

Part IX, Subpart L
FORM OF NETWORK UPGRADE FUNDING AGREEMENT

By and Among

PJM Interconnection, L.L.C.

and

[Project Developer]

and

[Transmission Owner]

(Project Identifier # ___)

Network Upgrade Funding Agreement

for

(Project Identifier # _____)

This Network Upgrade Funding Agreement (“NUFA”) is entered into by and among [_____], a [state] [corporation/limited liability company/other corporate form] (hereinafter “Project Developer” or “[short name]”), [_____], a [state] [corporation/limited liability company/other corporate form] (hereinafter “Transmission Owner” or “[short name]”), and PJM Interconnection, L.L.C., the Regional Transmission Organization for the PJM Region (hereinafter “Transmission Provider” or “PJM”) to compensate Transmission Owner for upgrades and additions to its transmission system (“Network Upgrades”) necessary for Interconnection Service for the Project Developer’s Generating Facility under the PJM Open Access Transmission Tariff (“PJM Tariff” or “Tariff”). Project Developer, Transmission Owner, and PJM are each referred to as “Party,” and collectively, as “Parties.”

WHEREAS, the Parties entered into that certain Generating Interconnection Agreement associated with Project Identifier # [_____] (“GIA”);

WHEREAS, the Interconnection Service necessary for Project Identifier # [_____] requires Transmission Owner to install Network Upgrade(s) on Transmission Owner’s transmission system consisting of Network Upgrade(s) identified in Schedule A in order for Transmission Owner to operate and maintain the transmission system in a safe and reliable manner;

WHEREAS, in accordance with the PJM Tariff in effect at the time the GIA was executed, the Transmission Owner has elected the self-fund option described in Tariff, [{Part VII, section} or Part {VIII, section}], and therefore will recover the return of and on the initial capital cost of the following Network Upgrade(s) from Project Developer through this NUFA, as set forth in Schedule A herein;

WHEREAS, the Transmission Owner will fund, own, operate and maintain the Network Upgrade(s);

WHEREAS, the PJM Tariff in effect at the time of execution of the GIA requires the Parties to enter into a network upgrade funding agreement in the form provided in Part IX, Subpart L, Form of Network Upgrade Funding Agreement if the Transmission Owner elects to self-fund the initial capital cost of the Network Upgrades;

NOW, THEREFORE, in consideration of the mutual premises and covenants hereinafter set forth and other good and valuable consideration, and intending to be legally bound hereby, the Parties hereby agree that Transmission Owner shall recover from Project Developer the return of and on the initial capital cost of the Network Upgrade(s), under the following terms and conditions:

1. **Definitions.** Capitalized terms used in this NUFA that are not otherwise defined herein shall have the meaning provided in the PJM Tariff.

2. **Effective Date and Term.** Unless terminated earlier by mutual agreement, the effective date of this NUFA shall be the date it is executed by all Parties, or such other date as specified by FERC (the “Effective Date”). This NUFA shall continue until two hundred forty (240) months of payments for each Network Upgrade governed by this NUFA have been collected by the Transmission Provider and paid to the Transmission Owner, unless the Parties mutually agree on a different term for this NUFA, including but not limited to a term that is consistent with the term of the GIA, or such other date as mutually agreed to by the Parties from the Effective Date (“Term”).

3. **Network Upgrade Charge.**

3.1 **Monthly Payments.** Beginning with the month following notification from Transmission Owner to Project Developer and Transmission Provider, consistent with the notice requirements of Section 10.1, that a Network Upgrade has been placed in service (“In-Service Date”) and continuing for the Term of this NUFA, Transmission Provider shall invoice Project Developer on behalf of the Transmission Owner, for the amount of monthly revenue requirement for that Network Upgrade. Project Developer shall pay each invoice within twenty (20) days after receipt thereof (“Monthly Due Date”). Upon receipt of each of Project Developer’s payments, Transmission Provider shall reimburse the Transmission Owner.

3.2 **Annual Payments.** Alternatively, Project Developer may elect to switch from receiving monthly invoices from the Transmission Provider for the Network Upgrades to an annual invoice after the first day of the next Rate Year for the Transmission Owner following the In-Service Date of the last Network Upgrade governed by this NUFA. Rate Year shall be defined by the Transmission Owner’s Formula Rate Protocols. If Project Developer chooses to receive annual bills, Transmission Provider shall bill Project Developer the equivalent of twelve (12) months of payments for each calendar year until the first Network Upgrade under this NUFA to be placed in service has less than twelve (12) months of payments owing in a calendar year, after which Transmission Provider shall resume billing Project Developer on a monthly basis for each Network Upgrade. In no event shall the total amount paid by Project Developer for a Network Upgrade be less than the equivalent amount due if there were instead monthly payments for the entire Term of this NUFA. Project Developer shall pay each invoice within twenty (20) days after receipt thereof (“Annual Due Date”). Upon receipt of each of Project Developer’s payments, Transmission Provider shall reimburse the Transmission Owner.

3.3 **Initial Payments.** The initial Payment(s) shall be based on the Estimated Network Upgrade Initial Capital Cost (“ENUC”) and is set forth in the table below.

Description	Amount
ENUC (<i>Schedule B, Line</i> ___)	\$ _____
Levelized Fixed Charge Rate (<i>Schedule B, Line</i> ___)	_____ %
Annual revenue requirement (<i>Schedule B, Line</i> ___)	\$ _____

Payment (<i>Schedule B, Line</i> ___)
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\$ _____

3.4 Updates to Payments. The Project Developer payment amount for the Network Upgrade(s) shall be updated as Network Upgrades subject to this NUFA are placed in service and shall be re-calculated annually to be effective on the first day of the Rate Year for the Transmission Owner by updating certain inputs to the formula shown in Schedule B of this NUFA (“Formula”), and rounded to the nearest whole dollar. The Formula calculates a levelized fixed charge rate (“Levelized Fixed Charge Rate”) and the payment amount based on the ENUC or the Actual Network Upgrade Initial Capital Cost (“ANUC”), as applicable, the Term of this NUFA in years, and certain historic, actual data from the Transmission Owner’s transmission formula rate included in Tariff, Attachment H (“Transmission Formula Rate”) or successor rate under the PJM Tariff, including but not limited to: (i) the Transmission Owner’s combined tax rate, (ii) the amounts of Transmission Owner interest on long-term debt, (iii) the long-term debt and common equity balances, and (iv) Transmission Owner’s FERC-approved return on equity. Beginning on the first day of the Transmission Owner’s Rate Year of the first or second calendar year following the In-Service Date, as applicable based on when the ANUC is determined, and each subsequent Rate Year thereafter, the payment amount shall be updated based on the Transmission Owner’s Transmission Formula Rate using data from the previous calendar year and the ANUC. Any adjustment to the relevant inputs to Transmission Owner’s Transmission Formula Rate or successor rate under the PJM Tariff used in the Formula shall require a recalculation of the Formula for the period to which such adjustment applies and shall require revised payment amounts, as well as refunds or surcharges, as necessary. Transmission Owner shall provide Project Developer with notice each year of the change in payment amount as a result of annual changes to its Transmission Formula Rate.

3.5 Information Sharing. The Transmission Owner and Project Developer shall make available to the other Parties information necessary to verify costs incurred by the other Parties for which the requesting Party is responsible under this Agreement and carry out obligations and responsibilities under this NUFA; provided, however, that the Parties shall not use such information for purposes other than those set forth in this Section 3 and to enforce their rights under this NUFA.

3.6 Audit. Subject to the requirements of confidentiality under Section 9.2 of this NUFA: (i) the accounts and records related to the design, engineering, procurement, and construction of the Network Upgrades and/or System Protection Facilities shall be subject to audit for a period of twenty-four (24) months following the In-Service Date of each such Network Upgrade; (ii) the accounts and records related to the one-time true-up adjustment provided for in Section 3.7 shall be subject to audit for a period of twenty-four (24) months following the date the true-up adjustment is reflected in the Project Developer’s invoice; and (iii) the accounts and records related to the annual inputs to the Formula shall be subject to audit for a period of twelve (12) months following each year’s Formula update in accordance with this Section 3. Project Developer at its expense shall have the right, during normal business hours, and upon prior reasonable notice to the other Parties, to audit such accounts and records. Any audit authorized by this Section 3 shall be performed at the offices where such accounts and records are maintained and shall be limited to those portions of such accounts and records that relate to obligations under this NUFA.

3.7 Payment True-Up to Actual Costs. A one-time true-up adjustment shall be calculated within one (1) year of the In-Service Date when the ANUC is known and all costs associated with the ENUC have been accounted for. The true-up adjustment will be equal to the difference between payments collected to-date and what the payments to-date would have been if the payments had been calculated using the ANUC. The true-up adjustment, either as a credit due or charge to the Project Developer, shall be included in the Project Developer's next payment due, including interest. Interest on the true-up adjustment will begin to accrue the first day of the month following the In-Service Date and will be determined based on the Commission's regulations at 18 C.F.R. § 35.19a. Transmission Provider will invoice Project Developer upon determination of the true-up in accordance with this Section 3.7.

4. Security

4.1 Provision of Security; Updating Security Amount. The Project Developer shall provide a letter of credit from a reasonably acceptable provider, or other form of reasonably acceptable security that names either the Transmission Provider (for the benefit of the Transmission Owner) or the Transmission Owner as applicable, as the beneficiary in an amount equal to the ENUC (the "Security"). The Project Developer shall have the option to provide the Security to either the Transmission Provider (for the benefit of the Transmission Owner) or the Transmission Owner and shall notify all Parties of its election within ten (10) days of receipt of the NUFA from the Transmission Provider. The entity whom the Project Developer chooses to provide with the Security, either the Transmission Provider (for the benefit of the Transmission Owner) or the Transmission Owner, shall determine whether the letter of credit or other form of security is reasonably acceptable. The Security shall be provided to Transmission Provider or Transmission Owner, as applicable, by Project Developer pursuant to this Section 4.1 within the later of: (i) forty-five (45) days of the execution of this NUFA by all Parties; (ii) forty-five (45) days of acceptance of this NUFA by FERC if this NUFA is filed unexecuted and the Security is being protested by Project Developer; or (iii) forty-five (45) days of the date of filing of this NUFA if it is filed unexecuted and the Security is not being protested by Project Developer. To the extent that the Project Developer has provided Security under the GIA for any portion of the Network Upgrades covered by the NUFA, the Security required under this NUFA shall be reduced by the amount of Security required under the GIA for such Network Upgrades. Prior to the release of the Security under the GIA for the Network Upgrades by the Transmission Provider, the Project Developer shall provide additional Security to the Transmission Owner or Transmission Provider, as applicable, under this NUFA in an amount that is equal to the amount of Security for the Network Upgrades released under the GIA. The Security provided under the GIA may be applied to satisfy the Security requirements under the NUFA if the form, terms, and provider of the Security provided under the GIA allow it. In no event shall Project Developer allow Security to lapse between the GIA and this NUFA. The Project Developer must maintain the Security required under this NUFA or the GIA at all times. Likewise, in no event shall Project Developer be required to maintain concurrently the full amount of Security under the GIA and the full amount of Security under this NUFA. The Security may be adjusted to an amount equal to the ANUC after such time that the one-time true-up adjustment as described in Section 3.7 is completed for each Network Upgrade. The Security shall remain with Transmission Provider or Transmission Owner, as applicable, for the remaining months of the Term. At Project Developer's discretion, such Security may be reduced by five percent (5%) (or a prorated portion based on the Term of this NUFA, as agreed by the Parties) of the ANUC of

each Network Upgrade on the first anniversary of the In-Service Date of that Network Upgrade and may continue to be reduced by five percent (5%) (or a prorated portion based on the Term of this NUFA, as agreed by the Parties) each year over the Term of this NUFA, provided that any such reduction in the amount of Security must be evidenced to either the Transmission Provider or the Transmission Owner, as applicable, in the form of a revised form of Security reasonably acceptable to the Transmission Owner.

4.2 Draws on Security. In the event Project Developer fails to make a payment by the Monthly Due Date or Annual Due Date, as applicable, Transmission Provider or Transmission Owner, as applicable, shall be entitled to draw on the Security posted by Project Developer in the amount of the missed Payments as well as any accrued interest charges based on the Commission's regulations at 18 C.F.R § 35.19a. If Project Developer fails to make payment by the Monthly Due Date or Annual Due Date, as applicable, and Security has been depleted, Project Developer shall provide to the Transmission Provider (for the benefit of the Transmission Owner) or Transmission Owner, as applicable based on the election in Section 4.1 new irrevocable security, in a form reasonably acceptable ("New Security") within thirty (30) days of the holder's demand for New Security.

4.3 Security Requirements. Security shall remain in place until expiration of this NUFA. Any Security provided by Project Developer must be kept active, must continue to meet the security requirements of the Transmission Owner or the Transmission Provider, as applicable, and must be available to Transmission Provider or Transmission Owner, as applicable, for the purpose of making payments under this NUFA in the event that Project Developer fails to make such payment. Any fees or costs associated with the provision of security are the responsibility of the Project Developer.

4.4 Tax Gross-Up. Project Developer acknowledges that the construction of the Network Upgrade(s) under the GIA could be subject to tax gross-up, as applicable, upon the Project Developer's default under this NUFA and that the Security provided hereunder could be used to cover such obligations.

5. Breach, Default, and Cross-Default

5.1 General. Upon a Breach of this NUFA, the non-breaching Party or Parties shall give written notice of such Breach to the Breaching Party with a copy to all non-breaching Parties. The Breaching Party shall have thirty (30) days from receipt of the notice of Breach within which to cure such Breach; provided, however, if such Breach is not capable of cure within thirty (30) days, the Breaching Party shall commence such cure within thirty (30) days after notice thereof and shall continuously and diligently complete such cure within ninety (90) days from receipt of the notice of Breach. If cured within such time provided by the foregoing, the Breach specified in such notice shall be deemed cured and treated by the Parties as if it had not occurred. If a Breach is not cured as provided in this Section 5.1, or is not capable of being cured within the period provided for herein, the Breaching Party shall be in default under this NUFA.

5.2 Project Developer Default. Project Developer shall be in default of this NUFA if Project Developer: (i) fails to make two (2) consecutive monthly Payments when due

or be more than sixty (60) days late in providing an annual payment; provided that, Transmission Provider has given Project Developer notice of and Project Developer has failed to cure such late payments consistent with Section 5.1; (ii) fails to provide New Security within thirty (30) days of the demand for New Security consistent with Section 4.2; (iii) terminates operation of its Generating Facility prior to the end of the Term of this NUFA; or (iv) is declared to be in Default under its GIA. In the event of default, Project Developer shall promptly pay to Transmission Provider all Payments still owed under this NUFA. In the event that Project Developer does not promptly pay all amounts due and owing to the Transmission Provider, the Transmission Provider may draw on the remaining balance of the Security provided by the Project Developer. This payment or draw on the Security does not limit any and all rights and remedies available to the Transmission Provider or Transmission Owner allowed by law with respect to such default or collecting all amounts owed for the remaining months due under this NUFA. Project Developer shall indemnify Transmission Provider and Transmission Owner for reasonable costs, attorney fees and/or expenses incurred with respect to a default or collecting all amounts owed for the remaining months, including, as applicable, any tax gross-up obligations under this NUFA.

5.3 Transmission Owner Default. Transmission Owner shall be in default of this NUFA if Transmission Owner: (i) fails to provide Project Developer with any of the information access and audit rights provided in Section 3.6; (ii) such failure is not cured following notice from Project Developer as provided in Section 5.1; and (iii) such failure has a material adverse effect on Project Developer's ability to perform under this NUFA.

5.4 Cross-Default. This NUFA is a requirement for Interconnection Service under the PJM Tariff when a Transmission Owner has elected to fund the capital for the Network Upgrades and shall be subject to the terms and conditions of the PJM Tariff, including the rights to termination of Interconnection Service. Notwithstanding anything to the contrary contained in this NUFA, a Breach by Project Developer of any provision, covenant or other term or condition contained in this NUFA shall be considered a Breach under the Project Developer's GIA referenced in the recitals to this NUFA. An event of default by Project Developer under Section 5.2 hereof shall, after the passage of all applicable notice and cure or grace periods, be considered a default under this NUFA and a default of the Project Developer's GIA referenced in the recitals to this NUFA. Transmission Owner and Transmission Provider shall be entitled (but in no event required) in an event of such dual Breach or default to apply all rights and remedies available in this NUFA and the GIA by reason of a Breach or default.

5.5 Notice of Default. In the event of a default under Project Developer's GIA, Transmission Provider shall provide prompt notice of such default to all affected Transmission Owners that have FERC-filed service agreements with Project Developer under the PJM Tariff.

6. Reimbursed Network Upgrades

Following the execution of this NUFA, if the Transmission Provider determines that any portion of the costs of the Network Upgrades covered by this NUFA should be allocated to one or more subsequent Generating Facilities ("New Customer(s)"), the Parties shall amend this NUFA and/or enter into new agreements in the form provided in Tariff, Part IX, Subpart L, Form

of Network Upgrade Funding Agreement to reflect Project Developer and New Customer's (or New Customers') respective responsibility for the remaining costs of the Network Upgrade subject to this NUFA based on the effective date of New Customer's GIA.

7. **Assignment**

This NUFA shall inure to the benefit of and be binding upon each Party's successors and permitted assigns. No Party shall assign this NUFA or their related contractual rights without the prior written consent of the other Parties, which prior written consents shall be not be unreasonably withheld or delayed; provided that the assignee is at least as creditworthy as the assigning Party and the assignee of the Project Developer shall provide Transmission Owner with Security as contemplated herein; and provided further that Project Developer shall have the right to assign this NUFA, without the consent of either the Transmission Provider or the Transmission Owner, for collateral security purposes to aid in providing financing for the Generating Facility, provided that Project Developer will promptly notify Transmission Provider and Transmission Owner of any such assignment. No assignment of this NUFA shall release or discharge any Party from their future obligations hereunder unless all such obligations are assumed by the successor or assignee of that Party in writing.

8. **No Transmission Service**

The execution of a NUFA does not constitute a request for transmission service, or entitle Project Developer to receive transmission service, under Tariff, Part II or Tariff, Part III. Nor does the execution of an NUFA obligate Transmission Owner or Transmission Provider to procure, supply or deliver to Project Developer or the Generating Facility any energy, capacity, Ancillary Services or Station Power (and any associated distribution services).

9. **Miscellaneous**

9.1 **Entire Agreement.** This NUFA represents the entire agreement among the Parties with reference to payment terms for the Network Upgrade(s) provided by Transmission Owner for Project Developer under the GIA. This NUFA may not be amended, modified, or waived other than by a written document signed by all Parties.

9.2 **Confidentiality**

9.2.1 **Definition.** Confidential Information under this NUFA shall have the same meaning as provided in the PJM Tariff. Critical Energy/Electric Infrastructure Information ("CEII") shall have the meaning provided in 18 C.F.R. § 388.113(c)(1)-(2).

9.2.2 **Term.** During the Term of this NUFA, and for a period of three (3) years after the expiration or termination of the NUFA, except as otherwise provided in this Section 9.2 or with regard to CEII, each Party shall hold in confidence, and shall not disclose to any person, Confidential Information provided to it by any other Party. In addition to being treated as Confidential Information hereunder, CEII shall be treated in accordance with Commission policy and regulations.

9.2.3 Scope. Confidential Information shall not include information that the receiving Party can demonstrate: (i) is generally available to the public other than as a result of a disclosure by the receiving Party; (ii) was in the lawful possession of the receiving Party on a non-confidential basis before receiving it from the disclosing Party; (iii) was supplied to the receiving Party without restriction by a third party, who, to the knowledge of the receiving Party, after due inquiry, was under no obligation to the disclosing Party to keep such information confidential; (iv) was independently developed by the receiving Party without reference to Confidential Information of the disclosing Party; (v) is, or becomes, publicly known, through no wrongful act or omission of the receiving Party or Breach of this NUFA; or (vi) is required, in accordance with Section 9.2.8, to be disclosed to any Governmental Authority or is otherwise required to be disclosed by law or subpoena, or is necessary in any legal proceeding establishing rights and obligations under this NUFA. Information designated as Confidential Information shall no longer be deemed confidential if the Party that designated the information as confidential notifies the other Parties that it no longer is confidential.

9.2.4 Release of Confidential Information. No Party shall disclose Confidential Information to any other person, except to its Affiliates (limited by the Commission's Standards of Conduct for Transmission Providers, 18 C.F.R. Part 358), subcontractors, employees, agents, consultants, or to non-parties who may be or are considering providing financing to or equity participation with Project Developer, or to potential purchasers or assignees of Project Developer, on a need-to-know basis in connection with this NUFA, unless such person has first been advised of the confidentiality provisions of this Section 9.2 and has agreed to comply with such provisions. Notwithstanding the foregoing, a Party providing Confidential Information to any person shall remain primarily responsible for any release of Confidential Information in contravention of this Section 9.2.

9.2.5 Rights. Each Party retains all rights, title, and interest in the Confidential Information that it discloses to any other Party. The disclosure by a Party to the receiving Party of Confidential Information shall not be deemed a waiver by the disclosing Party or any other person or entity of the right to protect the Confidential Information from public disclosure. Nothing in this NUFA shall limit or otherwise modify Transmission Provider's rights and obligations with respect to Confidential Information as set forth in the PJM Tariff.

9.2.6 No Warranties. By providing Confidential Information, no Party makes any warranties or representations as to its accuracy or completeness. In addition, by supplying Confidential Information, no Party obligates itself to provide any particular information or Confidential Information to another Party nor to enter into any further agreements or proceed with any other relationship or joint venture.

9.2.7 Standard of Care. Each Party shall use at least the same standard of care to protect Confidential Information it receives as it uses to protect its own Confidential Information from unauthorized disclosure, publication or dissemination. Each Party may use Confidential Information solely to fulfill its obligations to another Party under this NUFA or its regulatory requirements.

9.2.8 Order of Disclosure. If a Governmental Authority with the right, power, and apparent authority to do so requests or requires any Party, by subpoena, oral

deposition, interrogatories, requests for production of documents, administrative order, or otherwise, to disclose Confidential Information, that Party shall provide the disclosing Party with prompt notice of such request(s) or requirement(s) so that the disclosing Party may seek an appropriate protective order or waive compliance with the terms of this NUFA.

Notwithstanding the absence of a protective order or waiver, the Party may disclose such Confidential Information which, in the opinion of its counsel, the Party is legally compelled to disclose. Each Party will use Reasonable Efforts to obtain reliable assurance that confidential treatment will be accorded any Confidential Information so furnished.

9.2.9 Termination of Agreement. Upon termination of this NUFA for any reason, each Party shall, within ten (10) days of receipt of a written request from another Party, use Reasonable Efforts to destroy, erase, or delete (with such destruction, erasure, and deletion certified in writing to the requesting Party) or return to the requesting Party, without retaining copies thereof, any and all written or electronic Confidential Information received from the requesting Party.

9.2.10 Remedies. The Parties agree that monetary damages would be inadequate to compensate a Party for another Party's breach of its obligations under this Section 9.2. Each Party accordingly agrees that the disclosing Party shall be entitled to equitable relief, by way of injunction or otherwise, if the receiving Party breaches or threatens to breach its obligations under this Section 9.2, which equitable relief shall be granted without bond or proof of damages, and the breaching Party shall not plead in defense that there would be an adequate remedy at law. Such remedy shall not be deemed an exclusive remedy for the breach of this Section 9.2, but shall be in addition to all other remedies available at law or in equity. The Parties further acknowledge and agree that the covenants contained herein are necessary for the protection of legitimate business interests and are reasonable in scope. No Party, however, shall be liable for indirect, incidental, or consequential or punitive damages of any nature or kind resulting from or arising in connection with this Section 9.2.

9.2.11 Disclosure to FERC or its Staff. Notwithstanding anything in this Section 9.2 to the contrary, and pursuant to 18 C.F.R. § 1b.20, if FERC or its staff, during the course of an investigation or otherwise, requests information from a Party that is otherwise required to be maintained in confidence pursuant to this NUFA, the Party shall provide the requested information to FERC or its staff, within the time provided for in the request for information. In providing the information to FERC or its staff, the Party must, consistent with 18 C.F.R. § 388.112, request that the information be treated as confidential and non-public by FERC and its staff and that the information be withheld from public disclosure. Parties are prohibited from notifying the other Parties to this NUFA prior to the release of the Confidential Information to FERC or its staff. The Party shall notify the other Parties to this NUFA when it is notified by FERC or its staff that a request to release Confidential Information has been received by FERC, at which time any of the Parties may respond before such information would be made public, pursuant to 18 C.F.R. § 388.112.

9.2.12 Competitively Sensitive Information. Subject to the exception in Section 9.2.11, any information that a disclosing Party claims is competitively sensitive, commercial or financial information under this NUFA shall not be disclosed by the receiving Party to any person not employed or retained by the receiving Party, except to the extent

disclosure is (i) required by law; (ii) reasonably deemed by the receiving Party to be required to be disclosed in connection with a dispute between or among the Parties, or the defense of litigation or dispute; (iii) otherwise permitted by consent of the disclosing Party, such consent not to be unreasonably withheld; or (iv) necessary to fulfill its obligations under this NUFA or as the Regional Transmission Organization including disclosing the Confidential Information to a regional or national reliability organization. The Party asserting confidentiality shall notify the receiving Party in writing of the information that Party claims is confidential. Prior to any disclosures of that Party's Confidential Information under this Section 9.2.12, or if any non-Party or Governmental Authority makes any request or demand for any of the information described in this subparagraph, the Party who received the Confidential Information from the disclosing Party agrees to promptly notify the disclosing Party in writing and agrees to assert confidentiality and cooperate with the disclosing Party in seeking to protect the Confidential Information from public disclosure by confidentiality agreement, protective order or other reasonable measures.

9.3 Regulatory Approval. This NUFA and its terms shall be subject to approval, if applicable, by the Commission. This NUFA and its terms shall also be subject to, as applicable, the PJM Tariff.

9.4 Force Majeure.

9.4.1 Notice. A Party that is unable to carry out an obligation imposed on it by this NUFA due to Force Majeure shall notify the other parties in writing or by telephone within a reasonable time after the occurrence of the cause relied on.

9.4.2 Duration of Force Majeure. A Party shall not be responsible, or considered to be in Breach or default under this NUFA, for any failure to perform any obligation hereunder to the extent that such failure or deficiency is due to Force Majeure. A Party shall be excused from whatever performance is affected only for the duration of the Force Majeure and while the Party exercises Reasonable Efforts to alleviate such situation. As soon as the non-performing Party is able to resume performance of its obligations excused because of the occurrence of Force Majeure, such Party shall resume performance and give prompt notice thereof to the other parties.

9.4.3 Obligation to Make Payments. Any Party's obligation to make payments for services shall not be suspended by Force Majeure.

9.4.4 Definition of Force Majeure. For purposes of this section, an event of Force Majeure shall mean any cause beyond the control of the affected Party, including but not restricted to, acts of God, flood, drought, earthquake, storm, fire, lightning, epidemic, war, riot, civil disturbance or disobedience, labor dispute, labor or material shortage, sabotage, acts of public enemy, explosions, orders, regulations or restrictions imposed by governmental, military, or lawfully established civilian authorities, which, in any of the foregoing cases, by exercise of due diligence such Party could not reasonably have been expected to avoid, and which, by the exercise of due diligence, it has been unable to overcome. Force Majeure does not include (i) a failure of performance that is due to an affected Party's own negligence or intentional wrongdoing; (ii) any removable or remediable causes (other than settlement of a

strike or labor dispute) which an affected Party fails to remove or remedy within a reasonable time; or (iii) economic hardship of an affected Party.

9.5 Disputes. Any dispute hereunder shall be referred to senior representatives of each Party. If the senior representatives are not able to resolve the dispute within thirty (30) days, the dispute resolution procedures of Tariff, Part I section 12 and Tariff, Part IV, section 40 shall apply to the resolution of any dispute hereunder.

9.6 Reservation of Rights. Nothing in this NUFA shall limit the rights of the Parties or of FERC under Section 205 and 206 of the Federal Power Act and FERC's rules and regulations thereunder.

9.7 Liability. A party shall not be liable to another Party or to any third party or other person for any damages arising out of actions under this NUFA, including, but not limited to, any act or omission that results in an interruption, deficiency or imperfection of Interconnection Service, except as provided in the PJM Tariff. The provisions set forth in the PJM Tariff shall be additionally applicable to any Party acting in good faith to implement or comply with its obligations under this NUFA, regardless of whether the obligation is preceded by a specific directive.

9.8 Governing Law. This NUFA is governed by and shall be construed in accordance with laws of the State of Delaware, without regard for any principles of conflicts of laws.

9.9 No Waiver. It is mutually understood that any failure by Transmission Provider or Transmission Owner or inconsistency to enforce or require the strict keeping and performance by Project Developer of any of the provisions of this NUFA shall not constitute a waiver by Transmission Provider or Transmission Owner of such provisions, and shall not affect or impair such provisions in any way, or the right of Transmission Provider or Transmission Owner at any time to avail itself of such remedies as it may have for any breach or breaches of such provisions. The waiver, illegality, invalidity and/or unenforceability of any provision appearing in this NUFA shall not affect the validity of this NUFA as a whole or the validity or any other provisions therein.

9.10 Waiver of Jury Trial. TO THE FULLEST EXTENT PERMITTED BY LAW, EACH OF THE PARTIES HERETO WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS NUFA. EACH PARTY FURTHER WAIVES ANY RIGHT TO CONSOLIDATE ANY ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED.

10. Notice

10.1 General. Any notice, demand or request required or permitted to be given by any Party to another and any instrument required or permitted to be tendered or delivered by any Party in writing to another may be so given, tendered or delivered, by recognized national courier, or by depositing the same with the United States Postal Service with

postage prepaid, for delivery by certified or registered mail, addressed to the Party, or personally delivered to the Party, at the address specified in Section 10.2. Such notices, if agreed to by the Parties, may be made via electronic means, with e-mail confirmation of delivery.

10.2 Contacts. Any Party may update its contact information by providing notice to the other Parties in accordance with Section 10.1.

Transmission Owner

[Name]
[Company or Organization]

[Business Address]
[City, State Zip]
[Email]

Project Developer

[Name]
[Company or Organization]

[Business Address]
[City, State Zip]
[Email]

Transmission Provider

[Name]
PJM Interconnection, L.L.C.

2750 Monroe Blvd
Audubon, PA 19403
interconnectionagreementnotices@pjm.com

SIGNATURE PAGE FOLLOWS

IN WITNESS WHEREOF, Transmission Provider, Project Developer and Transmission Owner have caused this NUFA to be executed by their respective authorized officials.

(PJM Cycle Position # ___)

Transmission Provider: **PJM Interconnection, L.L.C.**

By: _____
Printed Name Title Date

Project Developer: [Name of Party]

By: _____
Printed Name Title Date

Transmission Owner:

By: _____
Printed Name Title Date

Schedule A
Network Upgrade Facilities

DRAFT

Schedule B

Formula Rate Exhibit

**PJM TO @
21% FIT
Schedule B**

**Levelized Fixed Charge Rate Calculation with Deferred Recovery
(Blank Template)**

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Project Name: 20XX Network Upgrade project
 Description 20XX Network Upgrade project
 Cost Year: 20XX Actual True-up
 Estimated or Actual Cost and
 ISD: Actual cost; Actual ISD 6/1/20XX
 Rate Recovery Period: June 1, 20XX thru May 31, 20XX

Levelized Fixed Charge Computation:

Initial Network Upgrade Capital Cost		\$
Levelized FCR with Deferred Recovery Annual Network Upgrade Charge	(Line 57) (Line 19 x Line 20) (Line 21 / 12)	0.0000% \$ \$
Monthly Payment		\$

Fixed Charge Rate Calculation:

Investment	(Line 19)	0
PW Federal Tax Depreciation	[Line 109, Col (f)]	0
Applicable federal tax rate	(Line 64)	0.00%
PW Federal Tax Benefit	(Line 28 x Line 29)	0
PW State Tax Depreciation	[Line 109, Col (g)]	0

33	Applicable state tax rate	(Line 65)	0.00%
34	PW State Tax Benefit	(Line 32 x Line 33)	0
35	PW Tax		
36	Benefit	(Line 30 + Line 34)	0
37	Present Worth Cashflow	(Line 26 - Line 36)	0
38	Revenue Conversion Factor	[1/(1 - Line 63)]	1.0000
39	Present Worth Revenue Requirement	(Line 37 x Line 38)	0
40	In Service		
41	Date		6/1/202
42	Recovery Start Date		6/1/202
43	Deferral Days (February counted as 28 days)		0
44	Deferral Annualization Factor (based on 365 days)	(Line 43/365)	0.0000%
45	Discount Rate per Year	(Line 75)	0.0000%
46	Deferral Factor	{[(1+Line 45)^Line 44] - 1}	0.0000%
47	Deferral Adjustment	(Line 39 x Line 46)	0
48			
49	Present Worth with Deferred Recovery	(Line 39 + Line 47)	0
50			
51	Recovery Period (RP)		20
52	Annualization Factor	{ i [(1+i)^RP] / [(1+i)^RP - 1]}	0.0000%
53		(where RP is Line 51, and i is Line 45)	
54			
55	Levelized Amount	(Line 49 x Line 52)	0
56			
57	Levelized Fixed Charge Rate (FCR)	(Line 55 / Line 26)	0.0000%
58			
59			

60 Project Name: 20XX Network Upgrade project

62 Inputs from Formula Rate True-up Filing

63	Combined Tax Rate	0.00%
64	Applicable Federal Income Tax Rate	0.00%
65	Applicable State Income Tax Rate	0.00%

68	Capital Structure	Amount	Weight	Cost	Weighted Cost
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69

70	Long-Term Debt Preferred	0	0.00%	0.00%	0.0000%
71	Stock Common	0	0.00%	0.00%	0.0000%
72	Equity	0	0.00%	0.00%	0.0000%
73	Total Capitalization	0	0.00%		0.0000%

74
75 Discount Rate (Line 73 - (Line 63 x Line 70)) 0.0000%

80 MACRS Depreciation Rates with Bonus Depreciation Option:

82	(a)	(b)	(c)	(d)	(e)	(f)	(g)
83	Year	MACRS Rates	MACRS Depr	State Depr	Present Worth Factor $1/(1+i)^n$	Present Worth Federal Tax Depreciation	Present Worth State Tax Depreciation
88	Base	(Line 19)	\$0	\$0			
89	1	0.00%	0		1.000000	0	
90	Remaining Base	(Line 88-Line 89)	0.0				
92	1	5.00%	0	0	1.000000	0	
93	2	9.50%	0	0	1.000000	0	
94	3	8.55%	0	0	1.000000	0	
95	4	7.70%	0	0	1.000000	0	
96	5	6.93%	0	0	1.000000	0	
97	6	6.23%	0	0	1.000000	0	
98	7	5.90%	0	0	1.000000	0	
99	8	5.90%	0	0	1.000000	0	
100	9	5.91%	0	0	1.000000	0	
101	10	5.90%	0	0	1.000000	0	
102	11	5.91%	0	0	1.000000	0	
103	12	5.90%	0	0	1.000000	0	
104	13	5.91%	0	0	1.000000	0	
105	14	5.90%	0	0	1.000000	0	
106	15	5.91%	0	0	1.000000	0	
107	16	2.95%	0	0	1.000000	0	

108
 109
 110
 111
 112
 113

Total

0

0

0

Footnote:
 Use Line 89 if bonus depreciation is applicable

Return \ Capitalization Calculations From Transmission Formula Rate True-up Filing

**Line or
 Note**

Does the formula rate template include a Capital Structure Equity Limit (Cap)? (Yes or No)

	\$	Actual %	Cap Limit %
Long Term Debt	0	0.00%	0.00%
Preferred Stock	0	0.00%	0.00%
Common Stock	0	0.00%	0.00%
Total Capitalization (Sum Lines to)	0		

Income Tax Rates From Transmission Formula Rate True-up Filing

FIT =	0.00%
SIT=	0.00%
p =	0.00%
INCOME TAXES	
$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\}$ =	0.00%

Notes:

DRAFT