PJM-VACAR South RC Agreement

AMENDED ADJACENT RELIABILITY COORDINATOR
COORDINATION AGREEMENT

This Agreement, being an Amended Adjacent Reliability Coordinator Coordination Agreement, is made this 7th day of November 2014 ("Agreement") by and between PJM Interconnection, L.L.C. ("PJM") and the member systems of VACAR South RC, those being Duke Energy Progress, Inc. ("DEP"); Duke Energy Carolinas, LLC ("DEC"); South Carolina Electric & Gas Company ("SCE&G"); South Carolina Public Service Authority ("SCPSA"); and the Yadkin Division of Alcoa Power Generating Inc., a subsidiary of Alcoa Inc. ("Yadkin"), hereinafter collectively referred to as the "Parties" and individually as a "Party," except as otherwise provided by this Agreement.

WITNESSETH:

WHEREAS, PJM serves as the Reliability Coordinator in a region (the "PJM Reliability Area") that includes the Balancing Authorities, Transmission Operators, electric utilities, and other entities set forth in its reliability plan approved by the North American Electric Reliability Corporation ("NERC") (the "PJM Reliability Area"); and

WHEREAS, VACAR South RC serves as the Reliability Coordinator in a region (the "VACAR South Reliability Area") that includes the Balancing Authorities, Transmission Operators, electric utilities, and other entities set forth in its reliability plan (the "VACAR South Reliability Area") (these entities are collectively referred to as the "VACAR South Reliability Area Parties"); and

WHEREAS, Bulk Electric Systems in the PJM Reliability Area are interconnected with electric systems in the VACAR South Reliability Area; and

WHEREAS, the North American Electric Reliability Corporation ("NERC") Board of Trustees approved adoption of "Reliability Standards for the Bulk Electric Systems of North America" which address coordination agreements and data sharing for Reliability Coordinators; and

WHEREAS, VACAR South Reliability Area Parties have contracted with DEC to serve as their "VACAR South RC Agent" to perform reliability tasks on their behalf; and

NOW, THEREFORE, in consideration of the premises and mutual covenants set forth herein, it is agreed as follows:
ARTICLE I
PURPOSE

The purpose of this Agreement is to augment and further support the reliability of both PJM Reliability Area and VACAR South Reliability Area. It provides for system coordination and the exchange of data and information over the secured Interregional Security Network ("ISN") and the Reliability Coordinator Information System ("RCIS") by and between the Parties so that each can coordinate its plans and operations in the interest of reliability. It also provides a means for exchanging information and system data, and for making necessary regional studies and recommendations designed to improve reliability of the interconnected bulk power systems.

ARTICLE II
TERM OF AGREEMENT

SECTION 2.1 Term. This Agreement shall become effective on the first day of the month following the month in which all Parties have executed this Agreement and shall continue in effect until terminated by any Party upon not less than thirty (30) days written notice to the other Parties. The right to terminate shall be within the sole discretion of any Party.

SECTION 2.2 NERC Standard Revisions. In the event that revisions to the NERC Reliability Standards referenced in this Agreement, are approved by the NERC Board, the Parties, or their designated representatives, shall meet (either in person or via conference call) to discuss whether such revisions affect the terms and conditions of this Agreement, the necessity for any mutually agreeable revisions to this Agreement, and/or whether the revisions affect the need for this Agreement. The Parties shall meet to review potential changes to this Agreement, no later than 90 days after a request by a Party.

ARTICLE III
ADMINISTRATION

The Parties, or their designated representatives, shall meet no less than once every three calendar years (either in person or via conference call) to review this Agreement and conduct matters provided hereunder. The Parties, or their respective designees, may meet at more frequent intervals should they deem it necessary.
ARTICLE IV
COORDINATION

SECTION 4.1 General Provisions

SECTION 4.1.1 Article Definitions. For purposes of this Article IV only, the term “Party” shall mean either PJM or the VACAR South RC Agent, and the term “Parties” shall collectively mean PJM and the VACAR South RC Agent.

SECTION 4.1.2 Coordinating Procedures. In order to help ensure that each Party’s operations are coordinated such that they will not have an adverse reliability impact on the other Party’s Reliability Area and to preserve the reliability benefits of interconnected operations, each Party will implement procedures, processes, or plans consistent with NERC Reliability Standards.

SECTION 4.2 Process for Coordinating Assistance

SECTION 4.2.1 Process for Coordinating Energy Emergency Assistance. In the event either Party needs to request energy emergency assistance from the other Party (i.e., the providing party), the requesting Party shall, consistent with NERC Reliability Standards, issue an Energy Emergency Alert (“EEA”) and, notify the providing Party, by phone and via the RCIS, of the EEA and request from the providing Party the assistance that the requesting Party believes is needed to alleviate the problems causing the EEA. The providing Party shall provide the appropriate emergency assistance consistent with NERC Reliability Standards. The requesting Party must notify the other Party, by phone and via the RCIS, when the EEA has ended.

SECTION 4.2.2 Process for Coordinating Operating Limit Violations Assistance. In the event either Party needs to request assistance from the other Party, the requesting Party shall, consistent with NERC Reliability Standards, notify the other Party, and request from that Party the assistance that the requesting Party believes is needed to alleviate the operating limit violations. The other Party shall provide the appropriate assistance to alleviate the operating limit violations consistent with NERC Reliability Standards.

SECTION 4.2.3 Process for Coordinating Over or Under Voltage Assistance. Each Party shall coordinate with the other during over voltage or under voltage conditions that could have potential reliability impact. In the event either Party needs to request assistance from the other Party, the requesting Party shall notify the other Party, and request from that Party the assistance that the requesting Party believes is needed to alleviate the over voltage or under voltage condition.
SECTION 4.3 Reliability Problem Identification. In the event a Party makes an identification of a potential reliability problem in the other Party’s Reliability Area, it will make reasonable efforts to provide written notice to the other Party as soon as possible. In the event such notification is made, the Parties agree that the notifying Party is not providing any warranty or guaranty that the potential problem actually exists. This provision shall also include the identification of any Interconnection frequency error causing a potential reliability problem. When any one Party identifies an overload emergency, a parallel path flow having significant impact, or other potential reliability situation that may impact another Party’s Reliability Area and the affected Party does not observe a similar situation, the Parties will operate to the most conservative result until the Parties can identify the reasons for these difference(s).

SECTION 4.4 Data Exchange. The Parties shall exchange the data that they require from each other to support their respective reliability coordination tasks and duties, as set forth in Exhibit C to this Agreement. The Party requesting that additional data be included in Exhibit C for exchange purposes must provide the other Party with a reliability-based justification for needing such data. In exchanging data, the Parties shall utilize the ISN or equivalent system in accordance with NERC Reliability Standards. The Party receiving a request to provide data has the right to accept or reject the other Party’s justification. In the event a dispute arises regarding the need for such data to be exchanged, it shall be resolved in consultation with the appropriate Regional Entity.

SECTION 4.5 Outage Coordination

SECTION 4.5.1 Planned Outages
Each Party shall post transmission and generation outages to SDX System or succeeding system. Each Party shall communicate to the other Party potential impacts of proposed Scheduled Outages. Communication of outage schedules shall occur on a regular basis as determined jointly by the Parties or any future applicable Southeastern Electric Reliability Council, Inc., or NERC requirements.

SECTION 4.5.2 Forced Outages
A Party experiencing any forced generation and transmission outages shall inform the other Party as soon as practicable within 30 minutes after the event.

ARTICLE V
FACILITY EVACUATION

SECTION 5.1 Article Definitions. For purposes of this Article, the term “Party” shall mean either PJM or the VACAR South RC Agent, and the term “Parties” shall collectively mean PJM and the VACAR South RC Agent.
SECTION 5.2 Facility Evacuations. If either Party is required to evacuate its operational work area, it shall notify the other Party of such evacuation as soon as feasible by any practical means of communications. Exhibit D sets forth the Reliability Coordinator functions, if any, that the non-evacuating Party will be able to offer for the Reliability Area of the evacuating Party in such event. The contact information for the back-up control centers shall be reviewed once every three calendar years and updated as necessary.

ARTICLE VI
LIMITATION ON OBLIGATION

SECTION 6.1 This Agreement is not intended to affect the control that PJM and VACAR South RC Parties, respectively, have over their own facilities and the use thereof.

SECTION 6.2 Nothing in this Agreement shall require a Party to construct facilities primarily to the benefit of another Party.

SECTION 6.3 Nothing in this Agreement shall entitle a Party to interfere with another Party’s right to proceed with system additions or alterations, which, in its sole opinion, are required to provide adequate and reliable service to its customers.

SECTION 6.4 Nothing in this Agreement shall require a Party to take any action requested by another Party, including without limitation the supply of emergency energy, load shedding, the expenditure of funds, or acquisition of equipment, if:

(i) such actions would, in its sole judgment, cause it to violate safety, equipment, or regulatory or statutory requirements, or

(ii) unless such actions are needed to prevent instability, separation or a cascading event (i.e., IROL violation), or

(iii) if such actions in the sole judgment of the Party undermine the reliability of the Interconnection, or

(iv) if another Party has not implemented measures comparable to those requested, consistent with NERC Reliability Standards.

In the event a VACAR South RC Party declines to take such requested actions, the declining VACAR South RC Party must, as soon as possible, notify the VACAR South RC Agent so that such information can be immediately relayed to PJM if PJM requested such action. In the event a member of PJM declines to take such requested actions, PJM must as soon as possible notify the VACAR South RC Agent if the VACAR South RC Agent requested such action.
ARTICLE VII
LIABILITY

SECTION 7.1 No Liability. In no event shall any Party (including its officers, directors, employees, and agents) be liable to another Party, or a Member System, or any other person or entity, for losses or damages (whether direct, indirect, incidental, or consequential) arising out of or related to any performance, non-performance or delay in performance of an obligation or action under this Agreement, whether based on contract, tort, strict liability, warranty, or otherwise, including without limitation, any action or failure to act by any Party related to any request, recommendation, or requirement of either, or another, Reliability Coordinator.

SECTION 7.2 Indemnification. Each Party shall at all times indemnify, defend, and save harmless the other Parties, their affiliates, and the officers, employee, and agents of each of them (collectively, the “Indemnified Parties”), from any and all damages, losses, claims, including, without limitation, claims and actions relating to injury to or death of any person or damage to property, demands, suits, recoveries, costs and expenses, court costs, attorneys’ fees, and all other obligations by or to third parties arising out of or resulting from its own performance or non-performance of its various reliability obligations, except in the event of recklessness, gross negligence, intentional wrongdoing, or willful misconduct by such other Indemnified Parties.

ARTICLE VIII
MISCELLANEOUS PROVISIONS

SECTION 8.1 Termination Notice. Any termination notices required by this Agreement shall be in writing and may be given by hand or sent by first class U.S. Mail, or express mail delivery to the applicable address as provided below:

If to PJM:

PJM Interconnection, L.L.C.
Mr. Michael J. Kormos
Executive Vice President - Operations
2750 Monroe Boulevard
Valley Forge Corporate Center
Audubon, PA 19403
SECTION 8.2 Waiver. Any waiver at any time by any Party of its rights under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not be considered a waiver with respect to any subsequent default or matter.

SECTION 8.3 Assignment. No Party shall sell, assign, or otherwise transfer any or all of this Agreement or any or all of its respective rights, or delegate any or all of its respective obligations under this Agreement without the prior written consent of the other Parties.

SECTION 8.4 Merger Clause. This Agreement and the Exhibits comprise the full and complete statement of the agreement between the Parties and supersedes and cancels all
prior communications, understandings and agreements between the Parties, whether written or oral, expressed or implied relating to the subject matter of this Agreement. No amendments, changes or modifications to this Agreement are valid, unless made in writing and signed by a duly authorized representative of each of the Parties.

SECTION 8.5 Responsibility for Costs. No fees, or other amounts are payable as a result of application of this Agreement. Each Party shall be solely and independently responsible for its conduct and any expenses or costs incurred under this Agreement.

SECTION 8.6 Nature of Relationship. The Parties hereto agree that no employment, agency, joint venture, teaming, partnership, business arrangement or fiduciary relationship shall be deemed to exist or arise between them with respect to this Agreement.

SECTION 8.7 Governing Law. This Agreement, and the rights and obligations of the Parties arising out of this Agreement, shall be governed by and shall be construed, enforced, and performed in accordance with the Federal laws of the United States of America. To the extent that there is no applicable Federal law, this Agreement, and the rights and obligations of the Parties arising out of this Agreement, shall be governed by and shall be construed, enforced, and performed in accordance with the laws of the State of New York, without regard to the principles of conflicts of laws.

SECTION 8.8 Headings. The descriptive headings in the various Articles and Sections of this Agreement have been inserted for convenience of reference only, and shall in no way modify or restrict any of the terms and provisions hereof.

SECTION 8.9 Exhibits. The exhibits to this Agreement are attached hereto and incorporated by reference (“Exhibits”). The Exhibits may be amended from time to time as specifically set forth in the respective Exhibits.

SECTION 8.10 Execution. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. It shall not be necessary that any single counterpart hereof be executed by all Parties so long as at least one counterpart is executed by each Party. A facsimile or photocopy of any signature shall have the same force and effect as an original.

SECTION 8.11 Other Entities. Nothing in this Agreement is intended to confer benefits upon any person or entities not a Party. Nothing in this Agreement shall be construed as a stipulation for the benefit of others, and no third party, shall be entitled to enforce this Agreement against any Party.

SECTION 8.12 No Representation or Warranty. No Party shall be deemed to make any representation or warranty, express or implied, as to the truth, accuracy or completeness of any information or data exchanged or provided (or not exchanged or provided) to the other Parties pursuant to this Agreement. The receiving Party, and all
persons receiving such data and information, shall be solely responsible for any reliance thereon, and all investigation thereof, and expressly waive any and all rights of recourse against the Party providing the information.

SECTION 8.13 Confidentiality. The Parties agree that their confidentiality obligations under this Agreement shall be consistent with and subject to the requirements of the NERC Reliability Coordinator Standards of Conduct.

SECTION 8.14 Definitions. Any undefined, capitalized terms used in this Agreement shall have the meaning given under *Glossary of Terms Used in NERC Reliability Standards* (“NERC Glossary”). Any undefined, capitalized terms used in this Agreement that is not defined in the NERC Glossary shall have the meaning given under industry custom and, where applicable, in accordance with Good Utility Practices.
# PJM-VACAR South RC Agreement

## Revision History

<table>
<thead>
<tr>
<th>Effective Date</th>
<th>Action Taken</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 1, 2007</td>
<td>Original Agreement made May 23, 2007 with effective date on the first day of the month following the month in which all Parties have executed this Agreement</td>
</tr>
<tr>
<td>October 27, 2010</td>
<td>Agreement review conducted via Conference call dated on October 27, 2011 chaired by Don Reichenbach (Acting VACAR South RC Agent, Duke Energy, Manager, System Operations Engineering). M. Bryson ______________ at PJM reviewed the agreement. No changes noted</td>
</tr>
<tr>
<td>October 2013</td>
<td>Agreement review conducted via conference call on October ??, 2013 chaired by Don Reichenbach (Acting VACAR South RC Agent, Duke Energy, Manager, System Operations Engineering), ....... Added changes noted on the “RC-RC Agreements Summary of Changes_and_Review_Notes_Log.docx” As of October 1, 2012, SEPA is no longer a member of VACAR SOUTH RC and, therefore, the Parties removed SEPA as party to the agreement.</td>
</tr>
<tr>
<td>October 2014</td>
<td>Incorporated various clean-up revisions into the agreement.</td>
</tr>
</tbody>
</table>
IN WITNESS WHEREOF, the signatories hereto have caused this Agreement to be executed by their duly authorized officers.

FOR PJM Interconnection:

By: [Signature]  
Michael J. Kornos  
Executive Vice President - Operations  
Date: 10/15/14

VACAR South RC Parties:

FOR DEC:

By: [Signature]  
Vohn Nelson Peeler, Jr.  
Vice President, Transmission System Operations  
Date: 10/31/2014

FOR DEP:

By: [Signature]  
Vohn Nelson Peeler, Jr.  
Vice President, Transmission System Operations  
Date: 10/31/2014

FOR SCE&G:

By: [Signature]  
Pandelis N. Xanthakos  
Vice President Transmission Services  
South Carolina Electric & Gas  
Date: 11/07/2014

FOR SCPSA:

By: [Signature]  
R. Ben Fleming  
Sr. Vice President, Power Delivery  
South Carolina Public Service Authority  
Date: 10/27/14
FOR YADKIN:

By: [Signature]  
Mark Gross  
Vice President, Alcoa Power Generating Inc.  
Alcoa Power Generating, Inc.  

Date: 10-21-14
EXHIBIT A

PJM Members

See Schedule 12 of the Amended and Restated Operating Agreement of PJM Interconnection, L.L.C. for the List of PJM Members

In accordance with Section 8.9 (entitled “Exhibits”), this Exhibit A may be amended by PJM as necessary by the provision of written notice to the VACAR South RC Agent in a manner consistent with Section 8.1.
EXHIBIT B

VACAR South RC Parties

Duke Energy Progress, Inc.

Duke Energy Carolinas, LLC

South Carolina Electric & Gas Company

South Carolina Public Service Authority

The Yadkin Division of Alcoa Power Generating Inc., a subsidiary of Alcoa Inc.

This Exhibit B may be amended by VACAR South RC as necessary by the provision of notice to the other Parties in accordance with Section 8.9 entitled “Exhibits.”
EXHIBIT C

List of Data Exchanged Pursuant to Section 4.3

(The NERC Reliability Standards also include data that may be included in this Exhibit)

The Parties will exchange the following types of real-time and projected operating data as needed to coordinate reliable operations:

(i) Generation status of the units in each Party's Reliability Area;
(ii) Transmission line status;
(iii) Real-time loads; and
(iv) Real-time constraints.

This Exhibit C shall be amended only upon the written agreement of all Parties that must include the Party requesting data or information to be included in this Exhibit B providing a written, reliability-based justification to the other Parties for needing such additional data or information. The Party receiving a request to provide data has the right to accept or reject the other Party’s justification. In the event a dispute arises regarding the need for such data to be exchanged, it shall be resolved in consultation with the appropriate regional council(s).
EXHIBIT D

Reliability Coordinator Facility Evacuation Procedures

Reliability Coordinator functions, tasks and services to be provided by a non-evacuating Party in the event a Party must evacuate its facilities. Notice of evacuation to be provided pursuant to Article V to the appropriate individual identified in Section 8.1.

Reliability Coordinator Functions, Tasks and Services to be Provided to PJM by the VACAR South RC Agent in Event of Evacuation with Proper Notice to the VACAR South RC Agent:

1. None

Reliability Coordinator Functions, Tasks and Services to be Provided to the VACAR South RC Agent by SCS in Event of Evacuation with Proper Notice to PJM:

1. None

In accordance with Section 8.9 (entitled “Exhibits”), this Exhibit D shall be amended only upon the written agreement of both PJM and the VACAR South RC Agent.