

[Excerpt from JOA Section 35.2]

“Operational Base Flow” or “OBF” shall mean an equal and opposite MW offset of power flows over the Waldwick PARs and ABC PARs to account for natural system flows over the JK Interface and the ABC Interface in order to facilitate the reliable operation of the NYISO and/or PJM transmission systems. The OBF is not a firm transmission service on either the NYISO transmission system or on the PJM transmission system. The OBF shall not result in charges from one Party to the other Party, or from one Party to the other Party’s Market Participants, except for the settlements described in the Real-Time Energy Market Coordination and Settlements provisions set forth in Sections 7 and 8 of Schedule D to this Agreement. In particular, the NYISO and its Market Participants shall not be subjected to PJM Regional Transmission Expansion Plan (“RTEP”) cost allocations as a result of the OBF. In the event one Party issues a charge to the other Party, or to one or more of the other Party’s Market Participants, based on the OBF to implement settlement rules other than those set forth in Sections 7 and 8 of Schedule D to this Agreement, then the Party that receives the charge shall have the right to reduce the OBF value to zero MW immediately, or at a time of its choosing.

[Excerpt from JOA Section 35.23 Schedule D Section 7.2.1]

OperationalBaseFlow_{PARx} =

The MW value of OBF distributed across each of the in-service ABC PARs and Waldwick PARs.

~~For the period after June 1, 2021 or the termination of the OBF, e~~ Either Party may establish a temporary OBF to address a reliability issue, ~~at a level that can be reliably supported by both Parties,~~ until an alternative long-term solution to the identified reliability issue can be implemented. Any temporary OBF that is established shall be at a level that both Parties can reliably support. The Party that establishes the OBF shall: (1) explain the reliability need to the other Party; (2) describe how the OBF addresses the identified reliability need; and (3) identify ~~what planned transmission projects, if any, are the~~ expected long-term solution to address the reliability need.

The initial 400 MW OBF, effective on May 1, 2017, is expected to be reduced to zero MW by June 1, 2021 ~~under all conditions, unless the Parties mutually agree to modify this assumption.~~

The Parties may mutually agree to modify ~~the an~~ established OBF value ~~applied to each ABC PAR and Waldwick PAR that normally applies~~ when all of the ABC PARs and Waldwick PARs are in service. Modification of ~~either the~~ normally applied OBF value ~~normally used prior~~

~~to June 1, 2021 when all ABC PARs and all Waldwick PARs are in service, or the assumption of a zero MW OBF by June 1, 2021,~~ will be implemented no sooner than two years after mutual agreement on such modification has been reached, unless NYISO and PJM mutually agree to an earlier implementation date.

The NYISO and PJM shall post the OBF values, in MW, normally applied to each ABC PAR and Waldwick PAR when all of the ABC PARs and Waldwick PARs are in service, on their respective websites. The NYISO and PJM shall also post the methodology used to reduce the OBF under certain outage conditions on their respective websites. The NYISO and PJM shall review the OBF MW value at least annually.