

Phase 2 - Proposed Clean-Up, Clarification and Corrections to Governing Documents

SECOND READ

Dated: October 31, 2016

For Discussion at GDECS November 4, 2016

	Agreement, Attachment, Section, Title	Current Language	Proposed Revisions	Rationale
1.	RAA, Schedule 8.1, Paragraph H (Annexation of service territory by Public Power Entity)	<p>2. In the event a Public Power Entity that is an FRR Entity annexes service territory to include load from a Party that has not elected the FRR Alternative, then:</p> <p style="padding-left: 40px;">a. For any Delivery Year for which a Base Residual Auction already has been conducted, such acquiring FRR Entity shall meet its obligations for the incremental load by paying PJM for incremental obligations (including any additional demand curve obligation) at the Capacity Resource Clearing Price for the relevant location. Any such revenues shall be used to pay Capacity Resources that cleared in the Base Residual Auction for that LDA.</p> <p style="padding-left: 40px;">b. For any Delivery Year for which a Base Residual Auction has not been conducted, such acquiring FRR Entity shall include such incremental load in its FRR Capacity Plan.</p> <p>3. Annexation whereby a Party that has not elected the FRR Alternative acquires load from an FRR entity:</p> <p style="padding-left: 40px;">a. For any Delivery Year for which a Base Residual Auction already has been conducted, PJM would consider shifted load as unanticipated load growth for purposes of determining whether to hold a Second Incremental Auction. If a Second Incremental Auction is held, FRR entity would have a must offer requirement for sufficient capacity to meet the load obligation of such shifted load. If no Second Incremental Auction is conducted, the FRR Entity may sell the associated quantity of capacity into an RPM Auction or bilaterally.</p> <p style="padding-left: 40px;">b. For any Delivery Year for which a Base Residual Auction has not been</p>	<p>2. In the event a Public Power Entity that is an FRR Entity annexes service territory to include load from a Party that has not elected the FRR Alternative, then:</p> <p style="padding-left: 40px;">a. For any Delivery Year for which a Base Residual Auction already has been conducted, such acquiring FRR Entity shall <u>pay a Locational Reliability Charge for the acquired load</u> meet its obligations for the incremental load by paying PJM for incremental obligations (including any additional demand curve obligation) at the Capacity Resource Clearing Price for the relevant location. Any such revenues shall be used to pay Capacity Resources that cleared in the Base Residual Auction for that LDA.</p> <p style="padding-left: 40px;">b. For any Delivery Year for which a Base Residual Auction has not been conducted, such acquiring FRR Entity shall include such incremental load in its FRR Capacity Plan.</p> <p>3. Annexation whereby a Party that has not elected the FRR Alternative acquires load from an FRR <u>E</u>ntity:</p> <p style="padding-left: 40px;">a. For any Delivery Year for which a Base Residual Auction already has been conducted, PJM would consider shifted load as unanticipated load growth for purposes of determining <u>the RTO/LDA Reliability Requirements, Limited Resource and Sub-Annual Constraints for the 2017/2018 Delivery Year, and Base Capacity Demand Resource Constraint and Base Capacity Resource Constraint for the 2018/2019 and 2019/2020 Delivery Years in all future Incremental Auctions for such Delivery Years, and such shifted load shall pay a Locational Reliability Charge.</u> whether to hold a Second Incremental Auction. If a Second Incremental Auction is held, For the next</p>	<p>These changes bring this section up to the present with respect to the Incremental Auction structure that currently exists. When it was originally written, there was only one Incremental Auction – the Second Incremental Auction – in which PJM bought capacity. These changes are meant to reflect the current structure.</p>

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		<p>conducted, the FRR Entity that lost such load would no longer include such load in its FRR Capacity Plan, and PJM would include such shifted load in future BRAs.</p>	<p><u>Incremental Auction, the FRR Entity</u> would have a must offer requirement for <u>a fixed amount of unforced capacity equal to the shifted load times the updated Forecast Pool Requirement applicable to the next Incremental Auction. The FRR Entity would continue to have a must offer requirement for all future Incremental Auctions for such Delivery Year; however, the must offer requirement would terminate once the FRR Entity cleared the required fixed amount of Unforced Capacity in Incremental Auction(s) for such Delivery Year sufficient capacity to meet the load obligation of such shifted load. If no Second Incremental Auction is conducted, the FRR Entity may sell the associated quantity of capacity into an RPM Auction or bilaterally.</u></p> <p>b. For any Delivery Year for which a Base Residual Auction has not been conducted, the FRR Entity that lost such load would no longer include such load in its FRR Capacity Plan, and PJM would include such shifted load in future BRAs.</p>	
2.	<p>Tariff, Part I, § 1 (Definitions)</p> <p>Tariff, Attachment DD, §14 (Conversion of Capacity Credits)</p>	<p>Tariff, § 1</p> <p>Capacity Credit: "Capacity Credit" shall have the meaning specified in Schedule 11 of the Operating Agreement, including Capacity Credits obtained prior to the termination of such Schedule applicable to periods after the termination of such Schedule.</p> <p>*** Tariff, Att. DD, § 14</p>	<p>Tariff, § 1</p> <p>Capacity Credit: "Capacity Credit" shall have the meaning specified in Schedule 11 of the Operating Agreement, including Capacity Credits obtained prior to the termination of such Schedule applicable to periods after the termination of such Schedule.</p> <p>*** Tariff, Att. DD, § 14</p>	<p>PJM proposes removing the definition of Capacity Credit, as well as the only section it was used in, (OATT, Att. DD, section 14) as the term was developed as part of the transition to RPM and is no longer needed.</p> <p>Will make a conforming change</p>

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		<p>14. CONVERSION OF CAPACITY CREDITS FROM PRIOR CAPACITY ADEQUACY REGIME</p> <p>14.1 Purpose Capacity Credits shall not be accepted as satisfaction of the Daily Unforced Capacity Obligation of any LSE. Parties to Capacity Credit transactions may agree bilaterally to convert such transactions on a basis that permits them to clear in a Reliability Pricing Model Auction, or may settle such transactions financially as described in section 14.2.</p> <p>14.2 Settlement For the 2007/2008 Delivery Year, only Capacity Credits confirmed by the Office of the Interconnection to have been entered into prior to April 1, 2006 will be settled based on the marginal value of system capacity (\$/MW-day) as determined under section 5.14(a) in the Base Residual Auction for such Delivery Year, plus any Locational Price Adder determined in such auction for the Locational Deliverability Area that corresponds to the Mid-Atlantic Region plus the Allegheny Power System Zone. The party that purchased such Capacity Credit shall receive this value multiplied by the megawatt quantity of the Capacity Credit, for the duration of such transaction. The party that sold such Capacity Credit shall be assessed this value, multiplied by the megawatt quantity of the Capacity Credit, for the duration of such transaction. For the 2008/2009 Delivery Year, and thereafter, Capacity Credits will be settled based on the marginal value of system capacity (\$/MW-day) as determined under section 5.14(a) in the Base Residual Auction for such Delivery Year. The party that purchased such Capacity Credit shall receive this value multiplied by the megawatt quantity of the Capacity Credit, for the duration of</p>	<p>14. Reserved. CONVERSION OF CAPACITY CREDITS FROM PRIOR CAPACITY ADEQUACY REGIME</p> <p>14.1 Purpose Capacity Credits shall not be accepted as satisfaction of the Daily Unforced Capacity Obligation of any LSE. Parties to Capacity Credit transactions may agree bilaterally to convert such transactions on a basis that permits them to clear in a Reliability Pricing Model Auction, or may settle such transactions financially as described in section 14.2.</p> <p>14.2 Settlement For the 2007/2008 Delivery Year, only Capacity Credits confirmed by the Office of the Interconnection to have been entered into prior to April 1, 2006 will be settled based on the marginal value of system capacity (\$/MW-day) as determined under section 5.14(a) in the Base Residual Auction for such Delivery Year, plus any Locational Price Adder determined in such auction for the Locational Deliverability Area that corresponds to the Mid-Atlantic Region plus the Allegheny Power System Zone. The party that purchased such Capacity Credit shall receive this value multiplied by the megawatt quantity of the Capacity Credit, for the duration of such transaction. The party that sold such Capacity Credit shall be assessed this value, multiplied by the megawatt quantity of the Capacity Credit, for the duration of such transaction. For the 2008/2009 Delivery Year, and thereafter, Capacity Credits will be settled based on the marginal value of system capacity (\$/MW-day) as determined under section 5.14(a) in the Base Residual Auction for such Delivery Year. The party that purchased such Capacity Credit shall receive this value multiplied by the megawatt quantity of the Capacity Credit, for the duration of</p>	<p>to the table of contents.</p>

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		the transaction. The party that sold such Capacity Credit will be assessed this value multiplied by the megawatt quantity of the Capacity Credit, for the duration of the transaction.	the transaction. The party that sold such Capacity Credit will be assessed this value multiplied by the megawatt quantity of the Capacity Credit, for the duration of the transaction.	
3.	Tariff, Schedule 9-2(b) (Financial Transmission Rights Administration Service)	b) PJM will charge each user of Financial Transmission Rights Administration Service each month a charge equal to: (i) the FTR Service Rate, Component 1, as stated below, times the quantity in megawatts of all FTRs held by such user in each hour of such month, summed for each hour that such user holds FTRs during such month during the time period such FTR is in effect; plus (ii) the FTR Service Rate, Component 2, as stated below, times the sum of (1) the number of hours in all bids to buy Financial Transmission Rights Obligations submitted by such user during such month, plus (2) five times the number of hours in all bids to buy Financial Transmission Rights Options submitted by such user during such month. This charge applies to all bids submitted into any round of the Annual FTR Auction and to all bids submitted into the applicable monthly FTR Auction.	b) PJM will charge each user of Financial Transmission Rights Administration Service each month a charge equal to: (i) the FTR Service Rate, Component 1, as stated below, times the quantity in megawatts of all FTRs held by such user in each hour of such month, summed for each hour that such user holds FTRs during such month during the time period such FTR is in effect <u>the FTR Holder's total FTRs in megawatt-hours during such month</u> ; plus (ii) the FTR Service Rate, Component 2, as stated below, times the sum of (1) the number of hours in all bids to buy Financial Transmission Rights Obligations submitted by such user during such month, plus (2) five times the number of hours in all bids to buy Financial Transmission Rights Options submitted by such user during such month. <u>Component 1 of this charge applies to all bids submitted into any round of the Long-term, Annual, or monthly FTR Auctions; Component 2 of t</u> h <u>is charge applies to all bids submitted into any round of the Annual FTR Auction and to all bids submitted into the applicable monthly FTR Auction.</u>	This is a clarifying change. The existing language is confusing and can more simply stated as proposed.
4.	Tariff, Att. K-App., §1.7.4 (General Obligations of the Market Participants) Operating Agreement, Schedule 1, §1.7.4 (General Obligations)	(i) Consistent with Section 36.1.1 of the PJM Tariff, to the extent its generating facility is dispatchable, a Market Participant shall submit an Economic Minimum in the Real-time Energy Market that is no greater than the higher of its physical operating minimum or its Capacity Interconnection Rights, as that term is defined in the PJM Tariff, associated with such generating facility under its Interconnection Service Agreement under Attachment O of the PJM Tariff or a wholesale market participation agreement.	(i) Consistent with Section 36.1.1 of the PJM Tariff, to the extent its generating facility is dispatchable, a Market Participant shall submit an Economic Minimum in the Real-time Energy Market that is no greater than the higher of its physical operating minimum or its Capacity Interconnection Rights, as that term is defined in the PJM Tariff , associated with such generating facility under its Interconnection Service Agreement under Attachment O of the PJM Tariff or a wholesale market participation agreement.	The rationale for all of this is that the references to the definitions in other governing agreements in which a defined term is defined will no longer be needed since PJM has proposed revisions to

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	of the Market Participants)			<p>incorporate or revise the introductory paragraph in the beginning of each governing agreement that says if a term is not defined therein, the term shall have the meaning ascribed to it in another governing agreement. Specifically, the following were already first read at the September 2016 GDECS meeting, and are being second read at the October 2016 GDECS meeting:</p> <p>Operating Agreement, Section 1 (Definitions) Unless the context otherwise specifies or requires, capitalized terms used in this Agreement shall have the respective meanings assigned herein or in the Schedules hereto, <u>or in the PJM Tariff or RAA if not otherwise defined in this Agreement</u>, for all purposes of this Agreement (such definitions to be equally applicable to both</p>

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				<p>the singular and the plural forms of the terms defined). Unless otherwise specified, all references herein to sections, Schedules, Exhibits or Appendices are to sections, Schedules, Exhibits or Appendices of this Agreement. As used in this Agreement:</p> <p>RAA, Article 1 (Definitions) Unless the context otherwise specifies or requires, capitalized terms used herein shall have the respective meanings assigned herein or in the Schedules hereto, <u>or in the PJM Tariff or PJM Operating Agreement if not otherwise defined in this Agreement</u>, for all purposes of this Agreement (such definitions to be equally applicable to both the singular and the plural forms of the terms defined). Unless otherwise specified, all references herein to Articles, sections or Schedules, are to</p>

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				<p>Articles, sections or Schedules of this Agreement. As used in this Agreement:</p> <p>Tariff, Section 1 (Definitions) <u>Unless the context otherwise specifies or requires, capitalized terms used in this PJM Tariff shall have the respective meanings assigned herein or in the Schedules hereto, or in the PJM Operating Agreement or RAA if not otherwise defined in this PJM Tariff, for all purposes of this PJM Tariff (such definitions to be equally applicable to both the singular and the plural forms of the terms defined). Unless otherwise specified, all references herein to sections, Schedules, Exhibits or Appendices are to sections, Schedules, Exhibits or Appendices of this Agreement.</u></p>
5.	Tariff, Att. K-App., §7.1A.3 (Products)	(i) The periods covered by long-term Financial Transmission Rights auctions shall be: (1) any single Planning Period within the three Planning Period term	(i) The periods covered by long-term Financial Transmission Rights auctions shall be: (1) any single Planning Period within the three Planning Period term	Financial Transmission Rights Obligations are not defined in

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	Operating Agreement, Schedule 1, §7.1A.3 (Products)	covered by the relevant auction; and (2) the three Planning Period term covered by the relevant auction. (ii) On-Peak, off-peak and 24-hour Financial Transmission Rights obligations, as defined in Section 7.3.4 of Schedule 1 of this Agreement, shall be offered in long-term Financial Transmission Rights auctions; Financial Transmission Rights options shall not be offered.	covered by the relevant auction; and (2) the three Planning Period term covered by the relevant auction. (ii) On-Peak, off-peak and 24-hour Financial Transmission Rights <u>O</u> bligations, as <u>defined described</u> in Section 7.3.4 of Schedule 1 of this Agreement, shall be offered in long-term Financial Transmission Rights auctions; Financial Transmission Rights options shall not be offered.	Operating Agreement, Schedule 1, section 7.3.4, and the parallel provision of Tariff, Att. K-Appendix, but they are described there. The correct defined term in Tariff, Part I, section 1 and Operating Agreement, section 1, is Financial Transmission Right Obligation – revisions are being made to use the correct defined term.
6.	Tariff, Att. K-App., §7.4.2 (Auction Revenue Rights) Operating Agreement, Schedule 1, §7.4.2 (Auction Revenue Rights)	(f) A Qualifying Transmission Customer shall be any customer with an agreement for LongTerm Point-to-Point Transmission Service, as defined in the PJM Tariff, used to deliver energy from a designated Network Resource located either outside or within the PJM Region to load located either outside or within the PJM Region, and that was confirmed and in effect during the historical reference year for the Zone in which the resource is located. ... (j) Long-Term Firm Point-to-Point Transmission Service customers that are not Qualifying Transmission Customers and Network Service Users serving Non-Zone Network Load may participate in stage 1 of the annual allocation of Auction Revenue Rights pursuant to Section 7.4.2(a)-(c) of Schedule 1 of this Agreement, subject to the following conditions: ...	(f) A Qualifying Transmission Customer shall be any customer with an agreement for Long-Term <u>Firm</u> Point-to-Point Transmission Service, as defined in the PJM Tariff , used to deliver energy from a designated Network Resource located either outside or within the PJM Region to load located either outside or within the PJM Region, and that was confirmed and in effect during the historical reference year for the Zone in which the resource is located. ... (j) Long-Term Firm Point-to-Point Transmission Service customers that are not Qualifying Transmission Customers and Network Service Users serving Non-Zone Network Load may participate in stage 1 of the annual allocation of Auction Revenue Rights pursuant to Section 7.4.2(a)-(c) of Schedule 1 of this Agreement, subject to the following conditions:	The correct defined term is Long-Term Firm Point-to-Point Transmission Service. See also rationale in item #4 above. An additional change is added that was not in the first reads for the October 2016 GDECS, highlighted in yellow, to correct “Long-Term Firm Point-to-Point Transmission Customers” to Long Term Firm Point-to-Point Transmission Service customers” because “Long-Term Firm Point-to-Point Transmission Customers” is not a defined term. The correct reference is

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		<p>iv. For Long-Term Firm Point-to-Point Transmission Customers requesting stage 1 Auction Revenue Rights pursuant to this subsection 7.4.2(j) , the generation resource(s) designated as source points may include any portion of the generating capacity of such resource(s) that is not, at the time of the request, already identified as a Capacity Resource.</p> <p>...</p> <p>xi. Long-Term Firm Point-to-Point Transmission Customers requesting stage 1 Auction Revenue Rights pursuant to this subsection 7.4.2(j) may request Auction Revenue Rights megawatts up to the lesser of: 1) the customer's Long-Term Firm Point-to-Point Transmission service contract megawatt amount; or 2) the customer's Firm Transmission Withdrawal Rights.</p>	<p>...</p> <p>iv. For Long-Term Firm Point-to-Point Transmission Service cCustomers requesting stage 1 Auction Revenue Rights pursuant to this subsection 7.4.2(j) , the generation resource(s) designated as source points may include any portion of the generating capacity of such resource(s) that is not, at the time of the request, already identified as a Capacity Resource.</p> <p>...</p> <p>xi. Long-Term Firm Point-to-Point Transmission Service cCustomers requesting stage 1 Auction Revenue Rights pursuant to this subsection 7.4.2(j) may request Auction Revenue Rights megawatts up to the lesser of: 1) the customer's Long-Term Firm Point-to-Point Transmission service contract megawatt amount; or 2) the customer's Firm Transmission Withdrawal Rights.</p>	<p>Long Term Firm Point-to-Point Transmission Service, and customers should be lower cased, since "Long-Term Firm Point-to-Point Transmission Customers" is not defined. Therefore, Customer is being changed to customer to reflect that fact.</p>
7.	<p>Tariff, Att. K-App., §7.8 (Elective Upgrade Auction Revenue Rights)</p> <p>Operating Agreement, Schedule 1, §7.8 (Elective Upgrade Auction Revenue Rights)</p>	<p>(a) In addition to any Incremental Auction Revenue Rights (as defined in the PJM Tariff) established under the PJM Tariff, any party may elect to fully fund Network Upgrades (as defined in the PJM Tariff) to obtain Incremental Auction Revenue Rights pursuant to this section, provided that Incremental Auction Revenue Rights granted pursuant to this section shall be simultaneously feasible with outstanding Auction Revenue Rights, which shall include stage 1 and stage 2 Auction Revenue Rights, and against stage 1A Auction Revenue Right capability for the future 10 year period, as determined by the Office of the Interconnection pursuant to Section 7.8(b) of Schedule 1 of this Agreement. A request made pursuant to this section shall specify a source, sink and megawatt amount.</p>	<p>(a) In addition to any Incremental Auction Revenue Rights (as defined in the PJM Tariff) established under the PJM Tariff, any party may elect to fully fund Network Upgrades (as defined in the PJM Tariff) to obtain Incremental Auction Revenue Rights pursuant to this section, provided that Incremental Auction Revenue Rights granted pursuant to this section shall be simultaneously feasible with outstanding Auction Revenue Rights, which shall include stage 1 and stage 2 Auction Revenue Rights, and against stage 1A Auction Revenue Right capability for the future 10 year period, as determined by the Office of the Interconnection pursuant to Section 7.8(b) of Schedule 1 of this Agreement. A request made pursuant to this section shall specify a source, sink and megawatt amount.</p>	<p>See rationale in item #3 above.</p>

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8.	Operating Agreement, Schedule 2 (Components of Cost)	<p>(a) Each Market Participant obligated to sell energy on the PJM Interchange Energy Market at cost-based rates may include the following components or their equivalent in the determination of costs for energy supplied to or from the PJM Region:</p> <p style="padding-left: 40px;"><u>For generating units powered by boilers</u> Firing-up cost Peak-prepared-for maintenance cost</p> <p style="padding-left: 40px;"><u>For generating units powered by machines</u> Starting cost from cold to synchronized operation</p> <p style="padding-left: 40px;"><u>For all generating units</u> Incremental fuel cost Incremental maintenance cost No-load cost during period of operation Incremental labor cost Other incremental operating costs</p> <p>For a generating unit that is subject to operational limitations due to energy or environmental limitations imposed on the generating unit by Applicable Laws and Regulations (as defined in the PJM Tariff), the Market Participant may include in the calculation of its “other incremental operating costs” an amount reflecting the unit-specific Energy Market Opportunity Costs expected to be incurred. . . .</p>	<p>(a) Each Market Participant obligated to sell energy on the PJM Interchange Energy Market at cost-based rates may include the following components or their equivalent in the determination of costs for energy supplied to or from the PJM Region:</p> <p style="padding-left: 40px;"><u>For generating units powered by boilers</u> Firing-up cost Peak-prepared-for maintenance cost</p> <p style="padding-left: 40px;"><u>For generating units powered by machines</u> Starting cost from cold to synchronized operation</p> <p style="padding-left: 40px;"><u>For all generating units</u> Incremental fuel cost Incremental maintenance cost No-load cost during period of operation Incremental labor cost Other incremental operating costs</p> <p>For a generating unit that is subject to operational limitations due to energy or environmental limitations imposed on the generating unit by Applicable Laws and Regulations (as defined in the PJM Tariff), the Market Participant may include in the calculation of its “other incremental operating costs” an amount reflecting the unit-specific Energy Market Opportunity Costs expected to be incurred. . . .</p>	See rationale in item #3 above.
9.	Operating Agreement, Schedule 6, §1.3 (Establishment of	(a) The Planning Committee shall be open to participation by (i) all Transmission Customers, as that term is defined in the PJM Tariff, and applicants for transmission service; (ii) any other entity proposing to provide	(a) The Planning Committee shall be open to participation by (i) all Transmission Customers, as that term is defined in the PJM Tariff , and applicants for transmission service; (ii) any other entity proposing to provide	See rationale in item #4 above.

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	Committees)	<p>Transmission Facilities to be integrated into the PJM Region; (iii) all Members; (iv) the electric utility regulatory agencies within the States in the PJM Region and the State Consumer Advocates; and (v) any other interested entities or persons and shall provide technical advice and assistance to the Office of the Interconnection in all aspects of its regional planning functions. The Transmission Owners shall supply representatives to the Planning Committee, and other Members may provide representatives as they deem appropriate, to provide the data, information, and support necessary for the Office of the Interconnection to perform studies as required and to develop the Regional Transmission Expansion Plan.</p> <p>(b) The Transmission Expansion Advisory Committee established by the Office of the Interconnection will meet periodically with representatives of the Office of the Interconnection to provide advice and recommendations to the Office of the Interconnection to aid in the development of the Regional Transmission Expansion Plan. The Transmission Expansion Advisory Committee participants shall be given an opportunity to provide advice and recommendations for consideration by the Office of the Interconnection regarding sensitivity studies, modeling assumption variations, scenario analyses, and Public Policy Objectives in the studies and analyses to be conducted by the Office of the Interconnection. The Transmission Expansion Advisory Committee participants shall be given the opportunity to review and provide advice and recommendations on the projects to be included in the Regional Transmission Expansion Plan. The Transmission Expansion Advisory Committee meetings shall include discussions addressing interregional planning issues, as required. The Transmission Expansion Advisory Committee shall be open to participation by: (i) all Transmission Customers, as that term is defined in the PJM Tariff, and applicants for</p>	<p>Transmission Facilities to be integrated into the PJM Region; (iii) all Members; (iv) the electric utility regulatory agencies within the States in the PJM Region and the State Consumer Advocates; and (v) any other interested entities or persons and shall provide technical advice and assistance to the Office of the Interconnection in all aspects of its regional planning functions. The Transmission Owners shall supply representatives to the Planning Committee, and other Members may provide representatives as they deem appropriate, to provide the data, information, and support necessary for the Office of the Interconnection to perform studies as required and to develop the Regional Transmission Expansion Plan.</p> <p>(b) The Transmission Expansion Advisory Committee established by the Office of the Interconnection will meet periodically with representatives of the Office of the Interconnection to provide advice and recommendations to the Office of the Interconnection to aid in the development of the Regional Transmission Expansion Plan. The Transmission Expansion Advisory Committee participants shall be given an opportunity to provide advice and recommendations for consideration by the Office of the Interconnection regarding sensitivity studies, modeling assumption variations, scenario analyses, and Public Policy Objectives in the studies and analyses to be conducted by the Office of the Interconnection. The Transmission Expansion Advisory Committee participants shall be given the opportunity to review and provide advice and recommendations on the projects to be included in the Regional Transmission Expansion Plan. The Transmission Expansion Advisory Committee meetings shall include discussions addressing interregional planning issues, as required. The Transmission Expansion Advisory Committee shall be open to participation by: (i) all Transmission Customers, as that term is defined in the PJM Tariff, and applicants for</p>	

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		<p>transmission service; (ii) any other entity proposing to provide Transmission Facilities to be integrated into the PJM Region; (iii) all Members; (iv) the electric utility regulatory agencies within the States in the PJM Region, the Independent State Agencies Committee, and the State Consumer Advocates; and (v) any other interested entities or persons. The Transmission Expansion Advisory Committee shall be governed by the Transmission Expansion Advisory Committee rules and procedures set forth in the PJM Regional Planning Process Manual (PJM Manual M-14 series) and by the rules and procedures applicable to PJM committees.</p> <p>...</p> <p>(e) The Subregional RTEP Committees shall be open to participation by: (i) all Transmission Customers, as that term is defined in the PJM Tariff, and applicants for transmission service; (ii) any other entity proposing to provide Transmission Facilities to be integrated into the PJM Region; (iii) all Members; (iv) the electric utility regulatory agencies within the States in the PJM Region, the Independent State Agencies Committee, and the State Consumer Advocates and (v) any other interested entities or persons.</p>	<p>transmission service; (ii) any other entity proposing to provide Transmission Facilities to be integrated into the PJM Region; (iii) all Members; (iv) the electric utility regulatory agencies within the States in the PJM Region, the Independent State Agencies Committee, and the State Consumer Advocates; and (v) any other interested entities or persons. The Transmission Expansion Advisory Committee shall be governed by the Transmission Expansion Advisory Committee rules and procedures set forth in the PJM Regional Planning Process Manual (PJM Manual M-14 series) and by the rules and procedures applicable to PJM committees.</p> <p>...</p> <p>(e) The Subregional RTEP Committees shall be open to participation by: (i) all Transmission Customers, as that term is defined in the PJM Tariff, and applicants for transmission service; (ii) any other entity proposing to provide Transmission Facilities to be integrated into the PJM Region; (iii) all Members; (iv) the electric utility regulatory agencies within the States in the PJM Region, the Independent State Agencies Committee, and the State Consumer Advocates and (v) any other interested entities or persons.</p>	
10.	Operating Agreement, Schedule 6, §1.9 (Relationship to the PJM Open Access Transmission Tariff)	Nothing herein shall modify the rights and obligations of an Eligible Customer or a Transmission Customer, as those terms are defined in the PJM Tariff, with respect to required studies and completion of necessary enhancements or expansions. An Eligible Customer or Transmission Customer electing to follow the procedures in the PJM Tariff instead of the procedures provided herein, shall also be responsible for the related costs. The enhancement and expansion study process under this Protocol shall be funded as a part of the operating budget of the Office of the Interconnection.	Nothing herein shall modify the rights and obligations of an Eligible Customer or a Transmission Customer, as those terms are defined in the PJM Tariff, with respect to required studies and completion of necessary enhancements or expansions. An Eligible Customer or Transmission Customer electing to follow the procedures in the PJM Tariff instead of the procedures provided herein, shall also be responsible for the related costs. The enhancement and expansion study process under this Protocol shall be funded as a part of the operating budget of the Office of the Interconnection.	See rationale in item #4 above.

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11.	Operating Agreement, Schedule 8, §3 (Implementation of Reliability Assurance Agreement)	With regard to the implementation of the provisions of the Reliability Assurance Agreement, the Office of the Interconnection shall: (a) Receive all required data and forecasts from the parties to the Reliability Assurance Agreement and other owners or providers of Capacity Resources; (b) Perform all calculations and analyses necessary to determine the Forecast Pool Requirement and the capacity obligations imposed under the Reliability Assurance Agreement, including periodic reviews of the capacity benefit margin for consistency with the Reliability Principles and Standards, as the foregoing terms are defined in the Reliability Assurance Agreement;	With regard to the implementation of the provisions of the Reliability Assurance Agreement, the Office of the Interconnection shall: (a) Receive all required data and forecasts from the parties to the Reliability Assurance Agreement and other owners or providers of Capacity Resources; (b) Perform all calculations and analyses necessary to determine the Forecast Pool Requirement and the capacity obligations imposed under the Reliability Assurance Agreement, including periodic reviews of the capacity benefit margin for consistency with the Reliability Principles and Standards, as the foregoing terms are defined in the Reliability Assurance Agreement;	See rationale in item #4 above.
12.	Tariff, Part I, §1 (Definitions) Operating Agreement, § 1 (Definitions)	Energy Market Opportunity Cost: “Energy Market Opportunity Cost” shall mean the difference between (a) the forecasted cost to operate a specific generating unit when the unit only has a limited number of available run hours due to limitations imposed on the unit by Applicable Laws and Regulations (as defined in PJM Tariff), and (b) the forecasted future hourly Locational Marginal Price at which the generating unit could run while not violating such limitations. Energy Market Opportunity Cost therefore is the value associated with a specific generating unit’s lost opportunity to produce energy during a higher valued period of time occurring within the same compliance period, which compliance period is determined by the applicable regulatory authority and is reflected in the rules set forth in PJM Manual 15. Energy Market Opportunity Costs shall be limited to those resources which are specifically delineated in Schedule 2 of the Operating Agreement.	Energy Market Opportunity Cost: “Energy Market Opportunity Cost” shall mean the difference between (a) the forecasted cost to operate a specific generating unit when the unit only has a limited number of available run hours due to limitations imposed on the unit by Applicable Laws and Regulations (as defined in PJM Tariff) , and (b) the forecasted future hourly Locational Marginal Price at which the generating unit could run while not violating such limitations. Energy Market Opportunity Cost therefore is the value associated with a specific generating unit’s lost opportunity to produce energy during a higher valued period of time occurring within the same compliance period, which compliance period is determined by the applicable regulatory authority and is reflected in the rules set forth in PJM Manual 15. Energy Market Opportunity Costs shall be limited to those resources which are specifically delineated in Schedule 2 of the Operating Agreement.	See rationale in item #4 above.
13.	Tariff, Schedule 9-3 (Market Support Service)	... c) For purposes of this Schedule 9-3, a Generation Provider shall be: (i) a Generation Owner, as such term is defined in the Operating Agreement;	... c) For purposes of this Schedule 9-3, a Generation Provider shall be: (i) a Generation Owner, as such term is defined in the Operating Agreement;	Transmission Service Customer is not a defined term. Therefore, Customer is being changed to

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		<p>provided, however, that if a Generation Owner is not the entity credited on PJM's records for the energy input into the Transmission System from the generation facilities owned or leased (with rights equivalent to ownership) by such Generation Owner, as, for example, in the case of a qualifying facility selling energy to a public utility pursuant to section 210 of the Public Utility Regulatory Policies Act of 1978, then, with respect to such energy, the Generation Provider shall be the entity credited on PJM's records for the energy input into the Transmission System from such generation facilities; (ii) a Network Customer or Point-to-Point Transmission Service Customer, with respect to energy arranged by such customer to be delivered for import into the PJM Region; or (iii) a Market Seller (as such term is defined in the Operating Agreement) with respect to energy arranged by such Market Seller to be delivered for import to the boundaries of the PJM Region and for which there is no separately identifiable Transmission Customer. As the term is used in this Schedule 9-3, energy "credited on PJM's records" does not necessarily mean that a monetary credit resulted on any billing statement provided by PJM.</p> <p align="center">...</p>	<p>provided, however, that if a Generation Owner is not the entity credited on PJM's records for the energy input into the Transmission System from the generation facilities owned or leased (with rights equivalent to ownership) by such Generation Owner, as, for example, in the case of a qualifying facility selling energy to a public utility pursuant to section 210 of the Public Utility Regulatory Policies Act of 1978, then, with respect to such energy, the Generation Provider shall be the entity credited on PJM's records for the energy input into the Transmission System from such generation facilities; (ii) a Network Customer or Point-to-Point Transmission Service Customer Customer, with respect to energy arranged by such customer to be delivered for import into the PJM Region; or (iii) a Market Seller (as such term is defined in the Operating Agreement) with respect to energy arranged by such Market Seller to be delivered for import to the boundaries of the PJM Region and for which there is no separately identifiable Transmission Customer. As the term is used in this Schedule 9-3, energy "credited on PJM's records" does not necessarily mean that a monetary credit resulted on any billing statement provided by PJM.</p> <p align="center">...</p>	<p>customer to reflect that fact. See also rationale in item #4 above.</p>
14.	Tariff, Schedule 9-MMU (MMU Funding)	<p align="center">...</p> <p>VOL1 is PJM's estimate of (1) the total quantity in MWhs of energy to be delivered to load (including losses and net of operating Behind The Meter Generation, but not to be less than zero) in the PJM Region or to be exported from such region under Point-to-Point Transmission Service (other than Wheeling-Through Service) or Network Integration Transmission Service during the year for which the charge under this Schedule 9-MMU is being calculated, plus (2) the total quantity in MWhs of energy to be input into the Transmission System by Generation Providers during the year for which the</p>	<p align="center">...</p> <p>VOL1 is PJM's estimate of (1) the total quantity in MWhs of energy to be delivered to load (including losses and net of operating Behind The Meter Generation, but not to be less than zero) in the PJM Region or to be exported from such region under Point-to-Point Transmission Service (other than Wheeling-Through Service) or Network Integration Transmission Service during the year for which the charge under this Schedule 9-MMU is being calculated, plus (2) the total quantity in MWhs of energy to be input into the Transmission System by Generation Providers during the year for which the</p>	<p>See rationale in item #4 above.</p>

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		charge under this Schedule 9-MMU is being calculated plus (3) the total quantity in MWhs of all accepted Increment Offers and accepted Decrement Bids, as defined in the Appendix to Attachment K of this Tariff, and all accepted Up-to Congestion Transactions submitted pursuant to section 1.10.1A(c) of such Appendix, to be submitted during the year for which the charge under this Schedule 9-MMU is being calculated. ...	charge under this Schedule 9-MMU is being calculated plus (3) the total quantity in MWhs of all accepted Increment Offers and accepted Decrement Bids, as defined in the Appendix to Attachment K of this Tariff , and all accepted Up-to Congestion Transactions submitted pursuant to section 1.10.1A(c) of such Appendix, to be submitted during the year for which the charge under this Schedule 9-MMU is being calculated. ...	
15.	Tariff, Schedule 9-PJMSettlement, Inc. Administrative Services	... c) PJMSettlement Market Support Service Rate: PJMSettlement will charge customers using Point-to-Point or Network Integration Transmission Service under the Tariff, Generation Providers, as defined below, and entities that submit offers to sell or bids to buy energy in the PJM Interchange Energy Market each month a charge equal to: the PJMSettlement Market Support Service Rate, as stated below, times the sum of (1) the total quantity in MWhs of energy delivered to load (including losses and net of operating Behind The Meter Generation, but not to be less than zero) in the PJM Region or for export from such region during such month by such user as a customer under Point-to-Point Transmission Service (other than Wheeling-Through Service, as defined below) or Network Integration Transmission Service, plus (2) the total quantity in MWhs of energy input into the Transmission System during such month by such user as a Generation Provider, as defined below, plus (3) the total quantity in MWhs of all accepted Increment Offers and accepted Decrement Bids, and all accepted Up-to Congestion Transactions submitted pursuant to section 1.10.1A(c) of such Appendix, submitted by such user during such month c) PJMSettlement Market Support Service Rate: PJMSettlement will charge customers using Point-to-Point or Network Integration Transmission Service under the Tariff, Generation Providers, as defined below, and entities that submit offers to sell or bids to buy energy in the PJM Interchange Energy Market each month a charge equal to: the PJMSettlement Market Support Service Rate, as stated below, times the sum of (1) the total quantity in MWhs of energy delivered to load (including losses and net of operating Behind The Meter Generation, but not to be less than zero) in the PJM Region or for export from such region during such month by such user as a customer under Point-to-Point Transmission Service (other than Wheeling-Through Service, as defined below) or Network Integration Transmission Service, plus (2) the total quantity in MWhs of energy input into the Transmission System during such month by such user as a Generation Provider, as defined below, plus (3) the total quantity in MWhs of all accepted Increment Offers and accepted Decrement Bids, and all accepted Up-to Congestion Transactions submitted pursuant to section 1.10.1A(c) of such Appendix, submitted by such user during such month ...	See rationale in item #4 above.

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		VOL (Volume) is PJMSettlement's estimate of the sum of (1) the total quantity in MWhs of energy to be delivered to load (including losses and net of operating Behind The Meter Generation, but not to be less than zero) in the PJM Region or to be exported from such region under Point-to-Point Transmission Service (other than Wheeling-Through Service) or Network Integration Transmission Service during the year for which the PJMSettlement Market Support Service Rate is being calculated, plus (2) the total quantity in MWhs of energy to be input into the Transmission System by Generation Providers during the year for which the PJMSettlement Market Support Service Rate is being calculated plus (3) the total quantity in MWhs of all accepted Increment Offers and accepted Decrement Bids, as defined in the Appendix to Attachment K of this Tariff, and all accepted Up-to Congestion Transactions submitted pursuant to section 1.10.1A(c) of such Appendix, to be submitted during the year for which the PJMSettlement Market Support Service Rate is being calculated.	VOL (Volume) is PJMSettlement's estimate of the sum of (1) the total quantity in MWhs of energy to be delivered to load (including losses and net of operating Behind The Meter Generation, but not to be less than zero) in the PJM Region or to be exported from such region under Point-to-Point Transmission Service (other than Wheeling-Through Service) or Network Integration Transmission Service during the year for which the PJMSettlement Market Support Service Rate is being calculated, plus (2) the total quantity in MWhs of energy to be input into the Transmission System by Generation Providers during the year for which the PJMSettlement Market Support Service Rate is being calculated plus (3) the total quantity in MWhs of all accepted Increment Offers and accepted Decrement Bids, as defined in the Appendix to Attachment K of this Tariff, and all accepted Up-to Congestion Transactions submitted pursuant to section 1.10.1A(c) of such Appendix, to be submitted during the year for which the PJMSettlement Market Support Service Rate is being calculated.	
16.	Tariff, Schedule 12A (Rights Associated With Cost Responsibility Assignments for Required)	<p>(b) Incremental Capacity Transfer Rights Associated With Incremental Rights –Eligible Required Transmission Enhancements.</p> <p>...</p> <p>(ii) Determination of Incremental Capacity Transfer Rights Associated with Incremental Rights-Eligible Required Transmission Enhancements: For each Incremental Rights-Eligible Required Transmission Enhancement, the megawatt quantity of the Incremental Capacity Transfer Rights associated with such facility shall be the megawatt increase in Capacity Emergency Transfer Limit (as defined in the Reliability Assurance Agreement) into a Locational Deliverability Area provided by such facility. In the event that an</p>	<p>(b) Incremental Capacity Transfer Rights Associated With Incremental Rights –Eligible Required Transmission Enhancements.</p> <p>...</p> <p>(ii) Determination of Incremental Capacity Transfer Rights Associated with Incremental Rights-Eligible Required Transmission Enhancements: For each Incremental Rights-Eligible Required Transmission Enhancement, the megawatt quantity of the Incremental Capacity Transfer Rights associated with such facility shall be the megawatt increase in Capacity Emergency Transfer Limit (as defined in the Reliability Assurance Agreement) into a Locational Deliverability Area provided by such facility. In the event that an</p>	See rationale in item #4 above.

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		Incremental Rights-Eligible Required Transmission Enhancement provides simultaneous increases in Capacity Emergency Transfer Limits into multiple Locational Deliverability Areas (under capacity emergency study conditions), separate Incremental Capacity Transfer Rights shall be determined for each such Locational Deliverability Area, equal to the respective increase in the Capacity Emergency Transfer Limit into each such Locational Deliverability Area. ...	Incremental Rights-Eligible Required Transmission Enhancement provides simultaneous increases in Capacity Emergency Transfer Limits into multiple Locational Deliverability Areas (under capacity emergency study conditions), separate Incremental Capacity Transfer Rights shall be determined for each such Locational Deliverability Area, equal to the respective increase in the Capacity Emergency Transfer Limit into each such Locational Deliverability Area. ...	
17.	RAA, Article 1 (Definitions)	<p>Zone or Zonal:</p> <p>Zone or Zonal shall refer to an area within the PJM Region, as set forth in Schedule 15, or as such areas may be (i) combined as a result of mergers or acquisitions or (ii) added as a result of the expansion of the boundaries of the PJM Region. A Zone shall include any Non-Zone Network Load (as defined in the PJM Tariff) located outside the PJM Region that is served from such Zone under Schedule H-A of the PJM Tariff.</p>	<p>Zone or Zonal:</p> <p>Zone or Zonal shall refer to an area within the PJM Region, as set forth in Schedule 15, or as such areas may be (i) combined as a result of mergers or acquisitions or (ii) added as a result of the expansion of the boundaries of the PJM Region. A Zone shall include any Non-Zone Network Load (as defined in the PJM Tariff) located outside the PJM Region that is served from such Zone under Schedule H-A of the PJM Tariff.</p>	See rationale in item #4 above.
18.	RAA, Article 1 (Definitions)	<p>Existing Demand Resource:</p> <p>Existing Demand Resource shall mean a Demand Resource for which the Demand Resource Provider has identified existing end-use customer sites that are registered for the current Delivery Year with PJM (even if not registered by such Demand Resource Provider) and that the Demand Resource Provider reasonably expects to have under a contract to reduce load based on PJM dispatch instructions by the start of the Delivery Year for which such resource is offered.</p>	<p>Existing Demand Resource:</p> <p>Existing Demand Resource shall mean a Demand Resource for which the Demand Resource Curtailment Service Provider has identified existing end-use customer sites that are registered for the current Delivery Year with PJM (even if not registered by such Demand Resource Curtailment Service Provider) and that the Demand Resource Curtailment Service Provider reasonably expects to have under a contract to reduce load based on PJM dispatch instructions by the start of the Delivery Year for which such resource is offered.</p>	Demand Resource Provider is not a PJM defined term anymore. PJM removed it as a defined term in a prior FERC filing because the term Demand Resource Provider is synonymous with the term Curtailment Service Provider and there was no need to have two defined terms for the same entity. The correction to remove

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				the term Demand Resource Provider was not made in the referenced filing and thus is proposed to be corrected.
19.	RAA, Article 1 (Definitions)	<p>Planned Demand Resource:</p> <p>Planned Demand Resource shall mean any Demand Resource that does not currently have the capability to provide a reduction in demand or to otherwise control load, but that is scheduled to be capable of providing such reduction or control on or before the start of the Delivery Year for which such resource is to be committed, as determined in accordance with the requirements of Schedule 6. As set forth in Schedules 6 and 8.1 of this Agreement, a Demand Resource Provider submitting a DR Sell Offer Plan shall identify as Planned Demand Resources in such plan all Demand Resources in excess of those that qualify as Existing Demand Resources.</p>	<p>Planned Demand Resource:</p> <p>Planned Demand Resource shall mean any Demand Resource that does not currently have the capability to provide a reduction in demand or to otherwise control load, but that is scheduled to be capable of providing such reduction or control on or before the start of the Delivery Year for which such resource is to be committed, as determined in accordance with the requirements of Schedule 6. As set forth in Schedules 6 and 8.1 of this Agreement, a Demand Resource Curtailment Service Provider submitting a DR Sell Offer Plan shall identify as Planned Demand Resources in such plan all Demand Resources in excess of those that qualify as Existing Demand Resources.</p>	See rationale in item #18 above.
20.	Tariff, Att. DD-1	<p>Preface: The provisions of this Attachment incorporate into the Tariff for ease of reference the provisions of Schedule 6 of the Reliability Assurance Agreement among Load Serving Entities in the PJM Region. As a result, this Attachment will be modified, subject to FERC approval, so that the terms and conditions set forth herein remain consistent with the corresponding terms and conditions of Schedule 6 of the RAA. Capitalized terms used herein that are not otherwise defined in Attachment DD or elsewhere in this Tariff have the meaning set forth in the RAA.</p>	<p>Preface: The provisions of this Attachment incorporate into the Tariff for ease of reference the provisions of Schedule 6 of the Reliability Assurance Agreement among Load Serving Entities in the PJM Region. As a result, this Attachment will be modified, subject to FERC approval, so that the terms and conditions set forth herein remain consistent with the corresponding terms and conditions of Schedule 6 of the RAA. Capitalized terms used herein that are not otherwise defined in Attachment DD or elsewhere in this Tariff have the meaning set forth in the RAA.</p>	Defined terms were moved out of Tariff, Attachment DD and into Tariff, Part I, § 1. Therefore the reference to terms being defined in Attachment DD needs to be corrected.
21.	RAA, Schedule 6 (Procedures For	A-1. A Demand Resource Sell Offer Plan shall consist of a completed template document in the form posted on the PJM website, requiring the	A-1. A Demand Resource Sell Offer Plan shall consist of a completed template document in the form posted on the PJM website, requiring the	See rationale in item #18 above.

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	Demand Resources And Energy Efficiency) Tariff, Att. DD-1	<p>information set forth below and in the PJM Manuals, and a Demand Resource Officer Certification Form signed by an officer of the Demand Resource Provider that is duly authorized to provide such a certification. The Demand Resource Sell Offer Plan must provide information that supports the Demand Resource Provider's intended Demand Resource Sell Offers and demonstrates that the Demand Resources are being offered with the intention that the MW quantity that clears the auction is reasonably expected to be physically delivered through Demand Resource registrations for the relevant Delivery Year. The Demand Resource Sell Offer Plan shall include all Existing Demand Resources and all Planned Demand Resources that the Demand Resource Provider intends to offer into an RPM Auction or include in an FRR Capacity Plan.</p> <p>1. Demand Resource Sell Offer Plan Template. The Demand Resource Sell Offer Plan template, in the form provided on the PJM website, shall require the Demand Resource Provider to provide the following information and such other information as specified in the PJM Manuals:</p> <p>(a) Summary Information. The completed template shall include the Demand Resource Provider's company name, contact information, and the Nominated DR Value in ICAP MWs by Zone/sub-Zone that the Demand Resource Provider intends to offer, stated separately for Existing Demand Resources and Planned Demand Resources. The total Nominated DR Value in MWs for each Zone/sub-Zone shall be the sum of the Nominated DR Value of Existing Demand Resources and the Nominated DR Value of Planned Demand Resources, and shall be the maximum MW amount the Provider intends to offer in the RPM Auction for the indicated Zone/sub-Zone, provided that nothing herein shall preclude the Demand Resource Provider from offering in the auction a lesser amount than the total Nominated DR Value shown in its</p>	<p>information set forth below and in the PJM Manuals, and a Demand Resource Officer Certification Form signed by an officer of the Demand Resource <u>Demand Resource Curtailment Service</u> Provider that is duly authorized to provide such a certification. The Demand Resource Sell Offer Plan must provide information that supports the Demand Resource <u>Demand Resource Curtailment Service</u> Provider's intended Demand Resource Sell Offers and demonstrates that the Demand Resources are being offered with the intention that the MW quantity that clears the auction is reasonably expected to be physically delivered through Demand Resource registrations for the relevant Delivery Year. The Demand Resource Sell Offer Plan shall include all Existing Demand Resources and all Planned Demand Resources that the Demand Resource <u>Demand Resource Curtailment Service</u> Provider intends to offer into an RPM Auction or include in an FRR Capacity Plan.</p> <p>1. Demand Resource Sell Offer Plan Template. The Demand Resource Sell Offer Plan template, in the form provided on the PJM website, shall require the Demand Resource <u>Demand Resource Curtailment Service</u> Provider to provide the following information and such other information as specified in the PJM Manuals:</p> <p>(a) Summary Information. The completed template shall include the Demand Resource <u>Demand Resource Curtailment Service</u> Provider's company name, contact information, and the Nominated DR Value in ICAP MWs by Zone/sub-Zone that the Demand Resource <u>Demand Resource Curtailment Service</u> Provider intends to offer, stated separately for Existing Demand Resources and Planned Demand Resources. The total Nominated DR Value in MWs for each Zone/sub-Zone shall be the sum of the Nominated DR Value of Existing Demand Resources and the Nominated DR Value of Planned Demand Resources, and shall be the maximum MW amount the Provider intends to offer in the RPM Auction for the indicated Zone/sub-Zone, provided that nothing herein shall preclude the Demand Resource <u>Demand Resource Curtailment Service</u> Provider from offering in the auction a</p>	

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		<p>Demand Resource Sell Offer Plan.</p> <p>(b) Existing Demand Resources. The Demand Resource Provider shall identify all Existing Demand Resources by identifying end-use customer sites that are currently registered with PJM (even if not registered by such Demand Resource Provider) and that the Demand Resource Provider reasonably expects to have under a contract to reduce load based on PJM dispatch instructions by the start of the auction Delivery Year.</p> <p>(c) Planned Demand Resources. The Demand Resource Provider shall provide the details of, and key assumptions underlying, the Planned Demand Resource quantities (i.e., all Demand Resource quantities in excess of Existing Demand Resource quantities) contained in the Demand Resource Sell Offer Plan, including:</p> <p>...</p> <p>(iv) End-use customer site-specific information shall be required for any Zones or sub-Zones identified by PJM pursuant to this subsection for the portion, if any, of a Demand Resource Provider's intended offer in such Zones or sub-Zones that exceeds a Sell Offer threshold determined pursuant to this subsection, as any such excess quantity under such conditions should reflect Planned Demand Resources from end-use customer sites that the Provider has a high degree of certainty it will physically deliver for the subject Delivery Year. In accordance with the procedures in subsection A-1(3) below, PJM shall identify, as requiring site-specific information, all Zones and sub-Zones that comprise any LDA group (from a list of LDA groups stated in the PJM</p>	<p>lesser amount than the total Nominated DR Value shown in its Demand Resource Sell Offer Plan.</p> <p>(b) Existing Demand Resources. The Demand Resource <u>Curtailment Service</u> Provider shall identify all Existing Demand Resources by identifying end-use customer sites that are currently registered with PJM (even if not registered by such Demand Resource <u>Curtailment Service</u> Provider) and that the Demand Resource <u>Curtailment Service</u> Provider reasonably expects to have under a contract to reduce load based on PJM dispatch instructions by the start of the auction Delivery Year.</p> <p>(c) Planned Demand Resources. The Demand Resource <u>Curtailment Service</u> Provider shall provide the details of, and key assumptions underlying, the Planned Demand Resource quantities (i.e., all Demand Resource quantities in excess of Existing Demand Resource quantities) contained in the Demand Resource Sell Offer Plan, including:</p> <p>...</p> <p>(iv) End-use customer site-specific information shall be required for any Zones or sub-Zones identified by PJM pursuant to this subsection for the portion, if any, of a Demand Resource <u>Curtailment Service</u> Provider's intended offer in such Zones or sub-Zones that exceeds a Sell Offer threshold determined pursuant to this subsection, as any such excess quantity under such conditions should reflect Planned Demand Resources from end-use customer sites that the Provider has a high degree of certainty it will physically deliver for the subject Delivery Year. In accordance with the procedures in subsection</p>	

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		<p>Manuals) in which [the quantity of cleared Demand Resources from the most recent Base Residual Auction] plus [the quantity of Demand Resources included in FRR Capacity Plans for the Delivery Year addressed by the most recent Base Residual Auction] in any Zone or sub-Zone of such LDA group exceeds the greater of:</p> <ul style="list-style-type: none"> ● the maximum Demand Resources quantity registered with PJM for such Zone for any Delivery Year from the current (at time of plan submission) Delivery Year and the two preceding Delivery Years; and ● the potential Demand Resource quantity for such Zone estimated by PJM based on an independent published assessment of demand response potential that is reasonably applicable to such Zone, as identified in the PJM Manuals. For each such Zone and sub-Zone, the Sell Offer threshold for each Demand Resource Provider shall be the higher of: <ul style="list-style-type: none"> ● the Demand Resource Provider's maximum Demand Resource quantity registered with PJM for such Zone/sub-Zone over the current Delivery Year (at the time of plan submission) and two preceding Delivery Years; ● the Demand Resource Provider's maximum for any single Delivery Year of [such provider's cleared Demand Resource quantity] plus [such provider's quantity of Demand Resources included in FRR Capacity Plans] from the three forward Delivery Years addressed by the three most recent Base Residual Auctions for such Zone/sub-Zone; and ● 10 MW. <p>(d) Schedule. The Demand Resource Provider shall provide an approximate timeline for procuring end-use customer sites as needed to physically deliver</p>	<p>A-1(3) below, PJM shall identify, as requiring site-specific information, all Zones and sub-Zones that comprise any LDA group (from a list of LDA groups stated in the PJM Manuals) in which [the quantity of cleared Demand Resources from the most recent Base Residual Auction] plus [the quantity of Demand Resources included in FRR Capacity Plans for the Delivery Year addressed by the most recent Base Residual Auction] in any Zone or sub-Zone of such LDA group exceeds the greater of:</p> <ul style="list-style-type: none"> ● the maximum Demand Resources quantity registered with PJM for such Zone for any Delivery Year from the current (at time of plan submission) Delivery Year and the two preceding Delivery Years; and ● the potential Demand Resource quantity for such Zone estimated by PJM based on an independent published assessment of demand response potential that is reasonably applicable to such Zone, as identified in the PJM Manuals. For each such Zone and sub-Zone, the Sell Offer threshold for each Demand Resource <u>Curtailment Service</u> Provider shall be the higher of: <ul style="list-style-type: none"> ● the Demand Resource <u>Curtailment Service</u> Provider's maximum Demand Resource quantity registered with PJM for such Zone/sub-Zone over the current Delivery Year (at the time of plan submission) and two preceding Delivery Years; ● the Demand Resource <u>Curtailment Service</u> Provider's maximum for any single Delivery Year of [such provider's cleared Demand Resource quantity] plus [such provider's quantity of Demand Resources included in FRR Capacity Plans] from the three forward Delivery Years addressed by the three most recent Base Residual Auctions for such Zone/sub-Zone; and 	

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		<p>the total Nominated DR Value (for both Existing Demand Resources and Planned Demand Resources) by Zone/sub-Zone in the Demand Resource Sell Offer Plan. The Demand Resource Provider must specify the cumulative number of customers and the cumulative Nominated DR Value associated with each end-use customer segment within each Zone/sub-Zone that the Demand Resource Provider expects (at the time of plan submission) to have under contract as of June 1 each year between the time of the auction and the subject Delivery Year.</p> <p>2. Demand Resource Officer Certification Form. Each Demand Resource Sell Offer Plan must include a Demand Resource Officer Certification, signed by an officer of the Demand Resource Provider that is duly authorized to provide such a certification, in the form shown in the PJM Manuals, which form shall include the following certifications:</p> <p>(a) that the signing officer has reviewed the Demand Resource Sell Offer Plan and the information supplied to PJM in support of the Plan is true and correct as of the date of the certification; and</p> <p>(b) that the Demand Resource Provider is submitting the Plan with the reasonable expectation, based upon its analyses as of the date of the certification, to physically deliver all megawatts that clear the RPM Auction through Demand Resource registrations by the specified Delivery Year.</p> <p>As set forth in the form provided in the PJM manuals, the certification shall specify that it does not in any way abridge, expand, or otherwise modify the current provisions of the PJM Tariff, Operating Agreement and/or RAA, or the</p>	<ul style="list-style-type: none"> ● 10 MW. <p>(d) Schedule. The Demand Resource <u>Curtailment Service</u> Provider shall provide an approximate timeline for procuring end-use customer sites as needed to physically deliver the total Nominated DR Value (for both Existing Demand Resources and Planned Demand Resources) by Zone/sub-Zone in the Demand Resource Sell Offer Plan. The Demand Resource <u>Curtailment Service</u> Provider must specify the cumulative number of customers and the cumulative Nominated DR Value associated with each end-use customer segment within each Zone/sub-Zone that the Demand Resource <u>Curtailment Service</u> Provider expects (at the time of plan submission) to have under contract as of June 1 each year between the time of the auction and the subject Delivery Year.</p> <p>2. Demand Resource Officer Certification Form. Each Demand Resource Sell Offer Plan must include a Demand Resource Officer Certification, signed by an officer of the Demand Resource <u>Curtailment Service</u> Provider that is duly authorized to provide such a certification, in the form shown in the PJM Manuals, which form shall include the following certifications:</p> <p>(a) that the signing officer has reviewed the Demand Resource Sell Offer Plan and the information supplied to PJM in support of the Plan is true and correct as of the date of the certification; and</p> <p>(b) that the Demand Resource <u>Curtailment Service</u> Provider is submitting the Plan with the reasonable expectation, based upon its analyses as of the date of the certification, to physically deliver all megawatts that clear the RPM</p>	

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		<p>Demand Resource Provider's rights and obligations thereunder, including the Demand Resource Provider's ability to adjust capacity obligations through participation in PJM incremental auctions and bilateral transactions.</p> <p>3. Procedures. No later than December 1 prior to the Base Residual Auction for a Delivery Year, PJM shall post to the PJM website a list of Zones and sub-Zones, if any, for which end-use customer site-specific information shall be required under the conditions specified in subsection A-1(1)(c)(iv) above for all RPM Auctions conducted for such Delivery Year. Once so identified, a Zone or sub-Zone shall remain on the list for future Delivery Years until the threshold determined under subsection A-1(1)(c)(iv) above is not exceeded for three consecutive Delivery Years. No later than 15 business days prior to the RPM Auction in which a Demand Resource Provider intends to offer a Demand Resource, the Demand Resource Provider shall submit to PJM a completed Demand Resource Sell Offer Plan template and a Demand Resource Officer Certification Form signed by a duly authorized officer of the Provider. PJM will review all submitted DR Sell Offer Plans. No later than 10 business days prior to the subject RPM Auction, PJM shall notify any Demand Resource Providers that have identified the same end-use customer site(s) in their respective DR Sell Offer Plans for the same Delivery Year. In such event, the MWs associated with such site(s) will not be approved for inclusion in a Sell Offer in an RPM Auction by any of the Demand Resource Providers, unless a Demand Resource Provider provides a letter of support from the end-use customer indicating that it is likely to execute a contract with that Demand Resource Provider for the relevant Delivery Year, or provides other comparable evidence of likely commitment. Such letter of support or other supporting evidence must be provided to PJM no later than 7 business days prior to the subject RPM Auction. If an end-use customer provides letters of</p>	<p>Auction through Demand Resource registrations by the specified Delivery Year.</p> <p>As set forth in the form provided in the PJM manuals, the certification shall specify that it does not in any way abridge, expand, or otherwise modify the current provisions of the PJM Tariff, Operating Agreement and/or RAA, or the Demand Resource <u>Curtailment Service</u> Provider's rights and obligations thereunder, including the Demand Resource <u>Curtailment Service</u> Provider's ability to adjust capacity obligations through participation in PJM incremental auctions and bilateral transactions.</p> <p>3. Procedures. No later than December 1 prior to the Base Residual Auction for a Delivery Year, PJM shall post to the PJM website a list of Zones and sub-Zones, if any, for which end-use customer site-specific information shall be required under the conditions specified in subsection A-1(1)(c)(iv) above for all RPM Auctions conducted for such Delivery Year. Once so identified, a Zone or sub-Zone shall remain on the list for future Delivery Years until the threshold determined under subsection A-1(1)(c)(iv) above is not exceeded for three consecutive Delivery Years. No later than 15 business days prior to the RPM Auction in which a Demand Resource <u>Curtailment Service</u> Provider intends to offer a Demand Resource, the Demand Resource <u>Curtailment Service</u> Provider shall submit to PJM a completed Demand Resource Sell Offer Plan template and a Demand Resource Officer Certification Form signed by a duly authorized officer of the Provider. PJM will review all submitted DR Sell Offer Plans. No later than 10 business days prior to the subject RPM Auction, PJM shall notify any Demand Resource <u>Curtailment Service</u> Providers that have identified the same end-use customer site(s) in their respective DR Sell Offer Plans for the same Delivery Year. In such event, the MWs associated with such site(s) will not be approved for inclusion in a Sell</p>	

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		<p>support for the same site for the same Delivery Year to multiple Demand Resource Providers, the MWs associated with such end-use customer site shall not be approved as a Demand Resource for any of the Demand Resource Providers. No later than 5 business days prior to the subject RPM Auction, PJM will notify each Demand Resource Provider of the approved Demand Resource quantity, by Zone/sub-Zone, that such Demand Resource Provider is permitted to offer into such RPM Auction.</p>	<p>Offer in an RPM Auction by any of the Demand Resource Curtailment Service Providers, unless a Demand Resource Curtailment Service Provider provides a letter of support from the end-use customer indicating that it is likely to execute a contract with that Demand Resource Curtailment Service Provider for the relevant Delivery Year, or provides other comparable evidence of likely commitment. Such letter of support or other supporting evidence must be provided to PJM no later than 7 business days prior to the subject RPM Auction. If an end-use customer provides letters of support for the same site for the same Delivery Year to multiple Demand Resource Curtailment Service Providers, the MWs associated with such end-use customer site shall not be approved as a Demand Resource for any of the Demand Resource Curtailment Service Providers. No later than 5 business days prior to the subject RPM Auction, PJM will notify each Demand Resource Curtailment Service Provider of the approved Demand Resource quantity, by Zone/sub-Zone, that such Demand Resource Curtailment Service Provider is permitted to offer into such RPM Auction.</p>	
22.	Operating Agreement, Schedule 2, § (a) (Components of Cost)	<p>Each Market Participant obligated to sell energy on the PJM Interchange Energy Market at cost-based rates may include the following components or their equivalent in the determination of costs for energy supplied to or from the PJM Region:</p> <p><u>For generating units powered by boilers</u> Firing-up cost Peak-prepared-for maintenance cost</p> <p><u>For generating units powered by machines</u> Starting cost from cold to synchronized operation <u>For all generating units</u></p>	<p>Each Market Participant obligated to sell energy on the PJM Interchange Energy Market at cost-based rates may include the following components or their equivalent in the determination of costs for energy supplied to or from the PJM Region:</p> <p><u>For generating units powered by boilers</u> Firing-up cost Peak-prepared-for maintenance cost</p> <p><u>For generating units powered by machines</u> Starting cost from cold to synchronized operation</p>	<p>Minor formatting change to correct a formatting error that was created when PJM submitted its compliance filing in Docket No. ER16-372-002 that caused to be deleted the spacing between the category of costs under “For generating units power by machines” and “For all generating units” and for the underline for “For all generating</p>

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		Incremental fuel cost Incremental maintenance cost No-load cost during period of operation Incremental labor cost Other incremental operating costs	<u>For all generating units</u> Incremental fuel cost Incremental maintenance cost No-load cost during period of operation Incremental labor cost Other incremental operating costs	units” to be deleted in error. These are not substantive changes – they are being made simply to correct the formatting errors that were inadvertently created in the referenced docket.
23.	Tariff, Att. K-App., §3.2.3(g) (Operating Reserves) Operating Agreement, Schedule 1, §3.2.3 (Operating Reserves)	(g) The sum of the foregoing credits, plus any cancellation fees paid in accordance with Section 1.10.2(d), such cancellation fees to be applied to the Operating Day for which the unit was scheduled, plus any shortfalls paid pursuant to the Market Settlement provision of the real-time Economic Load Response Program, less any payments received from another Control Area for Operating Reserves, plus any redispatch costs incurred in accordance with section 10(a) of this Schedule, shall be the cost of Operating Reserves for the Real-time Energy Market in each Operating Day.	(g) The sum of the foregoing credits, plus any cancellation fees paid in accordance with Section 1.10.2(d), such cancellation fees to be applied to the Operating Day for which the unit was scheduled, plus any shortfalls paid pursuant to the Market Settlement provision of the real-time Economic Load Response Program, less any payments received from another Control Area for Operating Reserves, plus any redispatch costs incurred in accordance with section 10(a) of this Schedule, shall be the cost of Operating Reserves for the Real-time Energy Market in each Operating Day.	Section 10a was removed due to ATSI integration per FERC Order on Docket # ER11-3491-000. Reference to section 10(a) is therefore no longer accurate and needs to be removed.
24.	Tariff, Part I, § 1 (definitions) Operating Agreement, §1 (definitions)	N/A	<u>Cold/Warm/Hot Notification Time:</u> <u>“Cold/Warm/Hot Notification Time” shall mean the time interval between PJM notification and the beginning of the start sequence for a generating unit that is currently in its cold/warm/hot temperature state. The start sequence may include steps such as any valve operation, starting feed water pumps, startup of auxiliary equipment, etc.</u> <u>Cold/Warm/Hot Start-up Time:</u> <u>For all generating units that are not combined cycle units, “Cold/Warm/Hot Start-up Time” shall mean the time interval, measured in hours, from the</u>	These new definitions mirror Manual 11 definitions that were approved by stakeholders in June 2016. The terms are currently listed as limited parameters in Operating Agreement, Schedule 1, section 6.6, and the parallel provisions of Tariff, Attachment K-Appendix. However, there are no formal definitions for these terms in any of PJM’s governing documents

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			<p><u>beginning of the start sequence to the point after generator breaker closure, which is typically indicated by telemetered or aggregated State Estimator megawatts greater than zero for a generating unit in its cold/warm/hot temperature state. For combined cycle units, "Cold/Warm/Hot Start-up Time" shall mean the time interval from the beginning of the start sequence to the point after first combustion turbine generator breaker closure in its cold/warm/hot temperature state, which is typically indicated by telemetered or aggregated State Estimator megawatts greater than zero. For all generating units, the start sequence may include steps such as any valve operation, starting feed water pumps, startup of auxiliary equipment, etc. Other more detailed actions that could signal the beginning of the start sequence could include, but are not limited to, the operation of pumps, condensers, fans, water chemistry evaluations, checklists, valves, fuel systems, combustion turbines, starting engines or systems, maintaining stable fuel/air ratios, and other auxiliary equipment necessary for startup.</u></p> <p><u>Minimum Run Time:</u></p> <p><u>For all generating units that are not combined cycle units, "Minimum Run Time" shall mean the minimum number of hours a unit must run, in real-time operations, from the time after generator breaker closure, which is typically indicated by telemetered or aggregated State Estimator megawatts greater than zero, to the time of generator breaker opening, as measured by PJM's State Estimator. For combined cycle units, "Minimum Run Time" shall mean the time period after the first combustion turbine generator breaker closure, which is typically indicated by telemetered or aggregated State Estimator megawatts greater than zero, and the last generator breaker opening as measured by PJM's State Estimator.</u></p>	<p>Accordingly, PJM is adding substantive definitions for these terms in the definitions sections of the Tariff and Operating Agreement. Also, clerical changes will be needed to the text in the Tariff and Operating Agreement where Start-up Time and Notification Time are listed because the existing terms do not contain the appropriate "Cold/Warm/Hot" language that are reflected in the proposed definition.</p>

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			<p><u>Turn Down Ratio:</u></p> <p><u>“Turn Down Ratio” shall mean the ratio of a generating unit’s economic maximum megawatts to its economic minimum megawatts.</u></p> <p><u>Minimum Down Time:</u></p> <p><u>For all generating units that are not combined cycle units, “Minimum Down Time” shall mean the minimum number of hours under normal operating conditions between unit shutdown and unit startup, calculated as the shortest time difference between the unit’s generator breaker opening and after the unit’s generator breaker closure, which is typically indicated by telemetered or aggregated state estimator MWs greater than zero. For combined cycle units, “Minimum Down Time” shall mean the minimum number of hours between the last generator breaker opening and after first combustion turbine generator breaker closure, which is typically indicated by telemetered or aggregated State Estimator megawatts greater than zero.</u></p> <p><u>Maximum Daily Starts:</u></p> <p><u>“Maximum Daily Starts” shall mean the maximum number of times that a generating unit can be started in an Operating Day under normal operating conditions.</u></p> <p><u>Maximum Weekly Starts:</u></p> <p><u>“Maximum Weekly Starts” shall mean the maximum number of times that a</u></p>	

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			<p><u>generating unit can be started in one week, defined as the 168 hour period starting Monday 0001 hour, under normal operating conditions.</u></p> <p><u>Maximum Run Time:</u></p> <p><u>“Maximum Run Time” shall mean the maximum number of hours a generating unit can run over the course of an Operating Day, as measured by PJM’s State Estimator.</u></p>	
25.	Tariff, Part I, section 1 (Definitions)	“Virtual Transactions Net Activity” shall mean the aggregate net total, resulting from Virtual Transactions, of (i) Spot Market Energy charges, (ii) Transmission Congestion Charges, and (iii) Transmission Loss Charges, calculated as set forth in Attachment K-Appendix. Virtual Transactions Net Activity may be positive or negative.	“Virtual Transactions Net Activity” shall mean the aggregate net total, resulting from Virtual Transactions, of (i) Spot Market Energy charges, (ii) Transmission Congestion Charges, and (iii) Transmission Loss Charges, calculated as set forth in <u>Tariff</u> , Attachment K-Appendix. Virtual Transactions Net Activity may be positive or negative.	Adding language to clarify that reference is to Tariff, Attachment K-Appendix
26.	Tariff, Part I, § 1 (Definitions)	N/A	<p><u>Voltage Reduction Warning</u></p> <p><u>“Voltage Reduction Warning” shall mean a notification from PJM to warn Members that PJM’s available Synchronized Reserve is less than the Synchronized Reserve Requirement and that present operations have deteriorated such that a voltage reduction may be required.</u></p> <p><u>Voltage Reduction Action</u></p> <p><u>“Voltage Reduction Action” shall mean a notification during capacity deficient conditions in which PJM notifies Members to reduce voltage on the distribution system in order to reduce demand and therefore provide a sufficient amount of reserves, maintain tie flow schedules and preserve limited energy sources.</u></p>	The terms Voltage Reduction Warning, Voltage Reduction Action, Primary Reserve Alert, Voltage Reduction Alert, Manual Load Dump Warning, and Manual Load Dump Action are used in the Tariff and OA but are not defined. New definitions are based on existing definitions in Manual 13 and were reviewed with PJM SMEs to ensure they accurately describe each

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			<p><u>Primary Reserve Alert</u> <u>"Primary Reserve Alert" shall mean a notification from PJM to alert Members of an anticipated shortage of Operating Reserve capacity for a future critical period.</u></p> <p><u>Voltage Reduction Alert</u> <u>"Voltage Reduction Alert" shall mean a notification from PJM to alert Members that a voltage reduction may be required during a future critical period.</u></p> <p><u>Manual Load Dump Warning</u> <u>"Manual Load Dump Warning" shall mean a notification from PJM to warn Members of an increasingly critical condition of present operations that may require manually dumping load.</u></p> <p><u>Manual Load Dump Action</u> <u>"Manual Load Dump Action" shall mean an Operating Instruction, as defined by NERC, from PJM to shed firm load when the PJM Region cannot provide adequate capacity to meet the PJM Region's load and tie schedules, or to alleviate critically overloaded transmission lines or other equipment.</u></p>	applicable action.
26.	Tariff, Att.K-Appx, § 3.2.3(o) ("Operating Reserves") Operating Agreement, Schedule 1, § 3.2.3(o)	(o) Dispatchable pool-scheduled generation resources and dispatchable self-scheduled generation resources that follow dispatch shall not be assessed balancing Operating Reserve deviations. Pool-scheduled generation resources and dispatchable self-scheduled generation resources that do not follow dispatch shall be assessed balancing Operating Reserve deviations in accordance with the calculations described in the PJM Manuals. Ramp-limited	(o) Dispatchable pool-scheduled generation resources and dispatchable self-scheduled generation resources that follow dispatch shall not be assessed balancing Operating Reserve deviations. Pool-scheduled generation resources and dispatchable self-scheduled generation resources that do not follow dispatch shall be assessed balancing Operating Reserve deviations in accordance with the calculations described below and in the PJM Manuals.	Specific calculations for determining deviations under a variety of circumstances are described in more depth further below in section 3.2.3(o). Accordingly, the proposed

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	("Operating Reserves")	desired MW values shall be used to determine generation resource real-time deviations from the resource's day-ahead schedules.	Ramp-limited desired MW values shall be used to determine generation resource real-time deviations from the resource's day-ahead schedules.	revisions will make the section clearer and will reduce any ambiguity.