CTS and Other Export Credit

Credit Subcommittee
December 6, 2013
• Credit requirement for a bid at a node would be the greater of
  – The 97th percentile historical (prior year) hourly price for the node
    • Calculated in two-month blocks (Jan-Feb, Mar-Apr, …)
    • Calculated separately for peak and off-peak hours
    • Consistent with what PJM does today for virtual bids
  – The 15-minute IT SCED price forecast for the node
    • May be a forecast run prior to the one used for actual clearing
Stakeholders have requested that there be no differentiation between traditionally scheduled interchange transactions and CTS transactions.

Stakeholders have requested that PJM consider establishing credit requirements to traditionally scheduled export transactions in a manner similar to those requirements proposed for CTS transactions, “if such transactions create similar credit exposure.”
PJM has reviewed export transaction exposure and determined that the risk to PJM is the same as for CTS transactions:

- Except for price-capped export transactions
- Both CTS and regular (not price-capped) export transactions may clear at any market price
- Exposure is the full cost of the CTS or Export transaction
• PJM is preparing Tariff Attachment Q revisions to include credit requirements for CTS and export transactions according to the provisions endorsed at the Members Committee
  – With a credit cap matching the price cap for capped export bids
  – Credit for CTS/Export transactions would be a carve-out from the existing Credit Available for Virtual Bids
• Credit screen will be implemented in ExSchedule
  – Screen performed as each bid is entered
  – Second screen performed on whole portfolio again prior to the market hour
  – Curtailments always full, not partial
  – Curtailment notification through tag change
  – PJM may establish a default historical price to be used in the screen if transactions are submitted for time periods in which historical values have not been calculated or are unavailable
• Participants must set aside CTS/Export credit in eCredit
• Credit screen includes credit requirements for current market day and three prior market days
• Once cleared data is available, requirements for uncleared bids replaced with cleared data
  – Expected early morning of subsequent day
• Minimum participation requirements same as for virtual transactions
CTS/Export Credit Requirements
Timeline

• Draft timeline
  – CS discussion – 12/6/2013
  – MIC update – 12/12/2013
  – MRC/MC first read/endorsement of Tariff language
    – December/January 2013/2014
  – FERC filing – February 2014
  – Export credit screening – when available
  – CTS transactions/screening – November 2014 target date