



Performance Assessment Interval Billing – Risk Assessment

Carl Coscia
Chief Risk Officer

Risk Management Committee
March 21, 2023

	Non investment Grade	Investment Grade	High Risk	All others
3 month	42%	28%	35%	87%
9 month	27%	2%	64%	13%
No choice	1%	0%	2%	0%

- <3% of the members had capacity commitment in Planning Year 22/23, but not in 23/24. The total amount is < 0.5% of the total penalties and < 10MW.

Data as of 3/17/2023

- The proposed initial holdback percentage for the March billing statement is 25%
- This is based upon internal credit assessments, outreach and collateralization. It represents:
 - The approximate monthly shortfall given a potential default by the highest risk members under a conservative repayment scenario
 - On an aggregate basis it coincides with the percentage of total loss given default if all of the highest risk members would default on the first payment
 - It assumes a variance to capture the items still being finalized in the PAI process
- The holdback percentage assumes that FERC will approve PJM's filing allowing members to extend the payment horizon to 9 months. (ER23-1038-000). If FERC disapproves the docket, PJM reserves the right to adjust the holdback percentage and will provide notice of the adjustment.

- The initial holdback for the April billing statement will be based on actual non-payment from the March billing statement, plus an assessment of any additional risk, as discussed in the prior presentation.
- A presentation at the April RMC meeting will outline any additional April holdback to account for additional risk.

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PAI Billing Risk Assessment



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