

Proposed Clean-Up, Clarification and Corrections to Governing Documents
Dated: September 25, 2015 (Updated to Remove One Item on September 16, 2015 Chart)
For Discussion at GDECS October 2, 2015

	Agreement, Attachment, Section, Title	Current Language	Proposed Revisions	Rationale
1	Operating Agreement, § 11.3.1 (Member Responsibilities: General)	(c) Provide adequate and properly trained personnel to (i) permit participation in the coordinated operation of the PJM Region (ii) meet its obligation on a timely basis for supply of records and data, (iii) serve on committees and participate in their investigations, and (iv) share in the representation of the Interconnection in inter-regional and national reliability activities. Minimum training for Members that operate Market Operations Centers and local control centers shall include compliance with the applicable training standards and requirements in PJM Manual 01, Control Center Requirements, including the PJM System Operator Training Requirements in Attachment C;....	(c) Provide adequate and properly trained personnel to (i) permit participation in the coordinated operation of the PJM Region (ii) meet its obligation on a timely basis for supply of records and data, (iii) serve on committees and participate in their investigations, and (iv) share in the representation of the Interconnection in inter-regional and national reliability activities. Minimum training for Members that operate Market Operations Centers and local control centers shall include compliance with the applicable training standards and requirements in PJM Manual 01 <u>40</u> , Control Center Requirements, including the PJM System Operator Training Requirements in Attachment C;....	Revised "Manual 01" to read "Manual 40" to reflect the revised number of PJM's training manual. PJM's training manual was previously designated as Manual 01 and subsequently changed to Manual 40.
2	Operating Agreement, § 11.3.3 (Member Responsibilities: Electric Distributors)	(g) Provide or arrange through another Member for the services of a 24-hour local control center to coordinate with the Office of the Interconnection, each such control center to be furnished with appropriate telemetry equipment as specified in the PJM Manuals, and to be staffed by system operators trained and delegated sufficient authority to take any action necessary to assure that the system for which the operator is responsible is operated in a stable and reliable manner. In addition to meeting any training standards and requirements specified in this Agreement, local control center staff shall be required to meet applicable training standards and requirements in PJM Manual 01, Control Center Requirements, including the PJM System Operator Training Requirements in Attachment C;....	(g) Provide or arrange through another Member for the services of a 24-hour local control center to coordinate with the Office of the Interconnection, each such control center to be furnished with appropriate telemetry equipment as specified in the PJM Manuals, and to be staffed by system operators trained and delegated sufficient authority to take any action necessary to assure that the system for which the operator is responsible is operated in a stable and reliable manner. In addition to meeting any training standards and requirements specified in this Agreement, local control center staff shall be required to meet applicable training standards and requirements in PJM Manual 01 <u>40</u> , Control Center Requirements, including the PJM System Operator Training Requirements in Attachment C;....	Revised "Manual 01" to read "Manual 40" to reflect the revised number of PJM's training manual. PJM's training manual was previously designated as Manual 01 and subsequently changed to Manual 40.
3	Tariff, § 1.18G.001 (Definitions) Operating Agreement, §	N/A	<u>MISO:</u> <u>Midcontinent Independent System Operator, Inc. or any successor thereto.</u>	Adding definition of MISO because the acronym is currently referenced in PJM's governing agreements with no associated definition.

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	1.25.01 (Definitions)			
4	Tariff, § 1.26E.01 (Definitions) Operating Agreement, § 1.26.01 (Definitions)	N/A	<u>New York ISO or NYISO:</u> <u>New York Independent System Operator, Inc. or any successor thereto.</u>	Adding definition of NYISO because the acronym is currently referenced in PJM's governing agreements with no associated definition.
5	Tariff, Attachment K-Appendix, § 3.2.3(l) (Operating Reserves) Operating Agreement, Schedule 1, § 3.2.3(l) (Operating Reserves)	For any Operating Day in either, as applicable, the Day-ahead Energy Market or the Real-time Energy Market for which, for all or any part of such Operating Day, the Office of the Interconnection: (i) declares a Maximum Generation Emergency; (ii) issues an alert that a Maximum Generation Emergency may be declared ("Maximum Generation Emergency Alert"); or (iii) schedules units based on the anticipation of a Maximum Generation Emergency or a Maximum Generation Emergency Alert, the Operating Reserves credit otherwise provided by Section 3.2.3.(b) or Section 3.2.3(e) in connection with market-based offers shall be limited as provided in subsections (n) or (m), respectively. The Office of the Interconnection shall provide timely notice on its internet site of the commencement and termination of any of the actions described in subsection (i), (ii), or (iii) of this subsection (l) (collectively referred to as "MaxGen Conditions"). ...	For any Operating Day in either, as applicable, the Day-ahead Energy Market or the Real-time Energy Market for which, for all or any part of such Operating Day, the Office of the Interconnection: (i) declares a Maximum Generation Emergency; (ii) issues an alert that a Maximum Generation Emergency may be declared ("Maximum Generation Emergency Alert"); or (iii) schedules units based on the anticipation of a Maximum Generation Emergency or a Maximum Generation Emergency Alert, the Operating Reserves credit otherwise provided by Section 3.2.3.(b) or Section 3.2.3(e) in connection with market-based offers shall be limited as provided in subsections (n) or (m), respectively. The Office of the Interconnection shall provide timely notice on its internet site of the commencement and termination of any of the actions described in subsection (i), (ii), or (iii) of this subsection (l) (collectively referred to as "MaxGen Conditions"). ...	In the Capacity Performance filing, PJM incorporated a definition of Maximum Generation Emergency Alert. See section 1.3.13A of Tariff, Attachment K-Appendix, and the parallel provision of Operating Agreement, Schedule 1. We neglected to update section 3.2.3(l) to take into account that we incorporated the defined term. The clean-up is needed to reflect that there is an existing defined term.

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6	Tariff, Attachment K-Appendix, § 8.2 (Participant Qualifications) Operating Agreement, Schedule 1, § 8.2 (Participant Qualifications)	<p>Two primary types of distributed resources are candidates to participate in the PJM Emergency Load Response Program and Pre-Emergency Load Response Program:</p> <p>...</p> <p>Special membership provisions have been established for program participants in the Energy Only Option, as described below. The special membership provisions shall not apply to program participants in the Full Program Option. Any existing PJM Member or Special Member may participate in the Emergency Load Response Program and Pre-Emergency Load Response Program on behalf of non-members as the Curtailment Service Provider. All payments are made to the PJM Member or Special Member in such case. Curtailment Service Providers must become signatories to the PJM Operating Agreement, as described in the <i>PJM Manual for Administrative Services for the Operating Agreement of the PJM Interconnection, L.L.C.</i> However, for Special Members the \$5,000 annual member fee, the \$1,500 application fee, and liability for Member defaults are waived, along with the following other modifications.</p> <p>Special Members are limited to be PJM market sellers; Voting privileges and sector designation are waived; Thirty day notice for waiting period is waived; Requirement for 24/7 control center coverage is waived; No PJM-supported user group capability is permitted. . . .</p>	<p>Two primary types of distributed resources are candidates to participate in the PJM Emergency Load Response Program and Pre-Emergency Load Response Program:</p> <p>...</p> <p>Special membership provisions have been established for program participants in the Energy Only Option, as described below. The special membership provisions shall not apply to program participants in the Full Program Option. Any existing PJM Member or Special Member may participate in the Emergency Load Response Program and Pre-Emergency Load Response Program on behalf of non-members as the Curtailment Service Provider. All payments are made to the PJM Member or Special Member in such case. Curtailment Service Providers must become signatories to the PJM Operating Agreement, as described in the <i>PJM Manual for Administrative Services for the Operating Agreement of the PJM Interconnection, L.L.C.</i> However, for Special Members the \$5,000 annual member fee, the \$1,500 application fee, and liability for Member defaults are waived, along with the following other modifications.</p> <p>Special Members are limited to be PJM Mmarket Sellers; Voting privileges and sector designation are waived; Thirty day notice for waiting period is waived; Requirement for 24/7 control center coverage is waived; No PJM-supported user group capability is permitted. . . .</p>	<p>Proposing revision to section to use defined term Market Sellers.</p>

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7	Tariff, Attachment K-Appendix, §§ 3.2.3A.001(a) (Non-Synchronized Reserves) Operating Agreement, Schedule 1, §§ 3.2.3A.001(a) (Non-Synchronized	(a) Each Market Participant that is a Load Serving Entity that is not part of an agreement to share reserves with external entities subject to the requirements in BAL-002 shall have an obligation for hourly Non-Synchronized Reserve equal to its pro rata share of Non-Synchronized Reserve assigned for the hour for each Reserve Zone and Reserve Sub-zone of the PJM Region, based on the Market Buyer's total load (net of operating Behind The Meter Generation, but not to be less than zero) in such Reserve Zone and Reserve Sub-zone for the hour ("Non-Synchronized Reserve Obligation"). Those entities that participate in an agreement to share reserves with external entities subject to the requirements in BAL-002 shall have their reserve obligations determined based on the stipulations in such agreement. A Market Participant that does not meet its hourly Non-Synchronized Reserve Obligation shall be charged for the Non-Synchronized Reserve dispatched by the Office of the Interconnection to meet such obligation at the Non-Synchronized Reserve Market Clearing Price determined in accordance with paragraph (c) of this section, plus the amounts, if any, described in paragraph (f) of this section.	(a) Each Market Participant that is a Load Serving Entity that is not part of an agreement to share reserves with external entities subject to the requirements in BAL-002 shall have an obligation for hourly Non-Synchronized Reserve equal to its pro rata share of Non-Synchronized Reserve assigned for the hour for each Reserve Zone and Reserve Sub-zone of the PJM Region, based on the Market Buyer's total load (net of operating Behind The Meter Generation, but not to be less than zero) in such Reserve Zone and Reserve Sub-zone for the hour ("Non-Synchronized Reserve Obligation"). Those entities that participate in an agreement to share reserves with external entities subject to the requirements in BAL-002 shall have their reserve obligations determined based on the stipulations in such agreement. A Market Participant that does not meet its hourly Non-Synchronized Reserve Obligation shall be charged for the Non-Synchronized Reserve dispatched by the Office of the Interconnection to meet such obligation at the Non-Synchronized Reserve Market Clearing Price determined in accordance with paragraph <u>subsection</u> (c) below of this section , plus the amounts, if any, described in paragraph <u>subsection</u> (f) below of this section .	The revision is needed to change the reference from "paragraph" to "subsection" because that is the appropriate term therein.
8	Tariff, Att. DD, §6.4 (Market Seller Offer Caps)	(d) For any Third Incremental Auction, the Market Seller Offer Cap for an Existing Generation Capacity Resource shall be determined pursuant to paragraph (a) of this Section 6.4, or if elected by the Capacity Market Seller, shall be equal to 1.1 times the Capacity Resource Clearing Price in the Base Residual Auction for the relevant LDA and Delivery Year.	(d) For any Third Incremental Auction, the Market Seller Offer Cap for an Existing Generation Capacity Resource shall be determined pursuant to paragraph <u>subsection</u> (a) of this Section 6.4, or if elected by the Capacity Market Seller, shall be equal to 1.1 times the Capacity Resource Clearing Price in the Base Residual Auction for the relevant LDA and Delivery Year.	The revision is needed to change the reference from "paragraph" to "subsection" because that is the appropriate term therein.

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9	Tariff Att K-Appendix, § 1.9.3(b) (Generator Maintenance Outages) Operating Agreement Sched. 1, § 1.9.3(b) (Generator Maintenance Outages)	<p>(b) The Office of the Interconnection shall schedule Generator Maintenance Outages for Generation Capacity Resources in accordance with the procedures specified in the PJM Manuals and in consultation with the Market Seller owning or controlling the output of such resources. The Office of the Interconnection shall approve requests for Generator Maintenance Outages for such a Generation Capacity Resource unless the outage would threaten the adequacy of reserves in, or the reliability of, the PJM Region. A Market Participant shall not be expected to submit offers for the sale of energy or other services, or to satisfy delivery obligations, from a generation resource undergoing an approved full or partial Generator Maintenance Outage. If the Office of the Interconnection determines that approval of a Generator Maintenance Outage would significantly affect the reliable operation of the PJM Region, the Office of the Interconnection may withhold approval, withdraw a prior approval, or rescind a prior approval of a Generator Maintenance Outage that is already underway. Approval of a Generator Maintenance Outage of a Generation Capacity Resource shall be withheld or withdrawn only as necessary to ensure the adequacy of reserves or the reliability of the PJM Region in connection with anticipated implementation or avoidance of Emergency procedures. In addition, if the Office of the Interconnection determines that it must rescind its approval of a Generator Maintenance Outage that is already underway in order to preserve the reliable operation of the PJM Region, the Office of the Interconnection will provide the Market Seller of the Generation Capacity Resource at least 72 hours' notice thereof. The Market Seller shall be required to make the Generation Capacity Resource available for normal operation within 72 hours of such notice. If the generator is not made available for normal operation by 72 hours after the notice of the rescission of the approval of the Generator Maintenance Outage, the remaining time the resource continues on the outage will be classified as a Generator</p>	<p>(b) The Office of the Interconnection shall schedule Generator Maintenance Outages for Generation Capacity Resources in accordance with the procedures specified in the PJM Manuals and in consultation with the Market Seller owning or controlling the output of such resources. The Office of the Interconnection shall approve requests for Generator Maintenance Outages for such a Generation Capacity Resource unless the outage would threaten the adequacy of reserves in, or the reliability of, the PJM Region. A Market Participant shall not be expected to submit offers for the sale of energy or other services, or to satisfy delivery obligations, from a generation resource undergoing an approved full or partial Generator Maintenance Outage. If the Office of the Interconnection determines that approval of a Generator Maintenance Outage would significantly affect the reliable operation of the PJM Region, the Office of the Interconnection may withhold approval, withdraw a prior approval, or rescind a prior approval of a Generator Maintenance Outage that is already underway. Approval of a Generator Maintenance Outage of a Generation Capacity Resource shall be withheld or withdrawn only as necessary to ensure the adequacy of reserves or the reliability of the PJM Region in connection with anticipated implementation or avoidance of Emergency procedures. In addition, if the Office of the Interconnection determines that it must rescind its approval of a Generator Maintenance Outage that is already underway in order to preserve the reliable operation of the PJM Region, the Office of the Interconnection will provide the Market Seller of the Generation Capacity Resource at least 72 hours' notice thereof. The Market Seller shall be required to make the Generation Capacity Resource available for normal operation within 72 hours of such notice. If the generator is not made available for normal operation by 72 hours after the notice of the rescission of the approval of the Generator Maintenance Outage, for the remaining time the resource continues on the outage will be classified as it shall be</p>	<p>This revision is proposed to clarify that a generator that is recalled by PJM from a Generator Maintenance Outage per section 1.9.3(b) will be <i>treated as if it was</i> on a Generator Forced Outage for the period of time that the resource remains unavailable after the 72-hour notice period in 1.9.3 (b). The Commission approved the rule in a FERC order issued on June 9, 2015 (see 151 FERC ¶ 61,208).</p> <p>This language is consistent with the language in section 1.9.4(a) regarding Generator Forced Outages which provides that: "A Generation Capacity Resource committed to PJM loads through an RPM Auction, FRR Capacity Plan, or by designation as a replacement resource under Attachment DD of the PJM Tariff, that does not deliver all or part of its scheduled energy shall be deemed to have experienced a Generator Forced Outage with respect to such undelivered energy, in accordance with standards and procedures for full and partial Generator Forced Outages specified in the Reliability Assurance Agreement, and the PJM Manuals."</p>

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		Forced Outage. . . .	<u>deemed to have experienced</u> a Generator Forced Outage. . . .	The use of “classify” could be interpreted to mean the generator <i>actually</i> experienced a forced outage, which may or may not be the case (see definition of “Generator Forced Outage” in section 1.3.7 of Schedule 1 of the OA). Whereas use of “deem” means to treat the generator as if it experienced a forced outage regardless of whether it satisfy the definition of “Generator Forced Outage” in section 1.3.7.
10	Tariff, Attachment K-Appendix, § 1.3.31 (Regulation) Operating Agreement, Schedule 1, § 1.3.31 (Regulation)	“Regulation” shall mean the capability of a specific generation resource or Demand Resource with appropriate telecommunications, control and response capability to increase or decrease its output or adjust load in response to a regulating control signal, in accordance with the specifications in the PJM Manuals.	“Regulation” shall mean the capability of a specific generation resource or Demand Resource with appropriate telecommunications, control and response capability to <u>separately</u> increase <u>and</u> or decrease its output or adjust load in response to a regulating control signal, in accordance with the specifications in the PJM Manuals.	The definition of Regulation can be misinterpreted to mean that a resource is only required to be able to increase <u>or</u> decrease its output or adjust its load in response to a Regulation signal when in fact PJM requires resources that provide Regulation to be able to both increase <u>and</u> decrease their output or adjust load. This clarification is needed because some RTOs/ISOs have Regulation markets that do allow resources to provide Regulation only when the RTO/ISO requests an increase in output or only when it requests a decrease in output. PJM’s Regulation market on the other hand requires resources to be able to provide Regulation both as an increase in output and as a decrease in output depending on the type

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				of Regulation signal that is sent to the resource.
11	Tariff Att K-Appendix, § 1.3.33B Operating Agreement Sched. 1, § 1.3.33B	1.3.33B Station Power. "Station Power" shall mean energy used for operating the electric equipment on the site of a generation facility located in the PJM Region or for the heating, lighting, air-conditioning and office equipment needs of buildings on the site of such a generation facility that are used in the operation, maintenance, or repair of the facility. Station Power does not include any energy (i) used to power synchronous condensers; (ii) used for pumping at a pumped storage facility; (iii) used for compressors at a compressed air energy storage facility; (iv) used for charging an Energy Storage Resource; or (v) used in association with restoration or black start service.	1.3.33B Station Power. "Station Power" shall mean energy used for operating the electric equipment on the site of a generation facility located in the PJM Region or for the heating, lighting, air-conditioning and office equipment needs of buildings on the site of such a generation facility that are used in the operation, maintenance, or repair of the facility. Station Power does not include any energy (i) used to power synchronous condensers; (ii) used for pumping at a pumped storage facility; (iii) used for compressors at a compressed air energy storage facility; (iv) used for charging an Energy Storage Resource <u>or a Capacity Storage Resource</u> ; or (v) used in association with restoration or black start service.	In creating a new category of Capacity Storage Resource in the Capacity Performance proposal, we inadvertently failed to also update the definition of Station Power to exclude energy used to charge a Capacity Storage Resource as we should have done.
12	Tariff Att DD, § 2.69B (Updated VRR Curve Increment), § 2.69C (Updated VRR Curve Decrement), § 5.12(b)(ii) and (iii) (Conduct of RPM Auctions)	<p>2.69B Updated VRR Curve Increment "Updated VRR Curve Increment" shall mean the portion of the Updated VRR Curve to the right of a vertical line at the level of Unforced Capacity on the x-axis of such curve equal to the net Unforced Capacity committed to the PJM Region as a result of all prior auctions conducted for such Delivery Year and adjusted, if applicable, by the reduction in Unforced Capacity commitments associated with the transition provision of section 5.14C and 5.14E of this Attachment DD.</p> <p>2.69C Updated VRR Curve Decrement "Updated VRR Curve Decrement" shall mean the portion of the Updated VRR Curve to the left of a vertical line at the level of Unforced Capacity on the x-axis of such curve equal to the net Unforced Capacity committed to the PJM Region as a result of all prior auctions conducted for such Delivery Year and adjusted, if applicable, by the reduction in Unforced Capacity</p>	<p>2.69B Updated VRR Curve Increment "Updated VRR Curve Increment" shall mean the portion of the Updated VRR Curve to the right of a vertical line at the level of Unforced Capacity on the x-axis of such curve equal to the net Unforced Capacity committed to the PJM Region as a result of all prior auctions conducted for such Delivery Year and adjusted, if applicable, by <u>the reduction a change</u> in Unforced Capacity commitments associated with the transition provision of section 5.14C, <u>5.14D</u> and 5.14E of this Attachment DD.</p> <p>2.69C Updated VRR Curve Decrement "Updated VRR Curve Decrement" shall mean the portion of the Updated VRR Curve to the left of a vertical line at the level of Unforced Capacity on the x-axis of such curve equal to the net Unforced Capacity committed to the PJM Region as a result of all prior auctions conducted for such Delivery Year and adjusted, if applicable, by <u>the reduction a change</u> in Unforced</p>	Propose revisions to take into account excess capacity obtained through PJM's two Capacity Performance Transitional Incremental Auctions for the 2016/2017 and 2017/2018 Delivery Years. Current tariff provisions concerning development of the VRR Curve and PJM's release of capacity in Scheduled Incremental Auctions recognize changes in Unforced Capacity commitments due to other transition provisions contained in Tariff, Att. DD, sections 5.14 (such as 5/14 B, C, and E), but PJM inadvertently failed to also capture the newly accepted transition provisions in 5.14D. This revision will

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		<p>commitments associated with the transition provision of section 5.14C and 5.14E of this attachment DD.</p> <p>5.12 Conduct of RPM Auctions</p> <p>...</p> <p>b) Scheduled Incremental Auctions. For purposes of a Scheduled Incremental Auction, the optimization algorithm shall consider:</p> <p>...</p> <p>(ii) When the requirement to seek additional resource commitments in a Scheduled Incremental Auction is triggered by section 5.4(c)(1) of this Attachment, and the conditions stated in section 5.4(c)(2) do not apply, the Office of the Interconnection first shall determine the total quantity of (A) the amount that the Office of the Interconnection sought to procure in prior Scheduled Incremental Auctions for such Delivery Year that does not clear such auction, <i>plus, for the Delivery Years through May 31, 2018, the Short-Term Resource Procurement Target Applicable Share for such auction</i>, minus (B) the amount that the Office of the Interconnection sought to sell back in prior Scheduled Incremental Auctions for such Delivery Year that does not clear such auction, plus (C) the difference between the updated PJM Region Reliability Requirement or updated LDA Reliability Requirement and, respectively, the PJM Region Reliability Requirement, or LDA Reliability Requirement, utilized in the most recent prior auction conducted for such Delivery Year plus any amount required by section</p>	<p>Capacity commitments associated with the transition provision of section 5.14C, <u>5.14D</u> and 5.14E of this attachment DD.</p> <p>5.12 Conduct of RPM Auctions</p> <p>...</p> <p>b) Scheduled Incremental Auctions. For purposes of a Scheduled Incremental Auction, the optimization algorithm shall consider:</p> <p>...</p> <p>(ii) When the requirement to seek additional resource commitments in a Scheduled Incremental Auction is triggered by section 5.4(c)(1) of this Attachment, and the conditions stated in section 5.4(c)(2) do not apply, the Office of the Interconnection first shall determine the total quantity of (A) the amount that the Office of the Interconnection sought to procure in prior Scheduled Incremental Auctions for such Delivery Year that does not clear such auction, <i>plus, for the Delivery Years through May 31, 2018, the Short-Term Resource Procurement Target Applicable Share for such auction</i>, minus (B) the amount that the Office of the Interconnection sought to sell back in prior Scheduled Incremental Auctions for such Delivery Year that does not clear such auction, plus (C) the difference between the updated PJM Region Reliability Requirement or updated LDA Reliability Requirement and, respectively, the PJM Region Reliability Requirement, or LDA Reliability Requirement, utilized in the most recent prior auction conducted for such Delivery Year plus any amount required by section</p>	<p>correct that omission.</p>

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		<p>5.4(c)(2)(ii), plus (D) the reduction in Unforced Capacity commitments associated with the transition provisions of sections 5.14B, 5.14C and 5.14E of this Attachment DD. If the result of such equation is a positive quantity, the Office of the Interconnection shall employ in the clearing of such auction a portion of the Updated VRR Curve Increment extending right from the left-most point on that curve in a megawatt amount equal to that positive quantity defined above, to seek to procure such quantity. If the result of such equation is a negative quantity, the Office of the Interconnection shall employ in the clearing of the auction a portion of the Updated VRR Curve Decrement, extending and ascending to the left from the right-most point on that curve in a megawatt amount corresponding to the negative quantity defined above, to seek to sell back such quantity.</p> <p>***</p> <p>(iii) When the possible need to seek agreements to release capacity commitments in any Scheduled Incremental Auction is indicated for the PJM Region or any LDA by section 5.4(c)(3)(i) of this Attachment, the Office of the Interconnection first shall determine the total quantity of (A) the amount that the Office of the Interconnection sought to procure in prior Scheduled Incremental Auctions for such Delivery Year that does not clear such auction, plus, for the Delivery Years through May 31, 2018, the Short - Term Resource Procurement Target Applicable Share for such auction, minus (B) the amount that the Office of the Interconnection sought to sell back in prior Scheduled Incremental Auctions for such Delivery Year that does not clear such auction, plus (C) the difference between the updated PJM</p>	<p>5.4(c)(2)(ii), plus (D) the reduction in Unforced Capacity commitments associated with the transition provisions of sections 5.14B, 5.14C and 5.14E of this Attachment DD, <u>minus (E) the quantity of new Unforced Capacity commitments associated with the transition provisions in section 5.14D of this Attachment DD.</u> If the result of such equation is a positive quantity, the Office of the Interconnection shall employ in the clearing of such auction a portion of the Updated VRR Curve Increment extending right from the left-most point on that curve in a megawatt amount equal to that positive quantity defined above, to seek to procure such quantity. If the result of such equation is a negative quantity, the Office of the Interconnection shall employ in the clearing of the auction a portion of the Updated VRR Curve Decrement, extending and ascending to the left from the right-most point on that curve in a megawatt amount corresponding to the negative quantity defined above, to seek to sell back such quantity.</p> <p>***</p> <p>(iii) When the possible need to seek agreements to release capacity commitments in any Scheduled Incremental Auction is indicated for the PJM Region or any LDA by section 5.4(c)(3)(i) of this Attachment, the Office of the Interconnection first shall determine the total quantity of (A) the amount that the Office of the Interconnection sought to procure in prior Scheduled Incremental Auctions for such Delivery Year that does not clear such auction, plus, for the Delivery Years through May 31, 2018, the Short - Term Resource Procurement Target Applicable Share for such auction, minus (B) the amount that the Office of the Interconnection sought to sell back in prior Scheduled Incremental Auctions for such Delivery Year that does not clear such auction, plus (C) the difference between the updated PJM</p>	

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		<p>Region Reliability Requirement or updated LDA Reliability Requirement and, respectively, the PJM Region Reliability Requirement, or LDA Reliability Requirement, utilized in the most recent prior auction conducted for such Delivery Year minus any capacity sell-back amount determined by PJM to be required for the PJM Region or such LDA by section 5.4(c)(3)(ii) of this Attachment, plus (D) the reduction in Unforced Capacity commitments associated with the transition provisions of sections 5.14B, 5.14C and 5.14E of this Attachment DD; provided, however, that the amount sold in total for all LDAs and the PJM Region related to a delay in a Backbone Transmission upgrade may not exceed the amounts purchased in total for all LDAs and the PJM Region related to a delay in a Backbone Transmission upgrade. If the result of such equation is a positive quantity, the Office of the Interconnection shall employ in the clearing of such auction a portion of the Updated VRR Curve Increment extending right from the left-most point on that curve in a megawatt amount equal to that positive quantity defined above, to seek to procure such quantity. If the result of such equation is a negative quantity, the Office of the Interconnection shall employ in the clearing of the auction a portion of the Updated VRR Curve Decrement, extending and ascending to the left from the right-most point on that curve in a megawatt amount corresponding to the negative quantity defined above, to seek to sell back such quantity.</p>	<p>Region Reliability Requirement or updated LDA Reliability Requirement and, respectively, the PJM Region Reliability Requirement, or LDA Reliability Requirement, utilized in the most recent prior auction conducted for such Delivery Year minus any capacity sell-back amount determined by PJM to be required for the PJM Region or such LDA by section 5.4(c)(3)(ii) of this Attachment, plus (D) the reduction in Unforced Capacity commitments associated with the transition provisions of sections 5.14B, 5.14C and 5.14E of this Attachment DD, <u>minus (E) the quantity of new Unforced Capacity commitments associated with the transition provisions in 5.14D of this Attachment DD</u>; provided, however, that the amount sold in total for all LDAs and the PJM Region related to a delay in a Backbone Transmission upgrade may not exceed the amounts purchased in total for all LDAs and the PJM Region related to a delay in a Backbone Transmission upgrade. If the result of such equation is a positive quantity, the Office of the Interconnection shall employ in the clearing of such auction a portion of the Updated VRR Curve Increment extending right from the left-most point on that curve in a megawatt amount equal to that positive quantity defined above, to seek to procure such quantity. If the result of such equation is a negative quantity, the Office of the Interconnection shall employ in the clearing of the auction a portion of the Updated VRR Curve Decrement, extending and ascending to the left from the right-most point on that curve in a megawatt amount corresponding to the negative quantity defined above, to seek to sell back such quantity.</p>	

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13	RAA, §1.20B (Existing Generation Capacity Resource)	Existing Generation Capacity Resource shall mean, for purposes of the must-offer requirement and mitigation of offers for any RPM Auction for a Delivery Year, a Generation Capacity Resource that, as of the date on which bidding commences for such auction: (a) is in service; or (b) is not yet in service, but has cleared any RPM Auction for any prior Delivery Year. Notwithstanding the foregoing, a Generation Capacity Resource for which construction has not commenced and which would otherwise have been treated as a Planned Generation Capacity Resource but for the fact that it was bid into RPM Auctions for at least two consecutive Delivery Years, and cleared the last such auction only because it was considered existing and its mitigated offer cap was accepted when its price offer would not have otherwise been accepted, shall be deemed to be a Planned Generation Capacity Resource.–A Generation Capacity Resource shall be deemed to be in service if interconnection service has ever commenced (for resources located in the PJM Region), or if it is physically and electrically interconnected to an external Control Area and is in full commercial operation (for resources not located in the PJM Region). The additional megawatts of a Generation Capacity Resource that is being, or has been, modified to increase the number of megawatts of available installed capacity thereof shall not be deemed to be an Existing Generation Capacity Resource until such time as those megawatts (a) are in service; or (b) are not yet in service, but have cleared any RPM Auction for any prior Delivery Year.	Existing Generation Capacity Resource shall mean, for purposes of the must-offer requirement and mitigation of offers for any RPM Auction for a Delivery Year, a Generation Capacity Resource that, as of the date on which bidding commences for such auction: (a) is in service; or (b) is not yet in service, but has cleared any RPM Auction for any prior Delivery Year. Notwithstanding the foregoing, a Generation Capacity Resource for which construction has not commenced and which would otherwise have been treated as a Planned Generation Capacity Resource but for the fact that it was bid into RPM Auctions for at least two consecutive Delivery Years, and cleared the last such auction only because it was considered existing and its mitigated offer cap was accepted when its price offer would not have otherwise been accepted, shall be deemed to be a Planned Generation Capacity Resource.– A Generation Capacity Resource shall be deemed to be in service if interconnection service has ever commenced (for resources located in the PJM Region), or if it is physically and electrically interconnected to an external Control Area and is in full commercial operation (for resources not located in the PJM Region). The additional megawatts of a Generation Capacity Resource that is being, or has been, modified to increase the number of megawatts of available installed capacity thereof shall not be deemed to be an Existing Generation Capacity Resource until such time as those megawatts (a) are in service; or (b) are not yet in service, but have cleared any RPM Auction for any prior Delivery Year.	Clean up definition to remove the “Notwithstanding clause.” This language was incorporated for a one time situation that can’t occur again and is no longer relevant.
14	RAA, § 1.70 (Planned Generation Capacity)	Planned Generation Capacity Resource shall mean a Generation Capacity Resource, or additional megawatts to increase the size of a Generation Capacity Resource that is being or has been modified to increase the number of megawatts of available installed capacity thereof, participating in the generation interconnection process under Part IV, Subpart A of the PJM	Planned Generation Capacity Resource shall mean a Generation Capacity Resource, or additional megawatts to increase the size of a Generation Capacity Resource that is being or has been modified to increase the number of megawatts of available installed capacity thereof, participating in the generation interconnection process under Part IV, Subpart A of the PJM	Adding back in language that was inadvertently removed in the Capacity Performance compliance filing where FERC asked us to go back to original

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	Resource)	<p>Tariff, as applicable, for which: (i) Interconnection Service is scheduled to commence on or before the first day of the Delivery Year for which such resource is to be committed to RPM or to an FRR Capacity Plan; (ii) for any such resource seeking to offer into a Base Residual Auction, or for any such resource of 20 MWs or less seeking to offer into a Base Residual Auction, a System Impact Study Agreement (or, for resources for which a System Impact Study Agreement is not required, has such other agreement or documentation that is functionally equivalent to a System Impact Study Agreement) has been executed prior to the Base Residual Auction for such Delivery Year; (iii) for any such resource of more than 20 MWs seeking to offer into a Base Residual Auction for the 2019/2020 Delivery Year and subsequent Delivery Years, a Facilities Study Agreement (or, for resources for which a Facilities Study Agreement is not required, has such other agreement or documentation that is functionally equivalent to a Facility Studies Agreement) has been executed prior to the Base Residual Auction for such Delivery Year; (iv) an Interconnection Service Agreement has been executed prior to any Incremental Auction for such Delivery Year in which such resource plans to participate ; and (iv) no megawatts of capacity have cleared an RPM Auction for any prior Delivery Year. For purposes of the must-offer requirement and mitigation of offers for any RPM Auction for a Delivery Year, a Generation Capacity Resource shall cease to be considered a Planned Generation Capacity Resource as of the earlier of (i) the date that Interconnection Service commences as to such resource; or (ii) the resource has cleared an RPM Auction for any Delivery Year. Notwithstanding the foregoing, a Generation Capacity Resource for which construction has not commenced and which would otherwise have been treated as a Planned Generation Capacity Resource but for the fact that it was bid into RPM Auctions for at least two consecutive Delivery Years, and cleared the last such auction only because it was considered existing and</p>	<p>Tariff, as applicable, for which: (i) Interconnection Service is scheduled to commence on or before the first day of the Delivery Year for which such resource is to be committed to RPM or to an FRR Capacity Plan; (ii) for any such resource seeking to offer into a Base Residual Auction, or for any such resource of 20 MWs or less seeking to offer into a Base Residual Auction, a System Impact Study Agreement (or, for resources for which a System Impact Study Agreement is not required, has such other agreement or documentation that is functionally equivalent to a System Impact Study Agreement) has been executed prior to the Base Residual Auction for such Delivery Year; (iii) for any such resource of more than 20 MWs seeking to offer into a Base Residual Auction for the 2019/2020 Delivery Year and subsequent Delivery Years, a Facilities Study Agreement (or, for resources for which a Facilities Study Agreement is not required, has such other agreement or documentation that is functionally equivalent to a Facility Studies Agreement) has been executed prior to the Base Residual Auction for such Delivery Year; (iv) an Interconnection Service Agreement has been executed prior to any Incremental Auction for such Delivery Year in which such resource plans to participate ; and (iv) no megawatts of capacity have cleared an RPM Auction for any prior Delivery Year. For purposes of the must-offer requirement and mitigation of offers for any RPM Auction for a Delivery Year, a Generation Capacity Resource shall cease to be considered a Planned Generation Capacity Resource as of the earlier of (i) the date that Interconnection Service commences as to such resource; or (ii) the resource has cleared an RPM Auction for any Delivery Year, <u>in which case it shall become an Existing Generation</u></p>	<p>language.</p> <p>Also Clean up definition to remove the “Notwithstanding clause.” This language was incorporated for a one time situation that can’t occur again and is no longer relevant.</p>

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		its mitigated offer cap was accepted when its price offer would not have otherwise been accepted, shall be deemed to be a Planned Generation Capacity Resource.	<u>Capacity Resource for any RPM Auction for all subsequent Delivery Years. Notwithstanding the foregoing, a Generation Capacity Resource for which construction has not commenced and which would otherwise have been treated as a Planned Generation Capacity Resource but for the fact that it was bid into RPM Auctions for at least two consecutive Delivery Years, and cleared the last such auction only because it was considered existing and its mitigated offer cap was accepted when its price offer would not have otherwise been accepted, shall be deemed to be a Planned Generation Capacity Resource.</u>	
15	Tariff, Att. DD, § 6.4(a) (Market Seller Offer Caps)	<p>Section 6.4(a) The Market Seller Offer Cap, stated in dollars per MW/day of unforced capacity, applicable to price-quantity offers within the Base Offer Segment for an Existing Generation Capacity Resource shall be the Avoidable Cost Rate for such resource, less the Projected PJM Market Revenues for such resource, stated in dollars per MW/day of unforced capacity, provided, however, that the Market Seller Offer Cap for any Capacity Performance Resource shall be the product of (the Net Cost of New Entry applicable for the Delivery Year and Locational Deliverability Area for which such Capacity Performance Resource is offered times the average of the Balancing Ratios in the three consecutive calendar years (during the Performance Assessment Hours in such calendar years) that precede the Base Residual Auction for such Delivery Year), and provided further that the submission of a Sell Offer with an Offer Price at or below the revised Market Seller Offer Cap permitted under this proviso shall not, in and of itself, be deemed an exercise of market power in the RPM market. Notwithstanding the previous sentence, a Capacity Market Seller may seek and obtain a Market Seller</p>	<p>Section 6.4(a) The Market Seller Offer Cap, stated in dollars per MW/day of unforced capacity, applicable to price-quantity offers within the Base Offer Segment for an Existing Generation Capacity Resource shall be the Avoidable Cost Rate for such resource, less the Projected PJM Market Revenues for such resource, stated in dollars per MW/day of unforced capacity, provided, however, that the Market Seller Offer Cap for any Capacity Performance Resource shall be the product of (the Net Cost of New Entry applicable for the Delivery Year and Locational Deliverability Area for which such Capacity Performance Resource is offered times the average of the Balancing Ratios in the three consecutive calendar years (during the Performance Assessment Hours in such calendar years) that precede the Base Residual Auction for such Delivery Year), and provided further that the submission of a Sell Offer with an Offer Price at or below the revised Market Seller Offer Cap permitted under this proviso shall not, in and of itself, be deemed an exercise of market power in the RPM market. Notwithstanding the previous sentence, a Capacity Market Seller may seek and obtain a Market Seller</p>	<p>The change shown in the first two paragraphs to the left are intended to clarify that a Capacity Market Seller may not use both a default Market Seller Offer Cap and also elements of a unit-specific offer cap such as to add in project investment costs, quantifiable risk, or fuel availability. While the intent of the tariff has been to use either the default table or the unit specific derivation of Market Seller Offer Cap, it is not clear in the tariff.</p> <p>The change shown in the third paragraph to the left is to reflect that the default MSOC contained in the tables will only be</p>

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	Tariff, Att. DD, § 6.7(c) (Data Submission)	<p>Offer Cap for a Capacity Performance Resource that exceeds the revised Market Seller Offer Cap permitted under the prior sentence, if it supports and obtains approval of such alternative offer cap pursuant to the procedures and standards of paragraph (b) of this section 6.4. The Market Seller Offer Cap for an Existing Generation Capacity Resource shall be the Opportunity Cost for such resource, if applicable, as determined in accordance with section 6.7. Nothing herein shall preclude any Capacity Market Seller and the Market Monitoring Unit from agreeing to, nor require either such entity to agree to, an alternative market seller offer cap determined on a mutually agreeable basis. Any such alternative offer cap shall be filed with the Commission for its approval. This provision is duplicated in section II.E.3 of Attachment M- Appendix.</p> <p>Section 6.7(c) The default retirement and mothball Avoidable Cost Rates (“ACR”) referenced in this subsection (c)(ii) are as set forth in the tables below for the 2013/2014 Delivery Year through the 2016/2017 Delivery Year. Capacity Market Sellers shall use the one-year mothball Avoidable Cost Rate shown below, unless such Capacity Market Seller satisfies the criteria set forth in section 6.7(e), in which case the Capacity Market Seller may use the retirement Avoidable Cost Rate. PJM shall also publish on its Web site the number of Generation Capacity Resources and megawatts per LDA that use the retirement Avoidable Cost Rates.</p> <p>...</p> <p>To determine the default retirement and mothball ACR values for the</p>	<p>Offer Cap for a Capacity Performance Resource that exceeds the revised Market Seller Offer Cap permitted under the prior sentence, if it supports and obtains approval of such alternative offer cap pursuant to the procedures and standards of paragraph (b) of this section 6.4. <u>A Capacity Market Seller may not use the Capacity Performance default Market Seller Offer Cap expressed as Net Cost of New Entry times the Balancing Ratio above, and also seek to include any one or more categories of the Avoidable Cost Rate defined section 6.8.</u> The Market Seller Offer Cap for an Existing Generation Capacity Resource shall be the Opportunity Cost for such resource, if applicable, as determined in accordance with section 6.7. Nothing herein shall preclude any Capacity Market Seller and the Market Monitoring Unit from agreeing to, nor require either such entity to agree to, an alternative market seller offer cap determined on a mutually agreeable basis. Any such alternative offer cap shall be filed with the Commission for its approval. This provision is duplicated in section II.E.3 of Attachment M- Appendix.</p> <p>Section 6.7(c) The default retirement and mothball Avoidable Cost Rates (“ACR”) referenced in this subsection (c)(ii) are as set forth in the tables below for the 2013/2014 Delivery Year through the 2016/2017 Delivery Year. Capacity Market Sellers shall use the one-year mothball Avoidable Cost Rate shown below, unless such Capacity Market Seller satisfies the criteria set forth in section 6.7(e), in which case the Capacity Market Seller may use the retirement Avoidable Cost Rate. PJM shall also publish on its Web site the number of Generation Capacity Resources and megawatts per LDA that use the retirement Avoidable Cost Rates. <u>A Capacity Market Seller may not use the default Market Seller Offer Cap contained in the ACR tables in this</u></p>	needed until such time as we move to 100% CP, at which point the default offer cap will be Net CONE * B.

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		<p>2018/2019 and subsequent Delivery Years, the Office of the Interconnection shall multiply the updated base default retirement and mothball ACR values from the immediately preceding Delivery Year by a factor equal to one plus the most recent annual average rate of change in the July Handy-Whitman Index. These values become the new adjusted base default retirement and mothball ACR values, as calculated by the Office of the Interconnection and posted to its website. These resulting adjusted base values for the Delivery Year shall be multiplied by a factor equal to one plus the most recent ten-calendar-year annual average rate of change in the applicable Handy-Whitman Index, taken to the fourth power, as calculated by the Office of the Interconnection and posted to its website; provided, however, that after the Handy-Whitman indexing methodology has been employed to determine the default retirement and mothball ACR values for the RPM Auctions for the 2017/2018 through 2020/2021 Delivery Years, the Office of the Interconnection shall: i) review the default retirement and mothball ACR values to determine whether any changes other than those produced by such methodology are warranted for subsequent Delivery Years (including seeking the analysis and advice of the Market Monitoring Unit on such matter) and report its conclusions to the Members in writing no later than June 1, 2017; and ii) file with FERC resulting changes, if any, to this section no later than October 1, 2017, to be effective for the Base Residual Auction for the 2021/2022 Delivery Year; provided further, that nothing herein precludes the Office of the Interconnection from filing with FERC changes to the default retirement and mothball ACR values or any other provision of this section prior to the deadline stated in the previous clause, or at any other time.</p>	<p><u>subsection, and also seek to include any one or more categories of the Avoidable Cost Rate defined section 6.8.</u></p> <p>...</p> <p>To determine the default retirement and mothball ACR values for the 2018/2019 <u>and 2019/2020</u> and subsequent Delivery Years <u>for Base Capacity Resources</u>, the Office of the Interconnection shall multiply the updated base default retirement and mothball ACR values from the immediately preceding Delivery Year by a factor equal to one plus the most recent annual average rate of change in the July Handy-Whitman Index. These values become the new adjusted base default retirement and mothball ACR values, as calculated by the Office of the Interconnection and posted to its website. These resulting adjusted base values for the Delivery Year shall be multiplied by a factor equal to one plus the most recent ten-calendar-year annual average rate of change in the applicable Handy-Whitman Index, taken to the fourth power, as calculated by the Office of the Interconnection and posted to its website; provided, however, that after the Handy-Whitman indexing methodology has been employed to determine the default retirement and mothball ACR values for the RPM Auctions for the 2017/2018 through 2020/2021 Delivery Years, the Office of the Interconnection shall: i) review the default retirement and mothball ACR values to determine whether any changes other than those produced by such methodology are warranted for subsequent Delivery Years (including seeking the analysis and advice of the Market Monitoring Unit on such matter) and report its conclusions to the Members in writing no later than June 1, 2017; and ii) file with FERC resulting changes, if any, to this section no later than October 1, 2017, to be effective for the Base Residual Auction for the 2021/2022 Delivery Year; provided further, that nothing herein</p>	

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			precludes the Office of the Interconnection from filing with FERC changes to the default retirement and mothball ACR values or any other provision of this section prior to the deadline stated in the previous clause, or at any other time.	
16	Tariff, Att. DD § 6.7 (Data Submission)	(a) Potential participants in any PJM Reliability Pricing Model Auction shall submit, together with supporting documentation for each item, to the Market Monitoring Unit and the Office of the Interconnection no later than one hundred twenty (120) days prior to the posted date for the conduct of such auction, a list of owned or controlled generation resources by PJM transmission zone for the specified Delivery Year, including the amount of gross capacity, the EFORd and the net (unforced) capacity. A potential participant intending to offer any Capacity Performance Resource choosing an offer cap at or below the Net Cost of New Entry must provide the associated offer cap and the MW to which the offer cap applies.	(a) Potential participants in any PJM Reliability Pricing Model Auction shall submit, together with supporting documentation for each item, to the Market Monitoring Unit and the Office of the Interconnection no later than one hundred twenty (120) days prior to the posted date for the conduct of such auction, a list of owned or controlled generation resources by PJM transmission zone for the specified Delivery Year, including the amount of gross capacity, the EFORd and the net (unforced) capacity. A potential participant intending to offer any Capacity Performance Resource choosing an offer cap at or below the <u>product of [the Net Cost of New Entry times the average of the Balancing Ratios in the three consecutive calendar years (during the Performance Assessment Hours in such calendar years) that precede the Base Residual Auction for such Delivery Year]</u> must provide the associated offer cap and the MW to which the offer cap applies.	This change is necessary to align the default offer cap that was ultimately accepted by the Commission in the June 9 Capacity Performance order in Docket No. ER15-623 et al. PJM inadvertently failed to modify this when it submitted its compliance filing on July 9.
17	Tariff, Att. DD, § 6.6 (Offer Requirement for Capacity Resources)	(a) To avoid application of subsection (h), all of the installed capacity of all Existing Generation Capacity Resources located in the PJM Region shall be offered by the Capacity Market Seller that owns or controls all or part of such resource (which may include submission as Self-Supply) in all RPM Auctions for each Delivery Year, less any amount determined by the Office of the Interconnection to be eligible for an exception to the must-offer	(a) To avoid application of subsection (h), all of the installed capacity of all Existing Generation Capacity Resources located in the PJM Region shall be offered by the Capacity Market Seller that owns or controls all or part of such resource (which may include submission as Self-Supply) in all RPM Auctions for each Delivery Year, less any amount determined by the Office of the Interconnection to be eligible for an exception to the <u>this RPM</u> must-	Clarifications to distinguish RPM must offer requirement from Day-ahead Energy Market and Real-time Energy Market must offer requirements, and the Capacity Performance Resource must offer requirement.

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		<p>requirement, where installed capacity is determined as of the date on which bidding commences for each RPM Auction pursuant to Section 5.6.6 of Attachment DD of the Tariff. The Unforced Capacity of such resources is determined using the EFORd value that is submitted by the Capacity Market Seller in its Sell Offer, which shall not exceed the maximum EFORd for that resource as defined in Section 6.6(b). If a resource should be included on the list of Existing Generation Capacity Resources subject to the must-offer requirement that is maintained by the Market Monitoring Unit pursuant to Section II.C.1 of Attachment M – Appendix of the Tariff, but is omitted therefrom whether by mistake of the Market Monitoring Unit or failure of the Capacity Market Seller that owns or controls all or part of such resource to provide information about the resource to the Market Monitoring Unit, this shall not excuse such resource from the must-offer requirement.</p> <p>...</p> <p>(g) A Capacity Market Seller that owns or controls an existing generation resource in the PJM Region that is capable of qualifying as an Existing Generation Capacity Resource as of the date on which bidding commences for an RPM Auction may not avoid the rule in subsection (a) or be removed from Capacity Resource status by failing to qualify as a Generation Capacity Resource, or by attempting to remove a unit previously qualified as a Generation Capacity Resource from classification as a Capacity Resource for that RPM Auction. However, generation resource may qualify for an exception to the must-offer requirement, as shown by appropriate documentation, if the Capacity Market Seller that owns or controls such resource demonstrates that it: (i) is reasonably expected to be physically unable to participate in the relevant Delivery Year; (ii) has a financially and physically firm commitment to an external sale of its capacity, or (iii) was</p>	<p>offer requirement, where installed capacity is determined as of the date on which bidding commences for each RPM Auction pursuant to Section 5.6.6 of Attachment DD of the Tariff. The Unforced Capacity of such resources is determined using the EFORd value that is submitted by the Capacity Market Seller in its Sell Offer, which shall not exceed the maximum EFORd for that resource as defined in Section 6.6(b). If a resource should be included on the list of Existing Generation Capacity Resources subject to the <u>RPM</u> must-offer requirement that is maintained by the Market Monitoring Unit pursuant to Section II.C.1 of Attachment M – Appendix of the Tariff, but is omitted therefrom whether by mistake of the Market Monitoring Unit or failure of the Capacity Market Seller that owns or controls all or part of such resource to provide information about the resource to the Market Monitoring Unit, this shall not excuse such resource from the <u>RPM</u> must-offer requirement.</p> <p>...</p> <p>(g) A Capacity Market Seller that owns or controls an existing generation resource in the PJM Region that is capable of qualifying as an Existing Generation Capacity Resource as of the date on which bidding commences for an RPM Auction may not avoid the rule in subsection (a) or be removed from Capacity Resource status by failing to qualify as a Generation Capacity Resource, or by attempting to remove a unit previously qualified as a Generation Capacity Resource from classification as a Capacity Resource for that RPM Auction. However, generation resource may qualify for an exception to the <u>RPM</u> must-offer requirement, as shown by appropriate documentation, if the Capacity Market Seller that owns or controls such resource demonstrates that it: (i) is reasonably expected to be physically unable to participate in the relevant Delivery Year; (ii) has a financially and physically firm commitment to an external sale of its</p>	

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		<p>interconnected to the Transmission System as an Energy Resource and not subsequently converted to a Capacity Resource.</p> <p>...</p> <p>A Capacity Market Seller that seeks to remove a Generation Capacity Resource from PJM Capacity Resource status and/or seeks approval for an exception to the must-offer requirement, for any reason other than the reason specified in Paragraph A above, shall first submit such request in writing, along with all supporting data and documentation, to the Market Monitoring Unit for evaluation, notifying the Office of the Interconnection by copy of the same, by no later than one hundred twenty (120) days prior to the commencement of the offer period for the applicable RPM Auction.</p> <p>In order to obtain an exception to the must-offer requirement for the reason specified in Paragraph A above, a Capacity Market Seller shall first submit a preliminary exception request in writing, along with supporting data and documentation indicating the reasons and conditions upon which the Capacity Market Seller is relying in its analysis of whether to retire such resource, to the Market Monitoring Unit for evaluation, notifying the Office of the Interconnection by copy of the same, by no later than (a) November 1, 2013 for the Base Residual Auction for the 2017/2018 Delivery Year, (b) the September 1 that last precedes the Base Residual Auction for the 2018/2019 and subsequent Delivery Years, and (c) two hundred forty (240) days prior to the commencement of the offer period for the applicable Incremental Auction. By no later than five (5) business days after receipt of any such preliminary exception requests, the Office of the Interconnection will post on its website a summary of the number of megawatts of Generation Capacity Resources for which it has received notification of</p>	<p>capacity, or (iii) was interconnected to the Transmission System as an Energy Resource and not subsequently converted to a Capacity Resource.</p> <p>...</p> <p>A Capacity Market Seller that seeks to remove a Generation Capacity Resource from PJM Capacity Resource status and/or seeks approval for an exception to the <u>RPM</u> must-offer requirement, for any reason other than the reason specified in Paragraph A above, shall first submit such request in writing, along with all supporting data and documentation, to the Market Monitoring Unit for evaluation, notifying the Office of the Interconnection by copy of the same, by no later than one hundred twenty (120) days prior to the commencement of the offer period for the applicable RPM Auction.</p> <p>In order to obtain an exception to the <u>RPM</u> must-offer requirement for the reason specified in Paragraph A above, a Capacity Market Seller shall first submit a preliminary exception request in writing, along with supporting data and documentation indicating the reasons and conditions upon which the Capacity Market Seller is relying in its analysis of whether to retire such resource, to the Market Monitoring Unit for evaluation, notifying the Office of the Interconnection by copy of the same, by no later than (a) November 1, 2013 for the Base Residual Auction for the 2017/2018 Delivery Year, (b) the September 1 that last precedes the Base Residual Auction for the 2018/2019 and subsequent Delivery Years, and (c) two hundred forty (240) days prior to the commencement of the offer period for the applicable Incremental Auction. By no later than five (5) business days after receipt of any such preliminary exception requests, the Office of the Interconnection will post on its website a summary of the number of megawatts of Generation Capacity Resources for which it has received notification of</p>	

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		<p>preliminary exception requests, on an aggregate basis by Zone and Locational Deliverability Area that comprises a subset of a Zone, as specified in the PJM Manuals.</p> <p>...</p> <p>If the Capacity Market Seller disagrees with the Market Monitoring Unit's determination of its request to remove a resource from Capacity Resource status or its request for an exception to the must-offer requirement, it must notify the Market Monitoring Unit in writing, with a copy to the Office of the Interconnection, of the same by no later than eighty (80) days prior to the commencement of the offer period for the applicable RPM Auction. After the Market Monitoring Unit has made its determination of whether a resource has satisfied the must-offer requirement or meets one of the exceptions thereto and has notified the Capacity Market Seller and the Office of the Interconnection of the same pursuant to Section II.C.4 of Attachment M – Appendix, the Office of the Interconnection shall approve or deny the exception request. The exception request shall be deemed to be approved by the Office of the Interconnection, consistent with the determination of the Market Monitoring Unit, unless the Office of the Interconnection notifies the Capacity Market Seller and Market Monitoring Unit, by no later than sixty-five (65) days prior to the date on which the offer period for the applicable RPM Auction commences, that the exception request is denied.</p> <p>If the Market Monitoring Unit does not timely notify the Capacity Market Seller and the Office of the Interconnection of its determination of the request to remove a Generation Capacity Resource from Capacity Resource status or for an exception to the must-offer requirement, the Office of the Interconnection shall make the determination whether the</p>	<p>preliminary exception requests, on an aggregate basis by Zone and Locational Deliverability Area that comprises a subset of a Zone, as specified in the PJM Manuals.</p> <p>...</p> <p>If the Capacity Market Seller disagrees with the Market Monitoring Unit's determination of its request to remove a resource from Capacity Resource status or its request for an exception to the <u>RPM</u> must-offer requirement, it must notify the Market Monitoring Unit in writing, with a copy to the Office of the Interconnection, of the same by no later than eighty (80) days prior to the commencement of the offer period for the applicable RPM Auction. After the Market Monitoring Unit has made its determination of whether a resource has satisfied the <u>RPM</u> must-offer requirement or meets one of the exceptions thereto and has notified the Capacity Market Seller and the Office of the Interconnection of the same pursuant to Section II.C.4 of Attachment M – Appendix, the Office of the Interconnection shall approve or deny the exception request. The exception request shall be deemed to be approved by the Office of the Interconnection, consistent with the determination of the Market Monitoring Unit, unless the Office of the Interconnection notifies the Capacity Market Seller and Market Monitoring Unit, by no later than sixty-five (65) days prior to the date on which the offer period for the applicable RPM Auction commences, that the exception request is denied.</p> <p>If the Market Monitoring Unit does not timely notify the Capacity Market Seller and the Office of the Interconnection of its determination of the request to remove a Generation Capacity Resource from Capacity Resource status or for an exception to the <u>RPM</u> must-offer requirement, the</p>	

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		<p>request shall be approved or denied, and will notify the Capacity Market Seller of its determination in writing, with a copy to the Market Monitoring Unit, by no later than sixty-five (65) days prior to the date on which the offer period for the applicable RPM Auction commences.</p> <p>...</p> <p>If a Capacity Market Seller doesn't timely seek to remove a Generation Capacity Resource from Capacity Resource status or timely submit a request for an exception to the must offer requirement, the Generation Capacity Resource shall only be removed from Capacity Resource status, and may only be approved for an exception to the must-offer requirement, upon the Capacity Market Seller requesting and receiving an order from FERC, prior to the close of the offer period for the applicable RPM Auction, directing the Office of the Interconnection to remove the resource from Capacity Resource status and/or granting an exception to the must offer requirement or a waiver of the must-offer requirement as to such resource.</p> <p>...</p> <p>(i) In addition to the remedies set forth in subsections (g) and (h) above, if the Market Monitoring Unit determines that one or more Capacity Market Sellers' failure to offer part or all of one or more existing generation resources, for which the Office of the Interconnection has not approved an exception to the must-offer requirement, into an RPM Auction as required by this Section 6.6 would result in an increase of greater than five percent in any Zonal Capacity Price determined through such auction, and the Office</p>	<p>Office of the Interconnection shall make the determination whether the request shall be approved or denied, and will notify the Capacity Market Seller of its determination in writing, with a copy to the Market Monitoring Unit, by no later than sixty-five (65) days prior to the date on which the offer period for the applicable RPM Auction commences.</p> <p>...</p> <p>If a Capacity Market Seller doesn't timely seek to remove a Generation Capacity Resource from Capacity Resource status or timely submit a request for an exception to the <u>RPM</u> must offer requirement, the Generation Capacity Resource shall only be removed from Capacity Resource status, and may only be approved for an exception to the <u>RPM</u> must-offer requirement, upon the Capacity Market Seller requesting and receiving an order from FERC, prior to the close of the offer period for the applicable RPM Auction, directing the Office of the Interconnection to remove the resource from Capacity Resource status and/or granting an exception to the <u>RPM</u> must offer requirement or a waiver of the must-offer requirement as to such resource.</p> <p>...</p> <p>(i) In addition to the remedies set forth in subsections (g) and (h) above, if the Market Monitoring Unit determines that one or more Capacity Market Sellers' failure to offer part or all of one or more existing generation resources, for which the Office of the Interconnection has not approved an exception to the <u>RPM</u> must-offer requirement, into an RPM Auction as required by this Section 6.6 would result in an increase of greater than five percent in any Zonal Capacity Price determined through such auction, and</p>	

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		<p>of the Interconnection agrees with that determination, the Office of the Interconnection shall apply to FERC for an order, on an expedited basis, directing such Capacity Market Seller to participate in the relevant RPM Auction, or for other appropriate relief, and PJM will postpone clearing the auction pending FERC's decision on the matter. If the Office of the Interconnection disagrees with the Market Monitoring Unit's determination and does not apply to FERC for an order directing the Capacity Market Seller to participate in the auction or for other appropriate relief, the Market Monitoring Unit may exercise its powers to inform Commission staff of its concerns and to seek appropriate relief.</p> <p>C. RPM Must-Offer Obligation:</p> <p>1. The Market Monitoring Unit shall maintain, post on its website and provide to the Office of the Interconnection prior to each RPM Auction (updated, as necessary, on at least a quarterly basis), a list of Existing Generation Capacity Resources located in the PJM Region that are subject to the "must-offer" obligation set forth in Section 6.6 of Attachment DD.</p> <p>...</p> <p>4. The Market Monitoring Unit shall consider the documentation provided to it by a potential Capacity Market Seller pursuant to Section 6.6 of Attachment DD, and determine whether a resource owned or controlled by such Capacity Market Seller meets the criteria to qualify for an exception to the must-offer requirement because the resource (i) is reasonably expected to be physically unable to participate in the relevant auction; (ii) has a financially and physically firm commitment to an external sale of its capacity; or (iii) was interconnected to the Transmission System as an</p>	<p>the Office of the Interconnection agrees with that determination, the Office of the Interconnection shall apply to FERC for an order, on an expedited basis, directing such Capacity Market Seller to participate in the relevant RPM Auction, or for other appropriate relief, and PJM will postpone clearing the auction pending FERC's decision on the matter. If the Office of the Interconnection disagrees with the Market Monitoring Unit's determination and does not apply to FERC for an order directing the Capacity Market Seller to participate in the auction or for other appropriate relief, the Market Monitoring Unit may exercise its powers to inform Commission staff of its concerns and to seek appropriate relief.</p> <p>C. RPM Must-Offer Obligation:</p> <p>1. The Market Monitoring Unit shall maintain, post on its website and provide to the Office of the Interconnection prior to each RPM Auction (updated, as necessary, on at least a quarterly basis), a list of Existing Generation Capacity Resources located in the PJM Region that are subject to the <u>RPM</u> "must-offer" obligation <u>requirement</u> set forth in Section 6.6 of Attachment DD.</p> <p>...</p> <p>4. The Market Monitoring Unit shall consider the documentation provided to it by a potential Capacity Market Seller pursuant to Section 6.6 of Attachment DD, and determine whether a resource owned or controlled by such Capacity Market Seller meets the criteria to qualify for an exception to the <u>RPM</u> must-offer requirement because the resource (i) is reasonably expected to be physically unable to participate in the relevant auction; (ii) has a financially and physically firm commitment to an external sale of its</p>	

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	Tariff, Att. M-Appendix, § II.C (RPM Must-Offer Obligation)	<p>Energy Resource and not subsequently converted to a Capacity Resource. The Market Monitoring Unit shall notify the Capacity Market Seller and the Office of the Interconnection of its determination by no later than ninety (90) days prior to the commencement of the offer period for the applicable RPM Auction.</p> <p>...</p> <p>5. If a Capacity Market Seller submits for the portion of a Generation Capacity Resource that it owns or controls, and the Office of Interconnection accepts, a Sell Offer (i) at a level of installed capacity that the Market Monitoring Unit believes is inconsistent with the level established under Section 5.6.6 of Attachment DD of the PJM Tariff, (ii) at a level of installed capacity inconsistent with its determination of eligibility for an exception listed in Section II.C.4 above, or (iii) a maximum EFORd that the Market Monitoring Unit believes is inconsistent with the maximum level determined under Section II.C.3 of this Appendix, the Market Monitoring Unit may exercise its powers to inform Commission staff of its concerns and/or request a determination from the Commission that would require the Generation Capacity Resource to submit a new or revised Sell Offer, notwithstanding any determination to the contrary made under Section 6.6 of Attachment DD.</p> <p>The Market Monitoring Unit shall also consider the documentation provided by the Capacity Market Seller pursuant to Section 6.6 of Attachment DD, for generation resources for which the Office of the Interconnection has not approved an exception to the must-offer requirement as set forth in Section 6.6(g) of Attachment DD, to determine whether the Capacity Market Seller's failure to offer part or all of one or more generation resources into an RPM</p>	<p>capacity; or (iii) was interconnected to the Transmission System as an Energy Resource and not subsequently converted to a Capacity Resource. The Market Monitoring Unit shall notify the Capacity Market Seller and the Office of the Interconnection of its determination by no later than ninety (90) days prior to the commencement of the offer period for the applicable RPM Auction.</p> <p>...</p> <p>5. If a Capacity Market Seller submits for the portion of a Generation Capacity Resource that it owns or controls, and the Office of Interconnection accepts, a Sell Offer (i) at a level of installed capacity that the Market Monitoring Unit believes is inconsistent with the level established under Section 5.6.6 of Attachment DD of the PJM Tariff, (ii) at a level of installed capacity inconsistent with its determination of eligibility for an exception listed in Section II.C.4 above, or (iii) a maximum EFORd that the Market Monitoring Unit believes is inconsistent with the maximum level determined under Section II.C.3 of this Appendix, the Market Monitoring Unit may exercise its powers to inform Commission staff of its concerns and/or request a determination from the Commission that would require the Generation Capacity Resource to submit a new or revised Sell Offer, notwithstanding any determination to the contrary made under Section 6.6 of Attachment DD.</p> <p>The Market Monitoring Unit shall also consider the documentation provided by the Capacity Market Seller pursuant to Section 6.6 of Attachment DD, for generation resources for which the Office of the Interconnection has not approved an exception to the <u>RPM</u> must-offer requirement as set forth in Section 6.6(g) of Attachment DD, to determine whether the Capacity Market Seller's failure to offer part or all of one or more generation resources into</p>	

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		Auction would result in an increase of greater than five percent in any Zonal Capacity Price determined through such auction as required by Section 6.6(i) of Attachment DD, and shall inform both the Capacity Market Seller and the Office of the Interconnection of its determination by no later than two (2) business days after the close of the offer period for the applicable RPM Auction.	an RPM Auction would result in an increase of greater than five percent in any Zonal Capacity Price determined through such auction as required by Section 6.6(i) of Attachment DD, and shall inform both the Capacity Market Seller and the Office of the Interconnection of its determination by no later than two (2) business days after the close of the offer period for the applicable RPM Auction.	
18	Tariff, Att. DD, § 6.6A (Offer Requirement for Capacity Performance Resources)	(a) For the 2018/2019 Delivery Year and subsequent Delivery Years, the installed capacity of every Generation Capacity Resource located in the PJM Region that is capable (or that reasonably can become capable) of qualifying as a Capacity Performance Resource shall be offered as a Capacity Performance Resource by the Capacity Market Seller that owns or controls all or part of such resource (which may include submission as Self-Supply) in all RPM Auctions for each such Delivery Year, less any amount determined by the Office of the Interconnection to be eligible for an exception to the must-offer requirement, where installed capacity is determined as of the date on which bidding commences for each RPM Auction pursuant to Section 5.6.6 of Attachment DD of the Tariff.	(a) For the 2018/2019 Delivery Year and subsequent Delivery Years, the installed capacity of every Generation Capacity Resource located in the PJM Region that is capable (or that reasonably can become capable) of qualifying as a Capacity Performance Resource shall be offered as a Capacity Performance Resource by the Capacity Market Seller that owns or controls all or part of such resource (which may include submission as Self-Supply) in all RPM Auctions for each such Delivery Year, less any amount determined by the Office of the Interconnection to be eligible for an exception to the <u>Capacity Performance Resource</u> must-offer requirement, where installed capacity is determined as of the date on which bidding commences for each RPM Auction pursuant to Section 5.6.6 of Attachment DD of the Tariff.	Clarifications to distinguish the Capacity Performance Resource must offer requirement from the RPM must offer requirement and the Day-ahead Energy Market must offer requirement.
19	Tariff, Att. K-Appendix, section 1.10.1A (Day-ahead Energy Market Scheduling) Operating Agreement,	(d) Market Sellers wishing to sell into the Day-ahead Energy Market shall submit offers for the supply of energy (including energy from hydropower units), demand reductions, Regulation, Operating Reserves or other services for the following Operating Day. Offers shall be submitted to the Office of the Interconnection in the form specified by the Office of the Interconnection and shall contain the information specified in the Office of the Interconnection's Offer Data specification, this Section 1.10.1A(d), Schedule 2 of the Operating Agreement, and the PJM Manuals, as applicable. Market Sellers owning or controlling the output of a Generation	(d) Market Sellers wishing to sell into the Day-ahead Energy Market shall submit offers for the supply of energy (including energy from hydropower units), demand reductions, Regulation, Operating Reserves or other services for the following Operating Day. Offers shall be submitted to the Office of the Interconnection in the form specified by the Office of the Interconnection and shall contain the information specified in the Office of the Interconnection's Offer Data specification, this Section 1.10.1A(d), Schedule 2 of the Operating Agreement, and the PJM Manuals, as applicable. Market Sellers owning or controlling the output of a Generation	Clarifications to distinguish the Day-ahead Energy Market must offer requirement and the Real-time Energy Market must offer requirement from the RPM must offer requirement and the Capacity Performance Resource must offer requirement.

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	Schedule 1, section 1.10.1A (Day-ahead Energy Market Scheduling)	Capacity Resource that was committed in an FRR Capacity Plan, self-supplied, offered and cleared in a Base Residual Auction or Incremental Auction, or designated as replacement capacity, as specified in Attachment DD of the PJM Tariff, and that has not been rendered unavailable by a Generator Planned Outage, a Generator Maintenance Outage, or a Generator Forced Outage shall submit offers for the available capacity of such Generation Capacity Resource, including any portion that is self-scheduled by the Generating Market Buyer. Such offers shall be based on the ICAP equivalent of the Market Seller's cleared UCAP capacity commitment, provided, however, where the underlying resource is a Capacity Storage Resource or an Intermittent Resource, the Market Seller shall satisfy the must offer requirement by either self-scheduling or offering the unit as a dispatchable resource, in accordance with the PJM Manuals, where the hourly day-ahead self-scheduled values for such Capacity Storage Resources and Intermittent Resources may vary hour to hour from the capacity commitment. Any offer not designated as a Maximum Emergency offer shall be considered available for scheduling and dispatch under both Emergency and non-Emergency conditions. Offers may only be designated as Maximum Emergency offers to the extent that the Generation Capacity Resource falls into at least one of the following categories: . . .	Capacity Resource that was committed in an FRR Capacity Plan, self-supplied, offered and cleared in a Base Residual Auction or Incremental Auction, or designated as replacement capacity, as specified in Attachment DD of the PJM Tariff, and that has not been rendered unavailable by a Generator Planned Outage, a Generator Maintenance Outage, or a Generator Forced Outage <u>are subject to a Day-ahead Energy Market must-offer requirement and a Real-time Energy Market must-offer requirement and pursuant thereto</u> shall submit offers for the available capacity of such Generation Capacity Resource, including any portion that is self-scheduled by the Generating Market Buyer. Such offers shall be based on the ICAP equivalent of the Market Seller's cleared UCAP capacity commitment, provided, however, where the underlying resource is a Capacity Storage Resource or an Intermittent Resource, the Market Seller shall satisfy the <u>Day-ahead Energy Market must-offer requirement and the Real-time Energy Market must-offer requirement</u> by either self-scheduling or offering the unit as a dispatchable resource, in accordance with the PJM Manuals, where the hourly day-ahead self-scheduled values for such Capacity Storage Resources and Intermittent Resources may vary hour to hour from the capacity commitment. Any offer not designated as a Maximum Emergency offer shall be considered available for scheduling and dispatch under both Emergency and non-Emergency conditions. Offers may only be designated as Maximum Emergency offers to the extent that the Generation Capacity Resource falls into at least one of the following categories: . . .	

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20	Tariff, Attachment K-Appendix, § 6.6(f) Operating Agreement, Schedule 1, § 6.6(f)	<p>Exceptions to the Parameter Limited Schedule Matrix default values shall be categorized as either a one-time temporary exception, lasting 30 days or less; a period exception, lasting at least 31 days and no more than one year; or a persistent exception, lasting for at least one year.</p> <p>(i) <i>Temporary Exceptions.</i> A temporary exception shall be deemed accepted without prior review by the Market Monitoring Unit or the Office of the Interconnection upon submission by the Market Seller of the generation resource of written notification to the Market Monitoring Unit and the Office of the Interconnection, at least one business day prior to the commencement of the exception, and shall automatically commence and terminate on the dates specified in such notification, which must be for a period of time lasting 30 days or less, unless the termination date is extended pending a request for a period exception or shortened due to a change in the physical conditions of the unit such that the temporary exception is no longer required. Such Market Seller shall provide to the Market Monitoring Unit and the Office of the Interconnection within three days following the commencement of the temporary exception its documentation explaining in detail the reasons for the temporary exception, and shall also respond to additional requests for information from the Market Monitoring Unit and the Office of the Interconnection within three days after such request. Failure to provide a timely response to such request for additional information shall cause the temporary exception to terminate the following day. The Market Seller shall notify the Office of the Interconnection and the Market Monitoring Unit in writing of an early termination of a temporary exception due to changed physical conditions by no later than one business day prior to the early termination date.</p>	<p>Exceptions to the Parameter Limited Schedule Matrix default values shall be categorized as either a one-time temporary exception, lasting 30 days or less; a period exception, lasting at least 31 days and no more than one year; or a persistent exception, lasting for at least one year.</p> <p>(i) <i>Temporary Exceptions.</i> A temporary exception shall be deemed accepted without prior review by the Market Monitoring Unit or the Office of the Interconnection upon submission by the Market Seller of the generation resource of written notification to the Market Monitoring Unit and the Office of the Interconnection, at least one business day prior to the commencement of the exception, and shall automatically commence and terminate on the dates specified in such notification, <u>the basis for</u> which must be for a period of time lasting 30 days or less, unless the termination date is extended pending a request for a period exception or shortened due to a change in the physical conditions of the unit such that the temporary exception is no longer required. Such Market Seller shall provide to the Market Monitoring Unit and the Office of the Interconnection within three days following the commencement of the temporary exception its documentation explaining in detail the reasons for the temporary exception, and shall also respond to additional requests for information from the Market Monitoring Unit and the Office of the Interconnection within three days after such request. Failure to provide a timely response to such request for additional information shall cause the temporary exception to terminate the following day. The Market Seller shall notify the Office of the Interconnection and the Market Monitoring Unit in writing of an early termination of a temporary exception due to changed physical conditions by no later than one business day prior to the early termination date. <u>A</u></p>	<p>Clarifications are needed to make clear when a temporary exception can be used, and when a temporary exception can be extended. The revisions also clarify that if an exception is needed but not requested prior to the deadline for submission, the market seller must request a waiver of the deadline requirement from FERC – a temporary exception is not to be used as a means around missing the deadline for requesting a period or persistent exception.</p>

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		<p><i>Modification of Temporary Exceptions.</i> If, prior to the scheduled termination date, the Market Seller determines that the temporary exception must persist for more than 30 days, the Market Seller must submit to the Market Monitoring Unit and the Office of the Interconnection a written request to modify the temporary exception to become a period exception or a persistent exception, and provide detailed documentation explaining the reasons for the requested modification of the temporary exception. Market Sellers shall supply for each generation resource the required historical unit operating data in support of the period or persistent exception request, and if the exception requested is based on new physical operating limits for the resource for which some or all historical operating data is unavailable, the Market Seller may also submit technical information about the physical operational limits of the resource to support the requested parameters. Such Market Seller shall respond to additional requests for information from the Market Monitoring Unit and the Office of the Interconnection within three days after such request. Such request shall be reviewed by the Market Monitoring Unit and must be evaluated by the Office of the Interconnection using the same standard utilized to evaluate period exception and persistent exception requests. Per Section II.B of Attachment M-Appendix, the Market Monitoring Unit shall evaluate the modification request and provide its determination of whether the request raises market power concerns, and, if so, any modifications that would alleviate those concerns, to the Market Seller, with a copy to Office of the Interconnection, by no later than 15 days from the date of the modification request. The Office of the Interconnection shall provide its determination whether the request complies with the Tariff and</p>	<p><u>temporary exception may not be requested if, when a Market Seller submits a temporary exception it knows, or should know, that the exception will likely or definitely be needed for more than 30 days; in that case the Market Seller must instead submit a request for a period or persistent exception by no later than the February 28 deadline.</u></p> <p><i>Modification of Temporary Exceptions.</i> If, <u>after the temporary exception is submitted but</u> prior to the scheduled termination date, the Market Seller determines that the <u>basis for the</u> temporary exception must persist for more than 30 days, the Market Seller must submit to the Market Monitoring Unit and the Office of the Interconnection a written request <u>in order</u> to modify the temporary exception to become a period exception or a persistent exception, and provide detailed documentation explaining the reasons for the requested modification of the temporary exception. Market Sellers shall supply for each generation resource the required historical unit operating data in support of the period or persistent exception request, and if the exception requested is based on new physical operating limits for the resource for which some or all historical operating data is unavailable, the Market Seller may also submit technical information about the physical operational limits of the resource to support the requested parameters. Such Market Seller shall respond to additional requests for information from the Market Monitoring Unit and the Office of the Interconnection within three days after such request. Such request shall be reviewed by the Market Monitoring Unit and must be evaluated by the Office of the Interconnection using the same standard utilized to evaluate period exception and persistent exception requests. Per Section II.B of</p>	

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		<p>Manuals by no later than 20 days from the date of the modification request. A temporary exception shall be extended and shall not terminate until the date on which the Office of the Interconnection issues its determination of the modification request.</p> <p><i>Period Exceptions and Persistent Exceptions.</i> Market Sellers must submit period exception and persistent exception requests to the Market Monitoring Unit and the Office of the Interconnection by no later than the February 28 immediately preceding the twelve month period from June 1 to May 31 during which the exception is requested to commence. Market Sellers shall supply for each generation resource the required historical unit operating data in support of the period exception or persistent exception request, and if the exception requested is based on new physical operational limits for the resource for which some or all historical operating data is unavailable, the generation resource may also submit technical information about the physical operational limits for exceptions of the resource to support the requested parameters. The Market Monitoring Unit shall evaluate such request in accordance with the process set forth in Section II.B of Attachment M - Appendix. A Market Seller (i) must submit a parameter limited schedule value consistent with an agreement with the Market Monitoring Unit under such process, or (ii) if it has not agreed with the Market Monitoring Unit on the parameter limited schedule value, may submit its own value to the Office of the Interconnection and to the Market Monitoring Unit, by no later than April 8. Each exception request must indicate the expected duration of the requested exception including the termination date thereof. The proposed parameter limited schedule value submitted by the Market Seller is subject to approval of the Office of the Interconnection pursuant to the requirements of the Tariff and the PJM Manuals. The Office of the Interconnection may engage the services of a</p>	<p>Attachment M-Appendix, the Market Monitoring Unit shall evaluate the modification request and provide its determination of whether the request raises market power concerns, and, if so, any modifications that would alleviate those concerns, to the Market Seller, with a copy to Office of the Interconnection, by no later than 15 days from the date of the modification request. The Office of the Interconnection shall provide its determination whether the request complies with the Tariff and Manuals by no later than 20 days from the date of the modification request. A temporary exception shall be extended and shall not terminate until the date on which the Office of the Interconnection issues its determination of the modification request. <u>This provision shall not be used by a Market Seller, nor applied by the Office of the Interconnection or Market Monitoring Unit, to circumvent the February 28 deadline for submitting period and persistent exceptions.</u></p> <p><i>Period Exceptions and Persistent Exceptions.</i> Market Sellers must submit period exception and persistent exception requests to the Market Monitoring Unit and the Office of the Interconnection by no later than the February 28 immediately preceding the twelve month period from June 1 to May 31 during which the exception is requested to commence. Market Sellers shall supply for each generation resource the required historical unit operating data in support of the period exception or persistent exception request, and if the exception requested is based on new physical operational limits for the resource for which some or all historical operating data is unavailable, the generation resource may also submit technical information about the physical operational limits for exceptions of the resource to support the requested parameters. The Market Monitoring Unit shall evaluate such request in accordance with the process set forth in Section II.B of</p>	

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		<p>consultant with technical expertise to evaluate the exception request. After it has completed its evaluation of the exception request, the Office of the Interconnection shall notify the Market Seller in writing, with a copy to the Market Monitoring Unit, whether the exception request is approved or denied, by no later than April 15. The effective date of the exception, if approved by the Office of the Interconnection, shall be no earlier than June 1. The Office of the Interconnection's determination for an exception shall continue for the period requested and, if requested, for such longer period as the Office of the Interconnection may determine is supported by the data.</p>	<p>Attachment M - Appendix. A Market Seller (i) must submit a parameter limited schedule value consistent with an agreement with the Market Monitoring Unit under such process, or (ii) if it has not agreed with the Market Monitoring Unit on the parameter limited schedule value, may submit its own value to the Office of the Interconnection and to the Market Monitoring Unit, by no later than April 8. Each exception request must indicate the expected duration of the requested exception including the termination date thereof. The proposed parameter limited schedule value submitted by the Market Seller is subject to approval of the Office of the Interconnection pursuant to the requirements of the Tariff and the PJM Manuals. The Office of the Interconnection may engage the services of a consultant with technical expertise to evaluate the exception request. After it has completed its evaluation of the exception request, the Office of the Interconnection shall notify the Market Seller in writing, with a copy to the Market Monitoring Unit, whether the exception request is approved or denied, by no later than April 15. The effective date of the exception, if approved by the Office of the Interconnection, shall be no earlier than June 1. The Office of the Interconnection's determination for an exception shall continue for the period requested and, if requested, for such longer period as the Office of the Interconnection may determine is supported by the data. <u>If a Market Seller determines after the February 28 deadline that it requires a period exception or persistent exception, the Market Seller must obtain an order from the Commission waiving the deadlines referenced herein to permit the Market Monitoring Unit and Office of the Interconnection to consider the exception request.</u></p>	
21	Tariff, Part I (Definitions)	N/A	<p><u>Generation Resource Maximum Output:</u> <u>The unit's maximum (not nominal) net electrical power output in megawatts,</u></p>	Propose revisions to define the maximum output of a generation resource, as opposed to a Customer Facility (which is

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			<p><u>specified in the Interconnection Service Agreement, after supply of any parasitic or host facility loads, that a Generation Interconnection Customer's generating unit is expected to produce, provided that the specified output shall not exceed the output of the proposed generating unit that Transmission Provider utilized in the System Impact Study. If the Generation Resource Maximum Output cannot be determined from the applicable Interconnection Service Agreement, the Generation Resource Maximum Output shall equal the generating unit's pro rata share of the sum of Economic Maximum values from available generating units at the Customer Facility specified in the Interconnection Service Agreement.</u></p>	<p>defined as Maximum Facility Output) which definition will be applied in sections 3.2.3 and 3.2.3B of Tariff, Attachment K-Appendix, and the parallel provisions of Operating Agreement, Schedule 1, to clarify PJM's intent regarding the limitation of lost opportunity costs that a Market Participant will be eligible to recover.</p> <p>This new definition based on definition of Maximum Facility Output which is:</p> <p>1.18A.03 Maximum Facility Output:</p> <p>The maximum (not nominal) net electrical power output in megawatts, specified in the Interconnection Service Agreement, after supply of any parasitic or host facility loads, that a Generation Interconnection Customer's Customer Facility is expected to produce, provided that the specified Maximum Facility Output shall not exceed the output of the proposed Customer Facility that Transmission Provider utilized in the System Impact Study.</p>

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22	<p>Tariff, Attachment K-Appendix, §§ 3.2.3 (f), (f-1), (f-4) (Operating Reserves), 3.2.3B (c), (d) (Reactive Services)</p> <p>Operating Agreement, Schedule 1, §§ 3.2.3 (f), (f-1), (f-4) (Operating Reserves), 3.2.3B (c), (d) (Reactive Services)</p>	<p>3.2.3 Operating Reserves:</p> <p>(f) A Market Seller's steam-electric generating unit or combined cycle unit operating in combined cycle mode that is pool-scheduled (or self-scheduled, if operating according to Section 1.10.3 (c) hereof), the output of which is reduced or suspended at the request of the Office of the Interconnection due to a transmission constraint or other reliability issue, and for which the hourly integrated, real-time LMP at the unit's bus is higher than the unit's offer corresponding to the level of output requested by the Office of the Interconnection (as indicated either by the desired MWs of output from the unit determined by PJM's unit dispatch system or as directed by the PJM dispatcher through a manual override), shall be credited hourly in an amount equal to the product of (A) the deviation of the generating unit's output necessary to follow the Office of the Interconnection's signals and the generating unit's expected output level if it had been dispatched in economic merit order, times (B) the Locational Marginal Price at the generation bus for the generating unit, minus (C) the applicable offer for energy on which the generating unit was committed in the Real-time Energy Market, provided that the resulting outcome is greater than \$0.00. This equation is represented as (A*B) - C.</p> <p>The deviation of the generating unit's output is equal to the level of output for the unit determined according to the point on the scheduled offer curve on which the unit was operating corresponding to the hourly integrated real time Locational Marginal Price at the unit's bus and adjusted for any Regulation or Tier 2 Synchronized Reserve assignments and limited to the lesser of the unit's Economic Maximum or the unit's Maximum Facility</p>	<p>3.2.3 Operating Reserves:</p> <p>(f) A Market Seller's steam-electric generating unit or combined cycle unit operating in combined cycle mode that is pool-scheduled (or self-scheduled, if operating according to Section 1.10.3 (c) hereof), the output of which is reduced or suspended at the request of the Office of the Interconnection due to a transmission constraint or other reliability issue, and for which the hourly integrated, real-time LMP at the unit's bus is higher than the unit's offer corresponding to the level of output requested by the Office of the Interconnection (as indicated either by the desired MWs of output from the unit determined by PJM's unit dispatch system or as directed by the PJM dispatcher through a manual override), shall be credited hourly in an amount equal to the product of (A) the deviation of the generating unit's output necessary to follow the Office of the Interconnection's signals and the generating unit's expected output level if it had been dispatched in economic merit order, times (B) the Locational Marginal Price at the generation bus for the generating unit, minus (C) the applicable offer for energy on which the generating unit was committed in the Real-time Energy Market, provided that the resulting outcome is greater than \$0.00. This equation is represented as (A*B) - C.</p> <p>The deviation of the generating unit's output is equal to the level of output for the unit determined according to the point on the scheduled offer curve on which the unit was operating corresponding to the hourly integrated real time Locational Marginal Price at the unit's bus and adjusted for any Regulation or Tier 2 Synchronized Reserve assignments and limited to the lesser of the unit's Economic Maximum or the unit's <u>Generation Resource</u></p>	<p>Propose revisions to incorporate reference to new defined term Generation Resource Maximum Output.</p>

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		<p>Output, minus the actual hourly integrated output of the unit.</p> <p>.....</p> <p>(f-1) A Market Seller's combustion turbine unit or combined cycle unit operating in simple cycle mode that is pool-scheduled (or self-scheduled, if operating according to Section 1.10.3 (c) hereof), operated as requested by the Office of the Interconnection, shall be compensated for lost opportunity cost, and shall be limited to the lesser of the unit's Economic Maximum or the unit's Maximum Facility Output, if either of the following conditions occur:</p> <p>...</p> <p>(f-4) A Market Seller's wind generating unit that is pool-scheduled or self-scheduled, has SCADA capability to transmit and receive instructions from the Office of the Interconnection, has provided data and established processes to follow PJM basepoints pursuant to the requirements for wind generating units as further detailed in this Agreement, the Tariff and the PJM Manuals, and which is operating as requested by the Office of the Interconnection, the output of which is reduced or suspended at the request of the Office of the Interconnection due to a transmission constraint or other reliability issue, and for which the hourly integrated, real-time LMP at the unit's bus is higher than the unit's offer corresponding to the level of output requested by the Office of the Interconnection (as indicated either by the desired MWs of output from the unit determined by PJM's unit dispatch system or as directed by the PJM dispatcher through a manual override), shall be credited hourly in an amount equal to the product of (A) the deviation of the generating unit's output necessary to follow the Office of the Interconnection's signals and the generating unit's expected output level if it</p>	<p>Maximum Facility Output, minus the actual hourly integrated output of the unit.</p> <p>.....</p> <p>(f-1) A Market Seller's combustion turbine unit or combined cycle unit operating in simple cycle mode that is pool-scheduled (or self-scheduled, if operating according to Section 1.10.3 (c) hereof), operated as requested by the Office of the Interconnection, shall be compensated for lost opportunity cost, and shall be limited to the lesser of the unit's Economic Maximum or the unit's <u>Generation Resource</u> Maximum Facility Output, if either of the following conditions occur:</p> <p>...</p> <p>(f-4) A Market Seller's wind generating unit that is pool-scheduled or self-scheduled, has SCADA capability to transmit and receive instructions from the Office of the Interconnection, has provided data and established processes to follow PJM basepoints pursuant to the requirements for wind generating units as further detailed in this Agreement, the Tariff and the PJM Manuals, and which is operating as requested by the Office of the Interconnection, the output of which is reduced or suspended at the request of the Office of the Interconnection due to a transmission constraint or other reliability issue, and for which the hourly integrated, real-time LMP at the unit's bus is higher than the unit's offer corresponding to the level of output requested by the Office of the Interconnection (as indicated either by the desired MWs of output from the unit determined by PJM's unit dispatch system or as directed by the PJM dispatcher through a manual override), shall be credited hourly in an amount equal to the product of (A) the deviation of the generating unit's output necessary to follow the Office of the Interconnection's signals and the generating unit's expected output level if it</p>	

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		<p>had been dispatched in economic merit order, times (B) the Real-time Price at the generation bus for the generating unit, minus (C) the applicable offer for energy on which the generating unit was committed in the Real-time Energy Market, provided that the resulting outcome is greater than \$0.00. This equation is represented as (A*B) - C.</p> <p>The deviation of the generating unit's output is equal to the lesser of the PJM forecasted output for the unit or level of output for the unit determined according to the point on the scheduled offer curve on which the unit was operating corresponding to the hourly integrated real time Locational Marginal Price, and shall be limited to the lesser of the unit's Economic Maximum or the unit's Maximum Facility Output, minus the actual hourly integrated output of the unit.</p> <p>.....</p> <p>Section 3.2.3B (Reactive Services)</p> <p>(c) A Market Seller providing Reactive Services from either a steam-electric generating unit or combined cycle unit operating in combined cycle mode, where such unit is pool-scheduled (or self-scheduled, if operating according to Section 1.10.3 (c) hereof), and where the hourly integrated, real time LMP at the unit's bus is higher than the price offered by the Market Seller for energy from the unit at the level of output requested by the Office of the Interconnection (as indicated either by the desired MWs of output from the unit determined by PJM's unit dispatch system or as directed by the PJM dispatcher through a manual override) shall be compensated for lost opportunity cost by receiving a credit hourly in an amount equal to the product of (A) the deviation of the generating unit's output necessary to</p>	<p>had been dispatched in economic merit order, times (B) the Real-time Price at the generation bus for the generating unit, minus (C) the applicable offer for energy on which the generating unit was committed in the Real-time Energy Market, provided that the resulting outcome is greater than \$0.00. This equation is represented as (A*B) - C.</p> <p>The deviation of the generating unit's output is equal to the lesser of the PJM forecasted output for the unit or level of output for the unit determined according to the point on the scheduled offer curve on which the unit was operating corresponding to the hourly integrated real time Locational Marginal Price, and shall be limited to the lesser of the unit's Economic Maximum or the unit's <u>Generation Resource</u> Maximum Facility Output, minus the actual hourly integrated output of the unit.</p> <p>.....</p> <p>Section 3.2.3B (Reactive Services)</p> <p>(c) A Market Seller providing Reactive Services from either a steam-electric generating unit or combined cycle unit operating in combined cycle mode, where such unit is pool-scheduled (or self-scheduled, if operating according to Section 1.10.3 (c) hereof), and where the hourly integrated, real time LMP at the unit's bus is higher than the price offered by the Market Seller for energy from the unit at the level of output requested by the Office of the Interconnection (as indicated either by the desired MWs of output from the unit determined by PJM's unit dispatch system or as directed by the PJM dispatcher through a manual override) shall be compensated for lost opportunity cost by receiving a credit hourly in an amount equal to the product of (A) the deviation of the generating unit's output necessary to</p>	

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		<p>follow the Office of the Interconnection's signals and the generating unit's expected output level if it had been dispatched in economic merit order, times (B) the Real-time Price at the generation bus for the generating unit, minus (C) the applicable offer for energy on which the generating unit was committed in the Real-time Energy Market, provided that the resulting outcome is greater than \$0.00. This equation is represented as (A*B) - C.</p> <p>The deviation of the generating unit's output is equal to the lesser of the PJM forecasted output for the unit or level of output for the unit determined according to the point on the scheduled offer curve on which the unit was operating corresponding to the hourly integrated real time Locational Marginal Price, and shall be limited to the lesser of the unit's Economic Maximum or the unit's Maximum Facility Output, minus the actual hourly integrated output of the unit</p> <p>(d) A Market Seller providing Reactive Services from either a combustion turbine unit or combined cycle unit operating in simple cycle mode that is pool scheduled (or self-scheduled, if operating according to Section 1.10.3 (c) hereof), operated as requested by the Office of the Interconnection, shall be compensated for lost opportunity cost, limited to the lesser of the unit's Economic Maximum or the unit's Maximum Facility Output, if either of the following conditions occur:</p>	<p>follow the Office of the Interconnection's signals and the generating unit's expected output level if it had been dispatched in economic merit order, times (B) the Real-time Price at the generation bus for the generating unit, minus (C) the applicable offer for energy on which the generating unit was committed in the Real-time Energy Market, provided that the resulting outcome is greater than \$0.00. This equation is represented as (A*B) - C.</p> <p>The deviation of the generating unit's output is equal to the lesser of the PJM forecasted output for the unit or level of output for the unit determined according to the point on the scheduled offer curve on which the unit was operating corresponding to the hourly integrated real time Locational Marginal Price, and shall be limited to the lesser of the unit's Economic Maximum or the unit's <u>Generation Resource</u> Maximum Facility Output, minus the actual hourly integrated output of the unit.</p> <p>(d) A Market Seller providing Reactive Services from either a combustion turbine unit or combined cycle unit operating in simple cycle mode that is pool scheduled (or self-scheduled, if operating according to Section 1.10.3 (c) hereof), operated as requested by the Office of the Interconnection, shall be compensated for lost opportunity cost, limited to the lesser of the unit's Economic Maximum or the unit's <u>Generation Resource</u> Maximum Facility Output, if either of the following conditions occur:</p>	
23	Tariff, Attachment K-Appendix, § 3.2.3B (Reactive Reserves)	(c) A Market Seller providing Reactive Services from either a steam-electric generating unit or combined cycle unit operating in combined cycle mode, where such unit is pool-scheduled (or self-scheduled, if operating according to Section 1.10.3 (c) hereof), and where the hourly integrated, real time LMP at the unit's bus is higher than the price offered by the Market Seller for energy from the unit at the level of output requested by the Office of the	(c) A Market Seller providing Reactive Services from either a steam-electric generating unit or combined cycle unit operating in combined cycle mode, where such unit is pool-scheduled (or self-scheduled, if operating according to Section 1.10.3 (c) hereof), and where the hourly integrated, real time LMP at the unit's bus is higher than the price offered by the Market Seller for energy from the unit at the level of output requested by the Office of the	Revisions align Reactive LOC section with newly submitted and approved CT LOC revisions, and adds additional clarifying language to properly reflect how we actually calculate LOC for reactive. Revisions also delete language that is not

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	Operating Agreement, Schedule 1, § 3.2.3B (Reactive Reserves)	<p>Interconnection (as indicated either by the desired MWs of output from the unit determined by PJM's unit dispatch system or as directed by the PJM dispatcher through a manual override) shall be compensated for lost opportunity cost by receiving a credit hourly in an amount equal to $\{(LMPDMW - AG) \times (URLMP - UB)\}$</p> <p>where:</p> <p>LMPDMW equals the level of output for the unit determined according to the point on the scheduled offer curve on which the unit was operating corresponding to the hourly integrated real time LMP, and shall be limited to the lesser of the unit's Economic Maximum or the unit's Maximum Facility Output;</p> <p>AG equals the actual hourly integrated output of the unit;</p> <p>URLMP equals the real time LMP at the unit's bus;</p> <p>UB equals the unit offer for that unit for which output is reduced or suspended determined according to the real time scheduled offer curve on which the unit was operating, unless such schedule was a price-based schedule and the offer associated with that price-based schedule is less than the cost-based offer for the unit, in which case the offer for the unit will be determined based on the cost-based schedule; and</p> <p>where URLMP - UB shall not be negative.</p> <p>(d) A Market Seller providing Reactive Services from either a combustion</p>	<p>Interconnection (as indicated either by the desired MWs of output from the unit determined by PJM's unit dispatch system or as directed by the PJM dispatcher through a manual override) shall be compensated for lost opportunity cost by receiving a credit hourly in an amount equal to $\{(LMPDMW - AG) \times (URLMP - UB)\}$ <u>credited hourly in an amount equal to the product of (A) the deviation of the generating unit's output necessary to follow the Office of the Interconnection's signals and the generating unit's expected output level if it had been dispatched in economic merit order, times (B) the Locational Marginal Price at the generation bus for the generating unit, minus (C) the applicable offer for energy on which the generating unit was committed in the Real-time Energy Market for the portion of the unit's output as specified in (A), provided that the resulting outcome is greater than \$0.00. This equation is represented as $(A * B) - C$.</u></p> <p>where:</p> <p>LMPDMW equals the level of output for the unit determined according to the point on the scheduled offer curve on which the unit was operating corresponding to the hourly integrated real time LMP, and shall be limited to the lesser of the unit's Economic Maximum or the unit's Maximum Facility Output;</p> <p>AG equals the actual hourly integrated output of the unit;</p> <p>URLMP equals the real time LMP at the unit's bus;</p> <p>UB equals the unit offer for that unit for which output is reduced or suspended determined according to the real time scheduled offer curve on which the unit was operating, unless such schedule was a</p>	<p>applicable to Reactive LOC calculations, notably the language stating that Reactive providers may be eligible for LOC if they are not called on by PJM (this is not possible, if you provide Reactive services you must have been called on by PJM)</p>

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		<p>turbine unit or combined cycle unit operating in simple cycle mode that is pool scheduled (or self-scheduled, if operating according to Section 1.10.3 (c) hereof), operated as requested by the Office of the Interconnection, shall be compensated for lost opportunity cost, limited to the lesser of the unit's Economic Maximum or the unit's Maximum Facility Output, if either of the following conditions occur:</p> <p>(i) if the unit output is reduced at the direction of the Office of the Interconnection and the real time LMP at the unit's bus is higher than the price offered by the Market Seller for energy from the unit at the level of output requested by the Office of the Interconnection as directed by the PJM dispatcher, then the Market Seller shall be credited in a manner consistent with that described above in Section 3.2.3B(c) for a steam unit or a combined cycle unit operating in combined cycle mode.</p> <p>(ii) if the unit is scheduled to produce energy in the day-ahead market, but the unit is not called on by PJM and does not operate in real time, then the Market Seller shall be credited hourly in an amount equal to the higher of (i) $\{(URTLMP - UDALMP) \times DAG\}$, or (ii) $\{(URTLMP - UB) \times DAG\}$ where:</p> <p>URTLMP equals the real time LMP at the unit's bus;</p> <p>UDALMP equals the day-ahead LMP at the unit's bus;</p> <p>DAG equals the day-ahead scheduled unit output for the hour;</p> <p>UB equals the offer price for the unit determined according to the</p>	<p>price-based schedule and the offer associated with that price-based schedule is less than the cost-based offer for the unit, in which case the offer for the unit will be determined based on the cost-based schedule; and</p> <p>where URTLMP – UB shall not be negative.</p> <p>(d) A Market Seller providing Reactive Services from either a combustion turbine unit or combined cycle unit operating in simple cycle mode that is pool scheduled (or self-scheduled, if operating according to Section 1.10.3 (c) hereof), operated as requested by the Office of the Interconnection, shall be compensated for lost opportunity cost, limited to the lesser of the unit's Economic Maximum or the unit's Maximum Facility Output, if either of the following conditions occur:</p> <p>(i) if the unit output is reduced at the direction of the Office of the Interconnection and the real time LMP at the unit's bus is higher than the price offered by the Market Seller for energy from the unit at the level of output requested by the Office of the Interconnection as directed by the PJM dispatcher, then the Market Seller shall be credited in a manner consistent with that described above in Section 3.2.3B(c) for a steam unit or a combined cycle unit operating in combined cycle mode.</p> <p>(ii) if the unit is scheduled to produce energy in the day-ahead market, but the unit is not called on by PJM and does not operate in real time, then the Market Seller shall be credited hourly in an amount equal to the higher of (i) $\{(URTLMP - UDALMP) \times DAG\}$, or (ii) $\{(URTLMP - UB) \times DAG\}$ where:</p>	

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		<p>schedule on which the unit was committed day-ahead, unless such schedule was a price-based schedule and the offer associated with that price-based schedule is less than the cost-based offer for the unit, in which case the offer for the unit will be determined based on the cost-based schedule; and</p> <p>where $URLMP - UDALMP$ and $URLMP - UB$ shall not be negative.</p>	<p>URLMP equals the real time LMP at the unit's bus;</p> <p>UDALMP equals the day-ahead LMP at the unit's bus;</p> <p>DAG equals the day-ahead scheduled unit output for the hour;</p> <p>UB equals the offer price for the unit determined according to the schedule on which the unit was committed day-ahead, unless such schedule was a price-based schedule and the offer associated with that price-based schedule is less than the cost-based offer for the unit, in which case the offer for the unit will be determined based on the cost-based schedule; and</p> <p>where $URLMP - UDALMP$ and $URLMP - UB$ shall not be negative.</p>	
24	Tariff, Attachment K-Appendix, § 3.2.3 (f), 3.2.3(f-4) (Operating Reserves) Operating Agreement, Schedule 1, § 3.2.3 (f), 3.2.3(f-4) (Operating Reserves)	(f) A Market Seller's steam-electric generating unit or combined cycle unit operating in combined cycle mode that is pool-scheduled (or self-scheduled, if operating according to Section 1.10.3 (c) hereof), the output of which is reduced or suspended at the request of the Office of the Interconnection due to a transmission constraint or other reliability issue, and for which the hourly integrated, real-time LMP at the unit's bus is higher than the unit's offer corresponding to the level of output requested by the Office of the Interconnection (as indicated either by the desired MWs of output from the unit determined by PJM's unit dispatch system or as directed by the PJM dispatcher through a manual override), shall be credited hourly in an amount equal to the product of (A) the deviation of the	(f) A Market Seller's steam-electric generating unit or combined cycle unit operating in combined cycle mode that is pool-scheduled (or self-scheduled, if operating according to Section 1.10.3 (c) hereof), the output of which is reduced or suspended at the request of the Office of the Interconnection due to a transmission constraint or other reliability issue, and for which the hourly integrated, real-time LMP at the unit's bus is higher than the unit's offer corresponding to the level of output requested by the Office of the Interconnection (as indicated either by the desired MWs of output from the unit determined by PJM's unit dispatch system or as directed by the PJM dispatcher through a manual override), shall be credited hourly in an amount equal to the product of (A) the deviation of the	Language more accurately describes variables that are used to calculate LOC for wind and steam units, and aligns these provisions with proposed revisions for LOC for reactive services. No changes are being made to the underlying calculations themselves.

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		<p>generating unit's output necessary to follow the Office of the Interconnection's signals and the generating unit's expected output level if it had been dispatched in economic merit order, times (B) the Locational Marginal Price at the generation bus for the generating unit, minus (C) the applicable offer for energy on which the generating unit was committed in the Real-time Energy Market, provided that the resulting outcome is greater than \$0.00. This equation is represented as (A*B) - C.</p> <p>...</p> <p>(f-4) A Market Seller's wind generating unit that is pool-scheduled or self-scheduled, has SCADA capability to transmit and receive instructions from the Office of the Interconnection, has provided data and established processes to follow PJM basepoints pursuant to the requirements for wind generating units as further detailed in this Agreement, the Tariff and the PJM Manuals, and which is operating as requested by the Office of the Interconnection, the output of which is reduced or suspended at the request of the Office of the Interconnection due to a transmission constraint or other reliability issue, and for which the hourly integrated, real-time LMP at the unit's bus is higher than the unit's offer corresponding to the level of output requested by the Office of the Interconnection (as indicated either by the desired MWs of output from the unit determined by PJM's unit dispatch system or as directed by the PJM dispatcher through a manual override), shall be credited hourly in an amount equal to the product of (A) the deviation of the generating unit's output necessary to follow the Office of the Interconnection's signals and the generating unit's expected output level if it</p>	<p>generating unit's output necessary to follow the Office of the Interconnection's signals and the generating unit's expected output level if it had been dispatched in economic merit order, times (B) the Locational Marginal Price at the generation bus for the generating unit, minus (C) the applicable offer for energy on which the generating unit was committed in the Real-time Energy Market <u>for the portion of the unit's output as specified in (A)</u>, provided that the resulting outcome is greater than \$0.00. This equation is represented as (A*B) - C.</p> <p>...</p> <p>(f-4) A Market Seller's wind generating unit that is pool-scheduled or self-scheduled, has SCADA capability to transmit and receive instructions from the Office of the Interconnection, has provided data and established processes to follow PJM basepoints pursuant to the requirements for wind generating units as further detailed in this Agreement, the Tariff and the PJM Manuals, and which is operating as requested by the Office of the Interconnection, the output of which is reduced or suspended at the request of the Office of the Interconnection due to a transmission constraint or other reliability issue, and for which the hourly integrated, real-time LMP at the unit's bus is higher than the unit's offer corresponding to the level of output requested by the Office of the Interconnection (as indicated either by the desired MWs of output from the unit determined by PJM's unit dispatch system or as directed by the PJM dispatcher through a manual override), shall be credited hourly in an amount equal to the product of (A) the deviation of the generating unit's output necessary to follow the Office of the Interconnection's signals and the generating unit's expected output level if it had been dispatched in economic merit order, times (B) the Real-time Price</p>	

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		had been dispatched in economic merit order, times (B) the Real-time Price at the generation bus for the generating unit, minus (C) the applicable offer for energy on which the generating unit was committed in the Real-time Energy, provided that the resulting outcome is greater than \$0.00. This equation is represented as (A*B) - C.	at the generation bus for the generating unit, minus (C) the applicable offer for energy on which the generating unit was committed in the Real-time Energy Market <u>for the portion of the unit's output as specified in (A)</u> , provided that the resulting outcome is greater than \$0.00. This equation is represented as (A*B) - C.	
26	Tariff, Attachment K-Appendix, § 1.3 (Definitions) Operating Agreement, Schedule 1, § 1.3 (Definitions)	N/A	<u>Cancellation Fees shall mean the actual costs incurred by a Market Seller when PJM cancels a pool-scheduled generation resource's start and the resource has not yet synchronized to the grid, as further described in the PJM Manuals. Cancellation Fees shall be capped at the appropriate start-up cost for the resource as specified in its offer data.</u>	Tariff, Attachment K-Appendix, §§ 1.9.7, 1.10.1A(d) and (f), 1.10.2(a) and (d), 1.11.1, 3.2.3(g) and the parallel provisions of Operating Agreement, Schedule 1, make reference to cancellation fees. However, this term is not described or defined in any of PJM's governing agreements. There was confusion in the Winter of 2014 regarding whether certain gas costs were recoverable under these sections as cancellation fees. In order to avoid any future confusion, PJM proposes to define the term cancellation fee. <i>Source: Manual 28, Section 5.2.4 – Credits for Canceled Pool-Scheduled Resources: "PJM calculates the credits due to each PJM Member for pool-scheduled resources that were canceled before coming on-line. . . . The cancellation credit equals the actual costs incurred, capped at the appropriate start-up cost as specified in the generating</i>

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				<p><i>resource's offer data."</i></p> <p><i>We will also need to revise Manuals 11 and 28 to reflect that the appropriate term is cancellation fee rather than cancellation credit, or to indicate that the term cancellation credit in the manuals has the same meaning as cancellation fee.</i></p>
27	Tariff, Attachment K-Appendix, § 1.3 (Definitions) Operating Agreement, Schedule 1, § 1.3 (Definitions)	N/A	<u>Start-up Costs are the costs incurred by a Market Seller to bring the boiler, turbine and generator from shut-down conditions to the point of breaker close and synchronization to the Transmission System, and is determined based on the cost of start fuel, total fuel-related cost, performance factor, electrical costs (station service), start maintenance adder, and additional labor cost if required above normal station manning levels, as further described in the PJM Manuals.</u>	Tariff, Attachment K-Appendix, §§ 1.9.7, 1.10.1A(d) and (f), 1.10.2(a) and (d), 1.10.4(c), 1.11.1, 1.12, 3.2.3(b), (e), and (j), 3.2.3C(b), and the parallel provisions of Operating Agreement, Schedule 1, make reference to start-up costs. However, this term is not described or defined in any of PJM's governing agreements. There was confusion in the Winter of 2014 regarding whether certain gas costs were recoverable under these sections as start-up costs. In order to avoid any future confusion, PJM proposes to define the term Start-up Costs. <i>Source: Manual 15:</i> 1.7.2 Start Cost Start costs are defined as the costs to bring the boiler, turbine and generator from shutdown conditions to a state ready to

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				<p><i>connect to the transmission system. Start costs can vary with the unit offline time being categorized in three unit temperature conditions: hot, intermediate and cold. Start cost is a dollar cost and is incurred once each time the unit operates regardless of the period of operation. See Start Cost in Section 2.4 and in each Generator Section under Start.</i></p> <p>2.4 Start Cost 2.4.1 Start Cost Definitions Start Cost – is the dollars per start as determined from start fuel, total fuel-related cost, performance factor, electrical costs, start maintenance adder, and additional labor cost, if required above normal station manning levels.</p> <p><i>PJM will also need to revise Manual 15, section 1.7.2 to remove the reference to “to a state ready to connect to the transmission system” and replace that language to make it consistent with the defined term in the Tariff and OA.</i></p>
28	Tariff, Attachment K-Appendix, § 1.3 (Definitions)	N/A	<u>Shut-down Costs are the measurable, fixed cost incurred by an end-use customer to implement demand reductions from Economic Load Response and Emergency Load Response resources, as further described in the PJM</u>	Tariff, Attachment K-Appendix, §§ 1.10.1A, 1.10.2, 3.2.3, 3.3.A5, 3.3.A6 and 8.8, and the parallel provisions of Operating

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	Operating Agreement, Schedule 1, § 1.3 (Definitions)		<u>Manuals. If no such costs are submitted, Shut-down Costs for the resource shall default to \$0.</u>	Agreement, Schedule 1, make reference to shut-down/shut down/shutdown costs. However, this term is not described or defined in any of PJM's governing agreements. In order to avoid any future confusion, PJM proposes to define the term shut-down cost. <i>Source: Manual 11, Section 10.3:</i> "Shut down costs, for each period. The default will be zero if not submitted. Shutdown cost will be expressed in dollars, and represents the fixed cost associated with committing a load response resource."
29	Tariff, Attachment K-Appendix, §§ 1.10.1A(k) (Day-ahead Energy Market Scheduling); 3.3A.5 (Market Settlements in Real-time Energy Market), 3.3A.6 (Market Settlements in the Day-ahead	1.10.1A Day-ahead Energy Market Scheduling ... (k) An Economic Load Response Participant that wishes to participate in the Day-ahead Energy Market by reducing demand shall submit an offer to reduce demand to the Office of the Interconnection. The offer must equal or exceed 0.1 megawatts, and the offer shall specify: (i) the amount of the offered curtailment in minimum increments of .1 megawatts; (ii) the Day-ahead Locational Marginal Price above which the end-use customer will reduce load, subject to section 1.10.1A(d)(ix); and (iii) at the Economic Load Response Participant's option, start-up costs associated with reducing load, including direct labor and equipment costs, opportunity costs, and/or a minimum of number of contiguous hours for which the load reduction must	1.10.1A Day-ahead Energy Market Scheduling ... (k) An Economic Load Response Participant that wishes to participate in the Day-ahead Energy Market by reducing demand shall submit an offer to reduce demand to the Office of the Interconnection. The offer must equal or exceed 0.1 megawatts, and the offer shall specify: (i) the amount of the offered curtailment in minimum increments of .1 megawatts; (ii) the Day-ahead Locational Marginal Price above which the end-use customer will reduce load, subject to section 1.10.1A(d)(ix); and (iii) at the Economic Load Response Participant's option, <u>Shut-down start-up</u> <u>Costs</u> associated with reducing load, including direct labor and equipment costs, opportunity costs, and/or a minimum of number of contiguous hours for which the load	Tariff, Attachment K-Appendix, §§ 1.10.1A(k), 3.3A.5(b) and 3.3A.6(b), and the parallel provisions of Operating Agreement, Schedule 1, make reference to start-up costs. However, this term is not the correct term when discussing the costs incurred when reducing demand. Start-costs is the term applicable for generators that are in the process of starting-up to synchronize to the grid. For resources providing demand reductions, the correct term is shut-down costs. Therefore, the term should be corrected in these sections.

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	Energy Market) Operating Agreement, Schedule 1, §§ 1.10.1A(k) (Day-ahead Energy Market Scheduling); 3.3A.5 (Market Settlements in Real-time Energy Market), 3.3A.6 (Market Settlements in the Day-ahead Energy Market)	<p>be committed. Economic Load Response Participants submitting offers to reduce demand in the Day-ahead Energy Market may establish an incremental offer curve, provided that such offer curve shall be limited to ten price pairs (in MWs).</p> <p>3.3A.5 Market Settlements in Real-time Energy Market. ...</p> <p>(b) In cases where the demand reduction follows dispatch, as defined in section 3.2.3(o-1), as instructed by the Office of the Interconnection, and the demand reduction offer price is equal to or greater than the threshold price established under the Net Benefits Test, payment will not be less than the total value of the demand reduction bid. For the purposes of this subsection, the total value of a demand reduction bid shall include any submitted start-up costs associated with reducing demand, including direct labor and equipment costs and opportunity costs and any costs associated with a minimum number of contiguous hours for which the demand reduction must be committed.</p> <p>3.3A.6 Market Settlements in the Day-ahead Energy Market. ...</p> <p>(b) Total payments to Economic Load Response Participants for accepted day-ahead demand reduction bids with an offer price equal to or greater than the threshold price established under the Net Benefits Test that follow the dispatch instructions of the Office of the Interconnection will not be less than the total value of the demand reduction bid. For the purposes of this subsection, the total value of a demand reduction bid shall include any submitted start-up costs associated with reducing load, including direct</p>	<p>reduction must be committed. Economic Load Response Participants submitting offers to reduce demand in the Day-ahead Energy Market may establish an incremental offer curve, provided that such offer curve shall be limited to ten price pairs (in MWs).</p> <p>3.3A.5 Market Settlements in Real-time Energy Market. ...</p> <p>(b) In cases where the demand reduction follows dispatch, as defined in section 3.2.3(o-1), as instructed by the Office of the Interconnection, and the demand reduction offer price is equal to or greater than the threshold price established under the Net Benefits Test, payment will not be less than the total value of the demand reduction bid. For the purposes of this subsection, the total value of a demand reduction bid shall include any submitted Shut-down start-up <u>Co</u>sts associated with reducing demand, including direct labor and equipment costs and opportunity costs and any costs associated with a minimum number of contiguous hours for which the demand reduction must be committed.</p> <p>3.3A.6 Market Settlements in the Day-ahead Energy Market. ...</p> <p>(b) Total payments to Economic Load Response Participants for accepted day-ahead demand reduction bids with an offer price equal to or greater than the threshold price established under the Net Benefits Test that follow the dispatch instructions of the Office of the Interconnection will not be less than the total value of the demand reduction bid. For the purposes of this subsection, the total value of a demand reduction bid shall include any submitted Shut-down start-up <u>Co</u>sts associated with reducing load,</p>	

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		labor and equipment costs and opportunity costs and any costs associated with a minimum number of contiguous hours for which the load reduction must be committed. Any shortfall between the applicable Locational Marginal Price and the total value of the demand reduction bid will be made up through normal, day-ahead operating reserves. In all cases under this subsection, the applicable zonal or aggregate (including nodal) Locational Marginal Price shall be used as appropriate for the individual end-use customer.	including direct labor and equipment costs and opportunity costs and any costs associated with a minimum number of contiguous hours for which the load reduction must be committed. Any shortfall between the applicable Locational Marginal Price and the total value of the demand reduction bid will be made up through normal, day-ahead operating reserves. In all cases under this subsection, the applicable zonal or aggregate (including nodal) Locational Marginal Price shall be used as appropriate for the individual end-use customer.	
30	Tariff, Attachment K-Appendix, § 1.3 (Definitions) Operating Agreement, Schedule 1, § 1.3 (Definitions)	N/A	<u>No-load Costs are the hourly fixed costs of a Market Seller, expressed in \$/hour, needed to create the starting point of a monotonically increasing incremental cost curve (bid curve) for a generating unit, as further described in the PJM Manuals.</u>	Tariff, Schedule 6A, §13 and Attachment K-Appendix, §§ 1.9.7, 1.10.1A(d) and (f), 1.10.2(a), (e) and (d), 1.10.4(c), 1.11.1, 1.12, 3.2.3(b), (d) and (j) and the parallel provisions of Operating Agreement, Schedule 1, make reference to no-load costs and no-load fees. However, this term is not described or defined in any of PJM's governing agreements. Source Manual 15: 1.7.3 No Load Cost No-Load Fuel (MBTU/hour) is the total fuel to sustain zero net output MW at synchronous generator speed. No-load cost is the cost needed to create the starting point of a monotonically

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				<p><i>increasing incremental cost curve. The calculated no-load cost may have to be adjusted to ensure that the slope of the Generator Offer Curve is monotonically increasing.</i></p> <p>2.5.1 No-Load Definitions No-load cost is the hourly fixed cost, expressed in \$/hr, required to create the starting point of a monotonically increasing incremental cost curve.</p>
31	<p>Tariff, Schedule 6A, ¶13 (Black Start Service)</p> <p>Tariff, Att. K-Appendix, § 1.7.19A.01(d)</p>	<p>Tariff, Schedule 6A, para. 13 (Testing)</p> <p>13. Compensation for energy output delivered to the Transmission System during the annual test shall be provided for the Black Start Unit's minimum run time at the higher of the unit's cost-capped offer or real-time Locational Marginal Price plus start-up and no-load costs for up to two start attempts, if necessary. For Black Start Units that are generating units with a high operating factor (subject to Transmission Provider's concurrence) with the ability to automatically remain operating at reduced levels when disconnected from the grid, an opportunity cost will be provided to compensate the unit for lost revenues during testing.</p> <p>Tariff, Att. K-Appendix, OA, Schedule 1</p> <p>Section 1.7.19A.01(d)</p>	<p>Tariff, Schedule 6A, para. 13 (Testing)</p> <p>13. Compensation for energy output delivered to the Transmission System during the annual test shall be provided for the Black Start Unit's minimum run time at the higher of the unit's cost-capped offer or real-time Locational Marginal Price plus <u>S</u>start-up <u>C</u>osts and <u>N</u>o-load <u>C</u>osts for up to two start attempts, if necessary. For Black Start Units that are generating units with a high operating factor (subject to Transmission Provider's concurrence) with the ability to automatically remain operating at reduced levels when disconnected from the grid, an opportunity cost will be provided to compensate the unit for lost revenues during testing.</p> <p>Tariff, Att. K-Appendix, OA, Schedule 1</p> <p>Section 1.7.19A.01(d)</p>	<p>Changing references from start-costs, start-up costs, starting costs and start costs to Start-up Costs, the new defined term, for clarification.</p> <p>Changing references from no-load costs and no-load fees to No-load Costs, the new defined term, for clarification.</p> <p>Changing references from cancellation fees to Cancellation Fees, the new defined term, for clarification.</p> <p>Tariff, Attachment K-Appendix, §§ 1.10.1A(k), 3.3A.5(b) and 3.3A.6(b), and the parallel provisions of Operating Agreement, Schedule 1, make reference to start-up costs. However, this term is not</p>

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	<p>(Non-Synchronized Reserve)</p> <p>OA, Schedule 1, § 1.7.19A.01(d) (Non-Synchronized Reserve)</p> <p>Tariff, Att. K-Appendix, § 1.9.7(b) (Market Seller Responsibilities)</p> <p>OA, Schedule 1, § 1.9.7(b) (Market Seller Responsibilities)</p>	<p>(d) The Non-Synchronized Reserve capability of a generation resource shall generally be determined based on the startup and notification time, economic minimum and ramp rate of such resource submitted in the Real-time Energy Market for the Operating Day. If the Generating Market Buyer or Market Seller offering the Non-Synchronized Reserve can demonstrate to the Office of the Interconnection that the Non-Synchronized Reserve capability of a generation resource exceeds its calculated value based on market offer data, the Generating Market Buyer or Market Seller and the Office of the Interconnection may agree on a different capability to be used.</p> <p>Section 1.9.7(b)</p> <p>(b) Market Sellers authorized to request market-based start-up and no-load fees may choose to submit such fees on either a market or a cost basis. Market Sellers must elect to submit both start-up and no-load fees on either a market basis or a cost basis and any such election shall be submitted on or before March 31 for the period of April 1 through September 30, and on or before September 30 for the period October 1 through March 31. The election of market-based or cost-based start-up and no-load fees shall remain in effect without change throughout the applicable periods.</p> <p>(i) If a Market Seller chooses to submit market-based start-up and no-load fees, such Market Seller, in its Offer Data, shall submit the level of such fees to the Office of the Interconnection for each generating unit as to which the Market Seller intends to request such fees. The Office of the Interconnection shall reject any request for start-up and no-load fees in a Market Seller's Offer</p>	<p>(d) The Non-Synchronized Reserve capability of a generation resource shall generally be determined based on the startup and notification time, economic minimum and ramp rate of such resource submitted in the Real-time Energy Market for the Operating Day. If the Generating Market Buyer or Market Seller offering the Non-Synchronized Reserve can demonstrate to the Office of the Interconnection that the Non-Synchronized Reserve capability of a generation resource exceeds its calculated value based on market offer data, the Generating Market Buyer or Market Seller and the Office of the Interconnection may agree on a different capability to be used.</p> <p>Section 1.9.7(b)</p> <p>(b) Market Sellers authorized to request market-based <u>Sstart-up Costs</u> and <u>Nno-load Costsfees</u> may choose to submit such fees on either a market or a cost basis. Market Sellers must elect to submit both <u>Sstart-up Costs</u> and <u>Nno-load Costsfees</u> on either a market basis or a cost basis and any such election shall be submitted on or before March 31 for the period of April 1 through September 30, and on or before September 30 for the period October 1 through March 31. The election of market-based or cost-based <u>Sstart-up Costs</u> and <u>Nno-load Costsfees</u> shall remain in effect without change throughout the applicable periods.</p> <p>(i) If a Market Seller chooses to submit market-based <u>Sstart-up Costs</u> and <u>Nno-load Costsfees</u>, such Market Seller, in its Offer Data, shall submit the level of such fees to the Office of the Interconnection for each generating unit as to which the Market Seller intends to request such fees. The Office of the</p>	<p>the correct term when discussing the fixed costs incurred when reducing demand. Start-costs is the term applicable for generators that are in the process of starting-up to synchronize to the grid. For resources providing demand reductions, the correct term is shut-down costs. Therefore, the term should be corrected in these sections.</p>

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	<p>Tariff, Att. K-Appendix, § 1.10.1A(d), (f), (k) (Day-ahead Energy Market Scheduling)</p> <p>OA, Schedule 1, § 1.10.1A(d), (f), (k) (Day-ahead Energy Market Scheduling)</p>	<p>Data that does not conform to the Market Seller's specification on file with the Office of the Interconnection.</p> <p>(ii) If a Market Seller chooses to submit cost-based start-up and no-load fees, such fees must be calculated as specified in the PJM Manuals and the Market Seller may change both cost-based fees daily and must change both fees as the associated costs change, but no more frequently than daily.</p> <p>Section 1.10.1A</p> <p>(d) Market Sellers wishing to sell into the Day-ahead Energy Market shall submit offers for the supply of energy (including energy from hydropower units), demand reductions, Regulation, Operating Reserves or other services for the following Operating Day. Offers shall be submitted to the Office of the Interconnection in the form specified by the Office of the Interconnection and shall contain the information specified in the Office of the Interconnection's Offer Data specification, this Section 1.10.1A(d), Schedule 2 of the Operating Agreement, and the PJM Manuals, as applicable.</p> <p>...</p> <p>The foregoing offers:</p> <p>i) Shall specify the Generation Capacity Resource or Demand Resource and energy or demand reduction amount, respectively, for each hour in the offer period, and the minimum run time for generation resources and</p>	<p>Interconnection shall reject any request for <u>S</u>start-up <u>C</u>osts and <u>N</u>o-load <u>C</u>ostsfees in a Market Seller's Offer Data that does not conform to the Market Seller's specification on file with the Office of the Interconnection.</p> <p>(ii) If a Market Seller chooses to submit cost-based <u>S</u>start-up <u>C</u>osts and <u>N</u>o-load <u>C</u>ostsfees, such fees must be calculated as specified in the PJM Manuals and the Market Seller may change both cost-based fees daily and must change both fees as the associated costs change, but no more frequently than daily.</p> <p>Section 1.10.1A</p> <p>(d) Market Sellers wishing to sell into the Day-ahead Energy Market shall submit offers for the supply of energy (including energy from hydropower units), demand reductions, Regulation, Operating Reserves or other services for the following Operating Day. Offers shall be submitted to the Office of the Interconnection in the form specified by the Office of the Interconnection and shall contain the information specified in the Office of the Interconnection's Offer Data specification, this Section 1.10.1A(d), Schedule 2 of the Operating Agreement, and the PJM Manuals, as applicable.</p> <p>...</p> <p>The foregoing offers:</p> <p>i) Shall specify the Generation Capacity Resource or Demand Resource and energy or demand reduction amount, respectively, for each hour in the offer period, and the minimum run time for generation resources and</p>	

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		<p>minimum down time for Demand Resources;</p> <p>ii) Shall specify the amounts and prices for the entire Operating Day for each resource component offered by the Market Seller to the Office of the Interconnection;</p> <p>iii) If based on energy from a specific generation resource, may specify start-up and no-load fees equal to the specification of such fees for such resource on file with the Office of the Interconnection, if based on reductions in demand from a Demand Resource may specify shutdown costs;</p> <p>iv) Shall set forth any special conditions upon which the Market Seller proposes to supply a resource increment, including any curtailment rate specified in a bilateral contract for the output of the resource, or any cancellation fees;</p> <p>...</p> <p>(f) Each Market Seller owning or controlling the output of a Generation Capacity Resource committed to service of PJM loads under the Reliability Pricing Model or Fixed Resource Requirement Alternative shall submit a forecast of the availability of each such Generation Capacity Resource for the next seven days. A Market Seller (i) may submit a non-binding forecast of the price at which it expects to offer a generation resource increment to the Office of the Interconnection over the next seven days, and (ii) shall submit a binding offer for energy, along with start-up and no-load fees, if any, for the next seven days or part thereof, for any generation resource with minimum notification or start-up requirement greater than 24 hours.</p>	<p>minimum down time for Demand Resources;</p> <p>ii) Shall specify the amounts and prices for the entire Operating Day for each resource component offered by the Market Seller to the Office of the Interconnection;</p> <p>iii) If based on energy from a specific generation resource, may specify <u>S</u>start-up <u>C</u>osts and <u>N</u>o-load <u>C</u>osts fees equal to the specification of such fees for such resource on file with the Office of the Interconnection, if based on reductions in demand from a Demand Resource may specify shutdown costs;</p> <p>iv) Shall set forth any special conditions upon which the Market Seller proposes to supply a resource increment, including any curtailment rate specified in a bilateral contract for the output of the resource, or any <u>C</u>ancellation <u>F</u>ees;</p> <p>...</p> <p>(f) Each Market Seller owning or controlling the output of a Generation Capacity Resource committed to service of PJM loads under the Reliability Pricing Model or Fixed Resource Requirement Alternative shall submit a forecast of the availability of each such Generation Capacity Resource for the next seven days. A Market Seller (i) may submit a non-binding forecast of the price at which it expects to offer a generation resource increment to the Office of the Interconnection over the next seven days, and (ii) shall submit a binding offer for energy, along with <u>S</u>start-up <u>C</u>osts and <u>N</u>o-load <u>C</u>osts fees, if any, for the next seven days or part thereof, for any generation resource with minimum notification or start-up requirement greater than 24</p>	

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	Tariff, Att. K-Appendix, § 1.10.2 (Pool-scheduled)	<p>Such resources committed by the Office of the Interconnection will not receive Operating Reserve Credits nor otherwise be made whole for its hours of operation for the duration of any portion of such commitment that exceeds the maximum start-up and notification times for such resources during Hot Weather Alerts and Cold Weather Alerts, consistent with Sections 3.2.3 and 6.6 hereof.</p> <p>...</p> <p>(k) An Economic Load Response Participant that wishes to participate in the Day-ahead Energy Market by reducing demand shall submit an offer to reduce demand to the Office of the Interconnection. The offer must equal or exceed 0.1 megawatts, and the offer shall specify: (i) the amount of the offered curtailment in minimum increments of .1 megawatts; (ii) the Day-ahead Locational Marginal Price above which the end-use customer will reduce load, subject to section 1.10.1A(d)(ix); and (iii) at the Economic Load Response Participant's option, start-up costs associated with reducing load, including direct labor and equipment costs, opportunity costs, and/or a minimum of number of contiguous hours for which the load reduction must be committed. Economic Load Response Participants submitting offers to reduce demand in the Day-ahead Energy Market may establish an incremental offer curve, provided that such offer curve shall be limited to ten price pairs (in MWs).</p> <p>Section 1.10.2 Pool-scheduled resources are those resources for which Market Participants submitted offers to sell energy in the Day-ahead Energy Market and offers to reduce demand in the Day-ahead Energy Market, which the Office of the Interconnection scheduled in the Day-ahead Energy Market as well as generators committed by the Office of the Interconnection</p>	<p>hours. Such resources committed by the Office of the Interconnection will not receive Operating Reserve Credits nor otherwise be made whole for its hours of operation for the duration of any portion of such commitment that exceeds the maximum start-up and notification times for such resources during Hot Weather Alerts and Cold Weather Alerts, consistent with Sections 3.2.3 and 6.6 hereof.</p> <p>...</p> <p>(k) An Economic Load Response Participant that wishes to participate in the Day-ahead Energy Market by reducing demand shall submit an offer to reduce demand to the Office of the Interconnection. The offer must equal or exceed 0.1 megawatts, and the offer shall specify: (i) the amount of the offered curtailment in minimum increments of .1 megawatts; (ii) the Day-ahead Locational Marginal Price above which the end-use customer will reduce load, subject to section 1.10.1A(d)(ix); and (iii) at the Economic Load Response Participant's option, <u>Shut-down start-up Costs</u> associated with reducing load, including direct labor and equipment costs, opportunity costs, and/or a minimum of number of contiguous hours for which the load reduction must be committed. Economic Load Response Participants submitting offers to reduce demand in the Day-ahead Energy Market may establish an incremental offer curve, provided that such offer curve shall be limited to ten price pairs (in MWs).</p> <p>Section 1.10.2 Pool-scheduled resources are those resources for which Market Participants submitted offers to sell energy in the Day-ahead Energy Market and offers to reduce demand in the Day-ahead Energy Market, which the Office of the Interconnection scheduled in the Day-ahead Energy Market as well as generators committed by the Office of the Interconnection</p>	

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	<p>1.10.4(c) (Capacity Resources)</p> <p>OA, Schedule 1, § 1.10.4(c) (Capacity Resources)</p> <p>Tariff, Att. K-Appendix, § 1.11.1 (Resource Output)</p> <p>OA, Schedule 1, § 1.11.1 (Resource Output)</p>	<p>Alternative that is selected as a pool-scheduled resource shall be made available for scheduling and dispatch at the direction of the Office of the Interconnection. Such a Generation Capacity Resource that does not deliver energy as scheduled shall be deemed to have experienced a Generator Forced Outage to the extent of such energy not delivered. A Market Participant offering such Generation Capacity Resource in the Day-ahead Energy Market shall replace the energy not delivered with energy from the Real-time Energy Market and shall pay for such energy at the applicable Real-time Price.</p> <p>...</p> <p>(c) A resource that has been self-scheduled shall not receive payments or credits for start-up or no-load fees.</p> <p>Section 1.11.1 The Office of the Interconnection shall have the authority to direct any Market Seller to adjust the output of any pool-scheduled resource increment within the operating characteristics specified in the Market Seller's offer. The Office of the Interconnection may cancel its selection of, or otherwise release, pool-scheduled resources, subject to an obligation to pay any applicable start-up, no-load or cancellation fees. The Office of the Interconnection shall adjust the output of pool-scheduled resource increments as necessary: (a) to maintain reliability, and subject to that constraint, to minimize the cost of supplying the energy, reserves, and other services required by the Market Buyers and the operation of the PJM Region; (b) to balance load and generation, maintain scheduled tie flows, and provide frequency support within the PJM Region; and (c) to minimize unscheduled interchange not frequency related between the PJM Region and other Control Areas.</p>	<p>Alternative that is selected as a pool-scheduled resource shall be made available for scheduling and dispatch at the direction of the Office of the Interconnection. Such a Generation Capacity Resource that does not deliver energy as scheduled shall be deemed to have experienced a Generator Forced Outage to the extent of such energy not delivered. A Market Participant offering such Generation Capacity Resource in the Day-ahead Energy Market shall replace the energy not delivered with energy from the Real-time Energy Market and shall pay for such energy at the applicable Real-time Price.</p> <p>...</p> <p>(c) A resource that has been self-scheduled shall not receive payments or credits for <u>Sstart-up Costs</u> or <u>Nno-load Costs</u>fees.</p> <p>Section 1.11.1 The Office of the Interconnection shall have the authority to direct any Market Seller to adjust the output of any pool-scheduled resource increment within the operating characteristics specified in the Market Seller's offer. The Office of the Interconnection may cancel its selection of, or otherwise release, pool-scheduled resources, subject to an obligation to pay any applicable <u>Sstart-up Costs</u>, <u>Nno-load Costs</u> or <u>Cancellation Fees</u>. The Office of the Interconnection shall adjust the output of pool-scheduled resource increments as necessary: (a) to maintain reliability, and subject to that constraint, to minimize the cost of supplying the energy, reserves, and other services required by the Market Buyers and the operation of the PJM Region; (b) to balance load and generation, maintain scheduled tie flows, and provide frequency support within the PJM Region; and (c) to minimize</p>	

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	<p>Tariff, Att. K-Appendix, § 1.12(a), (b) (Dynamic Scheduling)</p> <p>OA, Schedule 1, § 1.12(a), (b) (Dynamic Scheduling)</p> <p>Tariff, Att. K-Appendix, § 3.2.3(b), (e), (f-1), (g) (Operating Reserves)</p>	<p>Section 1.12</p> <p>(a) An entity that owns or controls a generating resource in the PJM Region may request that the Transmission Provider electrically remove all or part of the generating resource's output from the PJM Region through dynamic scheduling of the output to load outside the PJM Region. Such output shall not be available for economic dispatch by the Office of the Interconnection. A generating unit otherwise eligible pursuant to section 3.2.3 to submit start-up and no-load values for consideration in calculation of the Operating Reserve Credit shall not be so eligible if all of the output of the unit is dynamically scheduled outside of the PJM Region.</p> <p>(b) An entity that owns or controls a generating resource outside of the PJM Region may request that the Transmission Provider electrically add all or part of the generating resource's output to the PJM Region through dynamic scheduling of the output to load inside the PJM Region. A generating unit otherwise eligible pursuant to section 3.2.3 to submit start-up and no-load values for consideration in calculation of the Operating Reserve Credit shall be so eligible only if all of the output of the unit is dynamically scheduled into the PJM Region.</p> <p>Section 3.2.3</p> <p>(b) The following determination shall be made for each pool-scheduled resource that is scheduled in the Day-ahead Energy Market: the total offered price for start-up and no-load fees and energy, determined on the basis of the resource's scheduled output, shall be compared to the total</p>	<p>unscheduled interchange not frequency related between the PJM Region and other Control Areas.</p> <p>Section 1.12</p> <p>(a) An entity that owns or controls a generating resource in the PJM Region may request that the Transmission Provider electrically remove all or part of the generating resource's output from the PJM Region through dynamic scheduling of the output to load outside the PJM Region. Such output shall not be available for economic dispatch by the Office of the Interconnection. A generating unit otherwise eligible pursuant to section 3.2.3 to submit <u>S</u>start-up <u>C</u>osts and <u>N</u>o-load <u>C</u>ostsfees values for consideration in calculation of the Operating Reserve Credit shall not be so eligible if all of the output of the unit is dynamically scheduled outside of the PJM Region.</p> <p>(b) An entity that owns or controls a generating resource outside of the PJM Region may request that the Transmission Provider electrically add all or part of the generating resource's output to the PJM Region through dynamic scheduling of the output to load inside the PJM Region. A generating unit otherwise eligible pursuant to section 3.2.3 to submit <u>S</u>start-up <u>C</u>osts and <u>N</u>o-load <u>C</u>ostsfees values for consideration in calculation of the Operating Reserve Credit shall be so eligible only if all of the output of the unit is dynamically scheduled into the PJM Region.</p> <p>Section 3.2.3</p> <p>(b) The following determination shall be made for each pool-scheduled resource that is scheduled in the Day-ahead Energy Market: the total offered price for <u>S</u>start-up <u>C</u>osts and <u>N</u>o-load <u>C</u>ostsfees and energy, determined on the basis of the resource's scheduled output, shall be</p>	

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	OA, Schedule 1, § 3.2.3(b), (e), (f-1), (g) (Operating Reserves)	<p>value of that resource’s energy – as determined by the Day-ahead Energy Market and the Day-ahead Prices applicable to the relevant generation bus in the Day-ahead Energy Market. PJM shall also (i) determine whether any resources were scheduled in the Day-ahead Energy Market to provide Black Start service, Reactive Services or transfer interface control during the Operating Day because they are known or expected to be needed to maintain system reliability in a Zone during the Operating Day in order to minimize the total cost of Operating Reserves associated with the provision of such services and reflect the most accurate possible expectation of real-time operating conditions in the day-ahead model, which resources would not have otherwise been committed in the day-ahead security-constrained dispatch and (ii) report on the day following the Operating Day the megawatt quantities scheduled in the Day-ahead Energy Market for the above-enumerated purposes for the entire RTO.</p> <p>...</p> <p>(e) At the end of each Operating Day, the following determination shall be made for each synchronized pool-scheduled resource of each Market Seller that operates as requested by the Office of the Interconnection. . . .</p> <p>Credits received pursuant to this section shall be equal to the positive difference between a resource’s total offered price for start-up (shutdown costs for Demand Resources) and no-load fees and energy, determined on the basis of the resource’s scheduled output, and the total value of the resource’s energy in the Day-ahead Energy Market plus any credit or change for quantity deviations, at PJM dispatch direction, from the Day-ahead Energy Market during the Operating Day at the real-time LMP(s) applicable to the relevant generation bus in the Real-time Energy Market.</p>	<p>compared to the total value of that resource’s energy – as determined by the Day-ahead Energy Market and the Day-ahead Prices applicable to the relevant generation bus in the Day-ahead Energy Market. PJM shall also (i) determine whether any resources were scheduled in the Day-ahead Energy Market to provide Black Start service, Reactive Services or transfer interface control during the Operating Day because they are known or expected to be needed to maintain system reliability in a Zone during the Operating Day in order to minimize the total cost of Operating Reserves associated with the provision of such services and reflect the most accurate possible expectation of real-time operating conditions in the day-ahead model, which resources would not have otherwise been committed in the day-ahead security-constrained dispatch and (ii) report on the day following the Operating Day the megawatt quantities scheduled in the Day-ahead Energy Market for the above-enumerated purposes for the entire RTO.</p> <p>...</p> <p>(e) At the end of each Operating Day, the following determination shall be made for each synchronized pool-scheduled resource of each Market Seller that operates as requested by the Office of the Interconnection. . . .</p> <p>Credits received pursuant to this section shall be equal to the positive difference between a resource’s total offered price for <u>S</u>start-up <u>C</u>osts (<u>S</u>shut-down <u>C</u>oosts for Demand Resources) and <u>N</u>o-load <u>C</u>osts<u>f</u>ees and energy, determined on the basis of the resource’s scheduled output, and the total value of the resource’s energy in the Day-ahead Energy Market plus any credit or change for quantity deviations, at PJM dispatch direction, from the Day-ahead Energy Market during the Operating Day at the real-time LMP(s) applicable to the relevant generation bus in the Real-time</p>	

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		<p>The foregoing notwithstanding, credits for segment 2 shall exclude start up (shutdown costs for Demand Resources) costs for generation resources.</p> <p>...</p> <p>(f-1) A Market Seller's combustion turbine unit or combined cycle unit operating in simple cycle mode that is pool-scheduled (or self-scheduled, if operating according to Section 1.10.3 (c) hereof), operated as requested by the Office of the Interconnection, shall be compensated for lost opportunity cost, and shall be limited to the lesser of the unit's Economic Maximum or the unit's Maximum Facility Output, if either of the following conditions occur:</p> <p>(i) if the unit output is reduced at the direction of the Office of the Interconnection and the real time LMP at the unit's bus is higher than the unit's offer corresponding to the level of output requested by the Office of the Interconnection (as directed by the PJM dispatcher), then the Market Seller shall be credited in a manner consistent with that described above for a steam unit or combined cycle unit operating in combined cycle mode.</p> <p>(ii) for each hour a unit is scheduled to produce energy in the Day-ahead Energy Market, but the unit is not called on by the Office of the Interconnection and does not operate in real time, then the Market Seller shall be credited in an amount equal to the higher of:</p> <p>1) the product of (A) the amount of megawatts committed in the Day-ahead Energy Market for the generating unit, and (B) the Real-time Price at the generation bus for the generating unit, minus the sum of (C) the applicable offer for energy on which the generating unit was committed in</p>	<p>Energy Market. The foregoing notwithstanding, credits for segment 2 shall exclude start up (shutdown costs for Demand Resources) costs for generation resources.</p> <p>...</p> <p>(f-1) A Market Seller's combustion turbine unit or combined cycle unit operating in simple cycle mode that is pool-scheduled (or self-scheduled, if operating according to Section 1.10.3 (c) hereof), operated as requested by the Office of the Interconnection, shall be compensated for lost opportunity cost, and shall be limited to the lesser of the unit's Economic Maximum or the unit's Maximum Facility Output, if either of the following conditions occur:</p> <p>(i) if the unit output is reduced at the direction of the Office of the Interconnection and the real time LMP at the unit's bus is higher than the unit's offer corresponding to the level of output requested by the Office of the Interconnection (as directed by the PJM dispatcher), then the Market Seller shall be credited in a manner consistent with that described above for a steam unit or combined cycle unit operating in combined cycle mode.</p> <p>(ii) for each hour a unit is scheduled to produce energy in the Day-ahead Energy Market, but the unit is not called on by the Office of the Interconnection and does not operate in real time, then the Market Seller shall be credited in an amount equal to the higher of:</p> <p>1) the product of (A) the amount of megawatts committed in the Day-ahead Energy Market for the generating unit, and (B) the Real-time Price at the generation bus for the generating unit, minus the sum of (C) the</p>	

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	Tariff, Att. K-Appendix, §	<p>the Day-ahead Energy Market, inclusive of no-load costs, plus (D) the start-up cost, divided by the hours committed for each set of contiguous hours for which the unit was scheduled in Day-ahead Energy Market. This equation is represented as $(A*B) - (C+D)$. The startup cost, (D), shall be excluded from this calculation if the unit operates in real time following the Office of the Interconnection's direction during any portion of the set of contiguous hours for which the unit was scheduled in Day-ahead Energy Market, or</p> <p>2) the Real-time Price at the unit's bus minus the Day-ahead Price at the unit's bus, multiplied by the number of megawatts committed in the Day-ahead Energy Market for the generating unit.</p> <p>...</p> <p>(g) The sum of the foregoing credits, plus any cancellation fees paid in accordance with Section 1.10.2(d), such cancellation fees to be applied to the Operating Day for which the unit was scheduled, plus any shortfalls paid pursuant to the Market Settlement provision of the real-time Economic Load Response Program, less any payments received from another Control Area for Operating Reserves, plus any redispatch costs incurred in accordance with section 10(a) of this Schedule, shall be the cost of Operating Reserves for the Real-time Energy Market in each Operating Day.</p> <p>...</p> <p>Section 3.2.3B (i) The amount of Synchronized Reserve provided by generating units</p>	<p>applicable offer for energy on which the generating unit was committed in the Day-ahead Energy Market, inclusive of <u>N</u>o-load <u>C</u>osts, plus (D) the <u>S</u>start-up <u>C</u>ost, divided by the hours committed for each set of contiguous hours for which the unit was scheduled in Day-ahead Energy Market. This equation is represented as $(A*B) - (C+D)$. The <u>S</u>start-up <u>C</u>ost, (D), shall be excluded from this calculation if the unit operates in real time following the Office of the Interconnection's direction during any portion of the set of contiguous hours for which the unit was scheduled in Day-ahead Energy Market, or</p> <p>2) the Real-time Price at the unit's bus minus the Day-ahead Price at the unit's bus, multiplied by the number of megawatts committed in the Day-ahead Energy Market for the generating unit.</p> <p>...</p> <p>(g) The sum of the foregoing credits, plus any <u>C</u>ancellation <u>F</u>ees paid in accordance with Section 1.10.2(d), such <u>C</u>ancellation <u>F</u>ees to be applied to the Operating Day for which the unit was scheduled, plus any shortfalls paid pursuant to the Market Settlement provision of the real-time Economic Load Response Program, less any payments received from another Control Area for Operating Reserves, plus any redispatch costs incurred in accordance with section 10(a) of this Schedule, shall be the cost of Operating Reserves for the Real-time Energy Market in each Operating Day.</p> <p>...</p> <p>Section 3.2.3B (i) The amount of Synchronized Reserve provided by generating units</p>	

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	3.2.3B(i), (j) (Reactive Services) OA, Schedule 1, § 3.2.3B(i), (j) (Reactive Services)	<p>maintaining reactive reliability shall be counted as Synchronized Reserve satisfying the overall PJM Synchronized Reserve requirements. . . . At the end of each Operating Day, to the extent a condenser operated to provide Reactive Services also provided Synchronized Reserve, a Market Seller shall be credited for providing synchronous condensing for the purpose of maintaining reactive reliability at the request of the Office of the Interconnection, in an amount equal to the higher of (i) the hourly Synchronized Reserve Market Clearing Price for each hour a generating unit provided synchronous condensing multiplied by the amount of Synchronized reserve provided by the synchronous condenser or (ii) the sum of (A) the generating unit's hourly cost to provide synchronous condensing, calculated in accordance with the PJM Manuals, (B) the hourly product of MW energy usage for providing synchronous condensing multiplied by the real time LMP at the generating unit's bus, (C) the generating unit's startup-cost of providing synchronous condensing, and (D) the unit-specific lost opportunity cost of the generating resource supplying the increment of Synchronized Reserve as determined by the Office of the Interconnection in accordance with procedures specified in the PJM Manuals. . .</p> <p>(j) A Market Seller's pool scheduled steam-electric generating unit or combined cycle unit operating in combined cycle mode, that is not committed to operate in the Day-ahead Market, but that is directed by the Office of the Interconnection to operate solely for the purpose of maintaining reactive reliability, at the request of the Office of the Interconnection, shall be credited in the amount of the unit's offered price for start-up and no-load fees. The unit also shall receive, if applicable, compensation in accordance with Sections 3.2.3B(e)-(f).</p>	<p>maintaining reactive reliability shall be counted as Synchronized Reserve satisfying the overall PJM Synchronized Reserve requirements. . . . At the end of each Operating Day, to the extent a condenser operated to provide Reactive Services also provided Synchronized Reserve, a Market Seller shall be credited for providing synchronous condensing for the purpose of maintaining reactive reliability at the request of the Office of the Interconnection, in an amount equal to the higher of (i) the hourly Synchronized Reserve Market Clearing Price for each hour a generating unit provided synchronous condensing multiplied by the amount of Synchronized reserve provided by the synchronous condenser or (ii) the sum of (A) the generating unit's hourly cost to provide synchronous condensing, calculated in accordance with the PJM Manuals, (B) the hourly product of MW energy usage for providing synchronous condensing multiplied by the real time LMP at the generating unit's bus, (C) the generating unit's <u>S</u>start-up <u>C</u>cost of providing synchronous condensing, and (D) the unit-specific lost opportunity cost of the generating resource supplying the increment of Synchronized Reserve as determined by the Office of the Interconnection in accordance with procedures specified in the PJM Manuals. . .</p> <p>(j) A Market Seller's pool scheduled steam-electric generating unit or combined cycle unit operating in combined cycle mode, that is not committed to operate in the Day-ahead Market, but that is directed by the Office of the Interconnection to operate solely for the purpose of maintaining reactive reliability, at the request of the Office of the Interconnection, shall be credited in the amount of the unit's offered price for <u>S</u>start-up <u>C</u>ost and <u>N</u>o-load <u>C</u>ost<u>f</u>ees. The unit also shall receive, if applicable, compensation in accordance with Sections 3.2.3B(e)-(f).</p>	

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	<p>Tariff, Att. K-Appendix, § 3.2.3C(b) (Synchronous Condensing for Post-Contingency Operation)</p> <p>OA, Schedule 1, § 3.2.3C(b) (Synchronous Condensing for Post-Contingency Operation)</p> <p>Tariff, Att. K-Appendix, § 3.3A.5(b) (Market Settlements in</p>	<p>Section 3.2.3C (b) The amount of Synchronized Reserve provided by synchronous condensers associated with post-contingency operation shall be counted as Synchronized Reserve satisfying the PJM Synchronized Reserve requirements. . . . At the end of each Operating Day, to the extent a condenser operated in conjunction with post-contingency operation also provided Synchronized Reserve, a Market Seller shall be credited for providing synchronous condensing in conjunction with post-contingency operation at the request of the Office of the Interconnection, in an amount equal to the higher of (i) the hourly Synchronized Reserve Market Clearing Price for each hour a generation resource provided synchronous condensing multiplied by the amount of Synchronized Reserve provided by the synchronous condenser or (ii) the sum of (A) the generation resource's hourly cost to provide synchronous condensing, calculated in accordance with the PJM Manuals, (B) the hourly product of the megawatts of energy used to provide synchronous condensing multiplied by the real-time LMP at the generation bus of the generation resource, (C) the generation resource's start-up cost of providing synchronous condensing, and (D) the unit-specific lost opportunity cost of the generation resource supplying the increment of Synchronized Reserve as determined by the Office of the Interconnection in accordance with procedures specified in the PJM Manuals. . . .</p> <p>Section 3.3A.5 (b) In cases where the demand reduction follows dispatch, as defined in section 3.2.3(o-1), as instructed by the Office of the Interconnection, and the demand reduction offer price is equal to or greater than the threshold</p>	<p>Section 3.2.3C (b) The amount of Synchronized Reserve provided by synchronous condensers associated with post-contingency operation shall be counted as Synchronized Reserve satisfying the PJM Synchronized Reserve requirements. . . . At the end of each Operating Day, to the extent a condenser operated in conjunction with post-contingency operation also provided Synchronized Reserve, a Market Seller shall be credited for providing synchronous condensing in conjunction with post-contingency operation at the request of the Office of the Interconnection, in an amount equal to the higher of (i) the hourly Synchronized Reserve Market Clearing Price for each hour a generation resource provided synchronous condensing multiplied by the amount of Synchronized Reserve provided by the synchronous condenser or (ii) the sum of (A) the generation resource's hourly cost to provide synchronous condensing, calculated in accordance with the PJM Manuals, (B) the hourly product of the megawatts of energy used to provide synchronous condensing multiplied by the real-time LMP at the generation bus of the generation resource, (C) the generation resource's <u>S</u>start-up <u>C</u>cost of providing synchronous condensing, and (D) the unit-specific lost opportunity cost of the generation resource supplying the increment of Synchronized Reserve as determined by the Office of the Interconnection in accordance with procedures specified in the PJM Manuals. . . .</p> <p>Section 3.3A.5 (b) In cases where the demand reduction follows dispatch, as defined in section 3.2.3(o-1), as instructed by the Office of the Interconnection, and the demand reduction offer price is equal to or greater than the threshold</p>	

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	<p>Real-time Energy Market)</p> <p>OA, Schedule 1, § 3.3A.5(b) (Market Settlements in Real-time Energy Market)</p> <p>Tariff, Att. K-Appendix, § 3.3A.6(b) (Market Settlements in the Day-ahead Energy Market)</p> <p>OA, Schedule 1, § 3.3A.6(b) (Market Settlements in the Day-ahead Energy Market)</p>	<p>price established under the Net Benefits Test, payment will not be less than the total value of the demand reduction bid. For the purposes of this subsection, the total value of a demand reduction bid shall include any submitted start-up costs associated with reducing demand, including direct labor and equipment costs and opportunity costs and any costs associated with a minimum number of contiguous hours for which the demand reduction must be committed.</p> <p>...</p> <p>Section 3.3A.6 (b) Total payments to Economic Load Response Participants for accepted day-ahead demand reduction bids with an offer price equal to or greater than the threshold price established under the Net Benefits Test that follow the dispatch instructions of the Office of the Interconnection will not be less than the total value of the demand reduction bid. For the purposes of this subsection, the total value of a demand reduction bid shall include any submitted start-up costs associated with reducing load, including direct labor and equipment costs and opportunity costs and any costs associated with a minimum number of contiguous hours for which the load reduction must be committed. Any shortfall between the applicable Locational Marginal Price and the total value of the demand reduction bid will be made up through normal, day-ahead operating reserves. In all cases under this subsection, the applicable zonal or aggregate (including nodal) Locational Marginal Price shall be used as appropriate for the individual end-use customer.</p> <p>Schedule 2 (a) Each Market Participant obligated to sell energy on the PJM</p>	<p>price established under the Net Benefits Test, payment will not be less than the total value of the demand reduction bid. For the purposes of this subsection, the total value of a demand reduction bid shall include any submitted start-up <u>Shut-down</u> costs associated with reducing demand, including direct labor and equipment costs and opportunity costs and any costs associated with a minimum number of contiguous hours for which the demand reduction must be committed.</p> <p>Section 3.3A.6 (b) Total payments to Economic Load Response Participants for accepted day-ahead demand reduction bids with an offer price equal to or greater than the threshold price established under the Net Benefits Test that follow the dispatch instructions of the Office of the Interconnection will not be less than the total value of the demand reduction bid. For the purposes of this subsection, the total value of a demand reduction bid shall include any submitted start-up <u>Shut-down</u> costs associated with reducing load, including direct labor and equipment costs and opportunity costs and any costs associated with a minimum number of contiguous hours for which the load reduction must be committed. Any shortfall between the applicable Locational Marginal Price and the total value of the demand reduction bid will be made up through normal, day-ahead operating reserves. In all cases under this subsection, the applicable zonal or aggregate (including nodal) Locational Marginal Price shall be used as appropriate for the individual end-use customer.</p> <p>Schedule 2 (a) Each Market Participant obligated to sell energy on the PJM</p>	

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	OA, Schedule 2, § a (Components of Cost)	<p>Interchange Energy Market at cost-based rates may include the following components or their equivalent in the determination of costs for energy supplied to or from the PJM Region:</p> <p><u>For generating units powered by boilers</u> Firing-up cost Peak-prepared-for maintenance cost</p> <p><u>For generating units powered by machines</u> Starting cost from cold to synchronized operation For all generating units Incremental fuel cost Incremental maintenance cost No-load cost during period of operation Incremental labor cost Other incremental operating costs</p> <p>...</p>	<p>Interchange Energy Market at cost-based rates may include the following components or their equivalent in the determination of costs for energy supplied to or from the PJM Region:</p> <p><u>For generating units powered by boilers</u> Firing-up cost Peak-prepared-for maintenance cost</p> <p><u>For generating units powered by machines</u> Start-up ing <u>Cost</u> from cold to synchronized operation For all generating units Incremental fuel cost Incremental maintenance cost No-load <u>C</u>ost during period of operation Incremental labor cost Other incremental operating costs</p>	