

## **OFFICER CERTIFICATION FORM**

### **PJM MINIMUM PARTICIPATION CRITERIA**

**Below is the Officer Certification form to be used in compliance with PJM's Minimum Participation Requirements, as both were updated in a compliance filing with the Federal Energy Regulatory Commission on November 29, 2011.**

**Unless changes are directed by the Commission, this form should be executed by all entities participating in the PJM markets between January 1 and April 30 each year (no later than April 30, but no earlier than the preparation of the member's financial reports for the prior year).**

This certification form is provided in an editable PDF format, and may be printed as is and completed by hand, or the user may type in the Participant (member) Name, signatory's name, and signatory's title (the shaded fields), then print it and complete the remainder by hand.

Please note that when completing this certification, it would be helpful for clarity if you would indicate "N/A" next to paragraph 3 if you are not an "FTR Participant," since neither 3a nor 3b would apply to you in that event.

Completed certifications (and risk management procedures if required) should be sent to:

Credit Department  
PJM Interconnection  
955 Jefferson Ave  
Valley Forge Corporate Center  
Norristown, PA 19403

Thank you,  
PJM Credit Department

**PJM MINIMUM PARTICIPATION CRITERIA  
OFFICER CERTIFICATION FORM**

Participant Name: \_\_\_\_\_ ("Participant")

I, \_\_\_\_\_, a duly authorized officer of Participant, understanding that PJM Interconnection, L.L.C. and PJM Settlement, Inc. ("PJMSettlement") are relying on this certification as evidence that Participant meets the minimum participation requirements set forth in Attachment Q to the PJM Open Access Transmission Tariff ("PJM Tariff"), hereby certify that I have full authority to represent on behalf of Participant and further represent as follows, as evidenced by my initialing each representation in the space provided below:

1. All employees or agents transacting in markets or services provided pursuant to the PJM Tariff or PJM Amended and Restated Operating Agreement ("PJM Operating Agreement") on behalf of the Participant have received appropriate<sup>1</sup> training and are authorized to transact on behalf of Participant. \_\_\_\_\_
2. Participant has written risk management policies, procedures, and controls, approved by Participant's independent risk management function<sup>2</sup> and applicable to transactions in the PJM markets in which it participates and for which employees or agents transacting in markets or services provided pursuant to the PJM Tariff or PJM Operating Agreement have been trained, that provide an appropriate, comprehensive risk management framework that, at a minimum, clearly identifies and documents the range of risks to which Participant is exposed, including, but not limited to credit risks, liquidity risks and market risks. \_\_\_\_\_
3. An FTR Participant (as defined in Attachment Q to the PJM Tariff) must make either the following 3.a. or 3.b. additional representations, evidenced by the undersigned officer initialing either the one 3.a. representation or the five 3.b. representations in the spaces provided below:
  - 3.a. Participant transacts in PJM's FTR markets with the sole intent to hedge congestion risk in connection with either obligations Participant has to serve load or rights Participant has to generate electricity in the PJM Region ("physical transactions") and monitors all of the Participant's FTR market activity to endeavor to ensure that its FTR positions, considering both the size and pathways of the positions, are either generally proportionate to or generally do not exceed the Participant's physical transactions, and remain generally consistent with the Participant's intention to hedge its physical transactions. \_\_\_\_\_
  - 3.b. On no less than a weekly basis, Participant values its FTR positions and engages in a probabilistic assessment of the hypothetical risk of such positions using analytically based methodologies, predicated on the use of industry accepted valuation methodologies. \_\_\_\_\_

<sup>1</sup> As used in this representation, the term "appropriate" as used with respect to training means training that is (i) comparable to generally accepted practices in the energy trading industry, and (ii) commensurate and proportional in sophistication, scope and frequency to the volume of transactions and the nature and extent of the risk taken by the participant.

<sup>2</sup> As used in this representation, a Participant's "independent risk management function" can include appropriate corporate persons or bodies that are independent of the Participant's trading functions, such as a risk management committee, a risk officer, a Participant's board or board committee, or a board or committee of the Participant's parent company.

Such valuation and risk assessment functions are performed either by persons within Participant's organization independent from those trading in PJM's FTR markets or by an outside firm qualified and with expertise in this area of risk management. \_\_\_\_\_

Having valued its FTR positions and quantified their hypothetical risks, Participant applies its written policies, procedures and controls to limit its risks using industry recognized practices, such as value-at-risk limitations, concentration limits, or other controls designed to prevent Participant from purposefully or unintentionally taking on risk that is not commensurate or proportional to Participant's financial capability to manage such risk. \_\_\_\_\_

Exceptions to Participant's written risk policies, procedures and controls applicable to Participant's FTR positions are documented and explain a reasoned basis for the granting of any exception. \_\_\_\_\_

Participant has provided to PJMSettlement, in accordance with Section II A. of Attachment Q to the PJM Tariff, a copy of its current governing risk management policies, procedures and controls applicable to its FTR trading activities. \_\_\_\_\_

4. Participant has appropriate personnel resources, operating procedures and technical abilities to promptly and effectively respond to all PJM communications and directions. \_\_\_\_\_
5. Participant has demonstrated compliance with the Minimum Capitalization criteria set forth in Attachment Q of the PJM Open Access Transmission Tariff that are applicable to the PJM market(s) in which Participant transacts, and is not aware of any change having occurred or being imminent that would invalidate such compliance. \_\_\_\_\_
6. I acknowledge that I have read and understood the provisions of Attachment Q of the PJM Tariff applicable to Participant's business in the PJM markets, including those provisions describing PJM's minimum participation requirements and the enforcement actions available to PJMSettlement of a Participant not satisfying those requirements. I acknowledge that the information provided herein is true and accurate to the best of my belief and knowledge after due investigation. In addition, by signing this Certification, I acknowledge the potential consequences of making incomplete or false statements in this Certification. \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
(Signature)

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Subscribed and sworn before me \_\_\_\_\_, a notary public of the State of \_\_\_\_\_, in and for the County of \_\_\_\_\_, this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
(Notary Public Signature)

My commission expires: \_\_\_\_ / \_\_\_\_ / \_\_\_\_