Net Seller Credit

Credit Subcommittee
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Net Seller Credit

- Net Seller Credit was designed under monthly billing to allow participants some unsecured credit for consistent net sell positions
  - Under monthly billing, a significant amount of credit could accrue
- Under weekly billing, the credit available is very small and can be volatile
  - The credit immediately drops to zero when the participant owes PJM any amount
- With cumulative changes in the Credit Policy, Net Seller Credit is used now only for RPM
- Net Seller Credit overlaps RPM Seller Credit – a much larger and less volatile credit
- Currently only five participants utilize net Seller Credit
  - Three could replace it entirely with unused RPM Seller Credit
  - Two would have to provide less than $14,000 collateral each – less than 2.5% of their current individual credit requirements
- PJM proposes to remove the Net Seller Credit provision from the Credit Policy