

## BANKRUPTCY PROTECTIONS

### Issue Source

PJM

### Issue Content

In order to better protect the PJM membership in the case of Member bankruptcies, particularly those Members that are Market Participants, enhancements to language in the Tariff ~~and Operating Agreement~~ to ~~incorporate~~ strengthen bankruptcy protection should be explored, including but not limited to issues involving use and collection of collateral, critical vendor status and rights to recoupment. These enhancements would better protect PJM and its Members from a bankruptcy debtor ~~trying to assume only some of the Agreements and rejecting others~~.

### Key Work Activities and Scope

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

1. Provide education on:
  - a. Existing ~~bankruptcy~~ protections within the Governing Agreements
  - b. Existing best practices regarding implementing bankruptcy protections outside of PJM
  - c. Existing bankruptcy protections within other ISOs/RTOs
2. Explore potential bankruptcy protections and identify a set of enhancements to bankruptcy protections to better protect PJM and Members, including but not limited to, strengthening provisions relating to use and collection of collateral, critical vendor status and rights to recoupment, as appropriate.

### Expected Deliverables

1. Updated Governing Agreement and/or manual language specifying enhancements to better protect PJM and Members from Member bankruptcies, as necessary.

### Decision-Making Method

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

### Stakeholder Group Assignment

Risk Management Committee

### Expected Duration of Work Timeline

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

Start Date	Priority Level	Timing	Meeting Frequency
<del>September</del> <u>January</u> , 202 <u>4</u>	<input type="checkbox"/> High <input checked="" type="checkbox"/> Medium <input type="checkbox"/> Low	<input type="checkbox"/> Immediate <input checked="" type="checkbox"/> Near Term <input type="checkbox"/> Far Term	<input type="checkbox"/> Weekly <input checked="" type="checkbox"/> Monthly <input type="checkbox"/> Quarterly

### 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)