

Attachment I

INTER CONTROL AREA TRANSACTIONS AGREEMENT

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This Agreement made on the first day of May, 2000.

BETWEEN:

NEW YORK INDEPENDENT SYSTEM OPERATOR Inc., a not-for-profit corporation governed by the laws of New York State, hereinafter called "NYISO".

and

PJM Interconnection, L.L.C., a limited liability company organized under the laws of Delaware, hereinafter called "PJM".

WHEREAS, PJM and the NYISO are sometimes hereinafter referred to as the "Parties" or individually as a "Party", and

WHEREAS, either of the Parties may, from time to time, have insufficient operating reserve available on the systems that they operate, or need to supplement available resources to cover abnormal system conditions.

WHEREAS, such conditions could result in the need to purchase emergency energy on behalf of load serving market participants for reliability reasons, and

WHEREAS, the Parties wish to provide for the terms and conditions pursuant to which either Party may purchase such energy, and,

WHEREAS, either of the Parties (Buyer) from time to time, at its own option and subject to the terms hereinafter provided, may desire to enter into a transaction for the purchase of such energy, and

WHEREAS, the other Party (Seller) may have available for sale such energy subject to the following terms and conditions.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein set forth, the Parties hereto mutually agree as follows:

ARTICLE 1

1.0 ADMINISTRATION COMMITTEE

- 1.1 For purposes of administering the terms of this Agreement, there is hereby established an Administration Committee consisting of four members. PJM and NYISO will each appoint two principal members and two alternate members to the Administration Committee. An alternate member shall vote only in the absence of a principal member. NYISO and PJM may each, from time to time remove and replace any member appointed by it, and shall fill any vacancy promptly. NYISO and PJM shall each give prompt notice in writing to the other of appointments, removals, and replacements.
- 1.2 The Administration Committee is authorized on behalf of the Parties hereto to do all acts and things necessary to carry out the provisions of this Agreement. Specifically, the duties of the Administration Committee shall include, but not be limited to:
- Preparation and maintenance of a suitable set of definitions of terms to be used in the administration of this agreement
 - Matters relating to scheduling and accounting
 - The coordination of maintenance schedules of transmission facilities
 - The consideration of other such operating matters as may arise in carrying out the objectives of this Agreement
- 1.3 NYISO and PJM agree to exchange non-confidential information as may be required from time to time, through the Administration Committee, so as to enable the Administration Committee to perform its duties.
- 1.4 The expenses of a member of the Administration Committee shall be borne by the entity appointing that member. Any other expenses incurred by the Administration Committee shall be shared equally by the Parties or in such other proportion as may be agreed upon by the Administration Committee.
- 1.5 All decisions of the Administration Committee in respect to matters within its jurisdiction shall be unanimous.
- 1.6 The Administration Committee has no authority to modify the terms of this Agreement.

ARTICLE II

2.0 DELIVERY POINT

- 2.1 Delivery Points for the sale or purchase of energy under this Agreement shall be at the several points of interconnection between the NYISO control area and the PJM control area, and at such other points of interconnection as may be established.

Unless otherwise agreed by the Administration Committee, the Seller shall be allowed to include, in the price charged for such energy, all costs of delivering such energy to the Delivery Point, and the Buyer shall be responsible for all costs beyond the Delivery Point.

ARTICLE III

3.0 CHARACTERISTICS OF THE POWER AND ENERGY

- 3.1 All power and energy made available by the Seller shall be three phase, 60 Hz alternating current at operating voltages established at the Delivery Point in accordance with system requirements and appropriate to the interconnection.

ARTICLE IV

4.0 NATURE OF SERVICE

- 4.1 PJM and NYISO shall, in their sole discretion, and to the extent each deems consistent with the safe and proper operation of its own system, the furnishing of economical, dependable and satisfactory services to its own customers, and its obligations to other parties, make available to the other Party when a system emergency exists on the other Party's system, emergency energy from its system's available resources in excess of its load requirements up to the transfer limits in use between the two control areas. Emergency shall mean: (i) an abnormal system condition requiring manual or automatic action to maintain system frequency, or to prevent loss of firm load, equipment damage, or tripping of system elements that could adversely affect the reliability of an electric system or the safety of persons or property; or (ii) a fuel shortage requiring departure from normal operating procedures in order to minimize operating procedures in order to minimize the use of such scarce fuel; or (iii) a condition that requires implementation of emergency procedures as defined in the PJM or NYISO Manuals. The Seller shall refer to all emergency transactions as being sold "out of 10 minute reserves"; "out of 30 minute reserves" where such a delivery could reasonably be expected to be re-called if the Seller needed the generation for a reserve pick-up or other system emergency; or "above and

beyond reserves” where the Seller would normally be able to continue delivering the energy following a reserve pick-up.

- 4.2 In the event either Party is unable to provide emergency energy to the other when needed, but there is energy available from a third party control area, delivery of such energy will be effected where feasible.

ARTICLE V

5.0 RATES AND CHARGES

- 5.1 The charge for emergency energy delivered to NYISO or to PJM shall be as set forth in Schedule A. (Attached)

ARTICLE VI

6.0 MEASUREMENT OF ENERGY INTERCHANGED

- 6.1 All energy supplied at the Delivery Point shall be metered. The metered amounts shall be adjusted for actual losses to the Delivery Point on each of the several points of interconnection between the NYISO control area and the PJM control area. This adjustment will be done to compensate for the difference in location between the delivery point and the meter.

ARTICLE VII

7.0 BILLING AND PAYMENT

- 7.1 The procedure for rendering and payment of invoices for transactions pursuant to this Agreement shall be as set out hereunder unless otherwise agreed by the Administration Committee.

- 7.2 Promptly after the end of each calendar month, the Seller shall prepare or cause to be prepared and render an invoice to the Buyer covering all transactions conducted under the terms of this Agreement during such calendar month.
- 7.3 All invoices rendered by the Seller shall be payable by the Buyer by electronic bank transfer, or in such other manner as is agreed to by the Administration Committee, on the later of the twentieth day of each month or the first common banking day after the nineteenth day of the month whichever is later.
- 7.4 If the rendering of an invoice is unavoidably delayed, the Seller may issue an interim invoice based on estimated charges. Each bill shall be subject to adjustment for any errors in calculation, meter readings, estimating or otherwise. Any such billing adjustments shall be made as promptly as practical, but in no event later than six months after issuing the invoice.
- 7.5 Any amount not paid by the Due Date shall be subject to interest, calculated from the due date of the bill to the date of payment, in accordance with the methodology specified for interest on refunds in the Federal Energy Regulatory Commission's regulations at 18 C.F.R. § 35.19a (a) (2) (iii).
- 7.6 If any invoice remains unpaid for thirty days after the Due Date, the Seller may, in addition to all other remedies available to it, and after giving the Buyer at least five days written notice of the Seller's intention to do so, present the issue in dispute to the Seller's Board of Directors. The Seller's Board of Directors shall contact the Buyer's Board of Directors or its designee to develop a solution to a billing dispute. The Boards of Directors may choose to submit the billing dispute to a form of alternative dispute resolution to which the Boards of Directors may agree. Such action shall not be construed as a breach of contract by the Seller and shall not relieve the Buyer of its obligations to pay for energy in accordance with the provisions of this Agreement.
- 7.7 The applicable provisions of this Agreement shall continue in effect after termination of this Agreement to the extent necessary to provide for final billing, billing adjustments, payments and disposition of any claims outstanding.

ARTICLE VIII

8.0 RECORDS

- 8.1 Each Party hereto shall keep or cause to be kept complete and accurate records and memoranda of its operations hereunder and shall maintain such data as may be necessary to determine with reasonable accuracy any item required hereunder. With respect to invoicing records, each Party shall maintain or cause to be maintained such records, memoranda and data for the current calendar year plus the previous calendar year. The Administration Committee shall have the right to examine all such records and memoranda that are not confidential in so far as may be reasonably necessary for the purpose of ascertaining the reasonableness and accuracy of any statements of costs relating to transactions hereunder.

ARTICLE IX

9.0 LIABILITY

- 9.1 Force Majeure: A Party shall not be considered to be in default or breach of this Agreement, and shall be excused from performance or liability for damages to any other party, if and to the extent it shall be delayed in or prevented from performing or carrying out any of the provisions of this Agreement, arising out of or from any act, omission, or circumstance by or in consequence of any act of God, labor disturbance, sabotage, failure of contractors or suppliers of materials, act of the public enemy, war, invasion, insurrection, riot, fire, storm, flood, ice, earthquake, explosion, epidemic, breakage or accident to machinery or equipment or any other cause or causes beyond such Party's reasonable control, including any curtailment, order, regulation, or restriction imposed by governmental, military or lawfully established civilian authorities, or by making of repairs necessitated by an emergency circumstance not limited to those listed above upon the property or equipment of the Party or property or equipment of others which is deemed under the "operational control" of the Party. Any Party claiming a force majeure event shall use reasonable diligence to remove the condition that prevents performance and shall not be entitled to suspend performance of its obligations in any greater scope or for any longer duration than is required by the force majeure event. Each Party shall use its best efforts to mitigate the effects of such force majeure event, remedy its inability to perform, and resume full performance of its obligations hereunder.
- 9.2 Liability to Third Parties: Except as otherwise expressly provided herein, nothing in this Agreement shall be construed or deemed to confer any right or benefit on, or

to create any duty to, or standard of care with reference to any third party, or liability or obligation, contractual or otherwise, on the part of the Parties to this Agreement.

- 9.3 Liability Between Parties. The Parties' duties and standard of care with respect to each other, and the benefits and rights conferred on each other shall be no greater than as expressly stated herein. Neither Party, its directors, officers, trustees, employees or agents, shall be liable to the other party(s) for any loss, damage, claim, cost, charge or expense, whether direct, indirect, incidental, punitive, special, exemplary or consequential, arising from the Party's performance or nonperformance under this Agreement, except to the extent that a Party is found liable for gross negligence or willful misconduct, in which case the Party will not be liable for any incidental, consequential, punitive, special, exemplary or indirect damage.
- 9.4 Liability for Interruptions. Neither Party shall be liable to the other Party for any claim, demand, liability, loss or damage, whether direct, indirect, incidental, punitive, special, exemplary or consequential, resulting from an occurrence on the circuits and system that are under the "operational control" of the other Party and which results in damage to or renders inoperative such circuits and system, or the separation of the systems in an emergency, or interrupts or diminishes service, or increases, decreases or in any way affects for whatever length of time the voltage or frequency of the power and energy delivered hereunder to the other Party.
- 9.5 "Operational Control". As used in this Article, "operational control" means security monitoring, adjustment of generation and transmission resources, coordinating and approval of changes in transmission status for maintenance, determination of changes in transmission status for reliability, coordination with other control areas, voltage reductions and load shedding, except that each legal owner of generation and transmission resources continues to physically operate and maintain its owned facilities.

ARTICLE X

10.0 GOVERNMENTAL APPROVAL

- 10.1 The agreements and obligations expressed herein are subject to acceptance and approval by the Federal Energy Regulatory Commission ("FERC"). NYISO shall promptly file this

Agreement with the FERC and request an effective date of May 1, 2000 and PJM shall cooperate with the other Party in seeking such approvals.

ARTICLE XI

11.0 ASSIGNMENT

- 11.1 This Agreement shall inure to the benefit of, and be binding upon and may be performed by, the successors and assigns of the Parties hereto respectively, but shall not be assignable by either Party without the written consent of the other.

ARTICLE XII

12.0 NOTICES

- 12.1 Except as otherwise agreed from time to time, any notice, invoice or other communication which is required by this Agreement to be given in writing, shall be sufficiently given at the earlier of the time of receipt or deemed time of receipt if delivered personally to a senior official of the Party for whom it is intended or electronically transferred or sent by registered mail, addressed as follows:

In the case of NYISO to:

New York ISO, Inc.
3890 Carman Road
Schenectady, New York 12303
Attention: Vice President – Operations and Reliability

In the case of PJM to:

PJM Interconnection, L.L.C.
955 Jefferson Avenue
Norristown, PA 19401
Attention: Vice President System Operations

or delivered to such other person or electronically transferred or sent by registered mail to such other address as either Party may designate for itself by notice given in accordance with this Section or delivered by any other means agreed to by the Parties hereto.

Any notice, or communication so mailed shall be deemed to have been received on the third business day following the day of mailing, or if electronically transferred shall be deemed to have been received on the same business day as the date of the electronic transfer, or if delivered personally shall be deemed to have been received on the date of delivery or if delivered by some other means shall be deemed to have been received as agreed to by the Parties hereto.

- 12.2 The use of a signed facsimile of future notices and correspondence between the Parties related to this Agreement shall be accepted as proof of the matters therein set out. Follow-up with hard copy by mail will not be required unless agreed to by the Administration Committee.

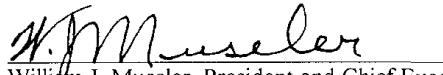
ARTICLE XIII

13.0 EFFECTIVE DATE AND TERM

- 13.1 Subject to the conditions of Article XI above, this Agreement shall take effect as of May 1, 2000, and shall continue in force until terminated in accordance with paragraph 13.3.
- 13.2 Subject to any required governmental approval, this Agreement may be amended with the mutual consent of the Parties. Amendments shall be in writing and executed by the President and CEO of each Party.
- 13.3 Subject to any required governmental approval, this Agreement may be terminated at any time by mutual agreement in writing. Subject to any required governmental approval, this Agreement may also be terminated by either Party with at least ninety days prior written notice to the other Party of its intention to terminate.

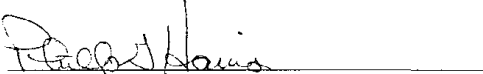
IN WITNESS WHEREOF the Parties hereto have caused this Agreement to be executed in duplicate as of the day and year first written above.

NEW YORK ISO, Inc.

A handwritten signature in dark ink, appearing to read "W. J. Museler", written over a horizontal line.

William J. Museler, President and Chief Executive Officer

PJM INTERCONNECTION, L.L.C.

A handwritten signature in dark ink, appearing to read "Phillip G. Harris", written over a horizontal line.

Phillip G. Harris, President and Chief Executive Officer

Schedule A
To the Inter Control Area Transaction Agreement

In accordance with the Inter Control Area Transaction Agreement between the NYISO and PJM effective May 1, 2000, the Parties agree that the charge for emergency energy delivered by NYISO or PJM to the other shall be as defined below.

The Seller shall be allowed to include, in the total price charged for emergency energy, all costs incurred in the delivery of emergency energy to the Delivery Point (as defined in Section 2.1), and the Buyer shall be responsible for all costs beyond the Delivery Point.

Direct NYISO/PJM Transaction

The charge for emergency energy supplied in any hour to the Buyer shall be calculated using the following two part formula. The first part of the formula calculates the energy portion of the charge and the second part incorporates any transmission charges (including transmission losses) incurred by the Seller to deliver the emergency energy to the Delivery Point. In the case of NYISO as the Seller, the cost of the energy portion shall be the LBMP (Locational Based Marginal Price) at the point(s) of exit. In the case of PJM as the Seller, the cost of the energy portion shall be the LMP (Locational Marginal Price) at the point(s) of exit. Regardless of the Seller, the Seller's energy cost shall be multiplied by 150%.

Energy Portion for an hour =

- (Emergency Energy supplied in the hour in MWhr)
- * (Seller's cost of such energy in \$/MWhr)
- * 150%

Transmission Charge to Delivery Point (if applicable) =

The actual ancillary services and transmission charges set forth in the Seller's Open Access Transmission Tariff.

TOTAL CHARGE FOR EMERGENCY ENERGY SUPPLIED IN ANY HOUR =

The sum of the Energy Portion for an hour and the Transmission Charge (if applicable) for that same hour.

NYISO/PJM Transaction From Third Party Supplier

The charge for emergency energy supplied to the Buyer from a third party shall be calculated using the following two part formula. The first part of the formula calculates the energy portion of the charge and the second part incorporates any transmission charges (including transmission

losses) incurred by the Seller to deliver the emergency energy to the Delivery Point. The Seller's cost for the energy portion (whether NYISO or PJM) shall be the cost that the third party supplier charges the Seller.

Energy Portion for an hour =

(Emergency Energy Supplied in the Hour in MWhr)*
(Third Party Suppliers charge for such energy in \$/MWhr)

Transmission Charge to Delivery Point =

The actual ancillary services and transmission charges incurred by the Seller pursuant to any third parties' open access transmission tariffs plus the ancillary services and transmission charges under the Seller's Open Access Transmission Tariff.

TOTAL CHARGE FOR EMERGENCY ENERGY SUPPLIED IN ANY HOUR=

The sum of the Energy portion for an hour and the Transmission charge for that same hour.

Attachment II

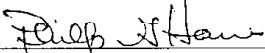
CERTIFICATE OF CONCURRENCE

Certificate of Concurrence

This is to certify that PJM Interconnection, L.L.C. assents to and concurs in the rate schedule described below, which the New York Independent System Operator, Inc. and PJM Interconnection, L.L.C. have filed, and hereby files this Certificate of Concurrence in lieu of the filing of the rate schedule supplement specified:

Inter Control Area Transactions Agreement,
Dated as of May 1, 2000

PJM Interconnection, L.L.C.

By: 
Phillip G. Harris

President and CEO

Dated: June 8, 2000

Names and Addresses of Persons Served

New York State Public Service Commission
3 Empire State Plaza
Albany, New York 12223-1350

District of Columbia Public Service Commission
1133 H Street, N.W.
Washington, D.C. 20005

Executive Secretary
Maryland Public Service Commission
6 St. Paul Centre, 16th Floor
Baltimore, Maryland 21202-6808

Pennsylvania Public Utility Commission
Office of the Secretary
Commonwealth & North Street
G-28 North Office Building
P.O. Box 3265
Harrisburg, PA 17120

Secretary
New Jersey Board of Public Utilities
Two Gateway Center
Newark, New Jersey 07102

Clerk of the Commission
Virginia State Corporation Commission
Post Office Box 1197
Tyler Building
Richmond, VA 23219

Delaware Public Service Commission
Office of the Secretary
861 Silver Lake Boulevard
Cannon Building, Suite 100
Dover, DE 19904

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NOTICE OF FILING

David P. Bocrgers
Secretary