Credit Overview Updates

Credit Subcommittee
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Harold Loomis
• PJM’s credit policy (Tariff Attachment Q) includes the following provision: PJM Settlement may post on PJM's web site, and may reference on OASIS, a supplementary document which contains additional business practices (such as algorithms for credit scoring) that are not included in this document. Changes to the supplementary document will be subject to stakeholder review and comment prior to implementation. PJM Settlement may specify a required compliance date, not less than 15 days from notification, by which time all Participants must comply with provisions that have been revised in the supplementary document.

• Non-material updates/clarifications to the Credit Overview and changes made in conformance with the filed Credit Policy are not posted separately for comment.

• PJM is planning two updates to the Credit Overview that clarify a current non-tariff practice and a recent non-tariff practice change.
Credit Overview Changes

• Net Financial Settlement for Multiple Accounts
  – For legal reasons, PJM requires a single net financial settlement of invoices each billing period
  – PJM’s credit application includes an agreement for such settlement
  – PJM has drafted the following addition to the Credit Overview:
    Many members request that PJM establish multiple accounts/subaccounts within one member so they may segregate their activities for their accounting convenience. While PJM generally accommodates these requests, each member is required to settle financially with PJM each billing period using a single net payment either to or from PJM. Members may not settle multiple accounts with multiple payments.
Credit Overview Changes

• Billing Line Item (BLI) Transfers
  – PJM is no longer allowing BLI transfers to impact credit requirements
  – PJM has drafted the following addition to the Credit Overview (along with some additional conforming changes):
    Some Participants request that PJM move charges and/or credits in a specified BLI from one account to another. While PJM currently accommodates such financial transfer requests, all such amounts are reversed for the purpose of credit calculations.