

MARKET SELLER DEFAULT FLEXIBILITY

Issue Source

PJM

Issue Content

Consider revisions to Operating Agreement, section 15.1.5 to give PJM limited flexibility to permit continued market participation by an entity that is a market seller that experiences a default in certain circumstances in which allowing continued market participation for the limited purposes to generate revenue as a means for PJM to retain/reserve collateral to remedy a default and when it is in the best interests of PJM Members.

Key Work Activities and Scope

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

1. Provide education in the following areas:
 - a. Review permissive language in Tariff, Attachment Q for comparison and contrast with language in Operating Agreement, section 15.1.5.
 - b. Overview of defaults.
2. Explore potential enhancements to define the circumstances in which a Market Participant may be permitted to continue participating in the PJM markets after a Default

Expected Deliverables

1. Update Governing Agreement language to provide PJM limited flexibility in permitting continued market participation in the case of a default, as applicable

Decision-Making Method

Tier 1 consensus (unanimity) on a single proposal via Consensus-based Issue Resolution Lite 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 April, 2022	Priority Level <input checked="" type="checkbox"/> High <input type="checkbox"/> Medium <input type="checkbox"/> Low	Timing <input checked="" type="checkbox"/> Immediate <input type="checkbox"/> Near Term <input type="checkbox"/> Far Term	Meeting Frequency <input type="checkbox"/> Weekly <input checked="" type="checkbox"/> Monthly <input type="checkbox"/> Quarterly
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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)