

NOTE: Additions and strikeouts in black bold below are changes which PJM submitted in its January 29 compliance filing with FERC, and which FERC has since approved, but which are still in the process of being incorporated into the actual posted OA language

The one additional change currently proposed by PJM is removal of the word “terminated” in paragraph 15.1.6.c (a) on sheet 50A.

This is a draft proposed change, pending further PJM legal review and Tariff Advisory Committee (TAC) review.

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notified Member may remedy such asserted breach by: (i) paying all amounts assertedly due, along with interest on such amounts calculated in accordance with the methodology specified for interest on refunds in FERC's regulations at 18 C.F.R. § 35.19a(a)(2)(iii); and (ii) demonstration to the satisfaction of the Office of the Interconnection that the Member has taken appropriate measures to meet any other obligation of which it was deemed to be in breach; provided, however, that any such payment or demonstration may be subject to a reservation of rights, if any, to subject such matter to the PJM Dispute Resolution Procedures; and provided, further, that any such determination by the Office of the Interconnection may be subject to review by the PJM Board upon request of the Member involved or the Office of the Interconnection.

15.1.5 Default Notification and Remedy

If a Member has not remedied a breach by the 2nd business day following receipt of the Office of the Interconnection's notice, or receipt of the PJM Board's decision on review, if applicable, then the Member shall be in default and, in addition to such other remedies as may be available to the LLC:

- i) A defaulting Market Participant shall be precluded from buying or selling in the PJM Interchange Energy Market, the PJM Capacity Credit Market, or any other market operated by PJM until the default is remedied as set forth above;
- ii) A defaulting Member shall not be entitled to participate in the activities of any committee or other body established by the Members Committee or the Office of the Interconnection; and
- iii) A defaulting Member shall not be entitled to vote on the Members Committee or any other committee or other body established pursuant to this Agreement.
- iv) PJM shall notify all other members of the default.

15.1.6 Reinstatement of Member Following Default and Remedy

- a. A Member that has been declared in default, solely of PJM's creditworthiness standards, or fails to otherwise comply with PJM's credit policies once within any 12 month period may be reinstated in full after remedying such default.
- b. A Member that has been declared in default of this Agreement for failing to: (i) make timely payments when due once during any prior 12 month period, or (ii) adhere to ~~any of its obligations under this Agreement, including the obligation to meet~~ PJM's creditworthiness standards and credit policies, twice during any prior 12 month period, may be subject to the following restrictions:
 - a) Loss of stakeholder privileges, including voting privileges, for 12 months following such default; and
 - b) Loss of the allowance of unsecured credit for 12 months following such default

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- c. A Member that has been declared in default of this Agreement for failing to: (i) make timely payments when due twice during any prior 12 month period, or (ii) adhere to ~~any of its obligations under this Agreement, including the obligation to meet~~ PJM's creditworthiness standards and credit policies, three times during any prior 12 month period, shall, except as provided for below, not be eligible to be reinstated as a Member to this Agreement and its membership rights pursuant to this Agreement shall be terminated **in accordance with section 4.1(c) of this Agreement**, notwithstanding whether such default has been remedied.
Furthermore:
- a) PJM shall close out and liquidate all of the **terminated** Member's current and forward positions in accordance with the provisions of this Agreement; and
 - b) A Member terminated in accordance with these provisions shall be precluded from seeking future membership under this Agreement;
- d. A Member may appeal a determination made pursuant to the foregoing procedures utilizing PJM's dispute resolution procedure as set forth in Schedule 5 of this Agreement, (provided, however, that a Member's decision to utilize these procedures shall not operate to stay the ability of PJM to exercise any and all of its rights under this Agreement and the PJM Tariff) and may be reinstated provided that the Member can demonstrate the following:
- a) that it has otherwise consistently complied with its obligations under this Agreement and the PJM Tariff; and
 - b) the failure to comply was not material; and
 - c) the failure to comply was due in large part to conditions that were not in the common course of business

15.2 Enforcement of Obligations.

If the Office of the Interconnection sends a notice to the PJM Board that a Member has failed to perform an obligation under this Agreement, the PJM Board shall initiate such action against such Member to enforce such obligation as the PJM Board shall deem appropriate. Subject to the procedures specified in Section 15.1, a Member's failure to perform such obligation shall be deemed to be a default under this Agreement. In order to remedy a default, but without limiting any rights the LLC may have against the defaulting Member, the PJM Board may assess against, and collect from, the Members not in default, in proportion to their Default Allocation Assessment, an amount equal to the amount that the defaulting Member has failed to pay to the Office of the Interconnection (less amounts covered by Financial Security, as defined in Attachment Q to the PJM Tariff, held by the LLC or indemnifications paid to the LLC), along with appropriate interest. Such assessment shall in no way relieve the defaulting Member of its obligations. A Member that has paid such an assessment to the LLC shall have an independent right to seek and obtain payment and recovery from the defaulting Member of the amount of the assessment the Member paid to the LLC. In addition to any amounts in default, the defaulting Member shall be liable to the LLC for all reasonable costs incurred in enforcing the defaulting Member's obligations.

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