

Proposed Clean-Up, Clarification and Corrections to Governing Documents
SECOND READ OF ITEMS PRESENTED TO GDECS AT OCTOBER 2, 2015 MEETING

Dated: October 7, 2015
For Discussion at GDECS October 23, 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	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.

Proposed Clean-Up, Clarification and Corrections to Governing Documents
SECOND READ OF ITEMS PRESENTED TO GDECS AT OCTOBER 2, 2015 MEETING

Dated: October 7, 2015
For Discussion at GDECS October 23, 2015

	Agreement, Attachment, Section, Title	Current Language	Proposed Revisions	Rationale
	Agreement, § 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 a n-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.

Proposed Clean-Up, Clarification and Corrections to Governing Documents
SECOND READ OF ITEMS PRESENTED TO GDECS AT OCTOBER 2, 2015 MEETING

Dated: October 7, 2015
For Discussion at GDECS October 23, 2015

	Agreement, Attachment, Section, Title	Current Language	Proposed Revisions	Rationale
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 PJM Manual for Administrative Services for the Operating Agreement of the PJM Interconnection, L.L.C. 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 PJM Manual for Administrative Services for the Operating Agreement of the PJM Interconnection, L.L.C. 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 <u>M</u>arket <u>S</u>ellers; 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>

Proposed Clean-Up, Clarification and Corrections to Governing Documents
SECOND READ OF ITEMS PRESENTED TO GDECS AT OCTOBER 2, 2015 MEETING

Dated: October 7, 2015
For Discussion at GDECS October 23, 2015

	Agreement, Attachment, Section, Title	Current Language	Proposed Revisions	Rationale
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 (c) <u>paragraph subsection (c) below of this section</u> , plus the amounts, if any, described in paragraph (f) <u>paragraph subsection (f) below of this section</u> .	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 (a) <u>paragraph subsection (a)</u> 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.

Proposed Clean-Up, Clarification and Corrections to Governing Documents
SECOND READ OF ITEMS PRESENTED TO GDECS AT OCTOBER 2, 2015 MEETING

Dated: October 7, 2015
For Discussion at GDECS October 23, 2015

	Agreement, Attachment, Section, Title	Current Language	Proposed Revisions	Rationale
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</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, <u>for</u> the remaining</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</i> it was 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>

Proposed Clean-Up, Clarification and Corrections to Governing Documents
SECOND READ OF ITEMS PRESENTED TO GDECS AT OCTOBER 2, 2015 MEETING
Dated: October 7, 2015
For Discussion at GDECS October 23, 2015

	Agreement, Attachment, Section, Title	Current Language	Proposed Revisions	Rationale
		the resource continues on the outage will be classified as a Generator Forced Outage. . . .	time the resource continues on the outage will be classified as <u>it shall be 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

Proposed Clean-Up, Clarification and Corrections to Governing Documents
SECOND READ OF ITEMS PRESENTED TO GDECS AT OCTOBER 2, 2015 MEETING

Dated: October 7, 2015
For Discussion at GDECS October 23, 2015

	Agreement, Attachment, Section, Title	Current Language	Proposed Revisions	Rationale
				resources to be able to provide Regulation both as an increase in output and as a decrease in output depending on the type 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	REMOVED – VOTED AT MRC on OCT 22			
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	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	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.

Proposed Clean-Up, Clarification and Corrections to Governing Documents
SECOND READ OF ITEMS PRESENTED TO GDECS AT OCTOBER 2, 2015 MEETING

Dated: October 7, 2015
For Discussion at GDECS October 23, 2015

	Agreement, Attachment, Section, Title	Current Language	Proposed Revisions	Rationale
		<p>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.</p>	<p>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.</p>	
14	RAA, § 1.70 (Planned Generation Capacity Resource)	<p>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 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</p>	<p>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 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</p>	<p>Adding back in language that was inadvertently removed in the Capacity Performance compliance filing where FERC asked us to go back to original 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</p>

Proposed Clean-Up, Clarification and Corrections to Governing Documents
SECOND READ OF ITEMS PRESENTED TO GDECS AT OCTOBER 2, 2015 MEETING

Dated: October 7, 2015
For Discussion at GDECS October 23, 2015

	Agreement, Attachment, Section, Title	Current Language	Proposed Revisions	Rationale
		<p>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 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.</p>	<p>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 Capacity Resource for any RPM Auction for all subsequent Delivery Years.</u> 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</p>	<p>relevant.</p>

Proposed Clean-Up, Clarification and Corrections to Governing Documents
SECOND READ OF ITEMS PRESENTED TO GDECS AT OCTOBER 2, 2015 MEETING

Dated: October 7, 2015
For Discussion at GDECS October 23, 2015

	Agreement, Attachment, Section, Title	Current Language	Proposed Revisions	Rationale
			<p>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.</p>	
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 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</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 default 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 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</u></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 needed until such time as we move to 100% CP, at which point the default offer cap will be Net CONE * B.</p>

Proposed Clean-Up, Clarification and Corrections to Governing Documents
SECOND READ OF ITEMS PRESENTED TO GDECS AT OCTOBER 2, 2015 MEETING

Dated: October 7, 2015
For Discussion at GDECS October 23, 2015

	Agreement, Attachment, Section, Title	Current Language	Proposed Revisions	Rationale
	Tariff, Att. DD, § 6.7(c) (Data Submission)	<p>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>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 <u>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 subsection, and also seek to include any one or more categories of the Avoidable Cost Rate defined section 6.8.</u></p>	

Proposed Clean-Up, Clarification and Corrections to Governing Documents
SECOND READ OF ITEMS PRESENTED TO GDECS AT OCTOBER 2, 2015 MEETING

Dated: October 7, 2015
For Discussion at GDECS October 23, 2015

	Agreement, Attachment, Section, Title	Current Language	Proposed Revisions	Rationale
		<p>To determine the default retirement and mothball ACR values for the 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</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 precludes the Office of the Interconnection from filing with FERC changes to the default retirement and mothball ACR values or any other provision of</p>	

Proposed Clean-Up, Clarification and Corrections to Governing Documents
SECOND READ OF ITEMS PRESENTED TO GDECS AT OCTOBER 2, 2015 MEETING

Dated: October 7, 2015
For Discussion at GDECS October 23, 2015

	Agreement, Attachment, Section, Title	Current Language	Proposed Revisions	Rationale
		other time.	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 at or below the default Market Seller Offer Cap in 6.4(a) choosing an offer cap at or below the 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] 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 requirement, where installed capacity is determined as of the date on which	(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 this RPM must-offer requirement, where installed capacity is determined as of the date on	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.

Proposed Clean-Up, Clarification and Corrections to Governing Documents
SECOND READ OF ITEMS PRESENTED TO GDECS AT OCTOBER 2, 2015 MEETING

Dated: October 7, 2015
For Discussion at GDECS October 23, 2015

	Agreement, Attachment, Section, Title	Current Language	Proposed Revisions	Rationale
		<p>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>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>	

Proposed Clean-Up, Clarification and Corrections to Governing Documents
SECOND READ OF ITEMS PRESENTED TO GDECS AT OCTOBER 2, 2015 MEETING

Dated: October 7, 2015
For Discussion at GDECS October 23, 2015

	Agreement, Attachment, Section, Title	Current Language	Proposed Revisions	Rationale
		<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</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</p>	

Proposed Clean-Up, Clarification and Corrections to Governing Documents
SECOND READ OF ITEMS PRESENTED TO GDECS AT OCTOBER 2, 2015 MEETING

Dated: October 7, 2015
For Discussion at GDECS October 23, 2015

	Agreement, Attachment, Section, Title	Current Language	Proposed Revisions	Rationale
		<p>Generation Capacity Resources for which it has received notification of 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</p>	<p>Generation Capacity Resources for which it has received notification of 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</p>	

Proposed Clean-Up, Clarification and Corrections to Governing Documents
SECOND READ OF ITEMS PRESENTED TO GDECS AT OCTOBER 2, 2015 MEETING

Dated: October 7, 2015
For Discussion at GDECS October 23, 2015

	Agreement, Attachment, Section, Title	Current Language	Proposed Revisions	Rationale
		<p>Resource status or for an exception to the must-offer requirement, the 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 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</p>	<p>request to remove a Generation Capacity Resource from Capacity Resource status or for an exception to the <u>RPM</u> must-offer requirement, the 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</p>	

Proposed Clean-Up, Clarification and Corrections to Governing Documents
SECOND READ OF ITEMS PRESENTED TO GDECS AT OCTOBER 2, 2015 MEETING

Dated: October 7, 2015
For Discussion at GDECS October 23, 2015

	Agreement, Attachment, Section, Title	Current Language	Proposed Revisions	Rationale
		<p>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 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: 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</p>	<p>exception to the RPM 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 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 <u>Requirement</u> Obligation: 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 "must-offer" obligation 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</p>	

Proposed Clean-Up, Clarification and Corrections to Governing Documents
SECOND READ OF ITEMS PRESENTED TO GDECS AT OCTOBER 2, 2015 MEETING

Dated: October 7, 2015
For Discussion at GDECS October 23, 2015

	Agreement, Attachment, Section, Title	Current Language	Proposed Revisions	Rationale
	Tariff, Att. M-Appendix, § II.C (RPM Must-Offer Obligation)	<p>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 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</p>	<p>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 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</p>	

Proposed Clean-Up, Clarification and Corrections to Governing Documents
SECOND READ OF ITEMS PRESENTED TO GDECS AT OCTOBER 2, 2015 MEETING

Dated: October 7, 2015
For Discussion at GDECS October 23, 2015

	Agreement, Attachment, Section, Title	Current Language	Proposed Revisions	Rationale
		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 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.	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 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-	(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	(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	Clarifications to distinguish the Day-ahead Energy Market must offer requirement and the Real-time Energy Market must offer

Proposed Clean-Up, Clarification and Corrections to Governing Documents
SECOND READ OF ITEMS PRESENTED TO GDECS AT OCTOBER 2, 2015 MEETING

Dated: October 7, 2015
For Discussion at GDECS October 23, 2015

Agreement, Attachment, Section, Title	Current Language	Proposed Revisions	Rationale
<p>ahead Energy Market Scheduling)</p> <p>Operating Agreement, Schedule 1, section 1.10.1A (Day-ahead Energy Market Scheduling)</p>	<p>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 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: . . .</p>	<p>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 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</p>	<p>requirement from the RPM must offer requirement and the Capacity Performance Resource must offer requirement.</p> <p>The Day-ahead Energy Market must offer requirement and the Real-time Energy Market must offer requirement are both reflected in Tariff, Att., K-Appendix, section 1.10.1A(d), and the parallel provision of OA, Schedule 1, which provides in relevant part as follows:</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. <i>Market Sellers owning or controlling the output of a</i></p>

Proposed Clean-Up, Clarification and Corrections to Governing Documents
SECOND READ OF ITEMS PRESENTED TO GDECS AT OCTOBER 2, 2015 MEETING

Dated: October 7, 2015
For Discussion at GDECS October 23, 2015

	Agreement, Attachment, Section, Title	Current Language	Proposed Revisions	Rationale
			Capacity Resource falls into at least one of the following categories: . . .	<p><i>Generation 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.</i></p> <p>. . .</p> <p>The foregoing offers:</p> <p>vi) Shall constitute an offer to submit the resource increment to the Office of the Interconnection for scheduling and dispatch in accordance with the terms of the offer, <u>which offer shall remain open through the Operating Day for which the offer is submitted;</u></p> <p>vii) Shall be final as to the price or prices at which the Market Seller</p>

Proposed Clean-Up, Clarification and Corrections to Governing Documents
SECOND READ OF ITEMS PRESENTED TO GDECS AT OCTOBER 2, 2015 MEETING
Dated: October 7, 2015
For Discussion at GDECS October 23, 2015

	Agreement, Attachment, Section, Title	Current Language	Proposed Revisions	Rationale
				<p>proposes to supply energy or other services to the PJM Interchange Energy Market, <u>such price or prices being guaranteed by the Market Seller for the period extending through the end of the following Operating Day;</u></p> <p>The italicized language above describes the Day-ahead Energy Market must-offer requirement. The underlined language describes the Real-time Energy Market must-offer requirement, i.e. the offer that Market Sellers of cleared Generation Capacity Resources are required to submit in the Day-ahead Energy Market is also the offer of that Market Seller for the Real-time Energy Market as the offer submitted in the Day-ahead Energy Market remains open through the Operating Day (real-time) for which the offer is submitted, and at the same price the Market Seller submitted with its offer in the Day-ahead Energy Market.</p>