

# TARIFF CLEAN UP REVISIONS

Markets & Reliability Committee

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June 18, 2020

PJM filed credit and risk management revisions to the Tariff and Operating Agreement after an extensive stakeholder process in Docket No. ER20-1451

FERC accepted the filing on May 30, 2020, effective June 1, 2020

As PJM has started implementation of the new rules, it noticed two sets of revisions that need to be made for consistency in:

- Tariff, Attachment Q, Appendix 1 – Annual Officer Certification
- Tariff, Part I, section 10.4

The revisions are clean-up revisions needed to ensure consistency with other rule changes recently approved, and to avoid confusion

The proposed revisions were circulated to GDECS for informational purposes on June 12, 2020



# Tariff, Attachment Q, Appendix 1 – Annual Officer Certification

Agreement, Attachment, Section, Title	Current Language	Proposed Revisions	Rationale
Tariff, Attachment Q, Appendix I	<p><b>PJM MINIMUM PARTICIPATION CRITERIA ANNUAL OFFICER CERTIFICATION FORM</b></p> <p>...</p> <p>2. Participant has written risk management policies, procedures, and controls, approved by Participant's independent risk management function and applicable to transactions in any PJM Markets in which it participates and for which employees or agents transacting in markets or services provided pursuant to the PJM Tariff or PJM Operating Agreement have been trained, that provide an appropriate, comprehensive risk management framework that, at a minimum, clearly identifies and documents the range of risks to which Participant is exposed, including, but not limited to credit risks, liquidity risks and market risks. . . .</p> <p>a. Participant is providing to PJM or PJMSettlement, in accordance with Tariff, Attachment Q, section III, with this Annual Officer Certification Form, a copy of its current governing risk management policies, procedures and controls applicable to its activities in any PJM Markets as part of its initial application pursuant to Attachment Q or because there have been substantive changes made to such policies, procedures and controls applicable to its market activities since they were last provided to PJM. _____</p>	<p><b>PJM MINIMUM PARTICIPATION CRITERIA ANNUAL OFFICER CERTIFICATION FORM</b></p> <p>...</p> <p>2. Participant has written risk management policies, procedures, and controls, approved by Participant's independent risk management function and applicable to transactions in any PJM Markets in which it participates and for which employees or agents transacting in markets or services provided pursuant to the PJM Tariff or PJM Operating Agreement have been trained, that provide an appropriate, comprehensive risk management framework that, at a minimum, clearly identifies and documents the range of risks to which Participant is exposed, including, but not limited to credit risks, liquidity risks and market risks. . . .</p> <p>a. Participant is providing to PJM or PJMSettlement, in accordance with Tariff, Attachment Q, section III, with this Annual Officer Certification Form, a copy of its current governing risk management policies, procedures and controls applicable to its activities in any PJM Markets <b>as part of its initial application</b> pursuant to Attachment Q or because there have been substantive changes made to such policies, procedures and controls applicable to its market activities since they were last provided to PJM. _____</p>	<p>Tariff, Attachment Q requires that all Market Participants submit the annual officer certification found in Tariff, Attachment Q, <u>Appendix 1</u>. That certification is required upon the initial application to become a Market Participant <b>and every year thereafter</b>. A minor revision is needed to Appendix 1 to remove words that imply the certification is only required upon initial application. The relevant provisions of Tariff, Attachment Q in which the requirement for all Market Participants to submit the annual certification are below.</p> <p><b>III. MINIMUM PARTICIPATION REQUIREMENTS</b></p> <p>...</p> <p><b>C. Risk Management and Verification</b></p> <p>All Market Participants must maintain current written risk management policies, procedures, or controls to address how market and credit risk is managed, and are <b>required to submit to PJM (at the time they make their annual certification) a copy of their current governing risk control policies, procedures and controls applicable to their market activities</b>. PJM will review such documentation to verify that it appears generally to conform to prudent risk management practices for entities participating in any PJM Markets.</p>

Current Language	Proposed Revisions	Rationale
<p><b>10.4 Limitation on Claims:</b></p> <p>No adjustment in the billing for any service, transaction, or charge under the Tariff may be asserted by the Transmission Provider, PJMSettlement, or any Member with respect to a month, if more than two years has elapsed since the first date upon which the billing for that month occurred. PJMSettlement, on behalf of itself or as agent for PJM may make no adjustment to a Member’s bill with respect to a month for any service, transaction, or charge under this Tariff, if more than two years have elapsed since the first date upon which the billing for that month occurred, unless 1) a claim made by a Member in writing and addressed to the President of PJMSettlement seeking such adjustment has been received by PJMSettlement prior thereto or 2) the Transmission Provider and/or PJMSettlement have notified the Member in writing of the need to make such an adjustment prior thereto.</p>	<p><b>10.4 Limitation on Claims:</b></p> <p>No adjustment in the billing for any service, transaction, or charge under the Tariff may be asserted by <del>PJM the Transmission Provider</del>, PJMSettlement, or any Member <del>or Participant</del> with respect to a month, if more than two years has elapsed since the first date upon which the billing for that month occurred. PJMSettlement, on behalf of itself or as agent for PJM may make no adjustment to a Member’s <del>or Participant’s</del> bill with respect to a month for any service, transaction, or charge under this Tariff, if more than two years have elapsed since the first date upon which the billing for that month occurred, unless 1) a claim made by a Member <del>or Participant</del> in writing and addressed to the President of PJMSettlement seeking such adjustment has been received by PJMSettlement prior thereto or 2) <del>PJM the Transmission Provider</del> and/or PJMSettlement have notified the Member <del>or Participant</del> in writing of the need to make such an adjustment prior thereto.</p>	<p>Operating Agreement, section 15.6 and Tariff, Part I, section 10.4 should be virtually identical and were prior to PJM making revisions to Operating Agreement, section 15.6 in FERC Docket No. ER20-1451 which were accepted by FERC effective June 1, 2020. Conforming revisions should have been made to Tariff, Part I, section 10.4 in that same docket but were inadvertently omitted. The changes are proposed to ensure the two sections are near identical as intended.</p> <p><b>Operating Agreement 15.6 Limitation on Claims.</b></p> <p>No adjustment in the billing for any service, transaction, or charge under this Agreement may be asserted by <del>PJM</del>, PJMSettlement, or any Member <del>or Participant</del> with respect to a month, if more than two years has elapsed since the first date upon which the billing for that month occurred. PJMSettlement, on behalf of itself or as agent for PJM, may make no adjustment to a Member’s <del>or Participant’s</del> bill with respect to a month for any service, transaction, or charge under this Agreement, if more than two years have elapsed since the first date upon which the billing for that month occurred, unless 1) a claim made by a Member <del>or Participant</del> in writing and addressed to the President of PJMSettlement seeking such adjustment has been received by PJMSettlement prior thereto or 2) <del>PJM</del> and/or PJMSettlement have notified the Member <del>or Participant</del> in writing of the need to make such an adjustment prior thereto.</p>

June 18, 2020: First Read MRC

July 23, 2020: Vote MRC

September 17, 2020: Vote MC

September 2020: File with FERC