

36.1.01 ~~Generation Interconnection Request:~~

~~4. In accordance with Tariff, Part VIII, Preamble Subpart E, section 201, the Transmission Provider shall assign Queue Positions as of the date and time of receipt of all information required pursuant to this section 36.1.01. If the information required pursuant to this section 36.1.01 is provided to the Transmission Provider in separate submissions, the Queue Position shall be assigned based on the date and time of receipt of the last required piece of information.¹~~

(former Sec 36.1.01(4))

Assignment of Project Identifier

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- a. When an Application from a Project Developer or an Eligible Customer results in a valid New Service Request, in accordance with Tariff, Part VIII, Subpart , Transmission Provider shall confirm the assigned Project Identifier to such request. For Project Developers and Eligible Customers, the Project Identifier will indicate the applicable Cycle, and will denote a number that represents the project within the Cycle. The Project Identifier is strictly for identification purposes, and does not indicate priority within a Cycle.
- b. When an Application from a Upgrade Customer results in a valid Upgrade Request, in accordance with Tariff, Part VIII, Subpart , Transmission Provider shall confirm the assigned Request Number to such request. The Request Number will indicate the serial position and priority.
- c. When an Application from a Surplus Interconnection Service Customer results in a valid Surplus Interconnection Service Request, in accordance with Tariff, Part VIII, Subpart , Transmission Provider shall confirm the assigned Surplus Service Request Number to such request. The Request Number will indicate the serial position and priority

Tariff, Part VIII, Subpart E, section 2
(former Part IV, Section 36.1.1A Service Below Generating Capability)

Section 2, Service Below Generating Capability

The Transmission Provider shall consider requests for Interconnection Service below the full electrical generating capability of the Generating Facility. These requests for Interconnection Service shall be studied at the level of Interconnection Service requested for purposes of determining Interconnection Facilities, Network Upgrades, and associated costs, but may be subject to other studies at the full electrical generating capability of the Generating Facility to ensure the safety and reliability of the system, with the study costs borne by the ~~Interconnection Customer~~Project Developer. If after additional studies are complete, Transmission Provider determines that additional Network Upgrades are necessary, then Transmission Provider must: (i) specify which additional Network Upgrade costs are based on which studies; and (ii) provide a detailed explanation of why the additional Network Upgrades are necessary. Any Interconnection Facility and/or Network Upgrades costs required for safety and reliability also will be borne by the ~~Interconnection Customer~~Project Developer. ~~Interconnection Customers~~Project Developers may be subject to additional control technologies as well as testing and validation of these technologies as set forth in the ~~Interconnection Service Agreement~~GIA. The necessary control technologies and protection systems shall be established in Tariff, ~~Attachment Q~~Part IX, Subpart B, Schedule K (Requirements for Interconnection Service Below Full Electrical Generating Capability) of the executed, or requested to be filed unexecuted ~~Interconnection Service Agreement~~the GIA.

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Tariff, Part VIII, Subpart E, section 3
(former Part IV, Section 36.1.1B Surplus Interconnection Service Request and 36.4
Surplus Interconnection Study)

Section 3, Surplus Interconnection Service

36.1.1B Section 3.A Surplus Interconnection Service Request

Requests for Surplus Interconnection Service may be made by the existing ~~Interconnection Customer Project Developer~~ whose Generating Facility is already interconnected, or one of its affiliates, or by an unaffiliated ~~Interconnection Customer Project Developer~~. The existing ~~Interconnection Customer Project Developer~~ or one of its affiliates has priority to use this service; however, if they do not exercise this priority, Surplus Interconnection Requests also may be made available to an unaffiliated Surplus ~~Interconnection Customer Project Developer~~. Surplus Interconnection Service is limited to utilizing or transferring an existing Generating Facility's Surplus Interconnection Service at the pre-existing Point of Interconnection of the existing Generating Facility and cannot exceed the existing Generating Facility's total amount of Interconnection Service, i.e., the total amount of Interconnection Service used by the Generating Facility requesting Surplus Interconnection Service and the existing Generating Facility shall not exceed the lesser of the Maximum Facility Output stated in the existing Generating Facility's Interconnection Service Agreement ~~or Generator Interconnection Agreement~~, or the total "as-built capability" of the existing Generating Facility. If the Generating Facility requests Surplus Interconnection Service associated with an existing Generating Facility that is an Energy Resource, the Generating Facility requesting the Surplus Interconnection Service shall be an Energy Resource; and if the existing Generating Facility is a Capacity Resource, the Generating Facility requesting Surplus Interconnection Service associated with the Generating Facility may be an Energy Resource or a Capacity Resource (but only up to the amount of Capacity Interconnection Rights granted the existing Generating Facility). Surplus Interconnection Service cannot be granted if doing so would require new Network Upgrades or would have additional impacts affecting the determination of what Network Upgrades would be necessary to New Service Customers already in the New Services Queue or that have a material impact on short circuit capability limits, steady-state thermal and voltage limits, or dynamic system stability and response.

1. Surplus Interconnection Request Requirements. A Surplus ~~Interconnection Customer Project Developer~~ seeking Surplus Interconnection Service must submit a complete and fully executed Surplus Interconnection Study Agreement, which form is located at Tariff, ~~Attachment RR Subpart IX~~. To be considered complete at the time of submission, the Surplus ~~Interconnection Customer's Project Developer's~~ Surplus Interconnection Study Agreement must include, at a minimum, each of the following:
 - a. Specification of the location of the proposed surplus generating unit site or existing surplus generating unit (include both a written

description (e.g., street address, global positioning coordinates) and attach a map in PDF format depicting the property boundaries and the location of the generating unit site); and

- b. Evidence of an ownership interest in, or right to acquire or control the surplus generating unit site for a minimum of three years, such as a deed, option agreement, lease or other similar document acceptable to the Transmission Provider; and
- c. The MW size of the proposed surplus generating unit or the amount of increase in MW capability of an existing surplus generating unit; and ~~Identification of the fuel type of the proposed surplus generating unit or upgrade thereto; and~~
- d. Identification of the fuel type of the proposed surplus generating unit or upgrade thereto; and
- ~~e. Identification of the fuel type of the proposed surplus generating unit or upgrade thereto; and~~
- ~~ef.~~ A description of the equipment configuration, and a set of preliminary electrical design specifications, and, if the surplus generating unit is wind generation facility, then the set of preliminary electrical design specifications must depict the wind plant as a single equivalent generator; and
- ~~fg.~~ The planned date the proposed surplus generating unit or increase in MW capability of an existing surplus generating unit will be in service; and
- ~~gh.~~ Any additional information as may be prescribed by the Transmission Provider in the PJM Manuals; and
- ~~hi.~~ A description of the circumstances under which Surplus Interconnection Service will be available at the existing Generating Facility's Point of Interconnection; and
- i. A deposit in the amount of \$10,000 plus \$100 for each MW requested provided that the maximum total deposit amount for a Surplus Interconnection Request shall not exceed \$110,000. If any deposit monies remain after the Surplus Interconnection Study is complete and any outstanding monies owed by

the Surplus ~~Interconnection Customer Project Developer~~ in connection with outstanding invoices related to prior New Service Requests and/or Surplus Interconnection Requests by the Surplus Interconnection Customer have been paid, such remaining deposit monies shall be returned to the Surplus ~~Interconnection Customer Project Developer~~; and

- j. Identification of the specific, existing Generating Facility already interconnected to the PJM Transmission System providing Surplus Interconnection Service, including whether the Surplus ~~Interconnection Customer Project Developer~~ requesting Surplus Interconnection Service is the owner or affiliate of the existing Generating Facility; and

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- k. If the Surplus ~~Interconnection Customer Project Developer~~ is an unaffiliated third party, the Surplus ~~Interconnection Customer Project Developer~~ must submit with its Surplus Interconnection Study Agreement the following information and documentation acceptable to the Transmission Provider:
 - i. Written evidence from the owner of the existing Generating Facility granting Surplus ~~Interconnection Customer Project Developer~~ permission to utilize the existing Generating Facility's unused portion of Interconnection Service established in the existing Generating Facility's Interconnection Service Agreement or Generation Interconnection Agreement; and
 - ii. Written documentation stating that the owner of the surplus generating unit and the owner of the existing Generating Facility will have entered into, prior to the owner of the existing Generating Facility executing a revised Interconnection Service Agreement or Generation Interconnection Agreement, a shared facilities agreement between the owner of the existing Generating Facility and the owner of the surplus generating unit detailing their respective roles and responsibilities relative to the Surplus Interconnection Service.
- l. If an Energy Storage Resource, Surplus ~~Interconnection Customer Project Developer~~ must submit primary frequency response operating range for the surplus generating unit.

2. Deficiency Review. Following the receipt of the Surplus Interconnection Study Agreement and requisite information and/or monies listed ~~in section 36.1.1B.1.a~~ above, Transmission Provider shall determine whether the listed requirements were submitted as valid or deficient. If deemed deficient by Transmission Provider, Surplus ~~Interconnection Customer~~ Project Developer must submit the requisite information and/or monies acceptable to the Transmission Provider within ten Business Days of receipt of the Transmission Provider's notice of deficiency. Failure of the ~~Interconnection Customer~~ Project Developer to timely provide information and/or monies identified in the deficiency notice shall result in the Surplus Interconnection Request being terminated and withdrawn. The Surplus Interconnection Service Request shall be considered valid as of the date and time the Transmission Provider receives from the ~~Interconnection Customer~~ Project Developer the last piece of required information and/or monies deemed acceptable by the Transmission Provider to clear such deficiency notice.

36.4Section 3.B Surplus Interconnection Study

After receiving a valid Surplus Interconnection Study Agreement seeking Surplus Interconnection Service and the requisite deposit set forth in Tariff, Part ~~IV~~VIII, Subpart ~~A~~K, section ~~36.1.1B.1.i~~3.A.1.h from the Surplus ~~Interconnection Customer~~Project Developer, the Transmission Provider shall conduct a Surplus Interconnection Study.

- (1) Scope of Surplus Interconnection Study. A Surplus Interconnection Study shall consist of reactive power, short circuit/fault duty, stability analysis and any other appropriate analyses. Steady-state (thermal/voltage) analyses may be performed as necessary to ensure that all required reliability conditions are studied under off-peak conditions. Off-peak steady state analyses shall be performed to the required level necessary to demonstrate reliable operation of the Surplus Interconnection Service. The Transmission Provider shall use Reasonable Efforts to complete the Surplus Interconnection Study within one hundred eighty (180) days of determination of a valid Surplus Interconnection Service Request ~~pursuant to Tariff, Part IV, Subpart A, section 36.1.1B~~. If the Transmission Provider is unable to complete the Surplus Interconnection Study within such time period, Transmission Provider shall notify the Surplus ~~Interconnection Customer~~ Project Developer and provide an estimated completion date and an explanation of the reasons why the additional time is required.
- (2) Once the Surplus Interconnection Study is completed and Transmission Provider confirms that (i) no new Network Upgrades are required, (ii) there are no impacts affecting the determination of what upgrades are necessary for New Service Customers in the New Services Queue, and (iii) there are no material impacts on

short circuit capability limits, steady-state thermal and voltage limits or dynamic system stability and response, the Transmission Provider shall issue the Surplus Interconnection Study to the Surplus ~~Intereconnection-Customer~~Project Developer. If the Surplus ~~Intereconnection-Customer~~Project Developer is an unaffiliated third party, PJM shall issue a Surplus Interconnection Study to the owner of the existing Generating Facility. A revised Interconnection Service Agreement or Generation Interconnection Agreement will be prepared and issued to the owner of the existing Generating Facility within sixty (60) days of issuance of the Surplus Interconnection Study including the terms and conditions for Surplus Interconnection Service. Within sixty (60) days of receipt by the owner of the existing Generating Facility of the revised Interconnection Service Agreement or Generation Interconnection Agreement, the owner of the existing Generating Facility will execute the revised Interconnection Service Agreement or Generation Interconnection Agreement, request dispute resolution or request that the Interconnection Service Agreement or Generator Intereconnection Agreement be filed unexecuted in accordance ~~with Tariff, Part VI, Subpart A, section 212.4.~~

- (3) If the Transmission Provider determines from the Surplus Interconnection Study that Network Upgrades may be required or there may be impacts affecting the determination of what upgrades are necessary for New Service Customers in the New Services Queue, or there may be material impacts on short circuit capability limits, steady-state thermal and voltage limits or dynamic system stability and response, the Surplus Interconnection Request will be terminated and withdrawn upon issuance of the Surplus Interconnection Study.

(4) Deactivation of Existing Generating Facility

- a. Surplus Interconnection Service cannot be offered if the existing Generating Facility from which Surplus Interconnection is provided is deactivated or has submitted a Notice to Deactivate to Transmission Provider consistent with Tariff, Part V, before the surplus generating unit has commenced commercial operation.
- b. Limited Operation. A Generating Facility receiving Surplus Interconnection Service may continue to receive Surplus Interconnection Service for a period not to exceed one (1) year after the existing Generating Facility's Deactivation Date under the following conditions:

- i. The surplus generating unit must have been studied by the Transmission Provider for the sole operation at the Point of Interconnection; and
 - ii. The owner of the existing Generating Facility must agree in writing that the Surplus ~~Interconnection Customer Project Developer~~ may continue to operate at either its limited share of the existing Generating Facility's capability under its Interconnection Service Agreement or ~~Generator Interconnection Agreement~~, or any level below such capability upon the deactivation of the existing Generating Facility.
- c. If the Surplus ~~Interconnection Customer Project Developer~~ cannot satisfy the conditions of section 36.4.4(~~this section 2.a (b)~~) above, the revised Interconnection Service ~~Agreement or Generator Interconnection~~ Agreement for the existing Generating Facility shall terminate consistent with the Interconnection Service Agreement ~~or Generator Interconnection Agreement~~ terms of termination for a deactivated Generating Facility.

Tariff, Part VIII, Subpart E, section 4
(former Part IV, Section 36.1A Behind The Meter Generation: Interconnection Request provisions)

4.1 Behind The Meter Generation:

The following provisions shall apply with respect to Behind The Meter Generation:

36.1A.1 ~~Generation Interconnection~~ 4.1.1 New Service Requests:

~~Any Behind The Meter Generation~~ A Project Developer that desires to be designated ~~designate any Behind The Meter Generation~~, in whole or in part, as a Capacity Resource or Energy Resource must submit a ~~Generation Interconnection Request~~ New Service Request Application, a form of which is located in Tariff, Part IX, Subpart _____, section _____.

36.1A.2 ~~4.1.2~~ Information Required in ~~Generation Interconnection~~ New Service Requests:

~~In addition to the information described in Section 36.1 of the Tariff, a Generation Interconnection Request for Behind The Meter Generation shall include (1) the type and size of the load located (or to be located) at the site of such generation; (2) a description of the electrical connections between the generation facility and the load; and (3) the amount of the facility's generating capacity for which the customer seeks Capacity Interconnection Rights or that will be an Energy Resource. The amount of capacity included in the election pursuant to section (3) of the preceding sentence may be reduced, but shall not be increased, during the interconnection study process in accordance with any rules and procedures stated in the PJM Manuals.~~

36.1A.3 ~~Small Generation Classification:~~

~~The Project Developer must provide the information set forth in Tariff, Part VIII, Subpart _____, Section _____ (Application Rules)~~

~~The amount of generating capacity of Behind The Meter Generation that the Generation Interconnection Customer identifies in its Generation Interconnection Request as the capacity that it wishes to be a Capacity Resource or Energy Resource shall determine whether Subpart A or Subpart G of Part IV will apply to such Generation Interconnection Request.~~

36.1A.4 ~~4.1.3~~ Transmission Provider Determination:

~~Prior to commencing any Interconnection Studies related to a Generation Interconnection Request involving facilities described as Behind The Meter Generation~~ During the Application Review Phase of a Cycle, Transmission Provider shall determine, based on the information included in the ~~Generation Interconnection Request and any other~~

~~information requested and obtained from the Generation Interconnection Customer, whether the Generating Facility or expansion involved in the Generation Interconnection Request appears to meet New Service Request Application, whether the proposed project meets the definition of in Tariff, Part , Subpart for Behind The Meter Generation in the Tariff. In the event that Transmission Provider finds that the subject project does not meet the definition of Behind The Meter Generation, it shall so notify the Generation Interconnection Customer and, for all purposes of Tariff, Part IV and Tariff, Part VI, shall thereafter deem the customer's Generation Interconnection Request to include the full generating capacity of the facility or expansion to which the request relates. Project Developer during the deficiency review process pursuant to Tariff, Part VIII, Subpart (Application Review rules).~~

36.1A.54.1.4 Treatment As Energy Resource:

Any portion of the capacity of Behind The Meter Generation that a ~~Generation Interconnection Customer identifies in its Generation Interconnection Request~~ **Project Developer identifies in its Application** as capacity that it seeks to utilize, directly or indirectly, in Wholesale Transactions, but for which the customer does not seek Capacity Resource status, shall be deemed to be an Energy Resource.

36.1A.64.1.5 Operation as Capacity Resource:

To the extent that a ~~Generation Interconnection Customer~~ **Project Developer** that owns or operates generation facilities that otherwise would be classified as Behind The Meter Generation ~~elects to~~ **elects to** operate such facilities as a Capacity Resource, the provisions of the Tariff regarding Behind The Meter Generation shall not apply to such generation facilities for the period such election is in effect.

36.1A.74.1.6 Other Requirements:

Behind The Meter Generation for which a ~~Generation Interconnection~~ **New Service Request** is not required under Tariff, Part ~~IV-VIII~~ may be subject to other interconnection-related requirements of a Transmission Owner or Electric Distributor with which the generation facility will be interconnected.

Tariff, Part VIII, Subpart E, section 5
(former Part IV, Section 36.1.7 Base Case Data)

5. Base Case Data:

Transmission Provider shall maintain base case power flow, short circuit and stability databases, including all underlying assumptions, and contingency list on a password-protected website, subject to the confidentiality provisions of Tariff, Part ~~V~~VIII, ~~Subpart B, section 223.~~ ~~In addition, Transmission Provider shall maintain base case power flows and underlying assumptions on a password-protected website~~. Such base case power flows and underlying assumptions should reasonably represent those used during the most recent ~~interconnection study~~Cycle. Transmission Provider may require ~~Interconnection Project Developers or Eligible Customers~~ and password-protected website users to sign any required confidentiality agreement(s) before the release of commercially sensitive information or Critical Energy Infrastructure Information in the Base Case data. Such databases and lists, hereinafter referred to as Base Cases, shall include all (i) generation projects and (ii) transmission projects, including merchant transmission projects, that are included in the then-current, approved Regional Transmission Expansion Plan.

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Tariff, Part VIII, Subpart E, section 6
(former Part IV, Section 38 Service on Merchant Transmission Facilities:-)

[x.x] Service on Merchant Transmission Facilities:

(a) A Transmission ~~Interconnection Customer~~ Project Developer that will be a Merchant Transmission Provider shall:

(1) at least 90 days prior to the anticipated date of commencement of Interconnection Service under its Generator ~~Interconnection Service~~ Agreement, provide the Transmission Provider with terms and conditions for reservation, interruption and curtailment priorities for firm and non-firm transmission service on the Merchant Transmission Provider's Merchant Transmission Facilities. Such terms and conditions shall be non-discriminatory and shall be consistent with the terms of the Commission's approval of the Merchant Transmission Provider's right to charge negotiated (market-based) rates for service on its Merchant Transmission Facilities. Transmission Provider shall post such terms and conditions applicable to service on the Merchant Transmission Facilities on its OASIS and shall file them with the Commission as a separate service schedule under the Tariff, with a proposed effective date on or before the anticipated date of commencement of Interconnection Service for the affected Transmission ~~Interconnection Customer~~ Project Developer; and (2) at least 15 days prior to the anticipated date of commencement of Interconnection Service for Merchant D.C. Transmission Facilities and/or Controllable A.C. Merchant Transmission Facilities, provide the Transmission Provider with the results of a Commission-approved process for allocation of Transmission Injection Rights and Transmission Withdrawal Rights associated with such Merchant Transmission Provider's Merchant D.C. Transmission Facilities and/or Controllable A.C. Merchant Transmission Facilities, and with a listing of any Transmission Injection Rights and/or Transmission Withdrawal Rights not allocated in such process. Transmission Provider shall post such information on its OASIS.

(b) Should the Merchant Transmission Provider fail to provide the Transmission Provider with the terms and conditions for service on the Merchant Transmission Provider's Merchant Transmission Facilities required under subsection (a)(1) of this section, firm and non-firm transmission service on such Merchant Transmission Facilities shall be subject to the terms and conditions regarding reservation, interruption and curtailment priorities applicable to Firm or Non-Firm Point-to-Point Transmission Service on the Transmission System.

(c) Except as otherwise provided under this Section 38, transmission service on, and operation of, Merchant Transmission Facilities shall be subject to the terms and conditions (including in particular, but not limited to, those relating to Transmission Provider's authority in the event of an emergency) applicable to Transmission Service under the Tariff and the Operating Agreement.

Tariff, Part VIII, Subpart E, section 7
(Part IV, Section 39 Local Furnishing Bonds)

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[x.x] Local Furnishing Bonds

Transmission Owners That Own Facilities Financed by Local Furnishing Bonds:

This provision is applicable only to ~~an Interconnected a~~ Transmission Owner that has financed facilities for the local furnishing of electric energy with tax-exempt bonds, as described in Section 142(f) of the Internal Revenue Code ("local furnishing bonds"). Notwithstanding any other provision of Part IV or Part VI, Transmission Provider shall not be required to provide Interconnection Service to ~~Interconnection Customer Project Developer~~ pursuant to Part IV or Part VI if the provision of such Interconnection Service would jeopardize the tax-exempt status of any local furnishing bond(s) used to finance the ~~Interconnected~~ Transmission Owner's facilities that would be used in providing such Interconnection Service.

~~39.2~~[x.x] Alternative Procedures for Requesting Interconnection Service:

~~An Interconnected A~~ Transmission Owner that believes the provision of Interconnection Service would jeopardize the tax-exempt status of any local furnishing bond(s) used to finance the ~~Interconnected~~ Transmission Owner's facilities that would be used in providing such Interconnection Service, it shall so notify Transmission Provider within 30 days after the Transmission Owner receives a copy of the ~~Interconnection Customer's Project Developer's~~ Interconnection Request. If Transmission Provider determines that the provision of Interconnection Service requested by ~~Interconnection Customer Project Developer~~ would jeopardize the tax-exempt status of the ~~Interconnected~~ Transmission Owner's local furnishing bonds, it shall so advise the ~~Interconnection Customer Project Developer~~ within thirty (30) days after receipt of notice of such jeopardy from the affected ~~Interconnected~~ Transmission Owner. ~~Interconnection Customer Project Developer~~ thereafter may renew its request for interconnection using the process specified in Section 5.2(ii) of the Tariff.

Tariff, Part VIII, Subpart E, section 8
(former Tariff, Part IV, Section 40 Non-Binding Dispute Resolution Procedures:
and Revisions to Tariff, Part I, section 12)

8.1 Internal Dispute Resolution Procedures:

Any dispute between a Transmission Customer or New Service Customer, an affected Transmission Owner, or the Transmission Provider involving transmission or interconnection service under the Tariff (excluding applications for rate changes or other changes to the Tariff which shall be presented directly to the Commission for resolution) shall be referred to a designated senior representative of each of the parties to the dispute for resolution on an informal basis as promptly as practicable. In the event the designated representatives are unable to resolve the dispute within thirty (30) days (or such other period as the parties to the dispute may agree upon) by mutual agreement, such dispute may be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below.

i. To the extent these Internal Dispute Resolution Procedures are invoked with regard to an unpaid invoice, any additional related subsequent unpaid invoices shall be considered to be a part of the initial internal dispute invoked under this section in order to avoid multiple internal dispute claims involving the same matter.

a. If the additional related subsequent unpaid invoices arise after the determination of the initial internal dispute but no new material claims are raised, then these Internal Dispute Resolution Procedures shall not be available with regard to such additional related subsequent unpaid invoices, and the matter shall either be submitted directly to arbitration and resolved in accordance with the arbitration procedures set forth below.

b. To the extent a party repeatedly fails to pay invoices related to the same matter and subsequently invokes these Internal Dispute Resolution Procedures multiple times concerning the same matter, the Transmission Provider may refer the matter to the Federal Energy Regulatory Commission Office of Enforcement.

8.2 Non-Binding Dispute Resolution Procedures:

If a party has submitted a notice of dispute pursuant to Tariff, Part I, section ~~12.1-8.1~~ and the parties are unable to resolve the dispute through unassisted or assisted negotiation within the thirty (30) days (or such other period as the parties to the dispute may agree upon) provided in that section, and the parties cannot reach mutual agreement to pursue Tariff, Part I, section ~~12.2-8.2~~ arbitration process, a party may request that Transmission Provider engage in non-binding dispute resolution pursuant to this Tariff, Part VIII, Subpart E, section 40-8 by providing written notice to Transmission Provider. Conversely, either party may file a request for non-binding dispute resolution

pursuant to this section without first seeking mutual agreement to pursue Tariff, Part I, section ~~12.2-8.2~~ arbitration process. The process in this section shall serve as an alternative to, and not a replacement of, the Tariff, Part I, section 12.2 arbitration process. Pursuant to this process, ~~a-the~~ Transmission Provider must within thirty (30) days of receipt of the request for this non-binding dispute resolution appoint a neutral decision-maker that is an independent subcontractor that shall not have any current or past substantial business or financial relationships with either party. Unless otherwise agreed to by the parties, the decision-maker shall render a decision within sixty (60) days of appointment and shall notify the parties in writing of such decision and reasons therefore. This decision-maker shall be authorized only to interpret and apply the provisions of the Tariff and relevant service agreement and shall have no power to modify or change any provision of the Tariff or relevant service agreement in any manner. The result reached in this process is not binding, but, unless otherwise agreed, the parties may cite the record and decision in the non-binding dispute resolution process in future dispute resolution processes, including in a Tariff, Part I, section 12.2 arbitration, or in a Federal Power Act, section 206 complaint. Each party shall be responsible for its own costs incurred during the process and the cost of the decision-maker shall be divided equally among each party to the dispute.

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Tariff, Part VIII, Subpart E, section 9
(former Sec 210 Transmission Owner and Transmission Provider Responsibilities)

2109. Responsibilities of ~~the~~ Transmission Provider and Transmission Owners:

~~The~~ Transmission Provider shall be responsible for the preparation of all studies ~~of New Service Requests~~ required by the Tariff. ~~The~~ Transmission Provider may contract with consultants, including the affected Transmission Owner(s), to obtain services or expertise with respect to any such study, including but not limited to (1) the need for ~~Attachment Interconnection Facilities, Direct Assignment Facilities, and Local Network Upgrades, and Merchant Transmission Upgrades,~~ (2) estimates of costs and construction times required by ~~Interconnection Feasibility Studies~~ all such studies, ~~System Impact Studies, and Facilities Studies,~~ and for ~~and~~ (3) information regarding distribution facilities. ~~The~~ Transmission ~~Owners~~ ~~Owner(s)~~ shall supply such information and data reasonably required by ~~the~~ Transmission Provider to perform its obligations under this Part ~~V~~ VIII.

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Tariff, Part VIII, Subpart E, section 10
(former Part VI, Section 217.4 Additional Upgrades:-)

Section 10, Additional Upgrades:

In the event that, in the context of the Regional Transmission Expansion Plan, it is determined that, to accommodate a New Service Request or Upgrade Request, it is more economical or beneficial to the Transmission System to construct upgrades in addition to the minimum necessary to accommodate the New Service Request or Upgrade Request, a New Service Customer shall be obligated to pay only the costs of the minimum upgrades necessary to accommodate its New Service Request. ~~The New Service Customer shall have the right of first refusal to pay for any or all of the upgrades in addition to the minimum, and to hold all rights associated with the additional upgrades for which it agrees to pay, in accordance with Subpart C of Part VI or Upgrade Request.~~ The remaining costs shall be borne by the Transmission Owners in accordance with Schedule 6 of the Operating Agreement and, subject to FERC approval, may be included in the revenue requirements of the Transmission Owners. ~~If, based upon the date of the submission of a subsequent New Service Request, the Transmission Provider determines that a New Service Customer will make use of additional economic capacity that exists or will exist as a result of facilities and upgrades constructed as a result of an earlier New Service Request, then the Transmission Provider may require the subsequent New Service Customer to pay an appropriate portion of the cost of the facilities and upgrades that produced the additional economic capacity.~~

Tariff, Part VIII, Subpart E, section 11
(former Part VI, Section 217.6 and section 237 IDR Transfer Agreements)

217.611.1 **Effect of IDR Transfer Agreement:**

A ~~New Service Customer Project Developer~~ may modify its cost responsibility for Network Upgrades and/or ~~Local-Distribution~~ Upgrades as determined under this ~~Section 217-Tariff, Part VIII, section [to be provided]~~ by submitting an IDR Transfer Agreement in accordance with ~~Section 237 of the Tariff, Part VIII, Subpart K, section 11.2~~ that transfers to the ~~New Service Customer Project Developer~~ Incremental Deliverability Rights associated with Merchant Transmission Facilities. As provided in ~~Section 237 Tariff, the New Service Customer's Part VIII, Subpart K, section 11.2, the Project Developer's~~ cost responsibility shall be modified only if it elects to terminate, and Transmission Provider confirms termination of, its participation in and cost responsibility for any Network Upgrade or ~~Local-Distribution~~ Upgrade.

237.11.2 **IDR Transfer Agreements:**

237.11.2.1 **Purpose:**

~~An Interconnection Customer-A Project Developer~~ (hereafter in this ~~Section 237-section 11.2~~ the "Buyer Customer") may acquire Incremental Deliverability Rights assigned to another ~~Interconnection Customer-Project Developer~~ (hereafter in this Section ~~237.11.2~~, the "Seller Customer") by entering into an IDR Transfer Agreement with the Seller Customer. Subject to the terms of this ~~Section 237-section 11.2~~, the Buyer Customer may rely upon such Incremental Deliverability Rights to satisfy, in whole or in part, its responsibility for Network Upgrades and/or ~~Local-Distribution~~ Upgrades otherwise necessary to accommodate the Buyer Customer's Interconnection Request.

237.211.2.2 **Requirements:**

A Buyer Customer may rely upon Incremental Deliverability Rights to satisfy, in whole or in part, the deliverability requirements applicable to its Interconnection Request only if it submits to Transmission Provider an IDR Transfer Agreement executed by both the Buyer Customer and the Seller Customer and only if such agreement meets all of the following requirements:

237.2.11.2.2.1 **Required Elements:**

Any IDR Transfer Agreement submitted to Transmission Provider under this section:

- (a) shall identify the Buyer Customer and the Seller Customer by full legal name, including the name of a contact person, with address and telephone number, for each party;

(b) shall identify the System Impact Study in which the Transmission Provider determined and assigned the Incremental Deliverability Rights transferred under the agreement;

(c) if the Seller Customer acquired the Incremental Deliverability Rights to be transferred under the ~~preferred-proffered~~ agreement from another party, shall describe the chain of title of such Incremental Deliverability Rights from their original holder to the Seller Customer;

(d) shall provide for the unconditional and irrevocable transfer of the subject Incremental Deliverability Rights to the Buyer Customer;

(e) shall include a warranty of the Seller Customer to the Buyer Customer and to the Transmission Provider that the Seller Customer holds, or has a legal right to acquire, the Incremental Deliverability Rights to be transferred under the ~~preferred~~ proffered agreement;

(f) shall identify the location and shall state unequivocally the quantity of Incremental Deliverability Rights transferred under the agreement, provided that the transferred quantity may not exceed the total quantity of Incremental Deliverability Rights that the Seller Customer holds or has legal rights to acquire at the relevant location; and

(g) shall identify any IDR Transfer Agreement under which the Seller Customer previously transferred any Incremental Deliverability Rights associated with the same location.

237.2.211.2.2.2 Optional Election:

When it submits the IDR Transfer Agreement to Transmission Provider, the Buyer Customer also (a) may identify any Network Upgrade or ~~Local-Distribution~~ Upgrade for which the Buyer Customer has been assigned cost responsibility in association with a then-pending Interconnection Request submitted by it and for which it believes the Incremental Deliverability Rights transferred to it under the ~~preferred-proffered~~ IDR Transfer Agreement would satisfy the deliverability requirement applicable to such Interconnection Request; and (b) shall state whether it chooses to terminate its participation in (and cost responsibility for) any such Network Upgrade or ~~Local-Distribution~~ Upgrade.

237.311.2.3 Subsequent Election:

A Buyer Customer that has submitted a valid IDR Transfer Agreement may elect to terminate its participation in any Network Upgrade or ~~Local-Distribution~~ Upgrade for which it has not previously made such an election, at any time prior to its execution of an Interconnection Service Agreement related to the Interconnection Request with respect to which it was assigned responsibility for the affected facility or upgrade. The Buyer

Customer must notify Transmission Provider in writing of such an election and its election shall be subject to Transmission Provider's determination and confirmation under ~~Section 237.4 of the~~ Tariff, Part VIII, Subpart K, section 11.2.4.

237.411.2.4 Confirmation by Transmission Provider:

~~237.4.1~~

11.2.4.1

Transmission Provider shall determine whether and to what extent the Incremental Deliverability Rights transferred under an IDR Transfer Agreement would satisfy the deliverability requirements applicable to the Buyer Customer's Interconnection Request. Transmission Provider shall notify the parties to the IDR Transfer Agreement of its determination within 30 days after receipt of the agreement. If the Transmission Provider determines that the IDRs transferred under the ~~proffered~~ agreement would not satisfy, in whole or in part, the ~~deliverability~~ requirement applicable to the Buyer Customer's Interconnection Request, its notice to the parties shall explain the reasons for its determination and, to the extent of Transmission Provider's negative determination, the parties' IDR Transfer Agreement shall not be queued as an Interconnection Request pursuant to ~~Section 237.6~~ Tariff, Part VIII, Subpart K, section 11.2.6. Any dispute regarding Transmission Provider's determination may be submitted to dispute resolution under Section 12 of the Tariff or, if concerning the Regional Transmission Expansion Plan, consistent with Schedule 5 of the Operating Agreement.

~~237.4.2~~

11.2.4.2

To the extent that an election of the Buyer Customer under ~~Section 237.2.2(b)~~ Tariff, Part VIII, Subpart K, section 11.2.2.2(b) or ~~Section 237.3-11.2.3~~ to terminate participation in any Network Upgrade or ~~Local-Distribution~~ Upgrade is consistent with Transmission Provider's determination, Transmission Provider shall confirm Buyer's termination election and shall recalculate accordingly the Buyer Customer's cost responsibility under ~~Section 217 of the~~ Tariff, Part VIII, section , as applicable. Transmission Provider shall provide its confirmation, along with any recalculation of cost responsibility, under this section in writing to the Buyer Customer within 30 days after receipt of notice of the Buyer Customer's election to terminate participation.

237.511.2.5 Effect of Election On Interconnection Request:

In the event that the Buyer Customer, pursuant to a confirmed election under this Section ~~237.11.2~~, terminates its participation in any Network Upgrade or ~~Local-Distribution~~ Upgrade and the Interconnection Request underlying the Incremental Deliverability Rights acquired by the Buyer Customer under its IDR Transfer Agreement subsequently is terminated and withdrawn, or deemed to be so, ~~under the terms of Part IV or Part VI of~~

~~the Tariff~~, then the Buyer Customer's ~~Interconnection-New Service~~ Request also shall be deemed to be concurrently terminated and withdrawn.

237.611.2.6 Effect On Interconnection Studies:

Each IDR Transfer Agreement shall be deemed to be ~~an Interconnection-a New Service~~ Request and shall be queued, and shall be reflected as appropriate in subsequent ~~Interconnection-System Impact~~ Studies, with other New Service Requests received under the Tariff. The Buyer Customer shall be the ~~Interconnection-Customer-Project Developer~~ for purposes of application of the provisions of ~~Tariff, Part IV and Part VIVIII~~, including, in the event that Transmission Provider determines that further analysis of the relevant IDRs is necessary, provisions relating to responsibility for the costs of Interconnection Studies.

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Tariff, Part VIII, Subpart E, section 12
(former Part VI, Section 217.7 Regional Transmission Expansion Plan)

12 Regional Transmission Expansion Plan:

~~217.7.1~~

12.1

Any ~~Attachment-Interconnection~~ Facilities, Direct Assignment Facilities, ~~Local Distribution~~ Upgrades, or Network Upgrades constructed to accommodate a New Service Request or an Affected System facility ~~(as defined in Section 218 below)~~ shall be included in the Regional Transmission Expansion Plan upon their identification in an ~~executed Interconnection Service Agreement or Upgrade Construction Service Agreement filed with or reported to the Commission pursuant to Section 214-interconnection-related agreement in the form set forth in Tariff, Part IX.~~ For purpose of this Part VI, section 12, an Affected System facility is a facility, that in the event that interconnection of a new or expanded generation or transmission facility with an Affected System, requires Distribution Upgrades or Network Upgrades to the Transmission Provider's Transmission System.

12.2

~~217.7.2~~

In the event that termination of a New Service Customer's participation in a previously identified Network Upgrade or ~~Local-Distribution~~ Upgrade pursuant to ~~Section 237 of the Tariff-, Part VIII, section 23,~~ eliminates the need for such upgrade, Transmission Provider shall offer all New Service Customers whose New Service Requests preceded the IDR Transfer Agreement that facilitated such termination an opportunity to pursue and pay for (in whole or in part) such upgrade. ~~Each New Service Customer shall have the right to hold all Upgrade Related Rights associated with the additional upgrades (or portions thereof) for which it agrees to pay in accordance with Subpart C of Part VI.~~

~~217.7.3~~

12.3

Transmission Provider shall remove from the Regional Transmission Expansion Plan any Network Upgrade or ~~Local-Distribution~~ Upgrade in the event that the need for such upgrade is eliminated due to termination of a New Service Customer's participation in such upgrade and other New Service Customers do not pursue and pay for the upgrade pursuant to Section ~~217.7.2~~12.2.

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Tariff, Part VIII, Subpart E, section 13
(former Part VI, Section 221 Transmission Owner Construction Obligation for Necessary Facilities and Upgrades)

[x.x] Transmission Owner Construction Obligation for Necessary Facilities and Upgrades:

221.1[x.x] Construction Obligation:

The determination of the Transmission Owners' obligations to build the necessary facilities and upgrades to accommodate New Service Requests, or interconnections with Affected Systems in accordance with ~~Section 218.2~~ Tariff, Part VIII, Subpart [Generation and Transmission Interconnecting with Affected Systems], shall be made in the same manner as such responsibilities are determined under Schedule 6 of the Operating Agreement. Except to the extent otherwise provided in a Generation Interconnection Agreement or Construction Service Agreement entered into pursuant to this Part ~~VIII~~, the Transmission Owners shall own all ~~Attachment Interconnection Facilities, Direct Assignment Facilities, Local Upgrades,~~ and Network Upgrades constructed to accommodate New Service Requests.

221.2[x.x] Alternative Facilities and Upgrades:

Upon completion of the studies of a New Service Request or Upgrade Request prescribed in the Tariff, the Transmission Provider shall recommend the necessary facilities and upgrades to accommodate the New Service Request or Upgrade Request, and the Transmission Owner's construction obligation to build such facilities and upgrades. The Transmission Owner(s), or the ~~New Service Project Developer, Eligible Customer~~ or Upgrade Customer, may offer alternatives to the Transmission Provider's recommendation. If, based upon its review of the relative costs and benefits, the ability of the alternative(s) to accommodate the New Service Request or Upgrade Request, and the alternative's(s') impact on the reliability of the Transmission System, the Transmission Provider does not adopt such alternative(s), the Transmission Owner(s), or the ~~New Service Project Developer, Eligible Customer,~~ or Upgrade Customer, may require that the alternative(s) be submitted to Dispute Resolution in accordance with Section 12 of the Tariff or, if concerning the Regional Transmission Expansion Plan, consistent with Schedule 5 of the Operating Agreement. The affected ~~New Service Project Developer, Eligible Customer,~~ Upgrade Customer may participate in any such Dispute Resolution process.

Tariff, Part VIII, Subpart E, section 14
(former Part VI, Section 222/223 Confidentiality and Confidential Information)

222.14 Confidentiality:

Except as otherwise provided in this section 14, all information provided to Transmission Provider by ~~New Service Project Developers, Eligible Customers, or Upgrade Customers~~ relating to any study of a New Service Request or Upgrade Request, required under the Tariff shall be deemed Confidential Information under ~~Section 223~~ Tariff, Part VIII, Subpart E, section 14.1. Upon completion of each study, the study will be listed on ~~the~~ Transmission Provider's OASIS website and, to the extent required by Commission regulations, will be made publicly available upon request, ~~except that, in the case of Interconnection Feasibility Studies, the identity of the Interconnection Customer shall remain confidential~~. To the extent that ~~the~~ Transmission Provider contracts with consultants or with one or more Transmission Owner(s) for services or expertise in the preparation of any of the studies required under the Tariff, the consultants and/or Transmission Owner(s) shall keep all information provided by ~~New Service Customers Project Developers~~ confidential, and shall use such information solely for the purpose of the study for which it was provided and for no other purpose.

223.14.1 Confidential Information:

For purposes of this ~~Section 223~~ section 14.1, the term "party" refers to ~~the New Service Project Developer, Eligible Customer, the Upgrade Customer,~~ Transmission Provider, or ~~an affected a~~ Transmission Owner, as applicable, and the term "parties" refers to all ~~of~~ such entities collectively, or to any two or more of them, as the context indicates. Information is Confidential Information only if it is clearly designated or marked in writing as confidential on the face of the document, or, if the information is conveyed orally or by inspection, if the party providing the information orally informs the party receiving the information that the information is confidential. If requested by any party, the disclosing party shall provide in writing the basis for asserting that the information referred to in this section warrants confidential treatment, and the requesting party may disclose such writing to an appropriate Governmental Authority. Any party shall be responsible for the costs associated with affording confidential treatment to its information.

223.14.1.1 Term:

During the longest of the terms of (as and to the extent applicable) ~~the Interconnection Service Agreement, the Service Agreement, and the Upgrade Construction Service Agreement, interconnection-related service agreement set forth in Tariff, Part IX~~ and for a period of three (3) years after the expiration or termination thereof, and except as otherwise provided in this ~~Section 223~~ section 14.1, each party shall hold in confidence, and shall not disclose to any person, Confidential Information provided to it by any other party.

223.214.1.2 Scope:

Confidential Information shall not include information that the receiving party can demonstrate: (i) is generally available to the public other than as a result of a disclosure by the receiving party; (ii) was in the lawful possession of the receiving party on a non-confidential basis before receiving it from the disclosing party; (iii) was supplied to the receiving party without restriction by a third party, who, to the knowledge of the receiving party, after due inquiry, was under no obligation to the disclosing party to keep such information confidential; (iv) was independently developed by the receiving party without reference to Confidential Information of the disclosing party; (v) is, or becomes, publicly known, through no wrongful act or omission of the receiving party or breach of the requirements of this ~~Section 223~~ section 14.1; or (vi) is required, in accordance with ~~Section 223.7~~ section 14.1.7 below, to be disclosed to any Governmental Authority or is otherwise required to be disclosed by law or subpoena, or is necessary in any legal proceeding establishing rights and obligations under ~~this Subpart the Tariff~~ or any agreement entered into pursuant thereto. Information designated as Confidential Information shall no longer be deemed confidential if the party that designated the information as confidential notifies the other parties that it no longer is confidential.

223.314.1.3 Release of Confidential Information:

No party shall disclose Confidential Information to any other person, except to its Affiliates (limited by the Commission's Standards of Conduct requirements), subcontractors, employees, consultants or to parties who may be, or may be considering, providing financing to or equity participation in ~~the New Service Project Developer, Eligible Customer, or Upgrade Customer~~, or to potential purchasers or assignees of ~~the New Service Project Developer, Eligible Customer, or Upgrade Customer~~, on a need-to-know basis in connection with the ~~Interconnection Service Agreement~~ interconnected-related service agreement, Service Agreement, and/or Construction Service Agreement, unless such person has first been advised of the confidentiality provisions of this ~~Section 223~~ section 14.1 and has agreed to comply with such provisions. Notwithstanding the foregoing, a party providing Confidential Information to any person shall remain primarily responsible for any release of Confidential Information in contravention of this ~~Section 223~~ section 14.1.

223.414.1.4 Rights:

Each party retains all rights, title, and interest in the Confidential Information that it discloses to any other party. A party's disclosure to another party of Confidential Information shall not be deemed a waiver by any party or any other person or entity of the right to protect the Confidential Information from public disclosure.

223.514.1.5 No Warranties:

By providing Confidential Information, no party makes any warranties or representations as to its accuracy or completeness. In addition, by supplying Confidential Information, no party obligates itself to provide any particular information or Confidential Information

to any other party nor to enter into any further agreements or proceed with any other relationship or joint venture.

223.614.1.6 Standard of Care:

Each party shall use at least the same standard of care to protect Confidential Information it receives as the party uses to protect its own Confidential Information from unauthorized disclosure, publication or dissemination. Each party may use Confidential Information solely to fulfill its obligations to the other parties under this ~~Part VI of the Tariff~~, Part VIII or any agreement entered into pursuant to this ~~Tariff~~, Part ~~V~~VIII.

223.714.1.7 Order of Disclosure:

If a Governmental Authority with the right, power, and apparent authority to do so requests or requires a party, by subpoena, oral deposition, interrogatories, requests for production of documents, administrative order, or otherwise, to disclose Confidential Information, that party shall provide the party that provided the information with prompt prior notice of such request(s) or requirement(s) so that the providing party may seek an appropriate protective order or waive compliance with the terms of this ~~Tariff~~, Part ~~VI~~VIII or any applicable agreement entered into pursuant to this ~~Tariff~~, Part ~~V~~VIII.

Notwithstanding the absence of a protective order or agreement, or waiver, the party that is subjected to the request or order may disclose such Confidential Information which, in the opinion of its counsel, the party is legally compelled to disclose. Each party shall use Reasonable Efforts to obtain reliable assurance that confidential treatment will be accorded any Confidential Information so furnished.

223.814.1.8 Termination of Agreement(s):

Upon termination of any agreement entered into pursuant to this ~~Subpart B of Tariff~~, Part ~~VI~~VIII for any reason, each party shall, within ten (10) calendar days of receipt of a written request from another party, use Reasonable Efforts to destroy, erase, or delete (with such destruction, erasure, and deletion certified in writing to the requesting party) or to return to the other party, without retaining copies thereof, any and all written or electronic Confidential Information received from the requesting party.

223.914.1.9 Disclosure to FERC or its Staff:

Notwithstanding anything in this ~~Section 223 section 14.1~~ to the contrary, and pursuant to 18 C.F.R. § 1b.20, if FERC or its staff, during the course of an investigation or otherwise, requests information from one of the parties that is otherwise required to be maintained in confidence pursuant to this ~~Part VI of the Tariff~~, Part VIII or any agreement entered into pursuant to ~~such this Tariff~~, Part ~~V~~VIII, the party receiving such request shall provide the requested information to FERC or its staff, ~~within the time provided for in the request for information.~~

In providing the information to FERC or its staff, the party must, consistent with 18 C.F.R. § 388.112, request that the information be treated as confidential and non-public by FERC and its staff and that the information be withheld from public disclosure. Parties are prohibited from notifying the other parties prior to the release of the Confidential Information to the Commission or its staff. A party shall notify the other party(ies) to any agreement entered into pursuant to this Tariff, Part VI-VIII when it is notified by FERC or its staff that a request to release Confidential Information has been received by FERC, at which time any of the parties may respond before such information would be made public, pursuant to 18 C.F.R. § 388.112.

~~223.10~~ 14.1.10 Other Disclosures:

Subject to the exception in ~~Section 223.9~~ Tariff, section 14.1.9, no party shall disclose Confidential Information of another party to any person not employed or retained by the disclosing party, except to the extent disclosure is (i) required by law; (ii) reasonably deemed by the disclosing party to be required in connection with a dispute between or among the parties, or the defense of litigation or dispute; (iii) otherwise permitted by consent of the party that provided such Confidential Information, such consent not to be unreasonably withheld; or (iv) necessary to fulfill its obligations under this Tariff, Part VI VIII or any agreement entered into pursuant to this Tariff, Part VI-VIII, or as a transmission service provider or a Control Area operator including disclosing the Confidential Information to an RTO or ISO or to a regional or national reliability organization. Prior to any disclosures of another party's Confidential Information under this ~~Section 223.10~~ section 14.1.10, the disclosing party shall promptly notify the other parties in writing and shall assert confidentiality and cooperate with the other parties in seeking to protect the Confidential Information from public disclosure by confidentiality agreement, protective order, or other reasonable measures.

~~223.11~~ 14.1.11 Information in Public Domain:

This confidentiality provision shall not apply to any information that was or is hereafter in the public domain ~~(, except as a result of a breach of this confidentiality provision)-.~~

~~223.12~~ 14.1.12 Return or Destruction of Confidential Information:

If a party provides any Confidential Information to another party in the course of an audit or inspection, the providing party may request the other party to return or destroy such Confidential Information after the termination of the audit period and the resolution of all matters relating to that audit. Each party shall make Reasonable Efforts to comply with any such requests for return or destruction within ten days of receiving the request and shall certify in writing to the other party that it has complied with such request.

Tariff, Part VIII, Subpart E, section 15
(former Part VI, Section 230 Capacity Interconnection Rights)

230.15 Capacity Interconnection Rights:

230.15.1 Purpose:

Capacity Interconnection Rights shall entitle the holder to deliver the output of a Generation Capacity Resource at the bus where the Generation Capacity Resource interconnects to the Transmission System. The Transmission Provider shall plan the enhancement and expansion of the Transmission System in accordance with ~~Schedule 6 of the Operating Agreement~~, Schedule 6 such that the holder of Capacity Interconnection Rights can integrate its Capacity Resources in a manner comparable to that in which each Transmission Owner integrates its Capacity Resources to serve its Native Load Customers.

230.15.2 Receipt of Capacity Interconnection Rights:

Generation accredited under the Reliability Assurance Agreement Among Load Serving Entities in the PJM Region ("RAA") as a Generation Capacity Resource prior to the original effective date of Tariff, Part IV shall have Capacity Interconnection Rights commensurate with the size in megawatts of the accredited generation. When a Generation ~~Interconnection Customer's Project Developer's~~ generation is accredited as deliverable through the applicable procedures in ~~Part VI and Part VI~~ of the Tariff, the Generation ~~Interconnection Customer Project Developer~~ also shall receive Capacity Interconnection Rights commensurate with the size in megawatts of the generation as identified in the Generation Interconnection Service Agreement. ~~Any Generation Owner of an Intermittent Resource or Environmentally Limited Resource which has been accredited as deliverable for additional Capacity Interconnection Rights for the winter period (defined as November through April of a Delivery Year) under the Preamble of Part IV of the Tariff, shall receive such Capacity Interconnection Rights as further documented in section 2.0 of the Specifications of the Interconnection Service Agreement of such Generation Owner for the year specified. Pursuant to Agreement. Pursuant to the applicable terms of RAA, Schedule 10 of the Reliability Assurance Agreement Among Load Serving Entities in the PJM Region, a Transmission Interconnection Customer Project Developer may combine Incremental Deliverability Rights associated with Merchant Transmission Facilities with generation capacity that is not otherwise accredited as a Generation Capacity Resource for the purposes of obtaining accreditation of such generation as a Generation Capacity Resource and associated Capacity Interconnection Rights.~~

230.15.3 Loss of Capacity Interconnection Rights:

230.15.3.1 Operational Standards:

To retain Capacity Interconnection Rights, the Generation Capacity Resource associated with the rights must operate or be capable of operating at the capacity level associated with the rights. Operational capability shall be established consistent with RAA, Schedule 9 and the PJM Manuals. Generation Capacity Resources that meet these operational standards shall retain their Capacity Interconnection Rights regardless of whether they are available as a Generation Capacity Resource or are making sales outside the PJM Region.

230.3.2-15.3.2 Failure to Meet Operational Standards:

This section ~~230.3.2-15.3.2~~ shall apply only in circumstances other than Deactivation of a Generation Capacity Resource. In the event a Generation Capacity Resource fails to meet the operational standards set forth in Tariff, Part ~~VIII~~, section ~~230.3.1-15.3.1~~ for any consecutive three-year period (with the first such period commencing on the date ~~the Interconnection Customer Generation Project Developer~~ must demonstrate commercial operation of the generating unit(s) as specified in the ~~Generation Interconnection Service Agreement~~), the holder of the Capacity Interconnection Rights associated with such Generation Capacity Resource will lose its Capacity Interconnection Rights in an amount commensurate with the loss of generating capability. Any period during which the Generation Capacity Resource fails to meet the standards set forth in ~~Tariff, Part VIII, section 230.3.1-15.3.1~~ as a result of an event that meets the standards of a ~~force majeure Force Majeure~~ event as defined in Tariff, ~~Attachment O, Appendix 2, section 9.4~~ shall be excluded from such consecutive three-year period, provided that the holder of the Capacity Interconnection Rights exercises due diligence to remedy the event. A Generation Capacity Resource that loses Capacity Interconnection Rights pursuant to this section may continue Interconnection Service, to the extent of such lost rights, as an Energy Resource in accordance with (and for the remaining term of) its ~~Generation Interconnection Service Agreement~~ and/or applicable terms of the Tariff.

230.3.3-15.3.3 Replacement of Generation:

In the event of the Deactivation of a Generation Capacity Resource (in accordance with Tariff, Part V and any Applicable Standards), or removal of Capacity Resource status (in accordance with Tariff, Attachment DD, section 6.6 or Tariff, Attachment DD, section 6.6A), any Capacity Interconnection Rights associated with such ~~facility-Generating Facility~~ shall terminate one year from the Deactivation Date, or one year from the date the Capacity Resource status change takes effect, unless the holder of such rights (including any holder that acquired the rights after Deactivation or removal of Capacity Resource status) has submitted a ~~new-completed~~ Generation Interconnection Request up to one year after the Deactivation Date, or up to one year from the date the Capacity Resource status changes take effect, which ~~contemplates use of claims~~ the same Capacity Interconnection Rights. ~~The Interconnection Customer must provide written notification to the Transmission Provider that it intends to utilize such Capacity Interconnection Rights on or before the date the Interconnection Customer executes the System Impact Study Agreement associated with the Generation Interconnection Request for which it intends to utilize such Capacity Interconnection Rights. Notwithstanding the previous~~

~~sentence, Interconnection Customers in the New Services Queue prior to May 1, 2012 must provide written notice of intent to utilize such Capacity Interconnection Rights when it executes its Facilities Study Agreement or, if it has already executed its Facilities Study Agreement, then by November 1, 2012. Such notification of transfer of Capacity Interconnection Rights shall be posted on Transmission Provider's public website in accordance with Tariff, Part VIII, Subpart C, section . A Generation Project Developer must submit any claim for Capacity Interconnection Rights from deactivating units concurrently with its Application for Interconnection Service, and the claim must be received by Transmission Provider prior to the Application Deadline, or Transmission Provider will not process the claim.~~ Such new Generation Interconnection Request may include a request to increase Capacity Interconnection Rights in addition to the replacement of the previously deactivated amount, or amount removed from Capacity Resource status, as a single Generation Interconnection Request. Transmission Provider may perform thermal, short circuit, and/or stability studies, as necessary and in accordance with ~~its manual~~the PJM Manuals, due to any changes in the electrical characteristics of any newly proposed equipment, or where there is a change in Point of Interconnection, which may result in the loss of a portion or all of the Capacity Interconnection Rights as determined by such studies.

Upon execution of ~~an a~~ Generation Interconnection ~~Service~~ Agreement reflecting its new Generation Interconnection Request, the holder of the Capacity Interconnection Rights will retain only such rights that are commensurate with the size in megawatts of the replacement generation, not to exceed the amount of the holder's Capacity Interconnection Rights associated with the facility upon Deactivation or removal of Capacity Resource status. Any desired increase in Capacity Interconnection Rights must be ~~requested-reflected~~ in the new Generation Interconnection Request and be accredited through the applicable procedures in Tariff, Part IV and Tariff, Part VI. In the event the new Generation Interconnection Request to which this section refers is ~~is~~, or is deemed to be ~~is~~ terminated and/or withdrawn for any reason at any time, the pertinent Capacity Interconnection Rights shall not terminate until the end of the one ~~is~~-year period from the Deactivation Date, or the end of the one year period from the date the Capacity Resource status change takes effect.

230.415.3.4 Transfer of Capacity Interconnection Rights:

Capacity Interconnection Rights may be sold or otherwise transferred subject to compliance with such procedures as may be established by ~~the~~ Transmission Provider regarding such transfer and notice to ~~the~~ Transmission Provider of any ~~generation facilities~~ Generating Facilities that will use the Capacity Interconnection Rights after the transfer. The transfer of Capacity Interconnection Rights shall not itself extend the periods set forth in ~~Section 230.3-Tariff, Part VIII, Subpart E, section 15.3.3~~ regarding loss of Capacity Interconnection Rights.

Tariff, Part VIII, Subpart E, section 16
(former Sec 231. 234 and 235 IARRs and other incremental rights)

231.16.1 Incremental Auction Revenue Rights:

231.16.1.1 Right of ~~New Service Transmission Project Developer or Upgrade~~ Customer to Incremental Auction Revenue Rights:

~~A New Service Transmission Project Developer or Upgrade~~ Customer that (a) pursuant to ~~Section 212.4~~ this Tariff, Part VIII reimburses ~~the~~ Transmission Provider for the costs of, or (b) pursuant to its ~~Construction Service Agreement~~ undertakes responsibility for, constructing or completing Network ~~Upgrades and/or Local Upgrades~~ Upgrades and/or Local Upgrades required to accommodate its New Service Request ~~or Upgrade Request~~, or (b) pursuant to its ~~Construction Service Agreement~~ undertakes responsibility for constructing or completing Network Upgrades required to accommodate its New Service Request or Upgrade Request, shall be entitled to receive the Incremental Auction Revenue Rights ~~associated with such facilities and upgrades~~ as determined in accordance with this Section 231.16.1. In addition, an ~~Interconnection Customer that executes an Upgrade Construction Service Agreement for Merchant Network Upgrades~~ Interconnection Customer Project Developer shall be entitled to receive the Incremental Auction Revenue Rights ~~as determined in accordance with this Section 231~~. However, a Transmission ~~Interconnection Customer Project Developer~~ that interconnects Merchant D.C. Transmission Facilities and/or Controllable A.C. Merchant Transmission Facilities with the Transmission System shall be entitled to Incremental Auction Revenue Rights associated with such Merchant D.C. Transmission Facilities and/or Controllable A.C. Merchant Transmission Facilities only if the ~~Interconnection Customer Transmission Project Developer~~ Interconnection Customer Transmission Project Developer has elected, pursuant to ~~Section 36.1.03 of Part IV of the Tariff~~ Tariff, Part VIII, Subpart E, section 1, to receive Incremental Auction Revenue Rights, Incremental ~~Capacity Transfer Rights, and Incremental Deliverability Rights, Incremental Capacity Transfer Rights, and Incremental Available Transfer Capability Revenue~~ Capacity Transfer Rights, and Incremental Deliverability Rights in lieu of Transmission Injection Rights and/or Transmission Withdrawal Rights.

231.216.1.2 Procedures for Assigning Incremental Auction Revenue Rights:

No less than forty-five (45) days prior to the in-service date, as determined by the Office of the Interconnection, of the applicable ~~Customer Facility or of a~~ transmission facility or upgrade related to a New Service Request ~~or Upgrade Request~~, the Office of the Interconnection shall notify the ~~New Service Customer(s) which have Transmission Project Developer or Upgrade Customer that has~~ transmission Project Developer or Upgrade Customer that has responsibility to reimburse the costs of, or responsibility for, constructing or completing the transmission facility or upgrade, that initial requests for Incremental Auction Revenue Rights associated with the transmission facility or upgrade must be submitted to the Office of the Interconnection within a time period specified by the Office of the Interconnection in the notification. The Office of the Interconnection then shall commence a three-round allocation process. In round one, one-third of the Incremental Auction Revenue Rights available for each point-to-point combination requested in that round will be assigned to the requesters of the specific

combinations in accordance with ~~Section 231.3 of the Tariff, Part VIII, Subpart E, section 16.1.3.~~

In round two, two-thirds of the Incremental Auction Revenue Rights available for each requested point-to-point combination in that round will be assigned in accordance with ~~Section 231.3 of the Tariff, Part VIII, Subpart E, section 16.1.3.~~ In round three, all available Incremental Auction Revenue Rights will be assigned for the requested point-to-point combinations in that round in accordance with ~~Section 231.3 of the Tariff, Part VIII, Subpart E, section 16.1.3.~~ In each round, a requester may request the same point-to-point combination as in the previous rounds or submit a different combination. In rounds one and two, requesters may accept the assignment of Incremental Auction Revenue Rights or refuse them. Acceptance of the assignment in rounds one and two will remove the assigned Incremental Auction Revenue Rights from availability in the next rounds. Refusal of an Incremental Auction Revenue Rights assignment in rounds one and two will result in the Incremental Auction Revenue Rights being available for the next round. The Incremental Auction Revenue Rights assignments made in round three will be final and binding. ~~The final and binding Incremental Auction Revenue Right assignment for a requested point-to-point combination in each round shall in no event be less than one third of 80% and no greater than one-third of 100% of the non-binding estimate of Incremental Auction Revenue Rights for that point-to-point combination that was provided to the New Service Customer under Section 206.5.2.~~ For each round, a request for Incremental Auction Revenue Rights shall specify a single point-to-point combination for which the ~~New Service Transmission Project Developer or Upgrade~~ Customer desires Incremental Auction Revenue Rights and shall be in a form specified by the Office of the Interconnection and in accordance with procedures set forth in the PJM Manuals. The Office of the Interconnection shall specify the deadlines for submission of requests in each round of the allocation process and shall complete the allocation process before the in-service date of the ~~facility or~~ upgrade.

~~231.316.1.3~~ Determination of Incremental Auction Revenue Rights to be Provided to ~~New Service Transmission Project Developer or Upgrade~~ Customer:

The Office of the Interconnection shall determine the Incremental Auction Revenue Rights to be provided to ~~New Service Customers a Transmission Project Developer or Upgrade Customer~~ associated with a particular transmission facility or upgrade pursuant to ~~Section 231.2 Tariff, Part VIII, Subpart E, section 16.1.2~~ using the tools described in ~~Tariff, Attachment K to the Tariff,~~ including an assessment of the simultaneous feasibility of any Incremental Auction Revenue Rights and all other outstanding Auction Revenue Rights. For each requested point-to-point combination, the Office of the Interconnection shall determine, simultaneously with all other requested point-to-point combinations, the base system Auction Revenue ~~Right-Rights~~ capability, excluding the impact of any new transmission facilities or upgrades necessary to accommodate New Service ~~Requests or Upgrade~~ Requests. The Office of the Interconnection then shall similarly determine, for each requested point-to-point combination, the Auction Revenue Rights capability, including the impact of any new ~~transmission~~ facilities ~~and-or~~ upgrades. For each point-to-point combination, the Incremental Auction Revenue ~~Right~~

Rights capability shall be the difference between the Auction Revenue Right Rights capability in the base system analysis and the Auction Revenue Right Rights capability in the analysis including the impact of the new transmission facilities and upgrades. When multiple New Service Transmission Project Developers or Upgrade Customers have cost responsibility for the same new transmission facility or upgrade, Incremental Auction Revenue Rights shall be assigned to each New Service Transmission Project Developer or Upgrade Customer in proportion to the New Service Customers' Transmission Project Developer's or Upgrade Customer's relative cost responsibilities for the facility and in inverse proportion to the relative flow impact on constrained facilities or interfaces of the point-to-point combinations selected by the New Service Customers Transmission Project Developer or Upgrade

~~231.4 Reallocation of Incremental Auction Revenue Rights:~~

~~(1) This section shall apply in the event that~~

~~(a) the Office of the Interconnection determines that accommodating a New Service Customer's New Service Request would require, in whole or in part, any Local Upgrade and/or Network Upgrade that the Office of the Interconnection determined to be required to accommodate a New Service Request that was part of an earlier New Services Queue, provided that such previously constructed facility or upgrade meets the criteria stated in Section 219, and~~

~~(b) such New Service Customer (hereafter in this section, the "Current Customer") executes, as applicable, an Interconnection Service Agreement or an Upgrade Construction Service Agreement.~~

~~Upon determining that this section applies, the Office of the Interconnection shall:~~

~~(c) notify each New Service Customer that paid or incurred a portion of the costs of a pertinent, previously constructed facility or upgrade (hereafter in this section, a "Preceding Customer") of the portion of the costs of such facility or upgrade for which the Current Customer is determined to be responsible, and~~

~~(d) afford each such Preceding Customer, subject to the terms of this Section 231.4, an opportunity to obtain, in exchange for a proportional share (as determined in accordance with Section 231.3) of the Incremental Auction Revenue Rights associated with such facility or upgrade that the Preceding Customer holds, reimbursement for a share of the cost of the facility or upgrade that the Preceding Customer paid or incurred that is proportional to the cost responsibility of the Current Customer for such facility or upgrade.~~

~~(2) A Preceding Customer shall have no obligation to exchange Incremental Auction Revenue Rights for cost reimbursement pursuant to this section. In the event, however, that a Preceding Customer chooses not to relinquish Incremental Auction Revenue Rights associated with a previously constructed facility or upgrade, the Current Customer shall have no cost responsibility with respect to the portion of such facility or upgrade for which that Preceding Customer bore cost responsibility.~~

~~(3) In the event that a Preceding Customer elects to exchange Incremental Auction Revenue Rights for cost reimbursement pursuant to this section, (a) the Preceding Customer shall relinquish the Incremental Auction Revenue Rights that it elects to exchange in writing, in a form and at a time reasonably satisfactory to the Office of the Interconnection; (b) the Current Customer shall pay Transmission Provider, upon presentation of Transmission Provider's invoice therefor, an amount equal to the portion~~

of such customer's cost responsibility for the relevant, previously constructed facility or upgrade that is proportional to the Incremental Auction Revenue Rights that the Preceding Customer agreed to exchange; and (c) the Office of the Interconnection shall assign Incremental Auction Revenue Rights associated with the previously constructed facility or upgrade to the Current Customer in accordance with the following:

- (i) in the event that more than one Current Customer is contemporaneously eligible for a reallocation of Incremental Auction Revenue Rights associated with a facility or upgrade, the Office of the Interconnection shall use the procedures of Section 231.2 to reallocate the Incremental Auction Revenue Rights made feasible by retirement of the Incremental Auction Revenue Rights relinquished by the Preceding Customer;
- (ii) in all other instances, the Current Customer shall be entitled to assignment of either (A) the Incremental Auction Revenue Rights associated with the pertinent facility or upgrade that the Preceding Customer relinquished pursuant to this section, or (B) any new Incremental Auction Revenue Rights that are made feasible by retirement of the Incremental Auction Revenue Rights relinquished by the Preceding Customer, provided, however,
- (iii) that if it is not feasible to assign Incremental Auction Revenue Rights associated with the pertinent facility or upgrade to the Current Customer in proportion to such customer's cost responsibility for that facility or upgrade, then (A) the Current Customer's cost responsibility for the pertinent facility or upgrade shall be reduced to an amount proportional to the Incremental Auction Revenue Rights that can be feasibly assigned to it, and (B) the Preceding Customer's Incremental Auction Revenue Rights associated with the pertinent facility or upgrade shall be reduced only by a quantity proportional to the Current Customer's final cost responsibility. In the event of a reduction in the Current Customer's cost responsibility for a previously constructed facility or upgrade pursuant to this subsection (3)(e)(iii), Transmission Provider shall refund to the Current Customer the difference between the amount such customer paid pursuant to subsection (3)(b) of this Section 231.4 and the amount of its final cost responsibility for the pertinent facility or upgrade. Upon completion of the reallocation process, Transmission Provider shall pay to the Preceding Customer an amount that is proportional to the Current Customer's final cost responsibility for the pertinent facility or upgrade and to the Incremental Auction Revenue Rights relinquished by the Preceding Customer.

(4) A Preceding Customer that elects to exchange rights for cost reimbursement pursuant to this section must exchange all Incremental Auction Revenue Rights and all other Upgrade Related Rights associated with the same Local Upgrade and/or Network Upgrade.

(5) The Office of the Interconnection shall specify deadlines for the procedural steps in reallocating Incremental Auction Revenue Rights pursuant to this section and shall complete the reallocation process before the date of, as applicable, commencement of Interconnection Service, Transmission Service or Network Service for the Current Customer, or completion of the Customer Funded Upgrade that precipitated the reallocation of such rights.

231.516.1.4 Duration of Incremental Auction Revenue Rights:

Incremental Auction Revenue Rights received by a ~~New Service Transmission Project Developer or Upgrade~~ Customer pursuant to this ~~Tariff, Part VIII, Subpart E, section 16.1~~ shall be available as of the first day of the first month that the Network Upgrades ~~and/or Local Upgrades~~ required to accommodate its New Service ~~Request or Upgrade~~ Request that are associated with the Incremental Auction Revenue Rights are included in the transmission system model for the monthly FTR auction and shall continue to be available for thirty (30) years or for the life of the associated facility or upgrade, whichever is less, subject to any subsequent pro-rata reductions of all Auction Revenue Rights (including Incremental Auction Revenue Rights) in accordance with ~~the Appendix to Tariff, Attachment K - Appendix~~. At any time during this thirty-year period (or the life of the facility or upgrade, whichever is less), in lieu of continuing this thirty-year Auction Revenue Right, the ~~New Service Transmission Project Developer, or Upgrade~~ Customer shall have a one-time choice to switch to an optional mechanism, whereby, on an annual basis, the ~~customer Transmission Project Developer or Upgrade Customer~~ has the choice to request an Auction Revenue Right during the annual Auction Revenue Rights allocation process (pursuant to ~~Section 7.4.2 of the Appendix to Tariff, Attachment K of the Tariff- Appendix, section 7.4.2~~) between the same source and sink, provided the Auction Revenue Right is simultaneously feasible, pursuant to ~~Section 7.5 of the Appendix to Tariff, Attachment K of the Tariff. A New Service- Appendix, section 7.5. A Transmission Project Developer or Upgrade~~ Customer may return Incremental Auction Revenue Rights that it no longer desires at any time, provided that the Office of the Interconnection determines that it can simultaneously accommodate all remaining outstanding Auction Revenue Rights following the return of such Auction Revenue Rights. In the event a ~~New Service Transmission Project Developer or Upgrade~~ Customer returns Incremental Auction Revenue Rights, the ~~New Service Transmission Project Developer or Upgrade~~ Customer shall have no further rights regarding such Incremental Auction Revenue Rights.

231.5A 16.1.5 Value of Incremental Auction Revenue Rights:

The value of Incremental Auction Revenue ~~Rights-Right(s)~~ to be provided to a ~~New Service Transmission Project Developer or Upgrade~~ Customer associated with a particular transmission facility or upgrade pursuant to ~~Section 231.2 Tariff, Part VIII, Subpart E, section 16.1.2~~ that become effective at the beginning of a Planning Period shall be determined in the same manner as annually allocated Auction Revenue ~~Rights-Right(s)~~ based on the nodal prices resulting from the annual Financial Transmission Rights auction. The value of such Incremental Auction Revenue Rights that become effective after the commencement of a Planning Period shall be determined on a monthly basis for each month in the Planning Period beginning with the month the Incremental Auction Revenue Right(s) becomes effective. The value of such Incremental Auction Revenue Right shall be equal to the megawatt amount of the Incremental Auction Revenue Rights multiplied by the LMP differential between the source and sink nodes of the corresponding FTR obligations in each prompt-month FTR auction that occurs from the effective date of the Incremental Auction Revenue Rights through the end of the relevant

Planning Period. For each Planning Period thereafter, the value of such Incremental Auction Revenue Rights shall be determined in the same manner as Incremental Auction Revenue Rights that became effective at the beginning of a Planning Period.

231.616.1.6 Rate-based Facilities:

No Incremental Auction Revenue Rights shall be received by a ~~New Service~~ Transmission Project Developer or Upgrade Customer with respect to transmission investment that is included in the rate base of a public utility and on which a regulated return is earned.

234.16.2. Incremental Capacity Transfer Rights:

234.116.2.1 Right of ~~New Service Customers~~ Transmission Project Developer or Upgrade Customer to Incremental Capacity Transfer Rights:

A Transmission ~~Interconnection Customer~~ Project Developer that interconnects Merchant Transmission Facilities with the Transmission System shall be entitled to receive any Incremental Capacity Transfer Rights that are associated with the interconnection of such Merchant Transmission Facilities as determined in accordance with this Tariff, Part VIII, Subpart E, section 16.2. In addition, a ~~New Service~~ an Upgrade Customer that (a) reimburses ~~the~~ Transmission Provider for the costs of constructing or completing Customer-Funded Upgrades, or (b) pursuant to its Construction Service Agreement, undertakes responsibility for ~~constructing or completing~~ Customer-Funded Upgrades shall be entitled to receive any Incremental Capacity Transfer Rights associated with such required facilities and upgrades as determined in accordance with this Tariff, Part VIII, Subpart E, section 16.2.

234.1.116.2.1.1 Certain Merchant D.C. Transmission Facilities and/or Controllable A.C. Merchant Transmission Facilities:

~~An Interconnection Customer~~ A Transmission Project Developer (a) that interconnects Merchant D.C. transmission Facilities and/or Controllable A.C. Merchant Transmission Facilities with the Transmission System, one terminus of which is located outside the PJM Region and the other terminus of which is located within the PJM Region, and (b) that will be a Merchant Transmission Provider, shall not receive any Incremental Capacity Transfer Rights with respect to its Merchant D.C. Transmission Facilities and/or Controllable A.C. Merchant Transmission Facilities. Transmission Provider shall not include available transfer capability at the interface(s) associated with such Merchant D.C. Transmission Facilities and/or Controllable A.C. Merchant Transmission Facilities in its calculations of Available Transfer Capability under Tariff, Attachment C ~~to the Tariff.~~

234.216.2.2 Procedures for Assigning Incremental Capacity Transfer Rights:

After execution of a ~~Facilities~~ Study Agreement but prior to the issuance of an Interconnection ~~Service~~ Agreement or Upgrade Construction Service Agreement, a ~~New Service-Transmission Project Developer or Upgrade~~ Customer may request the Office of the Interconnection to determine the Incremental Capacity Transfer Rights as measured by the increase in Capacity Emergency Transfer Limit resulting from the interconnection or addition of Merchant Transmission Facilities or a Customer-Funded Upgrade identified in the System Impact Study for the related New Service Request. At the time of such request, the ~~New Service-Transmission Project Developer or Upgrade~~ Customer must also specify no more than three Locational Deliverability Areas in which to determine the Incremental Capacity Transfer Rights. ~~In addition, a Transmission Interconnection Customer submitting an Upgrade Request may request the Office of the Interconnection to determine the Incremental Capacity Transfer Rights during the System Impact Study, as detailed in the PJM Manuals.~~ Subject to the limitation of Tariff, Part ~~IVIII, Subpart E, section 234.1-16.2.1.1,~~ the Office of the Interconnection shall allocate the Incremental Capacity Transfer Rights associated with Merchant Transmission Facilities to the ~~New Service Customer-Transmission Project Developer~~ that is interconnecting such facilities. The Office of the Interconnection shall allocate the Incremental Capacity Transfer Rights associated with a Customer-Funded Upgrade to the ~~New Service Upgrade~~ Customer(s) bearing cost responsibility for such facility or upgrade in proportion to each ~~New Service Upgrade~~ Customer's cost responsibility for the facility or upgrade.

~~234.3~~16.2.3 Determination of Incremental Capacity Transfer Rights to be Provided to ~~New Service-Transmission Project Developer or Upgrade~~ Customer:

The Office of the Interconnection shall determine the Incremental Capacity Transfer Rights to be provided to ~~New Service-Transmission Project Developers or Upgrade~~ Customers in accordance with the applicable terms of ~~the Reliability Pricing Model, in Tariff, Attachment DD of the Tariff,~~ and pursuant to the procedures specified in the PJM Manuals.

~~234.4~~16.2.4 Duration of Incremental Capacity Transfer Rights:

Incremental Capacity Transfer Rights received by a ~~New Service-Transmission Project Developer or Upgrade~~ Customer shall be effective for thirty (30) years from, as applicable, commencement of Interconnection Service, Transmission Service, or Network Service for the affected ~~New Service-Transmission Project Developer or Upgrade~~ Customer or the life of the pertinent facility or upgrade, whichever is shorter, subject to any subsequent pro-rata reallocations of all Capacity Transfer Rights (including Incremental Capacity Transfer Rights) in accordance with the PJM Manuals.

~~234.5~~ **Reallocation of Incremental Capacity Transfer Rights:**

~~(1) This section shall apply in the event that~~

~~_____ (a) the Office of the Interconnection determines that accommodating an New Service Customer's New Service Request would require, in whole or in part, any Local Upgrade and/or Network Upgrade that the Office of the Interconnection determined to be required to accommodate an New Service Request that was part of an earlier New Services Queue, provided that such previously constructed facility or upgrade meets the criteria stated in Section 219, and~~

~~_____ (b) such New Service Customer (hereafter in this section, the "Current Customer") executes an Interconnection Service Agreement or Upgrade Construction Service Agreement, as applicable.~~

~~_____ Upon determining that this section applies, the Office of the Interconnection:~~

~~_____ (c) shall notify each New Service Customer that paid or incurred a portion of the costs of a pertinent, previously constructed facility or upgrade (hereafter in this section, a "Preceding Customer") of the portion of the costs of such facility or upgrade for which the Current Customer is determined to be responsible, and~~

~~_____ (d) shall afford each such Preceding Customer, subject to the terms of this Section 234.5, an opportunity to obtain, in exchange for a proportional share (as determined in accordance with Section 234.2) of the Incremental Capacity Transfer Rights associated with such facility or upgrade that the Preceding Customer holds, reimbursement for a share of the cost of the facility or upgrade that the Preceding Customer paid or incurred that is proportional to the cost responsibility of the Current Customer for such facility or upgrade.~~

~~(2) A Preceding Customer shall have no obligation to exchange Incremental Capacity Transfer Rights for cost reimbursement pursuant to this section, provided, however, that in the event that a Preceding Customer chooses not to relinquish Incremental Capacity Transfer Rights associated with a previously constructed facility or upgrade, the Current Customer shall have no cost responsibility with respect to the portion of such facility or upgrade for which that Preceding Customer bore cost responsibility.~~

~~(3) In the event that a Preceding Customer elects to exchange Incremental Capacity Transfer Rights for cost reimbursement pursuant to this section, (a) the Preceding Customer shall relinquish the Incremental Capacity Transfer Rights that it elects to exchange in writing, in a form and at a time reasonably satisfactory to the Office of the Interconnection; (b) the Current Customer shall pay Transmission Provider, upon presentation of Transmission Provider's invoice therefor, an amount equal to the portion of such customer's cost responsibility for the relevant, previously constructed facility or upgrade that is proportional to the Incremental Capacity Transfer Rights that the Preceding Customer agreed to exchange; and (c) the Office of the Interconnection shall assign Incremental Capacity Transfer Rights associated with the previously constructed facility or upgrade to the Current Customer in accordance with the following:~~

~~——(i)—— in the event that more than one Current Customer is contemporaneously eligible for a reallocation of Incremental Capacity Transfer Rights associated with a facility or upgrade, the Office of the Interconnection shall use the procedures of Section 234.2 to reallocate the Incremental Capacity Transfer Rights made feasible by retirement of the Incremental Capacity Transfer Rights relinquished by the Preceding Customer;~~

~~——(ii)—— in all other instances, the Current Customer shall be entitled to assignment of either (A) the Incremental Capacity Transfer Rights associated with the pertinent facility or upgrade that the Preceding Customer relinquished pursuant to this section, or (B) any new Incremental Capacity Transfer Rights that are made feasible by retirement of the Incremental Capacity Transfer Rights relinquished by the Preceding Customer, provided, however,~~

~~——(iii)—— that if it is not feasible to assign Incremental Capacity Transfer Rights associated with the pertinent facility or upgrade to the Current Customer in proportion to such customer's cost responsibility for that facility or upgrade, then (A) the Current Customer's cost responsibility for the pertinent facility or upgrade shall be reduced to an amount proportional to the Incremental Capacity Transfer Rights that can be feasibly assigned to it, and (B) the Preceding Customer's Incremental Capacity Transfer Rights associated with the pertinent facility or upgrade shall be reduced only by a quantity proportional to the Current Customer's final cost responsibility. In the event of a reduction in the Current Customer's cost responsibility for a previously constructed facility or upgrade pursuant to this subsection (3)(c)(iii), Transmission Provider shall refund to the Current Customer the difference between the amount such customer paid pursuant to subsection (3)(b) of this Section 234.5 and the amount of its final cost responsibility for the pertinent facility or upgrade. Upon completion of the reallocation process, Transmission Provider shall pay to the Preceding Customer an amount that is proportional to the Current Customer's final cost responsibility for the pertinent facility or upgrade and to the Incremental Capacity Transfer Rights relinquished by the Preceding Customer.~~

~~(4) A Preceding Customer that elects to exchange rights for cost reimbursement pursuant to this section must exchange all Incremental Capacity Transfer Rights and all other Upgrade Related Rights associated with the same Local Upgrade and/or Network Upgrade.~~

~~(5) The Office of the Interconnection shall specify deadlines for the procedural steps in reallocating Incremental Capacity Transfer Rights pursuant to this section and shall complete the reallocation process before the date of, as applicable, commencement of Interconnection Service, Network Service or Transmission Service for the Current Customer, or completion of the Customer Funded Upgrade that precipitated the reallocation of such rights.~~

234.616.2.5 Rate-based Facilities:

No Incremental Capacity Transfer Rights shall be received by a New-Service Transmission Project Developer or Upgrade Customer with respect to transmission investment that is included in the rate base of a public utility and on which a regulated return is earned.

235.16.3 Incremental Deliverability Rights:

235.16.3.1 Right of Transmission Interconnection Customer to Incremental Deliverability Rights:

A Transmission ~~Interconnection Customer~~ Project Developer shall be entitled to receive the Incremental Deliverability Rights associated with its Merchant Transmission Facilities as determined in accordance with this section, provided, however, that a Transmission ~~Interconnection Customer~~ Project Developer that proposes to interconnect Merchant D.C. Transmission Facilities and/or Controllable A.C. Merchant Transmission Facilities that connect the Transmission System with another control area shall be entitled to Incremental Deliverability Rights associated with such Merchant D.C. Transmission Facilities and/or Controllable A.C. Merchant Transmission Facilities only if the Interconnection Customer has elected, pursuant to ~~Section 36.1.03 of the Tariff, Part VIII, Subpart E, section 1~~, to receive Incremental Auction Revenue Rights, Incremental Capacity Transfer Rights, and Incremental Deliverability Rights, Incremental Auction Revenue Rights, Incremental Capacity Transfer Rights, and Incremental Available Transfer Capability Revenue Rights in lieu of Transmission Injection Rights and/or Transmission Withdrawal Rights.

235.216.3.2 Procedures for Assigning Incremental Deliverability Rights:

Transmission Provider shall include in the System Impact Study a determination of the Incremental Deliverability Rights associated with the Transmission ~~Interconnection Customer's Project Developer's~~ Merchant Transmission Facilities. Transmission Provider shall post on its OASIS the Incremental Deliverability Rights that it assigns to the Transmission ~~Interconnection Customer~~ Project Developer under this section 16.3.2.

235.316.3.3 Determination of Incremental Deliverability Rights to be Provided to ~~Interconnection Customer~~ Transmission Project Developer:

Transmission Provider shall determine the Incremental Deliverability Rights to be provided to a Transmission ~~Interconnection Customer~~ Project Developer associated with proposed Merchant Transmission Facilities under ~~Section 235.2 Tariff, Part VIII, Subpart E, section 16.3.2~~ pursuant to procedures specified in the PJM Manuals.

235.416.3.4 Duration of Incremental Deliverability Rights:

Incremental Deliverability Rights assigned to a Transmission ~~Interconnection Customer~~ Project Developer shall be effective until the earlier of the date that is one year after the commencement of Interconnection Service for such customer or the date that such Transmission ~~Interconnection Customer's Transmission Interconnection Project~~

~~Developer's New Service~~ Request is withdrawn and terminated, or deemed to be so, in accordance with ~~Part IV or Part VI of~~ the Tariff. Notwithstanding the preceding sentence, ~~however~~, Incremental Deliverability Rights that are transferred pursuant to an IDR Transfer Agreement under ~~Section 237 of~~ the Tariff, shall be deemed to be Capacity Interconnection Rights of the ~~generator-generation owner~~ that acquires them under such agreement upon commencement of Interconnection Service related to the ~~generator's~~ generation ~~facility-owner's~~ Generating Facility and shall remain effective for the life of such ~~generation facility~~Generating Facility, or for the life of the Merchant Transmission Facilities associated with the transferred IDRs, whichever is shorter. The deemed conversion of IDRs to Capacity Interconnection Rights under this ~~Section 235.4 section 16.3.4~~ shall not affect application to such IDRs of the other provisions of ~~Section 235 of the this~~ Tariff, Part VIII, Subpart E, section 16.3. A Transmission ~~Interconnection Customer-Project Developer~~ may return Incremental Deliverability Rights that it no longer desires at any time. In the event that a Transmission ~~Interconnection Customer-Project developer~~ returns Incremental Deliverability Rights, it shall have no further rights regarding such Incremental Deliverability Rights.

235.516.3.5 Transfer of Incremental Deliverability Rights:

Incremental Deliverability Rights may be sold or otherwise transferred at any time after they are assigned pursuant to ~~Section 235.2~~Tariff, Part VIII, Subpart E, section 16.3.2, subject to execution and submission of an IDR Transfer Agreement in accordance with ~~Section 237 of~~ the Tariff. The transfer of Incremental Deliverability Rights shall not itself extend the periods set forth in ~~Section 235.7~~Tariff, Part VIII, Subpart E, section 16.3.7 regarding loss of Incremental Deliverability Rights.

235.616.3.6 Effectiveness of Incremental Deliverability Rights:

Incremental Deliverability Rights shall not entitle the holder thereof to use the capability associated with such rights unless and until Transmission Provider commences Interconnection Service related to the Merchant Transmission Facilities associated with such rights.

235.716.3.7 Loss of Incremental Deliverability Rights:

Incremental Deliverability Rights shall be extinguished (a) in the event that the ~~Transmission-Interconnection-New Service~~ Request of the Transmission ~~Interconnection Customer-Project Developer~~ to which the rights were assigned is withdrawn and terminated, or deemed to be so, as provided in ~~Part IV or Part VI of~~ the Tariff, without regard for whether the rights have been transferred pursuant to an IDR Transfer Agreement, or (b) such rights are not transferred pursuant to an IDR Transfer Agreement on or before the date that is one year after the commencement of Interconnection Service related to the Merchant Transmission Facilities with which the rights are associated.

235.816.3.8 Rate-based Facilities:

No Incremental Deliverability Rights shall be received by a Transmission ~~Interconnection~~ ~~Customer-Project Developer~~ with respect to transmission investment that is included in the rate base of a public utility and on which a regulated return is earned.

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Tariff, Part VIII, Subpart E, section 17
(former Secs 232 and 236 TIR and TWR)

17 Rights for Transmission Interconnections:

~~232~~17.1 Transmission Injection Rights and Transmission Withdrawal Rights:

~~232.1~~17.1.1 Purpose:

Transmission Injection Rights shall entitle the holder, as provided in this ~~Section 232~~section 17, to schedule energy transmitted on the associated Merchant D.C. Transmission Facilities and/or Controllable A.C. Merchant Transmission Facilities for injection into the Transmission System, at a Point of Interconnection of the Merchant D.C. Transmission Facilities and/or Controllable A.C. Merchant Transmission Facilities with the Transmission System. Transmission Withdrawal Rights shall entitle the holder, as provided in this ~~Section 232~~section 17, to schedule for transmission on the associated ~~Merchant D.C. Transmission Facilities and/or Controllable A.C. Merchant Transmission Facilities~~ energy to be withdrawn from the Transmission System, at a Point of Interconnection of the Merchant D.C. Transmission Facilities and/or Controllable A.C. Merchant Transmission Facilities with the Transmission System.

~~232.2~~Right of Interconnection Customer to 17.1.2 Receipt of Transmission Injection Rights and Transmission Withdrawal Rights:

~~Provided that such customer elects pursuant to Section 36.1.03 of the Tariff to receive Transmission Injection Rights and/or Transmission Withdrawal Rights in lieu of Incremental Deliverability Rights, Incremental Auction Revenue Rights, Incremental Capacity Transfer Rights, and Incremental Available Transfer Capability Revenue Rights, and subject Subject to the terms of this Section 232~~section 17, a Transmission ~~Interconnection Customer Project Developer~~ that constructs Merchant D.C. Transmission Facilities and/or Controllable A.C. Merchant Transmission Facilities that interconnect with the Transmission System and with another control area outside the PJM Region shall be entitled to receive Transmission Injection Rights and/or Transmission Withdrawal Rights at each terminal where such ~~customer's Transmission Project Developer's~~ Merchant D.C. Transmission Facilities and/or Controllable A.C. Merchant Transmission Facilities interconnect with the Transmission System. A Transmission ~~Interconnection Customer Project Developer~~ that is granted Firm Transmission Withdrawal Rights and/or transmission ~~service~~ customers that have a Point of Delivery at the ~~Border of border of the~~ PJM Region where the Transmission System interconnects with the Merchant D.C. Transmission Facilities ~~and/or Controllable A.C. Merchant Transmission Facilities,~~ may be responsible for a reasonable allocation of transmission upgrade costs added to the Regional Transmission Expansion Plan ~~after such Transmission Interconnection Customer's Queue Position is established,~~ in accordance with ~~Section Tariff, section 3E and Tariff, Schedule 12 of the Tariff.~~ Notwithstanding the foregoing, any Transmission Injection Rights and Transmission Withdrawal Rights awarded to ~~an Interconnection Customer a Transmission Project Developer~~ that

interconnects Controllable A.C. Merchant Transmission Facilities shall be, throughout the duration of the ~~Interconnection~~ Service Agreement applicable to such interconnection, conditioned on such ~~customer's~~ Transmission Project Developer's continuous operation of its Controllable A.C. Merchant Transmission Facilities in a controllable manner, i.e., in a manner effectively the same as operation of D.C. transmission facilities.

~~232.2.1~~17.1.2.1 Total Capability:

A Transmission ~~Interconnection Customer~~ Project Developer or other party may hold Transmission Injection Rights and Transmission Withdrawal Rights simultaneously at the same terminal on the Transmission System. However, neither the aggregate Transmission Injection Rights nor the aggregate Transmission Withdrawal Rights held at a terminal may exceed the Nominal Rated Capability of the interconnected Merchant D.C. Transmission Facilities and/or Controllable A.C. Merchant Transmission Facilities, as stated in the associated ~~Interconnection~~ Service Agreement ~~(s)~~.

~~232.3~~17.1.3 Determination of Transmission Injection Rights and Transmission Withdrawal Rights to be Provided to ~~Interconnection Customer~~ Transmission Project Developer:

The Office of the Interconnection shall determine the Transmission Injection Rights and the Transmission Withdrawal Rights associated with Merchant D.C. Transmission Facilities and/or Controllable A.C. Merchant Transmission Facilities to be provided to eligible Transmission ~~Interconnection Customer(s)~~ Project Developer(s) pursuant to the procedures specified in the PJM Manuals. The Office of the Interconnection shall state in the System Impact ~~Study~~ Studies the Transmission Injection Rights and Transmission Withdrawal Rights (including the quantity of each type of such rights) to be made available to the Transmission ~~Interconnection Customer~~ Project Developer at the terminal(s) where the pertinent Merchant D.C. Transmission Facilities and/or Controllable A.C. Merchant Transmission Facilities interconnect with the Transmission System. Such rights shall become available to the Transmission ~~Interconnection Customer~~ Project Developer pursuant to the Interconnection ~~Service~~ Agreement and upon commencement of Interconnection Service thereunder.

~~232.4~~17.1.4 Duration of Transmission Injection Rights and Transmission Withdrawal Rights:

Subject to the terms of ~~Section 232.7 below~~ Tariff, Part VIII, Subpart E, section 17.1.7, Transmission Injection Rights and/or Transmission Withdrawal Rights received by a Transmission ~~Interconnection Customer~~ Project Developer shall be effective for the life of the associated Merchant D.C. Transmission Facilities and/or Controllable A.C. Merchant Transmission Facilities.

~~232.5~~17.1.5 Rate-based Facilities:

No Transmission Injection Rights or Transmission Withdrawal Rights shall be received by a Transmission ~~Interconnection Customer~~ Project Developer with respect to transmission investment that is included in the rate base of a public utility and on which a regulated return is earned.

232.617.1.6 Transfer of Transmission Injection Rights and Transmission Withdrawal Rights:

Transmission Injection Rights and/or Transmission Withdrawal Rights may be sold or otherwise transferred subject to compliance with such procedures as Transmission Provider may establish ~~(, by publication in the PJM Manuals),~~ regarding such transfer and required notice to ~~the~~ Transmission Provider of use of such rights after the transfer. The transfer of Transmission Injection Rights or of Transmission Withdrawal Rights shall not itself extend the periods set forth in ~~Section 232.7~~ Tariff, Part VIII, Subpart E, section 17.1.7 regarding loss of such rights.

232.717.1.7 Loss of Transmission Injection Rights and Transmission Withdrawal Rights:

232.7.117.1.7.1 Operational Standards:

To retain Transmission Injection Rights and Transmission Withdrawal Rights, the associated Merchant D.C. Transmission Facilities and/or Controllable A.C. Merchant Transmission Facilities must operate or be capable of operating at the capacity level associated with the rights. Operational capability shall be established consistent with applicable criteria stated in the PJM Manuals. Merchant D.C. Transmission Facilities and/or Controllable A.C. Merchant Transmission Facilities that meet these operational standards shall retain their Transmission Injection Rights and Transmission Withdrawal Rights regardless of whether they are used to transmit energy within or to points outside the PJM Region.

232.7.217.1.7.2 Failure ~~To~~ to Meet Operational Standards:

In the event that any Merchant D.C. Transmission Facilities and/or Controllable A.C. Merchant Transmission Facilities fail to meet the operational standards set forth in ~~Section 232.7.1 of the Tariff~~ this section 17.1.7 for any consecutive three-year period, the holder(s) of the associated Transmission Injection Rights and Transmission Withdrawal Rights will lose such rights in an amount reflecting the loss of first contingency transfer capability. Any period during which the transmission facility fails to meet the standards set forth in ~~Section 232.7.1~~ this section 17.1.7 as a result of an event that meets the standards of a ~~force majeure event as defined in section 9.4 of Attachment O, Appendix 2 of the Tariff~~ Force Majeure event shall be excluded from such consecutive three-year period, provided that the owner of the Merchant D.C. Transmission Facilities and/or Controllable A.C. Merchant Transmission Facilities exercises due diligence to remedy the event.

236.17.2 Interconnection Rights for Certain Transmission Interconnections:

236.17.2.1 Qualification to Receive Certain Rights:

In order to obtain the rights associated with Merchant Transmission Facilities (other than Merchant Network Upgrades) provided under ~~this Subpart C of Part VI of~~ the Tariff, prior to the commencement of Interconnection Service associated with such facilities, a Transmission Interconnection Customer that interconnects or adds Merchant Transmission Facilities (other than Merchant Network Upgrades) to the Transmission System must become and remain a signatory to the Consolidated Transmission Owners Agreement.

236.17.2.2 Upgrades to Merchant Transmission Facilities:

In the event that Transmission Provider determines in accordance with the Regional Transmission Expansion Planning Protocol of ~~Schedule 6 of the~~ Operating Agreement, Schedule 6 that an addition or upgrade to Merchant A.C. Transmission Facilities is necessary, the owner of such Merchant A.C. Transmission Facilities shall undertake such addition or upgrade and shall operate and maintain all facilities so constructed or installed in accordance with Good Utility Practice and with applicable terms of the Operating Agreement and the Consolidated Transmission Owners Agreement, as applicable. Cost responsibility for each such addition or upgrade shall be assigned in accordance with ~~Schedule 6 of the~~ Operating Agreement, Schedule 6. Each Transmission Owner to whom cost responsibility for such an upgrade is assigned shall further be responsible for all costs of operating and maintaining the addition or upgrade in proportion to its respective assigned cost responsibilities.

236.17.2.3 Limited Duration of Rights in Certain Cases:

Notwithstanding any other provision of this ~~Subpart C section 17~~, in the case of any Merchant Transmission Facilities ~~interconnected pursuant to Part VI~~ that solely involves advancing the construction of a transmission enhancement or expansion other than a Merchant Transmission Facility that is included in the Regional Transmission Expansion Plan, any rights available to such facility under this ~~Subpart C section 17~~ shall be limited in duration to the period from the inception of Interconnection Service for the affected Merchant Transmission ~~Facility-Facilities~~ until the time when the Regional Transmission Expansion Plan originally provided for the pertinent transmission enhancement or expansion to be completed.

Tariff, Part VIII, Subpart E, section 18
(former Tariff, Part IV, section 212.5 Milestones)

18. Milestones:

A. In order to proceed with Generation Interconnection Agreement, within 60 days after receipt of the Phase III System Impact Study (or, if no Phase III System Impact Study was required, then after the results of either the Phase I or Phase II System Impact Study were provided on Transmission Provider's website):

(a) Project Developer must demonstrate that it has:

~~In order to proceed with an Interconnection Service Agreement, within 60 days after receipt of the Facilities Study (or, if no Facilities Study was required, after receipt of the System Impact Study), (a) a Generation Interconnection Customer must demonstrate that it has (i) entered a fuel delivery agreement and water agreement, if necessary, and that it controls any necessary rights-of-way for fuel and water interconnections, (ii) obtained any necessary local, county, and state site permits, and (iii) signed a memorandum of understanding for the acquisition of major equipment, and (b; and~~

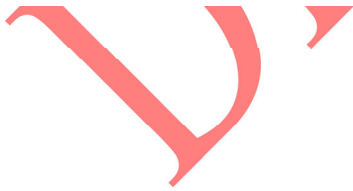
~~(ii) obtained any necessary local, county, and state site permits; and (iii) signed a memorandum of understanding for the acquisition of major equipment; and~~

~~iv) a Transmission Interconnection Customer must demonstrate that it has (i) if applicable, obtained any necessary local, county, and state siting permits or other required approvals for the construction of its proposed Merchant D.C. Transmission Facilities or Merchant Controllable A.C. Transmission Facilities, and (ii) signed a memorandum of understanding for the acquisition of major equipment. The Transmission Provider also may include other reasonable milestone dates in the Interconnection Service Agreement for the construction of the Interconnection Customer's generation project that, if not met, shall relieve the Transmission Provider and the Transmission Owners from the requirement to construct the necessary facilities and upgrades and be deemed a termination and withdrawal of the Interconnection Request.~~

B. The Transmission Provider may include any additional related milestone dates beyond those included in Tariff, Part IX, Subpart , section in the Generation Interconnection Agreement for the construction of the project Developer's generation project that, if not met, shall relieve the Transmission Provider and the Transmission Owner(s) from the requirement to construct the necessary facilities and upgrades.

a. If the milestone dates in the Generation Interconnection Agreement are not met, such Generation Interconnection Agreement may be deemed to be terminated and Transmission Provider may cancel such agreement with the Federal Energy Regulatory Commission, and the New Service Agreement may simultaneously be deemed to be terminated and withdrawn.

- b. Such milestones may include site acquisition, permitting, regulatory certifications (if required), acquisition of any necessary third-party financial commitments, commercial operation, and similar events.
- c. The Transmission Provider may reasonably extend any such milestone dates (including those required in order to proceed with an Generation Interconnection Service Agreement) in the event of delays not caused by the Interconnection Customer/Project Developer, such as unforeseen regulatory or construction delays that could not be remedied by the Interconnection Customer/Project Developer through the exercise of due diligence. ~~Milestone dates stated in the Interconnection Service Agreement shall be deemed to be extended coextensively with any suspension of work initiated by Interconnection Customer in accordance with the Interconnection Construction Service Agreement. Termination and withdrawal of an Interconnection Request for failure to meet a milestone shall not relieve the Interconnection Customer~~
- d. The Generation Interconnection Agreement set forth in Tariff, Part IX, Subpart B, provides Project Developer shall also have a one-time option to extend any milestone (other than any milestone related to site control) for a total period of one year regardless of cause. Other milestone dates stated in the Generation Interconnection Agreement shall be deemed to be extended coextensively with Project Developer's use this provision.
- e. Termination and withdrawal of a New Service Request for failure to meet a milestone shall not relieve the Project Developer from reimbursing the Transmission Provider (for the benefit of the affected Transmission Owner(s)) for the costs incurred prior to such termination and withdrawal. Applicable provisions of this Part VIII, Appendix 2 will continue in effect after termination to the extent necessary to provide for final billings, billing adjustments, and the determination and enforcement of liability and indemnification obligations arising from events or acts that occurred while the CSA or the applicable Generation Interconnection Agreement was in effect.



Tariff, Part VIII, Subpart E, section 19
(former Part IV Preamble - excerpt)

~~An Interconnection Customer that proposes to (i) interconnect a generating unit to the Transmission System in the PJM Region, (ii) increase the capacity of a generating unit in the PJM Region, (iii) interconnect Merchant Transmission Facilities with the Transmission System, (iv) increase the capacity of existing Merchant Transmission Facilities interconnected to the Transmission System, or (v) interconnect a generating unit to distribution facilities located in the PJM Region that are used for transmission of power in interstate commerce, and to make wholesale sales using the output of the generating unit shall request interconnection with the Transmission System pursuant to, and shall comply with, the terms, conditions, and procedures set forth in Part IV of the Tariff. Subpart G of Part IV of the Tariff and related portions of the PJM Manuals apply to Interconnection Requests involving new Small Generation Resources or increases of 20 MW or less to the capability of existing generation resources over any consecutive 24-month period. Upgrade Customers that propose Upgrade Requests seeking Incremental Auction Revenue Rights shall also comply with the terms, conditions, and procedures set forth in Part VI of the Tariff. Part VI of the Tariff contains procedures, terms and conditions governing the Transmission Provider's administration of the New Services Queue, System Impact Studies and Facilities Studies of Interconnection Requests (as well as other New Service Requests), and agreements related to such studies and Interconnection Service. Each Interconnection Customer must pay for any Attachment Facilities, Local Upgrades, and Network Upgrades necessary to accommodate the requested interconnection. Notwithstanding the foregoing, by August 31 of each calendar year, PJM shall solicit requests from Generation Owners of Intermittent Resources and Environmentally Limited Resources which seek to obtain additional Capacity Interconnection Rights related to the winter period (defined as November through April of a Delivery Year) for the purposes of aggregation under the Tariff, Attachment DD. Such additional Capacity Interconnection Rights would be for a one-year period as specified by PJM in the solicitation. Responses to such solicitation must be submitted by such interested Generation Owners by October 31 prior to the upcoming Base Residual Auction. Such requests shall be studied for deliverability similar to any Generation Interconnection Customer seeking to enter the New Services QueueProject Developer that seeks to submit a New Service Request; however, such requests shall not be required to enter the New Services Queuesubmit a New Service Request. PJM shall study such requests in a manner so as to prevent infringement on available system capabilities of any resource which is already in service, or which has an executed Interconnection Service Agreement, Transmission Service Agreement, Upgrade Construction Service Agreement, or has obtained a Queue Position in the New Services Queue.service agreement from Tariff, Part IX, or that has a valid New Service Requestin a Cycle.~~

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41—Interconnection Study Statistics

Transmission Provider will maintain on its website summary statistics related to processing Interconnection Studies pursuant to Interconnection Requests, which will be updated every six months. For purposes of this section, an Interconnection Study is deemed complete on the date upon which the study itself is completed and a study report is provided to the Interconnection Customer and Interconnected Transmission Owner(s). For each six month reporting period, Transmission Provider will calculate and post the information detailed in Tariff, Part IV, Subpart A, sections 41.1 through 41.4.

(former Part IV, section 41)

41.1 Interconnection Feasibility-Phase I System Impact Studies Processing Time:

- (a) Number of Interconnection New Service Requests that had Interconnection Feasibility-Phase I System Impact Studies completed within Transmission Provider's coordinated region during the six-month reporting period.
- (b) Number of Interconnection New Service Requests that had Interconnection Feasibility-Phase I System Impact Studies completed within Transmission Provider's coordinated region during the six-month reporting period that were completed after the Interconnection Feasibility Study deadline specified in Tariff, Part IV, Subpart A, section 36.2, more than 120 days, as determined in conformance with Tariff, Part VIII, Subpart C.2, section _____ (calendar day deadline).
- (c) At the end of the six month reporting period, the number of active valid Interconnection New Service Requests with ongoing incomplete Interconnection Feasibility Studies where such Interconnection Requests had exceeded the Interconnection Feasibility Study deadline in Tariff, Part IV, Subpart A, section 36.2 before the end of the six month reporting period. Phase I System Impact Studies exceeding 120 days, as determined in conformance with Tariff, Part VIII, Subpart C.2, section _____ (calendar day deadline).
- (d) Mean time (in days), Interconnection Feasibility-for Phase I System Impact Studies completed within Transmission Provider's coordinated region during the six-month reporting period, from the date when Transmission Provider initiated the performance of the Interconnection Feasibility-System Impact Studies to the date when Transmission Provider provided the completed Interconnection Feasibility Study to the Interconnection Customer. Phase I System Impact Study to Project Developers.

(E) Percentage of New Service Requests with Phase I System Impact Studies exceeding 120 days as determined in conformance with Tariff, Part VIII, Subpart C.4, section _____ (calendar day deadline) to complete this six month reporting period , calculated as the sum of this section 20.1(B) plus 20.1(C) divided by the sum of 20.1(A) plus 20.1(C).

~~(e) — Percentage of Interconnection Feasibility Studies exceeding the Interconnection Feasibility Study deadline in Tariff, Part IV, Subpart A, section 36.2 to complete this six month reporting period, calculated as the sum of Tariff, Part IV, Subpart A, section 41.1(b) plus Tariff, Part IV, Subpart A, section 41.1(e) divided by the sum of Tariff, Part IV, Subpart A, section 41.1(a) plus Tariff, Part IV, Subpart A, section 41.1(e).~~

41.2 Interconnection-20.2 Phase II System Impact Studies Processing Time:

- ~~(aA) Number of Interconnection-New Service Requests that had Interconnection-Phase II System Impact Studies completed within Transmission Provider's coordinated region during the six-month reporting period.~~
- ~~(bB) Number of Interconnection-New Service Requests that had Interconnection-Phase II System Impact Studies completed within Transmission Provider's coordinated region during the six-month reporting period that were completed after the deadline specified in the System Impact Study Agreement more than 180 days as determined in conformance with Tariff, Part VIII, Subpart C.4, section _____ (calendar day deadline) after the date the end of Decision Point I.~~
- ~~(cC) At the end of the six-month reporting period, the number of active valid Interconnection-New Service Requests with ongoing incomplete System Impact Studies where such Interconnection Requests had exceeded the deadline specified in the System Impact Study Agreement before the end of the six-month reporting period-Phase II System Impact Studies exceeding 180 days as determined in conformance with Tariff, Part VIII, Subpart C.4, section _____ (calendar day deadline) after the end of Decision Point I.~~
- ~~(dD) Mean time (in days), Interconnection-for Phase II System Impact Studies completed within Transmission Provider's coordinated region during the six-month reporting period, from the date when Transmission Provider initiated the performance of the System Impact Studies- from the day after the end of Decision Point to the date when Transmission Provider provided the completed Phase II Interconnection System Impact Study to the Interconnection-Customer/Project Developers.~~
- ~~(eE) Percentage of Interconnection-New Service Requests with Phase II System Impact Studies exceeding deadline specified in the System Impact Study~~

~~Agreement 180 days as determined in conformance with Tariff, Part VIII, Subpart C.4, section _____ (calendar day deadline), to complete this six-month reporting period, calculated as the sum of Tariff, Part IV, Subpart A, section 41.2(b) plus Tariff, Part IV, Subpart A, section 41.2(e) 20.2(B) plus 20.2(C) divided by the sum of Tariff, Part IV, Subpart A, section 41.2(a) plus Tariff, Part IV, Subpart A, section 41.2(c) 20.2(A) plus 20.2(C).~~

~~41.3 Interconnection Facilities 20.3 Phase III System Impact Studies Processing Time:~~

- ~~(a)(A) Number of Interconnection New Service Requests that had Interconnection Facilities Phase III System Impact Studies completed within Transmission Provider's coordinated region during the six-month reporting period.~~
- ~~(b)(B) Number of Interconnection New Service Requests that had Interconnection Facilities Phase III System Impact Studies that are completed within Transmission Provider's coordinated region during the six-month reporting period that were completed after the deadline specified in the Facilities Study Agreement more 180 days as determined in conformance with Tariff, Part VIII, Subpart C.6 section _____ (calendar day deadline) after the end of Decision Point II.~~
- ~~(c)(C) At the end of the six-month reporting period, the number of active valid Interconnection New Service requests Requests with ongoing incomplete Interconnection Facilities Studies where such Interconnection Requests had exceeded the deadline specified in the Facilities Study Agreement before the end of the six-month reporting period Phase III System Impact Studies exceeding 180 days as determined in conformance with Tariff, Part VIII, Subpart C.6, section _____ (calendar day deadline) after the end of Decision Point II.~~
- ~~(d)(D) Mean time (in days), Interconnection Facilities for Phase III System Impact Studies completed within Transmission Provider's coordinated region during the six-month reporting period, calculated from the date when Transmission Provider received the executed Interconnection Facilities Studies Agreement from the day after the end of Decision Point II to the date when Transmission Provider provided the completed Phase III Interconnection Facilities Study to the Interconnection Customer System Impact Study to the Project Developers.~~
- ~~(E) Percentage of New Service Requests with Phase III System Impact Studies exceeding the sum of 180 days as determined in conformance with Tariff, Part VIII, Subpart C.6, section _____ (calendar day deadline) to complete this six month reporting period, calculated as the sum of 20.3(B) plus 20.3(C) divided by the sum of 20.3(A) plus 20.3(C).~~

~~(e) — Percentage of delayed Interconnection Facilities Studies this six-month reporting period, calculated as the sum of Tariff, Part IV, Subpart A, section 41.3(b) plus Tariff, Part IV, Subpart A, section 41.3(c) divided by the sum of Tariff, Part IV, Subpart A, section 41.3(a) plus Tariff, Part IV, Subpart A, section 41.3(c).~~

41.4 Interconnection Service Requests ~~20.4 Withdrawn from Interconnection Queue: New Service Requests.~~

~~(a) — Number of valid Interconnection Requests that withdrew from Transmission Provider's interconnection queue during the six-month reporting period [this eliminates all new Interconnection Requests that were found to be invalid] [this total number].~~

- ~~(bA) Number of valid Interconnection-New Service Requests withdrawn from Transmission Provider's interconnection queue during the six-month reporting period before completion of any interconnection studies or execution of any interconnection study agreements.~~
- ~~(eB) Number of Interconnection-New Service Requests withdrawn from Transmission Provider's interconnection queue during the six-month reporting period before completion of an Interconnection System Impact Study the start of Planning Phase I.~~
- ~~(dC) Number of Interconnection New Service Requests withdrawn from Transmission Provider's interconnection queue during the six-month reporting period before completion of an Interconnection Facility Study from start of Phase I, to at or before the end of Decision Point I.~~
- ~~(eD) Number of New Service Requests withdrawn from Transmission Provider's interconnection queue during the six-month reporting period after execution of an Interconnection Service Agreement, Upgrade Construction Service Agreement or Wholesale Market Participation Agreement or Interconnection Customer requests the filing of an unexecuted, new Interconnection Service Agreement the end of Decision Point to at or before the end of Decision Point II.~~
- (E) Number of New Service Requests withdrawn from Transmission Provider's interconnection queue during the six month reporting period after the end of Decision Point II to before execution of an interconnection-related service agreement or transmission service agreement, or Project Developer or Eligible Customer requests the filing of an unexecuted, new interconnection agreement.
- (F) Number of New Service Requests withdrawn from Transmission Provider's interconnection queue after execution of an interconnection-related service agreement or transmission service agreement, or Project Developer or Eligible Customer requests the filing of an unexecuted, new interconnection agreement.

- (f)(G) Mean time (in days), for all withdrawn ~~Interconnection-New Service~~ Requests, from the date when the ~~Interconnection-Request-request~~ was determined to be valid to when Transmission Provider received the request to withdraw from the ~~queue~~Cycle.

41.520.5 Posting Requirements.

Transmission Provider is required to post on its website the measures in Tariff, Part ~~IVVIII~~, Subpart ~~AE~~, sections ~~41.120.1~~ through ~~41.420.4~~ for each six-month reporting period within thirty (30) days of the end of the reporting period; however, if the thirtieth (30th) does not fall on a Business Day, this time period shall conclude on the next Business Day. Transmission Provider will keep the measures posted on its website for three (3) calendar years with the first required reporting year to be 2020.

41.620.6 Additional Compliance Requirements

In the event that any of the values calculated in Tariff, Part ~~IVVIII~~, Subpart ~~AE~~, section ~~41.1(e)20.1(e)~~, Tariff, Part ~~IVVIII~~, Subpart ~~AE~~, section ~~41.2(e)20.2(e)~~ or Tariff, Part ~~IVVIII~~, Subpart ~~AE~~, ~~41.3(e)section 20.3(e)~~ exceeds 25 percent for two consecutive reporting periods, Transmission Provider will have to comply with the measures below for the next two (2) six-month reporting periods and must continue reporting this information until Transmission Provider reports two (2) consecutive six-month reporting periods without the values calculated in Tariff, Part ~~IVVIII~~, Subpart ~~AE~~, section ~~41.1(e)20.1(e)~~, Tariff, Part ~~IVVIII~~, Subpart ~~AE~~, section ~~41.2(e)20.2(e)~~ or Tariff, Part ~~IVVIII~~, Subpart ~~AE~~, ~~41.3(e)section 20.3(e)~~ exceeding 25 percent for two (2) consecutive six-month reporting periods:

- (a) Transmission Provider must submit a report to the Commission describing the reason for each study or group of clustered studies pursuant to an ~~Interconnection-New Service~~ Request that exceeded its deadline (i.e., 45, 90 or 180 days) for completion (excluding any allowance for Reasonable Efforts). Transmission Provider must describe the reasons for each study delay and any steps taken to remedy these specific issues and, if applicable, prevent such delays in the future. The report must be filed at the Commission within 45 days of the end of the reporting period.
- (b) Transmission Provider shall aggregate the total number of employee hours and third party consultant hours expended towards interconnection studies within its coordinated region that reporting period and post on its website. This information is to be posted within thirty (30) days of the end of the reporting period.

~~36.1.01~~ ~~Generation Interconnection Request:~~

Tariff Part VIII, Sub. E, section 21
(former section 36.1.01(6))

~~6. Transmission Provider Website Postings:~~

~~a. The Transmission Provider shall maintain on the Transmission Provider's website a list of all Generation Interconnection Requests that identifies, with regard to Project Developers, Eligible Customers and Upgrade Customers, the following:~~

- ~~i. the Project Identifier;
 - ~~i. the proposed maximum summer and winter megawatt electrical output;~~~~
- ~~ii. the proposed or incremental Maximum Facility Output and Capacity Interconnection Rights;~~
- ~~iii. ii. the location of the generation by county and project by state;~~
- ~~iv. iii. the station or transmission line or lines where the interconnection will be made;~~
- ~~v. iv. the facility's project's projected in-service date of Initial Operation;
 - ~~v. the status of the Generation Interconnection Request, including its Queue Position;~~~~
- ~~vi. the project's status;~~
- ~~vii. vi. the type of Generation Interconnection Service service requested;~~
- ~~viii. vii. the availability of any related studies related to the Interconnection Request;
 - ~~viii. the date of the Generation Interconnection Request;~~~~
- ~~ix. ix. the type of Generating Facility project to be constructed (combined cycle, base load or combustion turbine and fuel type); and~~

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~~x. for each Generation Interconnection Request that has not resulted in a completed interconnection, an explanation of why it was not completed.~~

~~b. This list will not disclose the identity of the Generation Interconnection Customer, except as otherwise provided in Tariff, Part IV. The list and the priority of Generation Interconnection Requests shall be included on the Transmission Provider's website as part of the New Services Queue.~~

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