



# Member Credit Survey Results

Credit Subcommittee

May 6, 2014

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- Substantial support ( $\geq 70\%$ ):
  - Q12 – Continuing analysis of virtual bidding credit requirement algorithm (97%)
  - Q14 – “No change” option on risk policies in Annual Officer Certification (89%)
  - Q1 – Demand bid volume limit concept (88%)
  - Q13 – Reducing virtual transactions current “1+3” to “1+1” (76%)
  - Q7 – More than 10 prepayments per 12-month period (73%)

- Split opinions (> 30% and < 70%):
  - Q9 – 10 prepayments per six-month PMA reset period (66%)
  - Q8 – 16 prepayments per 12-month period (65%)
  - Q11 – Allow prepayments for members without unsecured credit limits (63%)
  - Q6 – PMA based on higher of lagging or leading indicators (62%)
  - Q10 – Unlimited number of prepayments (51%)
  - Q3 – Shortening the payment breach cure period to one business day (47%)

- Substantial rejections ( $\leq 30\%$ ):
  - Q2 – Shortening the collateral breach cure period to one business day (18%)
  - Q5 – Lower WCL collateral call trigger below current 75% of available market credit (15%)
  - Q4 – Shortening both the collateral and payment breach cure period to one business day (11%)



# Member Credit Survey – Going Forward

- Not pursuing
  - Q2 – Shortening the collateral breach cure period to one business day (18%)
  - Q5 – Lower mandatory WCL collateral call trigger below current 75% of available market credit (15%)
  - Q4 – Shortening both the collateral and payment breach cure period to one business day (11%)

- **In process**

- Q1 – Demand bid volume limit concept (88%)

- Additional analysis in separate presentation
    - Will require stakeholder discussion and tariff change

- Q13 – Reducing virtual transactions current “1+3” to “1+1” (76%)

- Pending confirmation of improved exposure data
    - Will require tariff change

- Q14 – “No change” option on risk policies in Annual Officer Certification (89%)

- Will require tariff change
    - Not applicable until 2015

- Additional stakeholder feedback requested
  - Q12 – Continuing analysis of virtual bidding credit requirement algorithm (97%)
    - What credit algorithms do members suggest for analysis?
  - Q6 – PMA based on higher of lagging or leading indicators (62%)
    - What leading indicators do members suggest?
  - Q3 – Shortening the payment breach cure period to one business day (47%)

- Prepayments used to reduce PMA

PJM

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
		1 Bill Issued	2	3	4 Payment Due	5
6	7 Default with 1-day Cure	8 Default with 2-day Cure	9	10	11	12
Business Days	Currently five full business days after bill issuance before default					
Non-bus. days	One-day cure period allows for four full business days after invoice issuance before default					

ISO/RTO Comparison

1 day	2 days
NYISO	PJM
CalISO*	MISO
ERCOT*	SPP
ISONE*	

\* CalISO - Due 10am, variable cure period even same day, depending on circumstances

\* ERCOT - 1-day cure period pending

\* ISONE - cure period expires 8:30 a.m. on 2nd busines day

- **Additional stakeholder input requested (matrix discussion)**
  - Q7-11 – Prepayments used to reduce PMA (51% - 73% support)
    - Q7 – More than 10 prepayments per 12-month period (73%)
    - Q9 – 10 prepayments per six-month PMA reset period (66%)
    - Q8 – 16 prepayments per 12-month period (65%)
    - Q11 – Allow prepay for members without unsecured credit limits (63%)
    - Q10 – Unlimited number of prepayments (51%)