

## SCHEDULE 25

### NON-MARKET EFFICIENCY INTERREGIONAL COST ALLOCATION

The following provisions govern (i) the allocation of costs to PJM, on behalf of its customers, associated with Non-Market Efficiency Interregional Projects constructed by MISO Entities; (ii) the mechanism for recovery of costs allocated to MISO Entities associated with Non-Market Efficiency Interregional Projects constructed by PJM Entities; and (iii) the mechanism for distributing revenues received from PJM.

#### I. DEFINITIONS

The following additional definitions pertain to this Schedule 25.

- A. **Coordinated System Plan:** The Plan developed pursuant to Section 9.3.7 of the JOA.
- B. **Non-Market Efficiency Interregional Projects (“NMEIPs”):** Transmission facilities other than Interregional Market Efficiency Projects and Targeted Market Efficiency Projects that are determined to be Interregional Projects under Section 9.3 and 9.4 of the JOA. Interregional Market Efficiency Projects and Targeted Market Efficiency Projects are specifically not included in the definition of NMEIPs for purposes of this Schedule 25.
- C. **JOA:** The Joint Operating Agreement between MISO and PJM.
- D. **MISO Entities:** Either the entities doing business within the Transmission Provider Region constructing the facilities or the entities within the Transmission

Provider Region who will make payments pursuant to Section III of this Schedule

25.

E. **PJM:** PJM Interconnection, LLC.

F. **PJM Entities:** The entities doing business within the PJM region constructing the facilities.

**II. ANALYSIS TO DETERMINE IF A FACILITY IS A NON-MARKET  
EFFICIENCY INTERREGIONAL PROJECT AND ALLOCATION OF COSTS  
FROM TRANSMISSION PROVIDER TO PJM**

The analysis to determine if a facility is a NMEIP is performed as provided in Sections 9.3 and 9.4 of the JOA, subject to the exclusion of Interregional Market Efficiency Projects and Targeted Market Efficiency Projects. The allocation of costs between PJM and the Transmission Provider shall be performed consistent with Section 9.4 of the JOA. The Transmission Provider shall bill PJM, on behalf of its customers, for the revenue requirements of NMEIPs allocated to PJM. In determining the revenue requirements to be allocated to PJM, the Transmission Provider shall apply the formula in Attachment CC for NMEIPs to the costs allocated to PJM determined through the JOA process. The revenue requirements charged to PJM on a monthly basis shall be set forth in Schedule 25-1, with appropriate filings submitted to the Commission to reflect such charges in this Schedule 25-1. The billing and payment provisions of this Tariff shall apply to such charges. The Transmission Provider shall bill PJM each month based upon the charges reflected in Schedule 25-1.

**III. COLLECTION OF AMOUNTS ALLOCATED TO THE TRANSMISSION  
PROVIDER**

With regard to amounts charged to MISO, on behalf of MISO Entities, associated with NMEIPs, the Transmission Provider will recover those amounts from MISO Entities based on an allocation of the relative contribution of the Load in each of the affected pricing zones to the loading on the constrained facility giving rise to the NMEIPs as determined by the studies performed pursuant to Sections 9.3 and 9.4 of the JOA. The Transmission Provider shall produce a schedule showing the allocation of these amounts and will distribute the schedule to all entities who would be allocated amounts before making any filings to implement the charges. The Transmission Provider shall make publicly available all work papers and supporting back-up for the schedule. The Transmission Provider shall distribute the schedule sufficiently in advance of any filing to allow the affected MISO Entities time to provide comments on such schedules. After that process, a filing will be submitted to the Commission setting forth the charge to each MISO Entity arising from this process. These charges will be reflected on Schedule 25-2. Each MISO Entity shown to be responsible for a charge on Schedule 25-2 shall be responsible for paying the charge consistent with the billing and payment provisions of this Tariff. The Transmission Provider shall pass through to PJM the amounts collected from MISO Entities associated with NMEIPs under this Section III.

#### **IV. REVENUE DISTRIBUTION TO MISO ENTITIES**

Upon receiving revenues from PJM, the Transmission Provider shall distribute the revenues to the appropriate Transmission Owners and ITCs. The Transmission Provider shall distribute the revenues to each owner of each NMEIP as follows:

$$\text{TOR} = \text{TORR} / \text{ALLTORR} * (\text{Monthly dollars received from PJM})$$

TOR= Monthly revenues to be received by a Transmission Owner or ITC under this Schedule.

TORR=The monthly revenue requirements of all NMEIPs owned by the Transmission Owner or ITC referred to in the TOR definition.

ALLTORR=The sum of all monthly revenue requirements of NMEIPs owned by all Transmission Owners and ITCs.

#### **SCHEDULE 25-1**

#### **COSTS AND REVENUE REQUIREMENTS ALLOCATED TO PJM FOR NON-MARKET EFFICIENCY INTERREGIONAL PROJECTS**

**[RESERVED FOR FUTURE USE]**

**SCHEDULE 25-2**

**CHARGES TO COLLECT MONIES OWED TO PJM**

**[RESERVED FOR FUTURE USE]**