



# RPM Credit Reduction Clarifications

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- PJM has identified two provisions for RPM credit requirement reductions that use language that is confusing or incomplete
  - Milestone documentation requirements for planned resources that are internally financed
  - QTU reductions when a Upgrade Construction Service Agreement (UCSA) is signed instead of an Interconnection Service Agreement (ISA)
- PJM is recommending clarifying language
  - Unanimous support received from Credit Subcommittee at its June meeting

- Planned capacity projects may receive a reduction in credit requirement for achievement of specified milestones
- Documentation for milestone achievement requires certification by an independent engineer, which typically is hired by a financing entity to help protect that entity's interests, but internally financed projects have no independent engineer
- Manual M-18 provides for a Professional Engineer (PE) or corporate officer to certify to specified milestones, but the Tariff does not match
- **Recommendation:** Tariff changes to :
  - provide for PE or Officer certification in specified situations
  - clarify the Financial Close milestone for internally funded projects in absence of formal external financing
  - clarify that Capacity Market Sellers should submit requests for reductions along with appropriate documentation

- QTU projects require signing either an ISA or a UCSA
- Original draft credit language provided for a 50% credit requirement reduction upon signing an ISA. A dollar reduction provision was added to provide for projects signing a UCSA instead of an ISA.
- Subsequent changes added the UCSA to the 50% provision but did not remove the dollar reduction provision, appearing to make the provisions additive
- Additive provisions can cause a planned QTU project to have a zero credit requirement
- **Recommendation:**
  - Make the QTU provision mirror the provision for other projects – a single 50% reduction upon executing either an ISA or UCSA

