

*No initial Credit required: However if credit is required later all collateral will be discounted 10% unless audited financials show \$500k in tangible net worth or \$5M in tangible assets

** FTR participants are members that hold FTRs with a credit requirement that exceeds the value Auction Revenue Rights they hold (if any) in any month.

All FTR participants either must provide unqualified audited financials to demonstrate \$1 million in tangible net worth or \$10 million in tangible assets, or must provide a minimum of \$500,000 untradeable collateral, with a 10% discount on all additional collateral.

All participants engaging in Virtual or Export (including CTS) transactions either must provide unqualified audited financials to demonstrate \$500,000 in tangible net worth or \$5 million in tangible assets, or must provide a minimum of \$200,000 untradeable collateral, with a 10% discount on all additional collateral.

All other participants must provide unqualified audited financials to demonstrate either \$500,000 in tangible net worth or \$5 million in tangible assets, or a 10% discount will be applied to all collateral provided.

All participants must establish a minimum of \$50,000 in credit for the first year unless their only activities will be those that provide net sales into PJM's markets: generators, demand response providers or regulation market resources.

Cash Collateral

Cash collateral can be wired to PJM Settlement and is held in an interest bearing account. Collateral is not used to pay invoices in the normal course of business. Wiring Instructions can be found in eCredit under Reports by running the "Bank PJM Instructions". For security reasons, wire instructions cannot be emailed but can be faxed or given over the phone; to contact a credit analyst email credit_hotline@pjm.com

Letters of Credit ("L/C")

An L/C must be from a domestic US financial institution with a minimum rating of 'A' or better by all rating agencies that rate it, or from a domestic branch of a foreign financial institution, provided that the US branch, itself, maintains an 'A' or better minimum rating. The L/C must utilize PJM's standard form language. PJM may consider minor changes proposed by the applicant; substantial changes, however, will not be considered. In order to lessen the chance of rejection, PJM recommends that applicants discuss their proposed issuing bank with PJM prior to proceeding, and submit the L/C, unexecuted, to PJM Settlement for review prior to execution.

[PJM Standard Letter of Credit for Members and Transmission Customers](#)

Unsecured Credit Review for Applicants and Guarantors

All applicants applying for unsecured credit (including unsecured credit through a guarantor) must submit at least 3 years of unqualified audited financials. Portions of the credit application that apply only to applicants wishing to receive unsecured credit are marked, and need be completed only by applicants that wish to be considered for unsecured credit or to provide a guaranty.

If the applicant intends to utilize a guaranty from a guarantor that is eligible for unsecured credit, then a fully executed [Corporate Guaranty](#), in the PJM approved format should be forwarded to the PJM Treasury Department. In order to lessen the chance of rejection, PJM recommends that applicants discuss their proposed guarantor with PJM prior to proceeding, and submit the guaranty, unexecuted, to PJM Settlement for review prior to execution. A Corporate Guaranty should bear a corporate seal, or have attached a Secretary's certificate attesting that Guarantor is duly authorized to provide such Corporate Guaranty and that the person signing the Corporate Guaranty is also duly authorized. Foreign guaranties have special requirements. Applicants wishing to submit a guaranty from a non-domestic guarantor should discuss the situation with PJM staff prior to proceeding.

[Standard Corporate Guaranty for Domestic Guarantors](#)

FTR Non-Hedging Risk Policies and Associated Fee

All FTR Participants that certify to Section 3b. in the [Officer Certification \(paper version\)](#) need to submit their Risk Policies and a one-time \$1,000 risk policy review fee. Additional information related to verification of a Participant's risk management policies, practice and procedures pertaining to the Participant's activities in the PJM markets can be found in the [PJM Credit Overview](#).

APPLICATION CHECKLIST

An Applicant's credit application will not be considered complete unless the following five items are completed and submitted to PJM Settlement as applicable:

(1) Executed PJM Credit Application and Agreement, with the following sections completed, as applicable, according to the following table:

Sections to complete:	1, 2, 3	4,5,6	7,8
Applicants that will be inactive, with no transaction capabilities	X		X
All Other Applicants	X	X	X

(2) Financial statements and other data (applicable only to Applicants requesting unsecured credit), including but not limited to the following information for the most recent two fiscal years, or the period of existence of the Applicant, if shorter:

a. If publicly traded:

(i) Independently audited annual and quarterly financial statements with notes to financial statements and independent auditor's letter. (Reference to 10-K and 10-Q on EDGAR is sufficient, if applicable).

(ii) Form 8-K reports disclosing any Material changes, if any.

b. If privately held:

(i) Management's Discussion & Analysis

(ii) Report of Independent Accountants

(iii) Financial Statements, including:

- Balance Sheet

- Income Statement

- Statement of Cash Flows

- Statement of Stockholder's Equity

(iv) Notes to Financial Statements

(3) Guaranty or Letter of Credit, if applicable.

(4) Application fee of \$1,500

(5) Officer Certification form

PJM* CREDIT APPLICATION AND AGREEMENT

1. Applicant's full legal name and corporate mailing address, and credit contacts:

COMPANY NAME
(ADDRESS)

Federal EIN:

State of Incorporation:

Credit Contact(s):

Name: _____ Phone: _____ Email: _____

Name: _____ Phone: _____ Email: _____

Name: _____ Phone: _____ Email: _____

2. Applicant is primarily or substantially a (indicate all applicable categories):

Municipality or Government Entity Cooperative Load-serving Entity Provider of Last Resort
 Power Marketer Generator End User/Self-generator Transmission Customer Only
 Emergency or Economic Load Reduction Program member Financial Trader

Other: _____

3. BANKRUPTCY

Has either the Applicant or Guarantor (if any) filed for, or been in, Bankruptcy at any time in the past Seven years? No Yes

(if Yes, please attach status, location, trustee)

* As used herein, "PJM" refers to PJM Interconnection, LLC and/or PJM Settlement, Inc. as appropriate.

4. ANTICIPATED CREDIT NEEDED

Maximum three-weeks of credit needed: _____

(Credit must equal highest anticipated three consecutive week's bills from PJM Settlement as projected for the next year, and may be supplied either as unsecured credit or through provision of Financial Security. Enter zero if activities will be limited to generation, demand response, or regulation)

5. FINANCIAL INFORMATION

- Please check one:
- Applicant will rely on collateral for all credit requirements
(Note: If selected, the remainder of this section (5) may be omitted, though some financial information may be required as part of the Officer Certification requirement)
 - Applicant is requesting unsecured credit based on its own strength*
 - Applicant is requesting unsecured credit through a guaranty*
- * Unsecured credit requires an investment grade rating or demonstration of equivalent financial strength by Applicant or Guarantor

Please check one:

- 2 years of financials for Applicant (or guarantor) are enclosed (with notes and auditor's report)
- Financials for Applicant (or guarantor) may be found on EDGAR

Please provide Applicant's (or Guarantor's) current senior unsecured debt ratings:

S&P rating: _____; Credit Watch Status (circle one): Watch Positive / Stable / Watch Negative

Moody's rating: _____; Credit Watch Status (circle one): Watch Positive / Stable / Watch Negative

Fitch rating: _____; Credit Watch Status (circle one): Watch Positive / Stable / Watch Negative

6. GUARANTOR INFORMATION

(leave blank if no guaranty being submitted)

Guarantor Name: _____

Street Address: _____

City: _____ State: _____ Zip: _____

Credit/Guaranty Contact: _____ Phone: _____

Federal EIN: _____

7. DISCLOSURES

The following disclosures are required upon application, upon initiation or change, and at least annually thereafter, or as requested by PJM or PJM Settlement. Please check one each in (A) and (B):

A. Litigation, Commitments and Contingencies.

Applicant certifies that there are no known Material litigation, commitments or contingencies or any bankruptcy declarations or Material defalcations by the Applicant or its predecessors, subsidiaries or Affiliates, or (if applicable) guarantor or successors.

Disclosures are attached.

B. Regulatory Investigations.

Applicant certifies that there does not exist any ongoing investigation by the Securities and Exchange Commission ('SEC'), Federal Energy Regulatory Commission ('FERC'), or any other governing, regulatory, or standards body with respect to the Applicant or Applicant's guarantor (if any).

Disclosures are attached.

8. AUTHORIZED SIGNATURE

The undersigned is an agent of the Applicant with authority to bind the company and authority to enter into this Credit Application and Agreement and commit to the Credit Policy terms and conditions. The undersigned affirms that the information provided in and with this Application is true and accurate. Applicant affirms that it has read and will comply with the terms of the PJM Credit Policy currently in effect, or as may be modified from time to time. Applicant specifically authorizes PJM Interconnection, LLC and/or PJM Settlement to investigate, on an ongoing basis, the company's credit history and creditworthiness. Applicant acknowledges that if subaccounts are established by PJM at Applicant's request, all accounts will be netted for both credit and settlement purposes. For Applicants requesting unsecured credit, Applicant hereby authorizes release of any information requested in this Credit Application and Agreement as requested by PJM or PJM Settlement in order to perform a credit review in connection with a request for service.

Company Name: _____

Authorized Signature: _____

Name: _____

Title: _____

Date: _____