

Tariff - Section 10.2 Liability

Proposed Defintion of PJM “Net Assets”:

“Net Assets: The total assets per PJM’s consolidated quarterly or year-end financial statements most recently issued as of the date of the receipt of written notice of a claim less amounts for which PJM is acting as a temporary custodian on behalf of its Members, transmission developers/Designated Entities, and generation developers, including, but not limited to, cash deposits related to credit requirement compliance, study and/or interconnection receivables, prepayments and excess congestion.”

For reference - OA Defintions 1.7A “Designated Entity.”

An entity, including an existing Transmission Owner or Nonincumbent Developer, designated bythe Office of the Interconnection with the responsibility to construct, own, operate, maintain, andfinance Immediate-need Reliability Projects, Short-term Projects, Long-lead Projects, orEconomic-based Enhancements or Expansions pursuant to Section 1.5.8 of Schedule 6 of this Agreement.

Member – “Member” shall mean an entity that satisfies the requirements of Section 11.6 of this Agreementand that (i) is a member of the LLC immediately prior to the Effective Date, or (ii) has executed an Additional Member Agreement in the form set forth in Schedule 4 hereof.

CURRENT LANGUAGE

Neither the Transmission Provider, a Transmission Owner, PJMSettlement, nor a Generation Owner acting in good faith to implement or comply with the directives of the Transmission Provider shall be liable, whether based on contract, indemnification, warranty, tort, strict liability or otherwise, to any Transmission Customer, third party or other person for any damages whatsoever, including, without limitation, direct, incidental, consequential, punitive, special, exemplary, or indirect damages arising or resulting from any act or omission in any way associated with service provided under this Tariff or any Service Agreement hereunder, including, but not limited to, any act or omission that results in an interruption, deficiency or imperfection of service, except to the extent that the damages are direct damages that arise or result from the gross negligence or intentional misconduct of the Transmission Provider, the Transmission Owner, PJMSettlement, or the Generation Owner, as the case may be.

To the extent that a Transmission Customer, third party or other person has a claim against the Transmission Provider, PJMSettlement, a Transmission Owner, or a Generation Owner acting in good faith to implement or comply with the directives of the Transmission Provider the amount of any judgment or arbitration award on such claim entered in favor of the Transmission Customer, third party or other person shall be limited to the value of the Transmission Provider’s

assets or the Transmission Owner's assets or the Generation Owner's assets, as the case may be. The Transmission Customer, third party or other person may not seek to enforce any claims against the directors, managers, members, shareholders, officers or employees of the Transmission Provider, a Transmission Owner, or a Generation Owner acting in good faith to implement or comply with the directives of the Transmission Provider who shall have no personal liability for obligations of the Transmission Provider, a Transmission Owner, or a Generation Owner by reason of their status as directors, managers, members, shareholders, officers or employees of the Transmission Provider or a Transmission Owner or a Generation Owner; provided, however, that nothing herein contained shall affect the obligations of any member of the Transmission Provider or PJMSettlement under the Operating Agreement or this Tariff or any schedule hereunder.

REDLINE SUGGESTED CHANGES

Neither a Generation Owner (acting in good faith to implement or comply with the directives of the Transmission Provider-), the Transmission Provider, a Transmission Owner, nor PJM Settlement, ~~nor a Generation Owner acting in good faith to implement or comply with the directives of the Transmission Provider~~ shall be liable for money damages, other compensation or an act of specific performance related to the provision of transmission service, whether based on contract, indemnification, warranty, tort, strict liability or otherwise, to any Transmission Customer, third party or other person for any damages whatsoever, including, without limitation, direct, incidental, consequential, punitive, special, exemplary, or indirect damages arising or resulting in any way from any act or omission ~~in any way~~ associated with service provided under this Tariff or any Service Agreement hereunder, including, but not limited to, any act or omission that results in an interruption, deficiency or imperfection of service, except to the extent that the damages are direct damages that arise or result from the gross negligence or intentional misconduct of the Generation Owner Transmission Provider, the Transmission Owner or, PJMSettlement, ~~or the Generation Owner~~, as the case may be.

To the extent that a Transmission Customer, third party or other person has a claim against ~~† a~~ Generation Owner (acting in good faith to implement or comply with the directives of the Transmission Provider-), the Transmission Provider, PJMSettlement, ~~a or a~~ Transmission Owner related to the provision of transmission service, ~~or a Generation Owner acting in good faith to implement or comply with the directives of the Transmission Provider~~ the amount of any judgment or arbitration award on such claim entered in favor of the Transmission Customer, third party or other person shall be limited to the value of PJM Settlement and the Transmission Provider's ~~assets~~Net Assets or the Transmission Owner's assets or the Generation Owner's assets, as the case may be. The Transmission Customer, third party or other person may not seek to enforce any claims against the directors, managers, members, shareholders, officers or employees of a Generation Owner (acting in good faith to implement or comply with the directives of the Transmission Provider), the Transmission Provider, PJM Settlement or a Transmission Owner, ~~who,~~ all of which shall have no personal liability for obligations of a Generation Owner, the Transmission Provider, PJM Settlement or a Transmission Owner, ~~or a Generation Owner~~ by reason of their status as directors, managers, members, shareholders, officers or employees of the Generation Owner, Transmission Provider PJM Settlement or a Transmission Owner ~~or a Generation Owner~~; provided, however, that nothing herein contained

shall affect the obligations of any Member of the Transmission Provider or PJMSettlement under the Operating Agreement or this Tariff or any schedule hereunder.

CLEAN WITH SUGGESTED CHANGES

Neither a Generation Owner (acting in good faith to implement or comply with the directives of the Transmission Provider), the Transmission Provider, a Transmission Owner, nor PJM Settlement shall be liable for money damages, other compensation or an act of specific performance related to the provision of transmission service, whether based on contract, indemnification, warranty, tort, strict liability or otherwise, to any Transmission Customer, third party or other person for any damages whatsoever, including, without limitation, direct, incidental, consequential, punitive, special, exemplary, or indirect damages arising or resulting in any way from any act or omission associated with service provided under this Tariff or any Service Agreement hereunder, including, but not limited to, any act or omission that results in an interruption, deficiency or imperfection of service, except to the extent that the damages are direct damages that arise or result from the gross negligence or intentional misconduct of the Generation Owner, Transmission Provider, the Transmission Owner, or PJMSettlement, as the case may be.

To the extent that a Transmission Customer, third party or other person has a claim against a Generation Owner (acting in good faith to implement or comply with the directives of the Transmission Provider), the Transmission Provider, PJMSettlement, or a Transmission Owner related to the provision of transmission service, the amount of any judgment or arbitration award on such claim entered in favor of the Transmission Customer, third party or other person shall be limited to the value of PJM Settlement and the Transmission Provider's Net Assets – or the Transmission Owner's assets or the Generation Owner's assets, as the case may be.

The Transmission Customer, third party or other person may not seek to enforce any claims against the directors, managers, members, shareholders, officers, or employees of a Generation Owner (acting in good faith to implement or comply with the directives of the Transmission Provider), the Transmission Provider, PJM Settlement or a Transmission Owner, all of which shall have no personal liability for obligations of a Generation Owner, the Transmission Provider, PJM Settlement or a Transmission Owner, by reason of their status as directors, managers, members, shareholders, officers or employees of the Generation Owner, Transmission Provider, PJM Settlement or a Transmission Owner provided, however, that nothing herein contained shall affect the obligations of any Member of the Transmission Provider or PJMSettlement under the Operating Agreement or this Tariff or any schedule hereunder.

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There are other Limitation of Liability clauses in the governing documents (see below), however PJM is not requesting any changes to these sections.

Reliability Assurance Agreement - Section 12.2 Limitations on Liability.

Current Language – No Changes Requested

No Party will be liable to another Party for any claim for indirect, incidental, special or Consequential damage or loss of the other Party including, but not limited to, loss of profits or revenues, cost of capital or financing, loss of goodwill and cost of replacement power arising from such Party's carrying out, or failure to carry out, any obligations contemplated by this Agreement; provided, however, nothing herein shall be deemed to reduce or limit the obligation of any Party with respect to the claims of persons or entities not a party to this Agreement.

Operating Agreement – Section 16.4 Limitation of Liability.

Current Language – No Changes Requested

No Member or its directors, officers, employees, agents, or representatives shall be liable to any other Member or its directors, officers, employees, agents, or representatives, whether liability arises out of contract, tort (including negligence), strict liability, or any other cause of or form of action whatsoever, for any indirect, incidental, consequential, special or punitive cost, expense, damage or loss, including but not limited to loss of profits or revenues, cost of capital of financing, loss of goodwill or cost of replacement power, arising from such Member's performance or failure to perform any of its obligations under this Agreement or the ownership, maintenance or operation of its System; provided, however, that nothing herein shall be deemed to reduce or limit the obligations of any Member with respect to the claims of persons or entities that are not Parties to this Agreement.

Tariff- Section 12 Alternative Dispute Resolution

12.1 Internal Dispute Resolution Procedures

CURRENT LANGUAGE

Any dispute between a Transmission Customer, an affected Transmission Owner, or the Transmission Provider involving transmission service under the Tariff (applications for rate changes or other changes to the Tariff, or to any Service Agreement entered into under the Tariff, which shall be presented directly to the Commission for resolution) shall be referred to a designated senior representative of each of the parties to the dispute for resolution on an informal basis as promptly as practicable. In the event the designated representatives are unable to resolve the dispute within thirty (30) days (or such other period as the parties to the dispute may agree upon) by mutual agreement, such dispute may be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below.

REDLINE

Any dispute between a Transmission Customer, an affected Transmission Owner, or the Transmission Provider involving transmission service under the Tariff (excluding disputed legal interpretations of the Tariff, or applications for rate changes or other changes to the Tariff, or ~~to~~ any Service Agreement entered into under the Tariff, which shall be presented directly to the Commission for resolution) shall be referred to a designated senior representative of each of the parties to the dispute for resolution on an informal basis as promptly as practicable. In the event the designated representatives are unable to resolve the dispute within thirty (30) days (or such other period as the parties to the dispute may agree upon) by mutual agreement, such dispute may be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below.

CLEAN WITH SUGGESTED CHANGES

Any dispute between a Transmission Customer, an affected Transmission Owner, or the Transmission Provider involving transmission service under the Tariff (excluding disputed legal interpretations of the Tariff, applications for rate changes or other changes to the Tariff, or any Service Agreement entered into under the Tariff, which shall be presented directly to the Commission for resolution) shall be referred to a designated senior representative of each of the parties to the dispute for resolution on an informal basis as promptly as practicable. In the event the designated representatives are unable to resolve the dispute within thirty (30) days (or such other period as the parties to the dispute may agree upon) by mutual agreement, such dispute may be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below.

PJM “Dispute Resolution Procedures”

Operating Agreement: Section 3.1 of Schedule 5 – Negotiation and Mediation

CURRENT LANGUAGE

The parties to a dispute shall undertake good-faith negotiations to resolve any dispute as to a matter governed by one of the Related PJM Agreements. Each party to a dispute shall designate an executive with authority to resolve the matter in dispute to participate in such negotiations. Any dispute involving a matter governed by one of the Related PJM Agreements that has not been resolved through good-faith negotiation shall be subject to non-binding mediation prior to the initiation of arbitral, regulatory, judicial, or other dispute resolution proceedings as may be appropriate as provided by these PJM Dispute Resolution Procedures.

REDLINE

The ~~p~~Parties to a dispute shall undertake good-faith negotiations to resolve any dispute as to a matter governed by one of the Related PJM Agreements. Each party to a dispute shall designate an executive with authority to resolve the matter in dispute to participate in such negotiations. Any dispute involving a matter governed by one of the Related PJM Agreements that has not

been resolved through good-faith negotiation shall be subject to non-binding mediation prior to the initiation of arbitral, regulatory, judicial, or other dispute resolution proceedings as may be appropriate as provided by these PJM Dispute Resolution Procedures. Notwithstanding the foregoing, any dispute involving ~~differing~~ legal interpretations of the Related PJM Agreements or involving applications for rate changes or other changes to the Related PJM Agreements or Service Agreements entered into under the Tariff shall be presented directly to the Commission for resolution.

CLEAN WITH SUGGESTED CHANGES

The parties to a dispute shall undertake good-faith negotiations to resolve any dispute as to a matter governed by one of the Related PJM Agreements. Each party to a dispute shall designate an executive with authority to resolve the matter in dispute to participate in such negotiations. Any dispute involving a matter governed by one of the Related PJM Agreements that has not been resolved through good-faith negotiation shall be subject to non-binding mediation prior to the initiation of arbitral, regulatory, judicial, or other dispute resolution proceedings as may be appropriate as provided by these PJM Dispute Resolution Procedures. Notwithstanding the foregoing, any dispute involving legal interpretations of the Related PJM Agreements or involving applications for rate changes or other changes to the Related PJM Agreements or Service Agreements entered into under the Tariff, which shall be presented directly to the Commission for resolution.

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Operating Agreement – Section 4.1 of Schedule 5 – Arbitration

CURRENT LANGUAGE

Any dispute as to a matter: (i) governed by one of the Related PJM Agreements that has not been resolved through the mediation procedures specified herein, (ii) involving a claim that one or more of the parties owes or is owed a sum of money, and (iii) the amount in controversy is less than \$1,000,000.00, shall be subject to binding arbitration in accordance with the procedures specified herein. If the parties so agree, any other disputes as to a matter governed by a Related PJM Agreement may be submitted to binding arbitration in accordance with the procedures specified herein.

REDLINE

Any dispute as to a matter: (i) governed by one of the Related PJM Agreements that has not been resolved through the mediation procedures specified herein, (ii) involving a claim that one or more of the parties owes or is owed a sum of money, and (iii) the amount in controversy is less than \$1,000,000.00, shall be subject to binding arbitration in accordance with the procedures specified herein. If the parties so agree, any other disputes as to a matter governed by a Related PJM Agreement may be submitted to binding arbitration in accordance with the procedures specified herein. Notwithstanding the foregoing, any dispute involving differing legal interpretations of the Related PJM Agreements or involving applications for rate changes or other changes to the Related PJM Agreements or Service Agreements entered into under the Tariff shall be presented directly to the Commission for resolution.

CLEAN WITH SUGGESTED CHANGES

Any dispute as to a matter: (i) governed by one of the Related PJM Agreements that has not been resolved through the mediation procedures specified herein, (ii) involving a claim that one or more of the parties owes or is owed a sum of money, and (iii) the amount in controversy is less than \$1,000,000.00, shall be subject to binding arbitration in accordance with the procedures specified herein. If the parties so agree, any other disputes as to a matter governed by a Related PJM Agreement may be submitted to binding arbitration in accordance with the procedures specified herein. Notwithstanding the foregoing, any dispute involving legal interpretations of the Related PJM Agreements or involving applications for rate changes or other changes to the Related PJM Agreements or Service Agreements entered into under the Tariff, which shall be presented directly to the Commission for resolution.