

MARKET SELLER DEFAULT FLEXIBILITY LIMIT MARKET PARTICIPATION

Issue Source

PJM

Issue Content

Consider revisions to Operating Agreement, section 15.1.5 to give PJM ~~limited the~~ flexibility to permit continued market participation ~~of by~~ an entity that is a market seller that experiences a ~~payment, collateral, or other collateral~~ default in certain circumstances in which allowing continued market participation for the limited purposes to generate revenue as a means for PJM to retain/reserve collateral to remedy a collateral call a default and when it ~~is~~ in the best interests of PJM Members.

Key Work Activities and Scope

The following are the key work activities that should be undertaken to address the issue articulated above:

1. Provide education in the following areas:
 - a. Review permissive language in Tariff, Attachment Q for comparison and contrast with language in Operating Agreement, section 15.1.5.
 - ~~b. a.~~
 - b. Provide overview of differences between payment default and collateral call defaults provisions
 2. Develop proposed solution Explore potential enhancements to define the circumstances in which a Market Participant may be permitted to continue participating in the PJM markets after a Default
1. Review proposed solution

Expected Deliverables

1. Update Governing Agreement language to provide PJM limited flexibility in permitting continued market participation in the case of a ~~collateral call~~ default, as applicable

Decision-Making Method

~~Quick Fix~~ Tier 1 consensus (unanimity) on a single proposal via Consensus-based Issue Resolution Lite process

Stakeholder Group Assignment
Risk Management Committee

Expected Duration of Work Timeline

The expected duration of this effort is ~~two~~ four months for consideration by the RMC of the Issue Charge and proposed solution.

Start Date November <u>April</u> , 2022 1	Priority Level <input checked="" type="checkbox"/> High <input type="checkbox"/> Medium <input type="checkbox"/> Low	Timing <input checked="" type="checkbox"/> Immediate <input type="checkbox"/> Near Term <input type="checkbox"/> Far Term	Meeting Frequency <input type="checkbox"/> Weekly <input checked="" type="checkbox"/> Monthly <input type="checkbox"/> Quarterly
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Charter

<input type="checkbox"/>	This document will serve as the Charter for a new group created by its approval.
<input checked="" type="checkbox"/>	This work will be handled in an existing group with its own Charter (and applicable amendments)