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January 23, 2020

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E. Room 1A
Washington, D.C. 20426

Re: *PJM Interconnection L.L.C., Docket No. ER18-2068-005*
Inclusion of Commission-Approved Settlement in PJM Tariff

Dear Secretary Bose,

Pursuant to Section 205 of the Federal Power Act (“FPA”),¹ Part 35 of the Federal Energy Regulatory Commission’s (“FERC” or the “Commission”) regulations,² and in compliance with the Settlement Agreement³ approved by the Commission in Docket No. ER18-2068-004 on December 30, 2019,⁴ PJM Interconnection, L.L.C. (“PJM”) hereby submits for filing an eTariff record of the Settlement Agreement for inclusion in the PJM Open Access Transmission Tariff (“Tariff”).⁵

¹ 16 U.S.C. § 824d (2018).

² 18 C.F.R. Part 35 (2020).

³ *PJM Interconnection, L.L.C.*, Offer of Settlement, Docket No. ER18-2068-004 (Oct. 9, 2019); *PJM Interconnection, L.L.C.*, Supplement to Offer of Settlement, Docket No. ER18-2068-004 (Oct. 11, 2019) (collectively, the “Settlement Agreement”). See Settlement Agreement at Article X (“This Settlement, once approved by the Commission, will be filed through a compliance filing as an attachment to the Tariff and shall function as the filed rate for purposes of the matters specifically addressed herein pertaining to the July Auction and the 2018/2019 Planning Period.”).

⁴ *PJM Interconnection, L.L.C.*, 169 FERC ¶ 61,260 (2019) (the “December 30, 2019 Order”).

⁵ The PJM Tariff is currently located under PJM’s “Intra-PJM Tariffs” eTariff title, which is available here: <https://etariff.ferc.gov/TariffBrowser.aspx?tid=1731>

I. DESCRIPTION OF FILING

The Settlement Agreement addresses PJM's waiver request of certain Financial Transmission Rights ("FTR") liquidation rules to close out and liquidate the FTR portfolio of a defaulted PJM member.⁶ In the December 30, 2019 Order, the Commission approved the Settlement Agreement, finding that the Settlement Agreement "resolves all issues set for paper hearing and settlement judge procedures in Docket No. ER18-2068-000 and ER18-2068-001" and is "fair and reasonable and in the public interest."⁷

Article X of the Settlement Agreement states that, once the Settlement Agreement is approved by the Commission, it will be "filed through a compliance filing as an attachment to the Tariff and shall function as the filed rate for purposes of the matters specifically addressed herein pertaining to the July Auction and the 2018/2019 Planning Period." In accordance with this provision, PJM is submitting the enclosed eTariff record of the Settlement Agreement for inclusion in the PJM Tariff.

II. EFFECTIVE DATE; REQUEST FOR WAIVER

PJM respectfully requests waiver of the Commission's prior notice requirements⁸ to permit an effective date of December 30, 2019 for the enclosed eTariff record. Good cause exists to grant waiver, as this date aligns with the effective date of the Settlement Agreement, which under its terms became effective on the date of the Commission's order approving the Settlement Agreement.⁹

⁶ See generally Docket No. ER18-2068-000.

⁷ December 30, 2019 Order at P 7.

⁸ 18 C.F.R. § 35.3.

⁹ See Settlement Agreement at Article IX ("This Settlement will become effective on the date of a Commission order approving this Settlement."). Note that as required by Section 6.2 of the Settlement Agreement, within five business

III. COMMUNICATIONS

PJM requests that all communications regarding this filing be directed to the following persons:

Craig Glazer
Vice President – Federal Government Policy
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IV. DOCUMENTS INCLUDED WITH THIS FILING

In accordance with the requirements of Order No. 714¹⁰ and the Commission's eTariff regulations, PJM hereby submits an eTariff XML filing package consisting of the following materials:

1. This transmittal letter;
2. Attachment A – Revisions to the Tariff, in redlined format; and
3. Attachment B – Revisions to the Tariff, in clean format.

V. 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,¹¹ PJM will post a copy of this filing to the FERC filings section of its

days of the Commission's December 30, 2019 Order, PJM provided notice to parties of the start of the thirty calendar day period (from the date of such notice) for submission of claims under the Settlement Agreement. See <https://www.pjm.com/-/media/markets-ops/fttr/instructions-regarding-payee-fund-under-fttr-waiver-settlement.ashx?la=en>

¹⁰ *Electronic Tariff Filings*, 124 FERC ¶ 61,270 (2008).

¹¹ See 18 C.F.R §§ 35.2(e) and 385.2010(f)(3).

internet site, located at the following link: <http://www.pjm.com/documents/ferc-manuals.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 Region¹² alerting them that this filing has been made by PJM today and is available by following such link.

VI. CONCLUSION

In accordance with the foregoing, PJM respectfully requests that the Commission accept the proposed revisions to the PJM Tariff, and grant waiver to permit an effective date of December 30, 2019, as discussed herein.

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Respectfully submitted,

/s/ Thomas DeVita
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On behalf of
PJM Interconnection, L.L.C.

¹² PJM already maintains, updates, and regularly uses e-mail lists for all PJM members and affected commissions.

CERTIFICATE OF SERVICE

I hereby certify that I have this 23rd day of January, 2020 caused a copy of the foregoing document to be served upon each person designated on the official service list compiled by the Secretary in this proceeding.

/s/ Lisa Romani _____

Lisa Romani

Sr. Paralegal

PJM Interconnection, L.L.C.

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610-666-8994

Lisa.Romani@pjm.com

Attachment A

Revisions to the PJM Open Access Transmission Tariff

(Marked / Redline Format)

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

_____))
PJM Interconnection, L.L.C.) Docket Nos. ER18-2068-000
_____)) and ER18-2068-001

SETTLEMENT AGREEMENT AND OFFER OF SETTLEMENT

This Settlement Agreement and Offer of Settlement (“Settlement”) is made pursuant to Rule 602 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission”), 18 C.F.R. § 385.602, by and among PJM Interconnection, L.L.C. (“PJM”), together with American Electric Power Service Corporation; American Municipal Power, Inc.; Apogee Energy Trading LLC (“Apogee”); Boston Energy Trading and Marketing LLC (“BETM”); Buckeye Power, Inc.; DC Energy, LLC; Direct Energy Business, LLC; Direct Energy Business Marketing, LLC; Dominion Energy Services, Inc.;¹ Duke Energy Kentucky, Inc.; Duke Energy Ohio, Inc.; East Kentucky Power Cooperative, Inc.; EDF Trading North America, LLC; EDF Energy Services, LLC; EDP Renewables North America LLC; Elliott Bay Energy Trading, LLC (Elliott Bay”); Exelon Corporation; FirstEnergy Service Company;² LS Power Associates, L.P. (“LS Power”); Mercuria Energy America, Inc.; Mercuria SJAK Trading, LLC; NextEra Energy Marketing, LLC; NRG Power Marketing LLC; the PJM Industrial

¹ Dominion Energy Services, Inc. executes this Settlement on behalf of Virginia Electric and Power Company d/b/a Dominion Energy Virginia and Dominion Energy Generation Marketing, Inc.

² FirstEnergy Service Company executes this Settlement on behalf of its affiliates The Cleveland Electric Illuminating Company, Ohio Edison Company, Pennsylvania Power Company, Pennsylvania Electric Company, Jersey Central Power & Light Company, Metropolitan Edison Company, The Toledo Edison Company, West Penn Power Company, The Potomac Edison Company, and Monongahela Power Company.

Customer Coalition; the PSEG Companies;³ and Southern Maryland Electric Cooperative, Inc. (collectively with PJM, the “Settling Parties,” and each a “Settling Party”). The Settling Parties enter into this Settlement to resolve all outstanding issues in Docket Nos. ER18-2068-000 and ER18-2068-001.

ARTICLE I **BACKGROUND**

On July 26, 2018, PJM initiated this proceeding by filing a request, pursuant to section 205 of the Federal Power Act, to waive then-effective provisions of the PJM Open Access Transmission Tariff (“Tariff”), Attachment K-Appendix, section 7.3.9⁴ to permit PJM to sell in the July, August, September, and October 2018 monthly Financial Transmission Rights (“FTR”) auctions (as well as the long-term FTR auction conducted in September 2018) only the portion of the 2018/2019 Planning Period Balance FTR positions of a certain defaulting PJM Member (GreenHat Energy, LLC or “GreenHat”) effective in the prompt month (*i.e.*, the first calendar month addressed by each auction).⁵

On August 16, 2018, Apogee filed a protest in opposition to the Waiver Request.⁶ Numerous other parties filed comments in support of the Waiver Request.⁷

³ The PSEG Companies are Public Service Electric and Gas Company, PSEG Power LLC, and PSEG Energy Resources and Trade, LLC.

⁴ All references to Tariff, Attachment K-Appendix herein are intended to also refer to identical provisions in the Amended and Restated Operating Agreement of PJM Interconnection, L.L.C. (“Operating Agreement”), Schedule 1.

⁵ Request of PJM Interconnection, L.L.C. for Waiver Effective July 27, 2018, Docket No. ER18-2068-000 (July 26, 2018) (“Waiver Request”).

⁶ Apogee Energy Trading LLC’s Opposition to PJM Interconnection, L.L.C.’s Request for Waiver, Docket No. ER18-2068-000 (Aug. 16, 2018).

⁷ See, e.g., Comments of Exelon Corporation and Direct Energy, Docket No. ER18-2068-000 (Aug. 16, 2018); Comments of the Joint Supporters in Support of PJM’s Request for a Waiver Effective July 27, 2018, Docket No. ER18-2068-000 (Aug. 16, 2018) (the Joint

On January 30, 2019, the Commission denied the Waiver Request,⁸ concluding that PJM did not demonstrate that the Waiver Request satisfied the Commission’s waiver criteria.⁹ The Waiver Order found that

[t]he record demonstrates that participants submitted bids in the July monthly FTR auction relying on the liquidation process that existed at the time PJM conducted the auction. Disrupting those settled expectations is likely to cause harm to third parties, even if doing so might produce [an] otherwise more efficient outcome, as PJM contends the waiver request would.¹⁰

The Waiver Order stated that to the extent PJM liquidated only the August GreenHat positions and settled the September-January positions, it was “required to reconcile any such actions by reinstating the original July [A]uction results, or taking steps that are necessary to comply with the effective Tariff language when the July 2018 auction was conducted, and by unwinding settlements” for the September-January positions that should have been liquidated.¹¹

On February 26, 2019, PJM filed a request for rehearing, or in the alternative, motion for clarification of the Waiver Order.¹² In the PJM Motion for Clarification, PJM asked the

Supporters are comprised of the PJM Industrial Customer Coalition, the Delaware Division of the Public Advocate, the Pennsylvania Office of Consumer Advocate, and the Office of the People’s Counsel for the District of Columbia); Comments of the PSEG Companies, Docket No. ER18-2068-000 (Aug. 16, 2018); Comments of American Municipal Power, Inc. in Support of Waiver Request of PJM Interconnection, L.L.C., Docket No. ER18-2068-000 (Aug. 16, 2018); Comments of Duke Energy Corporation, Docket No. ER18-2068-000 (Aug. 16, 2018); Comments of the Independent Market Monitor for PJM, Docket No. ER18-2068-000 (Aug. 16, 2018).

⁸ PJM Interconnection, L.L.C., 166 FERC ¶ 61,072 (2019) (“Waiver Order”).

⁹ Id. at PP 33-34.

¹⁰ Id. at P 34 (footnote omitted).

¹¹ Id. at P 35.

¹² Request of PJM Interconnection, L.L.C. for Rehearing or, in the Alternative, Motion for Clarification of Commission Order, Docket No. ER18-2068-001 (Feb. 26, 2019) (“PJM Motion for Clarification”). On February 21, 2019, PJM had filed a motion for stay of the

Commission to provide clarification on certain questions before PJM implemented the directives of the Waiver Order.¹³

On February 28 and March 1, 2019, multiple parties filed requests for rehearing of the Waiver Order, i.e., Indicated PJM Parties,¹⁴ Elliott Bay,¹⁵ LS Power and Calpine Corporation,¹⁶ and PJM Market Participants.¹⁷

On March 11, 2019, Apogee filed an answer in opposition to the PJM Motion for Clarification.¹⁸ On the same day, the Joint State Commissions, consisting of the Delaware

Waiver Order pending an order on PJM’s then-anticipated request for rehearing and clarification (“Motion for Stay”).

¹³ PJM Motion for Clarification at 5-7, 25-30.

¹⁴ Rehearing Request and Comments in Support of Request for Stay of the Indicated PJM Parties, Docket No. ER18-2068-001 (Feb. 28, 2019). Indicated PJM Parties consist of Exelon Corporation, Buckeye Power, Inc., Direct Energy Business Marketing, LLC and Direct Energy Business, LLC, Virginia Electric and Power Company d/b/a Dominion Energy Virginia and Dominion Energy Generating Marketing, Inc., DTE Energy Trading, Duke Energy Ohio, Inc., Duke Energy Kentucky, Inc., Duke Energy Indiana, LLC, Duke Energy Carolinas, LLC, and Duke Energy Progress, LLC, East Kentucky Power Cooperative, Inc., EDP Renewable North America, LLC, Indiana Office of Utility Consumer Counselor, Office of the People’s Counsel for the District of Columbia, Old Dominion, PJM Power Providers Group, Southern Maryland Electric Cooperative, Inc., Talen PJM Members, and West Virginia Consumer Advocate.

¹⁵ Request for Rehearing of Elliott Bay Energy Trading, LLC, Docket No. ER18-2068-001 (Mar. 1, 2019).

¹⁶ Request for Rehearing of LS Power Associates, L.P. and Calpine Corporation, Docket No. ER18-2068-001 (Mar. 1, 2019).

¹⁷ Request of the PJM Market Participants for Rehearing and Clarification, and Answer in Support of Motion for Stay, Docket Nos. ER18-2068-000, -001 (Mar. 1, 2019). “PJM Market Participants” consist of PJM Industrial Customer Coalition, American Municipal Power, Inc., the Delaware Division of the Public Advocate, American Electric Power Service Corporation, the Illinois Industrial Energy Consumers, Pennsylvania Office of Consumer Advocate, New Jersey Division of Rate Counsel, and the Maryland Office of People’s Counsel. The PJM Market Participants stated that they adopted the arguments made in the PJM Motion for Clarification.

Public Service Commission, the Pennsylvania Public Utility Commission, and the Public Service Commission of the District of Columbia, filed comments in support of the PJM Motion for Clarification and PJM Motion for Stay.¹⁹ On March 13, 2019, Elliott Bay filed an answer to the PJM Motion for Clarification, requesting that, if the Commission did not grant rehearing of the Waiver Order, it direct a process to provide for the development of a more complete record on the issues raised in the PJM Motion for Clarification.²⁰

On June 5, 2019, the Commission issued an order establishing paper hearing and settlement judge procedures regarding the PJM Motion for Clarification, finding that “the issues raised in the PJM Motion for Clarification and the subsequent answers demonstrate that there are multiple complexities associated with implementing the Waiver Order . . . that should be addressed in a paper hearing where all parties will have an opportunity to present written evidence and argument.”²¹ However, the Commission also “encourage[d] the parties to make every effort to settle their disputes,” and, to that end, “[held] the paper hearing in abeyance to give the parties the opportunity to settle.”²² Moreover, the Commission clarified that the scope

¹⁸ Apogee Energy Trading LLC’s Answer in Opposition to Motion for Clarification, Docket No. ER18-2068-000 (Mar. 11, 2019).

¹⁹ Comments of the Joint State Commissions in Support of PJM Interconnection’s Motion for Stay and Request for Rehearing/Motion for Clarification, Docket No. ER18-2068-000 (Mar. 11, 2019).

²⁰ Answer of Elliott Bay Energy Trading, LLC, Docket No. ER18-2068-001 (Mar. 13, 2019).

²¹ *PJM Interconnection, L.L.C.*, 167 FERC ¶ 61,209, at P 27 (2019) (“Paper Hearing/Settlement Order”).

²² *Id.* at P 28.

of settlement was not limited to the PJM Motion for Clarification, “and the parties [we]re encouraged to address all disputes arising out of this proceeding.”²³

On June 11, 2019, Chief Administrative Law Judge Carmen A. Cintron designated herself and Administrative Law Judge Suzanne Krolikowski to serve as settlement judges, and designated dispute resolution specialist Joshua M. Hurwitz to serve as settlement facilitator.²⁴ Settling Parties, other parties to the proceeding, and Commission Trial Staff participated in settlement conferences (both in-person and via group conference calls) in June, July, August, September, and October of 2019. Various Settling Parties or caucuses also engaged in ongoing informal settlement discussions throughout the settlement negotiation period. Settling Parties reached a settlement in principle in August 2019. This Settlement memorializes and gives effect to the terms of the settlement in principle.

NOW, THEREFORE, in consideration of the promises and the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Settling Parties, intending to be legally bound, agree as follows:

ARTICLE II **DEFINITIONS**

Capitalized terms used in this Settlement that are not defined herein have the meanings provided for such terms in the Tariff or Operating Agreement, as applicable. Capitalized terms not defined in the Tariff or Operating Agreement have the meanings provided elsewhere in this Settlement and in this Article II, as follows.

²³ *Id.*

²⁴ *PJM Interconnection, L.L.C., Order of Chief Judge Designating Settlement Judges and Designating Dispute Resolution Facilitator, Docket Nos. ER18-2068-000, -001, at P 2 (June 11, 2019).*

2.1 Claim: “Claim” refers to a claim for payment for Economic Harm submitted in accordance with Article VI hereof.

2.2 Claimant/Claimants: “Claimant” refers to a July Auction Participant that submits a Claim in accordance with Article VI hereof and “Claimants” refers to all July Auction Participants that have submitted Claims in accordance with Article VI hereof.

2.3 Economic Harm: “Economic Harm” refers to the economic harm, as calculated by PJM in accordance with Article VI hereof, experienced by a Claimant as a direct result of the manner in which PJM addressed liquidation of GreenHat FTRs in the July Auction.

2.4 GreenHat: “GreenHat” refers to GreenHat Energy LLC, a Member that defaulted in 2018 on its financial obligations related to a substantial portfolio of FTRs.

2.5 GreenHat FTRs: “GreenHat FTRs” refers to FTR positions held on the account of GreenHat following GreenHat’s default of its financial obligations to PJM.

2.6 July Auction: “July Auction” refers to the Planning Period Balance FTR auction conducted by PJM in July 2018.

2.7 July Auction Participant: “July Auction Participant” refers to a Market Participant that submitted a Buy Bid or Sell Offer in the July Auction.

2.8 Operating Agreement: “Operating Agreement” refers to the Amended and Restated Operating Agreement of PJM Interconnection, L.L.C.

2.9 Payee Fund: “Payee Fund” refers to the fund established under Article VI hereof for the payment of Claims.

2.10 Payee Fund Amount: “Payee Fund Amount” is defined in section 6.5 hereof and refers to the dollar amount of funds in the Payee Fund.

2.11 Settlement: “Settlement” refers to this Offer of Settlement and Settlement Agreement.

2.12 Settlement Effective Date: “Settlement Effective Date” refers to the date this Settlement becomes effective, as defined in Article IX hereof.

2.13 Tariff: “Tariff” refers to the PJM Open Access Transmission Tariff.

2.14 2018/2019 Planning Period: “2018/2019 Planning Period” refers to the Planning Period that commenced on June 1, 2018, and ended on May 31, 2019.

ARTICLE III **SCOPE OF SETTLEMENT**

The terms provided in this Settlement constitute full and complete resolution of all issues pending before the Commission in Docket Nos. ER18-2068-000 and ER18-2068-001, including but not limited to the Waiver Request, the PJM Motion for Clarification and related answers, the Motion for Stay, and all other pending requests for rehearing and/or clarification (the “Proceedings”). The Commission’s approval of this Settlement will resolve all matters and issues in the Proceedings.

ARTICLE IV **NO RE-RUNNING OR RESETTLING OF FTR AUCTIONS**

This Settlement resolves all claims, disputes, and controversies raised in the Proceedings concerning liquidation of the defaulted GreenHat FTRs in the July Auction without any requirement for PJM to re-run or resettle such auction or any subsequent FTR auction for the 2018/2019 Planning Period, or to change the clearing results of any such auction; provided, however, that PJM shall prepare a simulated clearing of such auction under the conditions and assumptions specified in sections 6.5 and 6.6 hereof for the sole purpose of determining certain payments to be made in full and final satisfaction of certain Claims arising from such auction as described in Article VI hereof; and provided further that nothing herein shall prevent PJM or any party from treating or accounting for any charge or credit calculated under Article V or Article VI of this Settlement as a charge or credit resulting from or associated with the July Auction.

ARTICLE V
CREDITS TO APOGEE AND BETM

5.1 In the first monthly billing statement issued at least fifteen (15) calendar days after the Settlement Effective Date, PJM shall issue a credit to Apogee in the amount of five million dollars (\$5,000,000.00), and shall issue a credit to BETM in the amount of seven million, five hundred thousand dollars (\$7,500,000.00).

5.2 The credit provided to Apogee pursuant to section 5.1 hereof shall constitute full and final satisfaction and resolution of all claims or demands Apogee raised or could have raised in the Proceedings concerning the rules, manner, process, or procedure PJM employed to liquidate, or allegedly should have used to liquidate, any or all GreenHat FTRs in any auction for the 2018/2019 Planning Period. In consideration for receiving such credit, Apogee agrees to: (a) relinquish all other claims of harm or demands for compensation or damages arising or resulting from the rules, manner, process, or procedure in or by which PJM addressed liquidation of the GreenHat FTRs in any FTR auction for the 2018/2019 Planning Period; (b) withdraw any challenges to the rules, manner, process, or procedure in or by which PJM addressed liquidation of the GreenHat FTRs in any FTR auction for the 2018/2019 Planning Period; (c) not initiate or pursue any challenges to the rules, manner, process, or procedure in or by which PJM addressed liquidation of the GreenHat FTRs in any FTR auction for the 2018/2019 Planning Period; and (d) remain subject to the Default Allocation Assessment calculation set out in section 7.1 of this Settlement.

5.3 The credit provided to BETM pursuant to section 5.1 hereof shall constitute full and final satisfaction and resolution of all claims or demands BETM raised or could have raised in the Proceedings concerning the rules, manner, process, or procedure PJM employed to liquidate, or allegedly should have used to liquidate, any or all GreenHat FTRs in any auction for the

2018/2019 Planning Period. In consideration for receiving such credit, BETM agrees to: (a) relinquish all other claims of harm or demands for compensation or damages arising or resulting from the rules, manner, process, or procedure in or by which PJM addressed liquidation of the GreenHat FTRs in any FTR auction for the 2018/2019 Planning Period; (b) withdraw any challenges to the rules, manner, process, or procedure in or by which PJM addressed liquidation of the GreenHat FTRs in any FTR auction for the 2018/2019 Planning Period; (c) not initiate or pursue any challenges to the rules, manner, process, or procedure in or by which PJM addressed liquidation of the GreenHat FTRs in any FTR auction for the 2018/2019 Planning Period; and (d) remain subject to the Default Allocation Assessment calculation set out in section 7.1 of this Settlement.

5.4 Notwithstanding any other provision of this Settlement, neither Apogee nor BETM shall be permitted to submit a Claim against the Payee Fund.

5.5 Nothing in this Settlement shall relieve either Apogee or BETM of any liability or responsibility for any Default Allocation Assessment assessed on, respectively, Apogee or BETM, under Article VII hereof and the Operating Agreement, including (without limitation) any Default Allocation Assessment imposed to fund the credits provided for in section 5.1.

ARTICLE VI **PAYMENTS TO CLAIMANTS**

6.1 Any other July Auction Participant that asserts it was harmed by the manner in which PJM addressed liquidation of the GreenHat FTRs in the July Auction may submit a Claim against the Payee Fund established under this Article VI in accordance with and subject to the terms, conditions, and limitations prescribed for the Payee Fund by this Article VI.

6.2 No later than five (5) business days after the Settlement Effective Date, PJM shall provide notice of the start of the thirty (30) calendar day period (from the date of such notice) for

submission of Claims under this Article VI (“Claim Period”). Any July Auction Participant claiming Economic Harm as a result of the manner in which PJM addressed liquidation of the GreenHat FTRs in the July Auction may submit to PJM, within the Claim Period and in the manner specified in PJM’s notice, a Claim for such Economic Harm. Any such Claim shall be limited to harm claimed to have been suffered by a July Auction Participant due to the manner in which PJM addressed liquidation of the GreenHat FTRs in the July Auction. The Claimant shall not quantify or estimate such harm in its Claim. PJM shall not recognize as a valid and effective Claim hereunder any claim that is received by PJM after the end of the Claim Period specified in its notice.

6.3 By submitting a Claim, a Claimant acknowledges that the Claim could result in either a charge or a credit to the Claimant, and that the Claimant is not permitted to withdraw a Claim that PJM determines, in accordance with section 6.9 hereof, results in a charge to such Claimant.

6.4 By submitting a Claim, a Claimant agrees to: (a) relinquish all current and future claims of harm or demands for compensation or damages arising or resulting from the rules, manner, process, or procedure in or by which PJM addressed liquidation of the GreenHat FTRs in any FTR auction for the 2018/2019 Planning Period; (b) withdraw any challenges to the rules, manner, process, or procedure in or by which PJM addressed liquidation of the GreenHat FTRs in any FTR auction for the 2018/2019 Planning Period; (c) not initiate or pursue any challenges to the rules, manner, process, or procedure in or by which PJM addressed liquidation of the GreenHat FTRs in any FTR Auction for the 2018/2019 Planning Period; and (d) remain subject to the Default Allocation Assessment calculation set out in section 7.1 of this Settlement.

6.5 Following receipt of all timely submitted Claims, PJM shall, as more fully described below: (a) calculate the Economic Harm to each Claimant and the aggregate Economic Harm to all Claimants based on a simulated clearing of the July Auction under certain defined conditions

and assumptions; (b) establish a Payee Fund, funded through Default Allocation Assessments (determined under certain defined assumptions), in the amount of such aggregate Economic Harm, but not to exceed five million dollars (“Payee Fund Amount”); (c) disburse amounts from the Payee Fund to each Claimant in an amount no greater than such Claimant’s Economic Harm (which may be zero) as calculated by PJM, and if necessary, make payments on a reduced proportionate basis, defined below, if the aggregate Economic Harm to all Claimants exceeds the Payee Fund Amount; and (d) assess charges on Claimants that, according to PJM’s calculation, were benefitted rather than harmed, and appropriately apply the revenues from such charges.

6.6 Calculation of Economic Harm. Economic Harm to each Claimant shall be, as calculated by PJM, the difference for a Claimant between (i) the net profit or net loss to such Claimant based on the July Auction cost and day-ahead settlement values of all FTR positions obtained by such Claimant from the July Auction as cleared in July 2018, and (ii) the net profit or net loss to such Claimant based on the July Auction cost and day-ahead settlement values that would have occurred for all FTR positions such Claimant would have obtained under a simulated alternative clearing of the July Auction, if such difference is a net charge. For such purpose, the simulated alternative clearing of the July Auction shall assume: (a) liquidation in the July Auction of the GreenHat FTRs that would have been effective in any month during the period from September 2018 through May 2019; (b) if any of the GreenHat FTRs offered for liquidation would set price on any FTR path for any monthly or multi-month period addressed in the July Auction, then the simulated auction is re-run after removing fifty percent of the total defaulted GreenHat FTRs, regardless of path or period; and (c) otherwise applicable Tariff rules concerning (1) violations of the Simultaneous Feasibility Test,²⁵ (2) prohibitions on selling FTRs

²⁵ See Tariff, Attachment K-Appendix, section 7.5.

not owned by an auction participant,²⁶ (3) requirements for auction participants, under certain circumstances, to post additional credit based on tentative clearing results;²⁷ and (4) the FTR forfeiture rule,²⁸ shall not be applied. The outcome of PJM's calculation of the Economic Harm to each Claimant and the aggregate Economic Harm to all Claimants, as well as data, modeling and analysis utilized by PJM in its calculations, shall be confidential and not disclosed to any Party or Claimant; provided however, that PJM shall disclose to each Claimant the amount of the Economic Harm calculated by PJM for that Claimant.

6.7 Calculation of Payee Fund Amount. The Payee Fund Amount shall be the lesser of: (a) the sum of the Economic Harm amounts calculated for all Claimants; or (b) five million dollars (\$5,000,000.00). PJM shall fund the Payee Fund Amount through the assessment of Default Allocation Assessments as provided in Article VII hereof.

6.8 Payments to Claimants from the Payee Fund. Each Claimant determined to have suffered Economic Harm will be credited from the Payee Fund in an amount equal to the lesser of: (a) such Claimant's Economic Harm as calculated by PJM under section 6.6 hereof if the Payee Fund Amount is sufficient to pay one hundred percent of the Economic Harm of all Claimants, and (b) if the Payee Fund Amount is not sufficient to pay one hundred percent of the Economic Harm of all Claimants, the product of (i) the Payee Fund Amount multiplied by (ii) a fraction, the numerator of which is the Economic Harm calculated for such Claimant and the denominator of which is the aggregate of the Economic Harm calculated for all Claimants. For

²⁶ See Tariff, Attachment K-Appendix, section 7.1.1(a) (“[A]ny holder of a Financial Transmission Right for the period covered by an auction may offer such Financial Transmission Right for sale in such auction.”).

²⁷ See Tariff, Attachment Q, section IV.C.6.

²⁸ See Tariff, Attachment K-Appendix, section 5.2.1.

purposes of the foregoing calculation, only the value of the Economic Harm to Claimants that is a positive number (i.e., would be a net charge to such Claimants) shall be included.

6.9 Charges to Claimants, and Disposition of Any Such Charges. If the calculation prescribed by section 6.6 hereof results in a net credit to a Claimant, such Claimant will be assessed a charge equal to one-half of the net credit so calculated. Any such charges assessed by PJM shall be treated as part of the Payee Fund and be an addition to the Payee Fund Amount. Such supplemental amounts in the Payee Fund shall be credited, under the same rules as prescribed by section 6.8 hereof, to Claimants calculated to have Economic Harm, provided that total credits to any Claimant (including both credits under section 6.8 hereof and credits under this section 6.9) may not exceed the Economic Harm calculated by PJM for that Claimant. If the aggregate of all amounts paid into the Payee Fund hereunder would result, if fully credited to all Claimants, in any Claimant receiving a total credit from the Payee Fund in excess of such Claimant's Economic Harm, then the amount of such excess shall be used to offset the Default Allocation Assessments provided for in Article VII hereof.

ARTICLE VII **DEFAULT ALLOCATION ASSESSMENTS**

7.1 Apogee/BETM Credits and Associated Assessments. In the same billing cycle in which credits are provided to Apogee and BETM under section 5.1 hereof, PJM shall assess the amounts credited as Default Allocation Assessments determined in accordance with Operating Agreement, section 15.2.2, and using values for "N," "A," and "Z" for each Member, as specified in that section, calculated as provided by section 15.2.2 for the June 21, 2018 GreenHat default, and reflecting that the \$10,000 per Member limitation under such section on allocations based on the number of Members applies cumulatively for each Member taking account of all Default Allocation Assessments on such Member arising from the June 21, 2018 GreenHat

default. Both Apogee and BETM shall be included as Members for purposes of the calculations set out in this section 7.1.

7.2 Claimant Credits and Associated Assessments. In the same billing cycle in which credits are provided to Claimants under section 6.8 hereof, PJM shall fund the Payee Fund Amount determined under Article VI through Default Allocation Assessments determined in accordance with Operating Agreement, section 15.2.2, and using values for “N,” “A,” and “Z” for each Member, as specified in that section, calculated as provided by section 15.2.2 for the June 21, 2018 GreenHat default, and reflecting that the \$10,000 per Member limitation under such section on allocations based on the number of Members applies cumulatively for each Member taking account of all Default Allocation Assessments on such Member arising from the June 21, 2018 GreenHat default. Claimants shall be included as Members for purposes of the calculations set out in this section 7.2. The total Payee Fund Amount assessed hereunder shall in no event exceed the sum of five million dollars.

7.3. Amounts assessed under sections 7.1 and 7.2 will be reflected in the applicable monthly billing statement in the same manner as previous GreenHat defaults have been billed, i.e., as a “1999 PJM Customer Payment Default.”

7.4 If the amounts to be credited to Claimants under Article VI are less than the Payee Fund Amount, the amounts assessed under section 7.2 hereof shall be credited to each Member so assessed in proportion to each Member’s share of the Default Allocation Assessments provided hereunder. In addition, if disbursement of the full amount charged to Claimants pursuant to section 6.9 hereof would result in any Claimant being credited in excess of its calculated Economic Harm, the excess amount shall be applied to reduce the Default Allocation Assessments to each Member in proportion to each Member’s share of the Default Allocation Assessments provided hereunder.

ARTICLE VIII
MARKET SETTLEMENTS

As set forth above, PJM will provide credits under section 5.1 and Default Allocation Assessments under section 7.1 in the same billing cycle. PJM also will provide credits under sections 6.8 and 6.9 and Default Allocation Assessments under section 7.2 in the same billing cycle. Entities that receive both credits and Default Allocation Assessments under such provisions will receive such items on a single monthly statement. Default Allocation Assessments will be reflected in PJM settlements in the same manner as previous GreenHat defaults have been billed, i.e., as a “1999 PJM Customer Payment Default.”

ARTICLE IX
EFFECTIVE DATE

This Settlement will become effective on the date of a Commission order approving this Settlement. The provisions of this Settlement shall remain in full force and effect until such time as all obligations set forth in this Settlement have been fully discharged.

ARTICLE X
SETTLEMENT AS ATTACHMENT TO TARIFF

This Settlement, once approved by the Commission, will be filed through a compliance filing as an attachment to the Tariff and shall function as the filed rate for purposes of the matters specifically addressed herein pertaining to the July Auction and the 2018/2019 Planning Period.

ARTICLE XI
MISCELLANEOUS PROVISIONS

11.1 No Admissions or Precedent; Exceptions. This entire Settlement, and the Settling Parties’ performance of their obligations hereunder, are the result of the settlement and compromise of all the claims and actions expressly addressed in this Settlement, and neither this Settlement nor the Settling Parties’ performance hereunder shall be deemed to be an admission of any fact or of any liability. It is specifically understood and agreed that this Settlement

represents a negotiated settlement in the public interest with respect to the matters agreed to herein for the sole purpose of the settlement of such matters agreed to herein, and the Settling Parties shall not be prejudiced or bound thereby in any proceeding, except as specifically provided for herein. The Settling Parties offer this Settlement solely for the purpose of compromising on the matters at issue in Docket Nos. ER18-2068-000 and ER18-2068-001. The Settling Parties shall not be deemed to have approved, accepted, agreed, or consented to any concept, theory, or principle underlying or supposed to underlie any of the matters provided for herein. Further, this Settlement cannot be used, and no part hereof shall be used, to advance, support, or resist a position taken before the Commission or the courts by any Settling Party except as otherwise provided herein. This Settlement does not modify, amend, or change the Tariff or Operating Agreement in any manner other than as set forth herein and solely for the purposes set forth herein.

11.2 The compensation mechanism established by this Settlement is the sole vehicle through which entities claiming to have been harmed by the rules, manner, process, or procedure in or by which PJM addressed liquidation of the GreenHat FTRs in any FTR auction for the 2018/2019 Planning Period may be compensated for their harm. Commission acceptance or approval of this Settlement shall be deemed to close out all FTR transactions associated with or arising from the July Auction, and no Market Participant may assert claims related to that auction outside the process established by this Settlement.

11.3 Entire Agreement. This Settlement constitutes the entire agreement between and among the Settling Parties and no other agreement with regard to the matters addressed in this Settlement shall be binding on the Settling Parties except by written amendment to this Settlement and, to the extent required, approval by the Commission. This Settlement is an integrated package. None of the terms of this Settlement is agreed to, acquiesced in, or non-

opposed without each of the other terms. The various provisions of this Settlement are not severable and shall not become operative unless and until the Commission issues an order accepting or approving this Settlement as to all its terms and conditions without modification or condition. Except for the terms and conditions enumerated in this Settlement, the Settling Parties acknowledge and agree that the Settling Parties have not made any other promises, warranties, or representations to each other or any other participant in the Proceedings referenced herein regarding any aspect of the settlement of the matters addressed in this Settlement. Each Settling Party acknowledges that it has read this Settlement and executed it without relying upon any other promise, warranty, or representation, written or otherwise, of the other Settling Parties or any other participant in the Proceedings. Each Settling Party acknowledges that no other participant in the Proceedings has made any such promise, warranty, or representation.

11.4 Modification or Condition of Settlement. The terms and conditions of this Settlement are expressly contingent upon approval or acceptance by the Commission of this Settlement without modification or condition. If the Commission by order conditions its approval or acceptance of this Settlement or requires its modification, this Settlement shall be deemed withdrawn, shall not be considered to be part of the record in the Proceedings, shall not become effective, and shall be null and void, unless the Settling Parties, within ten (10) business days (subject to extension by mutual agreement of all the Settling Parties) of issuance of the Commission order approving or accepting this Settlement subject to condition or modification either: (a) accept the Commission's modifications and conditions; or (b) agree to modify this Settlement to address or obviate the Commission's concerns. In the event clause (b) in the preceding sentence is applicable, the Settlement Effective Date shall not occur until the Commission has approved this Settlement as so modified.

11.5 Settlement Discussions. The discussions that have produced this Settlement have been conducted on the explicit understanding, pursuant to Rules 602 and 606 of the Commission's Rules of Practice and Procedure, 18 C.F.R. §§ 385.602 and 385.606, that all settlement communications and discussions shall be privileged and confidential, shall be without prejudice to the position of any Settling Party or participant making such communications or participating in any such discussions, and are not to be used in any manner in connection with the Proceedings, any other proceeding, or otherwise, except to the extent necessary to enforce the terms of this Settlement or to construe the meaning of the terms used herein.

11.6 Not Admissible as Evidence. This Settlement is submitted pursuant to Rule 602 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.602, and shall not be admissible in evidence or made a part of the record in any proceeding except as necessary to implement or enforce this Settlement.

11.7 Further Assurances. Following execution of this Settlement, each Settling Party shall cooperate with and support, and shall not take any action inconsistent with: (a) the filing of this Settlement with the Commission; and (b) efforts to obtain Commission approval or acceptance of this Settlement. Consistent therewith, none of the Settling Parties shall seek rehearing of an order approving or accepting this Settlement without modification or condition. Without limiting the generality of the foregoing, no later than sixty (60) days after the Settlement Effective Date, each Settling Party shall move to withdraw any and all requests for rehearing, requests or motions for clarification, and motions or requests for stay such party has pending before the Commission in the Proceedings.

11.8 Successors and Assigns. This Settlement, once effective, is binding upon and for the benefit of the Settling Parties and their successors and assigns.

11.9 Ambiguities Neutrally Construed. This Settlement is the result of negotiations among Settling Parties, and has been reviewed by each Settling Party and its respective counsel. Accordingly, this Settlement shall be deemed to be the product of each Settling Party, and no ambiguity shall be construed in favor of or against any Settling Party.

11.10 Authorizations. Each person executing this Settlement represents and warrants that he or she is duly authorized and empowered to act on behalf of, and to sign for, the Settling Party for whom he or she has signed.

11.11 Counterparts. This Settlement may be executed in one or more counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

11.12 Requisite Waivers. The Commission's approval of this Settlement shall constitute the requisite grant of any waivers of any regulations as may be deemed necessary to permit the implementation of the provisions of this Settlement in accordance with its terms.

11.13 Rules of Construction. Except as otherwise expressly provided for in this Settlement, the rules of interpretation and construction set forth below shall apply to this Settlement:

11.13.1 All defined terms in the singular shall have the same meaning when used in the plural and vice versa.

11.13.2. References to "includes," "including," and similar phrases, shall mean "including without limitation."

11.13.3 Unless otherwise indicated, references to "Sections" or "Articles" refer to sections or articles in this Settlement.

11.14 Headings. The titles and headings of the various articles and sections in this Settlement are for reference purposes only. They are not to be construed or taken into account in

interpreting this Settlement, and they do not qualify, modify, or explain the effects of this Settlement.

11.15 Standard of Review. This Settlement may be amended only by the agreement or non-opposition of all Settling Parties. The standard of review for any modifications to this Settlement requested by a Settling Party, without the agreement or non-opposition of all other Settling Parties, shall be the “public interest” application of the just and reasonable standard of review, as explained in *Morgan Stanley Capital Group, Inc. v. Public Utility District No. 1 of Snohomish County*, 554 U.S. 527 (2008) and *NRG Power Marketing, LLC v. Maine Public Utilities Commission*, 558 U.S. 165 (2010). The standard of review for any modifications to this Settlement requested by any other party, non-party, or the Commission acting *sua sponte*, shall be the most stringent standard permissible under applicable law.

11.16 No Settled Practice. This Settlement is made upon the express understanding that it constitutes a negotiated offer of settlement to resolve the issues presented in the underlying hearing in the Proceedings. Neither the Settling Parties nor the Commission shall be deemed to have approved, accepted, agreed, or otherwise consented to any ratemaking principle or methodology or to any tariff interpretation or modification or to any other factor or concept underlying or supposed to underlie any of the matters herein, except as expressly provided in this Settlement. The Commission’s approval of this Settlement shall not constitute precedent nor be used to prejudice any otherwise available rights or arguments of any party in a future proceeding, other than to enforce the terms of the Settlement, and shall not be used as evidence that a particular method is a “long standing practice” as that term is used in *Columbia Gas Transmission Corp. v. FERC*, 628 F.2d 578 (D.C. Cir. 1979), or a “settled practice” as that term is used in *Public Service Commission of New York v. FERC*, 642 F.2d 1335 (D.C. Cir. 1980).

11.17 Settlement Terms Govern. To the extent there is any inconsistency between this Settlement and the description of this Settlement in the Explanatory Statement submitted in support hereof, the terms of this Settlement shall control.

WHEREFORE, the Settling Parties have caused their duly authorized representatives to execute this Settlement.

Respectfully submitted,

American Electric Power Service Corporation

By: /s/ John C. Crespo _____

Name: John C. Crespo

Title: Deputy General Counsel, Regulatory & Nuclear

Counterpart Signature Page to October 9, 2019 Settlement Agreement and Offer of Settlement in PJM Interconnection, L.L.C., FERC Docket Nos. ER18-2068-000 and ER18-2068-001

Pursuant to section 11.11 of the Settlement Agreement, "[t]his Settlement may be executed in one or more counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument."

WHEREFORE, the Settling Parties have caused their duly authorized representatives to execute this Settlement.

Respectfully submitted,

American Municipal Power, Inc.

By: /s/Marc S. Gerken
Name: Marc S. Gerken
Title: President and CEO

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WHEREFORE, the Settling Parties have caused their duly authorized representatives to execute this Settlement.

Respectfully submitted,

Apogee Energy Trading LLC

/s/ Gregory K. Lawrence
Gregory K. Lawrence
Greenberg Traurig, LLP
2101 L Street, N.W., Suite 1000 Washington, D.C. 20037
Tel: 202-641-2293
lawrence@gtlaw.com
Counsel for Apogee Energy Trading LLC

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WHEREFORE, the Settling Parties have caused their duly authorized representatives to execute this Settlement.

Respectfully submitted,

Boston Energy Trading and Marketing LLC

By: /s/ Reem Fahey
Name: Reem Fahey
Title: President

Counterpart Signature Page to October 9, 2019 Settlement Agreement and Offer of Settlement in PJM Interconnection, L.L.C., FERC Docket Nos. ER18-2068-000 and ER18-2068-001

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WHEREFORE, the Settling Parties have caused their duly authorized representatives to execute this Settlement.

Respectfully submitted,

Buckeye Power, Inc.

By: /s/ Marvin T. Griff
Name: Marvin T. Griff
Title: Counsel

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WHEREFORE, the Settling Parties have caused their duly authorized representatives to execute this Settlement.

Respectfully submitted,

DC Energy, LLC

By: /s/ Andrew J. Stevens

Name: Andrew J. Stevens

Title: Managing Director

Counterpart Signature Page to October 9, 2019 Settlement Agreement and Offer of Settlement in PJM Interconnection, L.L.C., FERC Docket Nos. ER18-2068-000 and ER18-2068-001

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WHEREFORE, the Settling Parties have caused their duly authorized representatives to execute this Settlement.

Respectfully submitted,

Direct Energy Business, LLC
Direct Energy Business Marketing, LLC

By: /s/ Vafa Mohtashami
Name: Vafa Mohtashami
Title: Vice President, Power Trading & Operations
RTC

Digitally signed by: Vafa Mohtashami
mohtashami@directenergy.com
2019.10.08 11:08:58 -06'00'

Counterpart Signature Page to October 9, 2019 Settlement Agreement and Offer of Settlement in PJM Interconnection, L.L.C., FERC Docket Nos. ER18-2068-000 and ER18-2068-001

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WHEREFORE, the Settling Parties have caused their duly authorized representatives to execute this Settlement.

Respectfully submitted,

**Dominion Energy Services, Inc. on behalf of
Virginia Electric and Power Company d/b/a Dominion Energy Virginia and
Dominion Energy Generation Marketing, Inc.**

By: /s/ Wesley Walker
Name: Wesley Walker
Title: Assistant General Counsel

**Counterpart Signature Page to October 9, 2019 Settlement Agreement and Offer of
Settlement in PJM Interconnection, L.L.C., FERC Docket Nos. ER18-2068-000 and
ER18-2068-001**

Pursuant to section 11.11 of the Settlement Agreement, "[t]his Settlement may be
executed in one or more counterparts, each of which shall be deemed to be an original
and all of which together shall be deemed to be one and the same instrument."

WHEREFORE, the Settling Parties have caused their duly authorized representatives to execute this Settlement.

Respectfully submitted,

Duke Energy Ohio, Inc. and Duke Energy Kentucky, Inc.

By: /s/ Don Wathen Jr. _____

Name: Don Wathen Jr.

Title: Director – Rates & Regulatory Strategy (Ohio & Kentucky)

_____ Duke Energy Ohio

_____ Duke Energy Kentucky

Counterpart Signature Page to October 9, 2019 Settlement Agreement and Offer of Settlement in PJM Interconnection, L.L.C., FERC Docket Nos. ER18-2068-000 and ER18-2068-001

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WHEREFORE, the Settling Parties have caused their duly authorized representatives to execute this Settlement.

Respectfully submitted,

East Kentucky Power Cooperative, Inc.

By: /s/ Anthony S. Campbell

Name: Anthony S. Campbell

Title: President and CEO

Counterpart Signature Page to October 9, 2019 Settlement Agreement and Offer of Settlement in PJM Interconnection, L.L.C., FERC Docket Nos. ER18-2068-000 and ER18-2068-001

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Respectfully submitted,

EDP Renewables North America LLC

By: /s/ Steve Irvin

Name: Steve Irvin

Title: Executive Vice President,

Western and Central Regions and Mexico

Counterpart Signature Page to October 9, 2019 Settlement Agreement and Offer of Settlement in PJM Interconnection, L.L.C., FERC Docket Nos. ER18-2068-000 and ER18-2068-001

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WHEREFORE, the Settling Parties have caused their duly authorized representatives to execute this Settlement.

Respectfully submitted,

EDF Trading North America, LLC
EDF Energy Services, LLC

By: /s/ Jason Cox (TH)
Name: Jason Cox
Title: Director, Regulatory Affairs

Counterpart Signature Page to October 9, 2019 Settlement Agreement and Offer of Settlement in PJM Interconnection, L.L.C., FERC Docket Nos. ER18-2068-000 and ER18-2068-001

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Respectfully submitted,

Elliott Bay Energy Trading, LLC

By: Elliott Bay Energy, LLC, its sole member

By: /s/ Brian Lonergan _____

Name: Brian Lonergan

Title: Managing Member

Counterpart Signature Page to October 9, 2019 Settlement Agreement and Offer of Settlement in PJM Interconnection, L.L.C., FERC Docket Nos. ER18-2068-000 and ER18-2068-001

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WHEREFORE, the Settling Parties have caused their duly authorized representatives to execute this Settlement.

Respectfully submitted,

Exelon Corporation

By: /s/ Carrie Hill Allen

Name: Carrie Hill Allen

Title: Vice President & Deputy General Counsel

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WHEREFORE, the Settling Parties have caused their duly authorized representatives to execute this Settlement.

Respectfully submitted,

FirstEnergy Service Company, on behalf of its affiliates
The Cleveland Illuminating Company, Ohio Edison
Company, Pennsylvania Power Company, Pennsylvania Electric
Company, Jersey Central Power & Light Company, Metropolitan
Edison Company, The Toledo Edison Company, West Penn
Power Company, The Potomac Edison Company and Monongahela
Power Company

By: /s/ Evan K. Dean
Name: Evan K. Dean
Title: Attorney
FirstEnergy Service Company
76 South Main Street
A-GO-15
Akron, OH 44308
Tel: (330) 761-4307
edean@firstenergycorp.com

Counterpart Signature Page to October 9, 2019 Settlement Agreement and Offer of Settlement in PJM Interconnection, L.L.C., FERC Docket Nos. ER18-2068-000 and ER18-2068-001

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WHEREFORE, the Settling Parties have caused their duly authorized representatives to execute this Settlement.

Respectfully submitted,

LS Power Associates, L.P.

By: /s/ Neil L. Levy

Name: Neil L. Levy

Title: Counsel for LS Power Associates, L.P.

Counterpart Signature Page to October 9, 2019 Settlement Agreement and Offer of Settlement in PJM Interconnection, L.L.C., FERC Docket Nos. ER18-2068-000 and ER18-2068-001

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Respectfully submitted,

Mercuria Energy America, Inc.
Mercuria SJAK Trading, LLC

By: /s/ Cody Moore
Name: Cody Moore
Title: President

Counterpart Signature Page to October 9, 2019 Settlement Agreement and Offer of Settlement in PJM Interconnection, L.L.C., FERC Docket Nos. ER18-2068-000 and ER18-2068-001

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Respectfully submitted,

NextEra Energy Marketing, LLC

By: /s/ Mark Maisto

Name: Mark Maisto

Title: President

Counterpart Signature Page to October 9, 2019 Settlement Agreement and Offer of Settlement in PJM Interconnection, L.L.C., FERC Docket Nos. ER18-2068-000 and ER18-2068-001

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WHEREFORE, the Settling Parties have caused their duly authorized representatives to execute this Settlement.

Respectfully submitted,

NRG Power Marketing LLC

By: /s/ Cortney Slager
Name: Cortney Slager
Title: NRG Energy, Inc.
Assistant General Counsel

Counterpart Signature Page to October 9, 2019 Settlement Agreement and Offer of Settlement in PJM Interconnection, L.L.C., FERC Docket Nos. ER18-2068-000 and ER18-2068-001

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WHEREFORE, the Settling Parties have caused their duly authorized representatives to execute this Settlement.

Respectfully submitted,

PJM Industrial Customer Coalition

By: /s/ Robert A. Weishaar, Jr. _____

Name: Robert A. Weishaar, Jr.

Title: Counsel

Counterpart Signature Page to October 9, 2019 Settlement Agreement and Offer of Settlement in PJM Interconnection, L.L.C., FERC Docket Nos. ER18-2068-000 and ER18-2068-001

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WHEREFORE, the Settling Parties have caused their duly authorized representatives to execute this Settlement.

Respectfully submitted,

PJM Interconnection, L.L.C.

By: /s/ Frederick S. Bresler

Name: Frederick S. (Stu) Bresler, III

Title: Senior Vice President, Market Services

Counterpart Signature Page to October 9, 2019 Settlement Agreement and Offer of Settlement in PJM Interconnection, L.L.C., FERC Docket Nos. ER18-2068-000 and ER18-2068-001

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WHEREFORE, the Settling Parties have caused their duly authorized representatives to execute this Settlement.

Respectfully submitted,

Public Service Electric and Gas Company, PSEG Power LLC, and PSEG Energy Resources & Trade LLC, collectively, the “PSEG Companies”

By: /s/ Tamara L. Linde _____

Name: Tamara L. Linde

Title: Executive Vice President & General Counsel

Counterpart Signature Page to October 9, 2019 Settlement Agreement and Offer of Settlement in PJM Interconnection, L.L.C., FERC Docket Nos. ER18-2068-000 and ER18-2068-001

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WHEREFORE, the Settling Parties have caused their duly authorized representatives to execute this Settlement.

Respectfully submitted,

Southern Maryland Electric Cooperative, Inc.
[Settling Party Name]

By: /s/ Mark A. MacDougall _____

Name: Mark A. MacDougall

Title: Senior Vice President and General Counsel

Counterpart Signature Page to October 9, 2019 Settlement Agreement and Offer of Settlement in PJM Interconnection, L.L.C., FERC Docket Nos. ER18-2068-000 and ER18-2068-001

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Attachment B

PJM Open Access Transmission Tariff

(Clean Format)

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

PJM Interconnection, L.L.C.)	Docket Nos. ER18-2068-000
)	and ER18-2068-001
)	

SETTLEMENT AGREEMENT AND OFFER OF SETTLEMENT

This Settlement Agreement and Offer of Settlement (“Settlement”) is made pursuant to Rule 602 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission”), 18 C.F.R. § 385.602, by and among PJM Interconnection, L.L.C. (“PJM”), together with American Electric Power Service Corporation; American Municipal Power, Inc.; Apogee Energy Trading LLC (“Apogee”); Boston Energy Trading and Marketing LLC (“BETM”); Buckeye Power, Inc.; DC Energy, LLC; Direct Energy Business, LLC; Direct Energy Business Marketing, LLC; Dominion Energy Services, Inc.;¹ Duke Energy Kentucky, Inc.; Duke Energy Ohio, Inc.; East Kentucky Power Cooperative, Inc.; EDF Trading North America, LLC; EDF Energy Services, LLC; EDP Renewables North America LLC; Elliott Bay Energy Trading, LLC (Elliott Bay”); Exelon Corporation; FirstEnergy Service Company;² LS Power Associates, L.P. (“LS Power”); Mercuria Energy America, Inc.; Mercuria SJAK Trading, LLC; NextEra Energy Marketing, LLC; NRG Power Marketing LLC; the PJM Industrial

¹ Dominion Energy Services, Inc. executes this Settlement on behalf of Virginia Electric and Power Company d/b/a Dominion Energy Virginia and Dominion Energy Generation Marketing, Inc.

² FirstEnergy Service Company executes this Settlement on behalf of its affiliates The Cleveland Electric Illuminating Company, Ohio Edison Company, Pennsylvania Power Company, Pennsylvania Electric Company, Jersey Central Power & Light Company, Metropolitan Edison Company, The Toledo Edison Company, West Penn Power Company, The Potomac Edison Company, and Monongahela Power Company.

Customer Coalition; the PSEG Companies;³ and Southern Maryland Electric Cooperative, Inc. (collectively with PJM, the “Settling Parties,” and each a “Settling Party”). The Settling Parties enter into this Settlement to resolve all outstanding issues in Docket Nos. ER18-2068-000 and ER18-2068-001.

ARTICLE I BACKGROUND

On July 26, 2018, PJM initiated this proceeding by filing a request, pursuant to section 205 of the Federal Power Act, to waive then-effective provisions of the PJM Open Access Transmission Tariff (“Tariff”), Attachment K-Appendix, section 7.3.9⁴ to permit PJM to sell in the July, August, September, and October 2018 monthly Financial Transmission Rights (“FTR”) auctions (as well as the long-term FTR auction conducted in September 2018) only the portion of the 2018/2019 Planning Period Balance FTR positions of a certain defaulting PJM Member (GreenHat Energy, LLC or “GreenHat”) effective in the prompt month (*i.e.*, the first calendar month addressed by each auction).⁵

On August 16, 2018, Apogee filed a protest in opposition to the Waiver Request.⁶ Numerous other parties filed comments in support of the Waiver Request.⁷

³ The PSEG Companies are Public Service Electric and Gas Company, PSEG Power LLC, and PSEG Energy Resources and Trade, LLC.

⁴ All references to Tariff, Attachment K-Appendix herein are intended to also refer to identical provisions in the Amended and Restated Operating Agreement of PJM Interconnection, L.L.C. (“Operating Agreement”), Schedule 1.

⁵ Request of PJM Interconnection, L.L.C. for Waiver Effective July 27, 2018, Docket No. ER18-2068-000 (July 26, 2018) (“Waiver Request”).

⁶ Apogee Energy Trading LLC’s Opposition to PJM Interconnection, L.L.C.’s Request for Waiver, Docket No. ER18-2068-000 (Aug. 16, 2018).

⁷ *See, e.g.*, Comments of Exelon Corporation and Direct Energy, Docket No. ER18-2068-000 (Aug. 16, 2018); Comments of the Joint Supporters in Support of PJM’s Request for a Waiver Effective July 27, 2018, Docket No. ER18-2068-000 (Aug. 16, 2018) (the Joint

On January 30, 2019, the Commission denied the Waiver Request,⁸ concluding that PJM did not demonstrate that the Waiver Request satisfied the Commission’s waiver criteria.⁹ The Waiver Order found that

[t]he record demonstrates that participants submitted bids in the July monthly FTR auction relying on the liquidation process that existed at the time PJM conducted the auction. Disrupting those settled expectations is likely to cause harm to third parties, even if doing so might produce [an] otherwise more efficient outcome, as PJM contends the waiver request would.¹⁰

The Waiver Order stated that to the extent PJM liquidated only the August GreenHat positions and settled the September-January positions, it was “required to reconcile any such actions by reinstating the original July [A]uction results, or taking steps that are necessary to comply with the effective Tariff language when the July 2018 auction was conducted, and by unwinding settlements” for the September-January positions that should have been liquidated.¹¹

On February 26, 2019, PJM filed a request for rehearing, or in the alternative, motion for clarification of the Waiver Order.¹² In the PJM Motion for Clarification, PJM asked the

Supporters are comprised of the PJM Industrial Customer Coalition, the Delaware Division of the Public Advocate, the Pennsylvania Office of Consumer Advocate, and the Office of the People’s Counsel for the District of Columbia); Comments of the PSEG Companies, Docket No. ER18-2068-000 (Aug. 16, 2018); Comments of American Municipal Power, Inc. in Support of Waiver Request of PJM Interconnection, L.L.C., Docket No. ER18-2068-000 (Aug. 16, 2018); Comments of Duke Energy Corporation, Docket No. ER18-2068-000 (Aug. 16, 2018); Comments of the Independent Market Monitor for PJM, Docket No. ER18-2068-000 (Aug. 16, 2018).

⁸ *PJM Interconnection, L.L.C.*, 166 FERC ¶ 61,072 (2019) (“Waiver Order”).

⁹ *Id.* at PP 33-34.

¹⁰ *Id.* at P 34 (footnote omitted).

¹¹ *Id.* at P 35.

¹² Request of PJM Interconnection, L.L.C. for Rehearing or, in the Alternative, Motion for Clarification of Commission Order, Docket No. ER18-2068-001 (Feb. 26, 2019) (“PJM Motion for Clarification”). On February 21, 2019, PJM had filed a motion for stay of the

Commission to provide clarification on certain questions before PJM implemented the directives of the Waiver Order.¹³

On February 28 and March 1, 2019, multiple parties filed requests for rehearing of the Waiver Order, *i.e.*, Indicated PJM Parties,¹⁴ Elliott Bay,¹⁵ LS Power and Calpine Corporation,¹⁶ and PJM Market Participants.¹⁷

On March 11, 2019, Apogee filed an answer in opposition to the PJM Motion for Clarification.¹⁸ On the same day, the Joint State Commissions, consisting of the Delaware

Waiver Order pending an order on PJM's then-anticipated request for rehearing and clarification ("Motion for Stay").

¹³ PJM Motion for Clarification at 5-7, 25-30.

¹⁴ Rehearing Request and Comments in Support of Request for Stay of the Indicated PJM Parties, Docket No. ER18-2068-001 (Feb. 28, 2019). Indicated PJM Parties consist of Exelon Corporation, Buckeye Power, Inc., Direct Energy Business Marketing, LLC and Direct Energy Business, LLC, Virginia Electric and Power Company d/b/a Dominion Energy Virginia and Dominion Energy Generating Marketing, Inc., DTE Energy Trading, Duke Energy Ohio, Inc., Duke Energy Kentucky, Inc., Duke Energy Indiana, LLC, Duke Energy Carolinas, LLC, and Duke Energy Progress, LLC, East Kentucky Power Cooperative, Inc., EDP Renewable North America, LLC, Indiana Office of Utility Consumer Counselor, Office of the People's Counsel for the District of Columbia, Old Dominion, PJM Power Providers Group, Southern Maryland Electric Cooperative, Inc., Talen PJM Members, and West Virginia Consumer Advocate.

¹⁵ Request for Rehearing of Elliott Bay Energy Trading, LLC, Docket No. ER18-2068-001 (Mar. 1, 2019).

¹⁶ Request for Rehearing of LS Power Associates, L.P. and Calpine Corporation, Docket No. ER18-2068-001 (Mar. 1, 2019).

¹⁷ Request of the PJM Market Participants for Rehearing and Clarification, and Answer in Support of Motion for Stay, Docket Nos. ER18-2068-000, -001 (Mar. 1, 2019). "PJM Market Participants" consist of PJM Industrial Customer Coalition, American Municipal Power, Inc., the Delaware Division of the Public Advocate, American Electric Power Service Corporation, the Illinois Industrial Energy Consumers, Pennsylvania Office of Consumer Advocate, New Jersey Division of Rate Counsel, and the Maryland Office of People's Counsel. The PJM Market Participants stated that they adopted the arguments made in the PJM Motion for Clarification.

Public Service Commission, the Pennsylvania Public Utility Commission, and the Public Service Commission of the District of Columbia, filed comments in support of the PJM Motion for Clarification and PJM Motion for Stay.¹⁹ On March 13, 2019, Elliott Bay filed an answer to the PJM Motion for Clarification, requesting that, if the Commission did not grant rehearing of the Waiver Order, it direct a process to provide for the development of a more complete record on the issues raised in the PJM Motion for Clarification.²⁰

On June 5, 2019, the Commission issued an order establishing paper hearing and settlement judge procedures regarding the PJM Motion for Clarification, finding that “the issues raised in the PJM Motion for Clarification and the subsequent answers demonstrate that there are multiple complexities associated with implementing the Waiver Order . . . that should be addressed in a paper hearing where all parties will have an opportunity to present written evidence and argument.”²¹ However, the Commission also “encourage[d] the parties to make every effort to settle their disputes,” and, to that end, “[held] the paper hearing in abeyance to give the parties the opportunity to settle.”²² Moreover, the Commission clarified that the scope

¹⁸ Apogee Energy Trading LLC’s Answer in Opposition to Motion for Clarification, Docket No. ER18-2068-000 (Mar. 11, 2019).

¹⁹ Comments of the Joint State Commissions in Support of PJM Interconnection’s Motion for Stay and Request for Rehearing/Motion for Clarification, Docket No. ER18-2068-000 (Mar. 11, 2019).

²⁰ Answer of Elliott Bay Energy Trading, LLC, Docket No. ER18-2068-001 (Mar. 13, 2019).

²¹ *PJM Interconnection, L.L.C.*, 167 FERC ¶ 61,209, at P 27 (2019) (“Paper Hearing/Settlement Order”).

²² *Id.* at P 28.

of settlement was not limited to the PJM Motion for Clarification, “and the parties [we]re encouraged to address all disputes arising out of this proceeding.”²³

On June 11, 2019, Chief Administrative Law Judge Carmen A. Cintron designated herself and Administrative Law Judge Suzanne Krolikowski to serve as settlement judges, and designated dispute resolution specialist Joshua M. Hurwitz to serve as settlement facilitator.²⁴ Settling Parties, other parties to the proceeding, and Commission Trial Staff participated in settlement conferences (both in-person and via group conference calls) in June, July, August, September, and October of 2019. Various Settling Parties or caucuses also engaged in ongoing informal settlement discussions throughout the settlement negotiation period. Settling Parties reached a settlement in principle in August 2019. This Settlement memorializes and gives effect to the terms of the settlement in principle.

NOW, THEREFORE, in consideration of the promises and the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Settling Parties, intending to be legally bound, agree as follows:

ARTICLE II DEFINITIONS

Capitalized terms used in this Settlement that are not defined herein have the meanings provided for such terms in the Tariff or Operating Agreement, as applicable. Capitalized terms not defined in the Tariff or Operating Agreement have the meanings provided elsewhere in this Settlement and in this Article II, as follows.

²³ *Id.*

²⁴ *PJM Interconnection, L.L.C.*, Order of Chief Judge Designating Settlement Judges and Designating Dispute Resolution Facilitator, Docket Nos. ER18-2068-000, -001, at P 2 (June 11, 2019).

2.1 Claim: “Claim” refers to a claim for payment for Economic Harm submitted in accordance with Article VI hereof.

2.2 Claimant/Claimants: “Claimant” refers to a July Auction Participant that submits a Claim in accordance with Article VI hereof and “Claimants” refers to all July Auction Participants that have submitted Claims in accordance with Article VI hereof.

2.3 Economic Harm: “Economic Harm” refers to the economic harm, as calculated by PJM in accordance with Article VI hereof, experienced by a Claimant as a direct result of the manner in which PJM addressed liquidation of GreenHat FTRs in the July Auction.

2.4 GreenHat: “GreenHat” refers to GreenHat Energy LLC, a Member that defaulted in 2018 on its financial obligations related to a substantial portfolio of FTRs.

2.5 GreenHat FTRs: “GreenHat FTRs” refers to FTR positions held on the account of GreenHat following GreenHat’s default of its financial obligations to PJM.

2.6 July Auction: “July Auction” refers to the Planning Period Balance FTR auction conducted by PJM in July 2018.

2.7 July Auction Participant: “July Auction Participant” refers to a Market Participant that submitted a Buy Bid or Sell Offer in the July Auction.

2.8 Operating Agreement: “Operating Agreement” refers to the Amended and Restated Operating Agreement of PJM Interconnection, L.L.C.

2.9 Payee Fund: “Payee Fund” refers to the fund established under Article VI hereof for the payment of Claims.

2.10 Payee Fund Amount: “Payee Fund Amount” is defined in section 6.5 hereof and refers to the dollar amount of funds in the Payee Fund.

2.11 Settlement: “Settlement” refers to this Offer of Settlement and Settlement Agreement.

2.12 Settlement Effective Date: “Settlement Effective Date” refers to the date this Settlement becomes effective, as defined in Article IX hereof.

2.13 Tariff: “Tariff” refers to the PJM Open Access Transmission Tariff.

2.14 2018/2019 Planning Period: “2018/2019 Planning Period” refers to the Planning Period that commenced on June 1, 2018, and ended on May 31, 2019.

ARTICLE III SCOPE OF SETTLEMENT

The terms provided in this Settlement constitute full and complete resolution of all issues pending before the Commission in Docket Nos. ER18-2068-000 and ER18-2068-001, including but not limited to the Waiver Request, the PJM Motion for Clarification and related answers, the Motion for Stay, and all other pending requests for rehearing and/or clarification (the “Proceedings”). The Commission’s approval of this Settlement will resolve all matters and issues in the Proceedings.

ARTICLE IV NO RE-RUNNING OR RESETTLING OF FTR AUCTIONS

This Settlement resolves all claims, disputes, and controversies raised in the Proceedings concerning liquidation of the defaulted GreenHat FTRs in the July Auction without any requirement for PJM to re-run or resettle such auction or any subsequent FTR auction for the 2018/2019 Planning Period, or to change the clearing results of any such auction; provided, however, that PJM shall prepare a simulated clearing of such auction under the conditions and assumptions specified in sections 6.5 and 6.6 hereof for the sole purpose of determining certain payments to be made in full and final satisfaction of certain Claims arising from such auction as described in Article VI hereof; and provided further that nothing herein shall prevent PJM or any party from treating or accounting for any charge or credit calculated under Article V or Article VI of this Settlement as a charge or credit resulting from or associated with the July Auction.

ARTICLE V
CREDITS TO APOGEE AND BETM

5.1 In the first monthly billing statement issued at least fifteen (15) calendar days after the Settlement Effective Date, PJM shall issue a credit to Apogee in the amount of five million dollars (\$5,000,000.00), and shall issue a credit to BETM in the amount of seven million, five hundred thousand dollars (\$7,500,000.00).

5.2 The credit provided to Apogee pursuant to section 5.1 hereof shall constitute full and final satisfaction and resolution of all claims or demands Apogee raised or could have raised in the Proceedings concerning the rules, manner, process, or procedure PJM employed to liquidate, or allegedly should have used to liquidate, any or all GreenHat FTRs in any auction for the 2018/2019 Planning Period. In consideration for receiving such credit, Apogee agrees to: (a) relinquish all other claims of harm or demands for compensation or damages arising or resulting from the rules, manner, process, or procedure in or by which PJM addressed liquidation of the GreenHat FTRs in any FTR auction for the 2018/2019 Planning Period; (b) withdraw any challenges to the rules, manner, process, or procedure in or by which PJM addressed liquidation of the GreenHat FTRs in any FTR auction for the 2018/2019 Planning Period; (c) not initiate or pursue any challenges to the rules, manner, process, or procedure in or by which PJM addressed liquidation of the GreenHat FTRs in any FTR auction for the 2018/2019 Planning Period; and (d) remain subject to the Default Allocation Assessment calculation set out in section 7.1 of this Settlement.

5.3 The credit provided to BETM pursuant to section 5.1 hereof shall constitute full and final satisfaction and resolution of all claims or demands BETM raised or could have raised in the Proceedings concerning the rules, manner, process, or procedure PJM employed to liquidate, or allegedly should have used to liquidate, any or all GreenHat FTRs in any auction for the

2018/2019 Planning Period. In consideration for receiving such credit, BETM agrees to: (a) relinquish all other claims of harm or demands for compensation or damages arising or resulting from the rules, manner, process, or procedure in or by which PJM addressed liquidation of the GreenHat FTRs in any FTR auction for the 2018/2019 Planning Period; (b) withdraw any challenges to the rules, manner, process, or procedure in or by which PJM addressed liquidation of the GreenHat FTRs in any FTR auction for the 2018/2019 Planning Period; (c) not initiate or pursue any challenges to the rules, manner, process, or procedure in or by which PJM addressed liquidation of the GreenHat FTRs in any FTR auction for the 2018/2019 Planning Period; and (d) remain subject to the Default Allocation Assessment calculation set out in section 7.1 of this Settlement.

5.4 Notwithstanding any other provision of this Settlement, neither Apogee nor BETM shall be permitted to submit a Claim against the Payee Fund.

5.5 Nothing in this Settlement shall relieve either Apogee or BETM of any liability or responsibility for any Default Allocation Assessment assessed on, respectively, Apogee or BETM, under Article VII hereof and the Operating Agreement, including (without limitation) any Default Allocation Assessment imposed to fund the credits provided for in section 5.1.

ARTICLE VI PAYMENTS TO CLAIMANTS

6.1 Any other July Auction Participant that asserts it was harmed by the manner in which PJM addressed liquidation of the GreenHat FTRs in the July Auction may submit a Claim against the Payee Fund established under this Article VI in accordance with and subject to the terms, conditions, and limitations prescribed for the Payee Fund by this Article VI.

6.2 No later than five (5) business days after the Settlement Effective Date, PJM shall provide notice of the start of the thirty (30) calendar day period (from the date of such notice) for

submission of Claims under this Article VI (“Claim Period”). Any July Auction Participant claiming Economic Harm as a result of the manner in which PJM addressed liquidation of the GreenHat FTRs in the July Auction may submit to PJM, within the Claim Period and in the manner specified in PJM’s notice, a Claim for such Economic Harm. Any such Claim shall be limited to harm claimed to have been suffered by a July Auction Participant due to the manner in which PJM addressed liquidation of the GreenHat FTRs in the July Auction. The Claimant shall not quantify or estimate such harm in its Claim. PJM shall not recognize as a valid and effective Claim hereunder any claim that is received by PJM after the end of the Claim Period specified in its notice.

6.3 By submitting a Claim, a Claimant acknowledges that the Claim could result in either a charge or a credit to the Claimant, and that the Claimant is not permitted to withdraw a Claim that PJM determines, in accordance with section 6.9 hereof, results in a charge to such Claimant.

6.4 By submitting a Claim, a Claimant agrees to: (a) relinquish all current and future claims of harm or demands for compensation or damages arising or resulting from the rules, manner, process, or procedure in or by which PJM addressed liquidation of the GreenHat FTRs in any FTR auction for the 2018/2019 Planning Period; (b) withdraw any challenges to the rules, manner, process, or procedure in or by which PJM addressed liquidation of the GreenHat FTRs in any FTR auction for the 2018/2019 Planning Period; (c) not initiate or pursue any challenges to the rules, manner, process, or procedure in or by which PJM addressed liquidation of the GreenHat FTRs in any FTR Auction for the 2018/2019 Planning Period; and (d) remain subject to the Default Allocation Assessment calculation set out in section 7.1 of this Settlement.

6.5 Following receipt of all timely submitted Claims, PJM shall, as more fully described below: (a) calculate the Economic Harm to each Claimant and the aggregate Economic Harm to all Claimants based on a simulated clearing of the July Auction under certain defined conditions

and assumptions; (b) establish a Payee Fund, funded through Default Allocation Assessments (determined under certain defined assumptions), in the amount of such aggregate Economic Harm, but not to exceed five million dollars (“Payee Fund Amount”); (c) disburse amounts from the Payee Fund to each Claimant in an amount no greater than such Claimant’s Economic Harm (which may be zero) as calculated by PJM, and if necessary, make payments on a reduced proportionate basis, defined below, if the aggregate Economic Harm to all Claimants exceeds the Payee Fund Amount; and (d) assess charges on Claimants that, according to PJM’s calculation, were benefitted rather than harmed, and appropriately apply the revenues from such charges.

6.6 Calculation of Economic Harm. Economic Harm to each Claimant shall be, as calculated by PJM, the difference for a Claimant between (i) the net profit or net loss to such Claimant based on the July Auction cost and day-ahead settlement values of all FTR positions obtained by such Claimant from the July Auction as cleared in July 2018, and (ii) the net profit or net loss to such Claimant based on the July Auction cost and day-ahead settlement values that would have occurred for all FTR positions such Claimant would have obtained under a simulated alternative clearing of the July Auction, if such difference is a net charge. For such purpose, the simulated alternative clearing of the July Auction shall assume: (a) liquidation in the July Auction of the GreenHat FTRs that would have been effective in any month during the period from September 2018 through May 2019; (b) if any of the GreenHat FTRs offered for liquidation would set price on any FTR path for any monthly or multi-month period addressed in the July Auction, then the simulated auction is re-run after removing fifty percent of the total defaulted GreenHat FTRs, regardless of path or period; and (c) otherwise applicable Tariff rules concerning (1) violations of the Simultaneous Feasibility Test,²⁵ (2) prohibitions on selling FTRs

²⁵ See Tariff, Attachment K-Appendix, section 7.5.

not owned by an auction participant,²⁶ (3) requirements for auction participants, under certain circumstances, to post additional credit based on tentative clearing results;²⁷ and (4) the FTR forfeiture rule,²⁸ shall not be applied. The outcome of PJM's calculation of the Economic Harm to each Claimant and the aggregate Economic Harm to all Claimants, as well as data, modeling and analysis utilized by PJM in its calculations, shall be confidential and not disclosed to any Party or Claimant; provided however, that PJM shall disclose to each Claimant the amount of the Economic Harm calculated by PJM for that Claimant.

6.7 Calculation of Payee Fund Amount. The Payee Fund Amount shall be the lesser of: (a) the sum of the Economic Harm amounts calculated for all Claimants; or (b) five million dollars (\$5,000,000.00). PJM shall fund the Payee Fund Amount through the assessment of Default Allocation Assessments as provided in Article VII hereof.

6.8 Payments to Claimants from the Payee Fund. Each Claimant determined to have suffered Economic Harm will be credited from the Payee Fund in an amount equal to the lesser of: (a) such Claimant's Economic Harm as calculated by PJM under section 6.6 hereof if the Payee Fund Amount is sufficient to pay one hundred percent of the Economic Harm of all Claimants, and (b) if the Payee Fund Amount is not sufficient to pay one hundred percent of the Economic Harm of all Claimants, the product of (i) the Payee Fund Amount multiplied by (ii) a fraction, the numerator of which is the Economic Harm calculated for such Claimant and the denominator of which is the aggregate of the Economic Harm calculated for all Claimants. For

²⁶ See Tariff, Attachment K-Appendix, section 7.1.1(a) (“[A]ny holder of a Financial Transmission Right for the period covered by an auction may offer such Financial Transmission Right for sale in such auction.”).

²⁷ See Tariff, Attachment Q, section IV.C.6.

²⁸ See Tariff, Attachment K-Appendix, section 5.2.1.

purposes of the foregoing calculation, only the value of the Economic Harm to Claimants that is a positive number (*i.e.*, would be a net charge to such Claimants) shall be included.

6.9 Charges to Claimants, and Disposition of Any Such Charges. If the calculation prescribed by section 6.6 hereof results in a net credit to a Claimant, such Claimant will be assessed a charge equal to one-half of the net credit so calculated. Any such charges assessed by PJM shall be treated as part of the Payee Fund and be an addition to the Payee Fund Amount. Such supplemental amounts in the Payee Fund shall be credited, under the same rules as prescribed by section 6.8 hereof, to Claimants calculated to have Economic Harm, provided that total credits to any Claimant (including both credits under section 6.8 hereof and credits under this section 6.9) may not exceed the Economic Harm calculated by PJM for that Claimant. If the aggregate of all amounts paid into the Payee Fund hereunder would result, if fully credited to all Claimants, in any Claimant receiving a total credit from the Payee Fund in excess of such Claimant's Economic Harm, then the amount of such excess shall be used to offset the Default Allocation Assessments provided for in Article VII hereof.

ARTICLE VII DEFAULT ALLOCATION ASSESSMENTS

7.1 Apogee/BETM Credits and Associated Assessments. In the same billing cycle in which credits are provided to Apogee and BETM under section 5.1 hereof, PJM shall assess the amounts credited as Default Allocation Assessments determined in accordance with Operating Agreement, section 15.2.2, and using values for "N," "A," and "Z" for each Member, as specified in that section, calculated as provided by section 15.2.2 for the June 21, 2018 GreenHat default, and reflecting that the \$10,000 per Member limitation under such section on allocations based on the number of Members applies cumulatively for each Member taking account of all Default Allocation Assessments on such Member arising from the June 21, 2018 GreenHat

default. Both Apogee and BETM shall be included as Members for purposes of the calculations set out in this section 7.1.

7.2 Claimant Credits and Associated Assessments. In the same billing cycle in which credits are provided to Claimants under section 6.8 hereof, PJM shall fund the Payee Fund Amount determined under Article VI through Default Allocation Assessments determined in accordance with Operating Agreement, section 15.2.2, and using values for “N,” “A,” and “Z” for each Member, as specified in that section, calculated as provided by section 15.2.2 for the June 21, 2018 GreenHat default, and reflecting that the \$10,000 per Member limitation under such section on allocations based on the number of Members applies cumulatively for each Member taking account of all Default Allocation Assessments on such Member arising from the June 21, 2018 GreenHat default. Claimants shall be included as Members for purposes of the calculations set out in this section 7.2. The total Payee Fund Amount assessed hereunder shall in no event exceed the sum of five million dollars.

7.3. Amounts assessed under sections 7.1 and 7.2 will be reflected in the applicable monthly billing statement in the same manner as previous GreenHat defaults have been billed, *i.e.*, as a “1999 PJM Customer Payment Default.”

7.4 If the amounts to be credited to Claimants under Article VI are less than the Payee Fund Amount, the amounts assessed under section 7.2 hereof shall be credited to each Member so assessed in proportion to each Member’s share of the Default Allocation Assessments provided hereunder. In addition, if disbursement of the full amount charged to Claimants pursuant to section 6.9 hereof would result in any Claimant being credited in excess of its calculated Economic Harm, the excess amount shall be applied to reduce the Default Allocation Assessments to each Member in proportion to each Member’s share of the Default Allocation Assessments provided hereunder.

**ARTICLE VIII
MARKET SETTLEMENTS**

As set forth above, PJM will provide credits under section 5.1 and Default Allocation Assessments under section 7.1 in the same billing cycle. PJM also will provide credits under sections 6.8 and 6.9 and Default Allocation Assessments under section 7.2 in the same billing cycle. Entities that receive both credits and Default Allocation Assessments under such provisions will receive such items on a single monthly statement. Default Allocation Assessments will be reflected in PJM settlements in the same manner as previous GreenHat defaults have been billed, *i.e.*, as a “1999 PJM Customer Payment Default.”

**ARTICLE IX
EFFECTIVE DATE**

This Settlement will become effective on the date of a Commission order approving this Settlement. The provisions of this Settlement shall remain in full force and effect until such time as all obligations set forth in this Settlement have been fully discharged.

**ARTICLE X
SETTLEMENT AS ATTACHMENT TO TARIFF**

This Settlement, once approved by the Commission, will be filed through a compliance filing as an attachment to the Tariff and shall function as the filed rate for purposes of the matters specifically addressed herein pertaining to the July Auction and the 2018/2019 Planning Period.

**ARTICLE XI
MISCELLANEOUS PROVISIONS**

11.1 No Admissions or Precedent; Exceptions. This entire Settlement, and the Settling Parties’ performance of their obligations hereunder, are the result of the settlement and compromise of all the claims and actions expressly addressed in this Settlement, and neither this Settlement nor the Settling Parties’ performance hereunder shall be deemed to be an admission of any fact or of any liability. It is specifically understood and agreed that this Settlement

represents a negotiated settlement in the public interest with respect to the matters agreed to herein for the sole purpose of the settlement of such matters agreed to herein, and the Settling Parties shall not be prejudiced or bound thereby in any proceeding, except as specifically provided for herein. The Settling Parties offer this Settlement solely for the purpose of compromising on the matters at issue in Docket Nos. ER18-2068-000 and ER18-2068-001. The Settling Parties shall not be deemed to have approved, accepted, agreed, or consented to any concept, theory, or principle underlying or supposed to underlie any of the matters provided for herein. Further, this Settlement cannot be used, and no part hereof shall be used, to advance, support, or resist a position taken before the Commission or the courts by any Settling Party except as otherwise provided herein. This Settlement does not modify, amend, or change the Tariff or Operating Agreement in any manner other than as set forth herein and solely for the purposes set forth herein.

11.2 The compensation mechanism established by this Settlement is the sole vehicle through which entities claiming to have been harmed by the rules, manner, process, or procedure in or by which PJM addressed liquidation of the GreenHat FTRs in any FTR auction for the 2018/2019 Planning Period may be compensated for their harm. Commission acceptance or approval of this Settlement shall be deemed to close out all FTR transactions associated with or arising from the July Auction, and no Market Participant may assert claims related to that auction outside the process established by this Settlement.

11.3 Entire Agreement. This Settlement constitutes the entire agreement between and among the Settling Parties and no other agreement with regard to the matters addressed in this Settlement shall be binding on the Settling Parties except by written amendment to this Settlement and, to the extent required, approval by the Commission. This Settlement is an integrated package. None of the terms of this Settlement is agreed to, acquiesced in, or non-

opposed without each of the other terms. The various provisions of this Settlement are not severable and shall not become operative unless and until the Commission issues an order accepting or approving this Settlement as to all its terms and conditions without modification or condition. Except for the terms and conditions enumerated in this Settlement, the Settling Parties acknowledge and agree that the Settling Parties have not made any other promises, warranties, or representations to each other or any other participant in the Proceedings referenced herein regarding any aspect of the settlement of the matters addressed in this Settlement. Each Settling Party acknowledges that it has read this Settlement and executed it without relying upon any other promise, warranty, or representation, written or otherwise, of the other Settling Parties or any other participant in the Proceedings. Each Settling Party acknowledges that no other participant in the Proceedings has made any such promise, warranty, or representation.

11.4 Modification or Condition of Settlement. The terms and conditions of this Settlement are expressly contingent upon approval or acceptance by the Commission of this Settlement without modification or condition. If the Commission by order conditions its approval or acceptance of this Settlement or requires its modification, this Settlement shall be deemed withdrawn, shall not be considered to be part of the record in the Proceedings, shall not become effective, and shall be null and void, unless the Settling Parties, within ten (10) business days (subject to extension by mutual agreement of all the Settling Parties) of issuance of the Commission order approving or accepting this Settlement subject to condition or modification either: (a) accept the Commission's modifications and conditions; or (b) agree to modify this Settlement to address or obviate the Commission's concerns. In the event clause (b) in the preceding sentence is applicable, the Settlement Effective Date shall not occur until the Commission has approved this Settlement as so modified.

11.5 Settlement Discussions. The discussions that have produced this Settlement have been conducted on the explicit understanding, pursuant to Rules 602 and 606 of the Commission's Rules of Practice and Procedure, 18 C.F.R. §§ 385.602 and 385.606, that all settlement communications and discussions shall be privileged and confidential, shall be without prejudice to the position of any Settling Party or participant making such communications or participating in any such discussions, and are not to be used in any manner in connection with the Proceedings, any other proceeding, or otherwise, except to the extent necessary to enforce the terms of this Settlement or to construe the meaning of the terms used herein.

11.6 Not Admissible as Evidence. This Settlement is submitted pursuant to Rule 602 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.602, and shall not be admissible in evidence or made a part of the record in any proceeding except as necessary to implement or enforce this Settlement.

11.7 Further Assurances. Following execution of this Settlement, each Settling Party shall cooperate with and support, and shall not take any action inconsistent with: (a) the filing of this Settlement with the Commission; and (b) efforts to obtain Commission approval or acceptance of this Settlement. Consistent therewith, none of the Settling Parties shall seek rehearing of an order approving or accepting this Settlement without modification or condition. Without limiting the generality of the foregoing, no later than sixty (60) days after the Settlement Effective Date, each Settling Party shall move to withdraw any and all requests for rehearing, requests or motions for clarification, and motions or requests for stay such party has pending before the Commission in the Proceedings.

11.8 Successors and Assigns. This Settlement, once effective, is binding upon and for the benefit of the Settling Parties and their successors and assigns.

11.9 Ambiguities Neutrally Construed. This Settlement is the result of negotiations among Settling Parties, and has been reviewed by each Settling Party and its respective counsel. Accordingly, this Settlement shall be deemed to be the product of each Settling Party, and no ambiguity shall be construed in favor of or against any Settling Party.

11.10 Authorizations. Each person executing this Settlement represents and warrants that he or she is duly authorized and empowered to act on behalf of, and to sign for, the Settling Party for whom he or she has signed.

11.11 Counterparts. This Settlement may be executed in one or more counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

11.12 Requisite Waivers. The Commission's approval of this Settlement shall constitute the requisite grant of any waivers of any regulations as may be deemed necessary to permit the implementation of the provisions of this Settlement in accordance with its terms.

11.13 Rules of Construction. Except as otherwise expressly provided for in this Settlement, the rules of interpretation and construction set forth below shall apply to this Settlement:

11.13.1 All defined terms in the singular shall have the same meaning when used in the plural and vice versa.

11.13.2. References to "includes," "including," and similar phrases, shall mean "including without limitation."

11.13.3 Unless otherwise indicated, references to "Sections" or "Articles" refer to sections or articles in this Settlement.

11.14 Headings. The titles and headings of the various articles and sections in this Settlement are for reference purposes only. They are not to be construed or taken into account in

interpreting this Settlement, and they do not qualify, modify, or explain the effects of this Settlement.

11.15 Standard of Review. This Settlement may be amended only by the agreement or non-opposition of all Settling Parties. The standard of review for any modifications to this Settlement requested by a Settling Party, without the agreement or non-opposition of all other Settling Parties, shall be the “public interest” application of the just and reasonable standard of review, as explained in *Morgan Stanley Capital Group, Inc. v. Public Utility District No. 1 of Snohomish County*, 554 U.S. 527 (2008) and *NRG Power Marketing, LLC v. Maine Public Utilities Commission*, 558 U.S. 165 (2010). The standard of review for any modifications to this Settlement requested by any other party, non-party, or the Commission acting *sua sponte*, shall be the most stringent standard permissible under applicable law.

11.16 No Settled Practice. This Settlement is made upon the express understanding that it constitutes a negotiated offer of settlement to resolve the issues presented in the underlying hearing in the Proceedings. Neither the Settling Parties nor the Commission shall be deemed to have approved, accepted, agreed, or otherwise consented to any ratemaking principle or methodology or to any tariff interpretation or modification or to any other factor or concept underlying or supposed to underlie any of the matters herein, except as expressly provided in this Settlement. The Commission’s approval of this Settlement shall not constitute precedent nor be used to prejudice any otherwise available rights or arguments of any party in a future proceeding, other than to enforce the terms of the Settlement, and shall not be used as evidence that a particular method is a “long standing practice” as that term is used in *Columbia Gas Transmission Corp. v. FERC*, 628 F.2d 578 (D.C. Cir. 1979), or a “settled practice” as that term is used in *Public Service Commission of New York v. FERC*, 642 F.2d 1335 (D.C. Cir. 1980).

11.17 Settlement Terms Govern. To the extent there is any inconsistency between this Settlement and the description of this Settlement in the Explanatory Statement submitted in support hereof, the terms of this Settlement shall control.

WHEREFORE, the Settling Parties have caused their duly authorized representatives to execute this Settlement.

Respectfully submitted,

American Electric Power Service Corporation

By: /s/ John C. Crespo

Name: John C. Crespo

Title: Deputy General Counsel, Regulatory & Nuclear

Counterpart Signature Page to October 9, 2019 Settlement Agreement and Offer of Settlement in PJM Interconnection, L.L.C., FERC Docket Nos. ER18-2068-000 and ER18-2068-001

Pursuant to section 11.11 of the Settlement Agreement, "[t]his Settlement may be executed in one or more counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument."

WHEREFORE, the Settling Parties have caused their duly authorized representatives to execute this Settlement.

Respectfully submitted,

American Municipal Power, Inc.

By: /s/Marc S. Gerken

Name: Marc S. Gerken

Title: President and CEO

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Respectfully submitted,

Apogee Energy Trading LLC

/s/ Gregory K. Lawrence

Gregory K. Lawrence

Greenberg Traurig, LLP

2101 L Street, N.W., Suite 1000 Washington, D.C. 20037

Tel: 202-641-2293

lawrence@gtlaw.com

Counsel for Apogee Energy Trading LLC

Counterpart Signature Page to October 9, 2019 Settlement Agreement and Offer of Settlement in PJM Interconnection, L.L.C., FERC Docket Nos. ER18-2068-000 and ER18-2068-001

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Respectfully submitted,

Boston Energy Trading and Marketing LLC

By: /s/ Reem Fahey

Name: Reem Fahey

Title: President

Counterpart Signature Page to October 9, 2019 Settlement Agreement and Offer of Settlement in PJM Interconnection, L.L.C., FERC Docket Nos. ER18-2068-000 and ER18-2068-001

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Respectfully submitted,

Buckeye Power, Inc.

By: /s/ Marvin T. Griff

Name: Marvin T. Griff

Title: Counsel

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Respectfully submitted,

DC Energy, LLC

By: /s/ Andrew J. Stevens

Name: Andrew J. Stevens

Title: Managing Director

Counterpart Signature Page to October 9, 2019 Settlement Agreement and Offer of Settlement in PJM Interconnection, L.L.C., FERC Docket Nos. ER18-2068-000 and ER18-2068-001

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Respectfully submitted,

Direct Energy Business, LLC
Direct Energy Business Marketing, LLC

By: /s/ Vafa Mohtashami
Name: Vafa Mohtashami
Title: Vice President, Power Trading & Operations
RTC

Digitally signed by: Vafa Mohtashami
mohtashami@directenergy.com
2019.10.08 11:08:58 -06'00'

Counterpart Signature Page to October 9, 2019 Settlement Agreement and Offer of Settlement in PJM Interconnection, L.L.C., FERC Docket Nos. ER18-2068-000 and ER18-2068-001

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Respectfully submitted,

**Dominion Energy Services, Inc. on behalf of
Virginia Electric and Power Company d/b/a Dominion Energy Virginia and
Dominion Energy Generation Marketing, Inc.**

By: /s/ Wesley Walker
Name: Wesley Walker
Title: Assistant General Counsel

Counterpart Signature Page to October 9, 2019 Settlement Agreement and Offer of Settlement in PJM Interconnection, L.L.C., FERC Docket Nos. ER18-2068-000 and ER18-2068-001

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Respectfully submitted,

Duke Energy Ohio, Inc. and Duke Energy Kentucky, Inc.

By: /s/ Don Wathen Jr.

Name: Don Wathen Jr.

Title: Director – Rates & Regulatory Strategy (Ohio & Kentucky)
Duke Energy Ohio
Duke Energy Kentucky

Counterpart Signature Page to October 9, 2019 Settlement Agreement and Offer of Settlement in PJM Interconnection, L.L.C., FERC Docket Nos. ER18-2068-000 and ER18-2068-001

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WHEREFORE, the Settling Parties have caused their duly authorized representatives to execute this Settlement.

Respectfully submitted,

East Kentucky Power Cooperative, Inc.

By: /s/ Anthony S. Campbell

Name: Anthony S. Campbell

Title: President and CEO

Counterpart Signature Page to October 9, 2019 Settlement Agreement and Offer of Settlement in PJM Interconnection, L.L.C., FERC Docket Nos. ER18-2068-000 and ER18-2068-001

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Respectfully submitted,

EDP Renewables North America LLC

By: /s/ Steve Irvin

Name: Steve Irvin

Title: Executive Vice President,
Western and Central Regions and Mexico

Counterpart Signature Page to October 9, 2019 Settlement Agreement and Offer of Settlement in PJM Interconnection, L.L.C., FERC Docket Nos. ER18-2068-000 and ER18-2068-001

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WHEREFORE, the Settling Parties have caused their duly authorized representatives to execute this Settlement.

Respectfully submitted,

EDF Trading North America, LLC
EDF Energy Services, LLC

By: /s/ Jason Cox (TH)
Name: Jason Cox
Title: Director, Regulatory Affairs

Counterpart Signature Page to October 9, 2019 Settlement Agreement and Offer of Settlement in PJM Interconnection, L.L.C., FERC Docket Nos. ER18-2068-000 and ER18-2068-001

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Respectfully submitted,

Elliott Bay Energy Trading, LLC

By: Elliott Bay Energy, LLC, its sole member

By: /s/ Brian Lonergan

Name: Brian Lonergan

Title: Managing Member

Counterpart Signature Page to October 9, 2019 Settlement Agreement and Offer of Settlement in PJM Interconnection, L.L.C., FERC Docket Nos. ER18-2068-000 and ER18-2068-001

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Respectfully submitted,

Exelon Corporation

By: /s/ Carrie Hill Allen

Name: Carrie Hill Allen

Title: Vice President & Deputy General Counsel

Counterpart Signature Page to October 9, 2019 Settlement Agreement and Offer of Settlement in PJM Interconnection, L.L.C., FERC Docket Nos. ER18-2068-000 and ER18-2068-001

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Respectfully submitted,

**FirstEnergy Service Company, on behalf of its affiliates
The Cleveland Illuminating Company, Ohio Edison
Company, Pennsylvania Power Company, Pennsylvania Electric
Company, Jersey Central Power & Light Company, Metropolitan
Edison Company, The Toledo Edison Company, West Penn
Power Company, The Potomac Edison Company and Monongahela
Power Company**

By: /s/ Evan K. Dean
Name: Evan K. Dean
Title: Attorney
FirstEnergy Service Company
76 South Main Street
A-GO-15
Akron, OH 44308
Tel: (330) 761-4307
edean@firstenergycorp.com

***Counterpart Signature Page to October 9, 2019 Settlement Agreement and Offer of
Settlement in PJM Interconnection, L.L.C., FERC Docket Nos. ER18-2068-000 and
ER18-2068-001***

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WHEREFORE, the Settling Parties have caused their duly authorized representatives to execute this Settlement.

Respectfully submitted,

LS Power Associates, L.P.

By: /s/ Neil L. Levy

Name: Neil L. Levy

Title: Counsel for LS Power Associates, L.P.

Counterpart Signature Page to October 9, 2019 Settlement Agreement and Offer of Settlement in PJM Interconnection, L.L.C., FERC Docket Nos. ER18-2068-000 and ER18-2068-001

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Respectfully submitted,

**Mercuria Energy America, Inc.
Mercuria SJAK Trading, LLC**

By: /s/ Cody Moore
Name: Cody Moore
Title: President

Counterpart Signature Page to October 9, 2019 Settlement Agreement and Offer of Settlement in PJM Interconnection, L.L.C., FERC Docket Nos. ER18-2068-000 and ER18-2068-001

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Respectfully submitted,

NextEra Energy Marketing, LLC

By: /s/ Mark Maisto

Name: Mark Maisto

Title: President

Counterpart Signature Page to October 9, 2019 Settlement Agreement and Offer of Settlement in PJM Interconnection, L.L.C., FERC Docket Nos. ER18-2068-000 and ER18-2068-001

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WHEREFORE, the Settling Parties have caused their duly authorized representatives to execute this Settlement.

Respectfully submitted,

NRG Power Marketing LLC

By: /s/ Cortney Slager
Name: Cortney Slager
Title: NRG Energy, Inc.
Assistant General Counsel

Counterpart Signature Page to October 9, 2019 Settlement Agreement and Offer of Settlement in PJM Interconnection, L.L.C., FERC Docket Nos. ER18-2068-000 and ER18-2068-001

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WHEREFORE, the Settling Parties have caused their duly authorized representatives to execute this Settlement.

Respectfully submitted,

PJM Industrial Customer Coalition

By: /s/ Robert A. Weishaar, Jr.

Name: Robert A. Weishaar, Jr.

Title: Counsel

Counterpart Signature Page to October 9, 2019 Settlement Agreement and Offer of Settlement in PJM Interconnection, L.L.C., FERC Docket Nos. ER18-2068-000 and ER18-2068-001

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Respectfully submitted,

PJM Interconnection, L.L.C.

By: /s/ Frederick S. Bresler
Name: Frederick S. (Stu) Bresler, III
Title: Senior Vice President, Market Services

Counterpart Signature Page to October 9, 2019 Settlement Agreement and Offer of Settlement in PJM Interconnection, L.L.C., FERC Docket Nos. ER18-2068-000 and ER18-2068-001

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WHEREFORE, the Settling Parties have caused their duly authorized representatives to execute this Settlement.

Respectfully submitted,

Public Service Electric and Gas Company, PSEG Power LLC, and PSEG Energy Resources & Trade LLC, collectively, the “PSEG Companies”

By: */s/ Tamara L. Linde* _____

Name: Tamara L. Linde

Title: Executive Vice President & General Counsel

Counterpart Signature Page to October 9, 2019 Settlement Agreement and Offer of Settlement in PJM Interconnection, L.L.C., FERC Docket Nos. ER18-2068-000 and ER18-2068-001

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WHEREFORE, the Settling Parties have caused their duly authorized representatives to execute this Settlement.

Respectfully submitted,

Southern Maryland Electric Cooperative, Inc.
[Settling Party Name]

By: /s/ Mark A. MacDougall
Name: Mark A. MacDougall
Title: Senior Vice President and General Counsel

Counterpart Signature Page to October 9, 2019 Settlement Agreement and Offer of Settlement in PJM Interconnection, L.L.C., FERC Docket Nos. ER18-2068-000 and ER18-2068-001

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