

[Proposed Tariff Language change]

217.3a The Transmission Provider shall determine the minimum amount of required Local Upgrades and Network Upgrades required to resolve each reliability criteria violation in each New Services Queue, by studying the impact of the queued projects in their entirety, and not incrementally. In the event the Transmission Provider determines the cost of the minimum amount of Local Upgrades and Network Upgrades required to resolve a single reliability criteria violation will not meet or exceed \$5,000,000 such costs shall be allocated to those

~~Interconnection~~ New Service Requests in the New Services Queue that contribute to the need for such upgrades. Such allocations shall be made in proportion to each New Service ~~Interconnection~~ Request's megawatt contribution to the need for these upgrades subject to the rules for minimum cost allocation thresholds in the PJM Manuals. For the purpose of applying the \$5,000,000 threshold, each reliability criteria violation shall be considered separately. In the event the Transmission Provider determines the cost of the minimum amount of Local Upgrades and Network Upgrades required to resolve a single reliability criteria violation will meet or exceed \$5,000,000, those Local Upgrades and Network Upgrades shall be studied in their entirety and according to the following process:

(i) The Transmission Provider shall identify the first New Service ~~Interconnection~~ Request in the queue contributing to the need for the required Local Upgrades and Network Upgrades within the New Services Queue. The initial New Service ~~Interconnection~~ Request to cause the need for Local Upgrades or Network Upgrades will always receive a cost allocation. Costs for the minimum amount of Local Upgrades and Network Upgrades shall be further allocated to subsequent projects in the New Services Queue, pursuant to queue order, and pursuant to the New Service ~~Interconnection~~ Request's megawatt contribution to the need for the Local Upgrades and Network Upgrades.

(ii) In the event a subsequent New Service ~~Interconnection~~ Request in the queue causes the need for additional Local Upgrades or additional Network Upgrades, only this project and the projects in the queue, which follow the subsequent New Service ~~Interconnection~~ Request, shall be allocated the costs for these additional required Local Upgrades or Network Upgrades. The allocation shall be pursuant to queue order, and pursuant to the New Service ~~Interconnection~~ Requests megawatt contribution to the need for the Local Upgrades and Network Upgrades. Where a Local Upgrade or Network Upgrade included in the Regional Transmission Expansion Plan is classified as both a reliability-based and market efficiency project, a New Service Request cannot eliminate or defer such upgrade unless the request eliminates or defers both the reliability need and the market efficiency need identified in the Regional Transmission Expansion Plan.