FERC Order 741

Status Update and Implementation Timeline

Credit Subcommittee
December 12, 2011
• Stakeholder suggestions incorporated in compliance filing
  – 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 to be as consistent as possible 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
  – Added clarity regarding “3a” FTR Participants
  – Added parameters around random selection process
  – Added stakeholder discussion and timeline for standards changes
  – Added “opt out” option for third party review
  – Added appeal / dispute provision
• Implementation Timetable
  – October 1, 2011
    • Effective date of Tariff revisions from June 30 filing
  – November 29, 2011
    • Compliance filing to address Commission directives in September order
  – December 13, 2011
    • Effective date of compliance filing changes. In particular:
      – Seller Credit not accepted for FTR credit requirements
      – Seller Credit and RPM Seller Credit included in $50 million caps
    • Initial Officer Certification forms due
    • Risk management policies and procedures required from “3b” FTR Participants
  – Post-April 30, 2012
    • Additional companies notified of review due to identified risk or random selection