



# Risk Management Committee Charter

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Services

MC Webinar

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- Charter to establish the Risk Management Committee as a new Standing Committee was unanimously endorsed by the MRC in August.
- Later determined we need MC approval to establish a new Standing Committee
- Thus, we are reviewing this here at the MC Webinar today and will seek endorsement from the MC on December 17.

- The Credit Subcommittee reviews credit issues and reforms and reports to the Markets Implementation Committee
  - The Credit Subcommittee last met in March, 2019 and before that in November 2018
  - Since that time, much work around PJM's credit and risk rules has been accomplished through the Financial Risk Management Senior Task Force (FRMSTF).
  - Task force was established for a specific purpose and is not tasked with reviewing credit and risk management issues outside of this limited purpose

- It is important to have a viable committee available to review and work on issues beyond those contemplated by the FRMSTF
- PJM seeks to reformulate the Credit Subcommittee to:
  - rename the committee and update its scope to reflect the need to consider risk management in addition to credit issues
  - change the reporting structure in line with the recommendation of the Independent Consultant's Report on the Green Hat Default
- PJM previewed this at the April 30 MRC to obtain feedback
  - At the time, PJM contemplated reforming the committee to be a subcommittee of the MRC

- Feedback provided to PJM at the April MRC and in follow-up discussions since then was around:
  - Structure of the committee (i.e. then contemplated as a subcommittee to the MRC)
  - Interaction between the committee's credit and risk work and potential need for related issues to be reviewed or worked at other committees such as the MIC
- Further feedback provided at July MRC as to periodicity of meetings; suggestion to schedule meetings monthly

## Risk Management Committee (RMC)

- Intended to cover credit and risk management issues
- Reports to MRC but as a standing committee, rather than a subcommittee of the MRC
- Will follow all rules of the standing committees including voting structure

## Interaction with other committees

- RMC chair will coordinate with chairs of the other standing committees
- As needed, an issue will be reported out to the other committee(s), or, if the issue lends to being worked at another committee, it will be sent to that committee

## Additional points to highlight

- Contemplated and encouraged that companies will have representatives with responsibility for credit and risk management participate in the meetings
- Meetings will be scheduled monthly

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## **Risk Management Committee Charter**



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