

OPERATING AGREEMENT

1.4 Market Participant.

1.4.1 Qualification.

- (a) To become a Market Participant, an Applicant shall submit an application to the Office of the Interconnection, in such form as shall be established by the Office of the Interconnection, and such further information detailed in Tariff, Attachment Q.
- (b) An Applicant that is a Load Serving Entity or that will purchase on behalf of or for ultimate delivery to a Load Serving Entity shall establish to the satisfaction of the Office of the Interconnection that the end-users that will be served through energy and related services purchased in the PJM Interchange Energy Market, are located electrically within the PJM Region, or will be brought within the PJM Region prior to any purchases from the PJM Interchange Energy Market. Such Applicant shall further demonstrate that:
 - i) The Load Serving Entity for the end users is obligated to meet the requirements of the Reliability Assurance Agreement, as applicable; and
 - ii) The Load Serving Entity for the end users has arrangements in place for Network Transmission Service or Point-To-Point Transmission Service for all PJM Interchange Energy Market purchases.
- (c) An Applicant that is not a Load Serving Entity or purchasing on behalf of or for ultimate delivery to a Load Serving Entity shall demonstrate that:
 - i) The Applicant has obtained or will obtain Network Transmission Service or Point-to-Point Transmission Service for all PJM Interchange Energy Market purchases; and
 - ii) The Applicant's PJM Interchange Energy Market purchases will ultimately be delivered to a load in another Control Area that is recognized by NERC and that complies with NERC's standards for operating and planning reliable bulk electric systems.
- (d) An Applicant shall not be required to obtain transmission service for purchases from the PJM Interchange Energy Market to cover quantity deviations from its sales in the Day-ahead Energy Market.
- (e) An Applicant applying to become Market Participants shall demonstrate that it:
 - i) is capable of complying with all applicable metering, data storage and transmission, and other reliability, operation, planning and accounting standards and requirements for the operation of the PJM Region and the PJM Markets, as applicable;
 - ii) meets the creditworthiness standards established by the Office of the Interconnection and/or PJMSettlement, or has provided cash or a Credit Support Document acceptable to the Office of the Interconnection and/or PJMSettlement; and

Commented [HJ1]: This revision is needed so that the language in the OA and Tariff are identical.

iii) has paid all applicable fees and reimbursed the Office of the Interconnection and/or PJMSettlement for all unusual or extraordinary costs of processing and evaluating its application to become a Market Participant, and has agreed in its application to subject any disputes arising from its application to the PJM Dispute Resolution Procedures.

(f) The Applicant shall become a Market Participant upon a final favorable determination on its application by the Office of the Interconnection as specified below, which determination shall be made by the Office of the Interconnection in conjunction with input from PJMSettlement, and execution by the Applicant of counterparts of this Agreement.