



Virtual Transactions Removal from PMA

Market Implementation Committee
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- The Peak Market Activity (PMA) credit requirement is used to establish a baseline credit requirement for each member, using historical activity as a guide
- FTR billed activity is removed from the PMA
 - FTRs are financial instruments that may vary in value
 - Prior FTR net obligations are not necessarily reflective of future obligations
 - FTRs have their own credit requirement/screening system
- Virtual Transactions (INC/DEC/Up-to transactions) likewise are financial instruments with a bid screening system
- The Credit Subcommittee has endorsed a proposal to remove Virtual Transactions net obligations from the PMA calculation

- The proposed change involves removing from PMA only the DA-RT LMP differentials, not any other billing line items such as deviation charges or bid fees
- Virtual Transactions removal would not distinguish between financial participants and physical participants using INCs/DECs to manage their physical positions
 - The theoretical result of removal for a physical participant is that its PMA would then reflect the RT prices rather than DA prices for the physical volume involved
 - This may not, however, end up being an issue in practice, since Generators usually have zero PMA requirements (net sellers), and LSEs would be expected to use Demand bids rather than DEC bids to buy in the Day-Ahead market



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- The Credit Subcommittee has by unanimous consensus endorsed this proposal to remove Virtual Transactions billed activity from the Peak Market Activity (PMA) credit requirement
- PJM agrees this is a reasonable modification to make to the PMA
 - PJM is consulting internally to seek to identify if any possible unintended adverse consequences exist
- PJM has identified that screened export transactions may also be appropriate to exclude from PMA. Prior to the next MIC meeting, PJM will ask the Credit Subcommittee to consider adding an export transaction exclusion to this proposal
- PJM expects to ask for endorsement of this proposal at the next MIC meeting