

DECLARATION OF AUTHORITY

This DECLARATION OF AUTHORITY (“Declaration”) is a declaration and certification made on _____ by and between

_____,
a _____ with its principal place of business located at _____

 (“Principal” – PJM Member) and

_____,
a _____ with its principal place of business located at _____

 (“Agent”).

RECITALS:

WHEREAS, PJM Interconnection, L.L.C. (“PJM LLC”) is a Regional Transmission Organization and Independent System Operator subject to the jurisdiction of the Federal Energy Regulatory Commission;

WHEREAS, PJM Settlement, Inc. (“PJM Settlement”) is a Pennsylvania non-profit corporation, incorporated for the purpose of providing billing and settlement functions and credit and risk management functions for PJM. References to “PJM” in this Declaration are to PJM LLC and/or PJM Settlement, collectively, with regard to their respective functions;

WHEREAS, PJM LLC and PJM Settlement administer and settle centralized markets that clear various electric energy and energy-related products among multiple buyers and sellers;

WHEREAS, Principal is a PJM Member and seeks to obtain, or is obtaining, services provided or administered by PJM, seeks to participate, or is participating in, markets administered by PJM, or seeks to engage in, or is engaging in, operations that use or affect the integrated transmission system operated by PJM;

WHEREAS, such activities or contemplated activities by Principal and Agent are governed by rights and obligations established by or under the PJM Open Access Transmission Tariff (“Tariff”), Amended and Restated Operating Agreement of PJM Interconnection, L.L.C. (“Operating Agreement”), Reliability Assurance Agreement Among Load-serving Entities in the PJM Region (“RAA”), and other agreements, manuals, and practices of PJM (the Tariff, the Operating Agreement, the RAA, and such other agreements, manuals, and practices of PJM, the “PJM Agreements”); and

WHEREAS, Principal and Agent desire to declare to PJM their respective authorities concerning such rights and obligations, intend that PJM rely upon such declaration.

DECLARATION:

NOW, THEREFORE, acknowledging that PJM will rely on the truth, accuracy, and completeness of the statements made below, Principal and Agent, as indicated below, makes the following certifications:

1. Exclusivity of Agent's Authority.

Pursuant to a binding, legally enforceable agreement, Principal has authorized Agent to act for Principal with respect to certain rights and responsibilities as specified in section 2 of this Declaration (the "Authorized Rights and Responsibilities"). With respect to the Authorized Rights and Responsibilities, Agent is authorized to communicate and transact with PJM as Principal's sole and exclusive agent, and PJM is authorized to communicate and transact directly and exclusively with Agent as Principal's agent. With respect to the Authorized Rights and Responsibilities, Principal will abide by any direction issued by PJM to Agent.

2. Specification of Authorized Rights and Responsibilities.

In the following subparts (a) through (g), Principal and Agent specify the rights and responsibilities with respect to which Agent is authorized to act for Principal. The rights and responsibilities specified in subparts (a) through (g) apply to a limited portion of Principal's facilities or directly served loads located in the PJM Region, and to no other facilities or loads of Principal. Specification shall be effective only if the authorized representatives of both Principal and Agent have placed their initials in the space provided for each applicable right or responsibility from among the options provided below:

(a) Load Server Responsibilities.

___ ___ (i) Agent is authorized to satisfy Principal's obligations as a Load-Serving Entity under the RAA, including, without limitation, its obligations to provide Unforced Capacity, submit capacity plans, provide or arrange for Capacity Resources, satisfy Accounted-for Obligations and Peak Season Maintenance Obligations, comply with any capacity audits, make payment of all deficiency, data submission, and emergency procedure charges incurred, coordinate planning and operation of Capacity Resources with other parties, and develop and submit planned outage schedules.

___ ___ (ii) Agent is authorized to satisfy Principal's obligations under the Tariff, RAA and to provide or arrange for transmission service to its loads; provide or arrange for sufficient reactive capability, voltage control facilities, and black start capability for service to its loads; submit firm transmission service schedules and designate Network Resources and other points of receipt and delivery for transmission service.

— — (iii) Agent is authorized to request changes to the transmission service required for service to Principal's loads, and to enter into on Principal's behalf, any feasibility, system impact, facilities study, or other agreements required to process such request for a change in service.

— — (iv) Agent is authorized to satisfy Principal's rights and obligations under the Tariff and Operating Agreement to submit bids on, obtain, administer, and receive payments or credits for Financial Transmission Rights and Auction Revenue Rights with respect to service to Principal's loads.

— — (v) Agent is authorized to provide data required by PJM with respect to service to Principal's loads, including, but not limited to, data required for coordination of operations, accounting for all interchange transactions, preparation of required reports and maintenance schedules, and analysis of system disturbances.

— — (vi) Agent is authorized to provide the facilities and personnel required to coordinate operations with PJM and other PJM Members.

(b) Electric Distributor Responsibilities.

— — (i) Agent is authorized to satisfy Principal's rights and obligations as an Electric Distributor under the Operating Agreement, including, but not limited to, assuring the continued compatibility of its local energy management, monitoring, and telecommunications systems with PJM's technical requirements; providing or arranging for the services of a 24-hour local control center or Market Operations Center to coordinate with PJM; providing to PJM all system, accounting, customer tracking, load forecasting, and other data necessary or appropriate to implement or administer the PJM Agreements; shedding connected load, initiating active load management programs, and taking such other coordination actions as may be necessary in accordance with PJM's directions in Emergencies; maintaining or arranging for a portion of its connected load to be subject to control by automatic under-frequency, under-voltage, or other load-shedding devices; and complying with the under-frequency relay obligations and charges specified in the PJM Agreements.

(c) Generator Responsibilities.

— — (i) Agent is authorized to operate the Principal's generation resources in all events, including, but not limited to, Emergencies, and shall operate such resources in a manner that is consistent with the standards, requirements, or directions of PJM and that will permit PJM to perform its obligations under the PJM Agreements.

— — (ii) Agent is authorized to ensure that the required portion of Principal's Capacity Resources have the ability to go from a shutdown condition to an operating condition and start delivering power without assistance from the power system.

- — (iii) Agent is authorized to direct the operation of Principal's generation resources by relaying PJM's instructions to the resource in all events, including, but not limited to, Emergencies, and shall direct such resources in a manner that is consistent with the standards, requirements, or directions of PJM and that will permit PJM to perform its obligations under the PJM Agreements.
- — (iv) Agent is authorized to communicate and act on behalf of Principal with PJM in all matters concerning the provision of capacity from Principal's generation resources.
- — (v) Agent is authorized to communicate and act on behalf of Principal with PJM in all matters concerning the provision of energy from Principal's generation resources.
- — (vi) Agent is authorized to communicate and act on behalf of Principal with PJM in all matters concerning the provision of ancillary services from Principal's generation resources, including, without limitation, provision of information required in electronic interfaces, dispatch of any resource, provision of reactive power, regulation, synchronous condensing, spinning, or other reserves, establishment or maintenance of a generation resource as a Black-Start Unit, satisfaction of must-run obligations, and establishment of any costs or revenue requirements for any product or service offered by any such unit.
- — (vii) Agent is authorized to provide information on outages of Principal's generation facilities, whether planned, forced, or for maintenance, and to coordinate such outages with PJM.
- — (viii) Agent is authorized to act on behalf of Principal with respect to Principal's rights and obligations under any Feasibility Study, System Impact Study, or Facilities Study Agreements.
- — (ix) Agent is authorized to act on behalf of Principal with respect to Principal's rights and obligations under any Construction Service Agreements.
- — (x) Agent is authorized to act on behalf of Principal with respect to Principal's rights and obligations under any Interconnection Service Agreements.
- — (xi) Agent is authorized to receive from PJM historic and real-time data collected by PJM from, or provided to PJM by, Principal with respect to Principal's generation resources.
- — (xii) Agent is authorized to act on behalf of Principal ONLY for the following specific generation resource(s) in Principal's primary and subaccounts.

| Generator Name (ISA/WMPA/ CSA) | Resource Name (Capacity Exchange) | Resource I.D. (Capacity Exchange) | Unit Name (Markets Gateway) | Unit I.D. (Markets Gateway) | PJM Queue Number |
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(d) Market Buyer/ Market Seller Responsibilities.

— — (i) Agent is authorized to satisfy Principal’s rights and obligations as a Market Buyer or Market Seller under the PJM Agreements, including, but not limited to, arranging for a Market Operations Center capable of real-time communication with PJM during normal and emergency conditions; reporting to PJM sources of energy available for operation; providing to PJM scheduling and other information, including, but not limited to, maintenance and other anticipated outages of generation or transmission facilities, scheduling and related information on bilateral transactions and self-scheduled resources, and implementation of active load management, interruption of load, and other load reduction measures; obtaining Spot Market Backup for bilateral transactions; submitting to PJM binding offers to purchase or sell energy and ancillary services in compliance with all applicable Offer Data specifications; responding to PJM’s directives to start, shut down, or change output levels of generation resources, or change scheduled voltages or reactive output levels; responding to PJM’s directives to schedule delivery or change delivery schedules for external resources; and following PJM’s directions to take actions to prevent, manage, alleviate or end an Emergency.

(e) Billing and Payment Responsibilities.

— — (i) In connection with all rights and responsibilities specified by Principal and Agent in any of the subparts (a) through (d) of this section, Agent shall be billed and shall make payment to PJM for, all charges, penalties, costs, and fees. **(If this option is not specified, PJM will issue billings to and collect amounts due from Principal.)**

___ ___ (ii) In connection with all rights and responsibilities specified by Principal and Agent above, Agent is entitled to receive from PJM, in Agent's account, all credits, revenues, distributions, and disbursements. **(If this option is not specified, PJM will pay such amounts to Principal.)**

(f) General Membership Responsibilities.

___ ___ (i) Agent is authorized to participate and vote in all PJM committees, user groups, subcommittees, task forces, working groups, and other stakeholder bodies on Principal's behalf.

___ ___ (ii) Agent is authorized to participate on Principal's behalf in the regional transmission expansion planning process.

___ ___ (iii) Agent is authorized to communicate with PJM regarding all matters relating to Principal's business activities within PJM.

___ ___ (iv) Agent is authorized to provide information or otherwise cooperate on Principal's behalf in connection with any investigation or request for information by PJM or the Market Monitoring Unit in accordance with the Operating Agreement and Tariff, Attachment M. **(If this option is specified, PJM and the PJM Market Monitoring Unit shall have the right to request and obtain such information from Agent and/or Principal.)**

___ ___ (v) Agent shall be billed for and shall make payment of Principal's costs of membership in PJM, including payment of the Membership fee and payment of any other general assessments on the PJM Members, including, but not limited to, amounts assessed as a consequence of defaults by other Members.

(g) Additional Responsibilities.

___ ___ Agent has been Authorized other rights and responsibilities of Principal as specified in this Declaration as follows:

3. Continuing Responsibilities and Liabilities of Principal.

(a) The Authorized Rights and Responsibilities are the only rights and responsibilities under the PJM Agreements for which Agent is authorized to act for Principal and Principal retains all rights and responsibilities under the PJM Agreements not specified by Principal and Agent in section 2 of this Declaration or in an Addendum or Attachment hereto.

(b) With respect to the Authorized Rights and Responsibilities, and notwithstanding any other provision of this Declaration, Principal shall remain liable to PJM for all

amounts due or which become due to PJM under the PJM Agreements, and Agent's authorization to make payment of any such amounts hereunder (if specified in section 2 of this Declaration) shall not release Principal from liability for any financial obligations to PJM not satisfied by Agent.

4. Reliance and Indemnity, Duty to Inform, Liability Waiver, Termination, and Rules of Construction.

- (a) Principal and Agent each recognizes, accepts, and intends that PJM will rely upon on the truth, accuracy, and completeness of the declarations herein in matters including, but not limited to, creditworthiness and in assuring compliance with the PJM Agreements. Principal and Agent each recognizes and accepts that PJM or its members may suffer losses and damages if any declaration is or becomes untrue, inaccurate, or incomplete. Principal and Agent agree to indemnify PJM for any losses and damages that it may suffer as a direct result of this Declaration. Nothing herein shall relieve Principal of its obligations pursuant to the PJM Agreements or any service agreement.
- (b) Principal and Agent each has a continuing duty to notify PJM if and when any declaration herein ceases to be truthful, accurate, or complete. Until such time as PJM receives written notification of any change to any declaration, in accordance with the terms contained herein, PJM shall be entitled to rely perpetually on this Declaration, as governing its relationship with Principal and Agent, as to the subject matter of this Declaration. Written notice of changes to the declarations contained herein must be provided by Principal (a PJM Member) to PJM at least thirty (30) days in advance of their effectiveness. If Agent is also a PJM Member, then both parties will be required to provide thirty (30) days prior written notification in order for such changes to be effective. Such notification is required for changes to certifications and identification of resources.
- (c) PJM LLC and PJM Settlement are third-party beneficiaries to this Declaration and are entitled to the benefit of all representations, commitments obligations, and rights hereunder and may enforce the provisions hereof as if they were parties hereto.
- (d) Principal (a PJM Member) may, for its sole convenience, terminate this Declaration by providing at least forty five (45) days prior written notification to PJM in a form acceptable to PJM. If Agent is also a PJM Member, both parties will be required to provide at least forty five (45) days prior written notification, in a form acceptable to PJM, in order for termination to become effective. Upon such termination, all rights, responsibilities, and accounts will revert back to the Principal.
- (e) Nothing in this Declaration shall be construed to create or give rise to any liability on the part of PJM and Principal and Agent expressly waive any claims that may arise against PJM under this Declaration. Principal and Agent, jointly and

severally, agree to hold PJM harmless from any claims or disputes related to this Declaration, both prior to and after termination. This Declaration shall not be construed to modify any of the PJM Agreements and in the event of conflict between this Declaration and a PJM Agreement, the applicable PJM Agreement shall control.

- (f) Capitalized terms used herein that are not defined herein have the meanings given in the PJM Agreements, as applicable.
- (g) The Recitals are hereby incorporated into the body of this Declaration.

5. Effective Date(s).

The Agent is authorized to act on behalf of Principal as indicated above on the following dates, each of which is deemed the “Effective Date” for the specified responsibility:

| Declaration Section | Effective Date |
|---------------------|----------------|
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Notwithstanding the foregoing, ***in all cases the fully executed Declaration must be received by PJM at least three (3) business days prior to the requested Effective Date.*** If the fully executed Declaration is received by PJM less than three (3) business days before the requested Effective Date, the Declaration shall be void and Agent will not be permitted to act on behalf of Principal until a new Declaration with an Effective Date acceptable to PJM is received.

The Effective Date shall not be prior to the date on which the Declaration is fully executed by Principal and Agent.

6. Notices.

Any notice or request made to or by Principal, Agent, or PJM, shall be made to the representative indicated below.

If to PJM:

PJM Interconnection, L.L.C.
Attn: General Counsel
2750 Monroe Blvd.
Audubon, PA 19403

and

PJM Interconnection, L.L.C.
Attn: Member Relations
2750 Monroe Blvd.
Audubon, PA 19403

If to Principal:

Attn:

If to Agent:

Attn:

IN WITNESS WHEREOF, Principal and Agent execute this Declaration to be effective on the Effective Date(s) indicated above.

PRINCIPAL

AGENT

SAMPLE