit, in which case the offer for the unit will be determined from the cost-based schedule.</p> <p>§3.2.3B(c)</p> <p>...</p> <p>For pool-scheduled generating units, their applicable offer for energy is the offer on which the resource was committed. For self-scheduled generating units, their applicable offer for energy shall equal the real-time scheduled offer curve on which the unit was operating, unless such schedule was a market-price-based schedule and the offer associated with that price schedule is less than the cost-based offer provided for the unit, in which case the offer for the unit will be determined from the cost-based schedule.</p> <p>§3.2.3B(d)(ii)</p>	

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	<p>(Offer Price Caps: Level)</p> <p>Tariff, Att. K-App., §7.3.9(e) (Liquidation of Financial Transmission Rights in the Event of Member Default)</p> <p>Operating Agreement, Schedule 1, §7.3.9(e) (Liquidation of Financial Transmission Rights in the Event of Member Default)</p> <p>Tariff, Att. DD §6.3(c) (Market Power Mitigation)</p>	<p>§7.3.9(e)</p> <p>e) The Financial Transmission Right positions comprising the defaulting Member's portfolio that are liquidated in a Financial Transmission Rights auction should avoid setting the price in the auction at the bid prices with which they were initially submitted. In the event that any of the closed out Financial Transmission Rights would set price based on the auction's preliminary solution, then only one-half of each Financial Transmission Rights position will be offered for sale and the auction will be re-executed. In the event that any Financial Transmission Rights position that has been closed out once again sets price, then all Financial Transmission Rights scheduled to be liquidated will be removed from the affected auction and the auction will be re-executed excluding the closed out Financial Transmission Right positions. Financial Transmission Right positions that are not liquidated will then be offered in the next available auction or specially scheduled auction, as appropriate.</p> <p>§6.3(c)</p> <p>(c) Determination of Incremental Supply</p> <p>In applying the Market Structure Test, the Office of the Interconnection shall consider all (i) incremental supply (provided,</p>	<p>shall apply:</p> <p>§7.3.9(e)</p> <p>e) The Financial Transmission Right positions comprising the defaulting Member's portfolio that are liquidated in a Financial Transmission Rights auction should avoid setting the price in the auction at the bid prices with which they were initially submitted. In the event that any of the closed out Financial Transmission Rights would set market-price based on the auction's preliminary solution, then only one-half of each Financial Transmission Rights position will be offered for sale and the auction will be re-executed. In the event that any Financial Transmission Rights position that has been closed out once again sets price, then all Financial Transmission Rights scheduled to be liquidated will be removed from the affected auction and the auction will be re-executed excluding the closed out Financial Transmission Right positions. Financial Transmission Right positions that are not liquidated will then be offered in the next available auction or specially scheduled auction, as appropriate.</p> <p>§6.3(c)</p> <p>(c) Determination of Incremental Supply</p> <p>In applying the Market Structure Test, the Office of the Interconnection shall consider all (i) incremental supply (provided,</p>	

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		<p>however, that the Office of the Interconnection shall consider only such supply available from Generation Capacity Resources) available to solve the constraint applicable to a constrained LDA offered at less than or equal to 150% of the cost-based clearing price; or (ii) supply for the PJM Region, offered at less than or equal to 150% of the cost-based clearing price, provided that supply in this Section includes only the lower of cost-based or priced based offers from Generation Capacity Resources. Cost-based clearing prices are the prices resulting from the RPM auction algorithm using the lower of cost-based or price-based offers for all Capacity Resources.</p>	<p>however, that the Office of the Interconnection shall consider only such supply available from Generation Capacity Resources) available to solve the constraint applicable to a constrained LDA offered at less than or equal to 150% of the cost-based clearing price; or (ii) supply for the PJM Region, offered at less than or equal to 150% of the cost-based clearing price, provided that supply in this Section includes only the lower of cost-based or market-price-based offers from Generation Capacity Resources. Cost-based clearing prices are the prices resulting from the RPM auction algorithm using the lower of cost-based or price-based offers for all Capacity Resources.</p>	
5.	Operating Agreement, § 1 (Definitions)	<p>1. DEFINITIONS Unless the context otherwise specifies or requires, capitalized terms used in this Agreement shall have the respective meanings assigned herein or in the Schedules hereto for all purposes of this Agreement (such definitions to be equally applicable to both the singular and the plural forms of the terms defined). Unless otherwise specified, all references herein to sections, Schedules, Exhibits or Appendices are to sections, Schedules, Exhibits or Appendices of this Agreement. As used in this Agreement:</p>	<p>1. DEFINITIONS Unless the context otherwise specifies or requires, capitalized terms used in this Agreement shall have the respective meanings assigned herein or in the Schedules hereto, <u>or in the PJM Tariff or RAA if not otherwise defined in this Agreement</u>, for all purposes of this Agreement (such definitions to be equally applicable to both the singular and the plural forms of the terms defined). Unless otherwise specified, all references herein to sections, Schedules, Exhibits or Appendices are to sections, Schedules, Exhibits or Appendices of this Agreement. As used in this Agreement:</p>	<p>This revision is being proposed to make clear that if a capitalized term in the Operating Agreement is not defined therein but is defined in the Tariff or RAA, the term shall have the meaning as set forth in that other governing agreement.</p>
6.	RAA, Article 1 (Definitions)	<p>ARTICLE 1 – DEFINITIONS Unless the context otherwise specifies or requires, capitalized terms used herein shall have the respective meanings assigned</p>	<p>ARTICLE 1 – DEFINITIONS Unless the context otherwise specifies or requires, capitalized terms used herein shall have the respective meanings assigned</p>	<p>This revision is being proposed to make clear that if a capitalized term in the RAA is not defined therein but is defined in the Tariff or Operating Agreement, the term</p>

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		herein or in the Schedules hereto for all purposes of this Agreement (such definitions to be equally applicable to both the singular and the plural forms of the terms defined). Unless otherwise specified, all references herein to Articles, sections or Schedules, are to Articles, sections or Schedules of this Agreement. As used in this Agreement:	hereinor in the Schedules hereto, <u>or in the PJM Tariff or PJM Operating Agreement if not otherwise defined in this Agreement</u> , for all purposes of this Agreement (such definitions to be equally applicable to both the singular and the plural forms of the terms defined). Unless otherwise specified, all references herein to Articles, sections or Schedules, are to Articles, sections or Schedules of this Agreement. As used in this Agreement:	shall have the meaning as set forth in that other governing agreement.
7.	Tariff, Part 1, § 1 (Definitions)	1. DEFINITIONS	1. DEFINITIONS <u>Unless the context otherwise specifies or requires, capitalized terms used in this PJM Tariff shall have the respective meanings assigned herein or in the Schedules hereto, or in the PJM Operating Agreement or RAA if not otherwise defined in this PJM Tariff, for all purposes of this PJM Tariff (such definitions to be equally applicable to both the singular and the plural forms of the terms defined). Unless otherwise specified, all references herein to sections, Schedules, Exhibits or Appendices are to sections, Schedules, Exhibits or Appendices of this Agreement.</u>	This revision is being proposed to make clear that if a capitalized term in the Tariff is not defined therein but is defined in the Operating Agreement or RAA, the term shall have the meaning as set forth in that other governing agreement.
8.	Tariff, Att. K-Appx, § 3.2.3.h (Operating Reserves) Operating Agreement, Schedule 1, § 3.2.3.h	(h) The cost of Operating Reserves for the Real-time Energy Market for each Operating Day, except those associated with the scheduling of units for Black Start service or testing of Black Start Units as provided in Schedule 6A of the PJM Tariff, shall be allocated and charged to each Market Participant in proportion to the sum of the absolute values of its (1) load deviations (net of operating Behind The Meter Generation) from the Day-ahead Energy Market in megawatt-hours during that Operating Day, except as noted in subsection (h)(ii) below and in	(h) The cost of Operating Reserves for the Real-time Energy Market for each Operating Day, except those associated with the scheduling of units for Black Start service or testing of Black Start Units as provided in Schedule 6A of the PJM Tariff, shall be allocated and charged to each Market Participant in proportion to the sum of the absolute values of its (1) load deviations (net of operating Behind The Meter Generation) from the Day-ahead Energy Market in megawatt-hours during that Operating Day, except as noted in subsection (h)(ii) below and in	Channing terminology so that wording is clearer.

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	(Operating Reserves)	<p>the PJM Manuals; (2) generation deviations (not including deviations in Behind The Meter Generation) from the Day-ahead Energy Market for non-dispatchable generation resources, including External Resources, in megawatt-hours during the Operating Day ; (3) deviations from the Day-ahead Energy Market for bilateral transactions from outside the PJM Region for delivery within such region in megawatt-hours during the Operating Day; and (4) deviations of energy sales from the Day-ahead Energy Market from within the PJM Region to load outside such region in megawatt-hours during that Operating Day, but not including its bilateral transactions that are Dynamic Transfers to load outside such region pursuant to § 1.12.</p> <p>The costs associated with scheduling of units for Black Start service or testing of Black Start Units shall be allocated by ratio share of the monthly transmission use of each Network Customer or Transmission Customer serving Zone Load or Non-Zone Load, as determined in accordance with the formulas contained in Schedule 6A of the PJM Tariff.</p> <p>Notwithstanding § (h)(1) above, as more fully set forth in the PJM Manuals, load deviations from the Day-ahead Energy Market shall not be assessed Operating Reserves charges to the extent attributable to reductions in the load of Price Responsive Demand that is in response to an increase in Locational Marginal Price from the Day-ahead Energy Market to the Real-time Energy Market and that is in accordance with a properly submitted PRD</p>	<p>the PJM Manuals; (2) generation deviations (not including deviations in Behind The Meter Generation) from the Day-ahead Energy Market for non-dispatchable generation resources <u>not following dispatch</u>, including External Resources, in megawatt-hours during the Operating Day ; (3) deviations from the Day-ahead Energy Market for bilateral transactions from outside the PJM Region for delivery within such region in megawatt-hours during the Operating Day; and (4) deviations of energy sales from the Day-ahead Energy Market from within the PJM Region to load outside such region in megawatt-hours during that Operating Day, but not including its bilateral transactions that are Dynamic Transfers to load outside such region pursuant to § 1.12.</p> <p>The costs associated with scheduling of units for Black Start service or testing of Black Start Units shall be allocated by ratio share of the monthly transmission use of each Network Customer or Transmission Customer serving Zone Load or Non-Zone Load, as determined in accordance with the formulas contained in Schedule 6A of the PJM Tariff.</p> <p>Notwithstanding § (h)(1) above, as more fully set forth in the PJM Manuals, load deviations from the Day-ahead Energy Market shall not be assessed Operating Reserves charges to the extent attributable to reductions in the load of Price Responsive Demand that is in response to an increase in Locational Marginal Price from the Day-ahead Energy Market to the Real-time Energy Market and that is in accordance with a properly submitted PRD</p>	

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		<p>Curve.</p> <p>Deviations that occur within a single Zone shall be associated with the Eastern or Western Region, as defined in § 3.2.3(q) of this Schedule, and shall be subject to the regional balancing Operating Reserve rate determined in accordance with § 3.2.3(q). Deviations at a hub shall be associated with the Eastern or Western Region if all the buses that define the hub are located in the region. Deviations at an Interface Pricing Point shall be associated with whichever region, the Eastern or Western Region, with which the majority of the buses that define that Interface Pricing Point are most closely electrically associated. If deviations at interfaces and hubs are associated with the Eastern or Western region, they shall be subject to the regional balancing Operating Reserve rate. Demand and supply deviations shall be based on total activity in a Zone, including all aggregates and hubs defined by buses that are wholly contained within the same Zone.</p> <p>The foregoing notwithstanding, netting deviations shall be allowed in accordance with the following provisions:</p> <p style="padding-left: 40px;">(i) Generation resources with multiple units located at a single bus shall be able to offset deviations in accordance with the PJM Manuals to determine the net deviation MW at the relevant bus.</p> <p style="padding-left: 40px;">(ii) Demand deviations will be assessed by comparing all day-ahead demand transactions at a</p>	<p>Curve.</p> <p>Deviations that occur within a single Zone shall be associated with the Eastern or Western Region, as defined in § 3.2.3(q) of this Schedule, and shall be subject to the regional balancing Operating Reserve rate determined in accordance with § 3.2.3(q). Deviations at a hub shall be associated with the Eastern or Western Region if all the buses that define the hub are located in the region. Deviations at an Interface Pricing Point shall be associated with whichever region, the Eastern or Western Region, with which the majority of the buses that define that Interface Pricing Point are most closely electrically associated. If deviations at interfaces and hubs are associated with the Eastern or Western region, they shall be subject to the regional balancing Operating Reserve rate. Demand and supply deviations shall be based on total activity in a Zone, including all aggregates and hubs defined by buses that are wholly contained within the same Zone.</p> <p>The foregoing notwithstanding, netting deviations shall be allowed in accordance with the following provisions:</p> <p style="padding-left: 40px;">(i) Generation resources with multiple units located at a single bus shall be able to offset deviations in accordance with the PJM Manuals to determine the net deviation MW at the relevant bus.</p> <p style="padding-left: 40px;">(ii) Demand deviations will be assessed by comparing all day-ahead demand transactions at a</p>	

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		<p>single transmission zone, hub, or interface against the real-time demand transactions at that same transmission zone, hub, or interface; except that the positive values of demand deviations, as set forth in the PJM Manuals, will not be assessed Operating Reserve charges in the event of a Primary Reserve or Synchronized Reserve shortage in real-time or where PJM initiates the request for emergency load reductions in real-time in order to avoid a Primary Reserve or Synchronized Reserve shortage.</p> <p>(iii) Supply deviations will be assessed by comparing all day-ahead transactions at a single transmission zone, hub, or interface against the real-time transactions at that same transmission zone, hub, or interface.</p>	<p>single transmission zone, hub, or interface against the real-time demand transactions at that same transmission zone, hub, or interface; except that the positive values of demand deviations, as set forth in the PJM Manuals, will not be assessed Operating Reserve charges in the event of a Primary Reserve or Synchronized Reserve shortage in real-time or where PJM initiates the request for emergency load reductions in real-time in order to avoid a Primary Reserve or Synchronized Reserve shortage.</p> <p>(iii) Supply deviations will be assessed by comparing all day-ahead transactions at a single transmission zone, hub, or interface against the real-time transactions at that same transmission zone, hub, or interface.</p>	
9.	<p>Tariff, Att. K-Appx., § 3.2.3A.01.b (Synchronized Reserves)</p> <p>Operating Agreement, Schedule 1, § 3.2.3A.01.b (Synchronized Reserves)</p>	<p>(b) A Day-ahead Scheduling Reserves Resource that receives a Day-ahead Scheduling Reserves schedule pursuant to subsection (a) of this section shall be paid the hourly Day-ahead Scheduling Reserves Market clearing price for the MW obligation in each hour of the schedule, subject to meeting the requirements of subsection (c) of this section.</p>	<p>(b) A Day-ahead Scheduling Reserves Resource that receives a Day-ahead Scheduling Reserves schedule pursuant to subsection (a) of this section shall be paid the hourly Day-ahead Scheduling Reserves Market clearing price for the <u>cleared megawatt quantity of Day-ahead Scheduling Reserves MW obligation</u> in each hour of the schedule, subject to meeting the requirements of subsection (c) of this section.</p>	<p>“MW” obligation is not defined, and proposed revisions are intended to more precisely describe MW amount at issue.</p>
10.	<p>Tariff, Att.K-Appx, § 3.2.3(o) (“Operating Reserves”)</p>	<p>(o) Dispatchable pool-scheduled generation resources and dispatchable self-scheduled generation resources that follow dispatch shall not be assessed balancing Operating Reserve</p>	<p>(o) Dispatchable pool-scheduled generation resources and dispatchable self-scheduled generation resources that follow dispatch shall not be assessed balancing Operating Reserve</p>	<p>The Tariff states that ramp limited desired MW values should be used to determine RT deviations. However depending on the</p>

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	Operating Agreement, Schedule 1, § 3.2.3(o) ("Operating Reserves")	deviations. Pool-scheduled generation resources and dispatchable self-scheduled generation resources that do not follow dispatch shall be assessed balancing Operating Reserve deviations in accordance with the calculations described in the PJM Manuals. Ramp-limited desired MW values shall be used to determine generation resource real-time deviations from the resource's day-ahead schedules.	deviations. Pool-scheduled generation resources and dispatchable self-scheduled generation resources that do not follow dispatch shall be assessed balancing Operating Reserve deviations in accordance with the calculations described in the PJM Manuals. Ramp-limited desired MW values shall <u>may</u> be used to determine generation resource real-time deviations from the resource's day-ahead schedules.	setting of configuration flags the requirement may use the dispatch quantity, ramp limited desired energy, the actual output, or the UDS LMP desired energy. Clarifying language is needed regarding this issue, "shall" should be changed to "may be".
11.	Tariff, Att. K-App., §5.3(b) (Unscheduled Transmission Service (Loop Flow) Operating Agreement, Schedule 1, §5.3(b) (Unscheduled Transmission Service (Loop Flow)	(b) With respect to payments by the Office of the Interconnection to the New York Power Pool for the installation and operation of phase angle regulating facilities at Ramapo to control or limit unscheduled transmission service (loop flow), each of the following Transmission Owners with revenue requirements under the PJM Tariff shall pay a share of the charges on a transmission revenue requirements ratio share basis: Allegheny Electric Cooperative, Inc., Atlantic City Electric Company, Baltimore Gas and Electric Company, Delmarva Power & Light Company, Jersey Central Power & Light Company, Metropolitan Edison Company, PECO Energy Company, Pennsylvania Power & Light Company, Potomac Electric Power Company, Public Service Electric and Gas Company, Rockland Electric Company, and UGI Utilities, Inc.	(b) With respect to payments by the Office of the Interconnection to the New York Independent System Operator Power Pool for the installation and operation of phase angle regulating facilities at Ramapo to control or limit unscheduled transmission service (loop flow), each of the following Transmission Owners with revenue requirements under the PJM Tariff shall pay a share of the charges on a transmission revenue requirements ratio share basis: Allegheny Electric Cooperative, Inc., Atlantic City Electric Company, Baltimore Gas and Electric Company, Delmarva Power & Light Company, Jersey Central Power & Light Company, Metropolitan Edison Company, PECO Energy Company, Pennsylvania Power & Light Company, Potomac Electric Power Company, Public Service Electric and Gas Company, Rockland Electric Company, and UGI Utilities, Inc.	The revision is needed to correct the reference from New York Power Pool to New York Independent System Operator as that is the entity to which the referenced payments are made today.
12.	Tariff, Att. K-App., §1.9.7(b) (Market Seller	(b) Market Sellers authorized to request market-based start-up and no-load fees may choose to submit such fees on either a market or a cost basis. Market Sellers must elect to submit both	(b) Market Sellers authorized to request market-based Sstart-up Costs and No- load Costs fees <u>fees</u> may choose to submit such fees <u>costs in their market-based offers</u> on either a market or a cost	These revisions are necessary to clarify that market-based start-up costs and no-load fees can only be used for market-

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	Responsibilities) Operating Agreement, Schedule 1, §1.9.7(b) (Market Seller Responsibilities)	<p>start-up and no- load fees on either a market basis or a cost basis and any such election shall be submitted on or before March 31 for the period of April 1 through September 30, and on or before September 30 for the period October 1 through March 31. The election of market-based or cost-based start-up and no- load fees shall remain in effect without change throughout the applicable periods.</p> <p>(i) If a Market Seller chooses to submit market-based start-up and no- load fees, such Market Seller, in its Offer Data, shall submit the level of such fees to the Office of the Interconnection for each generating unit as to which the Market Seller intends to request such fees. The Office of the Interconnection shall reject any request for start-up and no-load fees in a Market Seller's Offer Data that does not conform to the Market Seller's specification on file with the Office of the Interconnection.</p> <p>(ii) If a Market Seller chooses to submit cost-based start-up and no-load fees, such fees must be calculated as specified in the PJM Manuals and the Market Seller may change both cost-based fees daily and must change both fees as the associated costs change, but no more frequently than daily.</p>	<p>basis. Market Sellers must elect to submit both <i>Sstart-up Costs</i> and <i>No- load Costs fees</i> on either a market basis or a cost basis <u>for their market-based offers</u> and any such election shall be submitted on or before March 31 for the period of April 1 through September 30, and on or before September 30 for the period October 1 through March 31. The election of market-based or cost-based <i>Sstart-up Costs</i> and <i>No- load Costs fees</i> shall remain in effect without change throughout the applicable periods. <u>Market Sellers may only submit cost-based Start-up Costs and No-load Costs for their cost-based offers.</u></p> <p>(i) If a Market Seller chooses to submit market-based <i>Sstart-up Costs</i> and <i>No- load Costs fees</i> <u>for their market-based offers</u>, such Market Seller, in its Offer Data, shall submit the level of such <u>fees costs</u> to the Office of the Interconnection for each generating unit as to which the Market Seller intends to request such <u>fees costs</u>. The Office of the Interconnection shall reject any request for <i>Sstart-up Costs</i> and <i>No- load Costs fees</i> in a Market Seller's Offer Data <u>for its market-based offer</u> that does not conform to the Market Seller's specification on file with the Office of the Interconnection.</p> <p>(ii) If a Market Seller chooses to submit cost-based <i>Sstart-up Costs</i> and <i>No- load Costs fees</i>, such fees must be calculated as specified in the PJM Manuals and the Market Seller may change both cost-based fees <i>hourly daily</i> and must change both fees as the associated costs change, but no more frequently than daily. <u>The Office of the Interconnection shall reject any</u></p>	<p>based offers, not cost-based offers, and conversely that only cost-based start up and no-load fees can be submitted with cost-based offers.</p> <p>Note: Some of the references to Start-up Costs and No-load Costs are italicized because they are currently pending in the hourly offers compliance filing.</p> <p>The last sentence added at the end of subsection (ii) tracks the same language in the last sentence of subsection (i), and refers to the specified Start-up Costs and No-load Costs that are referenced in the Market Seller's fuel cost policy.</p>

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			<p><u>request for Start-up Costs and No-load Costs in a Market Seller's Offer Data for its cost-based offer that does not conform to the Market Seller's specification on file with the Office of the Interconnection.</u></p>	
13.	<p>Tariff, Att. K-App., §5.2.2(d) (Financial Transmission Rights)</p> <p>Operating Agreement, Schedule 1, §5.2.2(d) (Financial Transmission Rights)</p> <p>Tariff, Att. K-App., §7.4.2a(a) (Bilateral Transfers of Auction Revenue Rights)</p> <p>Operating Agreement, Schedule 1, §7.4.2a(a) (Bilateral Transfers of</p>	<p>5.2.2 Financial Transmission Rights. (d) In addition to transactions with PJMSettlement in the Financial Transmission Rights auctions administered by the Office of the Interconnection, a Financial Transmission Right, for its entire tenure or for a specified period, may be sold or otherwise transferred to a third party by bilateral agreement, subject to compliance with such procedures as may be established by the Office of the Interconnection for verification of the rights of the purchaser or transferee.</p> <p>(i) Market Participants may enter into bilateral agreements to transfer to a third party a Financial Transmission Right, for its entire tenure or for a specified period. Such bilateral transactions shall be reported to the Office of the Interconnection in accordance with this Schedule and pursuant to the LLC's rules related to its eFTR tools.</p> <p>7.4.2a Bilateral Transfers of Auction Revenue Rights (a) Market Participants may enter into bilateral agreements to transfer Auction Revenue Rights or the right to receive an allocation of Auction Revenue Rights to a third party. Such bilateral transfers shall be reported to the Office of the Interconnection in accordance with this Schedule and pursuant to</p>	<p>5.2.2 Financial Transmission Rights. (d) In addition to transactions with PJMSettlement in the Financial Transmission Rights auctions administered by the Office of the Interconnection, a Financial Transmission Right, for its entire tenure or for a specified period, may be sold or otherwise transferred to a third party by bilateral agreement, subject to compliance with such procedures as may be established by the Office of the Interconnection for verification of the rights of the purchaser or transferee.</p> <p>(i) Market Participants may enter into bilateral agreements to transfer to a third party a Financial Transmission Right, for its entire tenure or for a specified period. Such bilateral transactions shall be reported to the Office of the Interconnection in accordance with this Schedule and pursuant to the LLC's rules related to its <u>FTR reporting eFTR-tools.</u></p> <p>7.4.2a Bilateral Transfers of Auction Revenue Rights (a) Market Participants may enter into bilateral agreements to transfer Auction Revenue Rights or the right to receive an allocation of Auction Revenue Rights to a third party. Such bilateral transfers shall be reported to the Office of the Interconnection in accordance with this Schedule and pursuant to</p>	<p>Revisions to change references from eFTR to FTR reporting tool since eFTR is being replaced with the FTR Center tool, anticipated later this year. If we use a generic reference, we will not have to revise the sections again if PJM decides to use a new FTR reporting tool with a different name rather than specifying FTR Center. Also making lower case a reference to Internet.</p>

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	<p>Auction Revenue Rights)</p> <p>Tariff, Schedule 9-2 (Financial Transmission Rights Administration Service)</p> <p>Tariff, Attachment Q, Article V, § E (Credit Responsibility for Traded FTRs)</p>	<p>the LLC's rules related to its eFTR tools.</p> <p>SCHEDULE 9-2 Financial Transmission Rights Administration Service a) Financial Transmission Rights Administration Service comprises all of the activities of PJM associated with administering the Financial Transmission Rights ("FTRs") provided for under Attachment K to this Tariff, including, but not limited to, coordination of FTR bilateral trading, administration of FTR auctions, support of PJM's on- line, Internet-based eFTR tool, and analyses to determine what total combination of FTRs can be outstanding and accommodated by the PJM system at a given time. PJM provides this service to entities that hold FTRs or that submit offers to sell or bids to buy FTRs.</p> <p>E. Credit Responsibility for Traded FTRs. PJMSettlement may require that credit responsibility associated with an FTR traded within PJM's eFTR system remain with the original party (which for these purposes, means the party bearing credit responsibility for the FTR immediately prior to trade) unless and until the receiving party independently establishes, consistent with the PJM credit policy, sufficient credit with PJMSettlement and agrees through confirmation of the FTR trade within the eFTR system that it will meet in full the credit requirements associated with the traded FTR.</p>	<p>the LLC's rules related to its <u>FTR reporting eFTR-tools</u>.</p> <p>SCHEDULE 9-2 Financial Transmission Rights Administration Service a) Financial Transmission Rights Administration Service comprises all of the activities of PJM associated with administering the Financial Transmission Rights ("FTRs") provided for under Attachment K to this Tariff, including, but not limited to, coordination of FTR bilateral trading, administration of FTR auctions, support of PJM's on- line, Internet-based eFTR <u>reporting</u> tool, and analyses to determine what total combination of FTRs can be outstanding and accommodated by the PJM system at a given time. PJM provides this service to entities that hold FTRs or that submit offers to sell or bids to buy FTRs.</p> <p>E. Credit Responsibility for Traded FTRs. PJMSettlement may require that credit responsibility associated with an FTR traded within PJM's eFTR reporting tool system <u>eFTR reporting tool system</u> remain with the original party (which for these purposes, means the party bearing credit responsibility for the FTR immediately prior to trade) unless and until the receiving party independently establishes, consistent with the PJM credit policy, sufficient credit with PJMSettlement and agrees through confirmation of the FTR trade within the eFTR reporting tool system that it will meet in full the credit requirements associated with the traded FTR.</p>	
14.	Tariff, Part 1, §1	N/A	<u>Non-Performance Charge:</u>	As this term is used in sections other than Attachment DD, § 10A, it is helpful to

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	(Definition)		<u>“Non-Performance Charge” shall mean the charge applicable to Capacity Performance Resources as defined in Attachment DD, § 10A(e).</u>	provide a definition in section 1 that will point the reader to the section in which the formula for the Non-Performance Charge resides.
15.	Tariff, Schedule 9-2(b) (Financial Transmission Rights Administration Service)	b) PJM will charge each user of Financial Transmission Rights Administration Service each month a charge equal to: (i) the FTR Service Rate, Component 1, as stated below, times the quantity in megawatts of all FTRs held by such user in each hour of such month, summed for each hour that such user holds FTRs during such month during the time period such FTR is in effect; plus (ii) the FTR Service Rate, Component 2, as stated below, times the sum of (1) the number of hours in all bids to buy Financial Transmission Rights Obligations submitted by such user during such month, plus (2) five times the number of hours in all bids to buy Financial Transmission Rights Options submitted by such user during such month. This charge applies to all bids submitted into any round of the Annual FTR Auction and to all bids submitted into the applicable monthly FTR Auction.	b) PJM will charge each user of Financial Transmission Rights Administration Service each month a charge equal to: (i) the FTR Service Rate, Component 1, as stated below, times the quantity in megawatts of all FTRs held by such user in each hour of such month, summed for each hour that such user holds FTRs during such month during the time period such FTR is in effect <u>the FTR Holder’s total FTRs in megawatt-hours during such month</u> ; plus (ii) the FTR Service Rate, Component 2, as stated below, times the sum of (1) the number of hours in all bids to buy Financial Transmission Rights Obligations submitted by such user during such month, plus (2) five times the number of hours in all bids to buy Financial Transmission Rights Options submitted by such user during such month. <u>Component 1 of this charge applies to all bids submitted into any round of the Long-term, Annual, or monthly FTR Auctions; Component 2 of t</u> t <u>his charge applies to all bids submitted into any round of the Annual FTR Auction and to all bids submitted into the applicable monthly FTR Auction.</u>	This is a clarifying change. The existing language is confusing and can more simply stated as proposed.
16.	Tariff Att. K-Appx, § 7.4.4(a) (Calculation of Auction Revenue Right Credits)	7.4.4 Calculation of Auction Revenue Right Credits. (a) Each day, the total of all the daily Target Allocations determined as specified above in § 7.4.3 plus any additional Auction Revenue Rights Target Allocations applicable for that day	7.4.4 Calculation of Auction Revenue Right Credits. (a) Each day, the total of all the daily Target Allocations determined as specified above in § 7.4.3 plus any additional Auction Revenue Rights Target Allocations applicable for that day	This change is to reflect the correct cross reference of 5.2.6 instead of 5.2.5.

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	Operating Agreement, Schedule 1, § 7.4.4(a) (Calculation of Auction Revenue Right Credits)	shall be compared to the total revenues of all applicable monthly Financial Transmission Rights auction(s) (divided by the number of days in the month) plus the total revenues of the annual Financial Transmission Rights auction (divided by the number of days in the Planning Period). If the total of the Target Allocations is less than the total auction revenues, the Auction Revenue Right Credit for each entity holding an Auction Revenue Right shall be equal to its Target Allocation. All remaining funds shall be distributed as Excess Congestion Charges pursuant to § 5.2.5.	shall be compared to the total revenues of all applicable monthly Financial Transmission Rights auction(s) (divided by the number of days in the month) plus the total revenues of the annual Financial Transmission Rights auction (divided by the number of days in the Planning Period). If the total of the Target Allocations is less than the total auction revenues, the Auction Revenue Right Credit for each entity holding an Auction Revenue Right shall be equal to its Target Allocation. All remaining funds shall be distributed as Excess Congestion Charges pursuant to § 5.2. 5 .	
17.	Tariff, Part 1, §1 (Definitions) Operating Agreement, §1 (Definitions)	Transmission Congestion Charge: “Transmission Congestion Charge” shall mean a charge attributable to the increased cost of energy delivered at a given load bus when the transmission system serving that load bus is operating under constrained conditions, or as necessary to provide energy for third-party transmission losses in accordance with § 9.3, which shall be calculated and allocated as specified in § 5.1 of this Schedule.	Transmission Congestion Charge: “Transmission Congestion Charge” shall mean a charge attributable to the increased cost of energy delivered at a given load bus when the transmission system serving that load bus is operating under constrained conditions, or as necessary to provide energy for third-party transmission losses in accordance with § 9.3 , which shall be calculated and allocated as specified in § 5.1 of this Schedule.	This modification is to remove an obsolete cross reference of § 9.3 to Tariff, Attachment K-Appx. and Operating Agreement, Schedule 1 which no longer exists.
18.	Tariff, Att. K-Appx, §§ 5.2.5.a and 5.2.5.b (Calculation of Transmission Congestion Credits) Operating Agreement, Schedule 1, §§ 5.2.5.a	(a) The total of all the positive Target Allocations determined as specified above shall be compared to the total Transmission Congestion Charges in each hour resulting from both the Day-ahead Energy Market and the Real-time Energy Market. If the total of the Target Allocations is less than the total of the Transmission Congestion Charges, the Transmission Congestion Credit for each entity holding an FTR shall be equal to its Target	(a) The total of all the positive Target Allocations determined as specified above shall be compared to the total Transmission Congestion Charges in each hour resulting from both the Day-ahead Energy Market and the Real-time Energy Market. If the total of the Target Allocations is less than or equal to the total of the Transmission Congestion Charges, the Transmission Congestion Credit for each entity holding an FTR shall be equal	Tariff Attachment K Appendix clause 5.2.5.a concerns the case where total FTR Target Allocations are <i>less than</i> total Transmission Congestion Charges. Clause 5.2.5.b concerns the case where FTR Target Allocations are <i>greater than</i> total Transmission Congestion Charges.

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	and 5.2.5.b (Calculation of Transmission Congestion Credits)	<p>Allocation. All remaining Transmission Congestion Charges shall be distributed as described below in § 5.2.6 “Distribution of Excess Congestion Charges.”</p> <p>(b) If the total of the Target Allocations is greater than the total Transmission Congestion Charges for the hour resulting from both the Day-ahead Energy Market and the Real-time Energy Market, each holder of Financial Transmission Rights shall be assigned a share of the total Transmission Congestion Charges in proportion to its Target Allocations for Financial Transmission Rights which have a positive Target Allocation value. Financial Transmission Rights which have a negative Target Allocation value are assigned the full Target Allocation value as a negative Transmission Congestion Credit.</p>	<p>to its Target Allocation. All remaining Transmission Congestion Charges shall be distributed as described below in § 5.2.6 “Distribution of Excess Congestion Charges.”</p> <p>(b) If the total of the Target Allocations is greater than the total Transmission Congestion Charges for the hour resulting from both the Day-ahead Energy Market and the Real-time Energy Market, each holder of Financial Transmission Rights shall be assigned a share of the total Transmission Congestion Charges in proportion to its Target Allocations for Financial Transmission Rights which have a positive Target Allocation value. Financial Transmission Rights which have a negative Target Allocation value are assigned the full Target Allocation value as a negative Transmission Congestion Credit.</p>	<p>However no clause concerns the case where FTR Target Allocations are <i>equal to</i> total Transmission Congestion Charges.</p> <p>This change is to clarify that in the event FTR Target Allocations are <i>equal to</i> total Transmission Congestion Charges, the Transmission Congestion Credit will be equal to the Target Allocation. PJM does not anticipate this ever (where Target Allocation is equal to Transmission Congestion Charges) if it ever did occur, this is how PJM would determine credit.</p>
19.	<p>Tariff, Att. K-Appx, § 5.2.5.c (Calculation of Transmission Congestion Credits)</p> <p>Operating Agreement, Schedule 1, § 5.2.5.c (Calculation of Transmission Congestion Credits)</p>	<p>(c) At the end of a Planning Period if all FTR holders did not receive Transmission Congestion Credits equal to their Target Allocations, the Office of the Interconnection shall assess a charge equal to the difference between the Transmission Congestion Credit Target Allocations for all revenue deficient FTRs and the actual Transmission Congestion Credits allocated to those FTR holders. A charge assessed pursuant to this section shall also include any aggregate charge assessed pursuant to § 7.4.4(c) of Schedule 1 of this Agreement and shall be allocated to all FTR holders on a pro-rata basis according to the total Target Allocations for all FTRs held at any time during the relevant Planning Period. The charge shall be calculated and</p>	<p>(c) At the end of a Planning Period if all FTR holders did not receive Transmission Congestion Credits equal to their Target Allocations, the Office of the Interconnection shall assess a charge equal to the difference between the Transmission Congestion Credit Target Allocations for all revenue deficient FTRs and the actual Transmission Congestion Credits allocated to those FTR holders. <u>The funds collected from such charge will be credited to FTR and ARR holders to offset any remaining Target Allocation deficiencies.</u> A charge assessed pursuant to this section shall also include any aggregate charge assessed pursuant to § 7.4.4(c) of Schedule 1 of this Agreement and shall be allocated to all FTR holders on a pro-rata basis according to the total Target Allocations for all FTRs held at any time during</p>	<p>5.2.5.c is designed to make FTR holders whole. There has been some confusion, therefore, in the use of the word “charge” that is being assessed as noted in this subsection. To ensure the FTR holder is, indeed, made whole, in actuality, the “charge” is credited to the FTR Holder to offset any deficiencies.</p>

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		allocated in accordance with the following methodology:	the relevant Planning Period. The charge shall be calculated and allocated in accordance with the following methodology:	
20.	Tariff, Attachment DD, § 5.14(e) (Locational Reliability Charge)	<p>e)Locational Reliability Charge</p> <p>In accordance with the Reliability Assurance Agreement, each LSE shall incur a Locational Reliability Charge (subject to certain offsets and other adjustments as described in sections 5.13, 5.14A, 5.14B, 5.14C, 5.14D, 5.14E and 5.15) equal to such LSE's Daily Unforced Capacity Obligation in a Zone during such Delivery Year multiplied by the applicable Final Zonal Capacity Price in such Zone. PJMSettlement shall be the Counterparty to the LSEs' obligations to pay, and payments of, Locational Reliability Charges</p>	<p>e)Locational Reliability Charge</p> <p>In accordance with the Reliability Assurance Agreement, each LSE shall incur a Locational Reliability Charge (subject to certain offsets and other adjustments as described in §s 5.13, 5.14A, 5.14B, 5.14C, 5.14D, 5.14E and 5.15) equal to such LSE's Daily Unforced Capacity Obligation in a Zone during such Delivery Year multiplied by the applicable Final Zonal Capacity Price in such Zone. PJMSettlement shall be the Counterparty to the LSEs' obligations to pay, and payments of, Locational Reliability Charges</p>	This change is to remove the obsolete reference to Tariff, Attachment DD, § 5.13 that is contained in Tariff, Attachment DD, § 5.14(e).
21.	Tariff, Attachment DD, § 5.5A(a) (Capacity Resource Types)	<p>5.5A Capacity Resource Types</p> <p>a) Capacity Performance Resources Capacity Performance Resources are Capacity Resources which, to the extent such resources cleared in a Reliability Pricing Model Auction or are otherwise committed as a Capacity Resource, are obligated to deliver energy during the relevant Delivery Year as scheduled and/or dispatched by the Office of Interconnection during the Performance Assessment Hours. As further detailed in § 10A of this Attachment, Capacity Performance Resources that fail to meet this obligation will be subject to a Non-Performance Charge, unless excused pursuant to § 10A(d) of this Attachment. Subject</p>	<p>5.5A Capacity Resource Types</p> <p>a) Capacity Performance Resources Capacity Performance Resources are Capacity Resources which, to the extent such resources cleared in a Reliability Pricing Model Auction or are otherwise committed as a Capacity Resource, are obligated to deliver energy during the relevant Delivery Year as scheduled and/or dispatched by the Office of Interconnection during the Performance Assessment Hours. As further detailed in § 10A of this Attachment, Capacity Performance Resources that fail to meet this obligation will be subject to a Non-Performance Charge, unless excused pursuant to § 10A(d) of this Attachment. Subject</p>	Removal of cross-reference to a subsection that no longer exists.

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		to 5.5A(a)(i)-(ii), the following types of Capacity Resources are eligible to submit a Sell Offer as a Capacity Performance Resource: internal or external Generation Capacity Resources; Annual Demand Resources; Capacity Storage Resources; Annual Energy Efficiency Resources; and Qualifying Transmission Upgrades. To the extent the underlying Capacity Resource is an external Generation Capacity Resource, such resource must meet the criteria for obtaining an exception to the Capacity Import Limit as contained in § 1.7A of the Reliability Assurance Agreement.	to 5.5A(a)(i)- (ii) , the following types of Capacity Resources are eligible to submit a Sell Offer as a Capacity Performance Resource: internal or external Generation Capacity Resources; Annual Demand Resources; Capacity Storage Resources; Annual Energy Efficiency Resources; and Qualifying Transmission Upgrades. To the extent the underlying Capacity Resource is an external Generation Capacity Resource, such resource must meet the criteria for obtaining an exception to the Capacity Import Limit as contained in § 1.7A of the Reliability Assurance Agreement.	