Reliability Backstop Procurement: Credit Requirement

Gwen Kelly, Senior Director – Credit Risk & Collateral Management

Risk Management Committee
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Credit Requirement Sellers

Credit Requirement:

- Each RBP Resource seeking to submit an RBP Sell Offer in the Reliability Backstop Procurement is subject to the following credit requirements:

$$\sum_{n=1}^{3} 0.2 \times \left(RBP\ Sell\ Offer\ Price\ in \frac{\$}{MWDay}\right)^{n} \times (UCAP\ in\ MW)_n \times 365$$

where $n = Delivery\ Year$

- The total RBP credit requirement for each RBP Resource shall be, for the sum of the credit requirements for all RBP Sell Offers submitted by such RBP Resource in the Reliability Backstop Procurement.

Form of Collateral (Either):

- Cash deposit or letter of credit (PJM-approved form and issuing bank)

Timing:

- Prior to or simultaneously to submitting RBP Sell offers
- Letters of credit form approved prior to bid submission

Change in Ownership or Transfer

In the event of a change in ownership, PJM will retain the original RBP Seller's RBP Collateral and financial responsibility for a committed RBP Resource until the receiving party posts sufficient credit with PJM and provides written confirmation to PJM of its agreement to fully assume the credit responsibility associated with the committed RBP Resource.

RBP Seller Credit Requirement Example

Resource A [1]

Delivery Year	Sell Offered UCAP (MW)	Sell Offer Price ($/MWD)	Collateral Required $	Total Collateral Posted $	Notes
October 2026				$5,475,000	[4]
June 2028	50	$555	$2,025,750	$5,475,000	[2]
June 2029	45	$500	$1,642,500	$5,475,000	
June 2030	55	$450	1,806,750	$5,475,000	
June 2031				??	[3]
		Total Collateral for Resource A:	**5,475,000**		

Resource B [1]

Delivery Year	Sell Offered UCAP (MW)	Sell Offer Price ($/MWD)	Collateral Required $	Total Collateral Posted $	Notes
October 2026				$8,760,000	[4]
June 2028	100	$400	$2,920,000	$8,760,000	[2]
June 2029	100	$400	$2,920,000	$8,760,000	
June 2030	100	$400	$2,920,000	$8,760,000	
June 2031				??	[3]
		Total Collateral for Resource B:	**8,760,000**		

Notes Key

[1]	Each resource must post its own collateral.
[2]	20% * Offered Price * Offered MW * 365
[3]	May return collateral after one-year look-back
[4]	Post collateral at the time of bid. Collateral is returned within 5 business days if the resource is not selected.

Return of RBP Collateral – Sellers

RBP Resources that do not receive a commitment through the Reliability Backstop Procurement collateral will be returned with 5 business days.	RBP Resource that secured a commitment collateral return only after the resource achieves commercial operation and then after a one-year look-back	Change in ownership, after receiving party posts sufficient credit with PJM

Contact

Presenter:
Gwen Kelly,
Gwen.Kelly@pjm.com

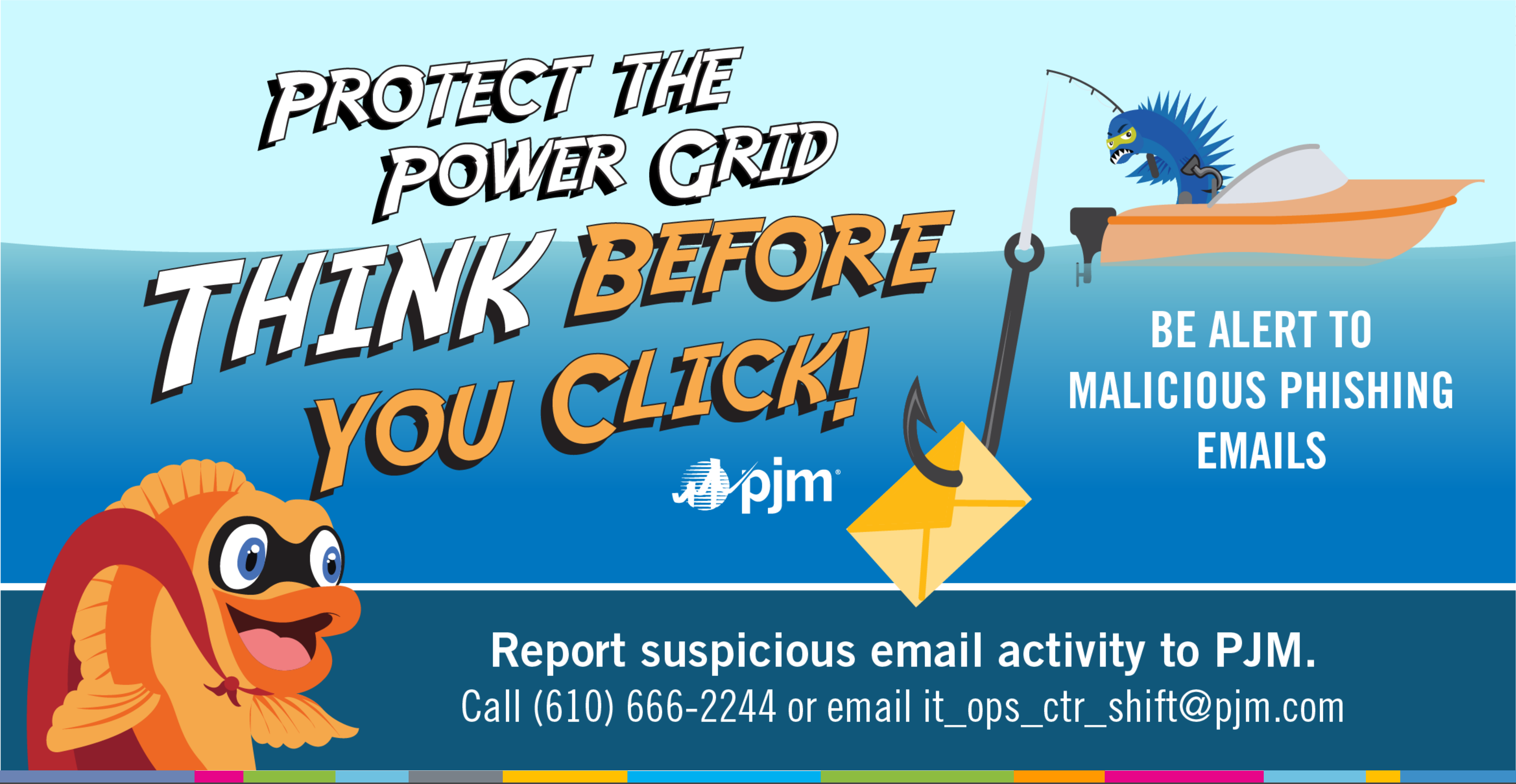
Reliability Backstop Procurement:
Credit Requirement

Member Hotline

(610) 666 – 8980

(866) 400 – 8980

custsvc@pjm.com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