

# FRIENDLY AMENDMENT TO THE MAIN MOTION

PJM MC  
10/20/2021



# PATH FORWARD

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- Based on statements from PJM's General Counsel that PJM is likely unwilling to make a 205 filing for a member-voted, member-supported 95% confidence interval, we (Duke Energy and Perast Capital) would like to make a friendly amendment to the main motion to something PJM has agreed to support
  - We believe the real win here is the complete change of the collateral model to a volatility-based model
  - We want to see this improvement passed and supported by PJM
  - We still believe that a cost-benefit analysis is crucial to determining the optimal level of coverage for margining unique products like FTRs
    - The new data recently provided by PJM improve the tradeoff between 95% and 97% (but not 99%)
    - We still believe 95% represents the best benefit for the cost, even with the new data
    - *However*, the difference is not so substantial as to warrant uncertainty around whether the new model will be implemented at all
  - We encourage stakeholders to accept the friendly amendment so we can pass a version of the vastly improved model over status quo that PJM can accept

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- Change 95% confidence interval to 97%
- Change the weights used in combining BOPP periods from 70/30 to 80/20 to align with original weights backtested for 97% confidence interval