

Definitions C - D

1.6 Capacity Resource.

“Capacity Resource” have the meaning provided in the Reliability Assurance Agreement.

1.6A Consolidated Transmission Owners Agreement.

“Consolidated Transmission Owners Agreement” dated as of December 15, 2005, by and among the Transmission Owners and by and between the Transmission Owners and PJM Interconnection, L.L.C.

1.7 Control Area.

“Control Area” shall mean an electric power system or combination of electric power systems bounded by interconnection metering and telemetry to which a common automatic generation control scheme is applied in order to:

- (a) match the power output of the generators within the electric power system(s) and energy purchased from entities outside the electric power system(s), with the load within the electric power system(s);
- (b) maintain scheduled interchange with other Control Areas, within the limits of Good Utility Practice;
- (c) maintain the frequency of the electric power system(s) within reasonable limits in accordance with Good Utility Practice and the criteria of NERC and each Applicable Regional Entity;
- (d) maintain power flows on transmission facilities within appropriate limits to preserve reliability; and
- (e) provide sufficient generating capacity to maintain operating reserves in accordance with Good Utility Practice.

1.7.01 Control Zone.

“Control Zone” shall mean one Zone or multiple contiguous Zones, as designated in the PJM Manuals.

1.7.01a Counterparty.

“Counterparty” shall mean PJMSettlement as the contracting party, in its name and own right and not as an agent, to an agreement or transaction with Market Participants or other entities, including the agreements and transactions with customers regarding transmission service and other transactions under the PJM Tariff and this Operating Agreement. PJMSettlement shall not be a counterparty to (i)

any bilateral transactions between Market Participants, or (ii) with respect to self-supplied or self-scheduled transactions reported to the Office of the Interconnection.

1.7.02 Default Allocation Assessment.

“Default Allocation Assessment” shall mean the assessment determined pursuant to section 15.2.2 of this Agreement.

1.7.03 Demand Resource.

“Demand Resource” shall have the meaning provided in the Reliability Assurance Agreement.

1.7A Designated Entity:

The entity designated by the Office of the Interconnection with the responsibility to construct, own, operate, maintain and finance Immediate-need Reliability Projects, Short-term Projects and Long-lead Projects pursuant to Section 1.5.8 of Schedule 6 of this Agreement.

~~[Reserved].~~

1.7B [Reserved].