

## MARKET PARTICIPANT 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 a Market Participant 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)