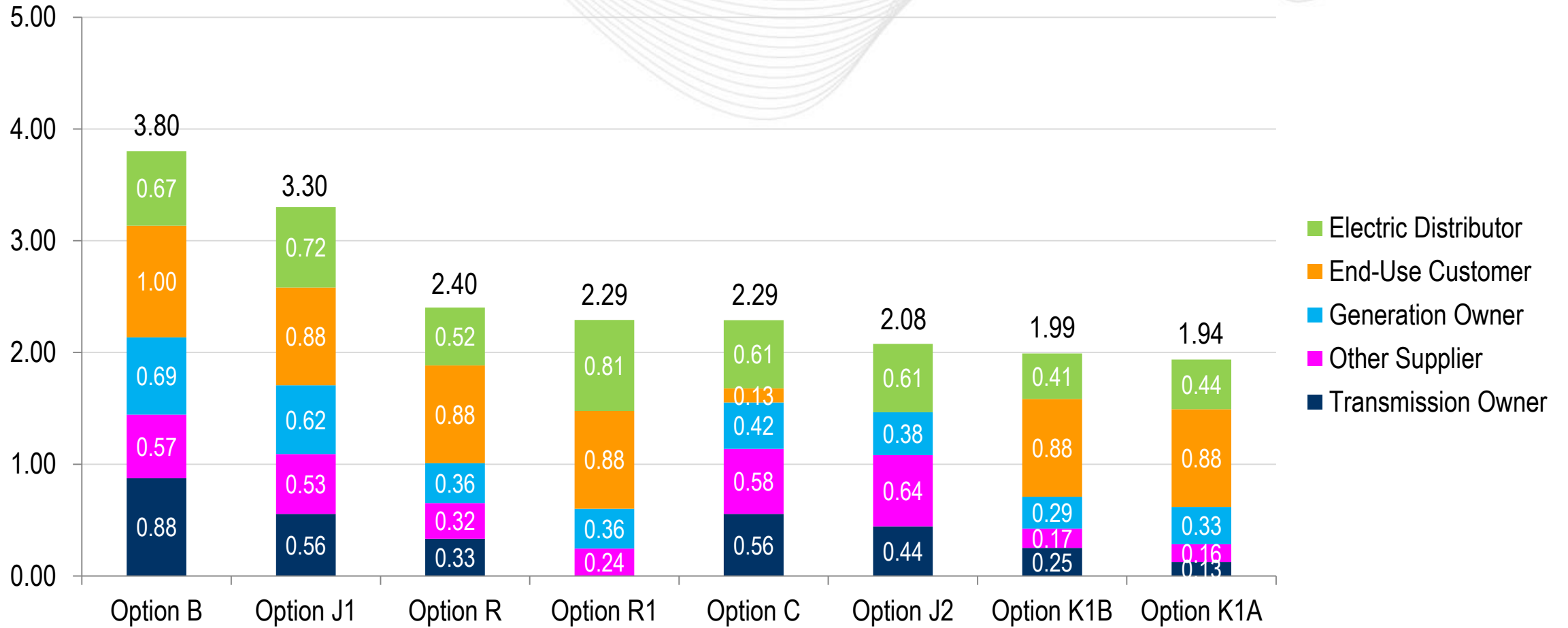


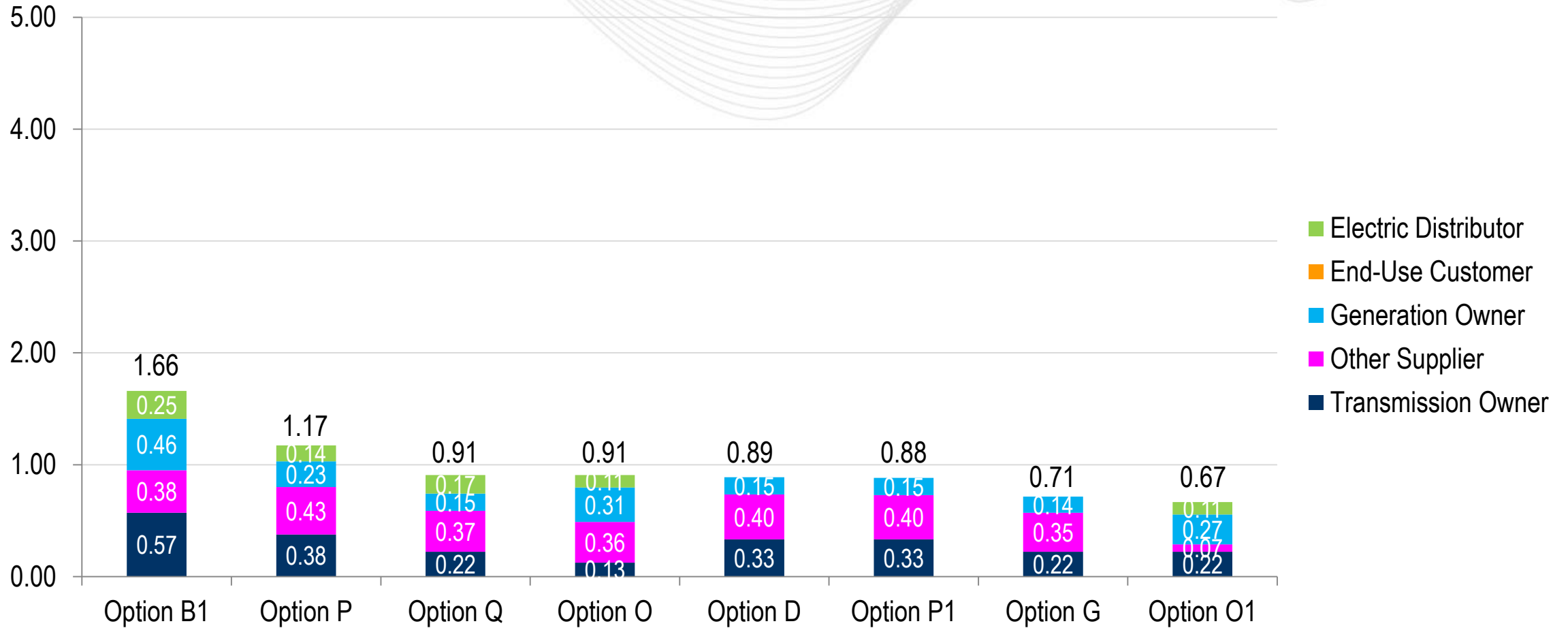
FTR Default Liquidation Process

Non-Binding, Sector-Weighted Poll Results

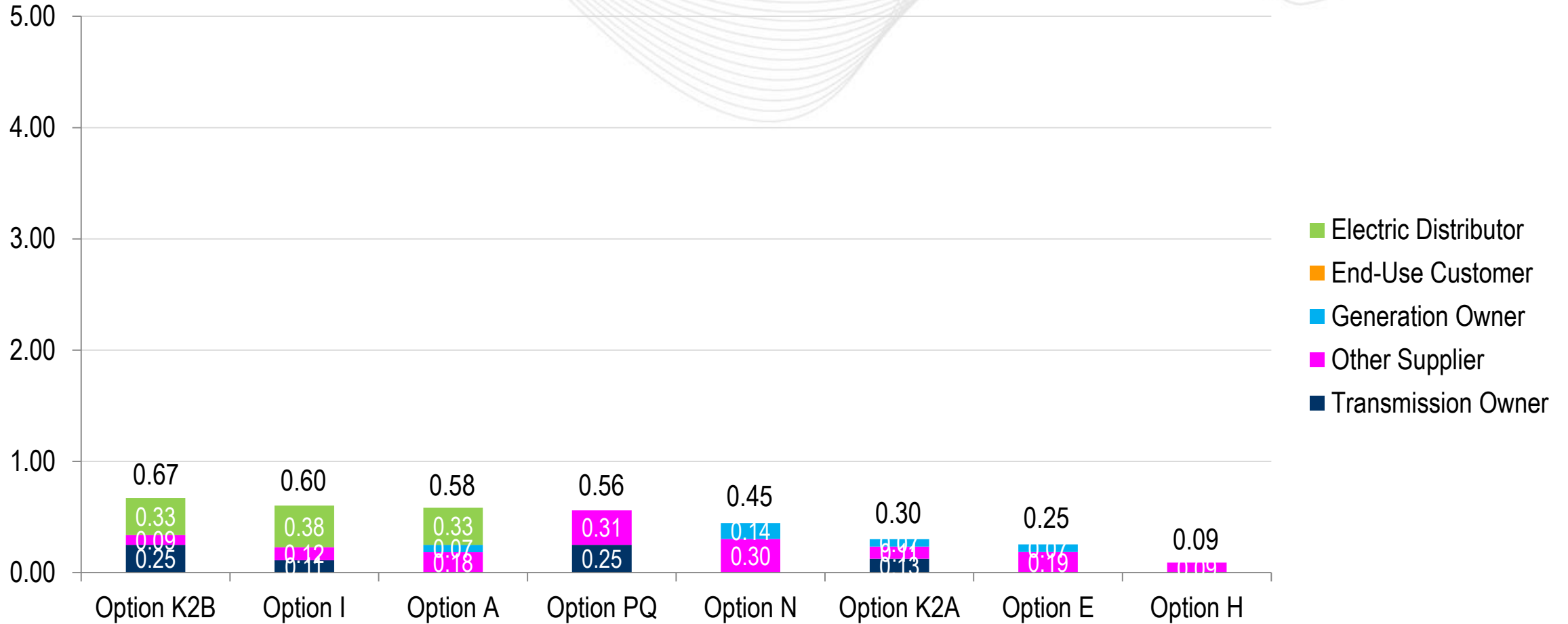
Suzanne Daugherty
Special Markets and Reliability Committee Meeting
September 18, 2018

- 24 Options polled, including Status Quo
- 108 Respondents
- Options Receiving ≥ 2.50 Sector-Weighted Support:
 1. Option B (Do not offer for liquidation) = 3.80
 2. Option J1 (Settle current planning year positions; liquidate future planning year positions in applicable annual FTR auction) = 3.30
- 0.58 Sector Support for Status Quo





Non-Binding, Sector-Weighted Poll Results





Summary Descriptions of Options Polled

Option	Summary Description	Option	Summary Description
A	Status Quo	K1B	Cancel All defaulting Long-Term FTRs and default allocate FTR auction charges using existing default allocation mechanism; Settle 18/19
B	Do Not Offer for Liquidation	K2A	Cancel All Defaulting Long-Term FTRs; Liquidate 18/19 in Prompt Months
B1	Do not offer for Liquidation but create an aggregate FTR representing the defaulting FTR portfolio to facilitate participants managing default exposure if they wish to do so	K2B	Cancel All defaulting Long-Term FTRs and default allocate FTR auction charges using existing default allocation mechanism; Liquidate 18/19 in Prompt Months
C	Only Offer Prompt Month Positions for Liquidation	N	Qualified Members May Assume Their Portion of the Portfolio
D	Current Liquidation Process with Cap on Liquidation Costs	O	Each Member Opts for Settlement or Liquidation
E	Allow Members to Assume Their Portion of the Portfolio	O1	Option O without the positions being offered for liquidation published prior to the auction in which PJM would attempt to liquidate the positions
G	Only Liquidate Positions in Periods with "Sufficient" Liquidity	P	Members May Assume Their Portion of an Equivalent Aggregate Portfolio
H	Only Liquidate Expected Positive Value Positions	P1	For all FTR auctions where defaulting FTR positions must be settled or liquidated, split 50% between settlement and liquidation
I	Modified Status Quo	PQ	Option P and residual positions sold in multi-round auctions
J1	Liquidate Long-Term FTRs in Annual Auctions; Settle 18/19	Q	Positions Sold as Tranches in Multi-Round Auction
J2	Liquidate Long-Term FTRs in Annual Auctions; Liquidate 18/19 in Prompt Months	R	Cancel All defaulting member FTRs
K1A	Cancel All defaulting Long-Term FTRs; Settle 18/19	R1	Cancel All defaulting member FTRs and default allocate remaining FTR auction charges using existing default allocation mechanism