



RPM Credit Reduction Clarifications

Credit Subcommittee

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June 4, 2018

- PJM has identified two provisions for RPM credit requirement reductions that use language that is confusing or incomplete
 - Milestone documentation requirements for planned resources that are internally financed
 - QTU reductions when a Upgrade Construction Service Agreement (UCSA) is signed instead of an Interconnection Service Agreement (ISA)
- PJM is recommending clarifying language
- PJM will ask for endorsement of the clarifying language changes at the next Credit Subcommittee meeting
- PJM may also include revisions to terminology as an administrative clean-up

- Planned capacity projects may receive a reduction in credit requirement for achievement of specified milestones
- Documentation for milestone achievement requires certification by an independent engineer, which typically is hired by a financing entity to help protect that entity's interests, but internally financed projects have no independent engineer
- Manual M-18 provides for a Professional Engineer (PE) or corporate officer to certify to specified milestones, but the Tariff does not match
- PJM is recommending Tariff changes to provide for PE or Officer certification, to clarify the Financial Close milestone for internally funded projects, and to clarify that Capacity Market Sellers should submit requests for reductions

- QTU projects require signing an ISA or a UCSA
- Original draft language provided for a 50% credit requirement reduction upon signing an ISA. A dollar reduction provision was added to provide for projects signing a UCSA instead of an ISA.
- Subsequent changes added the UCSA to the 50% provision but did not remove the dollar reduction provision, appearing to make the provisions additive
- Additive provisions can cause a planned QTU project to have a zero credit requirement
- PJM recommends making the QTU provision mirror the provision for other projects – a 50% reduction upon executing either an ISA or UCSA.