

**Communication to Members Regarding Upcoming RPM 2014/2015
Base Residual Auction Scheduled to Open on May 2, 2011**

Dear Members,

This communication is directed to Market Participants that plan to offer Planned External/Internal Generation Resources, Planned Demand Resources, Energy Efficiency Resources, and Qualifying Transmission Upgrades into the 2014/2015 Base Residual Auction, or to request Incremental Capacity Transfer Rights effective starting with the 2014/2015 Delivery Year.

The following table summarizes the activities and corresponding deadlines for planned resource participation in 2014/2015 Base Residual Auction and the activities and deadlines associated with a merchant transmission facility or customer-funded upgrade requesting Incremental Capacity Transfer Rights.

Resource Type	Activity	Deadline
Planned (External/Internal) Generation (includes upgrades to existing generation)	Notification of Intent to Offer	February 1, 2011 (For resources \leq 10 MW and queue position is later than W3 queue) March 1, 2011 (Resources in W3 queue or earlier)
	Executed Impact Study Agreement	April 15, 2011
	PJM Provisional Approval of Cap Mod Transaction	5:00 PM on Thursday, April 28, 2011
Planned Demand Resource	DR Plan Documentation	April 11, 2011
	PJM Provisional Approval of DR Mod Transaction	5:00 PM on Thursday, April 28, 2011
Energy Efficiency Resource	Initial/Updated Measurement & Verification Plan	April 1, 2011
	PJM Provisional Approval of EE Mod Transaction	5:00 PM on Thursday, April 28, 2011
Qualifying Transmission Upgrade (QTU)	Notification of Intent to Offer	February 11, 2011
	Executed Facilities Study Agreement	March 18, 2011
	PJM Certification of Increase in	March 18, 2011

	Import Capability	
Merchant Transmission Facility or Customer-Funded Upgrade (or advancement of transmission facility or upgrade)	Notification of Intent to Request Incremental Capacity Transfer Rights (ICTRs)	February 11, 2011
	Executed Facilities Study Agreement	March 18, 2011
	PJM Certification of Increase in Import Capability	March 18, 2011
	Executed Upgrade Construction Service Agreement (UCSA) or Interconnection Service Agreement (ISA)	March 28, 2011

Additional information on participation requirements for planned resources in 2014/2015 Base Residual Auction and ICTR request requirements are provided by resource type below. **All Notifications of Intent, DR Plans, and Initial/Updated M&V Plans must be submitted to rpm_hotline@pjm.com.**

Planned (External/ Internal) Generation Resources:

At a minimum, an executed System Impact Study Agreement for a Planned Internal Generation Resource (or an equivalent for Planned External Generation Resource) must be in place no later than April 15, 2011 in order for PJM to proceed with approving the Planned Generation Resource for participation in the 2014/2015 Base Residual Auction.

PJM requests Market Participants that want to offer a Planned Generation Resource in the 2014/2015 Base Residual Auction to provide advance notification of their intent to offer by March 1, 2011. The purpose of the advance notification is to provide PJM with an opportunity to execute the System Impact Study Agreement for a Planned Internal Generation Resource and review a submitted equivalent System Impact Study for Planned External Generation Resources by the established deadline. An advance notification, however, will not require PJM to process an interconnection request or perform studies more quickly than provided for in the PJM Tariff. PJM’s ability to execute the System Impact Study Agreement by the deadline will depend on the position of the resource in the W3 queue (or earlier queue) and the status of the studies.

A Planned Internal Generation Resource that is 10 MW or less with a queue position that is later than the W3 queue is requested to provide advance notification of their intent to offer by February 1, 2011 and request an exemption from the W3 queue requirement. Such requests for exemption may be granted at the Transmission Provider's discretion, and the Transmission Provider will utilize reasonable efforts to ensure the necessary agreements are in place.

There will be no fines or administrative penalties imposed by PJM on a Market Participant if it provides PJM with advance notification of its intent to offer and the Market Participant does not actually offer the Planned Generation Resource in the auction.

PJM requests that Market Participants submit their Capacity Modification transaction for their Planned Generation Resource in a timely manner that enables PJM to review the transaction and provide provisional approval by 5:00 PM on Thursday, April 28, 2011. PJM will only provisionally approve a Capacity Modification transaction for a Planned Generation Resource after an Impact Study has been executed and the RPM Credit Requirements have been satisfied.

Planned Demand Resources:

Providers of all Planned Demand Resources (Direct Load Control, Firm Service Level, or Guaranteed Load Drop implementations) must provide DR Plan documentation by April 11, 2011 (15 business days prior to the Base Residual Auction). Information to be included in the DR Plan documentation is outlined in the following document that summarizes the requirements for offering Planned Demand Resources into RPM Auctions: [http://www.pjm.com/markets-and-operations/rpm/~media/markets-ops/rpm/rpm-auction-info/planned-demand-resource-rpm-auction-participation-information.ashx](http://www.pjm.com/markets-and-operations/rpm/~/media/markets-ops/rpm/rpm-auction-info/planned-demand-resource-rpm-auction-participation-information.ashx).

PJM requests that Market Participants submit their DR Modification transaction for their Planned Demand Resource in a timely manner that enables PJM to review the transaction and provide provisional approval by 5:00 PM on Thursday, April 28, 2011. PJM will only provisionally approve a DR Modification transaction for a Planned Demand Resource after PJM has approved the provider's DR Plan submittal and the RPM Credit Requirements have been satisfied.

Energy Efficiency Resources:

Providers of Energy Efficiency Resources must submit Initial/Updated Measurement and Verification (M&V) Plan by April 1, 2011 (30 days prior to the Base Residual Auction). The requirements for an Initial/Updated M&V Plan are available in Manual 18B: Energy Efficiency Measurement and Verification.

PJM requests that Market Participants submit their EE Modification transaction for their Energy Efficiency Resource in a timely manner that enables PJM to review the transaction and provide provisional approval by 5:00 PM on Thursday, April 28, 2011. PJM will only provisionally approve an EE Modification transaction for an Energy Efficiency Resource after PJM has approved the provider's Initial/Updated M&V Plan and the RPM Credit Requirements have been satisfied.

Qualifying Transmission Upgrades (QTU):

Certification of an increase in import capability must be completed no later than March 18, 2011 (45 days prior to the Base Residual Auction) for a QTU to participate in the 2014/2015 Base Residual Auction.

PJM requests Market Participants that want to offer a QTU in the 2014/2015 Base Residual Auction to provide advance notification of their intent to offer by February 11, 2011. The QTU must have, at a minimum, an executed Facilities Study Agreement in place before the certification, which will occur no later than March 18, 2011. The purpose of the advance notification is to provide PJM with enough time to determine the increase in import capability by the established deadline; however, the advance notification will not obligate PJM to deviate from the timeframes for processing studies in the PJM Tariff. PJM will complete the studies associated with a QTU in accordance with the PJM Tariff. There will be no fines or administrative penalties imposed by PJM on a Market Participant if it provides PJM with advance notification of its intent to offer and the Market Participant does not actually offer the QTU in the auction.

Merchant Transmission Facility or Customer-Funded Upgrade:

Certification of an increase in import capability associated with Merchant Transmission Facilities or a Customer-Funded Upgrade (or advancements of a transmission facility or upgrade) must be completed no later than March 18, 2011 (45 days prior to Base Residual Auction) to request ICTRs effective with the 2014/2015 Delivery Year.

PJM requests that Market Participants that want to request ICTRs effective with the 2014/2015 Delivery Year provide advance notification of their intent by February 11, 2011. The purpose of the advance notification is to provide PJM with enough time to determine the ICTRs by the established deadline of March 18, 2011; however, the advance notification will not require PJM to deviate from the PJM Tariff provisions regarding the processing of new services requests. PJM will complete the studies associated with Merchant Transmission Facilities or Customer-Funded Upgrades (or advancements of a transmission facility or upgrade) in accordance with the PJM Tariff. There will be no fines or administrative penalties imposed by PJM on a Market Participant if it provides PJM with advance notification of its intent to request ICTRs for a Merchant Transmission Facility or Customer-Funded Upgrade and the Market Participant does not actually proceed with the transmission upgrade and request for ICTRs.

By March 18, 2011, PJM will certify the ICTRs for those Merchant Transmission Facilities and Customer-Funded Upgrades (or advancements of transmission facilities and upgrades) that (i) requested ICTRs effective with the 2014/2015 Delivery Year, and (ii) at a minimum, have an associated executed Facilities Study Agreement.

An executed Upgrade Construction Service Agreement (UCSA) or Interconnection Service Agreement (ISA) for the transmission facilities or upgrades must be received by PJM no later than March 28, 2011 in order for the network transmission upgrade to be eligible to receive ICTRs for 2014/2015 Delivery Year.

The Market Participants who were awarded ICTRs for the Delivery Years prior to 2014/2015 need not request them again.

Any questions regarding this communication should also be directed to [rpm_hotline @pjm.com](mailto:rpm_hotline@pjm.com).