

Peak Market Activity Updates

Risk Management Committee

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1. ISO/RTO Exposure Comparison

Validated with other ISO/RTOs

2. Collateral/Unsecured Credit required using rolling last-three-weeks sum of invoices.

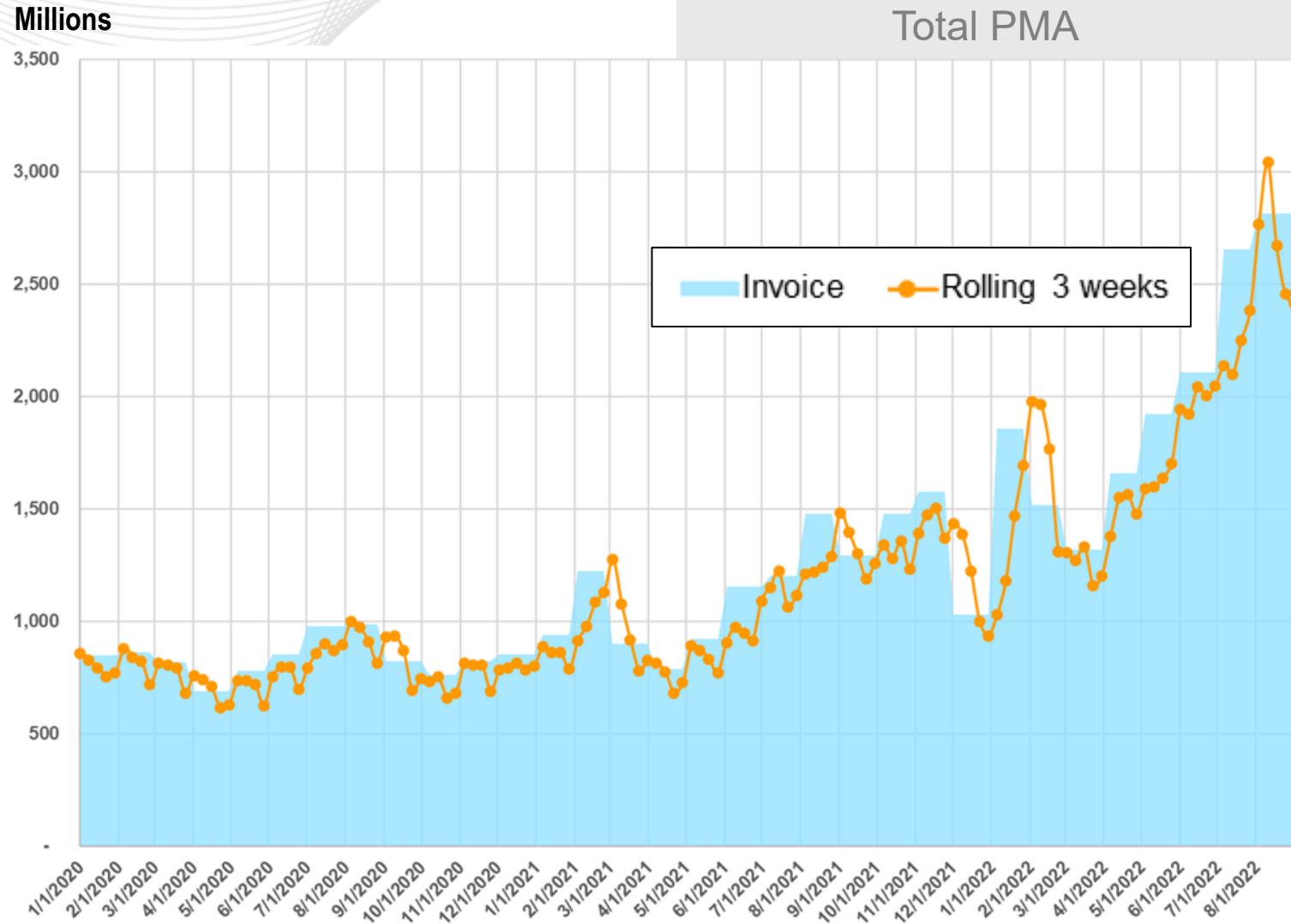
	PJM	ERCOT	ISO-NE	CAISO	MISO	NYISO	SPP
Early invoice payments for settled invoices	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Early invoice payments limits	No – must be made in advance of invoice being generated	No	No	No	No	No	No
Prepayments permitted that reduce PMA or the credit exposure calculations	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Prepayment Limitations	Yes (10 times/year for those that are granted unsecured credit limit)	No	Yes (permitted 5 times in a rolling 365 day period.)	No	No	No	No
Estimated Exposure Window (DA/RT only)	21 days	7 days	8 days	19 days	6 days	16 days	20 days

Analysis: Rolling Three-Week Sum

- Adjusted invoices for rolling three weeks (highest of one week, two week and three week, per current calculation).
- Collateral* requirement frequently **falls below** three-week adjusted invoice total.
- Straight rolling three weeks would likely fall further below due to inclusion of lower weekly invoices.

Approach doesn't provide consistent exposure coverage.

* Collateral requirement may be met with the use of unsecured credit



PJM Is Still Analyzing Two Main Items From Last RMC

1. Current PMA reset period too long

Examine use of a shorter than six-months PMA reset period (examine one or three months).

2. Increased collateral calls during stress periods of summer, winter or event driven

- Current PMA observed to lag behind increasing higher bills during stress periods.
- Assess a methodology to apply a forward-looking adjustment to status quo PMA in stress period.

Suggestions Being Explored for Item #2

- Assess shorter time between proposed stress factor reference month and target month and the possibility of changing Stressed Time Period to weekly.
- Evaluate dropping the Load Adjustment Factor and use only Price Adjustment Factor.
- Prepare test template where market participants can assess their own PMA adjustment after application of proposed stress factor.

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Peak Market Activity Updates



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