



**Revisions to Governing Documents
Vote Definitions
MRC Meeting For 3.31.2016**

	Definition	Correct Definition (with section if applicable)	Revisions	Reason(s) For Changes
1.	PJM Board	N/A	<p>“PJM Board” shall mean the Board of Managers of the LLC, acting pursuant to this Agreement, except when such term is being used in Attachment M of the Tariff, in which case PJM Board shall mean the Board of Managers of PJM or its designated representative, exclusive of any members of PJM Management.</p> <p>Operating Agreement, section 1.31</p> <p>“PJM Board” shall mean the Board of Managers of the LLC, except when such term is being used in Attachment M of the Tariff, in which case PJM Board shall mean the Board of Managers of PJM or its designated representative, exclusive of any members of PJM Management.</p> <p>Tariff, section 1</p> <p>“PJM Board” means the Board of Managers of PJM or its designated representative, exclusive of any members of PJM Management.</p> <p>Tariff, Attachment M, section II(k)</p>	<p>PJM will combine the text of the definition that is in Tariff, Attachment M, section II(j), with the text of the definition that is in the Operating Agreement, section 1.31 and create a new definition to include in the Tariff, Section 1.</p> <p>PJM became aware that the term PJM Board is defined differently in the OA and in the Tariff, Attachment M. Initially, PJM anticipated maintaining the two definitions because there is a legitimate reason why the definition of PJM Board in Attachment M -- the PJM Market Monitoring Plan that PJM’s MMU administers – excludes PJM management, while the definition of PJM Board in the OA does not. Since PJM is now going to move all definition sections from the various governing document attachments into the front of each governing document, PJM believes its necessary to combine the definitions to capture both uses of the definition.</p>
2.	Market Participant	N/A	<p>“Market Participant” shall mean a Market Buyer, a Market Seller, an Economic Load Response Participant, or all three, except when such term is being used in Attachment M of the Tariff, in which</p>	<p>PJM will combine the text of the definition that is in Tariff, Attachment M, section II(h), with the text of the definition that is in the Operating Agreement, section 1.22 and create a new</p>



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			<p><u>case Market Participant shall mean an entity that generates, transmits, distributes, purchases, or sells electricity, ancillary services, or any other product or service provided under the PJM Tariff or Operating Agreement within, into, out of, or through the PJM Region, but it shall not include an Authorized Government Agency that consumes energy for its own use but does not purchase or sell energy at wholesale.</u></p> <p>Operating Agreement, section 1.22</p> <p><u>“Market Participant” shall mean a Market Buyer, a Market Seller, an Economic Load Response Participant, or all three, except when such term is being used in Attachment M of the Tariff, in which case Market Participant shall mean an entity that generates, transmits, distributes, purchases, or sells electricity, ancillary services, or any other product or service provided under the PJM Tariff or Operating Agreement within, into, out of, or through the PJM Region, but it shall not include an Authorized Government Agency that consumes energy for its own use but does not purchase or sell energy at wholesale.</u></p> <p>Tariff, section 1</p>	<p>definition to include in the Tariff, Section 1.</p> <p>PJM became aware that the term Market Participant is defined differently in the OA and in the Tariff, Attachment M. Initially, PJM anticipated maintaining the two definitions because there is a legitimate reason why the definition of Market Participant in Attachment M -- the PJM Market Monitoring Plan that PJM’s MMU administers – covers additional entities than when that term is used in other aspects of PJM’s governing documents. Since PJM is now going to move all definition sections from the various governing document attachments into the front of each governing document, PJM believes its necessary to combine the definitions to capture both uses of the definition.</p>



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3.	Credit Breach (formerly "Breach")	N/A	<p><u>"Credit Breach"</u> is the status of a Participant that does not currently meet the requirements of <u>Attachment Q of the Tariff</u> this policy or other provisions of the Agreements.</p> <p>Attachment Q, Section IX</p>	<p>Attachment Q (PJM's Credit Policy) has a specific definition of "Breach" that is applicable to it, and which is substantively different from the existing definition of "Breach" in section 1 of the Tariff, which is applicable to Parts IV and VI of the Tariff. ("The failure of a party to perform or observe any material term or condition of Part IV or Part VI of the Tariff, or any agreement entered into thereunder as described in the relevant provisions of such agreement.")</p> <p>Importantly, it is appropriate that there continues to be an applicable definition of "breach" that is specific only Attachment Q. However, because PJM is combining the definition sections of Attachment Q and section 1 of the Tariff, there can only be one definition of "Breach" going forward to avoid confusion. Accordingly, PJM is creating the term "Credit Breach," which will have the same substantive definition of "Breach" as it is currently defined in Attachment Q, which new term will be moved to the definition to section 1 of the Tariff. PJM will also change references to "Breach" in the body of Attachment Q to "Credit Breach."</p>
4.	PJM Region	<p>PJM Region:</p> <p>Shall have the meaning specified in the Operating Agreement.</p>	<p>"PJM Region" shall have the meaning specified in the Reliability Assurance Agreement</p> <p>Tariff, Attachment DD.2</p>	<p>The RAA's definition of "PJM Region" refers to the definition in the Operating Agreement. Deleting the definition in Attachment DD.2 will eliminate redundancy and will not result in any substantive change to how the PJM Region is</p>



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		Tariff, section 1		used in Attachment DD.2.
5.	Regional Entity	<p>“Regional Entity” shall mean an organization that NERC has delegated the authority to propose and enforce reliability standards pursuant to the Federal Power Act.</p> <p>Operating Agreement, section 1</p>	<p>Regional Entity— An entity to whom NERC has delegated Electric Reliability Organization (ERO) functions in a particular geographic region. Within PJM the applicable Regional Entities are ReliabilityFirst Corporation or SERC Reliability Corporation.</p> <p>Operating Agreement, Schedule 11</p>	Deleting the definition in Schedule 11 of the Operating Agreement because the definition in section 1 of the Operating Agreement is broader and more accurate. All references to “Regional Entity” will now be to the definition in section 1 of the Operating Agreement.
6.	Affiliate	<p>“Affiliate” shall mean any two or more entities, one of which controls the other or that are under common control. “Control” shall mean the possession, directly or indirectly, of the power to direct the management or policies of an entity. Ownership of publicly-traded equity securities of another entity shall not result in control or affiliation for purposes of this Agreement if the securities are held as an investment, the holder owns (in its name or via intermediaries) less than 10 percent of the outstanding securities of the entity, the holder does not have representation on the entity's board of directors (or equivalent managing entity) or vice versa, and the holder does not in fact exercise influence over day-to-day management decisions. Unless the contrary is demonstrated to the satisfaction of the Members Committee, control shall be presumed to arise from the</p>	<p>With respect to a corporation, partnership or other entity, each such other corporation, partnership or other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such corporation, partnership or other entity.</p> <p><u>“Affiliate” shall mean any two or more entities, one of which controls the other or that are under common control. “Control” shall mean the possession, directly or indirectly, of the power to direct the management or policies of an entity. Ownership of publicly-traded equity securities of another entity shall not result in control or affiliation for purposes of this Agreement if the securities are held as an investment, the holder owns (in its name or via intermediaries) less than 10 percent of the outstanding securities of the entity, the holder does not have representation on the entity's board of directors (or equivalent managing entity) or vice versa, and the holder does not in fact exercise</u></p>	The existing definition of “Affiliate” in the Tariff is outdated and the Operating Agreement’s definition is more detailed, more closely aligned with FERC’s definition of Affiliate, and is used in Attachment Q. It is therefore appropriate to use the Operating Agreement’s definition instead of the existing definition in the Tariff.



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		ownership of or the power to vote, directly or indirectly, ten percent or more of the voting securities of such entity. Operating Agreement, section 1	<u>influence over day-to-day management decisions. Unless the contrary is demonstrated to the satisfaction of the Members Committee, control shall be presumed to arise from the ownership of or the power to vote, directly or indirectly, ten percent or more of the voting securities of such entity.</u> Tariff, section 1.0A.01	
7.	PJM Markets	N/A	<p>“PJM Markets” mean the PJM Interchange Energy and <u>c</u>Capacity <u>m</u>Markets, including the RPM auctions, together with all bilateral or other wholesale electric power and energy transactions, capacity transactions, ancillary services transactions (including black start service), transmission transactions and any other market operated under the PJM Tariff or Operating Agreement within the PJM Region, <u>wherein Participants may incur Obligations to PJMSettlement.</u></p> <p>Tariff, Attachment M, section II(p)</p> <p>The PJM Markets are the PJM Interchange Energy Market and the PJM Capacity markets as established by the Operating Agreement. Also any other markets that exist or may be established in the future wherein Participants may incur Obligations to PJMSettlement.</p> <p>Tariff, Attachment Q</p>	PJM is eliminating the definition of PJM Markets in Attachment Q, which is nearly the same as the existing definition of the Tariff. However, the underlined language is being added to the existing definition in Tariff, Attachment M because it is needed for the purposes of PJM’s credit policy. A correction to change Capacity Markets to the lower case “capacity markets” is also being made since Capacity Markets is not a defined term. The corrected definition will then be moved to the general definition section in Tariff, section 1.



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8.	Economic Minimum	<p>“Economic Minimum” shall mean the lowest incremental MW output level, submitted to PJM market systems by a Market Participant, that a unit can achieve while following economic dispatch.</p> <p>Operating Agreement, Schedule 1, section 1.3.2A.01 and Tariff, Attachment K-Appendix, section 1.3.2A.01</p>	<p>Economic Minimum:</p> <p>The lowest incremental MW output level a unit can achieve while following economic dispatch.</p> <p>Tariff, section 1</p>	<p>PJM is proposing to use Operating Agreement, Schedule 1, section 1.3.2A.01 and Tariff, Attachment K-Appendix, section 1.3.2A.01 definition as the proper definition going forward because it clarifies that Economic Minimum is what is submitted by a Market Participant, and such value can in fact vary. The Operating Agreement, Schedule 1, section 1.3.2A.01 and Tariff, Attachment K-Appendix, section 1.3.2A.01 definition will be deleted from their present locations and inserted into section 1 of the Tariff and section 1 of the Operating Agreement.</p>
9.	Transmission Customer	N/A	<p>“Transmission Customer” shall mean an entity using Point-to-Point Transmission Service.</p> <p>Tariff, Attachment K-Appendix, section 1.3.36 and Operating Agreement, Schedule 1, section 1.3.36</p> <p>Any Eligible Customer (or its Designated Agent) that (i) executes a Service Agreement, or (ii) requests in writing that the Transmission Provider file with the Commission, a proposed unexecuted Service Agreement to receive transmission service under Part II of the Tariff. This term is used in the Part I Common Service Provisions and in Part VI to include customers receiving transmission service under Part II and Part III of this Tariff.</p> <p><u>Where used in Attachment-K Appendix of the Tariff</u></p>	<p>PJM is consolidating the definitions into one section of the governing documents. To effectuate this change, PJM proposes to move the definition of Transmission Customer from Attachment K-Appendix of the Tariff and Schedule 1 of the Operating Agreement to the definitions section (i.e., section 1) of the Tariff.</p> <p>Because “Transmission Customer” is referenced in Schedule 1 of the Operating Agreement, PJM also proposes to add a new definition for “Transmission Customer” to section 1 of the Operating Agreement.</p>



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			<p><u>or Schedule 1 of the Operating Agreement, Transmission Customer shall mean an entity using Point-to-Point Transmission Service.</u></p> <p>Tariff, section 1</p> <p><u>“Transmission Customer” shall have the meaning set forth in the PJM Tariff.</u></p> <p>Operating Agreement, section 1</p>	