

7.9 Residual Auction Revenue Rights.

(a) As necessary in each Planning Period PJM shall calculate Residual Auction Revenue Rights for Auction Revenue Rights pathways that were prorated pursuant to section 7.4.2(h) of Schedule 1 of this Agreement. Residual Auction Revenue Rights calculated pursuant to this section shall be determined prior to the increase in transmission capability, including the return to service of existing transmission capability, that creates the Residual Auction Revenue Rights.

(b) Network Service Users and Qualifying Transmission Customers allocated stage 1 Auction Revenue Rights pursuant to section 7.4.2(a)-(c) of Schedule 1 of this Agreement that were subject to proration pursuant to section 7.4.2(h) of Schedule 1 of this Agreement shall be eligible to receive Residual Auction Revenue Rights. Residual Auction Revenue Rights shall be allocated pursuant to the following schedule:

- (i) The initial allocation of Residual Auction Revenue Rights shall be to holders of prorated stage 1A Auction Revenue Rights in an amount equal to the difference between the allocated stage 1A Auction Revenue Rights and the requested stage 1A Auction Revenue Rights.
- (ii) Residual Auction Revenue Rights remaining after an allocation made pursuant to section 7.9(b)(i) of Schedule 1 of this Agreement shall be allocated to holders of prorated stage 1B Auction Revenue Rights in an amount equal to the difference between the allocated stage 1B Auction Revenue Rights and the requested stage 1B Auction Revenue Rights.
- (iii) Residual Auction Revenue Rights remaining after allocations made pursuant to section 7.9(b)(i) and (ii) of Schedule 1 of this Agreement shall not be allocated to any entity and shall not be considered by the Office of the Interconnection in its administration of Section 7 of Schedule 1 of this Agreement.

(c) The sum of a Network Service User's and Qualifying Transmission Customer's Residual Auction Revenue Rights awarded pursuant to this section and its stage 1 and 2 Auction Revenue Rights awarded in an annual allocation shall not exceed the entity's peak load.

(d) Residual Auction Revenue Rights awarded pursuant to this section shall be effective on the first day of the month in a Planning Period the increase in transmission capability creating the Residual Auction Revenue Rights is included in the administration of section 7.1.1(a) of Schedule 1 of this Agreement.

(e) Residual Auction Revenue Rights awarded pursuant to this section shall be subject to section 7.4.2(e) of Schedule 1 of this Agreement.

(f) The value of Residual Auction Revenue Rights awarded pursuant to this section, determined as specified in section 7.4.3(b) of Schedule 1 of this Agreement, shall be positive. Negatively valued Residual Auction Revenue Rights will not be awarded.