

Proposed Clean-Up, Clarification and Corrections to Governing Documents

SECOND READ PROPOSED REVISIONS – FURTHER REVISED

Dated: January 19 2016

For Discussion at GDECS January 22, 2016

| | Agreement, Attachment, Section, Title | Current Language | Proposed Revisions | Rationale |
|----|---|------------------|--|---|
| 1. | <p>Tariff, Attachment K-Appendix, §§ 1.3.5.01 and 1.3.2A.03 (Definitions)</p> <p>Operating Agreement, Schedule 1, §§ 1.3.5.01 and 1.3.2A.03 (Definitions)</p> | N/A | <p>1.3.5.01 “FTR Holder”</p> <p>Proposed at 10/23 and 12/11 GDECS</p> <p><u>(1.3.5.01) “FTR Holder” shall mean the PJM Member that has acquired an FTR in an FTR Auction or by any other means.</u></p> <p>Revised for the 1/22 GDECS Meeting</p> <p><u>(1.3.5.01) “FTR Holder” shall mean the PJM Member that has acquired and possesses an FTR.</u></p> <p>1.3.2A.03 “Effective FTR Holder”</p> <p>Proposed at 10/23 GDECS:</p> <p><u>(1.3.2A.03) “Effective FTR Holder” shall mean an FTR Holder, any Affiliate or subsidiary of the FTR Holder, any other PJM Member that is under common ownership with the FTR Holder if the FTR Holder is a privately held company, and/or for publically traded companies, any other PJM Member that has over 5% common ownership with the FTR Holder. Further, any two PJM Members shall be considered Effective FTR Holders if they share common ownership in any third party business entity that is a PJM Member.</u></p> <p>Revised to this for the 12/11 GDECS:</p> | <p>The term FTR holder or holder of FTR is used throughout the Tariff and OA. However, the term is not defined. Thus we are adding a definition and will use the defined term in all places where “FTR holder”, “holder of FTRs” or holder of Financial Transmission Rights” currently exists, except as described below regarding use of the new defined term Effective FTR Holder.</p> <p>In addition, PJM proposes to add a definition of Effective FTR Holder, and to use that defined term in the FTR Forfeiture section of the Tariff and OA (Tariff, Attachment K-Appendix sections 5.2.1(b) and 5.2.1(d), Tariff, Attachment M-Appendix Section VI, and OA, Schedule 1, sections 5.2.1(b) and (d). The reason for these changes as they pertain to the FTR Forfeiture Rule contained in those Tariff and OA sections, is to ensure that the scope of entities PJM and the IMM for purposes of the FTR Forfeiture Rule is appropriate. The intention is to ensure all entities under common ownership or control will be monitored for purposes of the FTR Forfeiture Rule. The proposed definition of</p> |

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| | | | <p><u>(1.3.2A.03) “Effective FTR Holder” shall mean:</u></p> <p><u>(i) For an FTR Holder that is a privately held company, an FTR Holder, together with any Affiliate, subsidiary or parent of the FTR Holder, any other entity that is under common ownership, wholly or partly, directly or indirectly, with the FTR Holder; or</u></p> <p><u>(ii) For an FTR Holder that is a publicly traded company, an FTR Holder, together with any Affiliate, subsidiary or parent of the FTR Holder, any other PJM Member has over 5% common ownership with the FTR Holder, wholly or partly, directly or indirectly, or has the ability to influence, directly or indirectly, the management or policies of the FTR Holder; or</u></p> <p><u>(iii) an FTR Holder together with any other PJM Member, including also any Affiliate, subsidiary or parent of such other PJM Member, with which it shares common ownership, wholly or partly, directly or indirectly, in any third entity which is a PJM Member (e.g., a joint venture).</u></p> <p>Further revised to this for the January 22 GDECS</p> <p><u>1.3.2A.03) “Effective FTR Holder” shall mean:</u></p> <p><u>(i) For an FTR Holder that is either a (a) privately held company, or (b) a municipality or electric cooperative, as defined in the Federal</u></p> | <p>Effective FTR Holder clarifies that intention.</p> |

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| | | | <p><u>Power Act</u>, an FTR Holder, together with any Affiliate, subsidiary or parent of the FTR Holder, any other entity that is under common ownership, wholly or partly, directly or indirectly, with the FTR Holder; or</p> <p>(ii) For an FTR Holder that is a publicly traded company <u>including a wholly owned subsidiary of a publicly traded company</u>, an FTR Holder, together with any Affiliate, subsidiary or parent of the FTR Holder, any other PJM Member has over <u>10%</u> common ownership with the FTR Holder, wholly or partly, directly or indirectly, or has the ability to influence, directly or indirectly, the management or policies of the FTR Holder; or</p> <p>(iii) an FTR Holder together with any other PJM Member, including also any Affiliate, subsidiary or parent of such other PJM Member, with which it shares common ownership, wholly or partly, directly or indirectly, in any third entity which is a PJM Member (e.g., a joint venture).</p> | |