

**Proposed Revisions to Indemnification Provisions
March 19, 2015**

Tariff, Section 10.3

Original

The Transmission Customer shall at all times indemnify, defend, and save each Transmission Owner, the Transmission Provider, PJMSettlement, and each Generation Owner acting in good faith to implement or comply with the directives of the Transmission Provider, and their directors, managers, members, shareholders, officers and employees harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demands, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the Transmission Provider's, PJMSettlement's, a Transmission Owner's, or a Generation Owner's (acting in good faith to implement or comply with the directives of the Transmission Provider) performance of its obligations under this Tariff on behalf of the Transmission Customer, except in cases of negligence or intentional wrongdoing by such Transmission Owner, the Transmission Provider, or such Generation Owner acting in good faith to implement or comply with the directives of the Transmission Provider.

Redline

Version 2 (our original proposed changes)

The Transmission Customer shall at all times indemnify, defend, and save each Generation Owner (acting in good faith to implement or comply with the directives of the Transmission Provider), Transmission Owner, the Transmission Provider, and PJMSettlement, ~~and each Generation Owner acting in good faith to implement or comply with the directives of the Transmission Provider,~~ and their directors, managers, members, shareholders, officers and employees harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demands, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from ~~the Transmission Provider's,~~ a Generation Owner's (acting in good faith to implement or comply with the directives of the Transmission Provider), the Transmission Provider's, PJMSettlement's, or a Transmission Owner's; ~~or a Generation Owner's (acting in good faith to implement or comply with the directives of the Transmission Provider)~~ performance of its obligations under this Tariff on behalf of the Transmission Customer related to the provision of transmission service, except in cases of negligence or intentional wrongdoing by such Generation Owner (acting in good faith to implement or comply with the directives of the Transmission Provider), Transmission Owner, or the Transmission Provider, ~~or such Generation Owner acting in good faith to implement or comply with the directives of the Transmission Provider.~~

Clean

The Transmission Customer shall at all times indemnify, defend, and save each Generation Owner (acting in good faith to implement or comply with the directives of the Transmission Provider), Transmission Owner, the Transmission Provider, and PJMSettlement, and their directors, managers, members, shareholders, officers and employees harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demands, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from a Generation Owner's (acting in good faith to implement or comply with the directives of the Transmission Provider), the Transmission Provider's, PJMSettlement's, or a Transmission Owner's performance of its obligations under this Tariff on behalf of the Transmission Customer related to the provision of transmission service, except in cases of negligence or intentional wrongdoing by such Generation Owner **(acting in good faith to implement or comply with the directives of the Transmission Provider)**, Transmission Owner, or the Transmission Provider.

RAA, Section 1.62 Party

Party shall mean an entity bound by the terms of this Agreement, and shall not include PJM Interconnection, L.L.C., its Board or PJM Settlement, Inc., for purposes of this Agreement.

RAA, Section 12.1 Indemnification.

(a) Each Party agrees to indemnify and hold harmless each of the other Parties, its officers, directors, employees or agents (other than PJM Interconnection, L.L.C., its board or the Office of the Interconnection) for all actions, claims, demands, costs, damages and liabilities asserted by third parties against the Party seeking indemnification and arising out of or relating to acts or omissions in connection with this Agreement of the Party from which indemnification is sought, except (i) to the extent that such liabilities result from the willful misconduct of the Party seeking indemnification and (ii) that each Party shall be responsible for all claims of its own employees, agents and servants growing out of any workmen's compensation law. Nothing herein shall limit a Party's indemnity obligations under Article 16 of the Operating Agreement.

(b) The amount of any indemnity payment under this Section 12.1 shall be reduced (including, without limitation, retroactively) by any insurance proceeds or other amounts actually recovered by the Party seeking indemnification in respect of the indemnified actions, claims, demands, costs, damages or liabilities. If any Party shall have received an indemnity payment in respect of an indemnified action, claim, demand, cost, damage, or liability and shall subsequently actually receive insurance proceeds or other amounts in respect of such action, claim, demand, cost, damage, or liability, then such Party shall pay to the Party that made such indemnity payment the lesser of the amount of such insurance proceeds or other amounts actually received and retained or the net amount of the indemnity payments actually received previously.