Credit Policy Updates
FERC Order 741 Compliance Filing

Credit Subcommittee
November 11, 2011
• Compliance Filing – due no later than December 14
  – Inclusion of Seller Credit in individual member and affiliated group calculation of aggregate unsecured credit limit
    • Including RPM Seller Credit
  – Elimination of Seller Credit as a means of fulfilling FTR credit requirements
  – Minimum criteria for participation & officer certification form:
    • Clarify “hedging”
    • Expand applicability of risk management policies, procedures and practices verification process

• Expected filing date around November 28, 2011
  – Two-week notice for Seller Credit changes effective December 13
    • First day of January FTR auction

• First officer certification form due to PJM after January 1, 2012 but no later than April 30, 2012
• Stakeholder suggestions incorporated for December 2011 compliance filing
  – Verification process
    • Removed reference to onsite inspections
    • Added example list of risk factors that may be considered in selection process
    • Added clarification of applicability to PJM market activity only
    • Added list of verification items
      – Working on consistency with other RTOs/ISOs
    • Added notification period for verification
    • Added cure period
    • Added requirement to provide written explanation if verification not successful
    • Added “to the best of my belief” to officer certification form
    • Additional clarity regarding “3a” FTR Participants
Key dates related to directives in September 15 order

- October 1, 2011
  - Effective date of most Tariff revisions from June 30 filing
- Stakeholder meetings to discuss compliance requirements and receive suggestions
  - Credit Subcommittee meetings October 11 and November 11
  - MIC, MRC, and MC meetings November 1, 16, and 22
- November 29, 2011
  - Likely filing date
- December 13, 2011
  - Effective date for Seller Credit changes
- February 2012
  - Approximate anticipated effective date for changes to certification form and risk management verification process
- January 1, 2012 – April 30, 2012
  - Initial Officer Certification forms due