

FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C.

OFFICE OF ENERGY MARKET REGULATION

In Reply Refer To:  
PJM Interconnection, L.L.C.  
Docket No. ER10-1003-000

Issued: 5/5/10

Wright & Talisman, P.C.  
1200 G Street, NW, Suite 600  
Washington, DC 20005-3802

Attention: Deborah C. Brentani  
Attorney for PJM Interconnection, L.L.C.

Reference: Section 205 Filing to Clarify and Revise Credit Risk Management Rules for  
Certain Bilateral Transactions

On April 1, 2010, you submitted on behalf of PJM Interconnection, L.L.C. (PJM) proposed revisions to its Open Access Transmission Tariff and its Amended and Restated Operating Agreement to make several clarifying and other revisions to its credit risk management rules for certain bilateral transactions regarding ancillary services, Financial Transmission Rights (FTRs), Auction Revenue Rights (ARRs), and capacity in the Reliability Pricing Model (RPM). These revisions extend previously accepted modifications that clarified the non-pool character of bilateral energy transactions in other PJM markets and will similarly reduce credit risk exposure to PJM members for bilateral transactions for ancillary services, FTRs, ARRs, and RPM capacity.

Specifically, the proposed tariff changes provide clarification regarding (1) the location and timing of the transfer of title to the product that is the subject of a bilateral transaction report to PJM, (2) the responsibilities of the parties to bilateral contracts, (3) the “non-pool” nature of the transactions, and (4) the protection of the PJM members from the consequences of defaults under these contracts. The tariff changes clarify that the use of PJM’s eTools serve as a reporting mechanism only and that PJM members are protected from credit exposures arising from bilateral transactions as the original bilateral counterparties remain solely responsible for performance under the bilateral. Further, these clarifications will enable market participants to employ these eTools to effect a bilateral matching in order to manage the credit exposure created and avoid the financial security collateral required by PJM for pool transactions.

Pursuant to authority delegated to the Director, Division of Electric Power Regulation - East, under 18 C.F.R. § 375.307, your submittal in the above referenced docket is accepted for filing, effective June 1, 2010, as requested.<sup>1</sup>

Notice of the filing was published in the Federal Register with comments, protests or interventions due on or before April 22, 2010. No protest or adverse comments were filed. Notices of intervention and unopposed timely filed motions to intervene are granted pursuant to the operation of Rule 214 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.214 (2009)). Any opposed or untimely filed motion to intervene is governed by the provisions of Rule 214.

This acceptance for filing shall not be construed as constituting approval of the referenced filing or any rate, charge, classification, or any rule, regulation, or practice affecting such rate or service contained in the filing; nor shall such acceptance be deemed as recognition of any claimed contractual right or obligation associated therewith; and such acceptance is without prejudice to any findings or orders which have been or may hereafter be made by the Commission in any proceeding now pending or hereafter instituted by or against PJM.

This order constitutes final agency action. Requests for rehearing by the Commission may be filed within 30 days of the date of issuance of this order, pursuant to 18 C.F.R. § 385.713 (2009).

Sincerely,

Jignasa Gadani, Director  
Division of Electric Power  
Regulation – East

cc: All Parties  
Public File

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<sup>1</sup> See Appendix for a list of the accepted tariff sheets.

**Appendix**

**PJM Interconnection, L.L.C.  
Third Revised Rate Schedule FERC No. 24**

**Tariff Sheets Accepted Effective June 1, 2010**

Seventh Revised Sheet No. 85  
Original Sheet No. 85A  
Original Sheet No. 85B  
First Revised Sheet No. 126.01  
Sixth Revised Sheet No. 126A  
Second Revised Sheet No. 137C  
Original Sheet No. 137D

**PJM Interconnection, L.L.C.  
FERC Electric Tariff, Sixth Revised Volume No. 1**

**Tariff Sheets Accepted Effective June 1, 2010**

Seventh Revised Sheet No. 347  
Third Revised Sheet No. 347A  
Original Sheet No. 347B  
Eighth Revised Sheet No. 396  
Second Revised Sheet No. 396.01  
Original Sheet No. 396.02  
Second Revised Sheet No. 409C  
Second Revised Sheet No. 409D  
Original Sheet No. 409E  
Third Revised Sheet No. 573  
Original Sheet No. 575A  
Original Sheet No. 575B  
Original Sheet No. 575C  
Original Sheet No. 575D

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