

DRAFT TARIFF CHANGES FOR PMA

DEFINITIONS

Minimum Exposure:

“Minimum Exposure” shall mean the greater of: (a) \$3,000 and (b) one percent (1%) of the greatest amount invoiced for the Participant’s transaction activity for all PJM Markets and services in any rolling one, two, or three-week period in the prior 52 weeks, rounded up to the nearest multiple of \$100; provided, however, that the Minimum Exposure shall be capped at a maximum of \$100,000.

Minimum Transfer Amount:

“Minimum Transfer Amount” shall mean the greater of: (a) \$20,000 and (b) five percent (5%) of the greatest amount invoiced for the Participant’s transaction activity for all PJM Markets and services in any rolling one, two, or three-week period in the prior 52 weeks, rounded up to the nearest multiple of \$100; provided, however, that the Minimum Transfer Amount shall be capped at a maximum of \$500,000.

Peak Market Activity:

“Peak Market Activity” shall mean a measure of exposure for which credit is required, ~~involving peak exposures in rolling three-week periods over a year timeframe, with two semi-annual reset points, pursuant to provisions of Tariff, Attachment Q, section VII.A.~~ Peak Market Activity shall exclude FTR Net Activity, Virtual Transactions Net Activity, and Export Transactions Net Activity calculated in accordance with Tariff, Attachment Q, section VII.A.

Peak Market Activity Shortfall

“Peak Market Activity Shortfall” shall mean, for any given week, the amount by which a Participant’s current Peak Market Activity exceeds such Participant’s Peak Market Activity credit requirement from the prior week.

Peak Market Activity Surplus

“Peak Market Activity Surplus” shall mean, for any given week, the amount by which a Participant’s Peak Market Activity credit requirement from the prior week exceeds such Participant’s current Peak Market Activity.

ATTACHMENT Q

VII. PEAK MARKET ACTIVITY AND WORKING CREDIT LIMIT

A. Peak Market Activity Credit Requirement

PJM shall calculate a Peak Market Activity credit requirement for each Participant. Each Participant must maintain sufficient Unsecured Credit Allowance and/or Collateral, as applicable, and subject to the provisions herein, to satisfy its Peak Market Activity credit requirement.

Peak Market Activity for Participants will be determined ~~semi-annually~~weekly, utilizing an initial Peak Market Activity, as explained in this section VII.A below, ~~calculated after the first complete billing week in the months of April and October~~. Peak Market Activity shall be the greater of the initial Peak Market Activity; or the greatest amount invoiced for the Participant's transaction activity for all PJM Markets and services in ~~any the~~ rolling past one, two, ~~or three, or four-week period, ending within a respective semi-annual period~~. However, Peak Market Activity shall not exceed the greatest amount invoiced for the Participant's transaction activity for all PJM Markets and services in any rolling one, two or ~~three~~three-week period in the prior 52 weeks.

Peak Market Activity = min [max [initial Peak Market Activity, max [greatest amount invoiced for transaction activity for the rolling past one, two, three, or four-week period]], max [greatest amount invoiced for transaction activity for any rolling one, two or three-week period in the prior 52 weeks]

Peak Market Activity shall exclude FTR Net Activity, Virtual Transactions Net Activity, and Export Transactions Net Activity.

When calculating Peak Market Activity, PJM may attribute credits for Regulation service to the days on which they were accrued, rather than including them in the month-end invoice.

The initial Peak Market Activity for Applicants will be determined by PJM based on a review of an estimate of their transactional activity for all PJM Markets and services over the next 52 weeks, which the Applicant shall provide to PJM.

The initial Peak Market Activity for Market Participants and Transmission Customers, ~~calculated at the beginning of each semi-annual~~weekly period upon issuance of the weekly invoice, shall be the three-week average of all non-zero invoice totals over the previous 52 weeks. ~~This calculation shall be performed and applied within three (3) Business Days following the day the invoice is issued for the first full billing week in the current semi-annual period.~~

Prepayments shall not affect Peak Market Activity unless otherwise agreed to in writing pursuant to this Attachment Q.

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Peak Market Activity calculations shall take into account reductions of invoice values effectuated by early payments which are applied to reduce a Participant's Peak Market Activity as contemplated by other terms of this Attachment Q; provided that the initial Peak Market Activity shall not be less than the average value calculated using the weeks for which no early payment was made.

A Participant may reduce its Collateral requirement by agreeing in writing (in a form acceptable to PJM) to make additional payments, including prepayments, as and when necessary to ensure that such Participant's Total Net Obligation at no time exceeds such reduced Collateral requirement.

In the event that the Peak Market Activity Shortfall exceeds or equals the Minimum Exposure, the prior week's Peak Market Activity credit requirement will be increased by an amount equal to n * the Minimum Transfer Amount, with n being the integer that will cause the current week's Peak Market Activity credit requirement to be greater than or equal to the Participant's current Peak Market Activity but less than the Participant's current Peak Market Activity plus the Minimum Transfer Amount. For the avoidance of doubt, if the Peak Market Activity Shortfall is less than the Minimum Exposure, the current week's Peak Market Activity credit requirement will remain the same as the prior week's Peak Market Activity credit requirement.

In the event that the Peak Market Activity Surplus exceeds or equals the Minimum Transfer Amount, the prior week's Peak Market Activity credit requirement will be decreased by an amount equal to n * the Minimum Transfer Amount, with n being the integer that will cause the current week's Peak Market Activity credit requirement to be greater than or equal to the Participant's current Peak Market Activity but less than the Participant's current Peak Market Activity plus the Minimum Transfer Amount. For the avoidance of doubt, if the Peak Market Activity Surplus is less than the Minimum Transfer Amount, the current week's Peak Market Activity credit requirement will remain the same as the prior week's Peak Market Activity credit requirement.

In the event that there is neither a Peak Market Activity Shortfall nor a Peak Market Activity Surplus, then the current week's Peak Market Activity credit requirement is the same as the prior week's Peak Market Activity credit requirement.

PJM may, at its discretion, adjust a Participant's Peak Market Activity credit requirement if PJM determines that the Peak Market Activity is not representative of such Participant's expected activity, as a consequence of known, measurable, and sustained changes. Such changes may include, but shall not be limited to when a Participant makes PJM aware of federal, state or local law that could affect the allocation of charges or credits from a Participant to another party, -the loss (without replacement) of short-term load contracts, when such contracts had terms of three months or more and were acquired through state-sponsored retail load programs, but shall not include short-term buying and selling activities.

PJM may waive the credit requirements for a Participant that has no outstanding transactions and agrees in writing that it shall not, after the date of such agreement, incur obligations under any of

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the Agreements. Such entity's access to all electronic transaction systems administered by PJM shall be terminated.

A Participant receiving unsecured credit may make early payments up to ~~ten~~thirteen (13) times in a rolling 52-week period in order to reduce its Peak Market Activity for credit requirement purposes. Imputed Peak Market Activity reductions for credit purposes will be applied to the billing period for which the payment was received. Payments used as the basis for such reductions must be received prior to issuance or posting of the invoice for the relevant billing period. The imputed Peak Market Activity reduction attributed to any payment may not exceed the amount of Unsecured Credit for which the Participant is eligible.