

February 4, 2019

Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426-0001

Re: *PJM Interconnection, L.L.C., Docket No. ER19-982-000,
Revisions to Section 234.2 of Tariff*

Dear Ms. Bose:

PJM Interconnection, L.L.C. (“PJM”), pursuant to section 205 of the Federal Power Act, 16 U.S.C. section 824d, submits the enclosed revisions to the PJM Open Access Transmission Tariff (“Tariff”)¹ to: (i) establish a revised timeline for the determination of Incremental Capacity Transfer Rights (“ICTR”) that may result from Customer-Funded Upgrades; (ii) add to the Tariff a requirement for New Service Customers to specify up to three Locational Deliverability Areas (“LDA”) for which they would like PJM to study and determine ICTRs, if any, created by their Customer-Funded Upgrades; and (iii) provide an opportunity for Transmission Interconnection Customers submitting an Upgrade Request² to ask PJM to determine ICTRs during the System Impact Study as detailed in the PJM Manuals.

¹ Capitalized terms not otherwise defined herein have the meaning specified in, as applicable, the Tariff, Amended and Restated Operating Agreement of PJM Interconnection, L.L.C., or Reliability Assurance Agreement Among Load Serving Entities in the PJM Region (“RAA”).

² This additional revision was raised by a stakeholder and it was agreed that this provision would need to be added to the changes. However, the specific Tariff language proposed in this filing for (iii) above was not vetted by the PJM stakeholders. The changes to this section 234.2 outlined in (i) and (ii) above were endorsed at the Markets & Reliability Committee (“MRC”) meeting on January 24, 2019.

PJM requests waiver of the 60-day notice period to make the proposed revisions effective on February 5, 2019, the day after this filing. The processing schedule established in the Tariff requires PJM to issue 86 System Impact Studies for the AD2 Queue by the end of February 2019.³ However, the recent order issued by the Federal Energy Regulatory Commission (“Commission”) finding that “PJM must determine in the System Impact Study whether a customer . . . is entitled to any ICTRs resulting from a Customer-Funded Upgrade that it has funded,”⁴ presents a likelihood of substantial delay in the issuance of those System Impact Studies, as discussed below. Given the uncertainty regarding whether the Commission will grant the requested effective date, PJM proposes procedures to be used during the interim period between this filing and the date the Commission issues its order on this filing that are intended both to accord with the Radford Order and to avoid the projected delays in issuing the AD2 Queue System Impact Studies. As discussed more fully in Section III of this transmittal, PJM requests an effective date of February 5 so that PJM can issue System Impact Studies for the AD2 Queue by the target deadline of February 28, 2019, without awaiting determination of ICTRs. PJM will supplement the System Impact Studies for the AD2 New Service Requests responsible for Customer-Funded Upgrades after PJM has determined ICTRs for those New Service Requests.

³ See Tariff § 205.3.

⁴ The Commission issued an order on November 15, 2018, in *Radford’s Run Wind Farm, LLC v. PJM Interconnection, L.L.C.*, 165 FERC ¶ 61,121 (2018) (“Radford Order”), finding that the PJM Tariff “provides that PJM must determine in the System Impact Study whether a customer . . . is entitled to any ICTRs resulting from a Customer-Funded Upgrade that it has funded and that results in an increase in CETL to a Locational Deliverability Area.” *Id.* at P 24.

I. BACKGROUND

A. Estimate of Additional Time Required to Determine ICTRs and Delay in Queue Processing

At present, as interpreted by the Commission in the Radford Order, the Tariff requires PJM to determine ICTRs, if any, resulting from a Customer-Funded Upgrade during the System Impact Study phase. As PJM has explained in its Comments in response to the Radford Order, the first step in PJM's process of determining ICTRs is to identify the Customer-Funded Upgrades for which a New Service Customer is responsible.⁵

Only once the Customer-Funded Upgrades have been identified can PJM determine any Capacity Emergency Transfer Limit ("CETL") increases into a given LDA as a result of the upgrade. As PJM further explained in the PJM Comments, PJM's Load Deliverability test to determine the CETL into an LDA involves "two separate [] analyses," one that examines thermal limits and one that examines voltage limits, because both conditions can limit CETL.⁶ Because there are 27 LDAs in the PJM Region,⁷ and the two separate deliverability tests (i.e., a thermal analysis and a voltage analysis) must be performed, potentially, for each of the 27 LDAs under the Commission's

⁵ Comments of PJM Interconnection, L.L.C., Docket No. EL18-183-000, Attachment B at 1 n.1 (Jan. 15, 2019) ("PJM Comments") (citing Tariff § 234; Tariff, Attachment DD § 5.16(a); System Planning Division, Interconnection Projects Department, *PJM Manual 14E: Upgrade and Transmission Interconnection Requests*, PJM Interconnection, L.L.C., Attachment F § F1 (Dec. 20, 2018), <https://www.pjm.com/~media/documents/manuals/m14e.ashx> ("Manual 14E"); Capacity Market Operations, *PJM Manual 18: PJM Capacity Market*, PJM Interconnection, L.L.C. § 6.1 (Jan. 1, 2019), <https://www.pjm.com/~media/documents/m18.ashx>).

⁶ PJM Comments, Attachment B at 2.

⁷ RAA, Schedule 10.1.

interpretation of the Tariff, PJM could be required, in the worst-case scenario, to run 54 individual analyses for each Customer-Funded Upgrade identified in the System Impact Study phase of the process. As explained in the attached Affidavit of Ms. Susan McGill, Manager, Interconnection Analysis for PJM, because it takes one to two hours for each of these analyses to be run, in the most extreme case it would require 54 hours, if not longer (i.e., a full work week), for each Customer-Funded Upgrade identified in a System Impact Study to perform these additional analyses.⁸

As Ms. McGill explains, PJM personnel can likely avoid the worst-case scenario and narrow down the number of LDAs to be analyzed by exercising engineering judgment based on their knowledge of transmission constraints for the various LDAs.⁹ Even with that narrowing, however, Ms. McGill estimates that it would still require one day to determine ICTRs for each Customer-Funded Upgrade, which would add several weeks to the processing time for the AD2 Queue System Impact Studies (which will include many such upgrades).¹⁰ Not only will this delay the processing of the AD2 Queue, it will delay PJM's processing of the next queue, as well as delay re-running of System Impact Studies for New Service Requests in prior queues.¹¹

⁸ Affidavit of Susan McGill on Behalf of PJM Interconnection, L.L.C. (Attachment C), at ¶ 6 (“McGill Aff.”).

⁹ *Id.* ¶ 7.

¹⁰ *Id.* ¶ 8.

¹¹ Under Tariff § 204, New Service Requests may be restudied if higher queued projects drop out of the process.

B. Determining ICTRs Later in the Interconnection Process Would Be More Efficient

In addition, not every customer that receives a System Impact Study report that identifies Customer-Funded Upgrades chooses to advance to the next step, which is execution of a Facilities Study Agreement. Ms. McGill states that during the last ten years, PJM has issued 2,073 System Impact Studies, in response to 1,817 generation interconnection requests (under Tariff Attachment N), 61 merchant transmission requests (under Tariff Attachment S), 165 long-term, firm transmission service requests (under Tariff Attachment F), 26 incremental auction revenue rights requests (under Tariff Attachment EE section 7.8), and 4 upgrade requests for merchant network upgrades (under Tariff Attachment EE).¹² Of the 1,195 projects in this population that were issued a Facilities Study Agreement, only 729 New Service Customers chose to execute that agreement.¹³

Delaying issuance of System Impact Studies by weeks so that PJM can analyze ICTRs for every System Impact Study that identifies a Customer-Funded Upgrade is unnecessary and inefficient, given that almost 40 percent of projects that require a Facilities Study choose not to advance to the next stage.¹⁴ Further, after those New Service Customers decline to advance to the Facilities Study stage, PJM often has to repeat the System Impact Studies for the remaining New Service Requests in the queue to account for changes caused by the removal of higher-queued projects, which means the

¹² McGill Aff. ¶ 9.

¹³ *Id.* ¶ 9.

¹⁴ *Id.* ¶ 9.

Customer-Funded Upgrades determined in the first group of System Impact Studies may change or be eliminated in subsequent restudies.

II. DESCRIPTION OF PROPOSED TARIFF REVISIONS

Due to the potential for New Service Requests to drop out of the interconnection queue after the System Impact Study stage, the subsequent need for restudies based on the dynamic nature of PJM's interconnection queue, and the time-consuming nature of the ICTR analyses required at the System Impact Study stage under the current Tariff as interpreted by the Commission in the Radford Order, PJM proposes to revise section 234.2 as follows:

234.2 Procedures for Assigning Incremental Capacity Transfer Rights:

After execution of a Facilities Study Agreement but prior to the issuance of an Interconnection Service Agreement or Upgrade Construction Service Agreement, a New Service Customer may request the ~~The~~ Office of the Interconnection shall to determine the Incremental Capacity Transfer Rights as measured by the increase in Capacity Emergency Transfer Limit resulting from the interconnection or addition of Merchant Transmission Facilities or a Customer-Funded Upgrade identified in the System Impact Study for the related New Service Request. At the time of such request, the New Service Customer must also specify no more than three Locational Deliverability Areas in which to determine the Incremental Capacity Transfer Rights. In addition, a Transmission Interconnection Customer submitting an Upgrade Request may request the Office of the Interconnection to determine the Incremental Capacity Transfer Rights during the System Impact Study, as detailed in the PJM Manuals. Subject to the limitation of Tariff, Part VI, sSection 234.1.1, the Office of the Interconnection shall allocate the Incremental Capacity Transfer Rights associated with Merchant Transmission Facilities to the New Service Customer that is interconnecting such facilities. The Office of the Interconnection shall allocate the Incremental Capacity Transfer Rights associated with a Customer-Funded Upgrade to the New Service Customer(s) bearing cost responsibility for such facility or upgrade in proportion to each New Service Customer's cost responsibility for the facility or upgrade.

The revisions PJM proposes to Tariff, section 234.2 in the first sentence and the addition of the second sentence were approved without objection by PJM stakeholders.¹⁵

These revisions will change the ICTR determination from a broad requirement that PJM determine ICTRs for every Customer-Funded Upgrade and presumably for every LDA for each Customer-Funded Upgrade identified in a System Impact Study to a more tailored approach under which:

- PJM determines ICTRs after a New Service Customer has executed a Facilities Study Agreement;¹⁶

¹⁵ The proposed revisions to the timing of the ICTR determination and the need for New Service Customers to request an ICTR determination and specify up to three LDAs to be studied were approved by the MRC by acclamation with no objections and approved by the Members Committee through its consent agenda. The additional Tariff language concerning the opportunity for Transmission Interconnection Customers submitting Upgrade Requests to ask PJM to determine ICTRs for such Upgrade Requests during the System Impact Study was not specifically reviewed by the PJM stakeholders. However, during the January 24, 2019 MRC meeting, the point covered by the additional tariff language was discussed, PJM stated it would address the point, and no objection was raised to PJM doing so, *see supra* n. 2, *infra* n. 16.

¹⁶ As discussed by the MRC before it approved the proposed revisions to Tariff section 234.2 in its January 24, 2019 meeting, there is one class of Customer-Funded Upgrades, those resulting from Transmission Interconnection Customers' Upgrade Requests for Merchant Network Upgrades (*see* Tariff section 204.2.2), that are identified at the time the Transmission Interconnection Customers submit their Upgrade Requests under Tariff Attachment EE, which is in advance of the System Impact Study stage of the process. Given that PJM does not have to first identify the Customer-Funded Upgrades and the sole purpose of the Attachment EE request is to receive incremental rights such as ICTRs, such customers as a general rule will ask PJM to perform the ICTR analysis and identify the LDAs. PJM can make an ICTR determination for those upgrades during the System Impact Study phase without delaying or otherwise affecting other System Impact Studies. PJM therefore is proposing: (i) an additional modification to the Tariff language presented to, and approved by, the MRC on January 24, 2019, and (ii) to present to stakeholders a revision to Manual 14E that will allow a Transmission Interconnection Customer that has submitted an Upgrade Request for a Merchant Network Upgrade, and has specifically identified the Merchant Network Upgrade

- PJM determines ICTRs only upon a request from a New Service Customer;
- PJM's ICTR determination is limited to the three (or fewer) LDAs that the New Service Customer specifies when it requests that PJM determine ICTRs that may be associated with its Customer-Funded Upgrade; and
- A Transmission Interconnection Customer with an Upgrade Request may ask PJM to determine ICTRs during the System Impact Study because such a customer specifically identifies the upgrade to the existing transmission facility it would like to finance in order to receive ICTRs at the time it submits its Upgrade Request under Tariff, Attachment EE.¹⁷

A. The Proposed Revisions Will Promote More Efficient Processing of New Service Requests

These changes are intended to move the ICTR determination to a stage of the interconnection process at which Customer-Funded Upgrades are more certainly identified and New Service Requests are more likely to proceed, which will focus the study effort on New Service Customers' projects that are more likely to move forward. In addition, moving the ICTR determination to the Facilities Study stage of the interconnection process will reduce the number of Customer-Funded Upgrades for which ICTRs are to be determined, which will limit the number of analyses PJM must perform. The proposed changes will thus promote more efficient processing of New Service Requests, by appropriately staging ICTR determinations *after* Customer Funded

under Tariff EE, to request that PJM determine ICTRs associated with the Merchant Network Upgrade in the System Impact Study for no more than three LDAs specified by the Transmission Interconnection Customer.

¹⁷ See, *supra* at 7, n. 16.

Upgrades are identified, and by focusing ICTR analyses and determinations on the projects most likely to proceed, and on the LDAs the customers themselves advise are of most interest and value to them.

Making it clear that the New Service Customer must request that PJM determine ICTRs associated with its project, rather than assuming PJM will automatically determine ICTRs for every Customer-Funded Upgrade, and requiring the New Service Customer that requests an ICTR determination to specify no more than three LDAs for which PJM will determine ICTRs will further reduce the number of ICTR analyses PJM must perform.

B. The Proposed Revisions Are Just and Reasonable and Not Unduly Discriminatory

The proposed revisions are just and reasonable because they will prevent injection of additional (and in many cases unnecessary) work into PJM's System Impact Study process that would delay that process. As discussed above, requiring PJM to determine ICTRs for every Customer-Funded Upgrade and to perform the analyses for each Customer-Funded Upgrade in each of PJM's 27 LDAs adds a great deal of analysis time to the System Impact Studies and likely will result in delays to PJM's issuance of System Impact Studies. Delay in interconnection study processes is a result no one desires. Indeed, the Commission completed a rulemaking in 2018 and issued Order No. 845, *Reform of Generator Interconnection Procedures and Agreements*, which, among other reforms, established measures to "encourage timely processing of interconnection

studies.”¹⁸ The Commission can facilitate PJM’s timely completion of System Impact Studies by approving the proposed Tariff revisions as of the requested effective date.

The proposed revisions to Tariff, section 234.2 therefore will aid PJM’s efforts to better ensure an efficient and consistent new services study process, that better tailors time and resources towards projects that are reasonably likely to reach commercial operation. As noted above, approximately 40 percent of those projects to which PJM tenders a Facilities Study Agreement do not execute that agreement, so execution of a Facilities Study Agreement is a more accurate indication that the project is likely to be completed and the Customer-Funded Upgrade built, making it a better trigger for a request for an ICTR determination.

Moving the ICTR determination to the next subsequent stage of the interconnection process and requiring New Service Customers to request an ICTR determination and to specify the LDAs to be analyzed will not harm New Service Customers. In PJM’s experience, the Generation Interconnection Customers’ primary objective is to interconnect their generation projects to the transmission system as quickly as possible and at the lowest possible level of assigned upgrade costs, so that the generation projects may begin operations and begin collecting revenues for the sale of energy and capacity—their primary business. PJM planning staff’s experience is that the potential for ICTRs associated with Customer-Funded Upgrades is most often a secondary concern for such New Service Customers, and in most cases is not likely to be

¹⁸ *Reform of Generator Interconnection Procedures and Agreements*, Order No. 845, 163 FERC ¶ 61,043, at P 323 (2018).

a major factor in a Generation Interconnection Customer's decision to continue to the Facilities Study phase of interconnection.¹⁹

Moreover, the proposed revisions will provide New Service Customers with notice, in the Tariff, that they must request ICTRs and specify up to three LDAs for analysis, and when they must do so. As soon as their Customer-Funded Upgrades have been identified and they have evidenced their intent to move forward and closer to funding those upgrades by executing a Facilities Study Agreement, they will be able to request an ICTR analysis of their preferred LDAs.

C. Ministerial Revisions to Alter Format of a Section Reference

In addition to the above mentioned revisions, PJM proposes an additional minor, non-substantive revision to the Tariff, Part VI, section 234.2 to incorporate PJM's standard format in referencing sections of PJM's Governing Documents, such as the PJM Open Access Transmission Tariff ("Tariff"), the Operating Agreement, and the Reliability Assurance Agreement Among Load Serving Entities in the PJM Region. By way of example, rather than referring to "Section 234.1.1" as currently used in this document, PJM proposes to change the reference to the Governing Document, any applicable Schedules or Appendices and section(s)(in lower case) as follows: "Tariff, Part VI, section 234.1.1" in order to provide consistent references to PJM's Governing Documents. These revisions are part of PJM's ongoing efforts to continually review and

¹⁹ Electing to receive ICTRs (and choosing which LDAs in which to elect them) is not a risk-free action. In fact, choosing ICTRs is a riskier path that will result in the customer paying for 100 percent of the cost of the necessary upgrades in the hope of future revenue. The cost allocation path, without ICTRs, gives the New Service Customer certainty and flexibility to keep the overall generation development costs under control.

make non-controversial and non-substantive revisions to the Governing Documents in order to ensure consistency and accuracy of the relevant definitions and provisions.

III. EFFECTIVE DATE

A. Requested Effective Date; Good Cause for Waiver of the 60-Day Notice Period

As described above, PJM requests that the Commission accept the Tariff revisions proposed herein and make them effective as of February 5, 2019, the day after this filing. PJM therefore requests waiver, pursuant to section 35.11 of the Commission's regulations,²⁰ of the 60-day notice period set forth in section 35.3 of the Commission's regulations.²¹ Good cause exists for the Commission to grant this waiver as the proposed revisions would help avoid delays in PJM's processing of New Service Requests and make that processing more efficient. As explained above, the current interpretation of the Tariff as requiring PJM to determine ICTRs in the System Impact Study will necessitate at least one day of additional analysis for each Customer-Funded Upgrade identified, and in the most conservative interpretation of the Radford Order's requirements, could take over a work week of additional analyses per Customer-Funded Upgrade. Overall, Ms. McGill estimates that the analyses to determine ICTRs would delay issuance of the ongoing System Impact Studies by several weeks.²² Thus, waiver of the 60-day notice period to allow the proposed Tariff revisions to take effect immediately will permit PJM to complete and issue the ongoing System Impact Studies it is currently performing

²⁰ 18 C.F.R. § 35.11.

²¹ 18 C.F.R. § 35.3.

²² McGill Aff. ¶ 8.

without delay and, as a result, meet the Tariff requirement to issue the AD2 Queue System Impact Studies by February 28, 2019.

B. Proposed Procedures to Be Used during the Interim Period

The requested effective date creates a degree of uncertainty about processing of studies during the interim period between this filing and the date of the Commission's order on this filing (which may or may not make the requested changes effective as of February 5). To address this, PJM advises that, during this period, PJM will issue System Impact Studies as soon as all aspects of the studies, *except* ICTR determinations, are completed. PJM will then work with New Service Customers with Customer-Funded Upgrades identified in their System Impact Studies, asking such New Service Customers whether they want PJM to determine the ICTRs, if any, associated with their Customer-Funded Upgrades and, if so, which three LDAs they want PJM to study. PJM will then work to provide the ICTR determinations to those New Service Customers that desire them as quickly as practicable following the issuance of all other elements of the System Impact Studies. This approach will help ensure that PJM can issue System Impact Studies for the AD2 queue by the target deadline of February 28, 2019—which is the first semi-annual queue System Impact Study deadline following issuance of the Radford Order. This approach also serves the public interest by prioritizing delivery to New Service Customers of the system impact and upgrade estimates that, for most customers, is the most important information in the System Impact Study report. Notably, this approach will not delay ICTR determinations beyond the time required to prepare those determinations; rather this approach will ensure that PJM does not delay releasing the

information that is the core focus and purpose of the System Impact Study while ICTRs are being determined.

IV. DOCUMENTS ENCLOSED

1. Attachment A – redline version of the revised section of the electronic Tariff;
2. Attachment B – clean version of the revised section of the electronic Tariff; and
3. Attachment C – Affidavit of Susan McGill on behalf of PJM Interconnection, L.L.C.

V. COMMUNICATIONS

Correspondence and communications with respect to this filing should be sent to, and PJM requests that the Commission include on the official service list for this proceeding, the following individuals:²³

Craig Glazer
Vice President–Federal Government Policy
PJM Interconnection, L.L.C.
1200 G Street, N.W., Suite 600
Washington, D.C. 20005
(202) 423-4743 (phone)
(202) 393-7741 (fax)
Craig.Glazer@pjm.com

Paul M. Flynn
Wendy B. Warren
Wright & Talisman, P.C.
1200 G Street, N.W., Suite 600
Washington, D.C. 20005
(202) 393-1200 (phone)
(202) 393-1240 (fax)
flynn@wrightlaw.com
warren@wrightlaw.com

²³ PJM requests a waiver of Rule 203(b)(3) of the Commission’s Rules of Practice and Procedure, 18 C.F.R. section 385.203(b)(3), to permit all of the individuals listed in this section to be included on the Commission’s service list for this proceeding.

Pauline Foley
Associate General Counsel
PJM Interconnection, L.L.C.
2750 Monroe Blvd.
Audubon, PA 19403
(610) 666-8248 (phone)
(610) 666-8211 (fax)
Pauline.Foley@pjm.com

VI. SERVICE

PJM has served a copy of this filing on all PJM Members and on all state utility regulatory commissions in the PJM Region by posting this filing electronically. In accordance with the Commission's regulations,²⁴ PJM will post a copy of this filing to the FERC filings section of its internet site, located at the following link: <http://www.pjm.com/documents/ferc-manuals/ferc-filings.aspx>, with a specific link to the newly-filed document, and will send an e-mail on the same date as this filing to all PJM Members and all state utility regulatory commissions in the PJM Region²⁵ alerting them that this filing has been made by PJM and is available by following such link. PJM also serves the parties listed on the Commission's official service list for this docket. If the document is not immediately available by using the referenced link, the document will be available through the referenced link within twenty-four hours of the filing. Also, a copy of this filing will be available on FERC's eLibrary website located at the following link:

²⁴ See 18 C.F.R. §§ 35.2(e) & 385.2010(f)(3).

²⁵ PJM already maintains, updates, and regularly uses e-mail lists for all PJM Members and affected state commissions.

<http://www.ferc.gov/docs-filing/elibrary.asp> in accordance with the Commission's regulations and Order No. 714.²⁶

VII. CONCLUSION

For the foregoing reasons, PJM respectfully requests that the Commission accept this filing as just and reasonable, effective as discussed above.

Respectfully submitted,

/s/ Paul M. Flynn

Paul M. Flynn
Wendy B. Warren
Wright & Talisman, P.C.
1200 G Street, N.W., Suite 600
Washington, D.C. 20005
(202) 393-1200 (phone)
(202) 393-1240 (fax)
flynn@wrightlaw.com
warren@wrightlaw.com

Craig Glazer
Vice President–Federal Government Policy
PJM Interconnection, L.L.C.
1200 G Street, N.W., Suite 600
Washington, D.C. 20005
(202) 423-4743 (phone)
(202) 393-7741 (fax)
Craig.Glazer@pjm.com

Pauline Foley
Associate General Counsel
PJM Interconnection, L.L.C.
2750 Monroe Blvd.
Audubon, PA 19403
(610) 666-8248 (phone)
(610) 666-8211 (fax)
Pauline.Foley@pjm.com

*Attorneys for
PJM Interconnection, L.L.C.*

Dated: February 4, 2019

²⁶ *Electronic Tariff Filings*, Order No. 714, 124 FERC ¶ 61,270, 2008-2013 FERC Stats. & Regs., Regs. Preambles ¶ 31,276 (2008), *final rule*, Order No. 714-A, 147 FERC ¶ 61,115, III FERC Stats. & Regs., Regs. Preambles ¶ 31,356 (2014).

Attachment A

Revisions to the PJM Tariff
(Marked Format)

234.2 Procedures for Assigning Incremental Capacity Transfer Rights:

After execution of a Facilities Study Agreement but prior to the issuance of an Interconnection Service Agreement or Upgrade Construction Service Agreement, a New Service Customer may request the Office of the Interconnection shall to determine the Incremental Capacity Transfer Rights as measured by the increase in Capacity Emergency Transfer Limit resulting from the interconnection or addition of Merchant Transmission Facilities or a Customer-Funded Upgrade identified in the System Impact Study for the related New Service Request. At the time of such request, the New Service Customer must also specify no more than three Locational Deliverability Areas in which to determine the Incremental Capacity Transfer Rights. In addition, a Transmission Interconnection Customer submitting an Upgrade Request may request the Office of the Interconnection to determine the Incremental Capacity Transfer Rights during the System Impact Study, as detailed in the PJM Manuals. Subject to the limitation of Tariff, Part VI, Section 234.1.1, the Office of the Interconnection shall allocate the Incremental Capacity Transfer Rights associated with Merchant Transmission Facilities to the New Service Customer that is interconnecting such facilities. The Office of the Interconnection shall allocate the Incremental Capacity Transfer Rights associated with a Customer-Funded Upgrade to the New Service Customer(s) bearing cost responsibility for such facility or upgrade in proportion to each New Service Customer's cost responsibility for the facility or upgrade.

Attachment B

Revisions to the PJM Tariff
(Clean Format)

234.2 Procedures for Assigning Incremental Capacity Transfer Rights:

After execution of a Facilities Study Agreement but prior to the issuance of an Interconnection Service Agreement or Upgrade Construction Service Agreement, a New Service Customer may request the Office of the Interconnection to determine the Incremental Capacity Transfer Rights as measured by the increase in Capacity Emergency Transfer Limit resulting from the interconnection or addition of Merchant Transmission Facilities or a Customer-Funded Upgrade identified in the System Impact Study for the related New Service Request. At the time of such request, the New Service Customer must also specify no more than three Locational Deliverability Areas in which to determine the Incremental Capacity Transfer Rights. In addition, a Transmission Interconnection Customer submitting an Upgrade Request may request the Office of the Interconnection to determine the Incremental Capacity Transfer Rights during the System Impact Study, as detailed in the PJM Manuals. Subject to the limitation of Tariff, Part VI, section 234.1.1, the Office of the Interconnection shall allocate the Incremental Capacity Transfer Rights associated with Merchant Transmission Facilities to the New Service Customer that is interconnecting such facilities. The Office of the Interconnection shall allocate the Incremental Capacity Transfer Rights associated with a Customer-Funded Upgrade to the New Service Customer(s) bearing cost responsibility for such facility or upgrade in proportion to each New Service Customer's cost responsibility for the facility or upgrade.

Attachment C

Affidavit

