

**[PJM-MC] Communication to Members re: Upcoming RPM 2012/2013
Base Residual Auction Scheduled to Open on May 4, 2009
Notification must be sent to rpm_hotline@pjm.com**

Dear Members,

This is a communication to Market Participants that plan to offer Planned External/Internal Generation Resources, Planned Demand Resources, Qualified Transmission Upgrades into the auction, or request Incremental Capacity Transfer Rights for the upcoming 2012/2013 Base Residual Auction. Please refer to the particular section for specific guidelines, milestones and deadlines for each of the different planned resources that can participate in the upcoming auction.

Any questions and notifications can be sent to the rpm_hotline@pjm.com

Also the RPM Auction Schedule may be accessed at <http://www.pjm.com/markets-and-operations/rpm/~media/markets-ops/rpm/rpm-auction-info/20080319-rpm-auction-schedule.ashx>

1. Planned (External/ Internal) Generation Resources: At a minimum, an **executed System Impact Study Agreement** for a Planned Internal Generation Resource (or an equivalent for Planned External Generation Resource) must be received by PJM no later than **April 30, 2009** in order for PJM to proceed with approving the Planned Generation Resource for participation in the 2012/2013 Base Residual Auction.

PJM requests Market Participants that want to offer a Planned Generation Resource in the 2012/2013 Base Residual Auction to provide advance notification of their intent to offer by **February 27, 2009**. The purpose of the advance notification is to provide PJM with enough time to process and execute a System Impact Study Agreement for a Planned Internal Generation Resource and review a submitted equivalent System Impact Study for Planned External Generation Resources by the established deadline. An advance notification, however, will not require PJM to process an interconnection request or perform studies more quickly than provided for in the PJM Tariff. PJM's ability to execute the System Impact Study Agreement by the deadline will depend on the position of the resource in the **U4-queue (or earlier queue)** and the status of the studies. There will be no fines or administrative penalties imposed by PJM on a Market Participant if it provides PJM with advance notification of its intent to offer and the Market Participant does not actually offer the Planned Generation Resource in the auction.

A Planned Internal Generation Resource that is 20 MW or less may request an exemption from any queue requirement if the request is submitted to PJM by **February 27, 2009**. Such requests may be granted at the Transmission Provider's discretion, and the Transmission Provider will utilize reasonable efforts to ensure the necessary agreements are in place.

2. Planned Demand Resources: Providers of Planned Demand Resources that include Direct Load Control projects or other large-scale Demand Response implementations must provide a timeline by **March 20, 2009** (45 days prior to the Base Residual Auction) that includes the key milestones that demonstrate to PJM's satisfaction that the Planned Demand Resources will be available for the start of the Delivery Year.

All Planned Demand Resources are subject to the RPM Credit Requirement, and must post the applicable credit by **April 24, 2009** prior to the start of the Base Residual Auction. All new Demand Resources must be modeled and have capacity assigned through a Demand Resource Modification transaction no later than **5:00 PM on Friday, May 1st** to be eligible to offer into the 2012/2013 Base Residual Auction.

3. Qualified Transmission Upgrades (QTU): Certification of an increase in import capability must be completed no later than **March 20, 2009** (45 days prior to the Base Residual Auction) for a QTU to participate in the 2012/2013 Base Residual Auction.

PJM requests Market Participants that want to offer a QTU in the 2012/2013 Base Residual Auction to provide advance notification of their intent to offer by **February 13, 2009**. The QTU must have, at a minimum, an **executed Facilities Study Agreement** in place before the certification, which will occur no later than March 20, 2009. The purpose of the advance notification is to provide PJM with enough time to determine the increase in import capability by the established deadline; however, the advance notification will not obligate PJM to deviate from the timeframes for processing studies in the PJM Tariff. PJM will complete the studies associated with a QTU in accordance with the PJM Tariff. There will be no fines or administrative penalties imposed by PJM on a Market Participant if it provides PJM with advance notification of its intent to offer and the Market Participant does not actually offer the QTU in the auction.

4. Incremental Capacity Transfer Rights (ICTRs): Certification of an increase in import capability associated with Merchant Transmission Facilities or a Customer-Funded Upgrade (or advancements of a transmission facility or upgrade) must be completed no later than **March 20, 2009** (45 days prior to Base Residual Auction) to request ICTRs for the 2012/2013 Delivery Year.

PJM requests that Market Participants that want to request ICTRs for the 2012/2013 Delivery Year provide advance notification of their intent by **February 13, 2009**. The purpose of the advance notification is to provide PJM with enough time to determine the ICTRs by the established deadline of March 20, 2009; however, the advance notification will not require PJM to deviate from the PJM Tariff provisions regarding the processing of new services requests. PJM will complete the studies associated with Merchant Transmission Facilities or Customer-Funded Upgrades (or advancements of a transmission facility or upgrade) in accordance with the PJM Tariff. There will be no fines or administrative penalties imposed by PJM on a Market Participant if it provides PJM with advance notification of its intent to request ICTRs for a Merchant Transmission Facility or Customer-Funded Upgrade and the Market Participant does not actually proceed with the transmission upgrade and request for ICTRs.

By March 20, 2009, PJM will certify the ICTRs for those Merchant Transmission Facilities and Customer-Funded Upgrades (or advancements of transmission facilities and upgrades) that (i) requested ICTRs for the 2012/2013 Delivery Year, and (ii) at a minimum, have an associated **executed Facilities Study Agreement**.

An **executed Upgrade Construction Service Agreement (UCSA) or Interconnection Service Agreement (ISA)** for the transmission facilities or upgrades must be received by PJM no later than **April 3, 2009** in order for the network transmission upgrade to be eligible to receive ICTRs for 2012/2013 Delivery Year.

The Market Participants who were awarded ICTRs for the Delivery Years prior to 2012/2013 need not request them again.