



Bankruptcy Protection Enhancements

Jess Troiano, Sr. Counsel

Risk Management Committee

December 14, 2021

- At the July 27, 2021 RMC, PJM brought a Problem Statement and Issue Charge relating to bankruptcy protections.
- At that meeting, the Committee expressed its interest in tabling the issue pending an informational update and additional research.
- At the August 24, 2021 RMC, Jess Troiano provided a brief update, summarizing the Committee's determination to table the issue and provided an informational update, pending further research.
- PJM now presents identified issues for the RMC's consideration.

Retain all payments due as cash security for all obligations

Apply any amounts held or later available or due

Suspend and/or terminate Transmission Service

Limit, suspend and/or terminate market participation

Close out and liquidate MP's market portfolio

Liquidate collateral to satisfy Obligations

Issue Collateral Call

Set off and recoup

* Remedies for Credit Breach, Events of Default. Tariff, Attachment Q, section IX.

Distinguish between liquidation versus reorganization

Require designation of PJM as a critical vendor upon bankruptcy filing

Establish an obligation to replenish collateral for post-petition activity

Add language with respect to priority interest in collateral

Strengthen recoupment language

- Stronger Security/Collateral: MISO, ISO-NE; NYISO; SPP; ERCOT
- Stronger Setoff Language: SPP; MISO; NE-ISO; ERCOT
- Stronger Recoupment References: MISO, ERCOT, ISO-NE
- Critical vendor/collateral replenishment: MISO (in progress)

Presenter

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