

Participation of Planned Resources in RPM 2016/2017 Base Residual Auction (BRA)

The 2016/2017 RPM BRA opens on May 13, 2013. This communication is directed to Market Participants that plan to offer Planned External/Internal Generation Resources, Planned Demand Resources, Energy Efficiency Resources, Qualifying Transmission Upgrades, and Price Responsive Demand into the 2016/2017 Base Residual Auction, or to request Incremental Capacity Transfer Rights effective starting with the 2016/2017 Delivery Year.

The 2016/17 BRA Planning Period Parameters will be posted by February 1, 2013 under Delivery Year 2016/2017 at <http://www.pjm.com/markets-and-operations/rpm/rpm-auction-user-info.aspx>. The RPM Schedule, with important RPM deadlines, can be found at <http://www.pjm.com/~media/markets-ops/rpm/rpm-auction-info/rpm-auction-schedule.aspx>.

The following table summarizes the activities and corresponding deadlines for planned resource participation in 2016/2017 Base Residual Auction and the activities and deadlines associated with a customer-funded upgrade requesting Incremental Capacity Transfer Rights.

Resource Type	Activity	Deadline
Planned (External/Internal) Generation (includes upgrades to existing generation)	Notification of Intent to Offer	March 1, 2013 (Resources in Y2 queue or earlier)
	Request with full documentation for exception to Minimum Offer Price Rule (MOPR)	January 13, 2013
	Executed Impact Study Agreement	April 26, 2013
	PJM Provisional Approval of Cap Mod Transaction	5:00 PM on Thursday, May 9, 2013
Planned Demand Resource	DR Plan Documentation	April 19, 2013
	PJM Provisional Approval of DR Mod Transaction	5:00 PM on Thursday, May 9, 2013
Energy Efficiency Resource	Initial/Updated Measurement & Verification Plan	April 13, 2013
	PJM Provisional Approval of EE Mod Transaction	5:00 PM on Thursday, May 9, 2013

Qualifying Transmission Upgrade (QTU)	Notification of Intent to Offer	February 15, 2013
	Executed Facilities Study Agreement	March 29, 2013
	PJM Certification of Increase in Import Capability	March 29, 2013
Price Responsive Demand (PRD)	Submit PRD Plan Documentation	January 15, 2013
Incremental Capacity Transfer Rights (ICTRs) associated with Customer-Funded Upgrades	Notification of Intent to Request Incremental Capacity Transfer Rights (ICTRs)	February 15, 2013
	Executed Facilities Study Agreement	March 29, 2013
	PJM Certification of Increase in Import Capability	March 29, 2013
	Executed Upgrade Construction Service Agreement (UCSA) or Interconnection Service Agreement (ISA)	April 10, 2013

Additional information on participation requirements for planned resources in 2016/2017 Base Residual Auction and ICTR request requirements are provided by resource type below. **All Notifications of Intent, DR Plans, Initial/Updated EE M&V Plans, and PRD Plans must be submitted to rpm_hotline@pjm.com.**

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 in place no later than April 26, 2013 in order for PJM to proceed with approving the Planned Generation Resource for participation in the 2016/2017 Base Residual Auction.

PJM requests Market Participants that want to offer a Planned Generation Resource in the 2016/2017 Base Residual Auction to provide advance notification of their intent to offer by March 1, 2013. The purpose of the advance notification is to provide PJM with an opportunity to execute the 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 Y2 queue (or earlier queue) and the status of the studies.

There are no 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.

PJM requests that Market Participants submit their Capacity Modification transaction for their Planned Generation Resource in a timely manner that enables PJM to review the transaction and provide provisional approval by 5:00 PM on Thursday, May 9, 2013. PJM will only provisionally approve a Capacity Modification transaction for a Planned Generation Resource after an Impact Study has been executed and the RPM Credit Requirements have been satisfied.

As per Section 5.14(h) of Attachment DD of the PJM Open Access Transmission Tariff (OATT), a Minimum Offer Price Rule (MOPR) applies to certain Planned Generation Capacity Resources (including upgrade or addition to an Existing Generation Capacity Resource). If the MOPR is applicable to a Planned Generation Capacity Resource, a Capacity Market Seller wishing to offer the resource at a price below the MOPR screen price may request such an exception by submitting an exception request to PJM and the Market Monitoring Unit with full documentation by January 13, 2013.

Planned Demand Resources:

Providers of all Planned Demand Resources (Direct Load Control, Firm Service Level, or Guaranteed Load Drop implementations) must provide DR Plan documentation by April 19, 2013 (15 business days prior to the Base Residual Auction). Information to be included in the DR Plan documentation is outlined in the following document that summarizes the requirements for offering Planned Demand Resources into RPM Auctions: <http://www.pjm.com/markets-and-operations/rpm/~media/markets-ops/rpm/rpm-auction-info/planned-demand-resource-rpm-auction-participation-information.ashx>.

PJM requests that Market Participants submit their DR Modification transaction for their Planned Demand Resource in a timely manner that enables PJM to review the transaction and provide provisional approval by 5:00 PM on Thursday, May 9, 2013. PJM will only provisionally approve a DR Modification transaction for a Planned Demand Resource after PJM has approved the provider's DR Plan submittal and the RPM Credit Requirements have been satisfied.

Energy Efficiency Resources:

Providers of Energy Efficiency Resources must submit Initial/Updated Measurement and Verification (M&V) Plan by April 13, 2013 (30 days prior to the Base Residual Auction). The requirements for an Initial/Updated M&V Plan are available in Manual 18B: Energy Efficiency Measurement and Verification.

PJM requests that Market Participants submit their EE Modification transaction for their Energy Efficiency Resource in a timely manner that enables PJM to review the transaction and provide provisional approval by 5:00 PM on Thursday, May 9, 2013. PJM will only provisionally approve an EE Modification transaction for an Energy Efficiency Resource after PJM has approved the provider's Initial/Updated M&V Plan and the RPM Credit Requirements have been satisfied.

Qualifying Transmission Upgrades (QTU):

Certification of an increase in import capability must be completed no later than March 29, 2013 (45 days prior to the Base Residual Auction) for a QTU to participate in the 2016/2017 Base Residual Auction.

PJM requests Market Participants that want to offer a QTU in the 2016/2017 Base Residual Auction to provide advance notification of their intent to offer by February 15, 2013. The QTU must have, at a minimum, an executed Facilities Study Agreement in place before the certification, which will occur no later than March 29, 2013. 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 are no 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.

ICTRs associated with a Customer-Funded Upgrade:

Certification of an increase in import capability associated with a Customer-Funded Upgrade must be completed no later than March 29, 2013 (45 days prior to Base Residual Auction) to request ICTRs effective with the 2016/2017 Delivery Year.

PJM requests that Market Participants that want to request ICTRs effective with the 2016/2017 Delivery Year provide advance notification of their intent by February 15, 2013. The purpose of the advance notification is to provide PJM with enough time to determine the ICTRs by the established deadline of March 29, 2013; 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 Customer-Funded Upgrades in accordance with the PJM Tariff. There are no penalties imposed by PJM on a Market Participant if it provides PJM with advance notification of its intent to request ICTRs for

a Customer-Funded Upgrade and the Market Participant does not actually proceed with the transmission upgrade and request for ICTRs.

By March 29, 2013, PJM will certify the ICTRs for those Customer-Funded Upgrades that (i) requested ICTRs effective with the 2016/2017 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 10, 2013 in order for the network transmission upgrade to be eligible to receive ICTRs for 2016/2017 Delivery Year.

The Market Participants who were awarded ICTRs for the Delivery Years prior to 2016/2017 need not request them again.

Price Responsive Demand (PRD):

A PRD Provider that wishes to nominate PRD load for the upcoming BRA must submit a PRD Plan by January 15, 2013. The PRD Plan indicates the Nominal PRD Value in MWs that the PRD Provider is willing to commit at different reservation prices (\$/MW-day). PRD Plan requirements are described in Section 3A of Manual 18: <http://www.pjm.com/~media/documents/manuals/m18.ashx>

Any questions regarding this communication should be directed to rpm_hotline@pjm.com.