

Tariff, Attachment Q, section VII.A.

VII. GENERAL OBLIGATIONS

A. Peak Market Activity Credit Requirement

PJM shall calculate a Peak Market Activity credit requirement for each Participant. Each Participant must maintain sufficient Unsecured Credit Allowance and/or Collateral, as applicable, and subject to the provisions herein, to satisfy its Peak Market Activity credit requirement.

Peak Market Activity for Participants will be determined semi-annually, utilizing an initial Peak Market Activity, as explained below, calculated after the first complete billing week in the months of April and October. Peak Market Activity shall be the greater of the initial Peak Market Activity, or the greatest amount invoiced for the Participant's transaction activity for all *PJM* Markets and services in any rolling one, two, or three week period, ending within a respective semi-annual period. However, Peak Market Activity shall not exceed the greatest amount invoiced for the Participant's transaction activity for all *PJM* Markets and services in any rolling one, two or three week period in the prior 52 weeks.

Peak Market Activity shall exclude FTR Net Activity, Virtual Transactions Net Activity, and Export Transactions Net Activity.

When calculating Peak Market Activity, *PJM* may attribute credits for Regulation service to the days on which they were accrued, rather than including them in the month-end invoice.

The initial Peak Market Activity for Applicants will be determined by *PJM* based on a review of an estimate of their transactional activity for all *PJM* Markets and services over the next 52 weeks, which the Applicant shall provide to *PJM*.

The initial Peak Market Activity for Market Participants and Transmission Customers, calculated at the beginning of each semi-annual period, shall be the three-week average of all non-zero invoice totals over the previous 52 weeks. This calculation shall be performed and applied within three (3) Business Days following the day the invoice is issued for the first full billing week in the current semi-annual period.

Prepayments shall not affect Peak Market Activity unless otherwise agreed to in writing pursuant to this Attachment Q.

Peak Market Activity calculations shall take into account reductions of invoice values effectuated by early payments which are applied to reduce a Participant's Peak Market Activity as contemplated by other terms of this Attachment Q; provided that the initial Peak Market Activity shall not be less than the average value calculated using the weeks for which no early payment was made.

A Participant may reduce its Collateral requirement by agreeing in writing (in a form acceptable to *PJM*) to make additional payments, including prepayments, as and when necessary to ensure that such Participant's Total Net Obligation at no time exceeds such reduced Collateral requirement.

PJM may, at its discretion, adjust a Participant's Peak Market Activity requirement if *PJM* determines that the Peak Market Activity is not representative of such Participant's expected activity, as a consequence of known, measurable, and sustained changes. Such changes may include, but shall not be limited to when PJM is made aware of federal, state or local law requiring the transfer of charges or credits from a Participant to another party, the loss (without replacement) of short-term load contracts, when such contracts had terms of three months or more and were acquired through state-sponsored retail load programs, but shall not include short-term buying and selling activities.

PJM may waive the credit requirements for a Participant that has no outstanding transactions and agrees in writing that it shall not, after the date of such agreement, incur obligations under any of the Agreements. Such entity's access to all electronic transaction systems administered by *PJM* shall be terminated.

A Participant receiving unsecured credit may make early payments up to ten times in a rolling 52-week period in order to reduce its Peak Market Activity for credit requirement purposes. Imputed Peak Market Activity reductions for credit purposes will be applied to the billing period for which the payment was received. Payments used as the basis for such reductions must be received prior to issuance or posting of the invoice for the relevant billing period. The imputed Peak Market Activity reduction attributed to any payment may not exceed the amount of Unsecured Credit for which the Participant is eligible.