

II. POINT-TO-POINT TRANSMISSION SERVICE

References to section numbers in this Part II refer to sections of this Part II, unless otherwise specified.

Preamble

The Transmission Provider will provide Firm and Non-Firm Point-To-Point Transmission Service pursuant to the applicable terms and conditions of this Tariff. Point-To-Point Transmission Service is for the receipt of capacity and energy at designated Point(s) of Receipt and the transfer of such capacity and energy to designated Point(s) of Delivery. PJM Settlement shall be the Counterparty to the Point-To-Point Transmission Service transactions under this Tariff. As set forth in Attachment K, Section D, Point-To-Point Transmission Service transactions may give rise to several component charges and credits, which may offset one another, and such component charges and credits are not separate transactions from Transmission Service transactions.

13 Nature of Firm Point-To-Point Transmission Service

13.1 Term:

The minimum term of Long-Term Firm Point-To-Point Transmission Service shall be one year and the maximum term shall be specified in the Service Agreement. The term of Short-Term Firm Point-To-Point Transmission Service shall be one day, one week, or one month.

13.2 Reservation Priority:

Except as provided in Section 17.8 and 17.9,

- (i) Firm Point-To-Point Transmission Service shall be available on a first-come, first-served basis, i.e., in the chronological sequence in which each Transmission Customer has requested service according to the provisions of Section 17. However, Pre-Confirmed Applications for Short-Term Point-to-Point Transmission Service will receive priority over earlier-submitted requests that are not Pre-Confirmed and that have equal or shorter duration.
- (ii) If the Transmission System becomes oversubscribed, requests for Long-Term Firm Point-To-Point Transmission Service or Network Integration Transmission Service may preempt requests for monthly transmission service up to two months before the commencement of monthly service. Otherwise, requests for longer term service will not preempt requests for shorter term service. Preemption of monthly service, if any, shall take place sequentially beginning with preemption of the most recent request for monthly service. Monthly requests with equal reservation priority will be preempted on a pro-rata basis. The Transmission Provider shall promptly notify an Eligible Customer with a reservation for monthly service if the reservation is preempted. Such customer shall not have any right of first refusal to match the request for Long-Term Firm Point-To-Point Transmission Service or Network Integration Transmission Service in order to avoid losing its reservation priority. Except in the event of preemption of monthly service as stated in this section, after the Transmission Customer confirms a reservation, service will commence pursuant to the terms of Part II of the Tariff.
- (iii) Firm Point-To-Point Transmission Service will always have a reservation priority over Non-Firm Point-To-Point Transmission Service under the Tariff. All Long-Term Firm Point-To-Point Transmission Service will have equal reservation priority with Native Load Customers and Network Customers. Reservation priorities for existing firm service customers are provided in Section 2.2.

13.3 Use of Firm Transmission Service by a Transmission Owner:

Each Transmission Owner will be subject to the rates, terms and conditions of Part II of the Tariff when making Third-Party Sales under (i) agreements executed on or after March 1, 1997 or (ii) agreements executed prior to the aforementioned date that the Commission requires to be unbundled, by the date specified by the Commission. Each Transmission Owner will maintain separate accounting, pursuant to Section 8, for any use of the Point-To-Point Transmission Service to make Third-Party Sales.

13.4 Service Agreements:

The Transmission Provider shall offer a standard form Firm Point-To-Point Transmission Service Agreement (Attachment A) to an Eligible Customer when it submits a Completed Application for Long-Term Firm Point-To-Point Transmission Service. The Transmission Provider shall offer a standard form Firm Point-To-Point Transmission Service Agreement (Attachment A) to an Eligible Customer when it first submits a Completed Application for Short-Term Firm Point-To-Point Transmission Service pursuant to the Tariff. Executed Service Agreements that contain the information required under the Tariff shall be filed with the Commission in compliance with applicable Commission regulations. An Eligible Customer that uses Transmission Service at a Point of Receipt or Point of Delivery that it has not reserved and that has not executed a Service Agreement will be deemed, for purposes of assessing any appropriate charges and penalties, to have executed the appropriate Service Agreement.

13.5 Transmission Customer Obligations for Facility Additions or Redispatch Costs:

In cases where the Transmission Provider determines that the Transmission System is not capable of providing Long-Term Firm Point-To-Point Transmission Service without (1) degrading or impairing the reliability of service to Native Load Customers, Network Customers and other Transmission Customers taking Firm Point-To-Point Transmission Service, or (2) interfering with the Transmission Provider's ability to meet prior firm contractual commitments to others, the Transmission Owner(s) will be obligated to expand or upgrade the Transmission System pursuant to the terms of Section 15.4. The Transmission Customer must agree to compensate the Transmission Provider for any necessary transmission facility additions pursuant to the terms of Section 27. To the extent the Transmission Provider can relieve any system constraint by redispatching resources available to the PJM Region, it shall do so, provided that the Eligible Customer agrees to compensate the Transmission Provider pursuant to the terms of Section 27 and agrees to compensate the Transmission Owner for any necessary transmission facility additions. Any redispatch, Network Upgrade or Direct Assignment Facilities costs to be charged to the Transmission Customer on an incremental basis under the Tariff will be specified in the Service Agreement prior to initiating service.

13.6 Curtailment of Firm Transmission Service:

In the event that a Curtailment on the Transmission Provider's Transmission System, or a portion thereof, is required to maintain reliable operation of such system and the systems directly and indirectly interconnected with Transmission Provider's Transmission System. Curtailments will be made on a non-discriminatory basis to the transaction(s) that effectively relieve the constraint. Transmission Provider may elect to implement such Curtailments pursuant to the Transmission Loading Relief procedures. If multiple transactions require Curtailment, to the extent practicable and consistent with Good Utility Practice, Curtailments will be proportionally allocated among Native Load Customers, Network Customers, and Transmission Customers taking Firm Point-To-Point Transmission Service. All Curtailments will be made on a non-discriminatory basis, however, Non-Firm Point-To-Point Transmission Service shall be subordinate to Firm Transmission Service and Non-Firm Point-To-Point Transmission Service for which redispatch costs will not be paid shall be subordinate to Non-Firm Point-To-Point Transmission Service for which redispatch costs will be paid. When the Transmission Provider determines that an electrical emergency exists on the Transmission System and implements emergency procedures to Curtail Firm Transmission Service, the Transmission Customer shall make the required reductions upon request of the Transmission Provider. However, the Transmission Provider reserves the right to Curtail, in whole or in part, any Firm Transmission Service provided under the Tariff when, in the Transmission Provider's sole discretion, an emergency or other unforeseen condition impairs or degrades the reliability of the Transmission System. The Transmission Provider will notify all affected Transmission Customers in a timely manner of any scheduled Curtailments.

13.6A Load Shedding:

To the extent that a system contingency exists on the Transmission Provider's Transmission System and the Transmission Provider determines that it is necessary for the Transmission Owners and the Transmission Customer to shed load, the Transmission Customer and the Transmission Owners shall shed load in accordance with previously established procedures under the Operating Agreement.

13.7 Classification of Firm Transmission Service:

- (a) The Transmission Customer taking Firm Point-To-Point Transmission Service may (1) change its Receipt and Delivery Points to obtain service on a non-firm basis consistent with the terms of Section 22.1 or (2) request a modification of the Points of Receipt or Delivery on a firm basis pursuant to the terms of Section 22.2.
- (b) The Transmission Customer may purchase transmission service to make sales of capacity and energy from multiple generating units that are on the Transmission Provider's Transmission System. For such a purchase of transmission service, the resources will be designated as multiple Points of Receipt, unless the multiple generating units are at the same generating plant in which case the units would be treated as a single Point of Receipt.
- (c) The Transmission Provider shall provide firm deliveries of capacity and energy from the Point(s) of Receipt to the Point(s) of Delivery. Each Point of Receipt at which firm transmission capacity is reserved by the Transmission Customer shall be set forth in the Firm Point-To-Point Service Agreement for Long-Term Firm Transmission Service along with a corresponding capacity reservation associated with each Point of Receipt. Points of Receipt and corresponding capacity reservations shall be as mutually agreed upon by the Parties for Short-Term Firm Transmission. Each Point of Delivery at which firm transfer capability is reserved by the Transmission Customer shall be set forth in the Firm Point-To-Point Service Agreement for Long-Term Firm Transmission Service along with a corresponding capacity reservation associated with each Point of Delivery. Points of Delivery and corresponding capacity reservations shall be as mutually agreed upon by the Parties for Short-Term Firm Transmission. The greater of either (1) the sum of the capacity reservations at the Point(s) of Receipt, or (2) the sum of the capacity reservations at the Point(s) of Delivery shall be the Transmission Customer's Reserved Capacity. The Transmission Customer will be billed for its Reserved Capacity under the terms of Schedule 7. The Transmission Customer may not exceed its firm capacity reserved at each Point of Receipt and each Point of Delivery except as otherwise specified in Section 22. In the event the Transmission Customer (including Third Party Sales by a Transmission Owner) exceeds its firm capacity reserved at any Point of Receipt or Point of Delivery or uses Transmission Service at a Point of Receipt or Point of Delivery that it has not reserved, except as otherwise specified in Section 22, the Transmission Customer shall pay a penalty equal to twice the rate set forth in Schedule 7 as follows:

The unreserved use penalty for a single hour of unreserved use shall be based on the rate for daily Firm Point-To-Point Transmission Service. If there is more than one assessment for a given duration (e.g., daily) for the Transmission Customer, the penalty shall be based on the next longest duration (e.g., weekly). The unreserved penalty charge for multiple instances of unreserved use (i.e., more than one hour) within a day shall be based on the daily rate Firm Point-To-Point Transmission Service. The unreserved penalty charge for multiple instances of unreserved use isolated to one calendar week shall be based on the charge for weekly Firm Point-To-Point Transmission Service. The

unreserved use penalty charge for multiple instances of unreserved use during more than one week during a calendar month shall be based on the charge for monthly Firm Point-To-Point Transmission Service.

13.8 Scheduling of Firm Point-To-Point Transmission Service:

Schedules for the Transmission Customer's Firm Point-To-Point Transmission Service must be submitted to the Transmission Provider no later than 10:00 a.m. (eastern) of the day prior to commencement of such service. Schedules submitted after 10:00 a.m. (eastern) will be accommodated, if practicable. Hour-to-hour and intra-hour (four intervals consisting of fifteen minute schedules) schedules of any capacity and energy that is to be delivered must be stated in increments of 1,000 kW per hour. Transmission Customers within the PJM Region with multiple requests for Transmission Service at a Point of Receipt, each of which is under 1,000 kW per hour, may consolidate their service requests at a common point of receipt into units of 1,000 kW per hour for scheduling and billing purposes. Scheduling changes will be permitted up to twenty (20) minutes before the start of the next scheduling interval provided that the Delivering Party and Receiving Party also agree to the schedule modification. The Transmission Provider will furnish to the Delivering Party's system operator, hour-to-hour schedules equal to those furnished by the Receiving Party and shall deliver the capacity and energy provided by such schedules. Should the Transmission Customer, Delivering Party or Receiving Party revise or terminate any schedule, such party shall immediately notify the Transmission Provider, and the Transmission Provider shall have the right to adjust accordingly the schedule for capacity and energy to be received and to be delivered.

14 Nature of Non-Firm Point-To-Point Transmission Service

14.1 Term:

Non-Firm Point-To-Point Transmission Service will be available for periods ranging from one (1) hour to one (1) month. However, a Purchaser of Non-Firm Point-To-Point Transmission Service will be entitled to reserve a sequential term of service (such as a sequential monthly term without having to wait for the initial term to expire before requesting another monthly term) so that the total time period for which the reservation applies is greater than one month, subject to the requirements of Section 18.3.

14.2 Reservation Priority:

Non-Firm Point-To-Point Transmission Service shall be available from transfer capability in excess of that needed for reliable service to Native Load Customers, Network Customers and other Transmission Customers taking Long-Term and Short-Term Firm Point-To-Point Transmission Service. A higher priority will be assigned first to requests or reservations with a longer duration of service and second to Pre-Confirmed Applications. In the event the Transmission System is constrained, competing requests of the same Pre-Confirmation status and equal duration will be prioritized based on the highest price offered by the Eligible Customer for the Transmission Service. Eligible Customers that have already reserved shorter term service have the right of first refusal to match any longer term request before being preempted. A longer term competing request for Non-Firm Point-To-Point Transmission Service will be granted if the Eligible Customer with the right of first refusal does not agree to match the competing request:

(a) immediately for hourly Non-Firm Point-To-Point Transmission Service after notification by the Transmission Provider; and (b) within 24 hours (or earlier if necessary to comply with the scheduling deadlines provided in section 14.6) for Non-Firm Point-To-Point Transmission Service other than hourly transactions after notification by the Transmission Provider. Transmission service for Network Customers from resources other than designated Network Resources will have a higher priority than any Non-Firm Point-To-Point Transmission Service. Non-Firm Point-To-Point Transmission Service over secondary Point(s) of Receipt and Point(s) of Delivery will have the lowest reservation priority under the Tariff.

14.3 Use of Non-Firm Point-To-Point Transmission Service by a Transmission Owner:

Each Transmission Owner will be subject to the rates, terms and conditions of Part II of the Tariff when making Third-Party Sales under (i) agreements executed on or after March 1, 1997 or (ii) agreements executed prior to the aforementioned date that the Commission requires to be unbundled, by the date specified by the Commission. The Transmission Owner will maintain separate accounting, pursuant to Section 8, for any use of Non-Firm Point-To-Point Transmission Service to make Third-Party Sales.

14.4 Service Agreements:

The Transmission Provider shall offer a standard form Non-Firm Point-To-Point Transmission Service Agreement (Attachment B) to an Eligible Customer when it first submits a Completed Application for Non-Firm Point-To-Point Transmission Service pursuant to the Tariff. Executed Service Agreements that contain the information required under the Tariff shall be filed with the Commission in compliance with applicable Commission regulations.

14.5 Classification of Non-Firm Point-To-Point Transmission Service:

Non-Firm Point-To-Point Transmission Service shall be offered under terms and conditions contained in Part II of the Tariff. The Transmission Provider and the Transmission Owners undertake no obligation under the Tariff to plan the Transmission System in order to have sufficient capacity for Non-Firm Point-To-Point Transmission Service. Parties requesting Non-Firm Point-To-Point Transmission Service for the transmission of firm power do so with the full realization that such service is subject to availability and to Curtailment or Interruption under the terms of the Tariff. In the event the Transmission Customer (including Third Party Sales by a Transmission Owner) exceeds its non-firm capability reserved at any Point of Receipt or Point of Delivery, the Transmission Customer shall pay the rate set forth in Schedule 8 for the delivery period (i.e., monthly, weekly, daily or hourly) for which the Transmission Customer is reserving capacity multiplied by an adjusted reserved capacity (for pricing purposes only) equal to the highest level used by the Transmission Customer at such Point of Receipt or Point of Delivery as integrated over a 60 minute period. Non-Firm Point-To-Point Transmission Service shall include transmission of energy on an hourly basis and transmission of scheduled short-term capacity and energy on a daily, weekly or monthly basis, but not to exceed one month's reservation for any one Application, under Schedule 8.

14.6 Scheduling of Non-Firm Point-To-Point Transmission Service:

Schedules for Non-Firm Point-To-Point Transmission Service must be submitted to the Transmission Provider no later than 2:00 p.m. (eastern) of the day prior to the commencement of such service. Schedules submitted after 2:00 p.m. (eastern) will be accommodated, if practicable. Hour-to-hour and intra-hour (four intervals consisting of fifteen minute schedules) schedules of energy that is to be delivered must be stated in increments of 1,000 kW per hour. Transmission Customers within the PJM Region with multiple requests for Transmission Service at a Point of Receipt, each of which is under 1,000 kW per hour, may consolidate their schedules at a common Point of Receipt into units of 1,000 kW per hour. Scheduling changes will be permitted up to twenty (20) minutes before the start of the next scheduling interval provided that the Delivering Party and Receiving Party also agree to the schedule modification. The Transmission Provider will furnish to the Delivering Party's system operator, hour-to-hour schedules equal to those furnished by the Receiving Party and shall deliver the capacity and energy provided by such schedules. Should the Transmission Customer, Delivering Party or Receiving Party revise or terminate any schedule, such party shall immediately notify the Transmission Provider, and the Transmission Provider shall have the right to adjust accordingly the schedule for capacity and energy to be received and to be delivered.

14.7 Curtailment or Interruption of Service:

The Transmission Provider reserves the right to Curtail, in whole or in part, Non-Firm Point-To-Point Transmission Service provided under the Tariff for reliability reasons when an emergency or other unforeseen condition threatens to impair or degrade the reliability of the Transmission System or the systems directly and indirectly interconnected with Transmission Provider's Transmission System. Transmission Provider may elect to implement such Curtailments pursuant to the Transmission Loading Relief procedures. The Transmission Provider reserves the right to Interrupt, in whole or in part, Non-Firm Point-To-Point Transmission Service provided under the Tariff for economic reasons in order to accommodate (1) a request for Firm Transmission Service, (2) a request for Non-Firm Point-To-Point Transmission Service of greater duration, (3) a request for Non-Firm Point-To-Point Transmission Service of equal duration with a higher price, or (4) transmission service for Network Customers from non-designated resources. The Transmission Provider also will discontinue or reduce service to the Transmission Customer to the extent that deliveries for transmission are discontinued or reduced at the Point(s) of Receipt. Where required, Curtailments or Interruptions will be made on a non-discriminatory basis to the transaction(s) that effectively relieve the constraint, however, Non-Firm Point-To-Point Transmission Service shall be subordinate to Firm Transmission Service and Non-Firm Point-To-Point Transmission Service for which redispatch costs will not be paid shall be subordinate to Non-Firm Point-To-Point Transmission Service for which redispatch costs will be paid. If multiple transactions require Curtailment or Interruption, to the extent practicable and consistent with Good Utility Practice, Curtailments or Interruptions will be made to transactions of the shortest term (e.g., hourly non-firm transactions will be Curtailed or Interrupted before daily non-firm transactions and daily non-firm transactions will be Curtailed or Interrupted before weekly non-firm transactions). Transmission service for Network Customers from resources other than designated Network Resources will have a higher priority than any Non-Firm Point-To-Point Transmission Service under the Tariff. Non-Firm Point-To-Point Transmission Service over secondary Point(s) of Receipt and Point(s) of Delivery will have a lower priority than any Non-Firm Point-To-Point Transmission Service under the Tariff. The Transmission Provider will provide advance notice of Curtailment or Interruption where such notice can be provided consistent with Good Utility Practice.

15 Service Availability

15.1 General Conditions:

The Transmission Provider will provide Firm and Non-Firm Point-To-Point Transmission Service over, on or across the Transmission System to any Transmission Customer that has met the requirements of Section 16.

15.2 Determination of Available Transfer Capability:

A description of the Transmission Provider's specific methodology for assessing available transfer capability posted on the Transmission Provider's OASIS (Section 4) is contained in Attachment C of the Tariff. The Transmission Provider will not provide Short-Term Firm Point-To-Point Transmission Service in excess of the transfer capability posted on OASIS pursuant to Section 17.9. In the event sufficient transfer capability may not exist to accommodate a request for Long-Term Firm Point-To-Point Transmission Service, and such request does not commence and terminate within the 18 month ATC horizon, the Transmission Provider will respond by performing (in coordination with the affected Transmission Owner or Transmission Owners to the extent necessary) an Initial Firm Transmission Feasibility Study as described in Section 19. If a request for Long-Term Firm Point-to-Point Transmission Service falls entirely within the ATC horizon, the request will be evaluated based on the posted ATC.

15.3 Initiating Service in the Absence of an Executed Service Agreement:

If the Transmission Provider and the Transmission Customer requesting Firm or Non-Firm Point-To-Point Transmission Service cannot agree on all the terms and conditions of the Point-To-Point Service Agreement, the Transmission Provider shall file with the Commission, within thirty (30) days after the date the Transmission Customer provides written notification directing the Transmission Provider to file, an unexecuted Point-To-Point Service Agreement containing terms and conditions deemed appropriate by the Transmission Provider for such requested Transmission Service. The Transmission Provider shall commence providing Transmission Service subject to the Transmission Customer agreeing to (i) compensate the Transmission Provider at whatever rate the Commission ultimately determines to be just and reasonable, and (ii) comply with the terms and conditions of the Tariff including posting appropriate security deposits in accordance with the terms of Section 17.3.

15.4 Obligation to Provide Transmission Service that Requires Expansion or Modification of the Transmission System or Redispatch:

(a) If the Transmission Provider determines that it cannot accommodate a Completed Application for Long-Term Firm Point-To-Point Transmission Service because of insufficient capability on the Transmission System, the Transmission Owners will be obligated and shall use due diligence to expand or modify, the Transmission System to provide the requested Firm Transmission Service consistent with the planning obligations in Schedule 6 of the Operating Agreement, provided the Transmission Customer agrees to compensate the Transmission Provider or the affected Transmission Owner(s) for such costs pursuant to the terms of Section 27. The Transmission Provider and the affected Transmission Owners will conform to Good Utility Practice and the planning obligations in Schedule 6 of the Operating Agreement in determining the need for new facilities and the affected Transmission Owner(s) will conform to Good Utility Practice in the design and construction of such facilities. The obligation applies only to those facilities that the Transmission Owners have the right to expand or modify.

(b) If the Transmission Provider determines that it cannot accommodate a Completed Application for Long-Term Firm Point-To-Point Transmission Service because of insufficient capability on its Transmission System, the Transmission Provider will use due diligence to provide redispatch until Network Upgrades are completed for the Transmission Customer.

15.5 Deferral of Service:

The Transmission Provider may defer providing service until construction of new transmission facilities or upgrades needed to provide Firm Point-To-Point Transmission Service are completed whenever the Transmission Provider determines that providing the requested service would, without such new facilities or upgrades, impair or degrade reliability to any existing firm services.

15.6 Other Transmission Service Schedules:

Eligible Customers receiving transmission service under other agreements on file with the Commission may continue to receive transmission service under those agreements until such time as those agreements may be modified by the Commission.

15.7 **[Reserved]**

16 Transmission Customer Responsibilities

16.1 Conditions Required of Transmission Customers:

Point-To-Point Transmission Service shall be provided by the Transmission Provider only if the following conditions are satisfied by the Transmission Customer:

- a. The Transmission Customer has pending a Completed Application for service;
- b. The Transmission Customer meets the creditworthiness criteria set forth in Section 11;
- c. The Transmission Customer will have arrangements in place for any other transmission service necessary to effect the delivery from the generating source to the Transmission Provider prior to the time service under Part II of the Tariff commences;
- d. The Transmission Customer agrees to pay for any facilities constructed and chargeable to such Transmission Customer under Part II of the Tariff, whether or not the Transmission Customer takes service for the full term of its reservation;
- e. The Transmission Customer provides the information required by the Transmission Provider's planning process established in Schedule 6 of the Operating Agreement;
- f. The Transmission Customer has executed a Point-To-Point Service Agreement or has agreed to receive service pursuant to Section 15.3.

16.2 Transmission Customer Responsibility for Third-Party Arrangements:

Any scheduling arrangements that may be required by other electric systems shall be the responsibility of the Transmission Customer requesting service. The Transmission Customer shall provide, unless waived by the Transmission Provider, notification to the Transmission Provider identifying such systems and authorizing them to schedule the capacity and energy to be transmitted by the Transmission Provider pursuant to Part II of the Tariff on behalf of the Receiving Party at the Point of Delivery or the Delivering Party at the Point of Receipt. However, the Transmission Provider will undertake reasonable efforts to assist the Transmission Customer in making such arrangements, including without limitation, providing any information or data required by such other electric system pursuant to Good Utility Practice.

17 Procedures for Arranging Firm Point-To-Point Transmission Service

17.1 Application:

A request for Firm Point-To-Point Transmission Service for periods of one year or longer must contain a written Application to: PJM Interconnection, L.L.C., 2750 Monroe Blvd., Audubon, PA 19403, at least sixty (60) days in advance of the calendar month in which service is to commence. The Transmission Provider will consider requests for such firm service on shorter notice when feasible. Requests for firm service for periods of less than one year shall be subject to the expedited procedures set forth in Section 17.8. All Firm Point-To-Point Transmission Service requests should be submitted by entering the information listed below on the Transmission Provider's OASIS. Prior to implementation of the Transmission Provider's OASIS, a Completed Application may be submitted by (i) transmitting the required information to the Transmission Provider by telefax, or (ii) providing the information by telephone over the Transmission Provider's time recorded telephone line. Each of these methods will provide a time-stamped record for establishing the Queue Position of the Completed Application.

17.2 Completed Application:

A Completed Application shall provide all of the information included in 18 C.F.R. § 2.20 including but not limited to the following:

- (i) The identity, address, telephone number and facsimile number of the entity requesting service;
- (ii) A statement that the entity requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;
- (iii) The location of the Point(s) of Receipt and Point(s) of Delivery and the identities of the Delivering Parties and the Receiving Parties;
- (iv) The location of the generating facility(ies) supplying the capacity and energy and the location of the load ultimately served by the capacity and energy transmitted. The Transmission Provider will treat this information as confidential except to the extent that disclosure of this information is required by this Tariff, by regulatory or judicial order, for reliability purposes pursuant to Good Utility Practice or pursuant to Applicable Regional Entity transmission information sharing agreements. The Transmission Provider shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations;
- (v) A description of the supply characteristics of the capacity and energy to be delivered;
- (vi) An estimate of the capacity and energy expected to be delivered to the Receiving Party;
- (vii) The Service Commencement Date and the term of the requested Transmission Service;
- (viii) The transmission capacity requested for each Point of Receipt and each Point of Delivery on the Transmission Provider's Transmission System; customers may combine their requests for service in order to satisfy the minimum transmission capacity requirement;
- (ix) A statement indicating that, if the Eligible Customer submits a Pre-Confirmed Application, the Eligible Customer will execute a Service Agreement upon receipt of notification that Transmission Provider can provide the requested Transmission Service; and
- (x) Any additional information required by the Transmission Provider's planning process established in Schedule 6 of the Operating Agreement.

The Transmission Provider shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

17.3 Compliance with Credit Policy:

A party requesting Transmission Service shall provide the information specified in, and otherwise comply with, the “PJM Credit Policy” set forth in Attachment Q hereto.

17.4 Notice of Deficient Application:

If an Application fails to meet the requirements of the Tariff, the Transmission Provider shall notify the entity requesting service within fifteen (15) days of receipt of the reasons for such failure. The Transmission Provider will attempt to remedy minor deficiencies in the Application through informal communications with the Eligible Customer. If such efforts are unsuccessful, the Transmission Provider shall return the Application, along with any deposit, with interest. Upon receipt of a new or revised Application that fully complies with the requirements of Part II of the Tariff, the Eligible Customer shall be assigned a new Queue Position consistent with the date of the new or revised Application.

17.5 Response to a Completed Application:

Following receipt of a Completed Application for Firm Point-To-Point Transmission Service, the Transmission Provider shall make a determination of available transfer capability as required in Section 15.2. With respect to Short-Term Firm Point-To-Point Transmission Service, the Transmission Provider shall notify the Eligible Customer as soon as practicable, but not later than thirty (30) days after the date of receipt of a Completed Application, whether it will be able to provide service. With respect to Long-Term Firm Point-To-Point Transmission Service, the Transmission Provider shall notify the Eligible Customer as soon as practicable, but not later than thirty (30) days after the date of receipt of a Completed Application either (i) if it will be able to provide service without performing a Firm Transmission Feasibility~~an Initial~~ Study or (ii) if such a study is needed to evaluate the impact of the Application pursuant to Section 19.1; provided that, if, in connection with the request, Transmission Provider must provide notification to an existing customer pursuant to Section 2.3 of the Tariff, the foregoing deadline shall be extended to forty-five (45) days after the date of receipt of a Completed Application. Responses by the Transmission Provider must be made as soon as practicable to all completed applications and the timing of such responses must be made on a non-discriminatory basis.

17.6 Execution of Service Agreement:

Whenever the Transmission Provider determines that ~~a Firm Transmission Feasibility~~ ~~an Initial~~ Study is not required and that the service can be provided, it shall notify the Eligible Customer as soon as practicable but no later than thirty (30) days after receipt of the Completed Application. Where ~~a Firm Transmission Feasibility~~ ~~an Initial~~ Study is required, the provisions of Section 19 will govern the execution of a Service Agreement. Failure of an Eligible Customer to execute and return the Service Agreement or request the filing of an unexecuted service agreement pursuant to Section 15.3, within fifteen (15) days after it is tendered by the Transmission Provider will be deemed a withdrawal and termination of the Application and any deposit submitted shall be refunded with interest. Nothing herein limits the right of an Eligible Customer to file another Application after such withdrawal and termination.

17.7 Extensions for Commencement of Service:

The Transmission Customer can obtain, subject to availability, up to five (5) one-year extensions for the commencement of service. The Transmission Customer may postpone service by paying a non-refundable annual reservation fee equal to one-month's charge for Firm Transmission Service for each year or fraction thereof within 15 days of notifying Transmission Provider it intends to extend the commitment of service. If during any extension for the commencement of service an Eligible Customer submits a Completed Application for Firm Transmission Service, and such request can be satisfied only by releasing all or part of the Transmission Customer's Reserved Capacity, the original Reserved Capacity will be released unless the following condition is satisfied. Within thirty (30) days, the original Transmission Customer agrees to pay the Firm Point-To-Point transmission rate for its Reserved Capacity concurrent with the new Service Commencement Date. In the event the Transmission Customer elects to release the Reserved Capacity, the reservation fees or portions thereof previously paid will be forfeited.

17.8 Reservation of Short-Term Firm Point-To-Point Transmission Service:

Requests for monthly service shall be submitted no earlier than 12:00 a.m. EPT of the first calendar day of the month, which is seventeen (17) months before the date service is requested to commence; requests for weekly service shall be submitted no earlier than 12:00 a.m. EPT of the day, which is fourteen (14) days before the date service is to commence; and requests for daily service shall be submitted no earlier than 12:00 a.m. EPT of the day, which is seven (7) days before the date service is to commence. Requests for monthly service shall be submitted no later than 12:00 a.m. EPT of the date which is fourteen (14) days before service is to commence; requests for weekly service shall be submitted no later than 12:00 a.m. EPT of the date which is than seven (7) days before the service is to commence; and requests for daily service shall be submitted no later than 2:00 p.m. EPT the business day before service is to commence. All requests received during the first thirty (30) minutes following the above-specified times shall be deemed to have been received simultaneously. Designations of new Network Resources under section 30.2 that will use interface capacity and that are for a period of less than one year will be processed together with, and in the same manner as, requests for Short-Term Firm Point-To-Point Transmission Service.

17.9 Increases in Transfer Capability for Short-Term Transmission Service:

Each hour, the Transmission Provider shall post on the Transmission Provider's OASIS, the capability of the Transmission System then available to accommodate firm Transmission Service and Network Integration Service for each of the following seventeen (17) months. Reservations with respect to any increases in transfer capability reflected in such posting may be made commencing at the time of posting. All requests for monthly Short-Term Firm Point-To-Point Transmission Service and monthly designation pursuant to section 30.2 of a new Network Resource that will use interface capacity received during the first thirty (30) minutes after each posting shall be deemed to have been submitted simultaneously. The Transmission Provider shall respond to the requests no later than seven (7) business days from the time of request for monthly service and no later than two (2) business days from the time of the request for weekly service. The Transmission Provider shall respond to requests within four (4) normal business hours of receipt for daily service if feasible.

18 Procedures for Arranging Non-Firm Point-To-Point Transmission Service

18.1 Application:

Eligible Customers seeking Non-Firm Point-To-Point Transmission Service must submit a Completed Application to the Transmission Provider. Applications should be submitted by entering the information listed below on the Transmission Provider's OASIS. Prior to implementation of the Transmission Provider's OASIS, a Completed Application may be submitted by (i) transmitting the required information to the Transmission Provider by telefax, or (ii) providing the information by telephone over the Transmission Provider's time recorded telephone line. Each of these methods will provide a time-stamped record for establishing the service priority of the Application.

18.2 Completed Application:

A Completed Application shall provide all of the information included in 18 C.F.R. § 2.20 including but not limited to the following:

- (i) The identity, address, telephone number and facsimile number of the entity requesting service;
- (ii) A statement that the entity requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;
- (iii) The Point(s) of Receipt and the Point(s) of Delivery;
- (iv) The maximum amount of capacity requested at each Point of Receipt and Point of Delivery; and
- (v) The proposed dates and hours for initiating and terminating transmission service hereunder.

In addition to the information specified above, when required to properly evaluate system conditions, the Transmission Provider also may ask the Transmission Customer to provide the following:

- (vi) The electrical location of the initial source of the power to be transmitted pursuant to the Transmission Customer's request for service; and
- (vii) The electrical location of the ultimate load.

The Transmission Provider will treat this information in (vi) and (vii) as confidential at the request of the Transmission Customer except to the extent that disclosure of this information is required by this Tariff, by regulatory or judicial order, for reliability purposes pursuant to Good Utility Practice, or pursuant to Applicable Regional Entity transmission information sharing agreements. The Transmission Provider shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

- (viii) A statement indicating that, if the Eligible Customer submits a Pre-Confirmed Application, the Eligible Customer will execute a Service Agreement upon receipt of notification that the Transmission Provider can provide the requested Transmission Service.

18.3 Reservation of Non-Firm Point-To-Point Transmission Service:

Requests for monthly service shall be submitted no earlier than 12:00 a.m. EPT of the day which is sixty (60) calendar days before service is to commence; requests for weekly service shall be submitted no earlier than 12:00 a.m. EPT of the day which is fourteen (14) days before the service is to commence; requests for daily service shall be submitted no earlier than 12:00 a.m. EPT of the day which is three (3) business days before service is to commence; and requests for hourly service shall be submitted no earlier than 8:00 a.m. EPT the day before service is to commence. Requests for monthly service shall be submitted no later than 12:00 a.m. EPT of the date which is two (2) business days before service is to commence; requests for weekly service shall be submitted no later than thirty (30) hours before the service is to commence; requests for daily service shall be submitted no later than 2:00 p.m. EPT the day before service is to commence; and requests for hourly service shall be submitted no later than the end of the operating hour before service is to commence. All requests received during the first five (5) minutes following the above-specified times shall be deemed to have been received simultaneously.

18.4 Determination of Available Transfer Capability:

Following receipt of a tendered schedule the Transmission Provider will make a determination on a non-discriminatory basis of available transfer capability pursuant to Section 15.2. Such determination shall be made as soon as reasonably practicable after receipt, but not later than the following time periods for the following terms of service (i) fifteen (15) minutes for hourly service, (ii) thirty (30) minutes for daily service, (iii) four (4) hours for weekly service, and (iv) twelve (12) hours for monthly service.

19 Firm Transmission Feasibility~~Initial~~ Study Procedures For Long-Term Firm Point-To-Point Transmission Service Requests

19.1 Notice of Need for ~~Firm Transmission Feasibility Initial~~ Study:

After receiving a request for service, the Transmission Provider shall determine on a non-discriminatory basis whether ~~a Firm Transmission Feasibility Initial~~ Study is needed. The purpose of the ~~Firm Transmission Feasibility Initial~~ Study shall be to assess whether the Transmission System has sufficient available capability to provide the requested service. If the Transmission Provider determines that ~~a Firm Transmission Feasibility Initial~~ Study is necessary to evaluate the requested service, it shall so inform the Eligible Customer, as soon as practicable. In such cases, the Transmission Provider shall within thirty (30) days of receipt of a Completed Application, tender ~~a Firm Transmission Feasibility Initial~~ Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the Transmission Provider for the required ~~Firm Transmission Feasibility Initial~~ Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the ~~Firm Transmission Feasibility Initial~~ Study Agreement and return it to the Transmission Provider within fifteen (15) days. If the Eligible Customer elects not to execute the ~~Firm Transmission Feasibility Initial~~ Study Agreement, its application shall be deemed withdrawn and its deposit, pursuant to Section 17.3, shall be returned with interest.

Reimbursement:

19.2 Firm Transmission Feasibility ~~Initial~~ Study Agreement and Cost Reimbursement:

- (i) The Firm Transmission Feasibility ~~Initial~~ Study Agreement will clearly specify the Transmission Provider's estimate (determined in coordination with the affected Transmission Owner(s)) of the actual cost, and time for completion of the Initial Firm Transmission Feasibility Study. The charge shall not exceed the actual cost of the study. In performing the Initial Firm Transmission Feasibility Study, the Transmission Provider shall rely, to the extent reasonably practicable, on existing transmission planning studies. The Eligible Customer will not be assessed a charge for such existing studies; however, the Eligible Customer will be responsible for charges associated with any modifications to existing planning studies that are reasonably necessary to evaluate the impact of the Eligible Customer's request for service on the Transmission System.
- (ii) If in response to multiple Eligible Customers requesting service in relation to the same competitive solicitation, a single Initial Firm Transmission Feasibility Study is sufficient for the Transmission Provider to accommodate the requests for service, the costs of that study shall be pro- rated among the Eligible Customers.
- (iii) The Transmission Provider shall reimburse the affected Transmission Owner(s) for their study costs, if any, in connection with an Initial Firm Transmission Feasibility Study.
- (iv) For Initial Firm Transmission Feasibility Studies that the Transmission Provider conducts on behalf of a Transmission Owner, the Transmission Owner shall record the cost of the Initial Firm Transmission Feasibility Studies pursuant to Section 8.

19.3 Firm Transmission Feasibility~~Initial~~ Study Procedures:

~~Upon receipt of an executed Initial Study Agreement, the Transmission Provider will use due diligence to complete the required Initial Study within a sixty (60) day period. The Initial Study shall generally assess any system constraints to evaluate whether the Transmission System has sufficient available capability to provide the requested service. In the event that the Transmission Provider is unable to complete the required Initial Study within such time period, it shall so notify the Eligible Customer and provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the required studies. A copy of the completed Initial Study and related work papers shall be made available to the Eligible Customer as soon as the Initial Study is complete. The Transmission Provider will use the same due diligence in completing the Initial Study for an Eligible Customer as it uses when completing studies for a Transmission Owner. The Transmission Provider shall notify the Eligible Customer immediately upon completion of the Initial Study whether a System Impact Study will be needed to more fully assess and identify the Network Upgrades and/or Local Upgrades that will be needed to accommodate all or part of the Eligible Customer's request for service or that no costs are likely to be incurred for new transmission facilities or upgrades. In the event that Transmission Provider determines that a System Impact Study will be needed, the procedures and other terms of Part VI shall apply to the Completed Application.~~

After receiving a signed Firm Transmission Feasibility Study Agreement and the applicable deposit of \$20,000, the Transmission Provider shall conduct a Firm Transmission Service Feasibility Study to make a preliminary determination of the type and scope of and Direct Assignment Facilities, Local Upgrades, and Network Upgrades that will be necessary to accommodate the Completed Application and provide the Eligible Customer a preliminary estimate of the time that will be required to construct any necessary facilities and upgrades and the Eligible Customer's cost responsibility, estimated consistent with Section 217 of the Tariff. The Transmission Service Feasibility Study assesses the practicality and cost of accommodating the requested service. The analysis is limited to load-flow analysis of probable contingencies. The Transmission Provider shall provide a copy of the Transmission Service Feasibility Study and, to the extent consistent with the Office of the Interconnection's confidentiality obligations in Section 18.17 of the Operating Agreement, related work papers to the Eligible Customer and the affected Transmission Owner(s). Upon completion, the Transmission Provider shall make the completed Transmission Service Feasibility Study publicly available. The Transmission Provider shall conduct Transmission Service Feasibility Studies two times each year in conjunction with the Interconnection Feasibility Studies conducted under Section 36.2.

The Transmission Provider will use the same due diligence in completing the Firm Transmission Feasibility Study for an Eligible Customer as it uses when completing studies for a Transmission Owner. The Transmission Provider shall notify the Eligible Customer immediately upon completion of the Firm Transmission Feasibility Study whether a System Impact Study will be needed to more fully assess and identify the Network Upgrades and/or Local Upgrades that will be needed to accommodate all or part of the Eligible Customer's request for service or that no costs are likely to be incurred for new transmission facilities or upgrades. In the event that Transmission Provider determines that a System Impact Study will be needed, the procedures and other terms of Part VI shall apply to the Completed Application.

19.3.1 Meeting with Transmission Provider:

At the Eligible Customer's request, Transmission Provider, the Eligible Customer and the Interconnected Transmission Owner shall meet at a mutually agreeable time to discuss the results of the Interconnection Feasibility Study. Such meeting may occur in person or by telephone or video conference.

19.4 Retaining Queue Position:

Except when the Transmission Provider determines that a System Impact Study is needed, in order for a request to remain a Completed Application, within thirty (30) days after its receipt of the completed Firm Transmission Feasibility ~~Initial~~ Study, the Eligible Customer must execute a Service Agreement or request the filing of an unexecuted Service Agreement pursuant to Section 15.3, or the Completed Application shall be deemed terminated and withdrawn.

19.5 [Reserved]

19.6 [Reserved]

19.7 Partial Interim Service:

If the Transmission Provider determines that it will not have adequate transfer capability to satisfy the full amount of a Completed Application for Firm Point-To-Point Transmission Service, the Transmission Provider nonetheless shall be obligated to offer and provide the portion of the requested Firm Point-To-Point Transmission Service that can be accommodated without addition of any facilities and through redispatch. However, the Transmission Provider shall not be obligated to provide the incremental amount of requested Firm Point-To-Point Transmission Service that requires the addition of facilities or upgrades to the Transmission System until such facilities or upgrades have been placed in service.

19.8 Penalties for Failure to Meet Deadlines:

Sections 19.3, 205, and 206 require a Transmission Provider to use due diligence to meet study completion deadlines for ~~Initial~~ Firm Transmission Feasibility Studies, System Impact Studies, and Facilities Studies for Eligible Customers.

(i) The Transmission Provider is required to file a notice with the Commission in the event that more than twenty (20) percent of non-Affiliates' ~~Initial~~ Firm Transmission Feasibility Studies, System Impact Studies, and Facilities Studies for Eligible Customers completed by the Transmission Provider in any two consecutive calendar quarters are not completed within the completion deadlines, consistent with sections 19.3, 205, and 206. Such notice must be filed within thirty (30) days of the end of the calendar quarter triggering the notice requirement.

(ii) For the purposes of calculating the percent of non-Affiliates' ~~Initial~~ Firm Transmission Feasibility Studies, System Impact Studies, and Facilities Studies for Eligible Customers processed outside of the study completion deadlines set forth in sections 19.3, 205, and 206 for such studies for Eligible Customers, the Transmission Provider shall consider all ~~Initial~~ Firm Transmission Feasibility Studies, System Impact Studies, and Facilities Studies for Eligible Customers that it completes for non-Affiliates during the calendar quarter. The percentage should be calculated by dividing the number of those studies which are completed on time by the total number of completed studies. The Transmission Provider may provide an explanation in its notification filing to the Commission if it believes there are extenuating circumstances that prevented it from meeting the study completion deadlines.

(iii) The Transmission Provider is subject to an operational penalty if it completes ten (10) percent or more of non-Affiliates' ~~Initial~~ Firm Transmission Feasibility Studies, System Impact Studies, and Facilities Studies for Eligible Customers outside of the study completion deadlines set forth in sections 19.3, 205, and 206 for such studies for Eligible Customers, for each of the two calendar quarters immediately following the quarter that triggered its notification filing to the Commission. The operational penalty will be assessed for each calendar quarter for which an operational penalty applies, starting with the calendar quarter immediately following the quarter that triggered the Transmission Provider's notification filing to the Commission. The operational penalty will continue to be assessed each quarter until the Transmission Provider completes at least ninety (90) percent of all non- Affiliates' ~~Initial~~ Firm Transmission Feasibility Studies, System Impact Studies and Facilities Studies for Eligible Customers within the study completion deadlines, set forth in sections 19.3, 205, and 206 for such studies for Eligible Customers.

(iv) For penalties assessed in accordance with subsection (iii) above, the penalty amount for each ~~Initial~~ Firm Transmission Feasibility Study, System Impact Study, or Facilities Study for Eligible Customers shall be equal to \$500 for each day the Transmission Provider takes to complete that study beyond the study completion deadline.

20 [Reserved]

21 [Reserved]

22 Changes in Service Specifications

22.1 Modifications On a Non-Firm Basis:

The Transmission Customer taking Firm Point-To-Point Transmission Service may request the Transmission Provider to provide transmission service on a non-firm basis over Receipt and Delivery Points other than those specified in the Service Agreement (“Secondary Receipt and Delivery Points”), in amounts not to exceed its firm capacity reservation, without incurring an additional Non-Firm Point-To-Point Transmission Service charge or executing a new Service Agreement, subject to the following conditions.

- (a) Service provided over Secondary Receipt and Delivery Points will be non-firm only, on an as-available basis and will not displace any firm or non-firm service reserved or scheduled by third-parties under the Tariff or by a Transmission Owner on behalf of its Native Load Customers.
- (b) The sum of all Firm and non-firm Point-To-Point Transmission Service provided to the Transmission Customer at any time pursuant to this section shall not exceed the Reserved Capacity in the relevant Service Agreement under which such services are provided.
- (c) The Transmission Customer shall retain its right to schedule Firm Point-To-Point Transmission Service at the Receipt and Delivery Points specified in the relevant Service Agreement in the amount of its original capacity reservation.
- (d) Service over Secondary Receipt and Delivery Points on a non-firm basis shall not require the filing of an Application for Non-Firm Point-To-Point Transmission Service under the Tariff. However, all other requirements of Part II of the Tariff (except as to transmission rates) shall apply to transmission service on a non-firm basis over Secondary Receipt and Delivery Points.

22.2 Modification On a Firm Basis:

Any request by a Transmission Customer to modify Receipt and Delivery Points on a firm basis shall be treated as a new request for service in accordance with Section 17 hereof, except that such Transmission Customer shall not be obligated to pay any additional deposit if the capacity reservation does not exceed the amount reserved in the existing Service Agreement. While such new request is pending, the Transmission Customer shall retain its priority for service at the existing firm Receipt and Delivery Points specified in its Service Agreement.

23 Sale or Assignment of Transmission Service

23.1 Procedures for Assignment or Transfer of Service:

Subject to Commission approval of any necessary filings, a Transmission Customer may sell, assign, or transfer all or a portion of its rights under its Service Agreement, but only to another Eligible Customer (the Assignee). The Transmission Customer that sells, assigns or transfers its rights under its Service Agreement is hereafter referred to as the Reseller. Compensation to the Reseller shall not exceed the higher of (i) the original rate paid by the Reseller, (ii) the Transmission Provider's maximum rate on file at the time of the assignment, or (iii) the Reseller's opportunity cost capped at the Transmission Provider's cost of expansion; provided that, for service prior to October 1, 2010, compensation to Resellers shall be at rates established by agreement between the Reseller and the Assignee.

The Assignee must execute a service agreement with the Transmission Provider and PJMSettlement governing reassignments of transmission service prior to the date on which the reassigned service commences. PJMSettlement shall charge the Reseller, as appropriate, at the rate stated in the Reseller's Service Agreement with the Transmission Provider and PJMSettlement or the associated OASIS schedule and credit the Reseller with the price reflected in the Assignee's Service Agreement with the Transmission Provider and PJMSettlement or the associated OASIS schedule; provided that, such credit shall be reversed in the event of non-payment by the Assignee. If the Assignee does not request any change in the Point(s) of Receipt or the Point(s) of Delivery, or a change in any other term or condition set forth in the original Service Agreement, the Assignee will receive the same services as did the Reseller and the priority of service for the Assignee will be the same as that of the Reseller. The Assignee will be subject to all terms and conditions of this Tariff. If the Assignee requests a change in service, the reservation priority of service will be determined by the Transmission Provider pursuant to Section 13.2.

23.2 Limitations on Assignment or Transfer of Service:

If the Assignee requests a change in the Point(s) of Receipt or Point(s) of Delivery, or a change in any other specifications set forth in the original Service Agreement, the Transmission Provider will consent to such change subject to the provisions of the Tariff, provided that the change will not impair the operation and reliability of the Transmission Provider's Transmission System or a Transmission Owner's generation, transmission, or distribution systems. The Assignee shall compensate the Transmission Provider for performing any System Impact Study needed to evaluate the capability of the Transmission System to accommodate the proposed change and any additional costs resulting from such change. The Reseller shall remain liable for the performance of all obligations under the Service Agreement, except as specifically agreed to by the Transmission Provider and the Reseller through an amendment to the Service Agreement.

23.3 Information on Assignment or Transfer of Service:

In accordance with Section 4, all sales or assignments of capacity must be conducted through or otherwise posted on the Transmission Provider's OASIS on or before the day the reassigned service commences and are subject to Section 23.1. Resellers may also use the Transmission Provider's OASIS to post transmission capacity available for resale.

24 Metering and Power Factor Correction at Receipt and Delivery Points(s)

24.1 Transmission Customer Obligations:

Unless otherwise agreed, the Transmission Customer shall be responsible for installing and maintaining compatible metering and communications equipment to accurately account for the capacity and energy being transmitted under Part II of the Tariff and to communicate the information to the Transmission Provider. Such equipment shall remain the property of the Transmission Customer.

24.2 Transmission Provider Access to Metering Data:

The Transmission Provider shall have access to metering data, which may reasonably be required to facilitate measurements and billing under the Service Agreement.

24.3 Power Factor:

Unless otherwise agreed, the Transmission Customer is required to maintain a power factor within the same range as the Transmission Owners pursuant to Good Utility Practices. The power factor requirements are specified in the Service Agreement where applicable.

25 Compensation for Transmission Service

Rates for Firm and Non-Firm Point-To-Point Transmission Service are provided in the Schedules appended to the Tariff: Firm Point-To-Point Transmission Service (Schedule 7); and Non-Firm Point-To-Point Transmission Service (Schedule 8). Customers may also be subject to Transmission Enhancement Charges as provided in Schedule 12 appended to the Tariff. Each Transmission Owner shall use Part II of the Tariff to make its Third-Party Sales. Each Transmission Owner shall account for such use at the applicable Tariff rates, pursuant to Section 8.

Owner shall use Part II of the Tariff to make its Third-Party Sales. Each Transmission Owner shall account for such use at the applicable Tariff rates, pursuant to Section 8.

26 Stranded Cost Recovery

Any Transmission Owner may seek to recover stranded costs from the Transmission Customer pursuant to this Tariff in accordance with the terms, conditions and procedures set forth in FERC Order No. 888. However, the Transmission Owner must separately file any specific proposed stranded cost charge under Section 205 of the Federal Power Act.

27 Compensation for New Facilities and Redispatch Costs

27.1 New Facilities and Redispatch:

Whenever a System Impact Study performed by or on behalf of the Transmission Provider in connection with the provision of Firm Point-To-Point Transmission Service identifies the need for new facilities, the Transmission Customer shall be responsible for such costs to the extent consistent with Commission policy. Whenever a System Impact Study performed by or on behalf of the Transmission Provider identifies transmission constraints that may be relieved by redispatching resources available to the PJM Region to eliminate such constraints, the Transmission Customer shall be responsible for the redispatch costs to the extent consistent with Commission policy.

27.2 Redispatch Using Locational Marginal Prices:

Whenever in the operation of the PJM Region the Transmission Provider identifies transmission constraints, the provisions of Attachment K shall apply to all Transmission Customers (including Native Load Customers and a Transmission Owner making a Third-Party Sale); provided, however, that a Transmission Customer receiving Non-Firm Point-To-Point Transmission Service may elect not to pay the costs of redispatch determined pursuant to Attachment K when those costs would be imposed consistent with Commission policy and Transmission Service to such Transmission Customer may be interrupted.

27A Distribution of Revenues from Non-Firm Point-to-Point Transmission Service

Transmission revenues from Non-Firm Point-to-Point Transmission Service (other than the portion of such revenues equal to congestion charges and the revenues attributable to the Transitional Revenue Neutrality Charge) for a Billing Month shall be distributed to the Network Customers (including the Transmission Owners) and Transmission Customers purchasing Firm Point-to-Point Transmission Service in proportion to their Demand Charges (including any imputed Demand Charges for bundled service to Native Load Customers) for Network Service and their charges for Reserved Capacity for Firm Point-to-Point Transmission Service.

PJMSettlement shall distribute all revenues attributable to the Transitional Revenue Neutrality Charge to Allegheny Power.

III. NETWORK INTEGRATION TRANSMISSION SERVICE

References to section numbers in this Part III refer to sections of this Part III, unless otherwise specified.

Preamble

The Transmission Provider will provide Network Integration Transmission Service pursuant to the applicable terms and conditions contained in the Tariff and Service Agreement. Network Integration Transmission Service allows the Network Customer to integrate, economically dispatch and regulate its current and planned Network Resources to serve its Network Load in a manner comparable to that in which each Transmission Owner utilizes the Transmission System to serve its Native Load Customers. Network Integration Transmission Service also may be used by the Network Customer to deliver economy energy purchases to its Network Load from non-designated resources on an as-available basis without additional charge. Transmission service for sales to non-designated loads will be provided pursuant to the applicable terms and conditions of Part II of the Tariff. PJMSettlement shall be the Counterparty to the Network Integration Transmission Service transactions under this Tariff. As set forth in Attachment K, Section D, Network Integration Transmission Service transactions may give rise to several component charges and credits, which may offset one another, and such component charges and credits are not separate transactions from Network Integration Transmission Service transactions.

28 Nature of Network Integration Transmission Service

28.1 Scope of Service:

Network Integration Transmission Service is a transmission service that allows Network Customers to efficiently and economically utilize their Network Resources (as well as other non-designated generation resources) to serve their Network Load located in the PJM Region and any additional load that may be designated pursuant to Section 31.3 of the Tariff. The Network Customer taking Network Integration Transmission Service must obtain or provide Ancillary Services pursuant to Section 3.

28.2 Transmission Provider Responsibilities:

In order to provide the Network Customer with Network Integration Transmission Service over the Transmission Provider's Transmission Systems: (a) the Transmission Provider will plan and operate the Transmission System in accordance with Good Utility Practice and its planning obligations in Schedule 6 of the Operating Agreement; and (b) the Transmission Owners will be obligated to construct and maintain the Transmission System in accordance with the terms and conditions of the Tariff, the Operating Agreement, and Good Utility Practice. Each Transmission Owner, on behalf of its Native Load Customers, shall be required to designate resources and loads in the same manner as any Network Customer under Part III of this Tariff. This information must be consistent with the information used by the Transmission Provider to calculate available transfer capability. The Transmission Provider shall include the Network Customer's Network Load in the Transmission System planning and the Transmission Owners shall, consistent with the terms and conditions of the Tariff, the Operating Agreement, and Good Utility Practice, endeavor to construct and place into service sufficient transfer capability to deliver the Network Customer's Network Resources to serve its Network Load on a basis comparable to the delivery of each Transmission Owner's own generating and purchased resources to its Native Load Customers.

28.3 Network Integration Transmission Service:

The Transmission Provider will provide firm transmission service over the Transmission System to the Network Customer for the delivery of capacity and energy from its designated Network Resources to service its Network Loads on a basis that is comparable to each Transmission Owner's use of the Transmission System to reliably serve its Native Load Customers.

28.4 Secondary Service:

The Network Customer may use the Transmission Provider's Transmission System to deliver energy to its Network Loads from resources that have not been designated as Network Resources. Such energy shall be transmitted, on an as-available basis, at no additional charge. Secondary service shall not require the filing of an Application for Network Integrated Transmission Service under the Tariff. However, all other requirements of Part III of the Tariff (except for transmission rates) shall apply to secondary service. Deliveries from resources other than Network Resources will have a higher priority than any Non-Firm Point-To-Point Transmission Service under Part II of the Tariff.

28.5 **[Reserved]**

28.6 Restrictions on Use of Service:

The Network Customer shall not use Network Integration Transmission Service for (i) sales of capacity and energy to non-designated loads, or (ii) direct or indirect provision of transmission service by the Network Customer to third parties. All Network Customers taking Network Integration Transmission Service shall use Point-To-Point Transmission Service under Part II of the Tariff for any Third-Party Sale which requires use of the Transmission Provider's Transmission System. The Transmission Provider shall specify any appropriate charges and penalties and all related terms and conditions applicable in the event that a Network Customer uses Network Integration Transmission Service or secondary service pursuant to Section 28.4 to facilitate a wholesale sale that does not serve a Network Load.

29 Initiating Service

29.1 Condition Precedent for Receiving Service:

Subject to the terms and conditions of Part III of the Tariff, the Transmission Provider will provide Network Integration Transmission Service to any Eligible Customer, provided that (i) the Eligible Customer completes an Application for service as provided under Part III of the Tariff or, with respect to a state required retail access program, provides the information required under the Service Agreement, (ii) the Eligible Customer and the Transmission Provider in coordination with the affected Transmission Owners complete the technical arrangements set forth in Sections 29.3 and 29.4, (iii) the Eligible Customer executes a Service Agreement pursuant to Attachment F or Attachment F-1 for service under Part III of the Tariff or requests in writing that the Transmission Provider file a proposed unexecuted Service Agreement with the Commission, and (iv) the Eligible Customer executes a Network Operating Agreement with the Transmission Provider pursuant to Attachment G, or requests in writing that the Transmission Provider file a proposed unexecuted Network Operating Agreement.

29.2 Application Procedures:

An Eligible Customer requesting service under Part III of the Tariff must submit an Application to the Transmission Provider as far as possible in advance of the month in which service is to commence. Unless subject to the procedures in Section 2, Completed Applications for Network Integration Transmission Service will be assigned a Queue Position according to the date and time the Application is received, with the earliest Application receiving the highest priority. Applications should be submitted by entering the information listed below (except for applications for Network Integration Transmission Service pursuant to state required retail access programs for which Transmission Customers shall provide the information required under the Service Agreement) on the Transmission Provider's OASIS. Prior to implementation of the Transmission Provider's OASIS, a Completed Application may be submitted by (i) transmitting the required information to the Transmission Provider by telefax, or (ii) providing the information by telephone over the Transmission Provider's time recorded telephone line. For applications pursuant to state required retail access programs, the information required under the Service Agreement should be submitted on the Transmission Provider's specified electronic information system established for such programs. Each of these methods will provide a time-stamped record for establishing the service priority of the Application. A Completed Application (other than applications for Network Integration Transmission Service pursuant to a state required retail access program, which shall be governed by Attachment F-1 and the specifications thereto) shall provide all of the information included in 18 C.F.R. § 2.20 including but not limited to the following:

- (i) The identity, address, telephone number and facsimile number of the party requesting service;
- (ii) A statement that the party requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;
- (iii) A description of the Network Load at each delivery point. This description should separately identify and provide the Eligible Customer's best estimate of the total loads to be served at each transmission voltage level, and the loads to be served from each Transmission Provider substation at the same transmission voltage level. The description should include a ten (10) year forecast of summer and winter load and resource requirements beginning with the first year after the service is scheduled to commence;
- (iv) The amount and location of any interruptible loads included in the Network Load. This shall include the summer and winter capacity requirements for each interruptible load (had such load not been interruptible), that portion of the load subject to interruption, the conditions under which an interruption can be implemented and any limitations on the amount and frequency of interruptions. An Eligible Customer should identify the amount of interruptible customer load (if any) included in the 10 year load forecast provided in response to (iii) above;

(v) A description of Network Resources (current and 10-year projection). For each on-system Network Resource, such description shall include:

- Unit size and amount of capacity from that unit to be designated as Network Resource
- VAR capability (both leading and lagging) of all generators
- Operating restrictions
 - Any periods of restricted operations throughout the year
 - Maintenance schedules
 - Minimum loading level of unit
 - Normal operating level of unit
 - Any must-run unit designations required for system reliability or contract reasons
- Approximate variable generating cost (\$/MWH) for redispatch computations
- Arrangements governing sale and delivery of power to third parties from generating facilities located in the Transmission Provider Control Areas, where only a portion of unit output is designated as a Network Resource
- For each off-system Network Resource, such description shall include:
 - Identification of the Network Resource as an off-system resource
- Amount of power to which the customer has rights
 - Identification of the control area from which the power will originate
 - Delivery point(s) to the Transmission Provider's Transmission System
 - Transmission arrangements on the external transmission system(s)
- Operating restrictions, if any
 - Any periods of restricted operations throughout the year
 - Maintenance schedules
 - Minimum loading level of unit

- Normal operating level of unit
 - Any must-run unit designations required for system reliability or contract reasons
 - Approximate variable generating cost (\$/MWH) for redispatch computations;
- (vi) Description of Eligible Customer's transmission system:
- Load flow and stability data, such as real and reactive parts of the load, lines, transformers, reactive devices and load type, including normal and emergency ratings of all transmission equipment in a load flow format compatible with that used by the Transmission Provider
 - Operating restrictions needed for reliability
 - Operating guides employed by system operators
 - Contractual restrictions or committed uses of the Eligible Customer's transmission system, other than the Eligible Customer's Network Loads and Resources
 - Location of Network Resources described in subsection (v) above
 - 10 year projection of system expansions or upgrades
 - Transmission System maps that include any proposed expansions or upgrades
 - Thermal ratings of Eligible Customer's Control Area ties with other Control Areas;
- (vii) Service Commencement Date and the term of the requested Network Integration Transmission Service. The minimum term for Network Integration Transmission Service is one year except that, for service provided with respect to a state required retail access program, the minimum term is one day;
- (viii) A statement signed by an authorized officer from or agent of the Network Customer attesting that all of the network resources listed pursuant to Section 29.2(v) satisfy the following conditions: (1) the Network Customer owns the resource, has committed to purchase generation pursuant to an executed contract, or has committed to purchase generation where execution of a contract is contingent upon the availability of transmission service under Part III of the Tariff; and (2) the Network Resources do not include any resources, or any portion thereof, that are committed for sale to non-designated third party load or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis, except for purposes of fulfilling obligations under a reserve sharing program; and

(ix) Any additional information required of the Transmission Customer as specified in the Transmission Provider's planning process established in Schedule 6 of the Operating Agreement.

In addition, a party requesting Transmission Service shall provide the information specified in, and otherwise comply with, the "PJM Credit Policy" set forth in Attachment Q hereto. Unless the Parties agree to a different time frame, the Transmission Provider must acknowledge the request within ten (10) days of receipt. The acknowledgement must include a date by which a response, including a Service Agreement, will be sent to the Eligible Customer. If an Application fails to meet the requirements of this section, the Transmission Provider shall notify the Eligible Customer requesting service within fifteen (15) days of receipt and specify the reasons for such failure. Wherever possible, the Transmission Provider will attempt to remedy deficiencies in the Application through informal communications with the Eligible Customer. If such efforts are unsuccessful, the Transmission Provider shall return the Application without prejudice to the Eligible Customer filing a new or revised Application that fully complies with the requirements of this section. The Eligible Customer will be assigned a new Queue Position consistent with the date of the new or revised Application. The Transmission Provider shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

29.3 Technical Arrangements to be Completed Prior to Commencement of Service:

Network Integration Transmission Service shall not commence until the Transmission Provider, the affected Transmission Owners, and the Network Customer, or a third party, have completed installation of all equipment specified under the Network Operating Agreement and, if applicable, the Upgrade Construction Service Agreement, consistent with Good Utility Practice and any additional requirements reasonably and consistently imposed to ensure the reliable operation of the Transmission System. The Transmission Provider and the affected Transmission Owners shall exercise reasonable efforts, in coordination with the Network Customer, to complete such arrangements as soon as practicable taking into consideration the Service Commencement Date.

29.4 Network Customer Facilities:

The provision of Network Integration Transmission Service shall be conditioned upon the Network Customer's constructing, maintaining and operating the facilities on its side of each delivery point or interconnection necessary to reliably deliver capacity and energy from the Transmission Provider's Transmission System to the Network Customer or, with respect to service provided pursuant to a state required retail access program, for otherwise arranging for the delivery of its energy from the delivery point or interconnection. The Network Customer shall be solely responsible for constructing or installing all facilities on the Network Customer's side of each such delivery point or interconnection or, with respect to service provided pursuant to a state required retail access program, for otherwise arranging for the delivery of its energy from the delivery point or interconnection.

29.5 Filing of Service Agreement:

The Transmission Provider will file Service Agreements with the Commission in compliance with applicable Commission regulations.

30 Network Resources

30.1 Designation of Network Resources:

Network Resources shall include all generation owned, purchased or leased by the Network Customer designated to serve Network Load under the Tariff. Network Resources may not include resources, or any portion thereof, that are committed for sale to non-designated third party load or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis, except for purposes of fulfilling obligations under a reserve sharing program. Any owned or purchased resources that were serving the Network Customer's loads under firm agreements entered into on or before the Service Commencement Date shall initially be designated as Network Resources until the Network Customer terminates the designation of such resources.

30.2 Designation of New Network Resources:

The Network Customer may designate a new Network Resource by providing the Transmission Provider with as much advance notice as practicable (notwithstanding the requirements in this section 30.2, the applicable requirements of Attachment DD of the Tariff, the Reliability Assurance Agreement, and the PJM Manuals regarding the designation of Network Resources shall apply). A request for Transmission Service associated with designation of a new Network Resource must be made through the Transmission Provider's OASIS by a request for modification of service pursuant to an Application under Section 29. This request must include a statement that the new network resource satisfies the following conditions: (1) the Network Customer owns the resource, has committed to purchase generation pursuant to an executed contract, or has committed to purchase generation where execution of a contract is contingent upon the availability of transmission service under Part III of the Tariff; and (2) the Network Resources do not include any resources, or any portion thereof, that are committed for sale to non-designated third party load or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis, except for purposes of fulfilling obligations under a reserve sharing program. The Network Customer's request will be deemed deficient if it does not include this statement and the Transmission Provider will follow the procedures for a deficient application as described in Section 29.2 of the Tariff. In the event the Network Resource to be designated consists of new generation facilities in the PJM Region, the Network Customer or the owner of the generating facilities also must submit an Interconnection Request pursuant to Part IV of the Tariff. In the event the Network Resource to be designated is Behind The Meter Generation, the designation must be made before the commencement of a Planning Period as that term is defined in the Operating Agreement and will remain in effect for the entire Planning Period. In the event the Network Resource to be designated will use interface capacity and is for a period of less than one year, the designation request must be submitted in accordance with the time requirements set forth in sections 17.8 and 17.9 and will be processed together with, and in the same manner as, requests for Short-Term Firm Point-To-Point Transmission Service.

30.3 Termination of Network Resources:

The Network Customer may terminate the designation of all or part of a generating resource as a Network Resource at any time by providing notification to the Transmission Provider through eRPM as soon as reasonably practicable, but not later than the firm scheduling deadline for the period of termination.* Any request for termination of Network Resource status must be submitted on eRPM, and should indicate whether the request is for indefinite or temporary termination. A request for indefinite termination of Network Resource status must indicate the date and time that the termination is to be effective, and the identification and capacity of the resource(s) or portions thereof to be indefinitely terminated. A request for temporary termination of Network Resource status must include the following:

- (i) Effective date and time of temporary termination;
- (ii) Effective date and time of redesignation, following period of temporary termination;
- (iii) Identification and capacity of resource(s) or portions thereof to be temporarily terminated;
- (iv) Resource description and attestation for redesignating the network resource following the temporary termination, in accordance with Section 30.2; and
- (v) Identification of any related transmission service requests to be evaluated concomitantly with the request for temporary termination, such that the requests for undesignation and the request for these related transmission service requests must be approved or denied as a single request. The evaluation of these related transmission service requests must take into account the termination of the network resources identified in (iii) above, as well as all competing transmission service requests of higher priority.

As part of a temporary termination, a Network Customer may only redesignate the same resource that was originally designated, or a portion thereof. Requests to redesignate a different resource and/or a resource with increased capacity will be deemed deficient and the Transmission Provider will follow the procedures for a deficient application as described in Section 29.2 of the Tariff.

** Pursuant to the notice granting extension of effective date, 120 FERC ¶ 61,222 (2007), the effective date for the language “but not later than the firm scheduling deadline for the period of termination” was extended pending further order by the Commission.*

30.4 Operation of Network Resources:

The Network Customer shall not operate its designated Network Resources located in the Network Customer's or Transmission Provider's Control Area(s) such that the output of those facilities exceeds its designated Network Load plus Non-Firm Sales delivered pursuant to Part II of the Tariff, plus net sales of energy through the interchange energy market established under the Operating Agreement, plus losses plus power sales under a reserve sharing program, plus sales that permit curtailment without penalty to serve its designated Network Load. This limitation shall not apply to changes in the operation of a Transmission Provider in response to an emergency or other unforeseen condition which may impair or degrade the reliability of the Transmission System. For all Network Resources not physically connected with the Transmission Provider's Transmission System, the Network Customer may not schedule delivery of energy in excess of the Network Resource's capacity, as specified in the Network Customer's Application pursuant to Section 29, unless the Network Customer supports such delivery within the Transmission Provider's Transmission System by either obtaining Point-to-Point Transmission Service or utilizing secondary service pursuant to Section 28.4. The Transmission Provider shall specify the rate treatment and all related terms and conditions applicable in the event that a Network Customer's schedule at the delivery point for a Network Resource not physically interconnected with the Transmission Provider's Transmission System exceeds the Network Resource's designated capacity, excluding energy delivered using secondary service or Point-to-Point Transmission Service.

30.5 Network Customer Redispatch Obligation:

As a condition to receiving Network Integration Transmission Service, the Network Customer agrees to redispatch its Network Resources as requested by the Transmission Provider pursuant to Section 33.2. To the extent practical, the redispatch of resources pursuant to this section shall be on a least cost, non-discriminatory basis among all Network Customers and the Transmission Owners.

30.6 Transmission Arrangements for Network Resources Not Physically Interconnected With The Transmission Provider:

The Network Customer shall be responsible for any arrangements necessary to deliver capacity and energy from a Network Resource not physically interconnected with the Transmission Provider's Transmission System. The Transmission Provider will undertake reasonable efforts to assist the Network Customer in obtaining such arrangements, including without limitation, providing any information or data required by such other entity pursuant to Good Utility Practice.

30.7 Limitation on Designation of Network Resources:

The Network Customer must demonstrate that it owns or has committed to purchase generation pursuant to an executed contract in order to designate a generating resource as a Network Resource. Alternatively, the Network Customer may establish that execution of a contract is contingent upon the availability of transmission service under Part III of the Tariff.

30.8 Use of Interface Capacity by the Network Customer:

There is no limitation upon a Network Customer's use of the Transmission Provider's Transmission System at any particular interface to integrate the Network Customer's Network Resources (or substitute economy purchases) with its Network Loads. However, a Network Customer's use of the Transmission Provider's total interface capacity with other transmission systems may not exceed the Network Customer's Load.

30.9 Network Customer Owned Transmission Facilities:

The Network Customer that owns existing transmission facilities that are integrated with the Transmission Provider's Transmission System may be eligible to receive consideration either through a billing credit or some other mechanism. In order to receive such consideration the Network Customer must demonstrate that its transmission facilities are integrated into the plans or operations of the Transmission Provider to serve its power and transmission customers. For facilities added by the Network Customer subsequent to the [effective date of a Final Rule in RM05-25-000], the Network Customer shall receive credit for such transmission facilities added if such facilities are integrated into the operations of the Transmission Provider's facilities. Calculation of any credit under this subsection shall be addressed in either the Network Customer's Service Agreement or any other agreement between the Parties.

31 Designation of Network Load

31.1 Network Load:

The Network Customer must designate the individual Network Loads on whose behalf the Transmission Provider will provide Network Integration Transmission Service. The Network Loads shall be specified in the Service Agreement, except with respect to loads served pursuant to state required retail access programs for which the Transmission Customer shall provide information regarding Network Loads using the Transmission Provider's specified electronic information system for such programs in accordance with the Service Agreement.

31.2 New Network Loads Connected With the Transmission Provider:

The Network Customer shall provide the Transmission Provider with as much advance notice as reasonably practicable of the designation of new Network Load that will be added to the Transmission System. A designation of new Network Load must be made through a modification of service pursuant to a new Application. The affected Transmission Owners, in accordance with the terms and conditions of the Tariff and the Operating Agreement, will use due diligence to install any transmission facilities required to interconnect a new Network Load designated by the Network Customer. The costs of new facilities required to interconnect a new Network Load shall be determined in accordance with the procedures provided in Section 32.4 and shall be charged to the Network Customer in accordance with Commission policies.

31.3 Network Load Not Physically Interconnected with the Transmission Provider:

This section applies to both initial designation pursuant to Section 31.1 and the subsequent addition of new Network Load not physically interconnected with the Transmission Provider. To the extent that the Network Customer desires to obtain transmission service for a load outside the Transmission Provider's Transmission System, the Network Customer shall have the option of (1) electing to include the entire load as Network Load for all purposes under Part III of the Tariff and designating Network Resources in connection with such additional Network Load, or (2) excluding that entire load from its Network Load and purchasing Point-To-Point Transmission Service under Part II of the Tariff. To the extent that the Network Customer gives notice of its intent to add a new Network Load as part of its Network Load pursuant to this section the request must be made through a modification of service pursuant to a new Application.

31.4 New Interconnection Points:

To the extent the Network Customer desires to add a new Delivery Point or interconnection point between the Transmission Provider's Transmission System and a Network Load, the Network Customer shall provide the Transmission Provider with as much advance notice as reasonably practicable.

31.5 Changes in Service Requests:

Under no circumstances shall the Network Customer's decision to cancel or delay a requested change in Network Integration Transmission Service (e.g. the addition of a new Network Resource or designation of a new Network Load) in any way relieve the Network Customer of its obligation to pay the costs of transmission facilities constructed by a Transmission Owner and charged to the Network Customer as reflected in the Service Agreement. However, the Transmission Provider must treat any requested change in Network Integration Transmission Service in a non-discriminatory manner.

31.6 Annual Load and Resource Information Updates:

The Network Customer shall provide the Transmission Provider with annual updates of Network Load and Network Resource forecasts consistent with those included in its Application for Network Integration Transmission Service under Part III of the Tariff including, but not limited to, any information provided under section 29.2(ix) pursuant to the Transmission Provider's planning process in Schedule 6 of the Operating Agreement. The Network Customer also shall provide the Transmission Provider with timely written or electronic notice of material changes in any other information provided in its Application relating to the Network Customer's Network Load, Network Resources, its transmission system or other aspects of its facilities or operations affecting the Transmission Provider's ability to provide reliable service.

31.7 Establishing and Changing Network Load Energy Settlement Area Definitions:

(a) Prior to the 2015/2016 Planning Period, the Energy Settlement Area for a Network Customer's Network Load in a given electric distribution company's fully metered franchise area(s) or service territory(ies) shall be the aggregate load buses in a Zone, as defined in subsection (c) below, or, with respect to Non-Zone Network Load, to the border of the PJM Region, unless the Network Customer defines a more specific Energy Settlement Area in accordance with the procedures set forth in the PJM Manuals. Commencing with the 2015/2016 Planning Period, the Energy Settlement Area for a Network Customer's Network Load in a given electric distribution company's fully metered franchise area(s) or service territory(ies) shall be the aggregate load buses specifying the Residual Metered Load distribution for that franchise area(s) or service territory(ies), as defined in subsection (c) below, or with respect to Non-Zone Network Load to the border of the PJM Region, unless the Network Customer defines a more specific nodal Energy Settlement Area in accordance with the procedures set forth in the PJM Manuals.

(b) A Network Customer may change the definition of its existing Network Load Energy Settlement Area in accordance with the procedures set forth in the PJM Manuals and the Network Customer's existing rights under the Tariff. Notwithstanding any other relevant provision(s) of this Tariff, advance notice of any such change described in the PJM Manuals must be provided to the Transmission Provider and the effective date of such change shall coincide with the first day of a Planning Period, as defined in the Operating Agreement. If system upgrades are required to effect a Network Load Energy Settlement Area change, all required upgrades shall be completed prior to the requested effective date of the change; if all required system upgrades are not completed prior to the requested effective date, the effective date shall be the first day of the Planning Period that immediately follows completion of all system upgrades. A Network Customer may not change the definition of its existing Network Load Energy Settlement Area to a less specific Energy Settlement Area, except in circumstances where there has been a physical change to the relevant transmission system infrastructure, as set forth in the PJM Manuals, such that settlement according to the previously defined Energy Settlement Area is no longer possible.

(c) The distribution of load buses in an Energy Settlement Area for the determination of a Transmission Loss Charge and Transmission Congestion Charge per Sections 5.1 and 5.4 of this Schedule are determined as follows.

- (i) *Zonal aggregate determination.* The default distribution of load buses for a Zone for the Day-ahead Energy Market is the State Estimator distribution of load for that Zone at 8:00 a.m. one week prior to the Operating Day (i.e. if the Operating Day is Monday, the default distribution is from 8:00 a.m. on Monday of the previous week). If the default distribution does not accurately reflect the distribution of load for the Zone for the relevant electric distribution company for the Day-ahead Energy Market, it may specify another more accurate distribution of load buses for the Zone in the Office of the Interconnection's internet-based software application. The distribution of load buses for a Zone for the Real-time Energy Market is the State Estimator distribution of load for that Zone for each

hour during the Operating Day.

- (ii) *Residual Metered Load aggregate determination.* The default distribution of load buses for a Residual Metered Load aggregate for the Day-ahead Energy Market is the distribution of the real-time Residual Metered Load at each bus within the Residual Metered Load aggregate at 8:00 a.m. one week prior to the Operating Day. The distribution of load buses for a Residual Metered Load aggregate for the Real-time Energy Market is the Residual Metered Load at each bus in the Residual Metered Load aggregate for each hour during the Operating Day. Residual Metered Load is determined by reducing the electric distribution company's revenue meter calculated load at each bus in its fully metered franchise area(s) or service territory(ies) as determined in Sections 5.1.3(e)(i) and 5.4.3(e)(i) of this Schedule by the nodally priced load of other entities assigned to each load bus in the electric distribution company's fully metered franchise area(s) or service territory(ies) via hourly load contracts as specified in Sections 5.1.3(e)(ii) and 5.4.3(e)(ii) of this Schedule.
- (iii) *Nodal aggregate determination.* The distribution of load buses for nodal load in the Day-ahead Energy Market and Real-time Energy Market is determined by a fixed aggregate definition that represents the composition of the nodal load at a single identifiable bus or set of identifiable buses, as agreed upon by the Load Serving Entity responsible for the load and the electric distribution company in whose fully metered franchise area(s) or service territory(ies) the load is located, per the nodal pricing settlement rules defined in the PJM Manuals.

32 **Initial Firm Transmission Feasibility Study Procedures For Network Integration
Transmission Service Requests**

32.1 Notice of Need for ~~Initial~~Firm Transmission Feasibility Study:

After receiving a request for service, the Transmission Provider shall determine on a non-discriminatory basis whether an ~~Initial~~Firm Transmission Feasibility Study is needed. The purpose of the ~~Initial~~Firm Transmission Feasibility Study shall be to assess whether the Transmission System has sufficient available capability to provide the requested service. If the Transmission Provider determines that an ~~Initial~~Firm Transmission Feasibility Study is necessary to evaluate the requested service, it shall so inform the Eligible Customer, as soon as practicable. In such cases, the Transmission Provider shall within thirty (30) days of receipt of a Completed Application, tender an ~~Initial~~Firm Transmission Feasibility Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the Transmission Provider for the required ~~Initial~~Firm Transmission Feasibility Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the ~~Initial~~Firm Transmission Feasibility Study Agreement and return it to the Transmission Provider within fifteen (15) days. If the Eligible Customer elects not to execute the ~~Initial~~Firm Transmission Feasibility Study Agreement, its Application shall be deemed withdrawn and its deposit shall be returned with interest.

32.2 **Initial Firm Transmission Feasibility Study Agreement and Cost Reimbursement:**

- (i) The Initial Firm Transmission Feasibility Study Agreement will clearly specify the Transmission Provider's estimate (determined in coordination with the affected Transmission Owner(s)) of the actual cost, and time for completion of the Initial Firm Transmission Feasibility Study. The charge shall not exceed the actual cost of the study. In performing the Initial Firm Transmission Feasibility Study, the Transmission Provider shall rely, to the extent reasonably practicable, on existing transmission planning studies. The Eligible Customer will not be assessed a charge for such existing studies; however, the Eligible Customer will be responsible for charges associated with any modifications to existing planning studies that are reasonably necessary to evaluate the impact of the Eligible Customer's request for service on the Transmission System.
- (ii) If in response to multiple Eligible Customers requesting service in relation to the same competitive solicitation, a single Initial Firm Transmission Feasibility Study is sufficient for the Transmission Provider to accommodate the service requests, the costs of that study shall be pro-rated among the Eligible Customers.
- (iii) The Transmission Provider shall reimburse the affected Transmission Owner(s) for their study costs, if any, in connection with a Initial Firm Transmission Feasibility Study.
- (iv) For Initial Firm Transmission Feasibility Studies that the Transmission Provider conducts on behalf of a Transmission Owner, the Transmission Owner shall record the cost of the Initial Firm Transmission Feasibility Studies pursuant to Section 8.

32.3 Initial Firm Transmission Feasibility Study Procedures:

~~Upon receipt of an executed Initial Study Agreement, the Transmission Provider will use due diligence to complete the required Initial Study within a sixty (60) day period. The Initial Study shall generally assess any system constraints to evaluate whether the Transmission System has sufficient capability to provide the requested service and redispatch options, additional Direct Assignment Facilities or Network Upgrades required to provide the requested service. In the event that the Transmission Provider is unable to complete the required Initial Study within such time period, it shall so notify the Eligible Customer and provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the required studies. A copy of the completed Initial Study and related work papers shall be made available to the Eligible Customer as soon as the Initial Study is complete. The Transmission Provider will use the same due diligence in completing the Initial Study for an Eligible Customer as it uses when completing studies for a Transmission Owner. The Transmission Provider shall notify the Eligible Customer immediately upon completion of the Initial Study whether a System Impact Study will be needed to more fully assess and identify the Network Upgrades and/or Local Upgrades that will be needed to accommodate all or part of the request for service or that no costs are likely to be incurred for new transmission facilities or upgrades. In the event that a System Impact Study will be needed, the procedures and other terms of Part VI shall apply to the Completed Application.~~

After receiving a signed Firm Transmission Feasibility Study Agreement and the applicable deposit of \$20,000, the Transmission Provider shall conduct a Firm Transmission Service Feasibility Study to make a preliminary determination of the type and scope of and Direct Assignment Facilities, Local Upgrades, and Network Upgrades that will be necessary to accommodate the Completed Application and provide the Eligible Customer a preliminary estimate of the time that will be required to construct any necessary facilities and upgrades and the Eligible Customer's cost responsibility, estimated consistent with Section 217 of the Tariff. The Transmission Service Feasibility Study assesses the practicality and cost of accommodating the requested service. The analysis is limited to load-flow analysis of probable contingencies. The Transmission Provider shall provide a copy of the Transmission Service Feasibility Study and, to the extent consistent with the Office of the Interconnection's confidentiality obligations in Section 18.17 of the Operating Agreement, related work papers to the Eligible Customer and the affected Transmission Owner(s). Upon completion, the Transmission Provider shall make the completed Transmission Service Feasibility Study publicly available. The Transmission Provider shall conduct Transmission Service Feasibility Studies two times each year in conjunction with the Interconnection Feasibility Studies conducted under Section 36.2.

The Transmission Provider will use the same due diligence in completing the Firm Transmission Feasibility Study for an Eligible Customer as it uses when completing studies for a Transmission Owner. The Transmission Provider shall notify the Eligible Customer immediately upon completion of the Firm Transmission Feasibility Study whether a System Impact Study will be needed to more fully assess and identify the Network Upgrades and/or Local Upgrades that will be needed to accommodate all or part of the Eligible Customer's request for service or that no costs are likely to be incurred for new transmission facilities or upgrades. In the event that Transmission Provider determines that a System Impact Study will be needed, the procedures and other terms of Part VI shall apply to the Completed Application.

32.3.1 Meeting with Transmission Provider:

At the Eligible Customer's request, Transmission Provider, the Eligible Customer and the Interconnected Transmission Owner shall meet at a mutually agreeable time to discuss the results of the Interconnection Feasibility Study. Such meeting may occur in person or by telephone or video conference.

32.4 Retaining Queue Position:

32.4 Retaining Queue Position:

Except when the Transmission Provider determines that a System Impact Study is needed, in order for a request to remain a Completed Application, within thirty (30) days after its receipt of the completed ~~Initial~~ Firm Transmission Feasibility Study, the Eligible Customer must execute a Service Agreement or request the filing of an unexecuted Service Agreement, or the Application shall be deemed terminated and withdrawn.

32.5 Penalties for Failure to Meet Study Deadlines:

32.5 Penalties for Failure to Meet Study Deadlines:

Section 19.8 defines penalties that apply for failure to meet the study completion due diligence deadlines for ~~Initial~~ Firm Transmission Feasibility Studies, System Impact Studies, and Facilities Studies for Eligible Customers. These same requirements and penalties apply to service under Part III of the Tariff.

33 Load Shedding and Curtailments

33.1 Procedures:

Prior to the Service Commencement Date, the Transmission Provider and the Network Customer shall establish Load Shedding and Curtailment procedures pursuant to the Network Operating Agreement with the objective of responding to contingencies on the Transmission System and on systems directly and indirectly interconnected with Transmission Provider's Transmission System. The Parties will implement such programs during any period when the Transmission Provider determines that a system contingency exists and such procedures are necessary to alleviate such contingency. The Transmission Provider will notify all affected Network Customers in a timely manner of any scheduled Curtailment.

33.2 Transmission Constraints:

During any period when the Transmission Provider determines that a transmission constraint exists on the Transmission System, and such constraint may impair the reliability of the Transmission Provider's system, the Transmission Provider will take whatever actions, consistent with Good Utility Practice, that are reasonably necessary to maintain the reliability of the Transmission Provider's system. To the extent the Transmission Provider determines that the reliability of the Transmission System can be maintained by redispatching resources, the Transmission Provider will initiate procedures pursuant to the Network Operating Agreement to redispatch all Network Resources and the Transmission Owners' own resources on a least-cost basis without regard to the ownership of such resources. Any redispatch under this section may not unduly discriminate between the Transmission Owners' use of the Transmission System on behalf of their Native Load Customers and any Network Customer's use of the Transmission System to serve its designated Network Load.

33.3 Cost Responsibility for Relieving Transmission Constraints:

Whenever the Transmission Provider implements least-cost redispatch procedures in response to a transmission constraint, the Transmission Owners and the Network Customers will bear the costs of such redispatch in accordance with Attachment K.

33.4 Curtailments of Scheduled Deliveries:

If a transmission constraint on the Transmission Provider's Transmission System cannot be relieved through the implementation of least-cost redispatch procedures and the Transmission Provider determines that it is necessary to Curtail scheduled deliveries, the Parties shall Curtail such schedules in accordance with the Network Operating Agreement or pursuant to the Transmission Loading Relief procedures.

33.5 Allocation of Curtailments:

The Transmission Provider shall, on a non-discriminatory basis, Curtail the transaction(s) that effectively relieve the constraint. However, to the extent practicable and consistent with Good Utility Practice, any Curtailment will be shared by each Transmission Owner and Network Customer in proportion to their respective Load Ratio Shares. The Transmission Provider shall not direct the Network Customer to Curtail schedules to an extent greater than the Transmission Provider would Curtail the schedules of a Transmission Owner under similar circumstances.

33.6 Load Shedding:

To the extent that a system contingency exists on the Transmission Provider's Transmission System and the Transmission Provider determines that it is necessary for the Transmission Owners and the Network Customer to shed load, the Network Customer and the Transmission Owners shall shed load in accordance with previously established procedures under the Network Operating Agreement.

33.7 System Reliability:

Notwithstanding any other provisions of this Tariff, the Transmission Provider reserves the right, consistent with Good Utility Practice and on a not unduly discriminatory basis, to Curtail Network Integration Transmission Service without liability on the Transmission Provider's part for the purpose of making necessary adjustments to, changes in, or repairs on its lines, substations and facilities, and in cases where the continuance of Network Integration Transmission Service would endanger persons or property. In the event of any adverse condition(s) or disturbance(s) on the Transmission Provider's Transmission System or on any other system(s) directly or indirectly interconnected with the Transmission Provider's Transmission System, the Transmission Provider, consistent with Good Utility Practice, also may Curtail Network Integration Transmission Service in order to (i) limit the extent or damage of the adverse condition(s) or disturbance(s), (ii) prevent damage to generating or transmission facilities, or (iii) expedite restoration of service. The Transmission Provider will give the Network Customer as much advance notice as is practicable in the event of such Curtailment. Any Curtailment of Network Integration Transmission Service will be not unduly discriminatory relative to a Transmission Owner's use of the Transmission System on behalf of its Native Load Customers. The Transmission Provider shall specify the rate treatment and all related terms and conditions applicable in the event that the Network Customer fails to respond to established Load Shedding and Curtailment procedures.

34 Rates and Charges

The Network Customer shall pay PJM Settlement, in its own name, or as agent for the Transmission Provider for any Direct Assignment Facilities, Ancillary Services, PJM Administrative Service, any applicable Transmission Enhancement Charge(s) and applicable study costs, consistent with Commission policy, along with the following:

34.1 Monthly Demand Charge:

(a) The Network Customer shall pay a monthly Demand Charge for Zone Network Load and Non-Zone Network Load, which shall be determined as follows:

MDC = Sum of MDCZ for all Zones plus the MDCNZ for Non-Zone Network Load

MDCZ = Sum of DDCZ for each day of the calendar month for the Zone

DDCZ = DCPZ X RTZ/365

MDCNZ = Sum of DDCNZ for each day of the calendar month for Non-Zone Network Load

DDCNZ = DCPNZ X RTNZ/365

Where:

MDC is the monthly demand charge

MDCZ is the monthly demand charge for a Zone

DDCZ is the daily demand charge for a Zone

DCPZ is the daily load of the Network Customer located within a Zone coincident with the annual peak of the Zone (as adjusted pursuant to sections 34.2 and 34.3 below).

RTZ is the rate for Network Integration Transmission Service from Attachment H for the Zone in which the Zone Network Load is located, stated in dollars per megawatt per year

MDCNZ is the monthly demand charge for Non-Zone Network Load

DDCNZ is the daily demand charge for Non-Zone Network Load

DCPNZ is the daily transmission responsibility for Non-Zone Network Load

RTNZ is the rate for Network Integration Transmission Service for Non-Zone Network Load from Attachment H-A, stated in dollars per megawatt per year

The zonal daily load (DCPZ) of the Network Customer shall be the sum of the Network Customer's individual wholesale and retail customer Zone Network Loads (including losses) at the time of the annual peak of the Zone in which the load is located. For Non-Zone Network Load, the daily transmission responsibility of the Network Customer shall be the sum of the Network Customer's Network Load at the border of the PJM Region at the time of the annual

peak of such region; provided that Non-Zone Network Load that is subject to charges for network integration transmission service under the open-access transmission tariff of the Midwest Independent Transmission System Operator, Inc. shall be excluded from this calculation if such load commenced being served on or after April 1, 2004 pursuant to an application for service submitted on or after November 17, 2003.

34.2 Netting of Behind the Meter Generation.

The daily load of a Network Customer does not include load served by operating Behind The Meter Generation. The daily load of a Network Customer shall not be reduced by energy injections into the transmission system by the Network Customer.

34.3 Netting of Non-Retail Behind The Meter Generation.

Netting of Behind The Meter Generation for Network Customers with regard to Non-Retail Behind The Meter Generation shall be subject to the following limitations:

For calendar year 2006, 100 percent of the operating Non-Retail Behind The Meter Generation shall be netted, provided that the total amount of Non-Retail Behind The Meter Generation in the PJM Region does not exceed 1500 megawatts (“Non-Retail Threshold”). For each calendar year thereafter, the Non-Retail Threshold shall be proportionately increased based on load growth in the PJM Region but shall not be greater than 3000 megawatts. Load growth shall be determined by Transmission Provider based on the most recent forecasted weather-adjusted coincident summer peak of the PJM Region divided by the weather-adjusted coincident peak for the previous summer for the same area. After the load growth factor is applied, the Non-Retail Threshold will be rounded up or down to the nearest whole megawatt and the rounded number shall be the Non-Retail Threshold for the current year and shall be the base amount for calculating the Non-Retail Threshold for the succeeding year. If the total amount of Non-Retail Behind The Meter Generation in the PJM Region exceeds the Non-Retail Threshold, the amount of operating Non-Retail Behind The Meter Generation that the Network Customer may net shall be adjusted according to the following formula:

$$\text{Network Customer Netting Credit} = \left(\frac{\text{NRT}}{\text{PJM NRBTMG}} \right) * \text{Network Customer operating NRBTMG}$$

Where:NRBTMG is Non-Retail Behind The Meter Generation

NRT is the Non-Retail Threshold

PJM NRBTMG is the total amount of Non-Retail Behind The Meter Generation in the PJM Region

The total amount of Non-Retail Behind The Meter Generation that is eligible for netting in the PJM Region is 3000 megawatts. Once this 3000 megawatt limit is reached, any additional Non-Retail Behind The Meter Generation which operates in the PJM Region will be ineligible for netting under this section.

In addition, the Network Customer NRBTMG Netting Credit shall be adjusted pursuant to Schedule 15 of this Tariff, if applicable.

A Network Customer shall be required to report to the Transmission Provider such information as is required to facilitate the determination of its NRBTMG Netting Credit in accordance with the procedures set forth in the PJM Manuals.

The annual peaks for purposes of the above calculation shall be determined from the twelve month period ending October 31 of the calendar year preceding the calendar year in which the billing month occurs. For new Network Load that was not connected to the Transmission System during such entire twelve month period, the Transmission Provider in coordination with

the affected Transmission Owners and electric distribution companies shall determine the appropriate peak load responsibility to be used until the annual peaks are determined for the next twelve month period ending October 31.

(b) Nothing herein shall entitle any Transmission Owner or Network Customer to establish a zone that is smaller than or a portion of a Zone set forth in Attachment J.

34.4 Redispatch Charge:

The Network Customer and each Transmission Owner shall pay any redispatch costs as set forth in Attachment K.

34.5 Stranded Cost Recovery:

Any Transmission Owner may seek to recover stranded costs from the Network Customer pursuant to this Tariff in accordance with the terms, conditions and procedures set forth in FERC Order No. 888. However, the Transmission Owner must separately file any proposal to recover stranded costs under Section 205 of the Federal Power Act.

35 Operating Arrangements

35.1 Operation under The Network Operating Agreement:

The Network Customer shall plan, construct, operate and maintain its facilities in accordance with Good Utility Practice and in conformance with the Network Operating Agreement.

35.2 Network Operating Agreement:

The terms and conditions under which the Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of Part III of the Tariff shall be specified in the Network Operating Agreement. The Network Operating Agreement shall provide for the Parties and the Transmission Owners to (i) operate and maintain equipment necessary for integrating the Network Customer within the Transmission Provider's Transmission System (including, but not limited to, remote terminal units, metering, communications equipment and relaying equipment), (ii) transfer data between the Transmission Provider and the Network Customer (including, but not limited to, heat rates and operational characteristics of Network Resources, generation schedules for units outside the Transmission Provider's Transmission System, interchange schedules, unit outputs for redispatch required under Section 33, voltage schedules, loss factors and other real time data), (iii) use software programs required for data links and constraint dispatching, (iv) exchange data on forecasted loads and resources necessary for long-term planning, and (v) address any other technical and operational considerations required for implementation of Part III of the Tariff, including scheduling protocols. The Network Operating Agreement will recognize that the Network Customer shall either (i) operate as a Control Area under applicable guidelines of the Electric Reliability Organization (ERO) as defined in 18 C.F.R. § 39.1, (ii) satisfy its Control Area requirements, including all necessary Ancillary Services, by contracting with the Transmission Provider, or (iii) satisfy its Control Area requirements, including all necessary Ancillary Services, by contracting with another entity, consistent with Good Utility Practice, which satisfies the applicable reliability guidelines of the ERO. The Transmission Provider shall not unreasonably refuse to accept contractual arrangements with another entity for Ancillary Services. The Network Operating Agreement is included in Attachment G.

35.3 Network Operating Committee:

A Network Operating Committee (Committee) shall be established to coordinate operating criteria for the Parties' respective responsibilities under the Network Operating Agreement. Each Network Customer shall be entitled to have at least one representative on the Committee. The Committee shall meet from time to time as need requires, but no less than once each calendar year. For Network Customers serving load in the PJM Region, the Network Operating Committee shall be the Members Committee, or a sub-committee thereof, established under the PJM Operating Agreement.