-11.6   Membership Requirements.

(a)   To qualify as a Member, an ~~entity~~Applicant shall:

i)   Be a Transmission Owner, a Generation Owner, an Other Supplier, an Electric Distributor, or an End-Use Customer; ~~and~~

> **Commented [OB1]:** While not part of the redlines, should this address Associate Members?

ii)   Accept the obligations set forth in this Agreement; and

iii)   Cure any Default, including but not limited to paying all outstanding and unpaid obligations due to PJM and/or PJMSettlement by any former Member that is an Affiliate or which shares at least one Principal with the applicant, if any, as required by PJM and/or PJMSettlement based on its evaluation of the membership application and related risk assessment.

> **Commented [OB2]:** This provision is too broad because of the definition of Principal. Besides, it is too easy to game. Mr. X was the managing partner of X LLC, which defaulted on its debts in PJM. Mr. X decides he wants to open up a new membership in PJM so he incorporates the company with his spouse, Ms XX as the managing partner. So XX LLC circumvents the provisions of this paragraph.

(b)   Certain Members that are Load Serving Entities are parties to the Reliability Assurance Agreement. Upon becoming a Member, any Applicant~~entity~~ that is a Load Serving Entity in the PJM Region and that wishes to become a Market Buyer shall also simultaneously execute the Reliability Assurance Agreement.

> **Commented [OB3]:** This needs a proviso that excludes any debts subject to a bankruptcy proceeding or discharged in a bankruptcy proceeding.

(c)   An Applicant~~entity~~ that wishes to become a party to this Agreement shall apply, in writing, to the President setting forth its request, its qualifications for membership, its agreement to supply data and information as specified in this Agreement and any additional data or information reasonably requested by PJM and/or PJMSettlement, its agreement to pay all costs and expenses in accordance with Operating Agreement, Schedule 3, and providing all additional information specified pursuant to the ~~Schedules to this~~ Agreements for entities that wish to become Market Participants. Among other things, PJM will evaluate the application to determine whether the entity seeking to become a Member is qualified or presents any material risks to PJM. Such review shall include an examination of whether the Applicant is affiliated with, or has at least one Principal or key personnel in common with, a former Member that defaulted on any obligation owed to PJM and/or PJMSettlement, whether Applicant has defaulted on any obligations owed to any other Regional Transmission Organization or Independent System Operator, and other relevant factors, and may reject the application for membership on that basis. PJM and PJMSettlement will review ~~Any such~~ applications to determine whether they satisfy ~~that meets all~~ applicable requirements, whether the Applicant presents an unreasonable credit risk or other unacceptable risk pursuant to the process described in Tariff, Attachment Q, the intended scope of the Applicant's activity in PJM, the PJM Markets, FTR markets, and any other markets operated by PJM, the Applicant's and its Affiliates' interests in the PJM footprint, the Applicant's and its Affiliates' public statements and regulatory filings regarding its current or proposed activities in PJM, and any other relevant factors, and determine whether to recommend that the applicant ~~shall~~ be approved ~~by the President~~by the President of PJM. The determination whether an application for membership is approved shall be made within a reasonable period of time after ~~sixty (60) days~~ receipt of all documentation and

> **Commented [OB4]:** OA?? If so, state.

> **Commented [OB5]:** Membership may not present risk. It is becoming a Market Participant that presents risk.

> **Commented [OB6]:** So if the GM of an applicant's power plant once worked as the GM of the power plant of an entity that defaulted on a PJM obligation, this provision egts triggered.
>
> What is the recourse in the event of an adverse determination?

> **Commented [OB7]:** Aren't they duplicative?

information required by the Agreements and/or requested by PJM and/or PJMSettlement in the consideration of the application for membership.

(d)   Nothing in this sSection 11 is intended to remove, in any respect, the choice of participation by other utility companies or organizations in the operation of the PJM Region through inclusion in the System of a Member.

(e)   An Applicantentity whose application is accepted by the President pursuant to sSection 11.6(c) above shall execute a supplement to this Agreement in substantially the form prescribed in Operating Agreement, Schedule 4, which supplement shall be countersigned by the President or the President's authorized designee. The entity Applicant shall become a Member effective on the date the supplement is countersigned by the President.

(f)   ApplicantsEntities whose applications contemplate expansion or rearrangement of the PJM Region may become Members promptly as described in sSections 11.6(c) and 11.6(e) above, but the integration of the Aapplicant's system into all of the operation and accounting provisions of theis Agreements and the Reliability Assurance Agreement, shall occur only after completion of all required installations and modifications of metering, communications, computer programming, and other necessary and appropriate facilities and procedures, as determined by the Office of the Interconnection. The Office of the Interconnection shall notify the other Members when such integration has occurred.

(g)   ApplicantsEntities that become Members will be listed in Schedule 12 of thisOperating Agreement, Schedule 12.

-(h)   In accordance with this Agreement, Members agree that PJMSettlement shall be the Counterparty with respect to certain transactions under the PJM Tariff and this Agreement.