

Credit Risk Metrics

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Risk Management Committee
June 22, 2021



Full Portfolio Metrics *as of 5/31/2021*

Classification	Unsecured Credit Allowance	Exposure Exceeding Collateral	%
Investment Grade	\$2,190,051,000	\$45,085,000	2.06%
Private IG	\$243,307,528	\$6,074,895	2.50%
Sub Inv-Grade	\$4,459,000	\$0	0.00%
Private SG	\$16,570,358	\$259,888	1.57%
Not Rated	\$16,178,299	\$1,027,475	6.35%
Total	\$2,470,566,185	\$52,447,258	

Unsecured Credit Allowance:

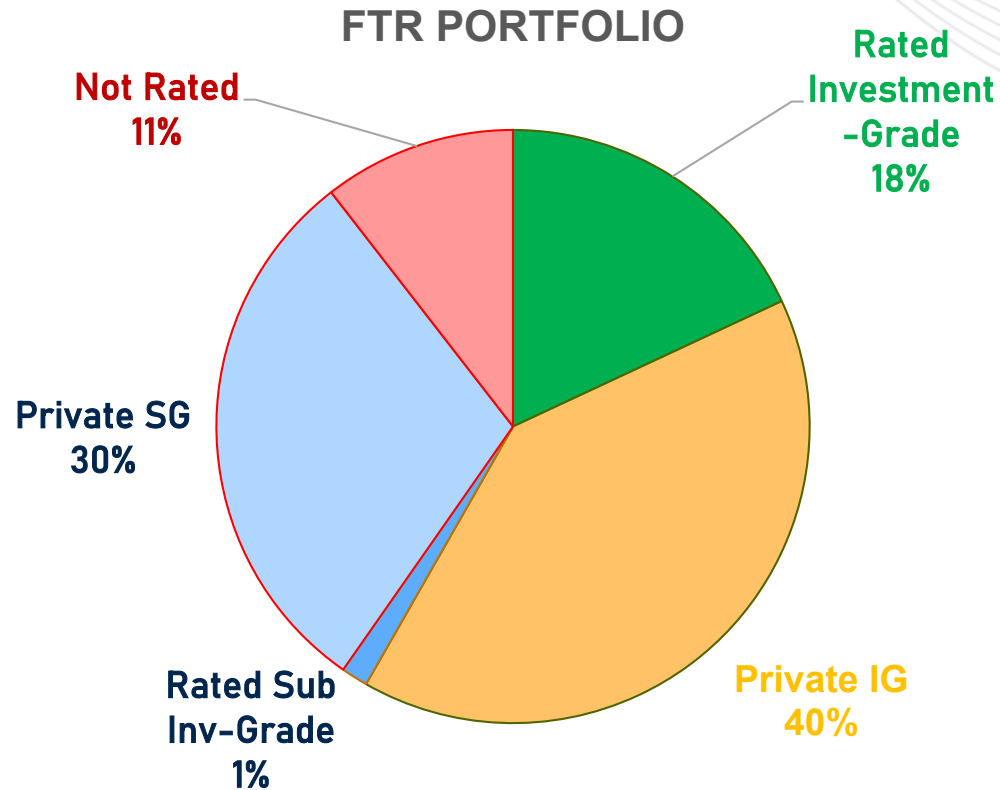
- Total credit extended by rating class per tariff Q
- Shows where PJM *is comfortable taking risk*

Exposure Exceeding Collateral:

- Unsecured Credit Allowance utilization
- Current outstanding invoices + unbilled – available market collateral
- Shows where PJM *is taking risk*

<u>Defaulting Member Company</u>	<u>Amt of Default</u>	<u>Date of Default</u>	<u>Date of Cure</u>	<u>Type of Default</u>
GreenHat Energy, LLC *	\$303,312	May 2021	-	Financial

* May '21: Final GreenHat default allocation
Source: eCredit member data reports (5-31-2021)



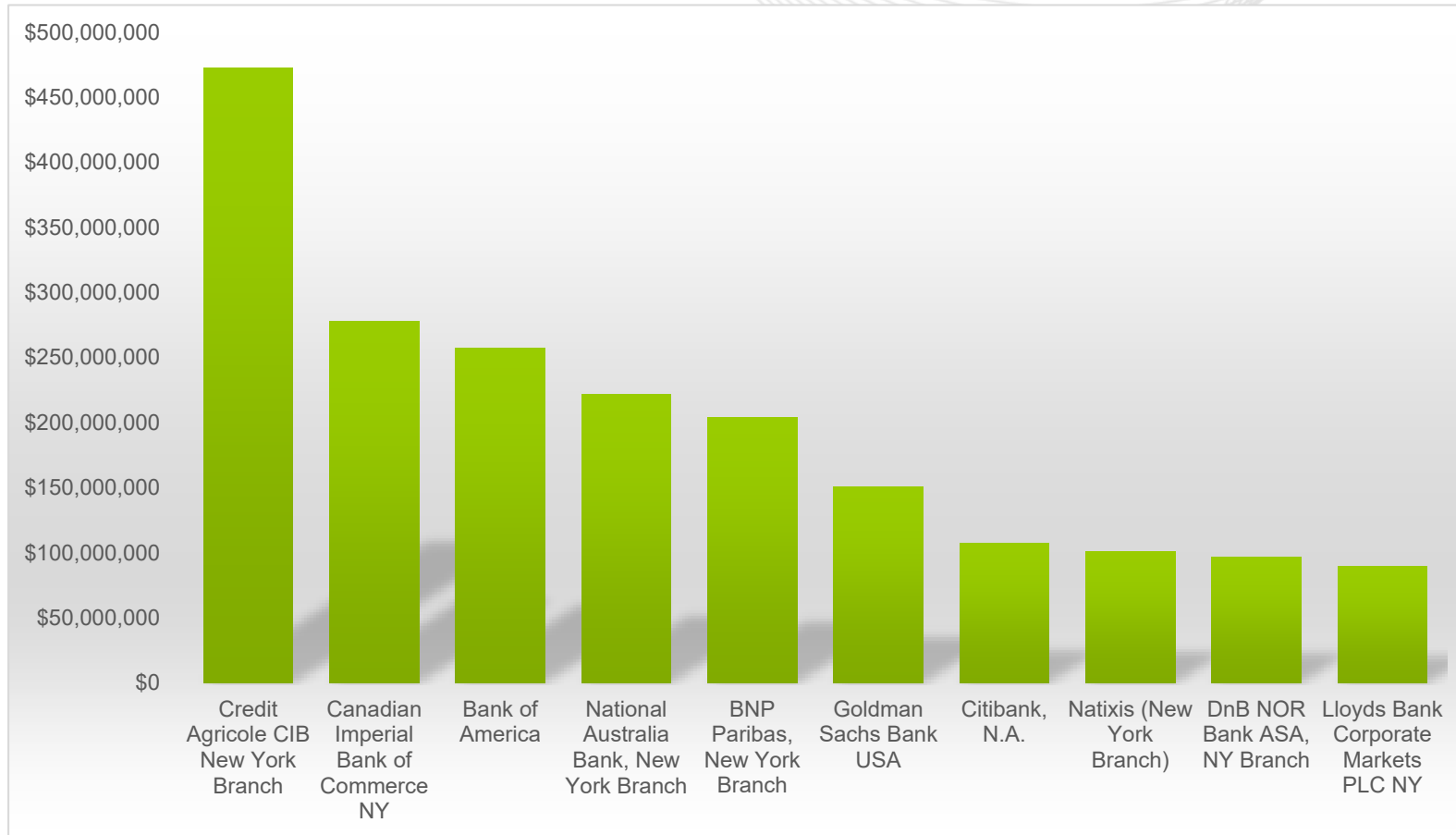
<u>Classification</u>	<u>FTR Credit Req.</u>
Rated Investment-Grade	\$237,604,101
Private IG	\$529,063,586
Rated Sub Inv-Grade	\$19,139,218
Private SG	\$392,067,022
Not Rated	\$138,272,712
Total	\$1,316,146,639

FTR Portfolio Metrics as of May 31

- 100% of the FTR credit requirement is collateralized by Cash or Letter of Credit
- 52% of the portfolio is concentrated in the top 10 market participants
- No market participants represent over 10% of the portfolio

Source: eCredit member data reports (5-31-2021)

Top 10 LC Concentrations (Total PJM) *as of 5/31/2021*



- Every issuer holds a rating greater than A-
- 76% of PJM's LC's are with the top 10 banks
- 2 Banks represent more than 10% of the portfolio
- 35 banks have issued Letters of Credit to PJM
- Total LCs held by PJM: \$2.60Bn
- Total Cash held by PJM: \$1.83Bn

LC Source: eCredit Bank LC Summary Report (5-31-2021)
Cash Source: PJM Treasury (5-31-2021)



June 8: TX Governor signs SB3 into law.

- Requires weatherization of essential natural gas supply facilities and entities
- Requires emergency operations plans from water utilities
- Bans the disconnection of utility services during emergencies

June 1: TX Governor signs HB4492 in to law.

- \$2.9Bn ERCOT default refinancing package
- Creates non-profit securitization corporation
- Will issue bonds to investors
- Packback structured for terms not to exceed 30 years
- Bonds are backed by ERCOT electric market participants in charges related to their level of usage during the crisis

May 26: TX Governor signs HB16 into law. Bans wholesale pass-through retail electric plans.

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Credit Risk Metrics



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Appendix

Portfolio Viewpoint:

- Exposure Pie 1: PJM FTR \$\$\$ Exposure by rating

Portfolio Concentrations:

- Sum of Top 10 concentrations as % of total exposure – FTR group
- Concentrations at Unrated, rated investment-grade, rated below-investment grade partners
- # of Single partner concentrations greater than 10% of the FTR book

Defaults, Collateral, Downgrades:

- # of Defaults this month + \$ amounts
- LC Concentrations (Financial Institutions)
- Surety Concentrations (Insurance Companies)
- Unsecured credit extended by rating (All companies)
- Rating Agency downgrades this month: monologue with industry and non-member specific downgrade info