

Peak Market Activity Examples for Revision

Submitted by Bert Wilson of EnerNOC/South River Consulting
on behalf of Clients/Members:
Severstal Sparrows Point
Castlebridge Energy Group

Proposed Change

- ▶ Allow all members to reduce Peak Market Activity in the same manner
- ▶ Subject to limitations (to be discussed)
 - Suggestions:

A Participant ~~receiving unsecured credit~~ may make early payments up to ten times in a rolling 52-week period in order to reduce its Peak Market Activity for credit requirement purposes. Imputed Peak Market Activity reductions ~~for credit purposes~~ will be applied to the billing period for which the payment was received. Payments used as the basis for such reductions must be received prior to issuance or posting of the invoice for the relevant billing period. The imputed Peak Market Activity reduction attributed to any payment or series of payments may not exceed ~~the amount of the Unsecured Credit for which the Participant is eligible~~ 30% of the PMA without taking into account any prepayments, subject to a maximum reduction of \$50,000,000 and a minimum prepayment of \$100,000.

Proposed PMA Calculation Sample

Tentative PMA	\$5,000,000
Less: Allowable Prepayment	<u>(1,000,000)</u>
Final PMA \ PJM Exposure	4,000,000
Less: Unsecured Credit	<u>(1,000,000)</u>
PJM Collateral Requirement	<u>\$3,000,000</u>

Proposed PMA Definitions & Limitations

- **Tentative PMA:**
 - PMA calculated by PJM without any effect of prepayment
- **Prepayment:**
 - Payment of weekly bill prior to bill issue date, subject to limitations (see below)
- **Final PMA:**
 - PMA for PJM credit exposure
- **Unsecured Credit:**
 - Credit granted by PJM
- **PJM Collateral Requirement:**
 - Collateral required to be posted at PJM for member market activity
- **Prepayment Limitations:**
 - Aggregate collateral reduction may not exceed 30% of Tentative PMA
 - Maximum PMA reduction \$50 MM.
 - Minimum prepayment \$100,000

Alternative Collateral Calculations

	<u>Small</u>	<u>Medium</u>	<u>Large</u>
<u>Member Stats:</u>			
Average Weekly Bill	\$50,000	\$1,000,000	\$15,000,000
Prepayment	100,000	1,000,000	15,000,000
Unsecured Credit	0	0	50,000,000
 <u>PMA Calculation:</u>			
Tentative PMA	\$250,000	\$5,000,000	\$75,000,000
Less: Allowed Prepayment	(75,000)	(1,000,000)	(15,000,000)
Final PMA (PJM Exposure)	175,000	4,000,000	60,000,000
Less: Unsecured Credit	0	0	(50,000,000)
PJM Collateral Requirement	\$175,000	\$4,000,000	\$10,000,000