

Financial Risk Mitigation Senior Task Force Charter

Mission

The Markets and Reliability Committee (MRC) approved the creation of the Financial Risk Mitigation Senior Task Force to evaluate the recommendations in the Report of the Independent Consultants on the GreenHat Default (<https://www.pjm.com/-/media/library/reports-notice/special-reports/2019/report-of-the-independent-consultants-on-the-greenhat-default.ashx?la=en>) related to:

- Market rules updates
- Credit and risk management rules updates
- Membership qualifications and processes updates
- Stakeholder process changes

Group Objectives

The work of the FRMSTF will be divided into four work streams:

- Market rules updates
- Credit and risk management rules updates
- Membership qualifications and processes updates
- Stakeholder process changes

Each of these work streams may be conducted on its own schedule, and they may be worked simultaneously. The solution to individual portions of a work stream may proceed separately. For each of the four work streams, the FRMSTF shall conduct the following key work activities:

1. Provide education on topics including, but not limited to:
 - a. Current rules as documented in the Operating Agreement (OA), Tariff and PJM Manuals.
 - b. Where applicable, similar rules in other ISO/RTO environments.
 - c. As needed, provide additional education that arises based on stakeholder discussion.
2. PJM leadership will provide an initial observations of the findings and recommendations of the Independent Consultants.
3. Evaluate foundational threshold questions for each work stream to identify stakeholder perspectives for each stream to inform proposal development.
4. Informed by the evaluation of the foundational threshold questions and the PJM initial observations, PJM will prioritize the activities in each of the four work stream areas.
5. PJM will provide an initial proposal(s) informed by stakeholder feedback and expert consultation for each of the four work stream areas.
6. Stakeholders and PJM will work through a series of iterations of comments and proposal updates for each of the work stream areas. Alternative proposals may be submitted by stakeholders (preferably in coalitions).
7. Following the iterations of the proposal(s) in Key Work Activity 6, PJM and any stakeholder coalitions will provide final proposal(s), along with proposed governing document and/or Manual revisions for

endorsement votes at the FRMSTF and MRC, and finally approval/endorsement votes at the Members Committee.

8. Where appropriate, develop transition mechanisms as necessary.

Expected Deliverables

As necessary, deliverables include the following:

1. A recommendation to the MRC on proposed rule changes relating to each of the four work streams.
2. Revisions to the Operating Agreement, Tariff, and/or Manuals to implement the recommended enhancements.

Expected Overall Duration of Work

Key Work Activity 5 will be completed by no later than the ~~third~~ fourth quarter. Key Work Activities 6 and 7 will be completed in accordance to their work stream prioritization. Any Tariff, OA or manual language changes for the market rules and Credit and risk management rules that impact the 2020/2021 FTR Annual Auction will need to be endorsed by the MC by the end of 2019. All other Tariff, OA and Manual revisions will be developed according to the prioritization and workplan informed by stakeholder feedback.

Decision-Making Method

This group will be using Tier 2 decision making method as described in the PJM Stakeholder Process Manual (M-34).

Administrative

1. The group will report to the Markets and Reliability Committee.
2. The group will be facilitated by:
Anita Patel, Facilitator
Michele Greening, Secretary
3. All PJM Stakeholders may appoint representatives to the task force.
4. The group will conduct its activities in accordance with this charter, and not the Consensus Based Issue Resolution process protocols found in the PJM Stakeholder Process Manual (M-34).
5. The group will periodically report progress on its chartered scope of work to the Markets & Reliability Committee.
6. Membership in the group is open and will be identified by volunteerism. Group members are not required to sign a confidentiality agreement or non-disclosure agreement.
7. Meeting minutes (notes) and all meeting materials will be published on the PJM web site.