

FTR Liquidation Process – Kickoff Discussion

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Financial Risk Mitigation Senior Task Force

- Discussion to review existing FTR liquidation process and work with members to pursue potential enhancements
- Gather feedback and requests from members
 - Education material
 - Approach to explore this topic

- An important component of the Initial Margin calculation is the Liquidation Period
 - Captures the time period that is required to liquidate a defaulted FTR portfolio
 - Generally speaking, longer the liquidation period, higher the Initial Margin requirement
- Our current liquidation practice is not to liquidate but to default allocate financial losses in settlement
 - This practice might create cost uncertainties to members
 - Potential to introduce significant Initial Margin requirements

- Education topics:
 - Review PJM’s current process
 - Review other ISO processes
- Discuss objectives:
 - Objectives/principles of liquidation
- Explore solutions
 - Potential solution(s) and how they fit objectives