



Governing Document Enhancement & Clarification Subcommittee (GDECS) Counter Party Definition

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- Counterparty definition was included in a group of proposed definition revisions
- GDECS Meetings
 - 1st read – April 15, 2015
 - Vote – May 29, 2015
- Markets & Reliability Committee
 - 1st read – June 25, 2015
 - Vote – July 23, 2015 – Group of definitions was endorsed
- Members Committee
 - Vote – August 27, 2015 – **Counterparty removed from the group of proposed definitions and remanded to GDECS for further review at Member request**

- October 23, 2015 GDECS meeting: the proposed counterparty definition was discussed.
 - At the GDECS meeting, some Market Participants asked for PJM to investigate how the definition may apply to Market Participants' accounts or sub accounts, and evaluate whether any additional revisions may be required.
 - Upon further review with PJM subject matter experts, it was determined that the proposed definition was accurate and that no further revisions were necessary.
- December 11, 2015 GDECS meeting: final discussion on counterparty definition.
 - Planned to bring back to MC for discussion and endorsement at future meeting.
- **Endorsement of the proposed Counterparty definition is requested**



Proposed Counterparty Definition

Correct Definition	Revisions	Reason(s) for Changes
<p>“Counterparty” shall mean PJMSettlement as the contracting party, in its name and own right and not as an agent, to an agreement or transaction with Market Participants or other entities, including the agreements and transactions with customers regarding transmission service and other transactions under the PJM Tariff and this Operating Agreement. PJMSettlement shall not be a counterparty to (i) any bilateral transactions between Market Participants, or (ii) with respect to self-supplied or self scheduled transactions reported to the Office of the Interconnection.</p> <p>OA, section 1.7.01a</p>	<p><u>“Counterparty” shall mean</u> PJMSettlement as the contracting party, in its name and own right and not as an agent, to an agreement or transaction with a <u>Market Participants</u> or other customer-entities, <u>including the agreements and transactions with customers regarding transmission service and other transactions under the PJM Tariff and this Operating Agreement. PJMSettlement shall not be a counterparty to (i) any bilateral transactions between Members Market Participants, or (ii) any Member’s self-supply of energy to serve its load, or (iii) any Member’s self-schedule of energy reported to the Office of the Interconnection to the extent that energy serves that Member’s own load. with respect to self-supplied or self scheduled transactions reported to the Office of the Interconnection.</u></p> <p>Tariff, section 1.6D</p>	<p>Align definitions to use more precise definition in the OA that specifies some specific instances when PJMSettlement will and will not be a Counterparty to a transaction or agreement. The OA definition is the correct definition because it is less ambiguous than the Tariff definition.</p>