

**Proposed Revisions to Consolidate Definition of Working Credit Limit
For Discussion at RMC Meeting May 25, 2021**

Tariff, Part I Definitions

Working Credit Limit:

“Working Credit Limit” shall mean an amount that is 75% of the Participant’s Unsecured Credit Allowance determined by PJM Settlement and/or 75% of the Collateral provided by the Participant to PJM Settlement. ~~The Working Credit Limit establishes the maximum amount of Total Net Obligation that a Participant may have outstanding at any time. A Participant’s Total Net Obligation should not exceed its Working Credit Limit.~~ The calculation of Working Credit Limit shall take into account applicable reductions for Minimum Participation Requirements, FTR participation (for which there is no Unsecured Credit Allowance available), RPM participation, or other credit requirement determinants as defined in Tariff, Attachment Q.

Tariff, Attachment Q, section VII.B.

B. Working Credit Limit

PJM will establish a Working Credit Limit for each Participant against which its Total Net Obligation will be monitored. ~~The Working Credit Limit is defined as 75% of the Collateral provided to PJM and/or 75% of the Unsecured Credit Allowance determined by PJM, as reduced by any applicable credit requirement allocations for the FTR and RPM markets. A Participant’s Total Net Obligation should not exceed its Working Credit Limit.~~

If a Participant’s Total Net Obligation approaches its Working Credit Limit, PJM may require the Participant to make an advance payment or increase its Collateral in order to maintain its Total Net Obligation below its Working Credit Limit. Except as explicitly provided herein, advance payments shall not serve to reduce the Participant’s Peak Market Activity for the purpose of calculating credit requirements.

Example: After ten (10) calendar days, and with five (5) calendar days remaining before the bill is due to be paid, a Participant approaches its \$4.0 million Working Credit Limit. PJM may require a prepayment of \$2.0 million in order that the Total Net Obligation will not exceed the Working Credit Limit.

If a Participant exceeds its Working Credit Limit or is required to make advance payments more than ten times during a 52-week period, PJM may require Collateral in an amount as may be deemed reasonably necessary to support its Total Net Obligation.

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