

FOR IMMEDIATE RELEASE

PJM Statement on Independent Review of GreenHat Energy Default

(Valley Forge, Pa. – Oct. 16, 2018)

The PJM Interconnection Board of Managers has commenced an independent review of the June 2018 default of GreenHat Energy LLC, a financial transmission rights (FTR) trader in the PJM markets. The Board has formed a special committee, composed of board members Susan J. Riley (committee chair), John McNeely Foster and Mark Takahashi, to direct the review.

To assist the committee in its examination, independent third party experts have been retained, including [Robert Anderson](#), executive director of the Committee of Chief Risk Officers, an independent non-profit organization of companies focused on best risk-management practices. Joining Mr. Anderson will be [Neal Wolkoff](#), CEO of Wolkoff Consulting Services, LLC. Mr. Wolkoff is the former chairman and CEO of the American Stock Exchange and former chief operating officer of the New York Mercantile Exchange. This team will be supported by counsel from Schnader Harrison Segal & Lewis LLP in Philadelphia.

The special committee will: examine the facts and circumstances associated with GreenHat's participation in the FTR market and its subsequent default; conduct an assessment of PJM's actions in connection with GreenHat; review lessons learned; and make recommendations for the future of FTR markets. The special committee will also address questions raised by the members concerning the circumstances of the default.

Examiners will have complete access to PJM records and staff for interviews and documentation review.

Since the GreenHat default on June 21, 2018, PJM has worked with stakeholders to strengthen credit rules, including collateral requirements. As directed by members, PJM has also petitioned the Federal Energy Regulatory Commission to amend liquidation requirements to minimize the impact to members of this and other defaults. PJM staff has also developed a lessons learned document and, in consultation with outside experts, conducted a workshop with recommendations to further protect members from defaults in the FTR market.

[PJM Interconnection](#), founded in 1927, ensures the reliability of the high-voltage electric power system serving 65 million people in all or parts of Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia and the District of Columbia. PJM coordinates and directs the operation of the region's transmission grid, which includes over 84,042 miles of transmission lines; administers a competitive wholesale electricity market; and plans regional transmission expansion improvements to maintain grid reliability and relieve congestion. PJM's regional grid and market operations produce annual savings of \$2.8 billion to \$3.1 billion. For the latest news about PJM, visit PJM Inside Lines at insidelines.pjm.com.

