



Working Credit Limits

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Markets and Reliability Committee

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- PJM implemented changes to its Tariff in 2020 to support Know Your Customer (KYC) requirements and procedures
- “Working Credit Limit” definition was not modified but opportunities for confusion exist
- This effort is to eliminate possible sources of confusion in the “Working Credit Limit” definition and attempted clarifications in the Tariff

What is Working Credit Limit?

- PJM requires all participants to maintain credit equal to the highest exposure experienced in the past year, which is generally the sum of the highest three consecutive weekly bills during that time; this is the Peak Market Activity (PMA) requirement.
- Additionally, Participants' *current obligations* may not exceed seventy-five percent (75%) of the Unsecured Credit Allowance as established by PJM Settlement; this is the Working Credit Limit requirement.

Proposed Solution

- Eliminate *duplicative* definitions of “Working Capital Limit” leaving only the definition in the Tariff, Part I Definitions section, and removing the additional definition in Tariff, Attachment Q, section VII.B.
- Clarify the definition and isolate the definition to one section of the Tariff to remove ambiguity

Draft redlined tariff language is posted with today's materials for informational purposes only

Proposed Stakeholder Process & Timing

- Use Quick Fix process
- Problem Statement to be reviewed, Issue Charge and solution to be endorsed by the Risk Management Committee
 - First read – May RMC
 - Endorsement – June RMC (RMC Endorsed)
- Governing Agreement Updates
 - First Read – July MRC
 - Endorsement – August MRC
 - Endorsement – September MC

Presenter

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