**PJM Credit Exposure Lag**

**Problem Statement:**

Currently PJM has a lag in its reporting of settlement information to the credit system. The result of this delay is an inaccuracy in a member’s credit calculation because several days of gains/losses are not included in the exposure calculation.

**Issue Source:**

Discussions around recent defaults in PJM have brought this issue to light, and although eliminating the credit exposure information delay may not have prevented the defaults, the discussion has highlighted the exposure created by that delay. With more timely data, PJM staff could make margin calls sooner and therefore better protect the market and PJM membership from subsequent at-risk trading activity. This lag also causes extra credit requirements related to Increment (“INC”) Offers, Decrement (“DEC”) Bids, and soon, Up-to Congestion transactions, due to the 1 day bid plus 3 day cleared requirement which is in place because of to the current lag.

**Stakeholder Group Assignment:**

The issue statement will be presented at the April 4, 2013 Credit Subcommittee for an initial read.

**Key Work Activities:**

1. Review the current settlement and reporting of settlement information reporting timeline.

2. Determine if stakeholder support exists to make changes to the timeline of settlement information available to eCredit.

3. Investigate technological feasibility of changes.

4. Recommend possible solutions and develop Tariff and Manual changes as necessary.

**Expected Deliverables:**

1. Decision on whether or not to recommend any changes.

Subject to the above:

2. Recommend changes related to the transfer of market information to eCredit.


4. Recommend changes, if any, to the number of days used in the credit requirements related to INC offers, DEC bids, and Up-to Congestion bids.