

Default Liquidation Provisions

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- Under current Operating Agreement and Tariff provisions, when a Member defaults, the net shortfall, including liquidation of any forward positions, is absorbed by the remaining membership.
- There are no provisions in the PJM governing documents to account for the situation that can occur when a liquidation results in a net gain which, in turn, results in a net excess position.
- PJM believes that it would be good to clarify the disposition of liquidations that result in net excess positions.

- PJM's Governing documents currently have defined rules for liquidating the FTR positions of a defaulting member.
- No defined rules exist for liquidating an RPM portfolio of a defaulting member.
- PJM believes it would be useful to establish provisions for liquidating forward RPM positions.

- PJM is proposing a Problem Statement and Issue Charge to initiate discussion of:
 - Distribution of a net excess position that results from liquidation of forward positions of a defaulting member
 - Explicit provisions for liquidating RPM positions of a defaulting member