The Resource Adequacy Requirements (RAR) described in Sections 68A through 69A.10 of the Tariff (Module E-1) establish annual compliance obligations which require the Transmission Provider and all LSEs to comply with a series of requirements at various times during a Planning Year. Section 69A.11 through 69A.11.16 (Module E-2) outline the RAR compliance obligations of a New LSE and the Transmission Provider's role during a transitional period until the New LSE's assets can be included in the full annual RAR process in accordance with Module E-1.

The Transmission Provider will develop Local Resource Zone(s) (LRZs) based upon a New LSE's Load and its Planning Resources to reflect the need for an adequate amount of Planning Resources to be located in the appropriate locations within the Transmission Provider's Balancing Authority Area to reliably meet Demand and LOLE requirements, using the criteria in Section 68A.3. The geographic boundaries of each of the LRZs will be based upon analysis that considers: (1) the electrical boundaries of Local Balancing Authorities; (2) state boundaries; (3) the relative strength of transmission interconnections between Local Balancing Authorities; (4) the results of LOLE studies; (5) the relative size of new LRZs; and (6) natural geographic boundaries such as lakes and rivers. The Transmission Provider will file the LRZs with the Commission once they have been developed.

At least thirty (30) Calendar Days prior to conducting a Transitional Planning Resource Auction (TPRA) for a New LSE, the Transmission Provider will establish and publish Sub Regional Resource Zone(s) (SRRZs) subject to applicable seams agreements, coordination agreements, or transmission service agreements.

At least thirty (30) Calendar Days prior to conducting a Transitional Planning Resource Auction (TPRA) for a New LSE, the Transmission Provider will determine the Capacity Import Limits (CIL) and Capacity Export Limits (CEL) for each of the LRZs for the transitional Planning Year, using the criteria in Section 68A.4.

At least thirty (30) Calendar Days prior to conducting a Transitional Planning Resource Auction (TPRA) for a New LSE, the Transmission Provider will establish and publish, subject to applicable seams agreements, coordination agreements, or transmission service agreements, the Sub Regional Import Constraint (SRIC) and Sub Regional Export Constraint (SREC) for applicable SRRZ(s) for the transitional Planning Year.

At least thirty (30) Calendar Days prior to conducting a TPRA for a New LSE, the Transmission Provider will establish a Local Reliability Requirement (LRR) for each LRZ to determine the quantity of Unforced Capacity needed such that the LRZ would achieve an LOLE of 0.1 day per year, without consideration of the benefit of the LRZ's CIL, using the criteria in Section 68A.5.

At least thirty (30) Calendar Days prior to conducting a TPRA for a New LSE, the Transmission Provider will establish the Local Clearing Requirement (LCR) for each LRZ as established in Section 68A.6. The LCR for an LRZ applies to a New LSE.

The initial Planning Reserve Margin (PRM) for a New LSE, whose assets were not included in the Transmission Provider's annual process to set PRM, shall be the system-wide PRM that was developed by the Transmission Provider for the Planning Year for the Transmission Provider's Balancing Authority Area, unless another PRM is required by an applicable RERRA having jurisdiction over a New LSE. For all subsequent Planning Years, a New LSE's PRM shall be determined as described in Section 68A.2.

At least thirty (30) Calendar Days prior to conducting a TPRA for a New LSE, the Transmission Provider shall calculate the transmission losses for a New LSE's LBA Area using the process described in Section 68A.8. If the Transmission Provider does not have access to all of the data required to perform the transmission losses calculation as described in Section 68A.8, then the Transmission Provider will calculate the transmission losses for the new LBA Area using available data.

At least sixty (60) Calendar Days prior to the date that the Transmission Provider conducts a TPRA for a New LSE, a New LSE shall provide to the Transmission Provider the most recent Coincident Peak Demand forecasts available.  Such Coincident Peak Demand forecasts will be subject to review by the Transmission Provider, as described in Section 69A.1.1.  A New LSE shall provide Demand Forecasts non-coincident with the Transmission Provider,- and Energy for Load forecasts, monthly for two years and seasonal for eight years, at least sixty (60) Calendar Days prior to the date that the Transmission Provider conducts a TPRA for a New LSE. Consistent with Section 69A.1, EDCs shall provide the Transmission Provider with either each retail customer's peak load contribution or each LSE's historical share of the Coincident Peak Demand at least sixty (60) Calendar Days prior to the date that the Transmission Provider conducts a TPRA for a New LSE.

At least thirty (30) Calendar Days prior to the date that the Transmission Provider conducts a TPRA for a New LSE, Market Participants shall register and provide information to the Transmission Provider consistent with Section 69A.3 and 69A.4 to qualify Planning Resources that a New LSE may use to meet its Planning Reserve Margin Requirements. The Transmission Provider shall use the Planning Resource data provided by Market Participants to determine Unforced Capacity values for each Planning Resource consistent with Section 69A.4.

a. A New LSE that has its assets with an effective date on or before June 1st registered and confirmed with the Transmission Provider on or before the Commercial Model due date, that is specified in the Business Practices Manuals, will be able to participate in the upcoming Planning Resource Auction (PRA). For example, if a New LSE provides the Transmission Provider with its Demand data and MECT registrations within the deadline for being included in the Transmission Provider's March 2013 Commercial Model, then such New LSE will be eligible to participate in the PRA to be conducted for the 2013-2014 Planning Year in accordance with Sections 69A.7.

b. A New LSE that does not have its assets registered with the Transmission Provider on or before the due date specified in the Business Practices Manuals for the March Commercial Model update will not be able to participate in the annual PRA until the following year, however such New LSE will be able to participate in a TPRA involving one or more New LSEs to acquire ZRCs. Market Participants may offer ZRCs into a TPRA only if such ZRCs are not otherwise committed during the relevant portion of the Planning Year covered by a TPRA. Any Market Participant may offer ZRCs into a TPRA, however, only a New LSE may procure ZRCs through a TPRA. The Transmission Provider will conduct a TPRA and publish the results at least thirty (30) Calendar Days prior to the date that a New LSE integrates into the Transmission Provider's Balancing Authority Area, using the auction procedures specified in Section 69A.7.

c. Any Load that is transferred in a retail choice state will be assessed a capacity requirement payment: (1) based on the TPRA's Transitional ACP if the retail load is served by a New LSE that participated in a TPRA, or (2) based on the PRA's ACP if the retail load is served by an existing LSE or a New LSE that participated in the PRA.

New LSEs shall be subject to the provisions of Module D with regard to physical or economic withholding of Planning Resources from a TPRA. All Market Participants, including but not limited to, suppliers to New LSEs, shall be subject to Module D. The Transmission Provider will report to the Independent Market Monitor any known attempt by New LSEs to exercise market power in a TPRA.

A New LSE will be subject to the Zonal Deliverability Charge consistent with Section 69A.7.6(b) if the New LSE submits a Fixed Resource Adequacy Plan to meet all or a portion of its Planning Reserve Margin Requirements. A New LSE will be able to receive excess TPRA revenue if a New LSE qualifies for a ZDC Hedge, consistent with Section 69A.7.7(b). A New LSE will be entitled to a Zonal Deliverability Benefit in accordance with Section 69A.7.7(c). A New LSE will be allocated, as appropriate Local Clearing Requirement Charges in accordance with Section 69A.7.7(d). The Tariff provisions in Module E-1 apply to existing LSEs. New LSEs are only subject to the provisions of Module E-2, except to the extent that Module E-2 Tariff provisions incorporate Module E-1 requirements by reference.

The Transmission Provider will distribute any excess TPRA revenues: first, to Historic Unit Considerations as described in Section 69A.7.7(a) and ZDC Hedges as described in Section 69A.7.7(b). Any remaining amounts will be distributed in accordance with the Zonal Deliverability Benefit provisions of Section 69A.7.7(c).

The LSE will only receive excess PRA revenue if the ACP paid by the LSE is higher than the ACP received for such Planning Resources. If there are not sufficient excess revenues to fully fund all Historic Unit Considerations and ZDC Hedges, the revenues will be allocated on a pro rata basis to all HUCs and ZDC Hedges.

a. At least fifteen (15) Calendar Days prior to the date that the Transmission Provider conducts a TPRA, a New LSE may submit a Fixed Resource Adequacy Plan (FRAP) to the Transmission Provider that demonstrates adequate Planning Resources are deliverable in order to satisfy all or a portion of a New LSE's Planning Reserve Margin Requirements for the transitional Planning Year. A New LSE may designate ZRCs in its FRAP to the extent that the New LSE possesses contractual rights to such ZRCs and such ZRCs are not otherwise designated. The FRAP must include a New LSE's Coincident Peak Demand forecast for the transitional Planning Year and also designate ZRCs that the New LSE owns equal to its Coincident Peak Demand forecast multiplied by the sum of 1 plus the applicable Planning Reserve Margin. For any subsequent Planning Years in which a New LSE's assets with effective dates on or before June 1$^{st}$ have been registered by December 15$^{th}$ of the prior year and confirmed by the March Commercial Model deadline, the New LSE shall meet its Planning Reserve Margin Requirement by complying with the provisions found in Sections 68A through 69A.10 of the Tariff.

ZRCs for any portion of a New LSE's Planning Reserve Margin Requirement that are not covered by a FRAP may be purchased through the TPRA or the PRA. A New LSE will be charged the applicable Transitional ACP for any ZRCs that are procured through the TPRA and the applicable ACP for any ZRCs that are procured through the PRA. A New LSE that is capacity deficient will be assessed a Capacity Deficiency Charge in accordance with Section 69A.11.15. To the extent that a New LSE designates ZRCs in a FRAP that are physically located in the same LRZ as the New LSE's Load (to meet the New LSE's Planning Resource Margin Requirement for such LRZ), then the New LSE will not be subject to a Zonal

Deliverability Charge for such ZRCs.  A New LSE that utilizes ZRCs from Planning Resources that are not physically located in the same LRZ where the New LSE has Load may be subject to a Zonal Deliverability Charge.

b. A New LSE that uses a FRAP will be subject to applicable Zonal Deliverability Charges in accordance with Section 69A.7.6(b).

A New LSE that integrates into the Transmission Provider's Balancing Authority Area may demonstrate compliance with its Planning Reserve Margin Requirements by Self-Scheduling ZRCs through the MECT prior to the close of the offer window of a TPRA.

The Transmission Provider will calculate and file with the Commission the applicable CONE values for new LRZs at least sixty (60) Calendar Days prior to the date that the Transmission Provider conducts a TPRA for a New LSE, consistent with the provisions in Section 69A.8. One (1) Business Day after the completion of the TPRA, the Transmission Provider shall impose a Capacity Deficiency Charge on a New LSE that has not demonstrated, at the close of the offer window of a TPRA, to the Transmission Provider through the MECT that such New LSE has arranged sufficient Zonal Resource Credits to meets its Planning Reserve Margin Requirements, consistent with Section 69A.10. The Transmission Provider will impose any Capacity Deficiency Charges on a pro rata basis, based upon the days remaining in the transitional Planning Year.

The Planning Reserve Margin Requirement for New LSEs shall be calculated in accordance with Section 68A.7. Prior to the completion of a TPRA, New LSEs shall meet their Planning Reserve Margin Requirements for each LRZ where they serve Load by: (1) submitting Fixed Resource Adequacy Plans; (2) Self-Scheduling ZRCs; (3) purchasing ZRCs through a TPRA or a PRA; and/or (4) paying a Capacity Deficiency Charge. In addition, New LSEs that are able to comply with the deadlines associated with participating in the PRA shall be able to acquire ZRCs through such auction to meet the New LSE's Planning Reserve Margin Requirement. Because a TPRA is a substitute auction that is only available for New LSEs that are unable to meet the timing requirements necessary to participate in the PRA, a New LSE may not participate in both a PRA and a TPRA for the same Planning Year.