Minimum Capitalization Requirement Reform

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Risk Management Committee
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Minimum Capitalization Requirements

Minimum Capitalization Tangible Net Worth thresholds modified to:

Interim (Year 1- Year 5)	Tangible Net Worth	Tangible Assets
FTR	>$2M	>$10M
All Others (Non-FTRs)	>$1M *Increase $200,000 per year for next 5 years*	>$5M
	Tangible Net Worth >0	

Final State (Year 6)	Tangible Net Worth	Tangible Assets
FTR	>$2M *Increases by 3% fixed rate annually*	>$10M
All Others (Non-FTRs)	>$2M *Increases by 3% fixed rate annually*	>$5M
	Tangible Net Worth > 0	

Timeline of Implementation

2026

May	July	November	December *
PJM Filed Minimum Capitalization revisions with FERC	FERC approved PJM's Minimum Capitalization filing	PJM will conduct retraining on approved Minimum Capitalization requirements	New Minimum Capitalization thresholds are set for 2027

2027

January *	April
Minimum Capitalization thresholds certification commences	Minimum Capitalization Certification Window closes

**FYE of 6/30/2026, 9/30/2026, and 12/31/2026*

Next Steps

1	2	3	4
Market Participants review balance sheet for compliance with new min cap requirements	PJM will update systems and corresponding documentation to comply with new rules	Market Participants to amend limited Guaranty's to comply with new thresholds	PJM is scheduled to provide Minimum Capitalization refresher training in the 4th quarter

Contact

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Minimum Capitalization Requirement Reform

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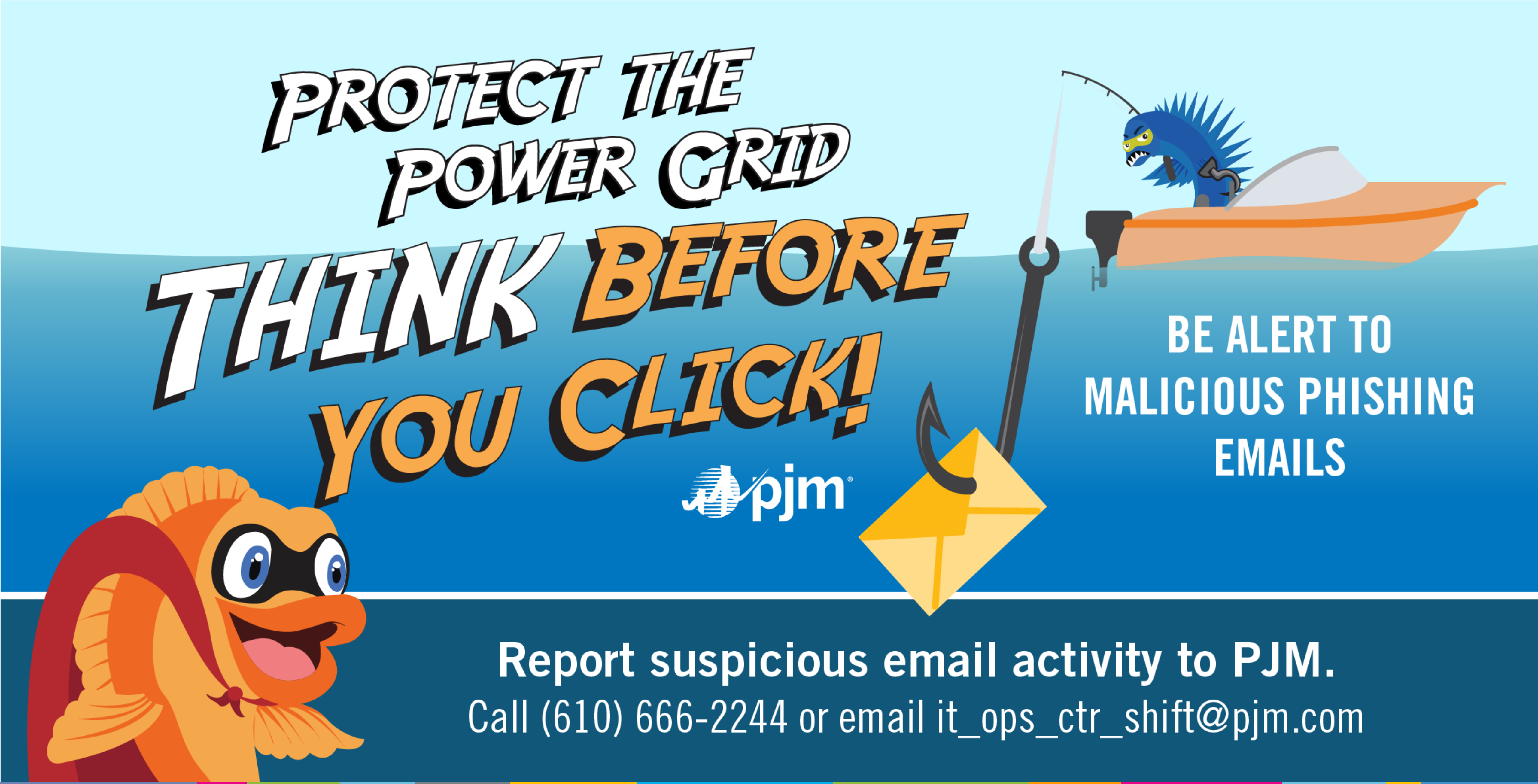
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