

Page 5 – Once PJM determines that the proposed Supplemental Project will not adversely impact the reliability of the Transmission System, the proposed Supplemental Project may be integrated into the RTEP base case consistent with Schedule 6.

Page 5, Transmission Owner Supplemental Projects - -

[delete] As part of the review of Supplemental Projects, PJM will determine if the Supplemental Projects might eliminate a baseline violation identified in the RTEP Process which may be in progress. PJM will also apprise the relevant Transmission Owner if an RTEP Project is identified which might alleviate the need for a Supplemental Project. Any changes to the need associated with a Supplemental Project or baseline project will also be discussed with the PJM stakeholders.

[New Sentences]

As part of the review of Supplemental Projects, PJM will determine if a proposed Supplemental Project meets the Operating Agreement Definition of Supplemental Projects. Proposed Supplemental Projects not meeting the Operating Agreement Definition of Supplemental Projects will not be included in the RTEP.

As part of the review of Supplemental Projects, PJM will determine whether an identified baseline violation, eligible congestion driver, or public policy need may eliminate the need for the Supplemental Projects, in which case the Supplemental Project will not be included in the RTEP.

PJM will also apprise the relevant Transmission Owner if an RTEP Project is identified which might alleviate the need for a Supplemental Project. Any changes to the need associated with a Supplemental Project will also be discussed with the PJM stakeholders.

Section 1.3.4

The Transmission Owners' planning of Supplemental Projects follows the sequence of steps set out in OATT, Attachment M-3 to the extent the Supplemental Project impacts the transmission system.

The Transmission Owners' planning of Supplemental Projects follows the sequence of steps set out in the OATT, Attachment M-3. PJM will include in the activities associated with the model development for the next year's RTEP, which begins in September (see 18-month planning cycle illustrated in Exhibit 1 in this Manual), those Supplemental Projects included in the Local Plans submitted for incorporation into the PJM planning model in the July timeframe.

Additional Supplemental Projects for unforeseen, customer-driven expansions or enhancements [delete –needs] that a PJM Transmission Owner identifies later in the year, and which are finalized after July, may be included in the base case if the inclusion of these projects would not disrupt analysis associated with the development of the RTEP violations.

Page 14

Furthermore, by virtue of its regional scope, the RTEP process assures coordination of expansion plans across multiple transmission owners' systems. [delete: ,permitting the identification of the most effective and efficient expansion plan for the region.] The RTEP plan developed through this process is reviewed by PJM's independent Board of Managers who has the final authority for plan's approval and implementation. During the pendency of a federal, state or local regulatory approval process, Supplemental Projects may be removed from the RTEP models until final resolution thereof. Supplemental Projects denied in a final order by a State Commission, or a similar federal, state or municipal siting agency, will generally be removed from the RTEP effective on the date of the final order and PJM will study the impacts of its removal from the RTEP.