



# Proposal for Limited Exception to Prohibited Investments

Market and Reliability Committee  
March 17, 2010

- Financial Investments in Members Prohibited
  - RTO employees and directors must not have financial interests in any Member or Market Participant (referred herein as “Market Participant”)
  - Market Participants include an RTO’s members and the members’ affiliates
- Increasingly, non-traditional companies are joining PJM
  - Such as large industrials participating in DR, financial institutions, and other non-traditional companies
- Investment in such Market Participants unlikely to present a material conflict of interest or otherwise compromise RTO independence.

- FERC can find that a company does not have an economic or commercial interest that would be significantly affected by the RTO's actions or decisions
- Consistent with this, PJM will seek FERC approvals of a methodology to permit investment in Market Participants

- Company's primary business purpose is not related to energy
- Company's total PJM market activity is not significant ( $\leq 1\%$ ) in relation to company's gross revenues for same time period
- No other concerns about permitting investment in such company

- By regulation, FERC may make exceptions on a case-by-case basis
- PJM filing at FERC under such regulation
  - Requesting waiver of the prohibition on investment with respect to companies that pass the test
  - Seeking “formula rate”-type treatment
- Upon FERC approval, PJM to amend its Code of Conduct

- Present to PJM Board in March
- Pre-filing meeting with FERC in April/May
- Present to MC, for informational purposes, in June
- FERC filing in June
- Seek FERC approval July/August- to allow for inclusion in 2010 annual Code of Conduct training