

35.3 Overview, Administration, and Relationship With Other Agreements

35.3.1 Purpose of This Agreement

This Agreement provides for the reliable operation of the interconnected PJM and NYISO Transmission Systems in accordance with the requirements of the Standards Authority and efficient market operations through M2M coordination. This Agreement establishes a structure and framework for the following functions related to the reliability of interconnected operations between the Parties and efficient joint market operations:

- 35.3.1.1 Developing and issuing Operating Instructions and Security Limits;
- 35.3.1.2 Coordinating operation of their respective Transmission Systems;
- 35.3.1.3 Developing and adopting operating criteria and standards;
- 35.3.1.4 Conducting operating performance reviews of the Interconnection Facilities;
- 35.3.1.5 Implementing each Party's respective Standards Authority requirements with regard to the PJM and NYISO Transmission Systems;
- 35.3.1.6 Exchanging information and coordination regarding system planning;
- 35.3.1.7 Providing mutual assistance in an Emergency and during system restoration;
- 35.3.1.9 Performance of certain other arrangements among the Parties for coordination of their systems, including, but not limited to performance consistent with the arrangements set forth in the existing agreements listed in Section 35.21 and the M2M transmission congestion coordination process that is set forth in the attached Market-to-Market Coordination Schedule and Section 35.12 below;
and
- 35.3.1.9 Performance of certain other arrangements among the Parties for administration of this Agreement.

The Parties shall, consistent with Standards Authority requirements and the Parties' respective tariffs, rules and standards, including with respect to the NYISO, the NYSRC Reliability Rules, to the maximum extent consistent with the safe and proper operation of their respective Reliability Coordinator Area and Balancing Authority Area and necessary coordination with other interconnected systems, operate their systems in accordance with the procedures and principles set forth in this Agreement.

35.3.2 Establishment and Functions of Coordination Committee

To administer the arrangements under this Agreement, the Parties shall establish a Coordination Committee. The Coordination Committee shall undertake to jointly develop and authorize Operating Instructions to implement the intent of this Agreement with respect to reliable Transmission System operations.

35.3.2.1 The Coordination Committee shall have the following duties and responsibilities:

35.3.2.1.1 Determine the date(s) for implementing the various parts of this Agreement and undertake to jointly develop and authorize Operating Instructions to implement the intent of this Agreement;

35.3.2.1.2 Meet periodically to address any issues associated with this Agreement that a Party may raise and to determine whether any changes to this Agreement, or procedures employed under this Agreement, would enhance reliability, efficiency or economy;

35.3.2.1.3 The matters to be addressed at all meetings shall be specified in an agenda, which shall contain items specified by either Party in advance of the meeting

and sent to the representatives of the other Party. All decisions of the
Coordination Committee must be unanimous;

35.3.2.1.4 Conduct additional meetings upon Notice given by any Party, provided that
the Notice specifies the reason(s) for requesting the meeting;

35.3.2.1.5 Initiate process reviews at the request of any Party for activities undertaken in
the performance of this Agreement; and

35.3.2.1.6 In its discretion, take other actions, including the establishment of
subcommittees and/or task forces, to address any issues that the Coordination
Committee deems necessary consistent with this Agreement.

35.3.2.2 Coordination Committee Representatives

Within 30 days of the Effective Date, each Party shall designate a primary and alternate
representative to the Coordination Committee and shall inform the other Parties of its designated
representatives by Notice. A Party may change its designated Coordination Committee
representatives at any time, provided that timely Notice is given to the other Parties. Each
designated Coordination Committee representative shall have the authority to make decisions on
issues that arise during the performance of this Agreement. The costs and expenses associated
with each Party's designated Coordination Committee representatives shall be the responsibility
of the designating Party.

35.3.2.3 Limitations Upon Authority of Coordination Committee

The Coordination Committee is not authorized to modify or amend any of the terms of
this Agreement. The Coordination Committee is also not authorized to excuse any obligations
under this Agreement or waive any rights pertaining to this Agreement. The Coordination

Committee has no authority to commit either Party to any expenditure that is beyond those expenses described in this Agreement.

35.3.3 Ongoing Review and Revisions

As set forth in Section 35.7, the Parties have agreed to the coordination and exchange of data and information under this Agreement to enhance system reliability and efficient market operations as systems exist and are contemplated as of the Effective Date. The Parties expect that these systems and the technology applicable to these systems and to the collection and exchange of data will change from time to time throughout the term of this Agreement. The Parties agree that the objectives of this Agreement can be fulfilled efficiently and economically only if the Parties, from time to time, review and, as appropriate, revise the requirements stated herein in response to such changes, including deleting, adding, or revising requirements and protocols. Each Party will negotiate in good faith in response to such revisions the other Party may propose from time to time. Nothing in this Agreement, however, shall require any Party to reach agreement with respect to any such changes, or to purchase, install, or otherwise implement new equipment, software, or devices, or functions, except as required to perform this Agreement.